



Guernsey Financial
Services Commission

THE REGISTERED COLLECTIVE INVESTMENT SCHEMES RULES 2015

THE GUERNSEY FINANCIAL SERVICES COMMISSION

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GUIDANCE NOTES

These Guidance Notes are intended to aid the understanding of the Commission's policy and practice and should be read in conjunction with the Registered Collective Investment Schemes Rules 2015 ("the Registered CIS Rules").

1. The Registered CIS Rules seek to provide a clear and concise set of requirements for registered open-ended and registered closed-ended collective investment schemes. Registered investment schemes are not authorised under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The Commission will conduct limited enquiries into the parties to be associated with the registered investment schemes and will consider the scheme's investment objectives at the time of the initial application. The Commission will assess the designated administrator's due diligence on the parties associated with the scheme as part of its post-facto monitoring of the designated administrators.
2. The following summarises the key features of the Registered CIS Rules -
 - (a) Each scheme must be registered under the Law with the Commission.
 - (b) Registered investment schemes may be established as companies (including protected cell and incorporated cell companies), unit trusts or limited partnerships or such other vehicle or entity as may be approved by the Commission.
 - (c) The scheme must be established with the objective of spreading risk. The criteria for the spread of risk must be specified in the scheme's information particulars.
 - (d) The Prospectus Rules 2008 make provision for disclosures which must be

made to investors in the registered investment scheme's information particulars.

- (e) Provisions regarding both immediate and periodic notifications that are to be made to the Commission regarding changes to the registered investment scheme, financial statements and statistical information are also included within the Registered CIS Rules.
3. In the case of a registered open-ended investment scheme, a designated administrator and a designated trustee or designated custodian licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and domiciled in Guernsey must be appointed.

In the case of a registered closed-ended investment scheme, a designated administrator licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and domiciled in Guernsey must be appointed. The Commission is willing to consider the appointment of a custodian/trustee that is domiciled outside Guernsey for a registered closed-ended investment scheme. For the avoidance of doubt a registered closed-ended investment scheme is not required to appoint a custodian.

4. The Commission's existing policy of selectivity will continue in respect of all registered investment schemes.
5. As with all other types of investment business, the Commission is always prepared to meet managers, potential promoters or their professional advisers in order to discuss matters of policy and practice regarding the disclosure requirements as set out in these rules.

Enquiries should be directed to the Investment Supervision and Policy Division of the Commission.

REGISTERED COLLECTIVE INVESTMENT SCHEMES RULES 2015

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The Guernsey Financial Services Commission (“the Commission”), in exercise of the powers conferred on it by sections 12, 14, 16 and 18 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended hereby makes the following rules:-

PART 1 – INTRODUCTION

1.01 Citation and commencement

These rules, which may be cited as the Registered Collective Investment Schemes Rules 2015 (“the Registered CIS Rules”), are made on 6 March 2015 and shall come into operation on 1 April 2015.

1.02 Interpretation

- (1) Unless the context otherwise requires, in these Registered CIS Rules, expressions defined in the Law have the same meaning as they have in the Law and the following expressions have the meanings assigned to them:

“administration agreement” means an agreement under which a person is appointed designated administrator of a registered investment scheme to discharge the duties of the administration of the scheme;

“annual accounting period” is the period, normally of 12 months, as specified by the governing law or specified in the information particulars or principal documents;

“annual notifications” means the notifications to be submitted to the Commission in accordance with Rule 6.02;

“approved derivative” means a derivative which is traded or dealt in or on a regulated derivatives market;

“approved security” means a transferable security that is admitted to official listing on the Channel Islands Securities Exchange Authority Limited or in an EEA State, or is traded on, or under the rules of a regulated securities market;

“associate”, in relation to any person, means –

- (a) The spouse or child of that person;
- (b) any company of which that person is a director;
- (c) any person who is an employee or partner of that person;
- (d) if that person is a company –
 - (i) any director or subsidiary of that company; and
 - (ii) any director or employee of any such subsidiary; and
- (e) if that person has with any other person an agreement or arrangement as to the acquisition, holding or disposal of shares or other interests in a company or under which they undertake to act together in exercising their voting power in relation to a company, that other person;

“closed-ended investment scheme” means a closed-ended investment scheme as defined in the Law;

“collective investment scheme” or “investment scheme” means any arrangement such as is identified as described in paragraph 1 of Schedule 1 of the Law;

“company” means any body corporate (whether or not incorporated, and whenever incorporated or constituted) which is not a public sector body;

“custodian agreement” means an agreement under which a body corporate is appointed to hold the property of a collective investment scheme (other than a unit trust) and to discharge the duties imposed by these rules on the designated custodian (if appointed);

“designated custodian” in relation to a registered open-ended investment scheme other than a unit trust, means the custodian of the scheme (if appointed);

“designated administrator” in relation to a registered investment scheme, means the person designated by the Commission to be the designated manager for the purposes of the Law (as designated in the Commission’s registration of the registered investment scheme under section 8 of the Law);

“designated trustee” or **“trustee”** in relation to an open-ended registered investment scheme that is a unit trust, means the trustee of the unit trust (as designated in the Commission’s registration of the registered investment scheme under section 8 of the Law);

“directors” means, in respect of a company, any person appearing on the register of directors of such company, in respect of a limited partnership, any person appearing on the register of directors of the general partner of such limited partnership and in respect of any other incorporated bodies, any person responsible for the management of the incorporated body;

“financial instrument” means instruments specified in Section C of Annex I of MiFID, that is:

- (a) transferable securities;
- (b) money-market instruments;
- (c) units in collective investment undertakings;
- (d) options, futures, swaps, forward rate agreements and other derivative contracts relating to securities, currencies, interest rates or yields, or other derivative instruments, financial indices or financial measures which may be settled physically or in cash;
- (e) options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be

settled in cash at the option of one of the parties (otherwise than by reason of default or other termination event);

- (f) options, futures, swaps and any other derivative contracts relating to commodities that can be physically settled provided that they are traded on a regulated market and/or a multilateral system, operated by an investment firm or a market operator; which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with the provisions of Title II of MiFID;
- (g) options, futures, swaps, forwards and any other derivative contracts relating to commodities that can be physically settled not otherwise mentioned in paragraph (f) and not being for commercial purposes, which have characteristics of other derivative financial instruments, having regard to whether, *inter alia*, they are cleared and settled through recognised clearing houses or are subject to regular margin calls (see Articles 38(1), (2) and (4) of the MiFID Regulation);
- (h) derivative instruments for the transfer of credit risk;
- (i) financial contracts for differences; and
- (j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to:
 - (i) climatic variables;
 - (ii) freight rates;
 - (iii) emission allowances;
 - (iv) inflation rates or other official economic statistics;
 - (v) telecommunications bandwidth;
 - (vi) commodity storage capacity;
 - (vii) transmission or transportation capacity relating to commodities, whether cable, pipeline or other means;
 - (viii) an allowance, credit, permit, right or similar asset which is directly linked to the supply, distribution or consumption of energy derived from renewable resources;

- (ix) a geological, environmental or other physical variable;
- (x) any other asset or right of a fungible nature, other than a right to receive a service, that is capable of being transferred; and
- (xi) an index or measure related to the price or value of, or volume of transactions in, any asset, right, service or obligation,

where the conditions in Articles 38(3) and (4) of the MiFID Regulation are met;

[Note: Article 4(1)(17) and Section C of Annex I to MiFID and Articles 38 and 39 of the MiFID Regulation]

“general partner” means a person who is so appointed under a limited partnership agreement and who has unlimited liability for all debts of the partnership;

“holder” in relation to a share in a registered investment scheme, means the person who is entered in the register as the holder of the share or unit or limited partnership interest or the first named holder in the case of joint holders;

“information particulars” means particulars of a registered investment scheme prepared in accordance with Part 5 of these rules and includes a prospectus, scheme particulars, offering memorandum, explanatory memorandum, term sheet, application form, subscription agreement, admission document, listing particulars or any other similar documents or any combination of the foregoing;

“investment adviser” means a person who, under a commercial arrangement not being a mere contract of employment, provides the manager or the board of directors, the general partner of a limited partnership and the manager or trustee of a unit trust of a registered investment scheme with advice as to the merits of investment opportunities available to such registered investment scheme whether or not he regularly exercises a discretionary power over investments

for the account of that scheme;

“**Law**” means the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended;

“**limited partnership**” means a partnership, wherever domiciled, which is for the time being registered as a limited partnership in accordance with the relevant legislation;

“**manager**” means the person appointed manager of a registered investment scheme, including the general partner (appointed under a limited partnership agreement), the manager of a unit trust (appointed under a unit trust instrument) or appointed by the trustee (under a management agreement), to discharge the duties under a management agreement;

“**management agreement**” means an agreement under which a person is appointed manager of a registered investment scheme to discharge the duties;

“**market operator**” means a person who manages and/or operates the business of a regulated market. The market operator may be the regulated market itself;

“**MiFID**” means The European Parliament and Council Directive on markets in financial instruments (No. 2004/39/EC);

“**MiFID Regulation**” means Commission Regulation (No. 2006/1287/EC) of 10 August 2006 implementing MiFID;

“**open-ended investment scheme**” means an open-ended collective investment scheme as defined under the Law;

“**partnership agreement**” means an agreement in writing of the partners as to the affairs of a limited partnership and the conduct of its business;

“principal documents” in relation to:

- (a) a unit trust, means the trust instrument and the management agreement (if any);
- (b) a company, means the articles of incorporation of a Guernsey company (or an equivalent document under the applicable law of a non-Guernsey body corporate), the administration agreement and the custodian agreement (if applicable);
- (c) a partnership, means the limited partnership agreement, the partnership agreement, the partnership administration agreement, the partnership management agreement and the custodian agreement (if applicable);
- (d) a registered investment scheme other than a unit trust, a company or a limited partnership means the documents dealing collectively with the same or similar obligations and duties as the principal documents constituting a unit trust, a company or a limited partnership and administration agreement and custodian agreement (if applicable);

“public” for the purposes of the Registered CIS Rules means any person not regulated under any of Guernsey’s financial services regulatory laws;

“qualified auditor” means a person who has a place of business in Guernsey and is a member of:

- (a) (i) The Institute of Chartered Accountants in England and Wales; or
- (ii) The Institute of Chartered Accountants of Scotland; or
- (iii) The Institute of Chartered Accountants in Ireland; or

(iv) The Association of Chartered Certified Accountants; or

(b) A body outside the United Kingdom undertaking a similar regulatory role and having equivalent professional standards for membership as any of the bodies specified in (a) above;

For the purpose of this definition a “person” is defined as a partnership, body corporate or an individual with a current practising certificate issued by the bodies referred to in (a) and (b) above;

“registered investment scheme” means a collective investment scheme declared in a registration issued by the Commission under section 8 of the Law and section 7.02 of these Rules to be a registered collective investment scheme for the purposes of the Law, and

“registration” and related expressions shall be construed accordingly;

“regulated market” means in accordance with Article 4(1)(14) of MiFID, a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID;

“scheme property” means the property of a registered investment scheme;

“share” means a share, limited partnership interest or unit or similar interest in a registered investment scheme;

“trust instrument” means a written instrument, whether or not under seal, made by the trustee or made between the manager and the trustee constituting the unit trust and includes supplemental instruments;

“trustee” in relation to a registered closed-ended investment scheme that is a unit trust, means the trustee of the unit trust;

“umbrella fund” means a registered investment scheme which provides that the contributions of investors and the profits or income out of which payments are to be made to them are pooled in separate parts of the property and whether or not investors in each separate part may exchange rights in one part for rights in another; and

“unit trust” means a registered investment scheme (other than a limited partnership) under which the property of the scheme is held in trust for the investors.

- (2) The Interpretation (Guernsey) Law, 1948 applies to the interpretation of these Rules.
- (3) References to enactments shall include reference to any modifications or re-enactments thereof for the time being in force.

1.03 **Umbrella funds**

The following rules shall apply in the case of an umbrella fund as if each reference to a registered investment scheme were a reference to each constituent part within the umbrella fund but subject to any modification set out in any particular rule.

PART 2 – APPLICATION OF RULES

2.01 Application of rules

Unless specifically agreed otherwise by the Commission, all of the Registered CIS Rules apply to:

- (a) registered open-ended investment schemes; and
- (b) registered closed-ended investment schemes.

PART 3 – ADMINISTRATION, CUSTODY AND AUDIT

3.01 Administration of the scheme

(1) It is the duty of the designated administrator of a registered investment scheme, to administer the scheme in accordance with:

- (a) the principal documents;
 - (b) these rules;
 - (c) the most recently published information particulars; and
 - (d) in the case of a company scheme, subject to any proper directions from time to time given by the directors and in the case of a limited partnership scheme, subject to any direction given from time to time by the general partner or corporate trustee or manager of a unit trust scheme as applicable.
- (2) In the case of a company, it is the duty of the directors not to give any

directions or exercise any powers, duties or discretions which cause the company to operate otherwise than in accordance with the principal documents and information particulars and these rules.

- (3) Subject to any restrictions in the principal documents, the designated administrator may at its discretion and, in the case of a company subject to any directions given by the directors, delegate any function to any person provided that the designated administrator is satisfied at the outset, and continues to remain satisfied, that the delegate is competent to undertake the function in question. Any such arrangement must be done in accordance with the Commission's Guidance on Outsourcing.

3.02 Custody of the scheme property

- (1) The designated custodian or designated trustee of a registered open-ended investment scheme shall take into its custody or under its control all the scheme property and hold it in trust in accordance with the information particulars.
- (2) It is the duty of the designated custodian or designated trustee of a registered open-ended investment scheme to take reasonable care to ensure that the scheme is administered by the designated administrator in accordance with the information particulars.
- (3) Upon full disclosure of the provisions that are in place to ensure the assets of the scheme are adequately safeguarded, the Commission will give consideration to the appointment of a custodian or trustee that is not domiciled in Guernsey for a registered closed-ended investment scheme. Full details of the custodian or the trustee shall be disclosed to the Commission upon application for the scheme to be registered under the Law. In the absence of a custodian, the Commission shall be advised of the relevant provisions that will

apply in respect of the scheme property. This shall be done upon application for the scheme to be registered under the Law. The designated administrator of a registered closed-ended investment scheme may provide safekeeping facilities to the investment scheme.

3.03 General provisions applicable to the designated administrator and designated custodian or designated trustee of a registered open-ended investment scheme and designated administrator of a registered closed-ended investment scheme

- (1) The duties of the designated administrator and designated custodian or designated trustee and, if applicable, in the case of a company, the directors and, in the case of a limited partnership, the general partner and, in the case of a unit trust, the trustee imposed on them by these rules and by the principal documents and the information particulars are in addition to and not in derogation from the duties which are otherwise imposed on them by applicable law.
- (2) The designated administrator and the designated custodian or designated trustee of a registered open-ended investment scheme shall:
 - (a) be different persons and act independently of each other;
 - (b) each be incorporated, operate, and have a place of business, in Guernsey;
 - (c) each be licensed under the Law;
 - (d) not be a subsidiary of the other; and
 - (e) not have executive directors or other officers in common.

- (3) In the case of a registered investment scheme that is a company, the designated custodian shall not have executive directors or other officers in common with those of the registered investment scheme.

3.04 **Appointment of a Qualified Auditor**

A registered investment scheme must appoint a qualified auditor as the auditor of the scheme.

PART 4 – CONFLICTS OF INTEREST

Conflicts of interest

- 4.01 (1) The directors, the general partner and the trustee (as relevant) must each take all reasonable steps to ensure that there is no breach of any of the following requirements of this rule by any “relevant person”, meaning:
- (a) the designated administrator;
 - (b) in the case of a unit trust, the trustee;
 - (c) any investment adviser;
 - (d) any manager;
 - (e) in the case of a company, the company;
 - (f) in the case of a company, a director of the company;
 - (g) directors or partners of the general partner;
 - (h) the custodian, and
 - (i) any associate of any person described above.

- (2) Cash forming part of the scheme property may be placed in any current, deposit or loan account with a relevant person if the arm's length requirement in paragraph (9) is satisfied.
- (3) A relevant person may lend money to the registered investment scheme if the arm's length requirement in paragraph (9) is satisfied. For the avoidance of doubt, loans that form part of an investor's commitments do not fall into this category.
- (4) A relevant person may not sell or deal in the sale of property to the registered investment scheme unless the arm's length requirement in paragraph (9) is satisfied and, for the purpose of this paragraph, a sale shall include any lease or other transaction under which scheme property is made available by the registered investment scheme.
- (5) A relevant person may not purchase scheme property from a registered investment scheme unless the arm's length requirement in paragraph (9) is satisfied and, for the purpose of this paragraph, a purchase shall include any lease or other transaction under which the scheme property of the registered investment scheme is made available to the relevant person by the trustee/custodian.
- (6) A relevant person may not vest property in the registered investment scheme against the issue of shares, unless:
 - (a) the arm's length requirement in paragraph (9) is satisfied; or
 - (b) it is vested for the purpose of arrangements whereby the whole or part of such property becomes the initial scheme property of the registered investment scheme.

- (7) A relevant person may not enter into stock lending transactions in relation to the registered investment scheme unless the arm's length requirement in paragraph (9) is satisfied.
- (8) A relevant person within paragraph (1) above may not provide services for the registered investment scheme unless the services are provided on terms which satisfy the arm's length requirement in paragraph (9).
- (9) The arm's length requirement is that the arrangements between the relevant person and the registered investment scheme are at least as favourable to the registered investment scheme as would be any comparable arrangement effected on normal commercial terms negotiated at arm's length between the relevant person and an independent party.
- (10) The arm's length requirement set out in sub-paragraph (9) shall be deemed to be satisfied where the transaction with the relevant party satisfies any of the criteria set out in paragraphs (11) or (12).
- (11) The transaction satisfies the criteria for best execution on-exchange if:
 - (a) the property is an approved security or an approved derivative; and
 - (b) the transaction is effected with or through a member of the relevant exchange under the rules of that exchange; or
 - (c) there is evidence in writing of the effecting of the transaction and of its terms; and
 - (d) the manager has taken all reasonable steps to effect the transaction or to ensure that it is effected on the terms which are the best available for the registered scheme in the circumstances.
- (12) The transaction satisfies the criteria for independent valuation if:

- (a) the value of the property is certified in writing for the purpose of the transaction by a person selected or approved by the directors in the case of a company or, in the case of a limited partnership, the general partner or, in the case of a unit trust, the manager or trustee as:
 - (i) independent of any relevant person; and
 - (ii) qualified to value property of the relevant kind; and
 - (b) the directors are of the opinion that the terms of the transaction are not likely to result in any material prejudice to holders.
- (13) Paragraphs (2) to (7) are subject to any provision in the principal documents or the information particulars forbidding the taking of advantage of all or any of them.

PART 5 – INFORMATION PARTICULARS

5.01 Preparation of information particulars

- (1) In connection with the launch of a registered investment scheme, the designated administrator or, in the case of a company, the directors or, in the case of a limited partnership, the general partner or, in the case of a unit trust, the manager or trustee shall prepare information particulars which shall at least contain the matters set out in the Prospectus Rules 2008.
- (2) In the case of a registered open-ended investment scheme, the information particulars shall be revised to reflect any significant change which occurs in the matter stated therein, and such revision may take the form of a complete substitution for the previous document or of a supplement to that document. For the avoidance of doubt, for such an event there is no need to update the information particulars of a registered closed-ended investment scheme.

- (3) A copy of the revised information particulars must be sent to the Commission with the annual notification.
- (4) Material changes in the contents of information particulars must be notified to holders immediately and non-material changes must be notified to holders in the subsequent annual report.

5.02 Statements to be included in the information particulars

The information particulars must include the following statements (or words of equivalent effect):-

“The Company is a registered closed-[open-] ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Schemes Rules 2015 issued by the Guernsey Financial Services Commission (the “Commission”). The Commission, in granting registration, has not reviewed this document but has relied upon specific warranties provided by [●], the Company’s designated administrator.”

“The Commission takes no responsibility for the financial soundness of the [Scheme] or for the correctness of any of the statements made or opinions expressed with regard to it.”

5.03 False or misleading information particulars

The directors, the general partner or trustee of a registered investment scheme is/are to be treated as responsible for the information particulars and shall take all reasonable steps to ensure that they do not contain any false or misleading statements or omit facts which would make misleading any statement in the information particulars.

PART 6 – NOTIFICATIONS

6.01 Immediate notifications

- (1) No change of the designated administrator or, in the case of a registered open-ended investment scheme, the designated custodian or trustee is effective until such time as the Commission varies the declaration of registration of the registered investment scheme.
- (2) The designated administrator of a registered investment scheme must give written notice forthwith to the Commission in respect of any proposal to reconstruct, amalgamate, terminate prematurely, wind-up or extend the life of the registered investment scheme.

6.02 Annual notifications

- (1) A designated administrator of a registered investment scheme must notify the Commission in writing each year of any change in respect of the information contained in the application form submitted for registration as a registered investment scheme or, in the absence of any change, notify the Commission by way of confirmation of no change.
- (2) The first such notification must be submitted to the Commission within 12 months of the date on which a declaration of registration was issued and thereafter at intervals of not more than 12 months.

6.03 Annual reports and financial statements

The designated administrator of a registered investment scheme must submit to the Commission copies of the audited annual report and accounts for the scheme in line with the information particulars, no later than six months following the end of the

annual accounting period. At such time as the audited annual report and accounts are sent to the Commission any principal documents or other agreements which have been amended and not previously submitted to the Commission must be submitted.

6.04 Quarter-end statistical information

The designated administrator of a registered investment scheme must submit to the Commission a statistical return relevant to the scheme for each quarter. The information to be contained in such statistical return is as required by the Commission from time to time and must be submitted within the Commission's agreed timeframes.

**PART 7 – REGISTRATION OF OPEN-ENDED OR CLOSED-ENDED
INVESTMENT SCHEMES**

7.01 Application for registration of an open-ended investment scheme or a closed-ended investment scheme

The designated administrator of an open-ended investment scheme or a closed-ended investment scheme seeking a declaration of registration from the Commission shall submit the appropriate application form to the Commission and shall also provide:

- (a) final versions of the principal documents, information particulars and other agreements material to the scheme; and
- (b) the application fee as prescribed from time to time by Regulations made under Section 22 of the Law; and
- (c) such other information as the Commission may require.

7.02 **Registration declarations**

- (1) The Commission may grant registration under section 8 of the Law to an open-ended investment scheme or a closed-ended investment scheme that complies with rule 7.01 by declaration, if it is satisfied:
 - (a) that the scheme's principal documents and information particulars appear to the Commission to comply with all of the Prospectus Rules 2008 relating to their contents; or
 - (b) that it is unnecessary in the interests of investors for the scheme's principal documents and/or information particulars to comply with any part of the Prospectus Rules 2008 relating to their contents with which they do not comply.
- (2) A declaration granted in the circumstances set out in sub-paragraph (1)(b) shall specify the rules with which the registered investment scheme's principal documents and/or information particulars do not comply.
- (3) The designated administrator of a registered closed-ended investment scheme must give written notice forthwith to the Commission of the addition of classes, sub-funds or cells to a registered closed-ended investment scheme.

7.03 **Proposal to add additional classes, sub-funds or cells to a registered open-ended investment scheme**

- (1) The designated administrator of a registered open-ended investment scheme shall give prior written notice to the Commission of any proposal to add additional classes, sub-funds or cells to a registered open-ended investment scheme together with:

- (a) final versions of any amended or additional, information particulars, principal documents or other agreements material to the addition of the class, sub-fund or cell;
 - (b) the application fee as prescribed from time to time by Regulations made under Section 22 of the Law; and
 - (c) such other information as the Commission may require.
- (2) No effect shall be given to the proposal in (1) above unless:
- (a) the Commission has given its approval to the proposal; or
 - (b) One month has elapsed since the notice was given without the Commission having notified the person serving the notice that the proposal is not approved.

7.04 **Derogations**

- (1) The Commission may, by notice in writing to the designated administrator of a registered investment scheme, exclude or modify the application of any provision of those rules in relation to that scheme if the Commission is satisfied that compliance with that provision is not necessary in the interests of investors.
- (2) An exclusion or modification under paragraph (1) may be in such terms (as to notification of investors, revision of information particulars or otherwise) as the Commission may specify.

7.05 Undertakings

As a condition of the registration of a scheme as a registered investment scheme, the Commission shall be entitled to require such undertakings, indemnities, bonds, guarantees and assurances as the Commission may determine to secure compliance with these rules.

PART 8 – TRANSITIONAL PROVISIONS

8.01 Application

This Part applies to all existing registered investment schemes at the commencement date of these rules.

8.02 Amendment of principal documents and information particulars

- (1) Subject to rule 7.02, the principal documents of an existing open-ended registered investment scheme must be revised to comply with all of the Registered CIS Rules and the Prospectus Rules 2008 relating to their contents either on the next occasion when any amendment to the principal documents is required to be approved by the holders in the registered investment scheme or by not later than two years from the commencement date.
- (2) Subject to rules 5.01(2) and 7.02, the information particulars of an existing registered investment scheme if revised following the commencement of the Registered CIS Rules and the Prospectus Rules 2008, must be revised to comply with the Registered CIS Rules and the Prospectus Rules 2008. For the avoidance of doubt this does not apply to registered closed-ended investment schemes.
- (3) Subject to rule 7.02, no amendment may be made to the principal documents or information particulars of an existing registered investment scheme unless

the amendment complies with these rules and the Prospectus Rules 2008 relating to their contents.

8.03 Derogations

- (1) Any exclusion or modification granted by the Commission in relation to a registered investment scheme pursuant to rule 7.04 of the Registered Collective Investment Schemes Rules 2008 will continue to apply, to the extent applicable, under the Registered CIS Rules.

8.04 The Registered Collective Investment Schemes Rules 2008

- (1) The Registered Collective Investment Schemes Rules 2008 shall be repealed upon the commencement date of the Registered CIS Rules.