

THE COLLECTIVE INVESTMENT SCHEMES RULES 1988 (AMENDMENT) RULES 1996

The Guernsey Financial Services Commission (the "Commission"), in exercise of the powers conferred on it by Sections 12, 16 and 20 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended hereby makes the following rules:-

1.01 Citation and commencement

These rules, "the Collective Investment Schemes Rules 1988 (Amendment) Rules 1996", are made on 10 September 1996 and come into operation on 16 September 1996.

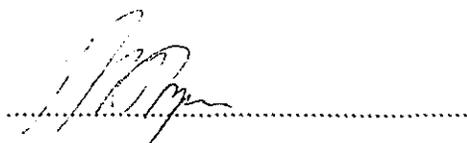
1.02 Interpretation

In these rules "the principal rules" means the Collective Investment Schemes Rules 1988 and a reference in the Schedule hereto to a rule or other provision is a reference to that rule or provision in the principal rules.

1.03 Miscellaneous amendments

The amendments to the principal rules in the Schedule hereto shall have effect.

MADE ON 10 SEPTEMBER 1996



P J H MORGAN, CHAIRMAN
GUERNSEY FINANCIAL SERVICES COMMISSION

Schedule : Eligible Markets

1. In rule 1.02(1) -
 - (a) remove the definitions of "approved market" and "approved options and futures market";
 - (b) in the definition of "approved securities" delete paragraph (a) and substitute -
 - "(a) transferable securities which are admitted to official listing in a member state; or
 - (aa) transferable securities which are traded on or under the rules of an eligible securities market otherwise than by virtue of the specific permission of the market authority; and";
 - (c) add, after the definition of "declaration of authorisation" -

""derivative" means an option, or a future or a contract for differences";
 - (d) add, after the definition of "distribution account" -

""eligible derivatives market" has the meaning given to it in paragraph 8A of Schedule 5;

"eligible securities market" has the meaning given to it in paragraph 8A of Schedule 5";
 - (e) in the definition of "government and other public securities" -
 - (i) in paragraph (a) remove "in Part III of" and substitute "in the Countries and Territories section of"; and
 - (ii) delete the words "of the European Community" in paragraphs (a), (b) and (c);
 - (f) in the definition of "initial margin" for "approved options and futures" substitute "eligible derivatives";
 - (g) in the definition of "market dealing bid price" in paragraph (a) for "approved" substitute "eligible securities market or eligible derivatives";
 - (h) in the definition of "market dealing offer price" in paragraph (a) for "approved" substitute "eligible securities market or eligible derivatives";
 - (i) add, after the definition of "marketing" -

““member State” means, at any time, in addition to a State which is a member of the European Community, any other State which is within the European Economic Area”;

- (j) in the definition of “traded option” for “approved options and futures” substitute “eligible derivatives”.
- 2. In rule 2.05(2) insert “subject to paragraph (2A) below,” between the words “documents,” and “no”.
- 3. After 2.05(2) insert the following new paragraph -

“2.05(2A) Any amendment to the scheme particulars to introduce a list, or to add an eligible securities or eligible derivatives market to the list, required by paragraph 7(j) of Schedule 4 shall require approval of an extraordinary resolution at a meeting of holders unless -

- (a) the amendment is, in the context of the investment strategy of the scheme, of minimal significance only and the trustee and the manager have so agreed in writing; or
- (b) the list introduced goes no wider than the regime in force on 15 September 1996 relating to approved markets and approved options and futures markets; or
- (c) the manager has:-
 - (i) given notice in writing of the intended amendment to the trustee and the holders; and
 - (ii) included in the scheme particulars the proposed date of commencement of the amendment; and
 - (iii) before the amendment is relied upon, waited for 90 days to elapse since the amended scheme particulars became available.”
- 4. In rule 11.01(2) for “Scheme”, where it first so arises, substitute “Subject to the provisions of rule 12.04, scheme”.
- 5. After rule 12.03 insert the following new rules:-

“12.04 Scheme Particulars and Eligible Markets

- (a) Until 16 September 1997, or until the first occasion after 15 September 1996 but before 16 September 1997 on which the scheme particulars of any scheme are revised, these rules may be taken to apply to that scheme as if the regime in force on 15 September 1996 relating to approved markets and approved options and futures markets continued

in force, in place of the regime relating to eligible securities markets and eligible derivatives markets.

- (b) In the application of Schedule 7 by virtue of paragraph (a) above, the list in Part 1 thereof shall be treated as if it contained the following additional entries -

10. in the Republic of Korea The Korea Stock Exchange
11. in Mexico The Mexican Stock Exchange
12. in Thailand The Securities Exchange of Thailand
13. in the United States NASDAQ
14. the market known as the "Grey Book Market", that is the market conducted by those persons for the time being included in the list maintained by the Bank of England for the purposes of Section 43 of the Financial Services Act 1986 of the United Kingdom under the conditions imposed by the Bank of England under that section;
15. the market in transferable securities issued by or on behalf of the Government of the United States of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers."

12.05 Principal Documents and Eligible Markets

- (a) A modification to the principal documents to include the statement required by paragraph 5A of Part 1 of Schedule 1 to these rules does not require the approval of an extraordinary resolution at a meeting of holders.
- (b) From the date on which the scheme particulars in respect of any scheme are first revised to comply with 7(j) of Schedule 4 (list of eligible securities markets and eligible derivatives markets), until the date when the principal documents of the scheme are next modified, the principal documents shall be taken, by virtue of this paragraph, to have within them the statement required by paragraph 5A of Schedule 1."

6. In Part I of Schedule 1, after paragraph 5, insert the following new paragraph:-

“5A. Investment powers in eligible markets

A statement that, except in the case of a feeder fund, subject to any restriction in these rules or the principal documents, the scheme has the power to invest in any securities market or deal on any derivatives market:-

- (a) which is an eligible securities or eligible derivatives market for that scheme by virtue of these rules; or
- (b) to the extent that power to do so is conferred by these rules irrespective of any issue of eligibility.”

7. In Part II of Schedule 1, in paragraph 33 for “approved” substitute “eligible securities”;

8. In Schedule 4 remove paragraph 7(j) and substitute:-

“(j) a list of individual eligible securities and eligible derivatives markets through which the scheme may invest or deal by virtue of the definitions of “eligible securities market” and “eligible derivatives market” under paragraph 8A of Schedule 5: any eligible securities market in a member State may be included in the list or referred to in general terms.”

9. In Schedule 5, paragraphs 3(3); 3(4)(i); 3(4)(ii) and 7(4) for “approved options and futures” substitute “eligible derivatives”.

10. In Schedule 5 after paragraph 8 insert:-

“8A. Eligible securities and derivatives markets

- (1) A securities market is eligible for the purposes of these rules, if it is a market established in a member State on which transferable securities admitted to official listing in the member State are dealt in or traded.
- (2) A securities market not falling within paragraph (1) or a derivatives market is, at any time, eligible for the purposes of these rules if -
 - (i) the manager, after consultation with the trustee, has decided, in accordance with paragraphs (3) and (4) below, to choose that market as one which is appropriate for the purpose of investment of or dealing in the property of the scheme beyond, where appropriate, any limit which under these rules, would otherwise apply;
 - (ii) that decision is notified in writing to the trustee and has not been revoked; and

- (iii) the market is included in a list in the scheme particulars.
- (3) For the purposes of paragraph (2), a market may be considered to be appropriate if it:-
- (i) is regulated;
 - (ii) operates regularly;
 - (iii) is recognised; and
 - (iv) is open to the public.
- (4) In exercising the choice in paragraph (2), regard shall in particular be had to:-
- (i) the need for adequate liquidity in the market;
 - (ii) the arrangements relevant to the market for unimpeded transmission of income and capital to or to the order of investors; and
 - (iii) any relevant guidance of the Guernsey Financial Services Commission issued on, before or after the date of the making of these rules.”
11. In Schedule 5, paragraph 21(e) for “approved” substitute “eligible securities”.
12. In Schedule 5, paragraph 36(8)(b)(ii) for “approved” in both instances substitute “eligible derivatives market or eligible securities”.
13. In Schedule 6, paragraphs 4(3)(a) and 4(3)(b) for “approved options and futures” substitute “eligible derivatives”.
14. In Schedule 6, paragraphs 4(4)(a)(i), (b)(i) and (b)(ii) for “approved options and futures” substitute “eligible derivatives”.
15. In Schedule 6, paragraph 25(4) for “approved” substitute “eligible securities”.
16. In Schedule 7 delete Part I and Part II in their entirety and remove the words “PART III -” from Part III.

EXPLANATORY NOTE

(This Note is not part of the Regulations, but is intended to indicate their general purport.)

These Regulations increase the reduced rates of widow's benefits, old age pension, unemployment benefit, sickness benefit, invalidity benefit and maternity allowance payable under the Social Insurance (Guernsey) Law, 1978, in order to bring them into correspondence with the higher standard rates of such benefits approved by the States on 25 July, 1996; increase the reduced amounts of death grant payable under that Law in order to bring them into correspondence with the higher standard amount of death grant approved by the States as aforesaid; and revise the rates of increase of industrial disablement benefit where constant attendance is required.

The remaining provisions of these Regulations effect minor consequential and other amendments.