

GUERNSEY STATUTORY INSTRUMENT NO. 133

GREFFE
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GUERNSEY

**THE COLLECTIVE INVESTMENT SCHEMES
(QUALIFYING PROFESSIONAL INVESTOR
FUNDS)(CLASS Q) RULES, 2021**

Made: 1st November 2021

Coming into Operation: 1st November 2021

The Guernsey Financial Services Commission (“the Commission”), in exercise of the powers conferred on it by sections 12, 14, 15, 17 and 19 of The Protection of Investors (Bailiwick of Guernsey) Law 2020¹ (“the Law”) makes the following Rules.

¹ Order In Council No. XIX 2020.

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PART 1 INTRODUCTION

1.1 Application

1.1.1 General application

- (1) The Collective Investment Schemes (Qualifying Professional Investor Funds)(Class Q) Rules, 2021 replace The Collective Investment Schemes (Qualifying Professional Investor Funds)(Class Q) Rules, 1998².
- (2) The Class Q Rules apply to every Class Q Scheme, however, the Commission may in its absolute discretion, by written notice to the designated administrator of the Scheme, exclude or modify the application of any provision of these Rules.
- (3) The Commission may issue supplementary guidance regarding the standards of conduct and practice expected in relation to any aspect of the regulatory framework. Such guidance will not constitute rules of the Commission.

1.1.2 Umbrella and multi-class funds

- (1) In these Rules, in the case of an umbrella or multi-class fund and except where otherwise expressly provided, “constituent part” means one of the separate parts into which the property of the umbrella or multi-class fund is divided.
- (2) The following Rules apply, in the case of an umbrella or multi-class fund, as if each reference to a Class Q Scheme were a reference to each constituent part within the umbrella or multi-class fund but subject to any modification set out.

² G.S.I No. 5 of 1998.

PART 2 QUALIFYING PROFESSIONAL INVESTORS

2.1 Duties regarding prospective beneficial owners

2.1.1 Duties

- (1) The manager, and in the case of a company scheme the company, and directors must take all reasonable steps to ensure that units in a Class Q Scheme are beneficially owned only by qualifying professional investors.
- (2) Procedures must be in place requiring that potential investors confirm that they fall within the definition of a qualifying professional investor.

2.1.2 Dispositions of units on death, etc., of holder

- (1) Units may be transferred to one or more holders who are not qualifying professional investors as a consequence of –
 - (a) death;
 - (b) bankruptcy;
 - (c) *désastre*;
 - (d) *curatelle*; or
 - (e) any such similar proceedings,subject to such units being fully paid up.
- (2) Partly paid units to which a person who is not a qualifying professional investor becomes entitled to as a consequence of –
 - (a) death;

- (b) bankruptcy;
- (c) *désastre*;
- (d) *curatelle*;
- (e) or any such similar proceedings; or
- (f) under an order of a Guernsey Court,

must be redeemed, by the manager, as soon as practicable.

PART 3 CONSTITUTION, INVESTMENT, AND BORROWING POWERS

3.1 General requirements

- (1) A signed or certified copy of the principal documents and information particulars, and any subsequent amendments or variations, must be filed with the Commission.
- (2) The manager and the custodian or trustee of a Class Q Scheme must operate and conduct the affairs of the scheme in accordance with its principal documents, current information particulars, and these Rules.

3.2 Payments out of scheme property

- (1) Expenses, fees, or charges may be paid out of the scheme property if the nature and basis of such payments are disclosed in the information particulars.
- (2) No other expenses, fees, and charges may be paid out of the scheme property unless –
 - (a) the Commission has been notified in accordance with these Rules;
 - (b) the requirements of these Rules have been met;
 - (c) existing holders have been given prior notification of the additional expenses, fees, or charges to be borne by the scheme; and
 - (d) arrangements have been made to revise the information particulars.
- (3) In the case of an umbrella of multi-class fund any expenses, fees, and charges which may be paid out of the scheme property under this rule must be allocated amongst the constituent parts in such a way as the manager considers to be fair to the investors in these constituent parts.

3.3 Investment and borrowing powers

- (1) The scheme property of a Class Q Scheme must be invested with the aim of spreading risk.
- (2) The property must be invested in accordance with limits or restrictions disclosed in the scheme's information particulars and no significant departure must be made from these unless –
 - (a) the Commission has been notified in accordance with these Rules;
 - (b) the requirements of these Rules have been met;
 - (c) existing holders have been given prior notification of the revised investment parameters; and
 - (d) arrangements have been made to revise the information particulars.
- (3) Class Q Schemes must not invest in, or dispose of, units in another scheme which is managed by its manager, or by an associate of that manager, unless the manager procures that any preliminary charge payable on the issue of units, or any charge payable on the redemption of units, in the associated scheme is not suffered directly or indirectly by the Class Q Scheme or any investors in that scheme.
- (4) Class Q Schemes must not borrow in excess of the limits or restrictions disclosed in their information particulars and no departure must be made from these unless –
 - (a) the Commission has been notified in accordance with these Rules;
 - (b) the requirements of these Rules have been met;
 - (c) existing holders have been given prior notification of the revised limits or restrictions; and

- (d) arrangements have been made to revise the information particulars.
- (5) The manager must take all reasonable steps and exercise all due diligence to avoid any contravention of (2) and (4).
- (6) In the event of a breach of the limits or restrictions the manager must take all necessary steps, having regard to the interests of investors, to rectify the position as soon as is reasonably practicable and must notify the Commission if the breach has not been rectified within three months.

PART 4 TITLE TO UNITS AND DEALINGS

4.1 The register

- (1) The manager, or in the case of a company scheme the company, retains responsibility for establishing and maintaining a register of holders in accordance with this rule.
- (2) The register must be maintained in a legible form, or in a manner capable of being reproduced in a legible form, and must contain conclusive evidence as to the persons respectively entitled to the registered units.
- (3) The register must include –
 - (a) the name and address of each holder;
 - (b) the number of units held by each holder;
 - (c) the date on which each holder was registered; and
 - (d) in the case of a transfer of units, a reference enabling the name of the transferor and the transferee and the date of transfer to be identified.
- (4) The manager, and in the case of a company scheme the company, and the directors must all take reasonable steps to ensure that the information contained in the register is, at all times, complete and up to date.

4.2 Rights of holders

- (1) The manager must supply, on request and free of charge, to a holder, or their authorised representative, a copy of the entries on the register which relate to that holder.

4.3 Pricing of units and dealings

- (1) The manager of a Class Q Scheme must comply with the principal documents and information particulars in relation to –
 - (a) the sale of units;
 - (b) the redemption of units;
 - (c) unit pricing; and
 - (d) settlement.

4.4 Suspension of dealings

- (1) If dealings in units are suspended, the manager, or custodian or trustee if it had required the manager to suspend dealings, must inform the Commission immediately stating the reason for the suspension.

PART 5 THE MANAGER, DESIGNATED ADMINISTRATOR AND THE CUSTODIAN/TRUSTEE

5.1 Management of the scheme

- (1) It is the duty of the manager to manage and administer the scheme and to make decisions, as to the constituents of the scheme property, 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 directions given by the directors.
- (2) In a company scheme it is the duty of the directors not to give any directions or exercise any powers, duties, or discretions which would, or might, cause the company to operate otherwise than in accordance with the principal documents, information particulars or these Rules.
- (3) The manager, and in the case of a company scheme the company, and the directors must, on the request of the custodian or trustee, supply them with such information concerning the management and administration of the scheme as they reasonably require.
- (4) The manager of a company scheme is entitled to discharge all the powers, duties, and discretion of the directors, subject to (1) and to any provisions of applicable laws. If required the directors must execute all such deeds and documents and do everything necessary or desirable to give full effect to this rule.
- (5) The manager may, at its discretion, delegate any function to any person provided that the manager is satisfied at the outset, and continues to remain satisfied, that the delegate is competent to undertake the function in question.

5.2 Auditor

- (1) In the case of a scheme, other than a company scheme, the manager must, at the outset and upon any vacancy, with the approval of the custodian or the trustee, appoint an auditor for the scheme.
- (2) In the case of a company scheme the directors must, at the outset and upon any vacancy, with the approval of the custodian and in accordance with the principal documents and applicable law, appoint an auditor for the scheme.

5.3 General powers and duties of the custodian or trustee

- (1) Every scheme must have a designated custodian or designated trustee.
- (2) It is the duty of the custodian or the trustee to discharge its duties under the principal documents and these Rules.
- (3) The custodian or the trustee must take into its custody, or under its control, all the scheme property.
- (4) The custodian or the trustee may, at its discretion, delegate its functions under (2) to any person other than the manager, providing –
 - (a) the arrangements prevent those delegated from releasing the documents evidencing title to the scheme property into the possession of a third party without the consent of the custodian or the trustee; and
 - (b) that the custodian or the trustee is satisfied, at the outset and remains satisfied, that the person is competent to undertake the delegated function.
- (5) The custodian or the trustee may, at its discretion, delegate any of its other functions to any other person, other than the manager, provided that they are, and remain, satisfied that person is competent to undertake the delegated function.

- (6) The custodian or the trustee must be entitled -
- (a) to give notice to the manager that it is not prepared to accept the transfer of any property which, in their opinion, infringes the terms of these Rules or of the principal documents or the information particulars in relation to the scheme; and
 - (b) to require the manager to secure the transfer, in place, of any other property acceptable to them.

5.4 General provisions applicable to the manager and the custodian or the trustee

- (1) The manager and the custodian or the trustee of a Class Q Scheme must –
- (a) be different persons and act independently of each other;
 - (b) each be licensed under the Law and administered and have a place of business in Guernsey;
 - (c) not be a subsidiary of the other; and
 - (d) not have executive directors or other officers in common.
- (2) In the case of a company scheme the custodian must not have executive directors or other officers in common with those of the company.
- (3) The designated administrator must give prior written notice, to the Commission, of any proposal to–
- (a) pay expenses, fees, and charges out of the scheme property in addition to those disclosed in the scheme’s information particulars;
 - (b) alter the scheme’s investment and borrowing powers;
 - (c) replace the custodian or the trustee of the scheme; and

- (d) alter holders' voting rights or their entitlement to participate in the scheme property or its income.
- (4) The custodian or the trustee must give prior written notice, to the Commission, of any proposal to replace the manager of the scheme.
- (5) The duties of the manager and the custodian, or of the trustee, and in the case of a company scheme the directors, imposed on them by these Rules and by the principal documents and the information particulars are in addition to the duties which are otherwise imposed on them by law.

5.5 Confirmation of designated administrator and designated custodian/trustee

- (1) Every scheme must have a designated administrator.
- (2) The proposed appointment of a designated administrator, designated custodian, or designated trustee must be notified to the Commission immediately. These appointments will only be effective following confirmation of the designation from the Commission.

5.6 Dealing as principals

- (1) Any transactions carried out with a Class Q Scheme as principal by –
 - (a) the manager;
 - (b) the custodian or the trustee;
 - (c) investment adviser;
 - (d) in the case of a company scheme a director; or
 - (e) by any associate of (a) to (d),

must be carried out as if effected on normal commercial terms, negotiated at arm's length, and be in the best interests of holders.

PART 6 INCOME

6.1 Amount available for income distribution and allocation

- (1) The manager, or in the case of a company scheme the directors, must determine the amount of the scheme income available for distribution or allocation in accordance with the principal documents and information particulars.

6.2 Making distributions

- (1) The manager is responsible for the distribution and allocation of income to holders in accordance with the principal documents and information particulars.

PART 7 REPORTS TO HOLDERS

7.1 Preparation of annual reports and financial statements

- (1) The manager, or in the case of a company scheme the directors, must prepare an annual report and financial statements which must contain, in respect of each scheme –
 - (a) details of any significant change in the information particulars and the principal documents and the management and administration of the scheme during the period to which the report relates; and
 - (b) any significant information which would enable holders to make an informed judgment on the development of the activities of the scheme during that period and the results of those activities at the end of the period.
- (2) The accounting information set out in the annual report must be audited by an auditor.
- (3) The financial statements must be prepared in accordance with generally accepted accounting principles and must give a true and fair view of the financial position of the scheme as at the end of the period to which the financial statements relate.

7.2 Publication of annual report and financial statements

- (1) The manager must, within six months after the end of the annual accounting period, publish an annual report and financial statements in accordance with this rule.
- (2) The manager must send a copy of the annual report and financial statements to each holder entered in the register on the record date and must give a copy of the report to each holder of bearer certificates on request by the holder.

- (3) The manager must send a copy of the annual report and accounts, in English, to the Commission when published accompanied by confirmation, signed by the manager, that they have managed the scheme in the period covered by the accounts in accordance with the provisions in the principal documents, the information particulars, and these Rules.

7.3 Annual reports and financial statements to be offered to purchasers of units

- (1) The manager must not effect any sale of units to any person other than a person who is already a holder of units in the scheme until it has offered that person, free of charge, a copy of the most recent annual report and financial statements.

PART 8 MEETING OF HOLDERS

8.1 Meetings, attendance, and voting

- (1) The custodian or the trustee, the manager, or in the case of a company scheme the company, may at any time and subject to the applicable law convene a meeting of holders.
- (2) The manager, or being a holder any associate of the manager, is entitled to receive notice of and attend any meetings of holders and, subject to (3), is not entitled to vote but may be counted in the quorum.
- (3) The manager, or any associate of the manager, is entitled to vote at any meeting of holders in respect of units which they hold as bare trustee, or nominee, or otherwise on the instruction of a person entitled to vote.

8.2 Notice of meetings

- (1) Written notice must be given, to holders, of a meeting not less than fourteen days prior to the date of the meeting. This period may be longer if so specified in the principal documents or by applicable law.
- (2) Notice of a meeting must include the –
 - (a) location or, where it is proposed that the meeting is held entirely electronically, or via telephone, details of the method of attendance;
 - (b) day and hour; and
 - (c) terms of the resolutions to be proposed.
- (3) This rule does not apply to notice of an adjourned meeting.

8.3 Quorum

- (1) Subject to applicable law, the quorum at a meeting of holders must be such number of holders present in person, or by proxy, as is specified in the principal documents.
- (2) Business must not be transacted at any meeting where the requisite quorum is not present at the commencement.

PART 9 INFORMATION PARTICULARS

9.1 Preparation of information particulars

- (1) The manager, or in the case of a company scheme the directors, must prepare information particulars which must contain the matters set out in the Schedule to these Rules.
- (2) The information particulars must be revised to reflect any significant change which occurs in the matters stated in it. Such revision may take the form of a complete substitution, for the previous document, or of a supplement to that document.
- (3) A copy of the revised information particulars must be sent to the Commission.
- (4) Changes in the contents of information particulars must be notified to holders either immediately or in the subsequent annual report.

9.2 Publication of information particulars

- (1) Information particulars must be offered to potential investors free of charge before the conclusion of a contract for the sale of units in a Class Q Scheme.

9.3 False or misleading information particulars

- (1) The manager, and in the case of a company scheme the directors, are to be treated as being responsible for the information particulars and must take all reasonable steps to ensure that they do not contain any untrue or misleading statements.

PART 10 AUTHORISATION

10.1 Application for authorisation

- (1) The manager of a collective investment scheme seeking a Class Q Scheme declaration of authorisation must submit, to the Commission –
 - (a) the appropriate application form;
 - (b) a certificate from the manager stating that the information particulars comply with these Rules;
 - (c) signed or certified copies of the information particulars, the principal documents, and any other agreements material to the scheme;
 - (d) the application fee as prescribed by Regulations; and
 - (e) such other information as the Commission may require.
- (2) Applications must clearly indicate the identity of the proposed designated administrator and the designated trustee or designated custodian.

10.2 Authorisation declarations

- (1) The Commission may declare that a scheme that complies with rule 10.1 is authorised if it is satisfied that –
 - (a) the scheme's principal documents and information particulars appear, to the Commission, to comply with these Rules; or
 - (b) it is unnecessary, in the interests of investors, for the scheme's principal documents or information particulars to comply with any specific rules, relating to their contents, with which they do not comply.

- (2) A Class Q Scheme declaration must, in relevant cases, specify the rules with which the scheme's principal documents or information particulars do not comply.

PART 11 GENERAL PROVISION

11.1 Interpretation

- (1) In these Rules terms have their ordinary meaning unless specifically defined in the Law or in these Rules.
- (2) In these Rules the following definitions should be followed -

“annual accounting period” is the period of twelve months between dates specified for that purpose or ending on a particular day in any calendar year specified in the information particulars or the principal documents;

“applicable law” in the case of a company scheme means the law of the jurisdiction in which the company is incorporated and, in any other case, means the governing law specified in the scheme’s principal documents;

“company scheme” means any Class Q Scheme constituted as a body corporate;

“custodian” means the designated custodian of a scheme other than a unit trust scheme;

“custodian agreement” means an agreement under which a body corporate is appointed to hold the scheme property of a scheme, other than a unit trust scheme, and to discharge the duties imposed by these Rules on the custodian;

“generally accepted accounting principles” includes those accepted in –

- (a) the UK;
- (b) the United States; or
- (c) any other country approved in writing by the Commission;

“holder” means the person who is entered in the register as the holder of the unit, or a holder of a bearer certificate, or the first named holder in the case of joint holders;

“information particulars” means particulars of a Class Q Scheme prepared in accordance with Part 9 and the Schedule and includes a prospectus, offering memorandum, explanatory memorandum, term sheet, application form, subscription agreement, 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 of a Class Q Scheme with advice as to the merits of investment opportunities available to the scheme whether or not he regularly exercises a discretionary power over investments for the account of that scheme;

“limited partnership scheme” means any Class Q Scheme constituted as a limited partnership;

“management agreement” means an agreement under which a person is appointed principal manager of a Class Q Scheme, other than a unit trust scheme or a limited partnership scheme, to discharge the duties contemplated by these Rules to be undertaken by the manager and includes any agreement whereby the manager has delegated the performance of some or all of its functions;

“management securities” means securities in a company scheme which –

- (a) are held solely for the benefit of persons employed or engaged in or about the management of the assets of the company scheme, or any associate;
- (b) carry no right or expectation to participate, directly or indirectly, in any of the profits of the company scheme; and
- (c) on a winding-up or on redemption, carry no right to receive anything other than the return of the price paid for the securities;

“manager” means –

- (a) the designated administrator; or
- (b) where there is a principal manager and a designated administrator each such person; or
- (c) where there is more than one designated administrator each such person;

“marketing” in relation to a Class Q Scheme and a particular country, means the promotion of that scheme in that country whether by means of information particulars, advertisements, invitations, advice, or otherwise;

“multi-class fund” means a Class Q 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 that investors in each separate part do not generally have the ability to exchange rights in one part for rights in another;

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

“partnership management agreement” means an agreement under which a general partner is appointed principal manager of a Class Q limited partnership scheme to discharge the duties contemplated by these Rules to be undertaken by the manager and includes any agreement whereby the manager has delegated the performance of some or all of its functions;

“principal documents” in relation to –

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

“principal manager” means the principal manager appointed under the principal documents;

“qualifying professional investor” means –

- (a) a government, local authority, or public authority in the Bailiwick or elsewhere;
- (b) a trustee of a trust which, at the time of investment, had net assets in excess of £2,000,000;
- (c) a body corporate or limited partnership if it, or any holding company or subsidiary of it, has, at the time of investment, net assets in excess of £2,000,000; or
- (d) an individual who has, together with any spouse, at the time of investment a minimum net worth, which excludes that individual’s main residence and household goods, of £500,000;

“redemption” means the purchase of units from a holder by the manager;

“sale” means the sale of units to a holder by the manager;

“scheme property” means the property of a Class Q Scheme disregarding any property attributable to management securities;

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

“trustee” means the designated trustee of a unit trust scheme;

“unit trust scheme” means a Class Q Scheme under which the scheme property is held in trust for investors.

PART 12 TRANSITIONAL ARRANGEMENTS, SAVINGS, REVOCATIONS, CITATION AND COMMENCEMENT

12.1 Transitional Arrangements

- (1) Designated managers, recognised under The Collective Investment Schemes (Qualifying Professional Investor Funds)(Class Q) Rules, 1998, will be redesignated as designated administrators in accordance with these Rules.

12.2 Savings

- (1) Declarations of authorisation issued under section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987 and previously governed by The Collective Investment Schemes (Qualifying Professional Investor Funds)(Class Q) Rules, 1998 are recognised as valid for the purposes of these Rules.
- (2) Any exclusion or modification granted by the Commission, under The Collective Investment Schemes (Qualifying Professional Investor Funds)(Class Q) Rules, 1998, will continue to apply where the Law and these Rules provide scope for such exclusions and modifications.

12.3 Revocations

12.3.1 The Collective Investment Schemes (Qualifying Professional Investor Funds)(Class Q) Rules, 1998

- (1) The Collective Investment Schemes (Qualifying Professional Investor Funds)(Class Q) Rules, 1998 are revoked.

12.4 Citation and commencement

- (1) These rules may be cited as the Class Q Rules, 2021 and come into force on 1st November 2021.

Dated this 29th day of October 2021

A handwritten signature in black ink, appearing to read 'C.A. Schrauwers', with a horizontal line underneath the name.

C.A. SCHRAUWERS

Chairman of the Guernsey Financial Services Commission

For and on behalf of the Commission

SCHEDULE 1

Contents of Information Particulars

Information particulars for a Class Q Scheme must include the following –

(1) Name and status of scheme

The name of the scheme and the fact that it is an authorised Class Q Scheme.

(2) Parties to the scheme

Details of –

- (a) the manager;
- (b) the custodian or the trustee;
- (c) the directors, in the case of a company scheme;
- (d) any investment adviser;
- (e) the auditor;
- (f) any registrar; and
- (g) any other parties to the scheme.

(3) Qualifying professional investors

A definition of qualifying professional investors and a statement to the effect that only intended holders who fall within that definition are eligible to invest in the scheme.

(4) The constitution and objectives of the scheme

- (a) If the duration of the scheme is not unlimited, when it will terminate;
- (b) particulars of the scheme's capital structure;
- (c) the investment objectives of the scheme together with the policy for achieving those objectives;
- (d) how the spread of risk will be achieved;
- (e) the limitations on the nature, type, and amount of assets which may be held in the scheme;
- (f) the borrowing powers of the scheme;
- (g) if the scheme is a feeder fund, a statement of the name and status of the scheme into which it feeds; and
- (h) the circumstances in which the winding-up of the scheme can be decided on, a description of the procedure to be followed, and the rights of holders.

(5) The characteristics of units in the scheme

- (a) In relation to each available class of unit in the scheme –

- (i) the entitlement of the holder of that unit to participate in the scheme property and any income;
 - (ii) the names given to each class; and
 - (iii) the characteristics of each class;
- (b) how title to units will be evidenced; and
- (c) details of holders' voting rights and, if persons other than holders can vote at a meeting of holders, who those persons are and the extent of their voting rights.

(6) Valuation of property, charges, and distributions

- (a) How frequently and the basis on which the scheme property will be regularly valued for the purpose of determining prices at which units in the scheme may be sold to, or redeemed by, investors and a description of any circumstances in which the scheme may be specially valued;
- (b) if the price at which units may be sold to investors includes a preliminary charge, a statement of the maximum amount of that charge;
- (c) if the price at which units may be redeemed by investors is subject to a redemption charge, a statement of the maximum amount of that charge;
- (d) the nature of all fees, charges, and expenses payable out of the scheme property and how their amounts will be determined;
- (e) the dates in each calendar year on which allocation or distributions of income are to be made to investors.

(7) The sale and redemption of units of the scheme

- (a) The procedure for effecting the sale, redemption, and settlement of units and any minimum or maximum values which apply to such transactions; and
- (b) the circumstances in which the sale or redemption of units may be suspended.

(8) Other information

- (a) When annual reports will be published; and
- (b) any other material information which investors and their professional advisers would reasonably require, and reasonably expect to find, for the purpose of making an informed judgment about the merits of investing in the scheme and the extent of the risks accepted by so investing.

(9) Risk warnings

- (a) Sufficient risk warnings for any intended holder to make an informed judgment on the merits of investing in the scheme.

EXPLANATORY NOTE

These Rules have been re-drafted in line with the Commission's Revision of Laws Implementation Project.

In 2020 the Protection of Investor (Bailiwick of Guernsey), 1987, Law was replaced with the 2020 Law and the Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) Law, 2020³. All Rules made, under the earlier enactment, have been checked for validity and legality.

The Rules have been re-drafted to bring them into line with the Commission's current legal drafting practice and to ensure that all out-of-date references have been replaced.

Although these Rules have been re-drafted and re-formatted the content and legal meaning remains the same as that under the previous Rules.

³ Order In Council No. XVII of 2020.

