

PART C

APPENDICES TO PENSION RULES FOR RETIREMENT FUNDS

APPENDIX 1

(SLC 1.1.3 of Part B of the Pension Rules for Retirement Funds)

Contents of Constitutional Document

The Constitutional Document of the Retirement Fund shall provide for the following:

- 1.1 that the objectives and policies of the Retirement Fund are limited to the following:
 - (a) the receipt of contributions from one or more Retirement Schemes and/or from one or more Overseas Retirement Schemes; and
 - (b) the investment of such contributions and all returns on such contributions in accordance with the investment policy of the Retirement Scheme(s) and /or Overseas Retirement Scheme(s) investing in the Retirement Fund, with the aim of maximising return on such contributions; and
 - (c) the carrying out of all matters or functions connected or ancillary to the objectives mentioned in subparagraphs (a) and (b) hereof.
- 1.2 for an effective custody function and investment management function outlining the duties as set out in terms of Part B. 2 and Part B.3 of the Pension Rules for Service Providers;
- 1.3 provisions relating to the allocation and distribution of income;
- 1.4 specify the conditions under which there may be effected, and the procedure to be followed with respect to, the appointment and replacement of any Service Provider, including a provision that the Retirement Fund shall have power to replace any Service Provider and any other person providing other services to the Retirement Fund, and including the right of the MFSA to require such replacement. There shall be provisions to ensure the protection of Unit holders in such circumstances;
- 1.5 identify the basis upon which any Director, any Service Provider and any other person providing services to the Retirement Fund may charge remuneration and expenditure to the Retirement Fund; the method of calculation and the nature of costs to be borne by the Retirement Fund; and the basis on which any other costs or expenses may be charged to the Retirement Fund;
- 1.6 outline the procedure for the amendment of:
 - (a) the Constitutional Document;
 - (b) the Retirement Fund's Particulars or similar document giving details of the Retirement Fund;
 - (c) the business plan submitted to the MFSA;

- (d) any agreement between the Retirement Fund and a Service Provider; and any other person providing services to the Retirement Fund
 - (e) any other document affecting the rights of Investors in the Fund;
- 1.7 that a provision has been included in Retirement Fund's Memorandum and Articles of Association establishing the separate patrimony between Sub-funds for segregation between the Sub-funds to be established.
- 1.8 the conditions, procedures and limits for the creation and cancellation, redemption or withdrawal of Units;
- 1.9 the procedures and circumstances for the temporary suspension of the calculation of the net asset value and redemption of units. Suspension may be provided for only in exceptional circumstances, where circumstances so require and suspension is justified having regard to the interests of Unitholders;
- 1.10 the principles and the method of valuation of the Retirement Fund's assets, which method shall have been approved by the MFSA;
- 1.11 that the value of the Retirement Fund's units shall be issued or sold at a price arrived at by dividing the net asset value of the Retirement Fund calculated on the approved basis by the number of units outstanding. Such value may be adjusted for duties and charges;
- 1.12 that Units shall not be issued, or if issued must be cancelled or withdrawn, unless the equivalent of the net issue price is paid into the assets of the Retirement Fund within time limits specified in the Constitutional Document; provided that this provision shall not preclude the issue of bonus Units;
- 1.13 that the value of the Retirement Fund's units shall be redeemed or repurchased at a price arrived at by dividing the net asset value of the Retirement Fund calculated on the approved basis by the number of units outstanding. Such price may be decreased by duties and charges;
- 1.14 determine the frequency of the calculation of the issue and repurchase prices. The method and frequency of the calculation of these prices shall be preferably, on each business day and, in all cases, at least twice each month;
- 1.15 that the Retirement Fund shall be bound to repurchase its units at the request of the Retirement Scheme or Overseas Retirement Scheme holding such units, on such terms as may be provided in its Constitutional Document;
- 1.16 that the Retirement Fund shall issue registered certificates representing one or more portions of the Retirement Fund, or written confirmation of entry in the register of Units or fractions of Units;
- 1.17 that rights attaching to fractions of Units shall be exercisable in proportion to the fractions of a Unit held except for voting rights which shall only be exercisable in whole Units;

Supplementary Contents for Retirement Funds set up as Umbrella funds

- 1.18 provide that the assets and liabilities of each Sub-fund shall be treated for all intents and purposes at law as a patrimony separate from the assets and liabilities of each other Sub-fund of such Retirement Fund and shall not be used to discharge directly or indirectly the liabilities of or claims against any other Sub-fund and shall not be available for any such purpose and in accordance with relevant regulations as may be applicable.
- 1.19 provide that the actual value of the paid up share capital of any Sub-fund shall be at all times equal to the value of the assets of any kind of the particular Sub-fund after the deduction of such Sub-fund's liabilities and this in lieu of what is stated in article 84(2)(c)(i) of the Companies Act (Cap. 386).