

INVESTMENT SERVICES RULES FOR RETAIL COLLECTIVE INVESTMENT SCHEMES**PART B****APPENDIX I: CONTENTS OF THE PROSPECTUS**

Appendix I includes the minimum information to be included in the prospectus of a Scheme depending on whether the scheme is a retail AIF or a UCITS. Appendix I is subdivided into two Annexes namely:

- **Annex I** which includes the information to be included in the prospectus of a scheme which qualifies as Maltese retail AIF,
- **Annex II** which includes the information to be included in the prospectus of a scheme which qualifies as Maltese UCITS .

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ANNEX I: CONTENTS OF THE PROSPECTUS, MALTESE RETAIL AIFs

1 GENERAL REQUIREMENTS

1.01 The requirements prescribed in this Annex are applicable to Maltese retail AIFs whether these are third-party managed or self-managed schemes in terms of Part BI and Appendix IX of these Rules as applicable.

1.02 Unless otherwise agreed with the MFSa, a scheme shall issue or cause to be issued a prospectus for which it shall be responsible. The purpose of the prospectus is to provide sufficient information to enable potential investors to make an informed investment decision.

1.03 The prospectus must contain all material information which at the date thereof is within the knowledge of the scheme's governing body to be relevant for the purpose of making an informed judgement about the merits of participating in the scheme and the extent of the risks accepted by so participating. The prospectus shall include the information listed hereunder.

2 INFORMATION CONCERNING THE SCHEME

2.01 The following statements must be in a prominent position printed in font whose pitch is at least 12:

"[name of the FUND] is licensed by the Malta Financial Services Authority ("MFSa") as an Alternative Investment Fund and fulfils the additional conditions prescribed by the Authority to be marketed to retail investors.
The MFSa has made no assessment or value judgment on the soundness of the fund or for the accuracy or completeness of statements made or opinions expressed with regard to it."

2.02 A statement that the governing body of the scheme confirms its approval of the content of the prospectus.

2.03 In addition to the above, the following information about the scheme must be included in the prospectus:

- name of the scheme;
- the date of establishment of the scheme and information on the its duration;
- name or style, form in law and registered office.
- sub-funds and/or the scheme's unit classes;

Investment Services Rules for Retail Collective Investment Schemes

Part B: Appendix I: Contents of the Prospectus

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v. the scheme's investment objectives, policies and restrictions, together with the extent of use of leverage. In the case of an umbrella scheme, this information must be provided for each sub-fund in the respective supplements;

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vi. a statement indicating that:

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a. changes to the investment policies and restrictions of the scheme, or in the case of an umbrella scheme, its sub-funds, shall be notified to investors in advance of the change;

b. changes to the investment objectives of the scheme, or in the case of an umbrella scheme, its sub-funds, shall be notified to investors in advance of the change. The change in the investment objectives will only become effective after all redemption requests received during such notice period, have been satisfied.

vii. accounting and distribution dates;

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viii. name of auditor;

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ix. details of the types and main characteristics of the units and in particular:

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a. the nature of the right represented by the unit;

b. indication of the voting rights, if any of the unit-holders;

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x. where the scheme has issued "voting shares" to the promoters and "non-voting shares" to prospective investors, a statement identifying the holders of the "voting shares" of the scheme. In the event that the "voting shares" are held by a corporate entity or a trustee, the prospectus may include the name of the said corporate entity or trustee without disclosing the names of the individual beneficial owners/ beneficiaries. The prospectus would also need to state that the identity of the ultimate beneficial owners of the holders of "voting shares" will be disclosed upon request;

xi. procedures and conditions for the creation, issue and sale of units.

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xii. procedures and conditions for the repurchase, redemption and cancellation of units, and details of the circumstances in which repurchase or redemption may be suspended;

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xiii. rules for the valuation of assets;

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xiv. method to be used for the determination of the creation, sale and issue prices and the repurchase, redemption and cancellation prices of units, in particular:

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a. the method and frequency of the calculation of the net asset value;

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b. information concerning the charges relating to the sale or issue and the repurchase or redemption of units; and

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c. arrangements whereby unit-holders and prospective unit-holders may deal.

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xv. in the case of an umbrella scheme, the charges applicable to the switching of investments from one sub-fund to another;

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xvi. information concerning the nature, amount and the basis of calculation in respect of remuneration payable by the scheme to the AIFM (or in the case of a self-managed scheme, the Investment Committee), administrator, custodian, adviser, and in respect of the reimbursement of costs by the scheme to the AIFM, and to the custodian;

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xvii. in the case of a scheme set up as an investment company, the amounts of authorised and paid-up share capital;

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xviii. In the case of a scheme set up as an investment company, brief details of the governing body of the scheme. Where the scheme has appointed one or more corporate directors, this section should include brief details on the corporate director and its directors, including a brief description of the nature/ objects of the company. In the case of a corporate director with nominee shareholders and directors, this section should either disclose the ultimate beneficial owners of the corporate director or include a statement that such information will be available upon request;

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xix. in the case of a scheme set up as a limited partnership, brief details of the general partner/s. Where the scheme has appointed one or more corporate general partner/s, this section should include brief details on the corporate general partner/s and its directors, including a brief description of the nature/ objects of the company. In the case of corporate general partner/s with nominee shareholders and directors, this section should either disclose the ultimate beneficial owners of the corporate general partner/s or include a statement that such information will be available upon request;

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xx. in the case of a scheme set up as an investment company with variable share capital and which has opted to issue shares subject to full payment by a settlement date, in accordance with regulation 16 of the Companies Act (Investment Companies with Variable Share Capital) Regulations, it shall indicate in its prospectus, the settlement date by which payment of the full subscription price is to be received, which date cannot be later than five working days from the date of issue of those shares.

3 INFORMATION CONCERNING THE AIFM, INVESTMENT ADVISER, ADMINISTRATOR, CUSTODIAN/ PRIME BROKER (WHERE APPLICABLE) ("THE SERVICE PROVIDERS")

3.01 The following information about the service providers must be included in the prospectus;

i. name or style, registered office and head office;

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- ii. if the service provider is part of a group, the name of that group;
- iii. regulatory status of the service provider.
- iv. in the case of the investment adviser or the administrator, a statement whether the investment adviser or the administrator is appointed by the scheme or the AIFM.
- v. where one or more service providers has not been appointed, a description should be provided concerning the manner in which the functions normally undertaken by each service provider will be carried out;
- vi. in the case of a self-managed scheme, details of the members of the Investment Committee, including an overview of their experience and expertise together with an outline of the person(s) responsible for the day to day management of the assets of the scheme.

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4 RISK WARNINGS

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- 4.01 The section on risk warnings should provide a detailed and clear indication of the principal risks associated with investing in the scheme.

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- 4.02 Where it is possible for the scheme to enter into agreements with investors for the purpose of committing funds for the subscription at a future date to units at a specific price, a risk warning should be made to the effect that should the scheme issue units at a discount with respect to its current NAV, in terms of the such agreements, there will be a risk of dilution to the scheme's NAV.

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- 4.03 There should also be a clear risk warning that while investors entering into an agreement with the scheme for the purpose of committing funds for the subscription at a future date to units at a specific price, would in effect be subscribing for such units at a discount if the NAV per unit prevailing at the time the draw-down request is made, exceeds the price at which the investor had agreed to subscribe for units in terms of such agreement, on the other hand, if the NAV per unit at the time a draw-down request is made is lower than the price at which the investor had agreed to subscribe for units in terms of such agreement, the investor would, in effect, be paying a premium for such units.

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5 GENERAL INFORMATION

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- 5.01 A description of the potential conflicts of interest which could arise between the AIFM, or the investment adviser, or the custodian/prime broker and the scheme.

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- 5.02 The name of any entity which has been contracted by the AIFM or the scheme to carry out its work.

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- 5.03 Information concerning the arrangements for making payments to unit-holders, purchasing or redeeming units and making available information concerning the scheme.

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5.04 Where applicable, an indication that the scheme will use trading companies or special purpose vehicles as part of its investment strategy.

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5.05 Where the prospectus is made available by publication in electronic form, a paper copy must nevertheless be delivered to the investor, upon his request and free of charge, by the scheme or the financial intermediaries placing or selling the scheme's units. The scheme's prospectus must be made available in a printed form at the scheme's registered office or at the registered office of the AIFM, or other financial intermediaries placing or selling the units in the scheme.

5.06 The scheme's directors, or the administrative management or supervisory body – whose names and functions or in the case of legal persons their names and registered offices appear on the prospectus – must include a declaration in the prospectus to the effect that to the best of their knowledge the information contained therein is in accordance with facts and that the prospectus makes no omission likely to affect its impact.

5.07 The text and the format of the prospectus, and its supplements, published or made available to the public, shall at all times be identical to the latest version approved by the MFSA.

5.08 Every significant new factor, material mistake or inaccuracy relating to the information included in a scheme's prospectus which is capable of affecting the investors' assessment of the units on offer and which arises or is noted between the time when the prospectus is approved and the final closing of the offer to the public or, as the case may be, the time when trading on a regulated market begins, shall be mentioned in a supplement to the prospectus. This supplement shall be approved in the same way within a maximum of seven working days and published in accordance with at least the same arrangements as were applied when the original prospectus was published. The summary, and any translations thereof, shall also be supplemented, if necessary to take into account the new information included in the supplement. Investors who have already agreed to purchase or subscribe for the units before the supplement is published shall have the right, exercisable within a time limit which shall not be shorter than two working days after the publication of the supplement, to withdraw their acceptances.

5.09 If there are significant new factors, material mistakes or inaccuracies, arising since the approval of the prospectus, the scheme shall publish a supplement which must be approved by the MFSA.

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5.10 The scheme shall comply with the requirements laid out in regulations 3 to 8 of the Investment Services Act (Prospectus of Collective Investment Schemes) Regulations.

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6 DISCLOSURE TO INVESTORS

6.01 The scheme shall make available to investors, in accordance with the instruments of incorporation and/or prospectus, the following information before they invest in the scheme, as well as any material changes thereof:

- (a) a description of the investment strategy and the objectives of the scheme, information on where any master scheme is established and where the underlying funds are established if the scheme is a fund of funds, a description of the types of assets in which the scheme may invest, the techniques it may employ and all associated risks, any applicable investment restrictions, the circumstances in which the scheme may use leverage, the types and sources of leverage permitted and the associated risks, any restriction on the use of leverage and any collateral and asset reuse arrangements, and the maximum level of leverage which the scheme is entitled to employ;
- (b) a description of the procedures by which the scheme may change its investment strategy or investment policy, or both;
- (c) a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgements in the territory where the scheme is established;
- (d) the identity of the scheme's custodian, auditor and any other service providers and a description of their duties and the investors' rights;
- (e) a description of how the scheme is complying with the requirements relating to coverage of potential liability risks as referred to in Rule 2.09 of Section 1 to Appendix IX applicable to self-managed retail AIFs;
- (f) a description of any delegated management function as referred to in Rule 1.01 of Section 1 to Appendix IX applicable to self-managed retail AIFs by the scheme and of any safe-keeping function delegated by the custodian, the identification of the delegate and any conflicts of interest that may arise from such delegations;
- (g) a description of the scheme's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets in accordance with Rules 3.01 to 3.16 of Section 2 to Appendix IX applicable to self-managed retail AIFs;

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(h) a description of the scheme's liquidity risk management, including the redemption rights both in normal and in exceptional circumstances, and the existing redemption arrangements with investors;

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(i) a description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors;

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(j) a description of how the scheme ensures a fair treatment of investors and, whenever an investor obtains preferential treatment, a description of that preferential treatment, the type of investors who obtain such preferential treatment and, where relevant, their legal or economic links with the scheme;

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(k) the latest annual report referred to in Rule 1.02 of Section 5 to Appendix IX applicable to self-managed retail AIFs;

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(l) the procedure and conditions for the issue and sale of units or shares;

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(m) the latest net asset value of the scheme or the latest market price of the unit or share of the scheme, in accordance with Rules 3.01 to 3.16 of Section 2 to Appendix IX applicable to self-managed retail AIFs;

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(n) where available the scheme's historical performance;

(o) the identity of the prime broker and a description of any material arrangements of the scheme with its prime brokers and the way the conflicts of interest in relation thereto are managed and the provision in the contract with the custodian on the possibility of transfer and reuse of scheme's assets, and information about any transfer of liability to the prime broker that may exist;

(p) a description of how and when the information required under Rules 6.05 and 6.06 of this Appendix will be disclosed.

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6.02 The scheme shall inform the investors before they invest therein of any arrangement made by the custodian to contractually discharge itself of liability in accordance with Article 21(13) of the AIFMD as transposed in the Investment Services Act (Custodians of Collective Investment Schemes) Regulations;

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6.03 The scheme shall also inform investors of any changes with respect to custodian liability without delay.

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6.04 Where the scheme is required to publish a prospectus in accordance with Directive 2003/71/EC or in accordance with Maltese law, only such information referred to in Rules 6.01 to 6.03 above which is in addition to that contained in the prospectus needs to be disclosed separately or as additional information in prospectus.

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6.05 The scheme shall periodically disclose to investors:

- (a) the percentage of its assets which are subject to special arrangements arising from their illiquid nature;
- (b) any new arrangements for managing the scheme's liquidity;
- (c) the scheme's current risk profile and the risk management systems employed to manage those risks.

6.06 A scheme employing leverage shall disclose on a regular basis:

- (a) any changes to the maximum level of leverage which the scheme may employ as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement;
- (b) the total amount of leverage employed by that scheme.

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ANNEX II: CONTENTS OF THE PROSPECTUS – MALTESE UCITS SCHEMES

1 GENERAL REQUIREMENTS

1.01 The prospectus of a scheme shall include all the relevant information listed in this Annex.

1. Information concerning the scheme, where this is a common fund.	1. Information concerning the management company including an indication whether the management company is established in a Member State or EEA State other than Malta	1. Information concerning the scheme where this is an investment company.
1.1. Name	1.1. Name or style, form in law, registered office and head office if different from the registered office.	1.1. Name or style, form in law, registered office and head office if different from the registered office.
1.2. Date of establishment of the scheme. Indication of duration, if limited.	1.2. Date of incorporation of the company. Indication of duration, if limited.	1.2. Date of incorporation of the scheme. Indication of duration, if limited.
	1.3. If the company manages other common funds, indication of those other funds.	1.3. In the case of a scheme having different investment compartments, an indication of the compartments.
1.4. Statement of the place where the fund rules, if they are not annexed and periodic reports may be obtained.		1.4. Statement of the place where the instruments of incorporation, if they are not annexed and periodical reports may be obtained.
1.5. Brief indications relevant to unit-holders of the tax system applicable to the scheme. Details of whether deductions are made at source from the income and capital gains paid by the scheme to unit-holders.		1.5. Brief indications relevant to unit-holders of the tax system applicable to the scheme. Details of whether deductions are made at source from the income and capital gains paid by the scheme to unit-holders.
1.6. Accounting and		1.6. Accounting and

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distribution dates.		distribution dates.
1.7. Names of the persons responsible for auditing the scheme's financial statements.		1.7. Names of the persons responsible for auditing the scheme's financial statements.
	1.8. Names and positions in the company of the members of the administrative, management and supervisory bodies. Details of their main activities outside the company where these are of significance with respect to that company.	1.8. Names and positions in the scheme of the members of the administrative, management and supervisory bodies. Details of their main activities outside the scheme where these are of significance with respect to that scheme.
	1.9. Amount of the subscribed capital with an indication of the paid-up share capital.	1.9. Capital
1.10. Details of the types and main characteristics of the units and in particular: (a) the nature of the right (real, personal or other) represented by the unit; (b) characteristics of the units: registered or bearer. Indication of any denominations which may be provided for; (c) original securities or certificates providing evidence of title; entry in a register or in an account; (d) indication of unit-holders' voting rights if these exist; and		1.10. Details of the types and main characteristics of the units and in particular: (a) original securities or certificates providing evidence of title; entry in a register or in an account; (b) characteristics of the units: registered or bearer. Indication of any denominations which may be provided for; (c) indication of unit-holders' voting rights; and (d) circumstances in which winding-up of the scheme can be decided on and winding-up procedure, in

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(e) circumstances in which winding-up of the scheme can be decided on and winding-up procedure, in particular as regards the rights of unit-holders.		particular as regards the rights of unit-holders.
1.11. Where applicable, indication of stock exchanges or markets where the units are listed or dealt in.		1.11. Where applicable, indication of stock exchanges or markets where the units are listed or dealt in.
1.12. Procedures and conditions of issue and sale of units.		1.12. Procedures and conditions of issue and sale of units.
1.13. Procedures and conditions for repurchase or redemption of units, and circumstances in which repurchase or redemption may be suspended.		1.13. Procedures and conditions for repurchase or redemption of units, and circumstances in which repurchase or redemption may be suspended. In the case of schemes having different investment compartments, information on how a unit-holder may pass from one compartment into another and the charges applicable in such cases.
1.14. Description of rules for determining and applying income.		1.14. Description of rules for determining and applying income.
1.15. Description of the scheme's investment objectives, including its financial objectives (e.g. capital growth or income), investment policy (e.g. specialisation in geographical or industrial sectors), any limitations on		1.15. Description of the scheme's investment objectives, including its financial objectives (e.g. capital growth or income), investment policy (e.g. specialisation in geographical or industrial sectors), any limitations on

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that investment policy and an indication of any techniques and instruments or borrowing powers which may be used in the management of the scheme.		that investment policy and an indication of any techniques and instruments or borrowing powers which may be used in the management of the scheme.
1.16. Rules for the valuation of assets.		1.16. Rules for the valuation of assets.
<p>1.17. Determination of the sale or issue price and the repurchase or redemption price of units, in particular:</p> <p>(a) the method and frequency of the calculation of those prices;</p> <p>(b) information concerning the charges relating to the sale or issue and the repurchase or redemption of units;</p> <p>(c) the means, places and frequency of the publication of those prices.</p>		<p>1.17. Determination of the sale or issue price and the repurchase or redemption price of units, in particular:</p> <p>(a) the method and frequency of the calculation of those prices;</p> <p>(b) information concerning the charges relating to the sale or issue and the repurchase or redemption of units;</p> <p>(c) the means, places and frequency of the publication of those prices;</p> <p>Where the scheme does not have a custodian the prospectus shall also indicate:</p> <p>(a) the method and frequency of calculation of the net asset value of units;</p> <p>(b) the means, place and frequency of the publication of that value; and</p> <p>(c) the regulated market in the country of marketing</p>

		the price on which determines the price of transaction effected out with regulated markets in that country.
1.18. Information concerning the manner, amount and calculation of remuneration payable by the scheme to the management company, the custodian or third parties, and reimbursement of costs by the scheme to the management company, to the custodian or to third parties.		1.18. Information concerning the manner, amount and calculation of remuneration payable by the company to its directors, and members of the administrative, management and supervisory bodies, to the custodian, or to third parties, and reimbursement of costs by the company to its directors, to the custodian or to third parties.

2 INFORMATION CONCERNING THE CUSTODIAN

2.01 The prospectus shall include the following information concerning the custodian:

- (a) the identity concerning the custodian of the scheme and a description of its duties and of conflicts of interest that may arise;
- (b) a description of any safekeeping functions delegated by the custodian, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation;
- (c) a statement to the effect that up-to-date information regarding paragraphs (a) and (b) will be made available to investors on request.

3 INFORMATION CONCERNING THE ADVISORY FIRMS OR EXTERNAL INVESTMENT ADVISERS WHO GIVE ADVICE UNDER CONTRACT WHICH IS PAID FOR OUT OF THE ASSETS OF THE SCHEME

3.01 The prospectus shall include the following information concerning advisory firms or external advisers:

- (a) name or style of the firm or name of the adviser;
- (b) material provisions of the contract with the management company or the investment company which may be relevant to the unit-holders, excluding those relating to remuneration; and

- (c) other significant activities.

4 REPURCHASE AND REDEMPTION OF UNITS

- 4.01 The prospectus shall include information concerning the arrangements for making payments to unit-holders, repurchasing or redeeming units and the making available of information concerning the scheme. This information shall be provided to the MFSA.
- 4.02 In addition, where units are marketed in a Member State or EEA State other than Malta, the information required in terms of this section shall be provided in respect of that Member State or EEA State in the prospectus published there.

5 INFORMATION CONCERNING EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES.

- 5.01 The scheme shall disclose in the prospectus:
- (a) its intention to use the techniques and instruments referred to in Rules 6.18 and 6.19 of Part BII of these Rules. This should include a detailed description of the risks involved in these activities, including counterparty risk and potential conflicts of interest, and the impact they will have on the performance of the scheme. The use of these techniques and instruments are required to be in line with the best interests of the scheme;
 - (b) the policy regarding direct and indirect operational costs/fees arising from efficient portfolio management techniques that may be deducted from the revenue delivered to the scheme. These costs and fees shall not include hidden revenue. The scheme shall disclose the identity of the entity or entities to which the direct and indirect costs and fees are paid and indicate if these are related parties to the scheme, the management company or the custodian.

6 INFORMATION CONCERNING SCHEME ENTERING INTO OVER-THE-COUNTER FINANCIAL DERIVATIVE TRANSACTIONS.

- 6.01 The prospectus of a scheme using total return swaps or other financial derivative instruments with the same characteristics should include the following:
- a) information on the underlying strategy and composition of the investment portfolio or index;
 - b) information on the counterparties of the transactions;
 - c) a description of the risk of counterparty default and the effect on investor returns;
 - d) the extent to which a counterparty assumes any discretion over the composition or management of the scheme's investment portfolio or over the underlying of the financial derivative instruments, and whether the approval of the counterparty is required in relation to any investment portfolio transaction; and
 - e) subject to the provisions of Rule 10.05 of Appendix VI, identification of the

counterparty as an investment manager.

7 OTHER INVESTMENT INFORMATION:

- 7.01 The prospectus shall include the following additional investment information:
- (a) historical performance of the scheme (where applicable) — such information may be either included in or attached to the prospectus; and
 - (b) profile of the typical investor for whom the scheme is designed.

8 ECONOMIC INFORMATION

- 8.01 The prospectus shall include information on the possible expenses or fees, other than the charges mentioned in Rule 1.17 of this Annex, distinguishing between those to be paid by the unit-holder and those to be paid out of the assets of the Scheme.

9 ADDITIONAL INFORMATION REGARDING AN INDEX-TRACKING SCHEME

- 9.01 The prospectus of an index-tracking scheme shall include:
- a) a clear description of the indices including information on their underlying components. In order to avoid the need to update the document frequently, the prospectus can direct investors to a website where the exact compositions of the indices are published;
 - b) information on how the index will be tracked, for example whether it will follow a full or sample based physical replication model or a synthetic replication, and the implications of the chosen method for investors in terms of their exposure to the underlying index and counterparty risk;
 - c) information on the anticipated level of tracking error in normal market conditions;
 - d) a description of factors that are likely to affect the ability of index-tracking scheme to track the performances of the indices, such as transaction costs, small illiquid components, dividend reinvestment etc.

10 ADDITIONAL INFORMATION REGARDING INDEX-TRACKING LEVERAGED SCHEME

- 10.01 The prospectus of an index-tracking leveraged scheme shall include the following information:
- (a) a description of the leverage policy, how this is achieved, (that is whether the leverage is at the level of the index or arises from the way in which the scheme obtains exposure to the index), the cost of the leverage, (where relevant) and the risks associated with this policy;
 - (b) a description of the impact of any reverse leverage (i.e. short exposure);
 - (c) a description of how the performance of the scheme may differ significantly from the multiple of the index performance over the medium to long term.

11 ADDITIONAL INFORMATION REGARDING A SCHEME SET UP AS AN ETF

11.01 A scheme established as an ETF shall disclose clearly in its prospectus the following information:

- (a) the policy regarding portfolio transparency and where information on the portfolio may be obtained, including where the indicative net asset value, if applicable, is published;
- (b) the manner in which the indicative net asset value is calculated, if applicable, and the frequency of calculation; and
- (c) the process to be followed by investors who purchased their units and/or shares on the secondary market should the circumstances described in Rule 4.03 of Part BII of these Rules arise, together with the potential costs involved. The costs must not be excessive.

11.02 A scheme established as an actively-managed ETF shall disclose clearly in its prospectus the following information:

- (a) the fact that the scheme is an actively-managed ETF; and
- (b) the manner in which it intends to meet the stated investment policy including, where applicable, its intention to outperform an index.

11.03 Where units of a scheme established as an ETF purchased on a secondary market are generally not redeemable from the fund, the prospectus of the fund should include the following warning:

'UCITS ETF's units / shares purchased on the secondary market cannot usually be sold directly back to UCITS ETF. Investors must buy and sell units / shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current net asset value when buying units / shares and may receive less than the current net asset value when selling them.'

12 ADDITIONAL INFORMATION REGARDING SCHEMES MAKING USE OF COLLATERAL

12.01 The prospectus of a scheme which makes use of collateral shall also clearly inform investors of the collateral policy of the scheme. This shall include permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, re-investment policy (including the risks arising from the re-investment policy).

13 ADDITIONAL INFORMATION REGARDING SCHEMES INVESTING IN FINANCIAL INDICES

13.01 When a scheme intends to make use of the increased diversification limits referred to in Rule 6.37 of Part BII of the Rules, this shall be disclosed clearly in the prospectus together with a description of the exceptional market conditions which

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justify this investment.

13.02 The prospectus shall also disclose the rebalancing frequency and its effects on the costs within the strategy.

14 ADDITIONAL INFORMATION REGARDING INVESTMENT COMPANIES WITH VARIABLE SHARE CAPITAL

14.01 Where an investment company with variable share capital has issued shares subject to full payment by a settlement date, in accordance with regulation 16 of the Companies Act (Investment Companies with Variable Share Capital) Regulations, it shall indicate in its prospectus, the settlement date by which payment of the full subscription price is to be received, which date cannot be later than five working days from the date of issue of those shares.

14.02 Where the scheme is established as an investment company with variable share capital and opting to issue shares for a consideration other than cash, in accordance with regulation 10 of the Companies Act (Investment Companies with Variable Share Capital) Regulations, the scheme shall indicate in its prospectus/offering document, the procedure to be followed by a prospective investor contemplating an application in specie.

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