

## **New Section to be inserted in Part A of the [licensed] PIF Rulebook**

### **7. Conversion of a PIF into a Notified PIF ('NPIF')**

- 7.01 The PIF shall obtain the written consent of the MFSA before applying for a conversion of the PIF into a Notified PIF. The PIF shall inform the MFSA at an early stage of its intention to convert from a PIF into a Notified PIF.
- 7.02 Requests for conversions from licensed PIFs to NPIFs, will be subject to the satisfactory resolution of the requirements stipulated within this section and are at the discretion of the MFSA.
- 7.03 The MFSA may require the scheme to delay the conversion in accordance with conditions imposed by the MFSA, in order to protect the interests of unitholders.
- 7.04 The general procedure for conversion is outlined below, although the MFSA reserves the right to impose additional requirements or vary them according to the particular circumstances of the case.
- 7.05 The governing body of the PIF shall submit to the MFSA:
- a. a signed confirmation which:
    - i. Provides the rationale for the required conversion;
    - ii. Confirms that there are no regulatory implications associated with the required conversion;
    - iii. Discloses whether there are any open breaches, in relation to any applicable framework, relating to the licensed PIF, and provides the MFSA with an updated breaches register of the scheme;
    - iv. Declares that existing investors in the PIF have been duly notified of the prospective conversion:  
Provided that the application for conversion to a NPIF of an existing PIF can only be made after any redemptions linked to investors opting to exiting the fund have been duly satisfied and any applicable redemption fees would also need to be waived accordingly;
    - v. Confirms that any subscription fees for existing investors in the PIF entering the NPIF will be waived;

- vi. Confirms that the PIF has informed its service providers of its intention to give up its licensed status and convert to a Notified PIF.
  
- b. A declaration by the service provider appointed in terms of Regulation \_\_ of S.L. 370. \_\_ – the Investment Services Act (\_\_\_) Regulations – confirming that it has carried out the necessary due diligence with regards to the functionaries and the governing body of the NPIF. This declaration must include a statement that the service provider (appointed in terms of Regulation \_\_ of the Regulations) is satisfied with the outcome of this due diligence exercise.
  
- c. The original licence/s granted to it by the MFSA.

DRAFT