



Guidance Note – Winding Up an Authorised Scheme

January 2017

Introduction

Winding up of Authorised Schemes must be carried out in accordance with paragraphs 113 and 114 of the Authorised Collective Investment Schemes Regulations 2010.

The Isle of Man Financial Services Authority (“Authority”) expects that the majority of requests it will receive for the winding up of an Authorised Scheme or termination of a sub fund will be from fund managers and fiduciary custodians/trustees who consider that the fund is no longer viable.

It is in the investors interests to minimise, as far as possible, the period between which the Authority receives such requests and responds to them. To assist the Authority in reaching its decision it would be helpful to receive the information listed below in relation to any request to wind up a scheme. The Authority may ask for further information which would be determined on a case by case basis.

- 1) The size of the authorised scheme or sub fund;
- 2) The number of unit holders;
- 3) Why the request is being made;
- 4) Whether dealing in units has been suspended;
- 5) What consideration has been given to the Authorised Scheme entering into a scheme of arrangement with another collective investment scheme and the reasons why a scheme of arrangement is not feasible;
- 6) When unit holders will be informed of the intention to wind up the scheme; and a copy of the draft correspondence;
- 7) Details of any proposed preferential switching rights offered or to be offered to unit holders;
- 8) Details of any proposed rebate of charges to be made to unit holders who recently purchased units;
- 9) Where the costs of winding up will fall;
- 10) A statement from the fiduciary custodian/trustee explaining why a scheme of arrangement is not feasible and explaining what steps have been considered that would result in the authorised scheme not needing to wind up (for example, appointing a replacement fund manager);
- 11) Confirmation that the fiduciary custodian/trustee will not or does not expect to qualify a report made in accordance with paragraph 19 of the schedule to the ACIS Regs; and

12) The preferred date for the Authority to revoke the authorisation order or for the commencement of the winding up.

Status of Guidance: The Isle of Man Financial Services Authority issues guidance for various purposes, including to illustrate best practice, to assist licenceholders to comply with legislation and to provide examples or illustrations. Guidance is, by its nature, not law, however it is persuasive. Where a person follows guidance this would tend to indicate compliance with the legislative provisions, and vice versa.