



GUIDANCE NOTE - Key Features of the Regulated Fund, Qualifying Fund and Specialist Fund as established under the Collective Investment Schemes Regulations 2010

January 2017

General Matters

| | Regulated Fund | Qualifying Fund | Specialist Fund |
|---------------------------------------|--|---|--|
| Status of the Fund | Regulated | Registered | Registered |
| Domicile | Isle of Man | Isle of Man | Isle of Man |
| Establishing the scheme | Pre notification of the fund to the IOMFSA, with draft documentation, agreements and information | Notification 10 working days after launch | Notification 10 working days after launch |
| Changes to the scheme | Pre notification of material changes to the fund to the IOMFSA, with draft documentation, agreements and information | Notification 10 working days after change. | Notification 10 working days after change. |
| Minimum Investment Level | Set by governing body | Each fund to agree between manager and governing body | US\$ 100,000 |
| Entrant Criteria | Set by governing body | Qualifying Investor entrant criteria | Specialist Investor entrant criteria |
| Regulatory fees (as at 31 March 2016) | Application Fee GBP 1250 Annual Fee GBP 1600 | No Application Fee Annual Fee GBP 750 | No Application Fee Annual Fee GBP 750 |

| The Governing Body | | | |
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| | Regulated Fund | Qualifying Fund | Specialist Fund |
| Governing body vetted by the IOMFSA (Directors/Trustee/General Partner) | Yes | No | No |
| Governing body signs statement of responsibility | Yes | Yes | Yes |
| At least one IOM resident individual member of the Governing body | Yes | Yes | Yes (if “overseas” administrator appointed this person must be an IOM Fiduciary licenceholder (or provided through one) and has extra notification obligations) |
| Functionaries | | | |
| | Regulated Fund | Qualifying Fund | Specialist Fund |
| Manager or Administrator | Manager Isle of Man licenceholder with IOMFSA permission to act for the fund | Manager Isle of Man licenceholder | Administrator IOM licenceholder or licensed in an acceptable jurisdiction |
| Investment Advice/Asset Management | Governing body must ensure appropriate arrangements are in place. If a regulated asset manager is not appointed the specific responsibilities under Collective Investment Schemes (Regulated Fund) Regulations 2010, regulations 20 to 25 must be fulfilled by the manager. | Governing body must ensure appropriate arrangements are in place (manager consent required to investment advisers and asset managers). | Governing body must ensure appropriate arrangements are in place. |
| Fiduciary Custodian/Trustee Required? | Yes (regulated in IOM, UK, Ireland, Luxembourg, Jersey or Guernsey or otherwise acceptable to the IOMFSA) | No | No |

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| Custodian | If sub-custodian is appointed they must be regulated in the Isle of Man or in a suitable jurisdiction | Regulated in the Isle of Man or in a suitable jurisdiction | Not required – custody arrangements disclosed in offering document |
| Promoter | The fund must appoint a promoter who may be a manager or a person who the governing body has assessed as being suitable to act as the funds promoter. | A regulated promoter must be appointed if sales to “certain persons”(1) are allowed through non regulated financial advisers | No specific requirements |
| Regulated Financial Adviser | No specific requirements | If sales to “certain persons”(1) are restricted to sales through regulated financial advisers there is no need for a regulated promoter | No specific requirements |
| Qualifying Auditor | Yes | Yes | Yes |

Responsibilities

| | Regulated Fund | Qualifying Fund | Specialist Fund |
|--|--|-----------------------------|------------------------|
| Ensure the regulations are complied with and offering documents and constitutional documents are compliant | Governing body. | Governing body. | Governing body. |
| Ensure only up to date offering documents are issued to investors and potential investors | Governing body. | Governing body. | Governing body. |
| Ensure the manager/ administrator (as applicable) is informed of all changes to the fund | Governing body. | Governing body. | Governing body. |
| Ensure Investors are notified of material changes | Governing body. | Governing body. | Governing body. |
| Determine whether the fund is and continues to be managed and | Governing body, manager and fiduciary custodian/trustee. | Governing body and manager. | Governing body. |

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| operated in accordance with its constitutional document | | | |
| Notify IOMFSA if determines that the fund is not managed and operated in accordance with its constitutional documents | Manager and fiduciary custodian/trustee. | Manager | Administrator |
| Notify IOMFSA if regulations are not being complied with | Manager and fiduciary custodian/trustee. | Manager | Administrator |
| Notify IOMFSA if a member of the governing body or the qualifying auditor is removed from such office, resigns or is nor reappointed | Manager (the member and qualifying auditor must also notify with reasons) | Manager (the member and qualifying auditor must also notify with reasons) | Administrator (the member and qualifying auditor must also notify with reasons) |
| Satisfy itself about investor's status on basis of declarations | Manager | Manager | Administrator |
| Submit notifications to IOMFSA on Launch | Governing body and manager. | Governing body and manager. | Governing body and administrator. |
| Notification to IOMFSA on alteration of the fund | Manager | Manager | Administrator |
| Complete and submit the annual compliance declaration to IOMFSA | Governing body and manager. | Governing body and manager. | Governing body |
| Provide quarterly statistical information | Manager | Manager | Administrator |
| Report to IOMFSA if requirements re offering document declarations or fund accounting not complied with | Manager | Manager | Administrator |
| Notify IOMFSA where audit report is qualified and/or a management letter is issued by the auditors | Manager | Manager | Administrator |

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| Notify IOMFSA if audited annual financial statements are late (with reasons, timetable for distribution) | Manager | Manager | Administrator |
| Ensure adequate procedures and controls are in place | Manager | No explicit requirement | No explicit requirement |
| Notify the fiduciary custodian or trustee of material lapses in procedures and controls | Manager | N/A | N/A |
| Responsible for fund promotion and the suitability and accuracy of promotional materials and advertising | Promoter | Regulated promoter (or manager if no regulated promoter) | No explicit requirement |
| Oversee the promotion of the fund | Manager | No explicit requirement | No explicit requirement |
| Investment, Borrowing, Valuation and Pricing | | | |
| | Regulated Fund | Qualifying Fund | Specialist Fund |
| Disclosure of investment objectives required in the offering document | Yes | Yes | Yes |
| Policy required for spread of investment risk | Yes | Not specified | Not specified |
| Risk Management Policy required | Yes | Not specified | Not specified |
| Regulations relating to hedging, gearing, borrowing, total debt commitment and liquidity (with additional flexibility where disclosed in the offering document) | Yes | No requirement | No requirement |

| Regulations for valuation and pricing | Yes | No | No |
|---|---|------------------------|------------------------|
| Documents Required | | | |
| | Regulated Fund | Qualifying Fund | Specialist Fund |
| Constitutional document required to include prescribed information set out in the regulations | Yes | No | No |
| Offer document required to include all material information relevant to an informed judgement about participating in the fund | Yes | Yes | Yes |
| Offer document required to include prescribed information and risk warnings set out in the regulations | Yes (dependent on the nature of targeted investors) | Yes | Yes |
| Application Form required to include prescribed investor declarations set out in the regulations | Yes | Yes | Yes |
| Promotional and marketing materials required to be accurate and not misleading | Yes | Yes | Yes |
| Specific requirements for inclusion in advertisements set out in the regulations | Yes | No | No |

| Financial Information | | | |
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| | Regulated Fund | Qualifying Fund | Specialist Fund |
| Annual audited financial statements | To be audited and distributed within 6 months of the financial year end | To be audited and distributed within 6 months of the financial year end | To be audited and distributed within 6 months of the financial year end |
| Unaudited interim financial statements | Required where the fund does not calculate a net asset value at least monthly. | No requirement | No requirement |
| Distribution of Financial Statements | The fund's audited annual financial statements must be provided to the IOMFSA and distributed to investors no later than 6 months after the fund's financial year-end or within the timescales set out in the offering document if earlier. The fund's interim financial statements must be provided to the IOMFSA and made available to investors on request within 4 months of the date to which they are prepared or within the timescales set out in the offering document if earlier. | The fund's audited annual financial statements must be provided to the IOMFSA and distributed to investors no later than 6 months after the fund's financial year-end or within the timescales set out in the offering document if earlier. | The fund's audited annual financial statements must be distributed to investors no later than 6 months after the fund's financial year-end or within the timescales set out in the offering document if earlier. |

- (1) "Certain Persons" – a person whose expertise, experience and knowledge to adequately appraise the investment is required to be certified by a financial adviser who has advised that person regarding investment.

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.