

## COLLECTIVE INVESTMENT SCHEMES

*(NOTE: Registration of a Collective Investment Scheme (CIS) is a two stage process. Pursuant to Regulation 3 of the Capital Markets (Collective Investment Schemes) Regulations, 2001 the Authority first considers and grants consent for the registration of the CIS. Thereafter the Authority considers an application for registration of the CIS pursuant to Regulation 5. The application for registration of a CIS should be made to the Authority within a period of three (3) months from the date of issue of the consent to register the CIS.)*

### 1. APPLICATION FOR CONSENT TO REGISTER A COLLECTIVE INVESTMENT SCHEME

#### a) Documents to be submitted in support of an application for Consent to Register a Collective Investment Scheme

*In the review of an application for consent to register a collective investment scheme kindly note that the Authority reviews the documentation required under Regulation 3 and 4 of the Capital Markets (Collective Investment Schemes) Regulations, 2001 for an application for registration of a Collective Investment Scheme)*

	Requirement
1.	The prescribed application fee
2.	Particulars of the Promoter
3.	Draft Information Memorandum (see checklist below for requirements)
4.	Draft Trust Deed (see checklist below for requirements)
5.	Draft Management Agreement
6.	Draft Custody Agreement
7.	Draft Rules of the Scheme
8.	Certified copies of the latest Memorandum and Articles of Association of the promoter
9.	Certified copies of the latest Memorandum and articles of association of the proposed fund manager
10.	Business plan
11.	One (1) letter of bank reference
12.	Two (2) letters of professional or business reference
13.	Comprehensive CVs of the directors and key personnel of the promoter. (Key personnel is defined under Regulation 53(2) of the Capital Markets (Licensing Requirements)(General) Regulations, 2002
14.	Fit and Proper forms for directors and key personnel of the promoter
15.	Certified copies of the Certificates of Good Conduct for directors and key personnel of the promoter

**b) Documents to be submitted in support of an application for registration of a Collective Investment Scheme**

*(NOTE: As required under Regulation 5 of the Capital Markets (Collective Investment Schemes) Regulations, 2001 the documents appearing below are to be submitted within three (3) months of the date when the Authority grants its consent for the registration of a Collective Investment Scheme)*

Requirement	
1.	Application Form
2.	Executed Trust Deed
3.	Executed Management Agreement
4.	Executed Custody Agreement
5.	Rules of the Scheme
6.	Audited reports for the preceding 3 years of the proposed fund manager
7.	Audited reports for the preceding 3 years of the proposed trustee
8.	Audited reports for the preceding 3 years of the proposed custodian

**2. TRUST DEED - DISCLOSURE REQUIREMENTS CHECKLIST**

TRUST DEED – THIRD SCHEDULE			
Para.	Requirement	Met: Y, N or N/A	Indicate the paragraph and page number of the Trust Deed where the requisite disclosure has been made
<b>PART I – THE TRUST</b>			
(1)	<b>Interpretation – definition of terms used in the Trust Deed.</b>		
(2)	<b>The constitution of the collective investment scheme</b> A statement of the name, address and registered office of the collective investment scheme. If the collective investment scheme is to terminate after the expiration of a particular period, a statement to that effect.		

<b>(3)</b>	<p><b>Declaration of trust</b>  A declaration that, subject to the provisions of the deed and all rules of the collective investment scheme for the time being in force, the collective investment scheme portfolio (other than sums standing to the credit of the distribution account) is held by the trustee on trust for the holders of the shares pari passu according to the number of shares held by each holder, and the sums standing to the credit of the distribution account are held by the trustee on trust to distribute or apply them in accordance with these Regulations.</p>		
<b>(4)</b>	<p><b>Objects of the trust</b></p>		
<b>(5)</b>	<p><b>Trust Deed to be binding and authoritative</b>  A statement that the deed is binding on each holder as if he had been a party to it and is bound by its provisions and authorizes and requires the trustee and the fund manager to do the things required or permitted of them by the terms of the deed.</p>		
<b>(6)</b>	<p><b>The investment policy and authorised investments</b>  The categories in which the funds of the collective investment scheme may invest as well as the investment and borrowing restrictions.</p>		
<b>(7)</b>	<p><b>Valuation of the collective investment scheme portfolio</b></p>		
<b>(8)</b>	<p><b>Restricted economic or geographical objectives</b>  If there are to be any restrictions on the geographic areas or economic sectors in which investment of capital of the collective investment scheme portfolio may be made, a statement of what they are.</p>		
<b>(9)</b>	<p><b>Holder's liability to pay</b>  A provision that a holder is not liable to make any further payment after he has paid the purchase price of his shares and that no further liability can be imposed on him in respect of the shares which he holds.</p>		
<b>(10)</b>	<p><b>Certificates</b>  A provision requiring the fund manager or the trustee to issue certificates representing shares to holders whose names are entered on the register.  A provision authorizing the trustee to charge a fee for issuing any document, recording, or for amending, an entry on the register, otherwise than on the issue or sale of shares.</p>		

<b>PART II - THE FUND MANAGER</b>			
<b>(11)</b>	<b>Appointment of a Fund Manager</b> A declaration that the scheme will at all times be managed and administered by a fund manager licensed by the Capital Markets Authority.		
<b>(12)</b>	<b>Fund Manager's capital</b> A provision that the fund manager shall at all times maintain a paid-up share capital as prescribed by the Authority.		
<b>(13)</b>	<b>Duties of a Fund Manager</b> A description of duties to be carried out by the fund manager.		
<b>(14)</b>	<b>Fund Manager's preliminary charge</b> A statement authorizing the fund manager to make a preliminary charge to be included in the issue price of a share, specifying a maximum to that charge expressed either as a fixed amount in the base currency or as a percentage of the creation price of a share.		
<b>(15)</b>	<b>Fund Manager's periodic charge</b> A statement authorizing the fund manager to make a periodic charge payable out of the income of the collective investment scheme portfolio, and a statement that provides for the charge to be expressed as annual percentage (to be specified in the information memorandum) of the value of the collective investment scheme portfolio (and the statement may provide for the addition to the charge of value added tax, if any, payable thereon), specifying the accrual intervals and how the charge is to be paid, and the maximum charge expressed as an annual percentage of the value of the collective investment scheme portfolio.		
<b>(16)</b>	<b>Fund Manager's remuneration</b> A provision that expressly details the fund manager's entitlement by way of remuneration for its services and to cover its expenses in performing its obligations under this Deed.		
<b>(17)</b>	<b>Reports by Fund Manager to Trustee</b> A provision that expressly requires the fund manager to make periodic reports to the trustee, board of directors and the Authority.		
<b>(18)</b>	<b>Fund Manager's powers</b> A provision detailing the powers and discretions of the Fund Manager.		
<b>(19)</b>	<b>Documents to be prepared by the Fund Manager</b> A provision detailing the documents to be prepared for signature and execution by the trustee.		

(20)	<b>Retirement, Substitution, Suspension or Liquidation of Fund Manager</b> Provisions on the circumstances under which the fund manager may retire, be replaced or suspended.		
(21)	<b>Removal of Manager</b> Provisions on the circumstances under which the fund manager may be suspended.		
<b>PART III – TRUSTEE</b>			
(22)	<b>Appointment of Trustee</b> A provision setting out the name, address and the terms and conditions of service for the trustees.		
(23)	Trustee's share capital		
(24)	Role, powers, duties and obligations of trustee		
(25)	Registration and retention of securities by the trustee		
(26)	Legal proceedings by or against the trustee		
(27)	<b>Trustee's remuneration</b> A statement authorizing any payments to the trustee by way of remuneration for his services to be paid (in whole or in part) out of the collective investment scheme portfolio and specifying the basis on which that remuneration is to be determined and how it should accrue and be paid.		
(28)	<b>Retirement and appointment of new trustee</b> Provisions on the circumstances under which the trustee may retire or be replaced.		
(29)	<b>Removal of trustee</b> Provisions on the circumstances under which the trustee may be removed.		
<b>PART IV – CUSTODIAN</b>			
(30)	Appointment of custodian by trustee		
(31)	Duties of a custodian		
(32)	Records to be maintained by a custodian		
(33)	Reports by a custodian		
(34)	Retirement of a custodian		
(35)	Removal of a custodian		
<b>PART V – UNIT PORTFOLIO</b>			
(36)	Issue and purchase of units		

(37)	The creation of units		
(38)	The cancellation of units		
(39)	The redemption of units		
<b>PART VI – MUTUAL FUNDS</b>			
(40)	Issue and purchase of shares		
(41)	Cancellation of shares		
(42)	Redemption of shares		
<b>PART VII – VALUATION</b>			
(43)	Details on the method used for valuation of units or shares		
<b>PART VIII – MEETINGS</b>			
(44)	Notice of meetings		
(45)	Quorum for a meeting		
(46)	Voting rights		
(47)	Proxies		
(48)	Resolutions		
(49)	Amendments to incorporation documents		
<b>PART IX – SUSPENSION AND TERMINATION</b>			
(50)	Winding up of a unit trust or mutual fund		
(51)	Manner of winding up		
(52)	Manner in which collective investment scheme portfolio to be dealt with on liquidation of fund manager		
(53)	Termination of a sub-fund of an umbrella company		

**PART X- OTHER MATTERS TO BE PROVIDED FOR IN THE TRUST DEED**

<p><b>(54)</b></p>	<p>Every trust deed of a unit trust shall prescribe the rules for the administration of the unit trust concerned and shall inter alia contain provisions to the following effect namely -</p> <p>(a) that the trustee shall, subject to the terms of the trust, hold the underlying securities in trust for the unit holders;</p> <p>(b) certificates shall be issued to unit holders within four weeks of any purchase;</p>		
	<p>(c) that the trustee shall countersign, graphically or otherwise, every certificate before it is delivered by the fund manager to a purchaser;</p>		
	<p>(d) that the trustee shall not so countersign any certificate unless it has received from the fund manager a full account of the cash proceeds of the issue of that certificate or securities to the required value, together with all documents necessary to effect transfer thereof;</p>		
	<p>(e) the monies of the units trust shall be kept in a trust account at a licensed bank;</p>		
	<p>(f) that -</p>		
	<p>(i) any moneys for investments accruing from the issue of monies;</p>		
	<p>(ii) dividends, interest or any other income accruing on underlying securities;</p>		
	<p>(iii) the proceeds of capital gains, rights or bonus issues; and</p>		
	<p>(iv) any money received by the unit trust fund manager from the realization of underlying securities shall be accounted for in full to the trustee and deposited in a trust account or accounts;</p>		
	<p>(g) the securities of the unit trust shall be kept with a custodian approved by the Authority;</p>		
	<p>(h) that the proceeds of capital gains, rights and bonus issues shall be invested in the unit trust scheme concerned for the benefit of the unit holders;</p>		

	(i) all transactions of the unit trust collective investment scheme portfolio be individually reported to the trustee by the fund manager within two weeks of such transaction;		
	(j) the funds of the unit trust be invested on accordance with the investment limits prescribed by the Authority;		
	(k) that it shall be incumbent upon the fund manager to repurchase, subject to such terms and conditions as may in terms of the trust deed apply, any number of units offered to it;		
	(l) the specific method of calculations of the value of the unit trust and of the unit at which unit holders shall transact their holdings with the unit trust shall be acceptable to the Authority;		
	(m) the specific date of the week or month and time for taking valuation of securities;		
	(n) that the valuation of securities be at the last stock exchange transaction prices at or prior to that time and date;		
	(o) that the unit value be the market valuation of all monies and properties of the funds of the unit trust divided by units outstanding at that time; and		
<b>(55)</b>	Every such trust deed shall further prescribe - (a) the investment policy to be followed in respect of the scheme concerned; (b) the manner in which the selling price of units is to be calculated; (c) the terms and conditions on which the fund manager will repurchase units and the manner in which the repurchase price is to be calculated; (d) if applicable, the manner in which additional units for sale to the public are to be created; (e) the manner in which the yield from units is to be calculated; (f) the manner in which the initial charge and the service charge are to be determined; (g) the manner in which units are to be cancelled.		
<b>PART IX – CERTAIN VOID PROVISIONS OF TRUST DEEDS, AND AMENDMENTS OF TRUST DEEDS</b>			
<b>(56)</b>	Any provision in a trust deed relating to the unit trust which is inconsistent with any provision of the Capital Markets Act or these regulations shall be void.		



<b>(57)</b>	<p>The parties to a trust deed may by a supplemental deed alter or rescind any provisions of such trust deed or add further provisions thereto, but no alterations or rescission of or addition to any trust deed shall be valid -</p> <p>(a) unless the consent thereto of unit holders has been obtained in the manner prescribed in the trust deed:          Provided that if the trustee is satisfied that any such alienation, rescission or addition is required only to enable the provision of the trust deed to be given effect to more conveniently or economically or otherwise to benefit the unit holders, will not prejudice the interests of the units holders and does not alter the fundamental provisions or objects of the trust deed or operate to release the trustee or the unit trust fund manager from any responsibility to the unit holders, such consent may be dispensed with; or</p> <p>(b) unless the Authority is satisfied that any such alteration, rescission or addition does not contain anything inconsistent with the provisions of the Capital Markets Act or with sound financial principles.</p>		
<b>(58)</b>	<p>A provision in any trust deed, whether entered into before or after the commencement of these Regulations purporting to relieve any party thereto from liability to the unit holders on account of his own negligence shall be void.</p>		

**PROVISIONS UNDER THE CIS REGULATIONS RELATING TO THE TRUST DEED**

<b>Reg.</b>	<b>Requirement</b>	<b>Met: Y, N or N/A</b>	<b>Comments:</b>
<b>31.</b> (1)	<p>A collective investment scheme trust deed shall make provisions on all the matters specified in the Third Schedule of these Regulations.</p>		
(2)	<p>Every trust deed shall prescribe the rules for the administration of the collective investment scheme complying with provisions of the Third Schedule and including the following-</p> <p>(a) appointment of a custodian;</p> <p>(b) the issue of a receipt evidencing the purchase of the shares of the collective investment scheme;</p> <p>(c) the issue of a certificate of entitlement to the holders within thirty days specifying shares held by each holder and showing the transactions in the holder's account during the preceding month, and that such certificate shall be prima facie evidence of the title of the holder to the units or shares;</p>		

	<p>(d) authentication of every share certificate by the trustee, provided that before it is issued by the fund manager to the purchaser, the trustee shall not countersign any share certificate unless it has received from the fund manager a full account of the cash proceeds of the issue of that certificate or securities to the required value, together with all documents necessary to effect transfer thereof;</p> <p>(e) the funds of the collective investment scheme to be deposited in a trust account with the custodian:</p> <p>(f) that-</p> <p>(i) any funds for investment accruing from the issue of shares;</p> <p>(ii) dividends, interest or any other income accruing on underlying securities;</p> <p>(iii) the proceeds of capital gains, rights or bonus issues; and</p> <p>(iv) any funds received by the fund manager from the realization of underlying securities;</p> <p>be accounted for in full to the trustee by the fund manager and the custodian and deposited in the trust account or accounts:</p> <p>(g) the securities of the collective investment scheme be kept with a custodian approved by the Authority;</p> <p>(h) that the proceeds of capital gains, rights and bonus issues be vested in the collective investment scheme for the benefit of the holders;</p> <p>(i) all transactions of the collective investment scheme portfolio be individually reported to the trustee by the fund manager by the next working day following such transaction;</p> <p>(j) the obligation of the fund manager to repurchase, subject to such terms and conditions as may in terms of the trust deed apply, any number of shares offered to it, on such basis as may be prescribed in the trust deed;</p> <p>(k) that the specific method of calculation of the value of the collective investment scheme portfolio and of the share value at which holders shall transact their holdings with the collective investment scheme, should be acceptable to the Authority including the specific time of the day the week or date of the month and time for taking the valuation of securities, and the particulars relating to valuation given in Part VI of these Regulations;</p> <p>(l) the fee charged by the fund manager (which shall be the only monies payable to the fund manager annually) be disclosed in the scheme's financial reports;</p> <p>(m) the accounts and financial records of a collective investment scheme be maintained in a system and manner acceptable to the Authority;</p> <p>(n) the fees payable to the trustee and the custodian of the collective investment scheme portfolio be disclosed in the financial reports of the collective investment scheme;</p> <p>(o) amendment of the trust deed be in accordance with the provisions of the trust deed, these Regulations, the incorporation documents, the information memorandum and with the prior approval of the Authority;</p>		
(3)	Every such trust deed shall further prescribe -		

	<ul style="list-style-type: none"> <li>(a) the investment policy to be followed in respect of the scheme concerned;</li> <li>(b) the manner in which the selling price of shares is to be calculated;</li> <li>(c) the terms and conditions on which the fund manager will repurchase shares and the manner in which repurchase price is to be calculated;</li> <li>(d) the manner in which shares can be transferred from one holder to another;</li> <li>(e) if applicable, the manner in which additional shares are to be calculated;</li> <li>(f) the manner in which the yield from shares is to be calculated;</li> <li>(g) the manner in which the initial charge and other charges are to be calculated;</li> </ul>		
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### 3. INFORMATION MEMORANDUM – DISCLOSURE REQUIREMENTS CHECKLIST

(NOTE: This list is not intended to be exhaustive. The board of directors of the scheme or the fund manager or trustee, as the case may be are obliged to disclose any information which may be necessary for investors to make an informed judgment)

INFORMATION MEMORANDUM – THIRD SCHEDULE			
Para.	Requirement	Met: Y, N or N/A	Indicate the paragraph and page number of the Information Memorandum where the requisite disclosure has been made
1	<b>Prominent statement</b> Prominent statement on the period for which the prospectus is valid.		
2	<b>Disclaimer</b> The following statement shall be contained on the front cover of the prospectus: “Permission has been granted by the Capital Markets Authority to offer to the public the securities which are the subject of this issue. As a matter of policy, the Authority assumes no responsibility for the correctness of any statements or opinions made or reports contained in this prospectus”.		
3	<b>The Collective Investment Scheme</b> State - (a) the name of the collective investment scheme; (b) that the collective investment scheme is a unit trust or a mutual fund or; (c) where the duration of the collective investment scheme is not unlimited, when it may terminate; (d) that the holders are not liable for the debts of the collective investment scheme; (e) particulars of registration of the collective investment scheme; (f) the address of its head office and its branch office; (g) the address of the place in Kenya for service on the collective investment scheme of notices or other documents required or authorised to be served on it, if different from (f); (h) the date of the licence granted by the Authority to operate as a collective investment scheme; (i) the base currency for the collective investment scheme; (j) the maximum and minimum sizes of the collective investment scheme’s capital; (k) the circumstances in which the collective investment scheme may be wound up under the rules of the collective investment scheme and a summary of the procedure for, and the rights		

	<p>(l) of the holders under, such a winding up; and in the case of an investment company, the fact that the minimum subscription value of KShs. 25 million must be attained during the offer period and what would occur if the expected amount is not received during the initial offer.</p>		
<b>4</b>	<p><b>Investment Objectives and Policy</b></p> <p>(1) Give sufficient information to enable a shareholder to ascertain-</p> <p>(a) the investment objectives (e.g. capital growth or income) of the collective investment scheme or of each sub-fund of an umbrella scheme;</p> <p>(b) the collective investment scheme's investment policy for achieving investment objectives referred to under (a) including the general nature of the portfolio and any intended specialisation (e.g. economic sector, geographical area or type of investment), and</p> <p>(c) the extent (if any) to which the policy under (b) does not envisage remaining fully invested at all times;</p> <p>(d) any restrictions in the range of transferable securities in which investment may be made, including restrictions in the extent to which the collective investment scheme may invest in any category of investment, indicating (where appropriate) where the restrictions are tighter than those imposed by the Regulations;</p> <p>(2) Where all or part of the remuneration of the fund manager is to be treated as a capital charge, it must be made clear that the investment objectives of the collective investment scheme are to treat the generation of income as a higher priority than capital growth or as the case may be, to place equal emphasis on the generation of income and on capital growth and that (in either case) this may accordingly constrain capital growth;</p> <p>(3) List any individual eligible securities markets through which the collective investment scheme may invest or deal;</p> <p>(4) State the extent (as a percentage of the total) to which the collective investment scheme intends to invest its assets in any one security or sector and whether or not it has done so;</p> <p>(5) State the policy in relation to the exercise of borrowing powers by the collective investment scheme</p> <p>(6) In the case of a collective investment scheme, which may invest in other collective investment schemes state the extent to which the collective investment scheme portfolio may be invested in the shares of collective investment schemes, which are managed by the fund manager or by an associate of the fund manager.</p>		
<b>5</b>	<p><b>Distributions</b></p> <p>State-</p> <p>(a) the date on which the collective investment scheme's annual accounting period is to be each</p>		

	<p>in each year;</p> <p>(b) if there are interim accounting periods, what they are and the policy in relation to interim distributions (whether interim distribution will be made and if so, the policy on smoothing of income distributions within an annual accounting period);</p> <p>(c) the date or dates in each year on or before which payment or accumulation of income is to be made or take place;</p> <p>(d) if applicable, the policy on payment of income equalisation;</p> <p>(e) how distributable income is determined, and</p> <p>(f) if applicable, that unclaimed distributions may be forfeited and summarise the relevant provisions of the instrument of incorporation;</p>		
<b>6</b>	<p><b>The characteristics of shares in the collective investment scheme</b></p> <p>State-</p> <p>(a) where there is more than one class of shares in issue or available for issue, the names of such classes, the rights attached to each class in so far as they vary from the rights attached to other classes;</p> <p>(b) how holders may exercise their voting rights and what these are, and</p> <p>(c) what the method is for conversion between shares of different classes;</p> <p>(d) in what circumstances, if any, a mandatory redemption, cancellation or conversion of shares from one class to another may be required.</p>		
<b>7</b>	<p><b>The Fund Manager</b></p> <p>State the following particulars of the fund manager-</p> <p>(a) name;</p> <p>(b) the nature of corporate form;</p> <p>(c) the date of incorporation;</p> <p>(d) the address of registered office;</p> <p>(e) the address of head office if different from (d);</p> <p>(f) if it is a subsidiary, the name and place of incorporation of ultimate holding company;</p> <p>(g) the amount of issued share capital and how much of it is paid up;</p> <p>(h) the date of licence with the Authority to operate as fund manager;</p> <p>(i) whether the fund manager is in any capacity in relation to any other regulated collective investment schemes and if so the names of the schemes and the nature of the capacity in relation to those schemes;</p> <p>(j) a summary of the material provisions of the contract between the collective investment scheme and the fund manager which may be relevant to the holders including provisions relating to terminations, compensation on termination and indemnity.</p>		
<b>8</b>	<p><b>Other directors of the collective investment scheme</b></p>		

	<p>State-</p> <p>(a) the names and positions of the directors in the collective investment scheme;</p> <p>(b) the main business activities of each of the directors (other than those connected with the business of the collective investment scheme);</p> <p>(c) the manner, amount and calculation of the remuneration of directors;</p> <p>(d) in summary form, the main terms of each contract of service between the collective investment scheme and a director;</p> <p>(e) if the director is a body corporate in a group of which any other corporate director of the collective investment scheme is a member, a statement of that fact.</p>		
<b>9</b>	<p><b>The Trustee</b></p> <p>State the following particulars on the trustee-</p> <p>(a) name and address;</p> <p>(b) date and place of its incorporation;</p> <p>(c) if it is a subsidiary, the name of its ultimate holding company and the date and place of its incorporation;</p> <p>(d) the address of its registered office (if different from (a));</p> <p>(e) the address of its head office if that is different from (a) and (d);</p> <p>(f) a description of its principal business activity.</p>		
<b>10</b>	<p><b>The Custodian</b></p> <p>State the following particulars on the custodian-</p> <p>(a) Name and address;</p> <p>(b) the date of incorporation;</p> <p>(c) if it is a subsidiary, the name of its ultimate holding company and its place of incorporation;</p> <p>(d) the address of its registered office (if different from (a));</p> <p>(e) the address of its head office (if different from (a) and (d));</p> <p>(f) a description of its principal business activity;</p> <p>(g) a summary of the material provisions of the contract between the collective investment scheme and the custodian, which may be relevant to holders including provisions relating to the remuneration of the custodian.</p>		
<b>11</b>	<p><b>The Auditor</b></p> <p>State the name and address of the auditor of the collective investment scheme</p>		
<b>12</b>	<p><b>The Register of Holders</b></p> <p>State the address in Kenya where the register of the holders is kept and can be inspected by the holders.</p>		
<b>13</b>	<p><b>Payments to the Fund Manager</b></p>		

	<p>State the payments that may be made to the fund manager out of the collective investment scheme portfolio whether by way of remuneration for its services or reimbursement of expenses. For each category of remuneration, specify -</p> <p>(a) the current amounts of such remuneration;</p> <p>(b) how will it be calculated and accrue and when it will be paid;</p> <p>(c) if notice is to be given to holders of the fund manager's intention to introduce a new category of remuneration for its services or to increase any amount currently charged, particulars of that increase and when it will take place;</p> <p>(d) whether all or part of the remuneration is to be treated as a capital charge and</p> <p>(i) that fact, and</p> <p>(ii) the actual or maximum amount of the charge which may be so treated and</p> <p>(iii) if notice has been given to shareholders of an intention to propose an increase in the maximum amount of that charge at a meeting of holders, particulars of that proposal.</p>		
<b>14</b>	<p><b>Other Payments out of the Collective Investment Scheme Portfolio</b></p> <p>Provide details of -</p> <p>(a) any liability of the collective investment scheme to reimburse costs incurred by any of its directors, its custodian or any third party;</p> <p>(b) any remuneration payable by the collective investment scheme to any third party;</p> <p>(c) the types of other charges and expenses that may be taken out of the collective investment scheme portfolio.</p>		
<b>15</b>	<p><b>Movable and immovable property</b></p> <p>Give an estimate of any expenses likely to be incurred by the collective investment scheme in respect of movable and immovable property in which the collective investment scheme has an interest.</p>		
<b>16</b>	<p><b>Sale and redemption of shares</b></p> <p>State -</p> <p>(a) the dealing days and times in the dealing day on which the fund manager will be available to receive requests for the issue and redemption of shares;</p> <p>(b) the procedures for effecting the sale and redemption of shares and the settlement of transactions;</p> <p>(c) whether certificates will be issued in respect of registered shares;</p> <p>(d) the steps required to be taken by a holder in redeeming shares before he can receive the proceeds;</p> <p>(e) the circumstances in which the redemption of shares may be suspended;</p>		



	<p>(f) the days and time on which recalculation of the price will commence;</p> <p>(g) the amounts of the following minima (if they apply) for each type of share in the collective investment scheme -</p> <ul style="list-style-type: none"> <li>(i) the minimum number of shares which any one person may hold;</li> <li>(ii) the minimum value of shares which any one person may hold;</li> <li>(iii) the minimum number of shares which may be the subject of any one transaction of shares or redemption,</li> <li>(iv) the minimum value of shares which may be subject of any one transaction of sale or redemption;</li> </ul> <p>(h) the circumstances in which the fund manager may arrange for, and the procedure for, a cancellation of shares;</p> <p>(i) In which local newspaper the most recent price will be published and how often the prices will be published;</p> <p>(j) the time period for the custodian to pay the repurchase price of the shares to the holder.</p>		
17	<p><b>Valuation of the collective investment scheme portfolio</b></p> <p>State-</p> <p>(a) how frequently and at what time of the day the collective investment scheme portfolio will be valued for the purpose of determining the price at which shares in the collective investment scheme may be purchased from or redeemed by the fund manager and a description of any circumstances in which the collective investment scheme portfolio may be specially valued;</p> <p>(b) the basis on which the collective investment scheme portfolio will be valued; and</p> <p>(c) how the price of the shares of each class will be determined.</p>		
18	<p><b>Dilution levy</b></p> <p>State-</p> <p>(a) what is meant by dilution and by dilution levy;</p> <p>(b) the fund manager's policy on imposing a dilution levy.</p>		
19	<p><b>Forward and historic pricing</b></p> <p>(a) Disclose the fund manager's normal basis of dealing.</p> <p>(b) Disclose the basis of the management fee and the service charge.</p>		
20	<p><b>Initial charge</b></p> <p>If the fund manager makes a preliminary charge state-</p> <p>(a) the current amount or rate of the initial charge; and</p> <p>(b) if notice has been given to holders of the fund manager's intention to introduce a initial charge or to increase the rate or amount currently charged, particulars of that introduction or increase and when it will take effect.</p>		

21	<p><b>Redemption charge</b>  If the fund manager may make a redemption charge, state-</p> <ul style="list-style-type: none"> <li>(a) the amount of that charge, or if it is a variable, the rate or method of arriving at it;</li> <li>(b) if the amount or rate or method has been changed, that the details of any previous amount or rate or method may be obtained from the fund manager on request;</li> <li>(c) if notice has been given to holders of the fund manager's intention to introduce a redemption charge or to propose a change in the rate or amount or method which is adverse to the holders, particulars of that proposal;</li> <li>(d) how the order in which shares acquired at different times by a holder shall be determined insofar as necessary for the purposes of the imposition of the redemption charge.</li> </ul>		
22	<p><b>General information</b>  State-</p> <ul style="list-style-type: none"> <li>(a) when annual and half yearly reports will be published;</li> <li>(b) the address at which copies of instruments of incorporation, any amending instrument and most recent annual and half yearly reports may be inspected and from which copies may be obtained;</li> </ul>		
23	<p><b>Umbrella collective investment scheme</b>  (a) State, in the case of an umbrella collective investment scheme-</p> <ul style="list-style-type: none"> <li>(i) whether or not a shareholder is entitled to exchange shares in one sub-fund for shares in any other sub-fund;</li> <li>(ii) whether or not an exchange of shares in one sub fund for shares in any other sub-fund is treated as a redemption and a sale and will be subject to taxation on capital gains or withholding tax as the case may be;</li> <li>(iii) subject to (i) and (ii), that in no circumstances will a holder who exchanges shares in one sub-fund for shares in any other sub fund be given a right by law to withdraw from or cancel that transaction;</li> <li>(iv) what charges, if any, may be made on exchanging shares in one sub-fund for shares in another sub-fund;</li> <li>(v) the policy for allocating between sub-funds any assets of, or costs, charges and expenses payable out of the collective investment scheme portfolio, which are not attributable to any particular sub fund;</li> <li>(vi) in respect of each sub fund, the currency in which the deposited collective investment scheme portfolio allocated to it will be valued and the price of shares calculated and payments made, if this currency is not the base currency of the umbrella collective investment scheme; and</li> </ul>		

	<p>(vii) if there are shares in respect of less than two sub funds in issue the effect of Regulation 41.</p> <p>(b) In the application of this Schedule to an umbrella scheme, information required -</p> <p>(i) shall state in relation to each sub fund where the information for any sub fund differs from that for any other;</p> <p>(ii) shall state for the collective scheme as a whole but only where the information is relevant to the collective investment scheme as a whole;</p> <p>(iii) shall contain a statement to the effect that the sub funds of an umbrella scheme are not 'ring fenced' and the event of an umbrella scheme being unable to meet liabilities attributable to any particular sub-fund out of the assets attributable to such sub-fund, the excess liabilities may have to be met out of the assets attributable to other sub-funds.</p>		
<b>24</b>	<p><b>Marketing outside Kenya*</b>  <i>(List other countries in which marketing and selling of collective investment shares will occur)</i>  An information memorandum which is prepared for the purpose of marketing shares in states outside Kenya shall state the following -</p> <p>(a) that all formalities and requirements of such country have been fulfilled;</p> <p>(b) what special arrangements have been made-</p> <p>(i) for paying in that country amounts distributable to holders residing in that country;</p> <p>(ii) for redeeming in that country the shares of holders resident in that country;</p> <p>(iii) for inspecting and obtaining copies in that country of the instrument of incorporation and the amendments thereto, of the prospectus and of the annual and half yearly reports, and</p> <p>(iv) for making public the prices of shares of each class.</p> <p>(c) how the collective investment scheme will publish in that country the following information:</p> <p>(i) that annual and half yearly reports are available for inspection;</p> <p>(ii) that a distribution has been declared;</p> <p>(iii) that amendments have been made to the incorporation documents,</p> <p>(iv) that the information memorandum has been revised or that changes have been made to the arrangements under paragraph (a).</p> <p>The information memorandum will state that the shares are to be marketed in that country.</p>		
<b>25</b>	<p><b>Additional information</b>  State any other material information which is within the knowledge of the fund manager or which the fund manager would have obtained by making of reasonable inquiries-</p> <p>(a) which investors and their advisers would reasonably require and reasonably expect to find in</p>		

	<p>an information memorandum to enable them to make an informed judgement about the merits of investing in the collective investment scheme and the extent and characteristics of the risks accepted by so participating;</p> <p>(b) including a statement of any risks investment in the collective investment scheme may reasonably be regarded as presenting for reasonably prudent investors of moderate means;</p> <p>(c) in the case of an investment company information on whether there is a minimum subscription value which must be raised during the limited offer period.</p>		
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