

Appendix 10

In this appendix underlining indicates new text and striking through indicates deleted text.

*Note some text set out in the Appendix is not being amended, but is included for context.



The DFSA Rulebook

Collective Investment Rules

(CIR)

8 MANAGEMENT AND OPERATION OF A FUND

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8.3 Conflicts of interest

- 8.3.1**
- (1) The Fund Manager and, if it is a Fund structured as an Investment Trust, the Trustee, must take reasonable steps to ensure that in any dealing in relation to the Fund Property such dealings do not give rise to a conflict of interest.
 - (2) Where a conflict of interest arises, whether in dealings with ~~Affected Persons~~ Related Parties or otherwise, the Fund Manager and, if appointed, the Trustee, must disclose to the Unitholders the nature of the conflict and how the conflict will be managed.

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13. ADDITIONAL REQUIREMENTS FOR SPECIALIST FUNDS

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13.3 Private Equity Funds

Guidance

See Rule 3.1.6 for the definition of a Private Equity Fund.

Investment committee

- 13.3.1**
- (1) A Fund Manager of a Private Equity Fund is not required to appoint an Eligible Custodian for the Fund pursuant to Rule 8.2.2 where it meets the requirements in (2) and (3).
 - (2) A Fund Manager of a Private Equity Fund must call a meeting of Unitholders to vote on the election of at least three experts who are independent of the Fund Manager to sit on an investment committee of the Fund.
 - (3) The committee members in (2) must not involve themselves in the day to day management of the Fund but are appointed to review investment opportunities.

Guidance

1. The DFSA expects Fund Managers of Private Equity Funds to have proper regard to best practice standards or guidance issued by the DFSA as well as leading international trade bodies in relation to such Funds.
2. Experts are persons whose profession, expertise or reputation gives authority to a statement or opinion made by that person in relation to the subject matter of the statement or opinion.
3. Where a Private Equity Fund appoints an investment committee pursuant to Rule 13.3.1(2), the annual report of that Fund must also include a report by that committee (see Rule 9.4.7(1)).

13.3.2 A Fund Manager of a Private Equity Fund must ensure that:

- (a) unless the purpose of the Fund is to invest in a single venture or undertaking, it does not invest more than 25% of the Fund in one such venture or undertaking; and
- (b) it does not invest in companies which are ~~Affected Persons~~Related Parties in relation to the Fund or the Fund Manager, except where it does so in compliance with the requirements in Rule 8.3.2.

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