

Appendix 3

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



The DFSA Rulebook

Markets Rules

(MKT)



LISTED FUNDS

6.1 Application

6.1.1 This chapter applies to:

- (a) every Reporting Entity of a Listed Fund; and
- (b) any other Person specified in the Rules.

6.2 General requirements

6.2.1 (1) A Person may have the Units of a Fund admitted to an Official List of Securities only if:

- (a) in the case of a Domestic Fund, it is a Public Fund; and
- (b) in the case of a Foreign Fund:
 - (i) it is a Designated Fund from a Recognised Jurisdiction; or
 - (ii) it is a Fund approved by the DFSA as a Fund subject to equivalent regulation as that applying to a Public Fund;

and it meets the relevant criteria in (2) as applicable.

(2) The relevant criteria for the purposes of (1)(b) are:

- (a) in the case of ~~which~~ a fund that meets the criteria of a Property Fund, it is a closed-ended investment vehicle and 60% or more of the Fund's assets comprise Real Property;
- (b) in the case of a fund that is referred to in its offer documents as an "Exchange Traded Fund" or "ETF", it complies with CIR Rule 3.1.12; and
- (c) in the case of a fund that is referred to in its offer documents as an "Islamic Exchange Traded Fund" or "Islamic ETF", it complies with IFR Rule 6.13.1(2).

6.2.2 Where an obligation applies to a Reporting Entity of a Fund under a provision of this chapter, except where expressly provided otherwise, the Governing Body of the Reporting Entity must ensure compliance with that obligation.



Guidance

In the case of an Investment Company (Fund) which has as its Fund Manager a licensed Corporate Director, the Reporting Entity of that Fund is its Corporate Director. See CIR section 8.1A for details relating to Corporate Directors.

6.3 Prospectus requirements relating to a listed fund

Guidance

1. The Prospectus requirements including content and structure in chapter 2 of this module do not apply to Prospectuses relating to Units of Funds. Prospectus requirements that apply to Offer of Units of Funds are found in the Collective Investment Law 2010 and the CIR module. See Article 10(1) of the Law which disapplies chapter 2 of this module to Fund Prospectuses.
2. However, under Article 14(1)(b) of the Law, a Prospectus is required for the purposes of admitting any Securities, including Units, to trading on an Authorised Market Institution. The Rules in this section 6.3 are designed to enable a Person seeking to have Units of a Fund admitted to trading on an Authorised Market Institution to be able to use a Prospectus prepared in accordance with the requirements in the Collective Investment Law 2010 and the Rules in the CIR module if it is a Domestic Fund. In the case of Foreign Funds, the offer documents prepared in accordance with the requirements in a foreign jurisdiction will be acceptable in the circumstances prescribed in this section.

6.3.1 (1) A Person intending to have Units admitted to trading on an Authorised Market Institution must, subject to (2), (3) and (4)}, submit to the DFSA:

- (a) a completed application using the appropriate form set out in AFN and the relevant fee prescribed in FER;
- (b) a Prospectus relating to the Fund ("Fund Prospectus") which:
 - (i) complies with, in the case of a Domestic Fund, the requirements in the Collective Investment Law 2010 and CIR that apply to a Public Fund, and, where that Fund is also an Islamic Fund, the additional requirements in IFR chapter 6;
 - (ii) is prepared, in the case of a Foreign Fund, in accordance with the requirements in Rule 6.3.3; and
 - (iii) a prominent disclaimer in bold, on the front page of the Prospectus, as follows:

"The DFSA does not accept responsibility for the content of the information included in the Prospectus, including the accuracy or completeness of such information. The liability for the content of the Prospectus lies with the



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Issuer of the Prospectus and other Persons, such as Experts, whose opinions are included in the Prospectus with their consent. The DFSA has also not assessed the suitability of the Securities to which the Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Securities to which the Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.”

- (c) where subsequent drafts or versions of the Fund Prospectus are submitted, a marked up version showing changes from the previous version submitted to the DFSA;
 - (d) if information is incorporated in the Fund Prospectus by reference to another document, a copy of that other document;
 - (e) the identity of the Person who is or intends to be the Reporting Entity;
 - (f) contact details of two individuals who are sufficiently knowledgeable about the content of the document referred to in (b) to be able to answer queries of the DFSA during business hours; and
 - (g) any other information that the DFSA may require.
- (2) The application in (1) must be submitted to the DFSA:
- (a) in the case of an applicant who has not made a previous Prospectus Offer, at least [20] business days prior to the intended date on which the applicant expects the Prospectus to be approved;
 - (b) in other cases, at least [10] business days before the intended date on which the applicant expects the Prospectus to be approved; and
 - (c) in the case of a Supplementary Prospectus, as soon as is reasonably possible.
- (3) In the case of a Supplementary Prospectus, the application for approval must:
- (a) be made using the appropriate form set out in the AFN module;
 - (b) accompanied by the relevant fee prescribed in the FER module; and



- (c) include:
 - (i) in the case of a Domestic Fund, a Supplementary Prospectus which meets the requirements in the Collective Investment Law 2010 and the CIR Rules, and where that Fund is an Islamic Fund, the additional requirements in IFR; and
 - (ii) in the case of a Foreign Fund, a document which meets the equivalent requirements applicable in the jurisdiction in which the Fund is established or domiciled.

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6.9 Accounting periods and financial reports of listed funds

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Market disclosure

- 6.9.2** (1) A Reporting Entity of a Listed Fund must disclose to the market the following:
- (a) its annual financial report;
 - (b) its interim financial reports; and
 - (c) its preliminary financial results.
- (2) A Reporting Entity must make the market disclosure required in (1) within the following time periods:
- (a) in relation to its annual financial report, as soon as possible after the accounts have been approved, but no later than 120 days after the end of the financial period;
 - (b) in relation to its semi-annual financial report, as soon as possible and in any event no later than 60 days after the end of the period to which the report relates; and
 - (c) in relation to its preliminary financial results, as soon as possible but no later than 30 minutes before the market opens on the day after the approval of the Board.
- (3) A Reporting Entity of a Listed Fund must, where there is a change to its accounting reference date, disclose to the market:



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- (a) the change to its accounting reference date as soon as possible;
and
 - (b) a second interim report within six months of the old accounting reference date if the change of the accounting reference date extends the annual accounting period to more than 14 months.
- (4) A Reporting Entity of an Exchange Traded Fund (ETF) must:
- (a) disclose in its financial reports referred to in (1), the size of the tracking error at the end of the period under review; and
 - (b) include a statement in its annual report explaining:
 - (i) any divergence between the anticipated and realised tracking error for the relevant period; and
 - (ii) the annual tracking difference between the performance of the ETF, and the performance of the index or other benchmark referenced.



APP 3 MARKET DISCLOSURE RELATING TO LISTED FUNDS

A.3.1.1 This table forms part of Rule 6.8.1 and Rule 9.7.8.

A.3.1.2 A Reporting Entity of a Listed Fund must, on the occurrence of an event specified in column 1, make the required disclosure detailed in column 2, within the time specified in column 3.

Note: Unless otherwise indicated, the disclosure required relates to the operation and matters relating to the Listed Fund. The Reporting Entity of a Listed Fund must construe the items specified in the event column in an appropriate manner to achieve the fundamental purpose of making the required disclosure of information relating to the Listed Fund.

	EVENT GIVING RISE TO DISCLOSURE	DISCLOSURE REQUIREMENT	TIME OF DISCLOSURE
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<u>10. DISCLOSURE RELATING TO EXCHANGE TRADED FUNDS</u>			
<u>10.1</u>	<u>Any changes relating to the type of ETF and associated risks.</u>	<u>Market disclosure.</u>	<u>As soon as possible.</u>
<u>10.2</u>	<u>Any changes relating to the ETF's cost structure.</u>	<u>Market disclosure.</u>	<u>At the same time as the proposed change is notified to investors in the ETF.</u>
<u>10.3</u>	<u>Any changes relating to tracking error.</u>	<u>Market disclosure.</u>	<u>As soon as possible.</u>
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