

Appendix 3

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

Note: some text that is not being amended is included for reference only



The DFSA Rulebook

Collective Investment Rules

(CIR)

PART 2: DEFINITIONAL PROVISIONS

Guidance

A Collective Investment Fund is defined in Article 11 of the Law. The definition under Article 11 is very wide, however, Article 12 enables the DFSA to make Rules excluding certain arrangements or types of arrangements from constituting a Fund. These excluded arrangements are set out below in section 2.1.

2 ARRANGEMENTS NOT CONSTITUTING A COLLECTIVE INVESTMENT FUND

2.1 Exclusions

2.1.1 Pursuant to Article 12 of the Law, the DFSA prescribes that an arrangement which otherwise amounts to a Collective Investment Fund as defined in Article 11 of the Law does not constitute a Collective Investment Fund if it falls within one or more of the exclusions specified in this chapter.

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Crowdfunding

2.1.18 An arrangement does not constitute a Collective Investment Fund if all of the following conditions are met:

- (a) the arrangement is entered into using a Property Investment Crowdfunding Platform, operated by a Crowdfunding Operator;
- (b) the arrangement involves multiple investors investing in an individual apartment, house or building that has a single discrete title deed;
- (c) all of the investors are Clients of the Crowdfunding Operator; and
- (d) the total consideration paid by all investors in the apartment, house or apartment is not more than \$5 million or an equivalent amount in another currency.

Guidance

An Investment made through an Investment Crowdfunding Platform (i.e. a platform that facilitates an investment in a business or a project rather than a property) is likely to fall within the exclusion in Rule 2.1.10 provided it consists of a closed-ended partnership or Body Corporate and does not involve investment management.

2.1.19 An arrangement does not constitute a Collective Investment Fund if all of the following conditions are met:

- (a) the arrangement is entered into using a Loan Crowdfunding Platform, operated by a Crowdfunding Operator;

- (b) the arrangement involves multiple lenders providing a loan to a borrower for a business or project;
- (c) all of the lenders are Clients of the Crowdfunding Operator;
- (d) the amount of the loan, the rate of return and the repayment period are fixed when the loan agreement is entered into; and
- (e) the total funding provided by all lenders to the borrower is not more than \$5 million or an equivalent amount in another currency.