

Appendix 2

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



The DFSA Rulebook

Collective Investment Rules

(CIR)

PART 1: INTRODUCTION

1. Application and Interpretation

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- 1.1.5**
- (1) CIR also applies to a Fund whether or not it has a separate legal personality.
 - (2) Where a Rule imposes an obligation on a Fund, each Director, Partner or other Person charged with the management of that Fund must take reasonable steps to ensure compliance with the requirement by the Fund.

Guidance

1. The Rules in this module (CIR) establish a regime to regulate Domestic Funds, which may be Public Funds, ~~Private Funds or~~ Exempt Funds or Qualified Investor Exempt Funds. Domestic Funds include External Funds as defined in Article 14(1) of the Law. In addition, this module also regulates Fund Managers, which include External Fund Managers as defined in Article 20(5) of the Law.
2. CIR also applies to marketing and selling of Units of Foreign Funds in or from the DIFC and to the provision of a Financial Service to a Foreign Fund where any such activity is undertaken by an Authorised Firm. In that regard, the COB Rules also apply to the provision of Financial Services by an Authorised Firm.
3. If a Domestic Fund or Foreign Fund intends to list its Units on an Authorised Market Institution (AMI), it will need to comply with the relevant Rules in the MKT module and the AMI's listing Rules in respect of Domestic Funds. ~~Private Funds and~~ Exempt Funds and Qualified Investor Exempt Funds cannot be listed.
4. A Public Property Fund is required to be a closed-ended and Listed Fund and to be structured as an Investment Company or an Investment Trust.

1.2 Interpretation

- 1.2.1** Any references to "the Law" or to "Articles" are to be construed as references to the Collective Investment Law 2010 and to Articles in that law.

1.3 Client Classification

1.3.1 For the purposes of Article 16(7)(a) of the Law:

- (a) the criteria to be classified as a Professional Client are specified in COB Rule 2.3.2, and

- (b) the criteria to be classified as a Retail Client are specified in COB Rule 2.3.5.

1.4 The different types of Domestic Funds

Guidance

Article 13 of the Law defines Funds as either Domestic Funds or Foreign Funds. Article 15 of the Law then further divides Domestic Funds into three categories which are listed below in terms of the level of regulation (from most intensively regulated to least intensively regulated):

- (a) Public Funds;
 (b) Exempt Funds; and
 (c) Qualified Investor Exempt Funds.

This table illustrates the different Rules applicable to the three categories of Domestic Fund.

<u>CIR chapters</u>	<u>Public Fund</u>	<u>Exempt Fund</u>	<u>QIEF</u>
<u>Chapter 1: Application & Interpretation</u>	✓	✓	✓
<u>Chapter 2: Arrangements not constituting a CIF</u>	✓	✓	✓
<u>Chapter 3: Specialist Classes of Fund</u>	✓	✓	✓
<u>Chapter 4: Excluded Offers</u>	✓	✓	✓
<u>Chapter 5: Fund Administrator</u>	✓	✓	✓ Rule 5.1.4 does not apply
<u>Chapter 6: External Fund Managers and External Funds</u>	✓	✓	✓
<u>Chapter 7: Constitution</u>	✓	✓	Only Rules 7.1.1; 7.1.2(1)(b); 7.1.2(2) & 7.1.4 apply
<u>Chapter 8: Management and Operation of a Fund</u>	✓	✓	Only Rules 8.1.1, 8.4.1(1)(a) and 8.10.1 apply
<u>Chapter 9: Accounting, Audit & Periodic Reporting of a Fund</u>	✓	✓ A comparative table for the annual report is not required	✓ Rules on interim reports do not apply unless there has been a material change during the interim accounting period. A comparative table for the annual report is not required
<u>Chapter 10: Requirements specific to Public Funds</u>	✓	✗	✗
<u>Chapter 12: Requirements specific to Exempt Funds</u>	✗	✓	✗
<u>Chapter 12A: Requirements specific to Qualified Investor Exempt Funds</u>	✗	✗	✓

COLLECTIVE INVESTMENT RULES (CIR)

Chapter 13: Additional Requirements for Specialist Funds	✓	✓	Only Rules 13.1.1, 13.6.3 and 13.7 apply
Chapter 14: Marketing of Domestic Funds and Prospectus Disclosure	✓	✓	Only Rules 14.1.1, 14.2.1, 14.2.4-14.2.7, 14.4.6, 14.5.1, 14.5.2 & section 14.6 apply
Chapter 15: Marketing of Foreign Funds	X	X	X
Chapter 16: Transfer Schemes relating to Domestic Funds	✓	✓	✓
Chapter 17: Winding up of Domestic Funds	✓	✓	✓
APP 1: Delegation & Outsourcing	✓	✓	X
APP 2: Meeting Procedures	✓	X	X
APP 3: Approvals and Notifications	✓	X	X
APP 4: Guidance of Asset Valuation and Pricing	✓	✓	X
APP 5: Constitution of a Domestic Fund	✓	✓	X
APP 6: Guidance of Fitness and Propriety for Oversight Functions	✓	X	X
APP 7: Public Fund Prospectus Disclosure	✓	X	X
APP 8: Guidance for Hedge Fund Managers	✓	✓	✓

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PART 3: FUND FUNCTIONARIES

5 FUND ADMINISTRATORS

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Delegation and service level agreements

5.1.4 (1) A Fund Administrator of a Domestic Fund for which it is Providing Fund Administration must, subject to (2), have a Delegation Agreement that meets the requirements in App1 with the Fund Manager or Trustee of the Fund.

(2) Paragraph (1) does not apply to a Fund Administrator of a Qualified Investor Exempt Fund.

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PART 4: CORE RULES RELATING TO ESTABLISHMENT AND MANAGEMENT OF DOMESTIC FUNDS

7 CONSTITUTION

7.1 Application

7.1.1 (1) This chapter applies to a Fund Manager, and where appointed a Trustee, of a Domestic Fund.

(2) Only this Rule and Rules 7.1.2(1)(b), 7.1.2(2) and 7.1.4 apply to a Fund Manager and, where appointed, a Trustee, of a Qualified Investor Exempt Fund.

[Note: the following Rule is included for reference as it is referred to in the proposed amendments above.]

Instrument constituting the Fund

7.1.2 (1) The Fund Manager and, in the case of an Investment Trust, both the Fund Manager and the Trustee of a Fund, must ensure that the written Constitution which every Fund is required to have pursuant to Article 27(1) of the Law:

(a) contains the statements and disclosures prescribed in the table in App5 as ~~are~~ applicable to the Fund; and

- (b) does not contain any provision that is prejudicial to the interests of the Unitholders generally or to the Unitholders of any class of Units.
- (2) The Fund Manager and, in the case of an Investment Trust, both the Fund Manager and the Trustee, are responsible for maintaining the Constitution and for making necessary alterations to it in accordance with the applicable legislation.

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[Note: the following Rule is included for reference as it is referred to in the proposed amendments.]

Name of the Fund

7.1.4 The Fund Manager, and if appointed the Trustee, of a Fund must ensure that the name of the Fund or any Sub-Fund or class of Units in the Fund or Sub-Fund, is not undesirable, misleading or in conflict with the name of another Fund or another Sub-Fund or class of Units in the Fund or Sub-Fund.

Guidance

1. Article 27(4) of the Law and this Rule give the DFSA the power to make a direction if a name of a Fund, Sub-Fund or class of Units in a Fund is undesirable, misleading or conflicts with a name used by another Fund, Sub-Fund or class of Units of a Fund.
2. In determining whether to make a direction under these powers, the matters that the DFSA may take into account include whether the name of the Fund, Sub-Fund or class of Units as the case may be:
 - a. implies that the Fund, Sub-Fund or class of Units has merits which are not, or might not be, justified;
 - b. is inconsistent with the Fund's investment objectives or policy;
 - c. might mislead Unitholders or prospective Unitholders into thinking that a Person other than the Fund Manager is responsible for the Fund, Sub-Fund or class of Units of the Fund;
 - d. is substantially similar to the name of another Collective Investment Fund in the DIFC or elsewhere;
 - e. implies that it is a REIT or an Islamic Fund, or Units of such a specialist class of Fund or Sub-Fund, where the relevant requirements relating to that class of specialist Fund are not met; or
 - f. is in the opinion of the DFSA likely to offend the public.

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8 MANAGEMENT AND OPERATION OF A FUND

Guidance

While most of the provisions in this chapter are of general application to all Domestic Funds, in a few instances, some provisions which are specific to a certain type of Domestic Fund, for example a Public Fund, are retained in this Part. We have, instead of removing such provisions to Part 5 which contains provisions applicable to specific types of Domestic Funds, retained them in this Part because those requirements are integral to the main provisions applying to all Domestic Funds and therefore need to be read together.

8.1 General management Duties

Application

- 8.1.1** (1) This chapter applies to a Fund Manager, and if appointed, the Trustee, of all Domestic Funds, except as provided in (3) or where otherwise provided in this chapter.
- (2) This chapter also applies, where expressly provided, to a Fund Administrator or Eligible Custodian of a Domestic Fund.
- (3) Only this Rule and Rules 8.4.1(1)(a) and 8.10.1 in this chapter apply to, or in relation to, a Qualified Investor Exempt Fund.

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[Note: the following Rule is included for reference as it is referred to in the proposed amendments above.]

8.4 Valuation of Fund Property

- 8.4.1** (1) A Fund Manager must:
- (a) ensure that the Fund Property is valued at regular intervals as appropriate to the nature of the Fund, except where such valuation is suspended in any circumstances that are set out in the Fund's Constitution or Prospectus;
 - (b) prepare a valuation in accordance with (3) for each relevant type of Unit at each relevant valuation point; and
 - (c) as soon as practicable after each valuation point, both publish and make available to the Unitholders and prospective Unitholders of the Fund, the price of the Units of the Fund.

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8.8 Meetings of Unitholders

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8.8.2 The Fund Manager of a Fund other than an Exempt Fund must hold at least one general meeting of the Unitholders of the Fund in every 12 month period (i.e. an annual general meeting). The annual general meeting must be held in the case of a Public Fund within 12 months from the date of registration of the Fund and in the case of a Private Fund within 12 months from the date of the initial issue of the Units of the Fund. The annual report required under Rule 9.4.2(1)(a) must be presented at that annual general meeting.

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Unitholder meetings procedures

- 8.8.5** (1) A Fund Manager must set out, if it is a Public Fund, in its procedures manual and, if it is a Private Fund, in the Fund's Constitution, the procedures for holding Unitholder meetings and the conduct of such meetings including but not limited to, the following matters:
- (a) voting rights;
 - (b) right to demand a poll;
 - (c) proxies;
 - (d) minutes; and
 - (e) variation of class rights and class meetings.
- (2) The meeting procedures under (1) must comply with the provisions in App2. Any provisions in such procedures that are inconsistent with the procedures in App2 are void.
- (3) In the case of a Public Fund, the Fund Manager must distribute the meetings procedures manual to all Unitholders.
- (4) If the Fund is structured as an Investment Trust, the Fund Manager must obtain the prior approval of the Trustee in respect of its meetings procedures.

8.9 Approvals and notifications

8.9.1 A Fund Manager of a Public Fund ~~or Private Fund~~ must comply with the provisions in App3 in regard to:

- (a) fundamental changes requiring prior approval of the Unitholders;
- (b) significant changes requiring pre-event notification to the Unitholders; and
- (c) notifiable changes, that is, a change other than one in (a) or (b) which requires post notification to the Unitholders.

[Note: the following Rule is included for reference as it is referred to in the proposed amendments in Rule 8.1.1(3) above.]

8.10 Maintenance of records

8.10.1 (1) A Fund Manager must make and retain accounting and other records that are necessary:

- (a) to enable it to comply with Rules in this module; and
- (b) to demonstrate at any time that such compliance has been achieved.

(2) A Fund Manager must make and retain for a period of six years a record of the Units held, acquired or disposed of, by it, including the classes of such Units, and the balance of any acquisitions and disposals.

(3) A Fund Manager must make the record available for inspection by the DFSA in the DIFC and, if applicable, the Trustee or appointed Eligible Custodian, free of charge at all times during ordinary office hours and must supply a copy of the record or any part of it.

(4) Where a Fund Manager makes a dilution levy or dilution adjustment in accordance with Rule 8.4.1(5), it must make and retain for a period of six years from the date such action is taken a record of:

- (a) how it calculates and estimates dilution; and
- (b) its policy and method for determining the amount of any dilution levy or dilution adjustment.

8.11 Capital

- 8.11.1** (1) In the case of a Public Fund ~~or a Private Fund~~, if at any time after the size of the Fund's capital has reached the minimum size provided in its Constitution the size of that capital falls below that minimum size, the Fund Manager must immediately notify the DFSA of that fact.
- (2) The notification under (1) must also:
- (a) state the Fund Manager's grounds for believing that the Fund is still commercially viable and the purpose of the Fund can still be accomplished; and
 - (b) be accompanied by the relevant Unitholders' resolution supporting the Fund Manager's views in (1); or
 - (c) state what steps the Fund Manager has taken or will take to wind up the Fund.

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9 ACCOUNTING, AUDIT AND PERIODIC REPORTING OF A FUND

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9.4 Periodic Reports

Annual and interim reports

- 9.4.1** (1) In order to provide the Unitholders with relevant and up-to-date information about the performance and management of a Fund, a Fund Manager must, subject to (2), produce one interim report and one annual report in respect of each Fund it operates in accordance with the Rules in this section.
- (2) The Fund Manager of a Qualified Investor Exempt Fund is not required to comply with the requirements in Rules in this section relating to the production of an interim report for that Fund unless there has been a material change relating to the Fund during the relevant period.
- (3) For the purposes of (2), the relevant period in relation to a Fund is the 6 month period referred to in Rule 9.4.2 (4)(a).

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- 9.4.2** (1) A Fund Manager must produce the required annual report and interim report as follows:
- (a) an annual report within four months after the end of each annual accounting period; and
 - (b) an interim report within two months after the end of each interim accounting period.
- (2) For the purposes of (1), the first annual accounting period of a Fund begins:
- (a) in the case of a Public Fund, on the date of registration by the DFSA; or
 - (b) in the case of a ~~Private Fund~~ an Exempt Fund or a Qualified Investor Exempt Fund, on the date of notification to the DFSA; and
- ends 12 months later. Thereafter, annual accounting periods cover the period between each subsequent financial year end.
- (3) Notwithstanding the requirement in (2), a Fund Manager may, subject to the prior approval of the DFSA, produce the Fund's reports and accounts in accordance with the Fund Manager's reporting periods.
- (4) For the purposes of (1), an interim accounting period is the period covering:
- (a) 6 months after the date of registration of the Fund with the DFSA in the case of a Public Fund, or the date of notification to the DFSA in the case of an Exempt Fund or ~~Private Fund~~ Qualified Investor Exempt Fund; and
 - (b) 6 months after the anniversary of each annual accounting period.
- (5) If a Fund intends to change its annual or interim accounting period, the Fund Manager must:
- (a) obtain written confirmation from its Auditor that the change of its annual accounting period would not result in any significant distortion of the financial position of the Fund; and
 - (b) obtain the DFSA's prior consent before implementing the change.
- (6) For a Fund which is an Umbrella Fund, the Fund Manager must prepare an interim report for each Sub-Fund, but this is not necessary for the Umbrella Fund as a whole.
- (7) The Fund Manager must prepare the annual and interim reports of the Fund in accordance with Rule 9.2.1.

- (8) The reports must:
 - (a) be supplied free of charge to Unitholders;
 - (b) be available in English,
 - (c) be sent to the DFSA; and
 - (d) if the Fund is a Public Fund, be available for inspection free of charge during ordinary office hours at a place specified.

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Contents of the annual report

9.4.5 An annual report of a Fund, other than a Fund which is an Umbrella Fund, must contain:

- (a) the full audited accounts for the annual accounting period;
- (b) the report of the Auditor in accordance with Rule 9.3.9;
- (c) the report of the Fund Manager in accordance with Rule 9.4.9; and
- (d) if the Fund is a Public Fund, the comparative table in accordance with Rule 9.4.10; ~~or~~ and
- ~~(e) if the Fund is a Private Fund, a statement on the performance of the Fund in accordance with the Constitution and Prospectus; and~~
- ~~(ef)~~ if the Fund is a Public Fund, the Oversight report in accordance with Rule 10.3.13.

9.4.6 An annual report on a Fund which is an Umbrella Fund must contain:

- (a) for each Sub-Fund:
 - (i) the full audited accounts for the annual accounting period;
 - (ii) the report of the Fund Manager in accordance with Rule 9.4.9; and
 - (iii) if the Fund is a Public Fund, the comparative table in accordance with Rule 9.4.10; ~~or~~
 - ~~(iv) if the Fund is a Private Fund, a statement on the performance of the Sub-Fund in accordance with the Constitution and Prospectus;~~
- (b) an aggregation of the accounts required by (a)(i) for each Sub-Fund;

- (c) the report of the Auditor in accordance with Rule 9.3.9; and
- (d) if the Fund is a Public Fund, the Oversight Report in accordance with Rule 10.3.13.

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9.5 Table illustrating content of the annual report

Guidance

Type of Report	CIR Ref	Public Funds	Private Funds	Exempt Funds	QIEF
Annual and interim reports	9.4.2	✓	✓	✓	<u>Annual Report only. An interim report is required only if there has been a material change during the interim accounting period</u>
Fund Manager's Report	9.4.9	✓	✓	✓	<u>✓</u>
Auditor's Report	9.4.6	✓	✓	✓	<u>✓</u>
Oversight Report	10.3.13	✓	Not applicable	Not applicable	<u>Not applicable</u>
Comparative Table	9.4.10	✓	Performance Statement (9.4.5(e))	Not applicable	<u>Not applicable</u>
Eligible Custodian Report	9.4.7(2)	Hedge Funds only	Hedge Funds only	Hedge Funds only	<u>Hedge Funds only</u>
<u>Investment Independent Committee</u>	<u>9.4.7(1) 13.3.1 & 13.4.3</u>	Private Equity Funds, and Property Funds and where appropriate	Private Equity Funds, Property Funds and where appropriate	Private Equity Funds, and Property Funds and where appropriate	<u>Not applicable</u>

This table illustrates the different content requirements for an annual reports of a ~~Public Domestic Fund and a Private Fund.~~ Public Domestic Fund and a Private Fund.

PART 5: RULES SPECIFIC TO DIFFERENT TYPES OF DOMESTIC FUNDS

Guidance

Article 13 of the Law defines Funds as either Domestic Funds or Foreign Funds. Article 15 of the Law further defines Domestic Funds as falling into three categories, i.e. Public Funds, ~~Private Funds~~ and Exempt Funds and Qualified Investor Exempt Funds. While the core requirements in Part 4 of this module are of common application to most types of Domestic Funds, the requirements in this Part apply only to certain types of Domestic Funds, depending on whether they are Public Funds, ~~Private Funds~~ or Exempt Funds or Qualified Investor Exempt Funds. Where a certain type of Fund is also a specialist class of Funds, there are additional requirements that are prescribed in Part 6.

10 REQUIREMENTS SPECIFIC TO PUBLIC FUNDS

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10.4 Prospectus requirement for Public Funds

Guidance

The disclosure requirements relating to a Prospectus that apply to a Public Fund are somewhat more extensive than the Prospectus disclosure that apply to other types of Funds, in particular, ~~Private Funds~~ and Exempt Funds and Qualified Investor Exempt Funds. However, as Prospectus disclosure is a matter closely linked to the marketing of Funds, Prospectus requirements relating to the relevant types of Funds are set out in Part 7 of this module, which deals with the Offer of Units of Funds.

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~~11 DELETED REQUIREMENTS SPECIFIC TO PRIVATE FUNDS~~

~~11.1 Notification Requirement for a Private Fund~~

~~11.1.1~~ A Fund Manager of a Private Fund, when notifying the DFSA pursuant to Article 34 of the Law, must also include:

- ~~(a)~~ a general description of the Fund, including the nature of its investments and the intended size of the Fund in monetary terms;
- ~~(b)~~ if it is a Hedge Fund which has appointed a prime broker pursuant to Rule 13.6.3:
 - ~~(i)~~ the details relating to the identity of the prime broker and its Regulator; and
 - ~~(ii)~~ a legal certification that all the requirements in Rule 13.6.3 relating to the use of prime brokers have been fully complied with by the Fund Manager; and
- ~~(c)~~ the name of the jurisdiction in which the Fund Manager is domiciled if it is an External Fund Manager, and the details of the Appointed Fund Administrator or Trustee to that Fund for the purposes of Rule 6.1.3.

~~11.2 Meeting the criteria to be classified as a Private Fund~~

~~Guidance~~

- ~~1.~~ Article 16(2) of the Law provides that a Domestic Fund may be constituted as a Private Fund only if it meets the criteria in Article 16(3). The Private Fund criteria under Article 16(3) provide that such a Fund:
 - ~~a~~ has or intends to have 100 or fewer Unitholders;
 - ~~b~~ has its Units offered to persons only by way of a private placement; and
 - ~~c~~ has only Unitholders each of whom meets the criteria to be classified as a Professional Client.
- ~~2.~~ Under Article 16(6), the DFSA has the power to prescribe, among other things, the relevant criteria to be classified as a Professional Client and what activities constitute private placement.
- ~~3.~~ Under Article 26(1) of the Law, a Private Fund is required to have one of the permitted forms, i.e. an Investment Company, Investment Partnership or an Investment Trust. However, certain types of Private Funds which belong to a specialist class of Funds may be permitted to use only some and not all the permitted forms. See Part 6 for those variations.

4. ~~If a Private Fund can no longer meet the relevant criteria to be classified as a Private Fund, the Fund Manager of that Fund is required, under Article 34(3) of the Law, to apply for the winding up of that Fund. Alternatively, the Fund Manager may have that Fund moved to the classification of either a Public Fund or Exempt Fund, which requires the satisfaction of the requirements and formalities specific to those types of Funds.~~
5. ~~In addition to the requirements specific to Private Funds, such a Fund must also meet the core requirements that are common to most Domestic Funds, which are set out in Part 4 of this module.~~

11.2.1 ~~(1) A Fund may be classified as a Private Fund only if it fulfils the criteria in Article 16(3) of the Law at the inception of the Fund and, on an on-going basis.~~

~~(2) A Fund Manager must ensure that a Fund which is or is intended to be established and operated as a Private Fund meets the criteria in Article 16(3) of the Law both at the inception of the Fund and on an on-going basis.~~

~~(3) For the purposes of (2), where a Fund Manager makes arrangements with other Authorised Firms or Persons in other jurisdictions to Offer to issue or sell the Units of a Private Fund, then it must take reasonable steps to ensure that those Authorised Firms or other Persons do not Offer to issue or sell the Units in a manner that would result in a breach of the criteria in Article 16(3) of the Law.~~

~~(4) As soon as a Fund Manager becomes aware that a Private Fund it manages no longer meets or is likely to not meet the criteria in Article 16(3) of the Law, it must immediately:~~

~~(a) commence proceedings relating to the winding up of the Fund, or alternatively, take necessary steps to have the Fund registered as a Public Fund or an Exempt Fund; and~~

~~(b) notify the DFSA of that fact and the measures it has already taken and proposes to take under (a).~~

11.2.2 ~~(1) The following criteria are hereby prescribed by the DFSA for the purposes of Article 16(7)(a) and (b) of the Law:~~

~~(a) a Person meets the criteria to be a Professional Client if that Person is a Client specified under COB Rule 2.3.2; and~~

~~(b) Units of a Fund are Offered by private placement if, and only if, an Offer of the Units is made to a Person who is likely to be interested in the Offer having regard to:~~

~~(i) previous contact between the Person making the Offer and that Person;~~

- ~~(ii) a professional or other connection between the Person making the Offer and that Person; or~~
- ~~(iii) statements or actions by that Person that indicate that he is interested in Offers of that kind.~~

Guidance

Generally a firm will not be able to undertake mass marketing activities relating to Units of Exempt Funds because such marketing would likely to amount to a public offer, which can only be made in respect of a Unit of a Public Fund.

11.3 Private Fund Prospectus

Guidance

The disclosure requirements relating to a Prospectus that apply to a Private Fund are different to the Prospectus disclosure required for other types of Funds, in particular, Private Funds and Exempt Funds. However, as Prospectus disclosure is a matter closely linked to the marketing of Funds, Prospectus requirements relating to the relevant types of Funds are set out in chapter 14.

12 REQUIREMENTS SPECIFIC TO EXEMPT FUNDS

12.1 Meeting the criteria conditions to be classified as an Exempt Fund

Guidance

1. Article 16(2) of the Law provides that a Domestic Fund may be constituted as an Exempt Fund only if it ~~meets the criteria~~ satisfies all of the conditions in Article 16(4). ~~The Exempt Fund criteria under~~ Article 16(4) provides that ~~such a an Exempt Fund~~ must:
 - a. ~~have or intend to have~~ 100 or fewer Unitholders;
 - b. have its Units offered to persons only by way of a private placement;
 - c. have only Unitholders each of whom meets the criteria to be classified as a Professional Client; and
 - d. have a minimum subscription of at least US\$50,000 for a person to become a Unitholder in the Fund.
- ~~2. Under Article 16(6), the DFSA has the power to prescribe, among other things, the relevant criteria to be classified as a Professional Client and what activities constitute private placement.~~
23. Under Article 26(1) of the Law, an Exempt Fund is required to have one of the permitted forms, i.e. an Investment Company, Investment Partnership or an Investment Trust. However, certain types of Exempt Funds which belong to a

specialist class of Funds may be permitted to use only some and not all the permitted forms. See Part 6 for those variations.

34. If an Exempt Fund can no longer meet the relevant criteria conditions to be classified as an Exempt Fund, the Fund Manager of that Fund is required, under Article 34(3), to apply for the winding up of that Fund. Alternatively, the Fund Manager may have that Fund moved to the classification of a Public Fund, which requires the satisfaction of the requirements and formalities specific to that type of Fund.
45. In addition to the requirements specific to Exempt Funds, such a Fund must also meet, except where otherwise provided, the other requirements that are common to all Domestic Funds, which are set out in Part 4 of this module.
56. Units of Exempt Funds, ~~like Units of Private Funds~~, can only be Offered by way of ~~Private Placement~~ and to Professional Clients, but must meet the additional criterion of a minimum subscription test of US\$50,000. The definitions of Professional Client ~~these terms provided in relation to Private Funds~~ is set out in Rule 1.3.1 ~~1.2.2 apply equally to Exempt Funds~~.
6. Generally a firm will not be able to undertake mass marketing activities relating to Units of Exempt Funds because such marketing would not meet the Private Placement requirement, and would be likely to amount to a public offer, which can only be made in respect of a Unit of a Public Fund.

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12A REQUIREMENTS SPECIFIC TO QUALIFIED INVESTOR EXEMPT FUNDS

12A.1 Meeting the conditions to be classified as a Qualified Investor Exempt Fund

Guidance

1. Article 16(2) of the Law provides that a Domestic Fund may be constituted as a Qualified Investor Exempt Fund only if it satisfies all of the conditions in Article 16(5). Article 16(5) provides that a Qualified Investor Exempt Fund must:
 - (a) have 50 or fewer Unitholders;
 - (b) have its Units offered to persons only by way of Private Placement;
 - (c) have only Unitholders each of whom meets the criteria to be classified as a Professional Client; and
 - (d) have an initial subscription to be paid by a person to become a Unitholder in the Fund of at least US\$1,000,000.
2. The definition of “Professional Client” is set out in Rule 1.3.1.
3. Generally a firm will not be able to undertake mass marketing activities relating to Units of Qualified Investor Exempt Funds because such marketing would not

meet the Private Placement requirement, and would be likely to amount to a public offer, which can only be made in respect of a Unit of a Public Fund.

- 12A.1.1**
- (1) A Fund may be classified as a Qualified Investor Exempt Fund but only if it fulfils the conditions in Article 16(5) of the Law at the inception of the Fund and on an on-going basis.
 - (2) A Fund Manager must ensure that a Fund which is or is intended to be established and operated as a Qualified Investor Exempt Fund meets the conditions in Article 16(5) of the Law both at the inception of the Fund and on an on-going basis.
 - (3) For the purposes of (2), where a Fund Manager makes arrangements with other Authorised Firms or Persons in other jurisdictions to Offer to issue or sell the Units of a Qualified Investor Exempt Fund, then it must take reasonable steps to ensure that those Authorised Firms or other Persons do not Offer to issue or sell the Units in a manner that would result in a breach of the conditions in Article 16(5) of the Law.
 - (4) As soon as a Fund Manager becomes aware that a Qualified Investor Exempt Fund it manages no longer meets or is likely not to meet the conditions in Article 16(5) of the Law, it must immediately:
 - (a) commence proceedings relating to the winding up of the Fund, or alternatively, take necessary steps to have the Fund reconstituted as an Exempt Fund or registered as a Public Fund; and
 - (b) notify the DFSA of that fact and the measures it has taken and proposes to take under (a).

12A.2 **Responsibilities of a Fund Manager of a Qualified Investor Exempt Fund**

Guidance

1. While a Fund Manager of a Qualified Investor Exempt Fund is exempt from many of the detailed requirements applicable to Public Funds and Exempt Funds, it will continue to be subject to most of the main obligations of Fund Managers. Therefore, such a Fund Manager should be mindful that when managing a Qualified Investor Exempt Fund, it is subject to some of the overarching obligations applicable to Fund Managers, particularly:
 - (a) Article 22 of the Law (Fund Manager's general duties and functions);
 - (b) Article 38 of the Law and GEN chapter 5 (Systems and controls requirements); and
 - (c) GEN section 4.2 (The Principles for Authorised Firms).
2. For example, a Fund Manager of a Qualified Investor Exempt Fund needs to observe high standards of integrity and fair dealing, and apply due skill, care and

diligence, in managing the Fund. Similarly, it must have adequate systems and controls to ensure that the affairs of the Fund are effectively managed, taking into account the nature, scale and complexity of the Fund's operations and the investment objectives and needs of its investors.

12A.3 **Custody of fund property**

- 12A.3.1** (1) The Fund Manager of a Qualified Investor Exempt Fund that is not an Investment Trust shall ensure that the legal title to Fund Property is held either:
- (a) by an eligible person in accordance with Article 27(1)(e) of the Law; or
 - (b) by the Fund Manager itself.
- (2) If the Fund Manager of a Qualified Investor Exempt Fund itself holds Fund Property in the manner permitted under (1)(b), it must have in place effective arrangements which ensure that the Fund Property is not available to creditors in the event of the Fund Manager's insolvency.

Guidance

Article 27(1)(e) requires a Domestic Fund that is not an Investment Trust to have an eligible person with whom the legal title to the Fund Property is registered. This requirement applies unless the Rules provide otherwise. Rule 12A.3.1(1)(b) permits a Fund Manager of a Qualified Investor Exempt Fund to hold the Fund Property itself as an alternative to it being held by an eligible person. Irrespective of the method used to hold Fund Property, the Fund Manager must ensure that, in accordance with Article 22(2)(f) of the Law, Fund Property is clearly identified as such and held separately from property of the Fund Manager and any other Funds. In addition, if the Fund Manager holds the Fund Property itself, Rule 12A.3.1(2) requires the Fund Manager to have in place effective arrangements to ensure that the Fund Property cannot be used by creditors in the event of the Fund Manager's insolvency.

PART 6: RULES SPECIFIC TO SPECIALIST CLASSES OF DOMESTIC FUNDS

Guidance

1. Article 17 of the Law confers on the DFSA the power to prescribe any type of Domestic Fund (i.e. a Public Fund, ~~Private Fund or an Exempt Fund, or a Qualified Investor Exempt Fund~~) as a “specialist class” of a Domestic Fund and in so doing apply any requirements as are suitable for that specialist class of Funds. This Part sets out the requirements that apply to such a Fund by virtue of being a specialist class of Fund.
2. Most of the requirements that are set out in this part as applying to specialist classes of Domestic Funds are generally in addition to the core requirements that apply to every Domestic Fund (see Part 4). Further, depending on whether it is a Public Fund, ~~Private Fund or an Exempt Fund or a Qualified Investor Exempt Fund~~, the additional requirements in Part 5 of this module would also apply to a specialist class of Fund.
3. A Qualified Investor Exempt Fund may be constituted as a specialist class of a Domestic Fund without being subject to most of the detailed requirements that would normally apply to such specialist classes of Funds. However, there are some requirements which need to be met as the obligation to do so arises under the general provisions applicable to certain specialist classes of Funds, regardless of whether such Funds are Public Funds, Exempt Funds or Qualified Investor Exempt Funds. An example is a Fund constituted as an Islamic Fund. While some of the detailed requirements such as the appointment of a Shari’a Supervisory Board do not apply to the Fund Manager of an Islamic Qualified Investor Exempt Fund (see IFR 6.2.1), the other general requirements such as ensuring compliance with Shari’a requirements continue to apply to such Funds and the Fund Manager.
4. The only specialist class requirements in this chapter that apply to a Qualified Investor Exempt Fund are those in Rule 13.6.3 and section 13.7 (Umbrella Funds).

13. ADDITIONAL REQUIREMENTS FOR SPECIALIST FUNDS

13.1 Application to Qualified investor Exempt Funds

13.1.1 Only Rule 13.6.3 and section 13.7 of this chapter apply to, or in relation to, a Qualified Investor Exempt Fund.

13.1A Fund of Funds

Guidance

See Rule 3.1.3 for the definition of a Fund of Funds.

13.1.1A (1) A Fund manager of a Fund of Funds may not invest in:

- (a) another Fund of Funds;
 - (b) a Feeder Fund;
 - (c) any Fund which is dedicated to investment in a number of Funds;
 - (d) any Fund which is dedicated to investment in a single Fund or in a single investment trust; and
 - (e) any Sub-Fund of an Umbrella Fund or Sub-Fund of any other Fund which is equivalent to a Fund within (a) to (d).
- (2) Not more than 25% in value of the Fund Property is to consist of Units in any one Fund.
- (3) For the purpose of (1) and (2), each Sub-Fund of an Umbrella Fund and of an equivalent Fund is to be treated as if it were a separate Fund.

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13.4 Property Funds

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Borrowing

- 13.4.5**
- (1) The Fund Manager of a Public Property Fund may borrow either directly or through its Special Purpose Vehicle for financing investment or operating purposes but aggregate borrowings must not at any time exceed 80% of the total net asset value of the Fund.
 - ~~(2) The Fund Manager of a Private Property Fund may borrow either directly or through its Special Purpose Vehicle for financing investment or operating purposes but aggregate borrowings must not at any time exceed 100% of the total net asset value of the Fund.~~
 - ~~(2)~~ (3) The Fund Manager of a Fund may pledge the Fund's assets to secure borrowings under (1) and ~~(2)~~.
 - ~~(3)~~ (4) In the event that the borrowing limit under (1) and ~~(2)~~ is exceeded, the Fund Manager must inform the Trustee (if appointed), the Unitholders and the DFSA of the magnitude of the breach, the cause of the breach, and the proposed method of rectification. The Fund Manager must use its best endeavours to reduce as soon as reasonably possible the excess borrowings.

- (45) All borrowings by the Fund must be conducted at arm's length.
- (56) Borrowings by any Special Purpose Vehicles held by the Fund must be aggregated for the purpose of calculating borrowings of the Fund for the purposes of this Rule.

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13.6 Hedge Funds

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Use of prime brokers

13.6.3 A Fund Manager of a Hedge Fund may only grant to a prime broker authority to combine the assets of the Fund with any other assets held by or available to the prime broker as collateral for any financing activities to be undertaken by the prime broker where, and so long as, all the following conditions are met:

- (a) the Fund is ~~a Private Fund or~~ an Exempt Fund or a Qualified Investor Exempt Fund;
- (b) the Prospectus of the Fund contains, in addition to the disclosure required under chapter 14, the following mandatory disclosure and warnings:
 - (i) the identity and profile of the prime broker, including where it is located and how it is regulated;
 - (ii) the services which the prime broker provides to the Fund and the nature and extent to which the prime broker has the power and authority to combine the assets of the Fund with any other assets held by or available to the prime broker as collateral for any financing activities undertaken by the prime broker; and
 - (iii) a prominent health warning in the Prospectus to alert prospective Unitholders to the facts that:
 - (A) the Fund's appointed prime broker has the power and authority to use as collateral the assets of the Fund in conjunction with any other assets held by or available to the prime broker; and
 - (B) where the prime broker uses Fund assets as collateral pursuant to the above power, the Unitholders may lose

all the assets of the Fund in the event of the insolvency of the prime broker;

- (c) the Person appointed as the prime broker qualifies as an Eligible Custodian;
- (d) the agreement between the prime broker and the Fund Manager contains mandatory contractual provisions that:
 - (i) prohibit the prime broker from using as collateral the assets of the Fund to an extent exceeding 140% of the Fund's indebtedness to the prime broker at any given time; and
 - (ii) create an irrevocable right in favour of the Fund that enables any indebtedness of the Fund to the prime broker to be set off against any amounts that are owing by the prime broker to the Fund, including in the event of the insolvency of the prime broker; and
- (e) the Fund Manager has in place adequate valuation procedures to mark positions to market daily in order to meet on an ongoing basis the restriction referred to in (d)(i) relating to the limit to which the prime broker may use as collateral the assets of the Fund.

Guidance

1. If the prime broker holds the legal title to the Fund assets, the prime broker must, in any event, qualify as an Eligible Custodian. However, even if a prime broker does not hold the legal title to the Fund assets, Rule 13.6.2(c) requires it to meet the Eligible Custodian requirements in certain circumstances. This is where it has the power to use Fund assets as collateral for its financing activities (e.g. by having a charge over the Fund assets) in conjunction with any other assets held by or available to it.
2. In relation to the matters referred to in Rules 13.6.1 and 13.6.2 and in relation to management of Hedge Fund investments, the DFSA expects Fund Managers of Hedge Funds to have proper regard to best practice standards and guidance set out in App 7, DFSA's Hedge Fund Code of Practice as well as international developments relating to Hedge Funds.

[Note: the following section on Umbrella Funds is included for reference only as it is referred to earlier in the chapter in Rule 13.1.1.]

13.7 Umbrella Funds

Guidance

See Rule 3.1.10 for the definition of an Umbrella Fund.

Form of an Umbrella Fund

13.7.1 Subject to any restrictions in the Law and the Rules in this module, an Umbrella Fund:

- (a) may be formed as a Protected Cell Company (PCC); and
- (b) must be an open-ended Fund if formed as a PCC.

Guidance

1. A Protected Cell Company (PCC) is a form of Investment Company which needs to be registered as a PCC under the Companies Regulations. An Umbrella Fund using the PCC structure has the benefit of legal segregation of Fund Property forming part of each individual cell. Accordingly, Fund Property of one cell of a PCC is not available to pay any obligations arising in relation to another cell of that PCC.
2. It is not mandatory for an Umbrella Fund to be constituted as a PCC. Instead, such Funds may be formed as a conventional Investment Company or Investment Trust. However, the legal segregation available to each cell of a PCC is not available to Sub-Funds of Umbrella Funds not formed as a PCC.

Investments of an Umbrella Fund

13.7.2 A Fund Manager of an Umbrella Fund must ensure that none of its Sub-Funds invests in another of its Sub-Funds.

Guidance

Requirements that apply to other Funds apply to Umbrella Funds equally, although there are some Umbrella Fund specific requirements. For convenience of reference, key provisions specific to Umbrella Funds are identified in the following Table.

13.7.3 Additional requirements specific to Umbrella Funds

Rule	Requirements
Rule 3.1.10	Definition
Rule 13.7.1	Form of an Umbrella Fund
Rules 9.4.2	Annual and interim reports
Rules 9.4.6	Content of the annual report of an Umbrella Fund
Rules 9.4.9	Fund Manager's Report
Rules 13.7.2	Investment restrictions applicable to Fund of Funds when investing in a Sub-Fund
App A7.1.1(2)(h) & 17	Content of a Public Fund Prospectus
Rules 14.3.5	Content of a Short Form Prospectus
Rules 16.1.1, 16.1.3(3) (4) & (5)	Transfer schemes
Rules 17.1.1 & 17.1.6	Winding up

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14 MARKETING OF DOMESTIC FUNDS AND PROSPECTUS DISCLOSURE

14.1 Prospectus disclosure for Domestic Funds

Guidance

1. While a Person is required by virtue of Article 50(1) of the Law when making an Offer of a Unit of a Domestic Fund to another Person to make available to that other Person a Prospectus, the obligation to produce a Prospectus is imposed under Article 51(a) of the Law on the Fund Manager of a Domestic Fund.
2. This chapter sets out the detailed requirements that apply to the Fund Manager who is obliged to produce a Prospectus, and the obligations and liabilities relating to Prospectuses, as well as the obligation relating to making available a Prospectus which applies to the activity of making an Offer of Units.
3. Some requirements relating to Prospectus disclosure are common to all Domestic Funds. However, in other areas, particularly relating to the content of disclosure required in a Prospectus, and the manner of distribution, different requirements apply depending on whether the Fund is a Public Fund, ~~Private Fund or Exempt Fund~~ or Qualified Investor Exempt Fund. Further, specialist class of Funds attract additional disclosure requirements that are unique to their activities. This chapter sets out those requirements and where necessary by reference to the types and classes of Domestic Funds.
4. Article 14(2) of the Law provides that the requirements relating to Domestic Funds do not apply to an External Fund (i.e. a Fund established in a jurisdiction other than the DIFC by a DFSA licensed Fund Manager), unless otherwise provided in the Law or Rules. As a result, the general Prospectus requirements set out in the Law and this module do not apply to External Funds, except that:
 - a. any offer document prepared for the purposes of complying with the requirements applicable in the jurisdiction in which the External Fund is established is regarded as a Prospectus for the purposes of the requirements relating to the Offer of Units of such a Fund in or from the DIFC (see Article 50(3)(d) of the Law); and
 - b. the DFSA has the power to prescribe any additional disclosure to be included in such a document (see Articles and 50(2) of the Law).

Those requirements are specified in Rules 14.2.4 – 14.2.7.

Application

- 14.1.1**
- (1) This chapter applies, subject to (4), to a Fund Manager of a Domestic Fund, and each Director or partner of the Fund Manager and, if it has a Governing Body, each member of that body.
 - (2) This chapter also applies to an Authorised Firm, and each of its Directors or partners, where such a Firm is not the Fund manager and undertakes the marketing of Units of a Domestic Fund.

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- (3) This chapter also applies to other specified Persons to the extent so specified.
 - (4) Only this Rule and the following requirements in this chapter apply to, or in relation to, a Qualified Investor Exempt Fund:
 - (a) Rule 14.2.1;
 - (b) Rules 14.2.4 to 14.2.7;
 - (c) Rule 14.4.6;
 - (d) Rules 14.5.1 and 14.5.2; and
 - (e) Rules in section 14.6.

Guidance

An External Fund Manager must also comply with the requirements in this chapter, because it is managing a Domestic Fund (i.e. a Fund established or domiciled in the DIFC- See Article 13(2)(a) of the Law).

14.2 General Requirements relating to Prospectuses**14.2.1****Supplementary and Replacement Prospectuses****Guidance**

1. Article 52(4) of the Law requires a Fund manager to issue, if, at any time after the issue of a Prospectus there is a material change affecting any matter contained in the Prospectus or a significant new matter arises, a Supplementary or a Replacement Prospectus in the manner prescribed in the Rules.
2. Under Article 50(3) of the Law, any reference in the Law and the Rules to a Prospectus includes a ~~Short Form Prospectus of a Private Fund~~, an Information Memorandum of an Exempt Fund and any Supplementary or Replacement Prospectus, unless otherwise provided. Accordingly, all requirements that apply to a Prospectus apply equally to each of those documents except where stated otherwise.

.....**14.3 Prospectus content****.....**

Short Form Prospectus of a Private Fund

~~14.3.2~~ Without limiting the generality of the Prospectus disclosure required under Article 52 of the Law, the Fund Manager must, in the case of a Private Fund, include in the Prospectus of the Fund:

- ~~(a)~~ the information in Rule 14.3.5;
- ~~(b)~~ if it is a specialist class of a Private Fund, any information that is relevant to that specialist class of Fund as set out in section 14.4; and
- ~~(c)~~ the mandatory statement required under Rule 14.3.4.

14.3.23 Information Memorandum of an Exempt Fund or a Qualified Investor Exempt Fund

Guidance

1. Under Article 50(3)(b) of the Law, an Information Memorandum of an Exempt Fund or a Qualified Investor Exempt Fund is a Prospectus for the purposes of the Law and the Rules unless otherwise provided. In limited circumstances, the Rules prescribe additional disclosure to be included in a Prospectus of an Exempt Fund (for example Rule 13.6.3 where an Exempt Fund appoints a prime broker with certain additional powers).
2. There is no detailed prescribed disclosure content for the Information Memorandum of an Exempt Fund or a Qualified Investor Exempt Fund. However, as an Information Memorandum is a Prospectus, it is subject to the disclosure obligation in Article 50(2) of the Law. As a result, a Fund Manager of such a an Exempt Fund must include all the information which Professional Clients to whom it intends to Offer Units of the ~~Exempt~~ Fund would reasonably require and expect to find in such a Prospectus. This is to enable such Clients to make an informed decision relating to investing in the Fund.

Mandatory statement

14.3.34 (1) A Fund Manager of a Public Fund ~~other than that of an Exempt Fund~~ must include in the Fund's Prospectus, ~~with appropriate adjustments to indicate whether it is a Prospectus, Short Form Prospectus or Information Memorandum as is relevant,~~ the following statement displayed prominently on its front page:

“This Prospectus relates to a DIFC Fund in accordance with the Collective Investment Law [2010] and Rules of the Dubai Financial Services Authority (“DFSA”).

The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this Domestic Fund. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.

The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Units offered should conduct their own due diligence on the Units.

If you do not understand the contents of this document you should consult an authorised financial adviser.”

(2) In the case of a Public Fund which is a Listed Fund, the Fund Manager must include, instead of the statement referred to in (1), the statement required under MKT Rule 6.3.1(1)(b)(iii).

~~(2) If the Fund is a Private Fund, the Fund Manager must ensure that the statement referred to in (1) includes the following statement:~~

~~“This Short Form Prospectus is intended for distribution only to Professional Clients as specified in these Rules and must not, therefore, be delivered to, or relied on by, a Retail Client.”~~

(3) If the Fund is an Exempt Fund, the Fund Manager must include, in addition to the statement referred to in (1), ensure that the statement referred to in (1) includes the following statement:

“This Information Memorandum is intended for only Professional Clients who can make a minimum subscription of US\$50,000 as specified in these Rules and must not, therefore, be delivered to, or relied on by, a Retail Client or a Professional Client not able to make that minimum subscription.”

~~Content of a Short Form Prospectus~~

~~14.3.5 A Short Form Prospectus must contain the following information:~~

- ~~(a) the name of the Private Fund;~~
- ~~(b) particulars of the Fund Manager and, if applicable the Trustee and its regulatory status;~~
- ~~(c) details of the Eligible Custodian, any independent investment committee or other similar arrangements in respect of the Fund;~~
- ~~(d) a detailed description of the Fund, its investment objectives and policy, and the nature of its investments;~~
- ~~(e) particular risks to a prospective Unitholder associated with the type of Fund and its investments;~~
- ~~(f) particulars of management of the Fund and other service providers including:

 - ~~(i) the name of any Service Provider;~~~~

- ~~(ii) which Financial Services Regulator regulates that Person;
and~~
- ~~(iii) details of the arrangements;~~
- ~~(g) any applicable charges and the basis upon which such charges will be calculated;~~
- ~~(h) details of dealing and redemption or other exit arrangements and any costs to the Unitholders as a result thereof;~~
- ~~(i) details of investment and borrowing powers and, if the Fund is permitted by its Constitution and the Rules to borrow money in excess of 200% of the net asset value of the Fund, full details of the manner in which the risk posed by such borrowing is to be managed;~~
- ~~(j) a statement that this document is the Prospectus of the Private Fund valid as at a particular date which shall be the date of the Prospectus;~~
- ~~(k) a statement that no Units will be issued on the basis of the Prospectus after the expiry date specified in the Prospectus; and~~
- ~~(l) if the Fund is an Umbrella Fund, information relating to its Sub-Funds and any costs or restrictions relating to switching between Sub-Funds.~~

14.4 Additional Prospectus disclosure for specialist Funds

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14.4.3 A Fund Manager of a Public Property Fund must also disclose in the Fund's Prospectus, in addition to the standard disclosure requirements, in respect of investment limits, the following information:

- (a) what percentage of the Property Fund's net assets may consist of property related assets which are not traded in or dealt on markets provided for in the Constitution;
- (b) unless the Constitution and the Prospectus state that the Fund invests in a single property, the maximum percentage of the Fund's net assets which may be invested in any single property or, if applicable, the conditions under which the Fund may derogate from this restriction;
- (c) the maximum percentage of the Property Fund's net assets which may be invested in properties which are vacant, in the process of development or requiring development; and

- (d) the maximum percentage of the Property Fund's net assets which may be invested in properties which are subject to a mortgage; and
- ~~(e) If it is a Private Fund, that borrowing may not exceed 100% of the value of the net assets of the Property Fund, which may be generally secured on the properties of the Fund.~~

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[Note: the following Rule is included for reference as it is referred to earlier in the chapter in Rule 14.1.1.]

Prospectus for a Hedge Fund

14.4.6 A Fund Manager of a Hedge Fund must prominently disclose to prospective Unitholders in the Prospectus and any other financial promotions relating to the Fund, the following Mandatory Hedge Fund Disclosure Statement:

“When considering investment in a Hedge Fund you should consider the fact that some Hedge Fund products use leverage and other speculative investment practices that may increase the risk of investment loss, can be illiquid, may involve complex tax structures, often charge high fees, and in many cases the underlying investments are not transparent and are known only to the Hedge Fund Investment Manager.”

Returns from Hedge Funds can be volatile and you may lose all or part of your investment. With respect to single manager products the manager has total trading authority and this could mean a lack of diversification and higher risk. The Hedge Fund may be subject to substantial expenses that are generally offset by trading profits and other income. A portion of those fees is paid to the Hedge Fund Manager.”

14.5 Obligation relating to making a Prospectus available

14.5.1 (1) A Fund Manager of a Domestic Fund must make the Fund's most recent Prospectus available free of charge to any Unitholder and to any Person who is eligible to invest in the Fund when making an Offer to issue or sell a Unit of the Fund to such a Person, and, in any case, must not enter into a Transaction relating to the issue or sale of a Unit of the Fund with a Person unless that Transaction results from an Excluded Offer as defined in section 4.1 of this module.

- (2) A Fund Manager of a Domestic Fund which is a ~~Private Fund or an Exempt Fund~~ or a Qualified Investor Exempt Fund must not, and must not cause any other Person to, make an Offer of Units of such a Fund in a manner that would result in a breach of the requirements in Article ~~16(3) or (4)~~ or (5) of the Law as is applicable to that Fund.

Guidance

1. Section 4.1 of this module contains the definitions of Excluded Offers, such as Execution-only Transactions and Transactions with market Counterparties.
2. A Fund Manager should note the requirements in Article 50(1) of the Law. Accordingly, a Prospectus drawn up pursuant to Rule 14.1.3 should be made available to prospective Unitholders for as long as the Offer is open and once the Offer is closed, the Fund Manager's obligation to make the Prospectus available would cease.
3. Articles ~~16(3) and (4) and (5)~~ 16(3) and (4) and (5) of the Law sets out the conditions that must be satisfied ~~criteria~~ for ~~Private Funds and Exempt Funds and Qualified Investor Exempt Funds~~ Private Funds and Exempt Funds and Qualified Investor Exempt Funds. In particular, these articles require that Units in ~~an Private Fund or Exempt Fund or a Qualified Investor Exempt Fund~~ an Private Fund or Exempt Fund or a Qualified Investor Exempt Fund may only be Offered for issue or sale by means of a Private Placement with Professional Clients, and in a manner which does not result in the Fund having more than 100 Unitholders or 50 Unitholders, as is applicable.

- 14.5.2** (1) Where an Authorised Firm Offers a Unit of a Domestic Fund to a Person it must make available to that Person a copy of the most recent Prospectus at the time of the Offer or before effecting the Transaction in relation to the Units, unless that Transaction results from an Excluded Offer as defined in section 4.1 of this module.
- (2) An Authorised Firm must not make an Offer of Units of a ~~Private Fund or an Exempt Fund~~ or a Qualified Investor Exempt Fund in a manner that would result in a breach of the requirements in Articles ~~16(3) or (4)~~ or (5) of the Law as is applicable to that Fund.

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[Note: the Rules in the following section are included for reference as the section is referred to earlier in the chapter in Rule 14.1.1.]

14.6 Responsibility for Prospectus

Prescribed persons

- 14.6.1** (1) For the purposes of Article 58(1) of the Law, the following Persons are prescribed as being responsible for a Prospectus:
- (a) the Fund Manager;

- (b) where the Fund is a Body Corporate, each Person who is a Director of that Body Corporate at the time when the Prospectus is filed;
 - (c) where the Fund is an Investment Undertaking, each Person who is authorised to be named, and is named, in the Prospectus as a Director, General Partner or member of the Governing Body or as having agreed to become such a Person of that Fund either immediately or at a future time;
 - (d) each Person who accepts, and is stated in the Prospectus as accepting, responsibility for, or for any part of, the Prospectus;
 - (e) each Person who is deemed to accept responsibility for any part of a Prospectus under these Rules; and
 - (f) each Person not falling within any of the foregoing paragraphs who has authorised the contents of, or of any part of, the Prospectus.
- (2) A Person who has accepted responsibility for, or authorised, only part of the contents of any Prospectus, is responsible only for that part and only if it is included in, or substantially in, the form and context to which he has agreed.
 - (3) Nothing in (1) makes a Person responsible for any part of a Prospectus by reason only of giving advice as to its contents in a professional capacity to a Person specified in (1)(a) to (f).

Exceptions from liability

14.6.2 The circumstances set out in the Rules in this section are prescribed for the purposes of Article 58(2) of the Law.

- 14.6.3** (1) A Person, with the exception of the Fund Manager, will not incur any liability under Article 58(1) of the Law for any loss in respect of Units caused by any such statement or omission if, at the time when the Prospectus was filed for registration or the notification to the DFSA, pursuant to Articles 28 or 34 as is relevant, was made or given he believed on reasonable grounds, having made any enquiries as were reasonable, that the statement was true and not misleading or that the matter whose omission caused the loss was properly omitted and:
- (a) he continued in that belief until the time when the Units were acquired;
 - (b) they were acquired before it was reasonably practicable to bring a correction to the attention of Persons likely to acquire the Units in question;

- (c) before the Units were acquired he had taken all such steps as it was reasonable for him to have taken to ensure that a correction was promptly brought to the attention of Persons likely to acquire the Units in question; or
 - (d) the Units were acquired after such a lapse of time that he ought in the circumstances to be reasonably excused.
- (2) A Person will not incur any liability under Article 58(1) of the Law for any loss in respect of Units caused by a statement purporting to be made by or on the authority of another Person as an expert which is, and is stated to be, included in the Prospectus with that other Person's consent at the time when the Prospectus was filed for registration or the notification to the DFSA pursuant to Article 56 was given, if he believed on reasonable grounds that the other Person was competent to make or authorise the statement and had consented to its inclusion in the form and context in which it was included and:
 - (a) he continued in that belief until the time when the Units were acquired;
 - (b) they were acquired before it was reasonably practicable to bring the fact that the expert was not competent or had not consented to the attention of Persons likely to acquire the Units in question;
 - (c) before the Units were acquired he had taken all such steps as it was reasonable for him to have taken to secure that that fact was promptly brought to the attention of Persons likely to acquire the Units in question; or
 - (d) the Units were acquired after such a lapse of time that, in the circumstances, he ought reasonably to be excused.
- (3) Without prejudice to (1) and (2), a Person will not incur any liability under Article 58(1) of the Law for any loss in respect of any Units caused by any such statement or omission as is there mentioned if:
 - (a) before the Units were acquired a correction or, where the statement was such as is mentioned in (2), the fact that the expert was not competent or had not consented had been published in a manner calculated to bring it to the attention of Persons likely to acquire the Units in question; or
 - (b) he took all such steps as it was reasonable for him to take to secure such publication and believed on reasonable grounds that such publication had taken place before the Units were acquired.
- (4) A Person will not incur any liability under Article 58(1) of the Law for any loss resulting from a statement made by an official Person

or contained in a public official document which is included in the Prospectus if the statement is accurately and fairly reproduced.

- (5) A Person will not incur any liability under Article 58(1) of the Law if the Person suffering the loss acquired the Units in question with knowledge:
 - (a) that the statement was false or misleading;
 - (b) of the omitted matter or of the change; or
 - (c) of the new matter or inaccuracy.

Experts

14.6.4 For the purposes of Article 58 of the Law, an expert is prescribed as a Person accepting responsibility for any statement or report reproduced (in whole or in part) in a Prospectus with that Person's written consent.

14.6.5 A Fund Manager must:

- (a) keep a record of any consent received under Rule 14.5.4; and
- (b) include a statement in the Prospectus that the expert has consented to the reproduction of his statement or report.

15 MARKETING OF FOREIGN FUNDS

15.1 Access to Foreign Funds and availability of Prospectus

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Offer of Units of Foreign Funds under Article 54(1)(c) of the Law that meet ~~Exempt Fund~~ criteria

- 15.1.9** (1) An Authorised Firm may not make an Offer of a Unit of a Foreign Fund under the criteria in Article 54(1)(c) of the Law unless:
 - (a) it has first satisfied itself on reasonable grounds that the Fund meets the ~~Exempt Fund criteria~~ conditions specified in Article 16(4)(a) to (d) or Article 16(5)(a) to (d) of the Law; and
 - (b) it makes the Offer in a manner that is in accordance with the ~~criteria~~ conditions in Article 16(4) or (5) of the Law.
- (2) An Authorised Firm that relies on (1) for Offering Units of a Foreign Fund must be able to demonstrate to the DFSA that it conducted adequate due diligence to ensure compliance with (1)(a).

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17 Winding up of Domestic Funds

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17.1 Application

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17.1.3

Guidance

The grounds for winding up of a Domestic Fund under this Rule are in addition to the grounds specified in the Law. Under Article 64(1)(a) and (b) of the Law, a Fund which is no longer commercially viable or the purpose of which is either already accomplished or cannot be accomplished can be wound up. Similarly, under Article 34(3) of the Law, if a Domestic Fund which is ~~a Private Fund or an Exempt Fund~~ or a Qualified Investor Exempt Fund can no longer meet the relevant ~~criteria~~ conditions to be classified as a Fund of that type, the Fund Manager of such a Fund must either ~~be registered~~ it as a Public Exempt Fund (or alternatively reconstitute it as an Exempt Fund if it is a Qualified Investor Exempt Fund) or it must be wound up.

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Funds that are not commercially viable

- 17.1.6**
- (1) If the Fund Manager of a Fund believes on reasonable grounds that the Fund is not commercially viable or the purpose of the Fund cannot be accomplished, the Fund Manager must notify the DFSA and include the information specified in (2).
 - (2) The information referred to in (1) is:
 - (a) name of the Fund;
 - (b) size and type of Fund;
 - (c) number of Unitholders;
 - (d) whether dealing in the Fund's Units has been suspended;
 - (e) why the request is being made;
 - (f) what consideration has been given to the Fund entering into a transfer scheme with another Fund and the reasons why a transfer scheme is not possible;

- (g)
 - (i) whether Unitholders have been informed of the intention to seek winding up or revocation; and
 - (ii) if not, when they will be informed;
 - (h) details of any proposed preferential switching rights offered or to be offered to Unitholders if it is an Umbrella Fund;
 - (i) details of any proposed rebate of charges to be made to Unitholders who recently purchased Units;
 - (j) where the costs of winding-up will fall;
 - (k) a statement obtained from the Trustee or Eligible Custodian or other Persons providing the oversight function if the Fund is a Public Fund or a statement from the Auditor if the Fund is an Exempt Fund or a Qualified Investor Exempt Fund ~~Private Fund~~:
 - (i) that the Fund Manager, having taken reasonable care in considering the matter, is certain that a transfer scheme is not practical;
 - (ii) an explanation of what steps have been considered that would result in the Fund not needing to wind up;
 - (iii) confirmation that the Fund Manager has carried out its function and duties in accordance with the Law and Rules; and
 - (iv) whether the Fund's investment and borrowing powers have been exceeded;
 - (l) the preferred date for the commencement of the winding up; and
 - (m) any additional information considered relevant to the DFSA's consideration.
- (3) The DFSA may request further information after receipt of the notification.

~~PART 9: TRANSITIONAL RULES~~

~~18 TRANSITIONAL RULES~~

~~18.1 Application~~

- ~~18.1.1 (1) This chapter applies, subject to (2), to every Person to whom the Collective Investment Law 2006 and any Rules made for the purposes of that law applied immediately prior to the Effective Date.~~
- ~~(2) The Effective Date for the purposes of the Rules in this chapter is the date on which the Collective Investment Law 2010 comes into force.~~

Guidance

~~1. Article 1 of the Collective Investment Law 2010 provides as follows:~~

~~“(a) This Collective Investment Law 2010 repeals and replaces the Collective Investment Law 2006 (“the Previous Law”) and may be cited as the “Collective Investment Law 2010” (“this Law”).~~

~~(b) Except where otherwise provided in the Rules, anything done or omitted to be done pursuant to or for the purposes of the Previous Law is deemed to be done or omitted to be done pursuant to or for the purposes this Law.~~

~~(c) Without limiting the generality of Article 1(b), such repeal shall not affect:~~

~~(i) any right, privilege, remedy, obligation or liability accrued to or incurred by any person; or~~

~~(ii) any investigation or legal or administrative proceeding commenced or to be commenced in respect of any right, remedy, privilege, obligation or liability,~~

~~under the Previous Law and, any such investigation or legal or administrative proceeding may be instituted, continued or enforced, including any penalty, fine or forfeiture, under this Law.~~

~~(d) The DFSA may, by Rules, prescribe any transitional or saving provisions as are or are deemed necessary to give effect to, or to facilitate, the transition from the Collective Investment Law 2006 to this Law.”~~

18.2 Licences

~~18.2.1~~ Any Person who has a Licence authorising that Person to carry on the Financial Service of Operating a Collective Investment Fund immediately prior to the Effective Date is, subject to Rule 18.3.1, hereby deemed to be authorised under its Licence to carry on the Financial Service of Managing a Collective Investment Fund on the Effective Date. Such deeming has effect subject to the same conditions or restrictions as were applicable to that Person's Licence immediately prior to the Effective Date.

18.3 Private Funds

~~18.3.1 (1)~~ Any Person whose Licence authorised that Person to Operate a Private Fund immediately prior to the Effective Date is hereby deemed, subject to Rule 18.3.2, to be authorised to Manage an Exempt Fund as defined in Article 16(4) of the Collective Investment Law 2010.

~~(2)~~ Nothing in (1) prevents a Person who was the Operator of a Private Fund immediately prior to the Effective Date from continuing to operate the Private Fund during the Transitional Period.

~~(3)~~ The Transitional Period, for the purposes of this Rule and Rules 18.3.2 and 18.3.3, is the period of 2 years commencing on the Effective Date.

Guidance

1. The DFSA will not permit the creation of new Private Funds after the Effective Date. The provisions relating to Private Funds will cease to be in force, pursuant to Rule 18.3.3, upon the expiry of the Transitional Period.

2. As a result of the deeming under Rule 18.3.1, a Person whose Licence permitted that Person to Operate a Private Fund before the Effective Date need not change its Licence to be able to Manage an Exempt Fund.

~~18.3.2 (1)~~ A Person referred to in Rule 18.3.1 may either:

~~(a)~~ continue to treat that Fund as a Private Fund during the Transitional Period; or

~~(b)~~ convert that Fund, at any time during the Transitional Period, to:

~~(i)~~ an Exempt Fund by complying with the requirements in (2); or

~~(ii)~~ a Public Fund by complying with all the requirements that apply to Public Funds.

- ~~(2) For the purposes of converting a Private Fund to an Exempt Fund, the Fund Manager of that Fund must lodge with the DFSA a notice specifying the name of the Fund and the Fund Manager and the date from which the Fund is to be converted to an Exempt Fund.~~
- ~~(3) The Fund Manager of a Private Fund must take necessary steps to wind up any Private Fund where it does not intend to convert such a Fund to either an Exempt Fund or a Public Fund as soon as practicable but in any case before the expiry of the Transitional Period.~~

Guidance

- ~~1. If a Fund Manager decides to continue to treat a Private Fund that was in operation on the Effective Date as a Private Fund for any period during the Transitional Period, it needs to comply with all the requirements relating to Private Funds in the Collective Investment Law 2010 and the Rules made for the purposes of that law.~~
- ~~2. If a Fund Manager who wishes to convert an existing Private Fund to an Exempt Fund finds it not practicable or overly burdensome in having to comply with any of the specific requirements that apply to an Exempt Fund, it should promptly apply to the DFSA for an appropriate waiver or modification of the relevant requirements.~~

~~**18.3.3** The provisions in the Collective investment Law 2010 and the Rules made for the purposes of that law, so far as they relate to Private Funds, will cease to have force upon the expiry of the Transitional Period.~~

App 1 DELEGATION AND OUTSOURCING

A1.1 Application

- A1.1.1** (1) This Appendix (App 1) applies to a Fund Manager and if appointed the Trustee in relation to every:
 - (a) Delegation Agreement; and
 - (b) Outsourcing Agreement.

made or entered into pursuant to these Rules.
- (2) This Appendix does not apply to a Qualified Investor Exempt Fund.

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APP 2 ~~meeting procedures~~ MEETING PROCEDURES**A 2.1 Nomination of a chair**

- A2.1.1** (1) A Fund Manager of a Public Fund ~~or a private Fund~~, or in the case of a Fund which is structured as an Investment Trust, the Trustee, must nominate in writing a Person to be the chairman of a meeting of Unitholders and such a Person must be a Unitholder other than the Fund Manager.
- (2) If no such chairman is nominated or if at any meeting the Person nominated is not present within 15 minutes after the time appointed for holding the meeting, the Unitholders present must choose another chairman.
- (3) In the case of an equality of votes cast whether on a show of hands or on a poll in respect of a resolution put to a meeting of the Unitholders, any chairman appointed in accordance with the Constitution or under these Rules is entitled to a casting vote in addition to any other vote the chairman may have.

Notice of meetings

- A2.1.2** (1) Unitholders of a Public Fund must be given at least 14 days written notice or any longer period of notice specified for the purpose in the Constitution or these Rules, inclusive of the date on which the notice is first served and the day of the meeting.
- (2) The notice must specify the place, day and hour of the meeting and the terms of the resolutions to be proposed.
- (3) In the case of an Investment Trust, unless the Trustee has convened the meeting, a copy of the notice must be sent to the Trustee no later than the time at which it is sent to the Unitholders.
- (4) The accidental omission to give notice to, or the non-receipt of notice by, any of the Unitholders does not invalidate the proceedings at any meeting.
- (5) Notice of any adjourned meeting of Unitholders must be given to Unitholders and, if relevant, to the Trustee.

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APP 3 APPROVALS AND NOTIFICATIONS

A 3.1 Alterations to a Fund

- A 3.1.1** (1) A The Fund Manager of a Public Fund must, by way of a Special Resolution, obtain prior approval from the Unitholders for any proposed change to a the Domestic Fund which is a fundamental change.
- (2) In addition to the specific fundamental changes in relation to a Fund prescribed under Article 35(1) of the Law and also under Rules ~~6.4.1(4), 10.2.3, 13.5.4(2) and 20.5.2~~ 8.3.2, 8.13.3, 13.4.4(2) and 16.1.3(2), a “fundamental change” under (1) is a change or event which:
- (a) changes the purpose or nature of the Fund;
 - (b) may materially prejudice a Unitholder;
 - (c) alters the risk profile of the Fund; or
 - (d) introduces any new type of payment out of Fund Property.
- (3) Notwithstanding (2) above, any change may be fundamental depending on its degree of materiality and effect on the Fund and its Unitholders. Consequently, the Fund Manager must determine whether in each case a particular change is fundamental in nature and, if the Fund is an Investment Trust, obtain the Trustee’s agreement to the outcome of the determination.

Guidance

For the purpose of this section, a fundamental change to a Fund is likely to include:

- a. any proposal for a scheme of arrangement;
- b. a change in the investment policy to achieve capital growth from investment in one country rather than another;
- c. a change in the investment objective or policy to achieve capital growth through investment in fixed interest rather than in equity investments;
- d. a change in the investment policy to allow the Fund to invest in derivatives as an investment strategy which increases its volatility;
- e. a change to the characteristics of a Fund to distribute income annually rather than monthly;
- f. the introduction of limited redemption arrangements; or
- g. a change of the custodian, trustee or other oversight arrangement.

- A 3.1.2** (1) A The Fund Manager of a Public Fund is expected to give prior written notice to Unitholders in respect of any proposed change to the operation of a Fund where the change constitutes a significant change.
- (2) A “significant change” in (1) is a change or event which is not a fundamental change under Rule A 3.1.24 but:
- (a) affects a Unitholder's ability to exercise his rights in relation to his investment;
 - (b) would reasonably be expected to cause the Unitholder to reconsider his participation in the Fund;
 - (c) results in any increased payments out of the Fund Property to the Fund Manager, the Trustee or any other director or an associate of either; or
 - (d) materially increases other types of payment out of Fund Property.
- (3) Changes may be significant depending in each case on their degree of materiality and effect on the Fund and its Unitholders. Consequently the Fund Manager will need to determine whether in each case a particular change is significant in nature or not and if the Fund is an Investment Trust obtain the Trustee’s agreement of the outcome of the determination.

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App 5 CONSTITUTION OF A DOMESTIC FUND

A5.1 Contents of Constitution

- A5.1.1** (1) The Constitution of a Domestic Fund must contain all the information prescribed in the following table except where it is an Exempt Fund, in which case, it must contain the information specified in A, C, F, G, H, K and M.
- (2) The requirements in the following table do not apply in respect of the Constitution of a Qualified Investor Exempt Fund.

A	General Information
	The following information:
	(1) The name of the Fund.

	<p>(2) The Fund Manager's and, if the Fund is structured as an Investment Trust, the Trustee's name and the principal place of business in the DIFC as recorded by the Registrar of Companies.</p> <p>(3) That the Fund is a Domestic Fund, the Constitution of which is governed by the laws of the DIFC.</p> <p>(4) That the Fund is a Public Fund, Private Fund or Exempt Fund, as the case may be.</p> <p>(5) The legal form of the Fund and whether it is open or closed ended.</p> <p>(6) If the Fund is a specialist class of a Fund as defined in chapter 3 of this module, the relevant specialist class, and if applicable, that the Fund is an Islamic Fund and consequently the Fund's entire business operations are conducted in accordance with Shari'a.</p> <p>(7) If the Fund is managed by an External Fund Manager, that fact and the details of the Appointed Fund Administrator or Custody Provider of the Fund.</p> <p>(8) If the Fund is an External Fund, the name of the jurisdiction in which the Fund is domiciled.</p>
B	General Statements
	<p>The following information:</p> <p>(1) The Fund Manager is responsible, pursuant to the Law, for all operations concerning the Fund and may from time to time delegate activities or outsource functions, but not the responsibility for conducting those activities and functions, to another Person in accordance with the CIR Rules.</p> <p>(2) (a) The Fund Property is entrusted to the Fund Manager and the Fund Manager remains responsible for the property even when an Eligible Custodian holds the legal title to the Fund Property; or</p> <p>(b) The Fund Property is held on trust by the Fund's Trustee, as the case may be.</p> <p>(3) Whether the duration of the Fund is limited and, if so, for how long.</p> <p>(4) That fees, charges and other expenses of the Fund may be taken out of Fund Property and the basis for determination of the quantum of such fees, charges and other expenses.</p>

	<p>(5) The maximum and minimum sizes of the Fund's capital, if any.</p> <p>(6) That the Unitholders are not liable for the debts of the Fund, unless the applicable legislation prescribes otherwise and, if so, those circumstances.</p> <p>(7) That a Unitholder is not liable to make any further payment after he has paid the price of his Units and that no further liability can be imposed on him in respect of the Units he holds.</p> <p>(8) That payments to the Fund Manager, Trustee, any Eligible Custodian, or the Person providing the oversight function (including a Shari'a Supervisory Board) by way of remuneration are authorised to be paid (in whole or in part) out of the Fund Property.</p>
C	Where the Fund is a Trust
	<p>The following information:</p> <p>(1) The Trust Deed is made under and governed by the Investment Trust Law 2006 and:</p> <p style="padding-left: 40px;">(a) is binding on each Unitholder as if he had been a party to it and that he is bound by its provisions; and</p> <p style="padding-left: 40px;">(b) authorises and requires the Fund Manager and the Trustee to do the things required or permitted of them by its terms and the Investment Trust Law 2006 and the Law.</p> <p>(2) Subject to the provisions of these Rules:</p> <p style="padding-left: 40px;">(a) the Fund Property (other than sums held to the credit of the distribution account) is held by the Trustee on trust for the Unitholders according to the number of Units held by each Unitholder or, where relevant, according to the number of individual shares in the Fund Property represented by the Units held by each Unitholder; and</p> <p style="padding-left: 40px;">(b) the sums standing to the credit of any distribution account are held by the Trustee on trust to distribute or apply in accordance with these Rules relating to income.</p>
D	Investment Objectives
	<p>(1) Information covering the investment objectives of the Fund and in particular:</p>

	<p>(a) whether the aim of the Fund is to spread investment risks and, if a Property Fund, whether the Fund invests in a single property;</p> <p>(b) the types of Investments or assets in which it and (where applicable) each Sub-Fund may invest; and</p> <p>(c) if the Fund is a specialist class of Fund, the class of Fund.</p> <p>(2) Details of any investment, borrowing or stock lending restrictions or, in the event that there are no such restrictions, a statement to that effect.</p>
E	Units in the Fund
	<p>A statement specifying:</p> <p>(a) the classes of Units which the Fund may issue; and</p> <p>(b) the rights attaching to Units of each class (including any provisions for the expression in two or more denominations of such rights).</p>
F	Limitations
	<p>Details as to:</p> <p>(a) the provisions relating to any restrictions on the right to redeem Units in any class; and</p> <p>(b) the circumstances in which the issue of the Units of any particular class may be limited.</p>
G	Income and distribution
	<p>(1) Details of who is carrying out the calculation, transfer, allocation and distribution of income for any class of Unit issued and outstanding during the accounting period.</p> <p>(2) Information regarding the provision for the payment of income, if any, and the date on which such distribution shall be made.</p>
H	Base currency
	A statement specifying the base currency of the Fund.
I	Meetings
	Details of the procedures for the convening of meetings and the procedures relating to resolutions, voting and the voting rights of Unitholders.
J	Oversight arrangements

	Details of the oversight arrangements, and if the Fund is an Islamic Fund, details of its Shari'a Supervisory Board.
K	Termination and suspension
	<p>Details as to:</p> <p>(a) the grounds under which the Fund Manager may initiate a suspension of the Fund and any associated procedures; and</p> <p>(b) the methodology for determining the rights of Unitholders to participate in the Fund Property on winding up.</p>
L	Modification of the Constitution documents
	Details of the manner in which alterations to the Constitution may be made.
M	Responsibility statement
	A statement that nothing in the Constitution has the effect of exempting the Fund Manager and, if the Fund is structured as an Investment Trust, the Trustee, from any liability to Unitholders imposed under DIFC law and the Rules.
N	Other relevant matters
	Details of those matters which enable the Fund, Fund Manager or any Person providing the oversight function of the Fund to obtain any privilege or power conferred by the Rules which is not otherwise provided for in the Constitution.

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