
Changes To Collective Investment Schemes Handbook

Date Change

03/07 Appendix M2 added. Investment Business ("Not fit and proper") Regulations 2005 /2006

24/11 Appendix A2 - Investment Business Act 1991. Updated with amendments made by the Fiduciary Services Act. /2005

24/11 Appendix A - Financial Supervision Act. Updated with amendments made by the Fiduciary Services Act. /2005

14/09 Update to Section 2 /2005

14/09 Addition of Appendix G4 - Proforma letter sent to all recommended 4-eyes, Appendix I3 - Guidance notes on the responsibilities and duties of directors under the laws of the Isle of Man, and Appendix M - Licensing Policy /2005

22/09 /2003 The CIS Online Handbook has been revised to take account of the following – "Overseas Funds" Regime

The Financial Supervision (Overseas Funds) (Exemption) Order 2003 ("Overseas Funds Order") allows "overseas schemes" to avail of an exemption from certain provisions of section 11 of the Financial Supervision Act 1988 ("FSA"). An overseas scheme can remain within the full scope of section 11 in which case it must comply with all applicable Isle of Man regulations and legal requirements.

Overseas schemes are collective investment schemes that are managed or administered from the Isle of Man but are constituted or incorporated outside the Island.

When considering acting for overseas schemes, managers and administrators must take account of the regulatory and legal framework applicable to the fund in its home jurisdiction. The Commission issues guidance to licenceholders in relation to the domicile of such funds.

Whilst the "overseas fund" is another type of "international scheme", if it utilises the exemption under the Overseas Funds Order it is not subject to the Isle of Man legal and regulatory requirements that apply to other international schemes (including Professional and Experienced Investor Funds). It will, of course, continue to be subject to the legal and regulatory requirements in its home jurisdiction.

The Overseas Funds Order provides a flexible regime for "overseas funds". Overseas funds can either be subject to the legislation in place under section 11 of the FSA or benefit from an exemption from the framework.

The conditions under which a fund may claim this exemption include the following:

- The operator of an overseas fund must be specifically licensed to undertake the provision of management or administration services to an overseas fund
- Licenceholders are required to notify the Commission of the overseas funds under administration (or ceasing to administer overseas funds) within 14 days of the overseas fund entering into (or terminating) a fund management or fund administration agreement with the licenceholder.

The Overseas Funds Order came into operation on 1st May 2003.

As a result of the introduction of the overseas funds regime, the following amendments have been made –

- New Section 1.7 – Overseas Funds
- New appendix C12 – Financial Supervision (Overseas Funds) (Exemption) Order 2003
- New Appendix K3 – Notification Form for Overseas Funds Managed or Administered in the Island
- Amended Appendix K1 – Notification form for International Schemes
- Amended Appendix C11 – Guidance Note on the Domicile of International Schemes

Miscellaneous consequential amendments have also been made to Sections 1, 2 and 7.

Date Change

Removal of Minimum subscription level

The minimum subscription level (\$15,000) for investment into an EIF has been removed. However, whilst there may be no mandatory minimum subscription level, the level is now required to be determined jointly by the director, scheme trustee or general partners of an EIF and the licensed fund manager or fund administrator, taking into account the investment policy and risk profile of the scheme, the manner in which the scheme is to be marketed and the target investors envisaged.

As a result of the removal of the mandatory minimum subscription level, the following amendments have been made

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- Amended Section 1.6
- Amended Appendix C9 – Guidance Notes for Managers, Fund Administrators and Fiduciary Trustees of EIFs
- Amended Appendix C10 - Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999

25/04 Update to fees regulations.

/2003