

# CHAPTER 9

## MUTUAL FUNDS

### Contents

This chapter sets out the conditions for listing for mutual funds and the information which is required to be included in the listing document. All mutual funds must also comply with the relevant provisions of section I of these listing rules. Where investments in mutual funds are to be offered in minimum subscriptions of less than US\$100,000 additional provisions may apply and the Exchange should be consulted at the earliest opportunity. This chapter does not apply to secondary listings of mutual funds, which are regulated by chapter 7 of these listing rules. The main headings of this chapter are:

- 9.1 conditions for listing
- 9.10 contents of listing document
- 9.48 modifications, exceptions and additions
- 9.59 listing application procedures
- 9.61 continuing obligations

### Conditions for listing

#### Incorporation

- 9.1 To be eligible for listing, a mutual fund must be:
- (a) duly incorporated or otherwise established in the Cayman Islands;
  - (b) duly incorporated or otherwise established in a jurisdiction defined in chapter 1 as being a recognised jurisdiction for mutual fund incorporation; or
  - (c) otherwise acceptable to the Exchange.

#### Sufficiently liquid market

- 9.2 A closed-ended fund must have at least twenty-five per cent. of its listed securities in the hands of the public at all times. For the purposes of this rule, “the public” shall mean persons who are not directors or substantial shareholders of the mutual fund, or directors of a substantial shareholder of the mutual fund, or an associate of any of them. For the purposes of this rule, “substantial shareholder” means any member who holds 10% or more of the securities to be listed. In exceptional circumstances, the Exchange may accept a lower percentage in the hands of the public if it determines that the market in the securities will still be sufficiently liquid and will still operate properly.

#### Whole class to be listed

- 9.3 Where none of the securities of a particular class are listed on the Exchange, the application for listing must relate to all securities of that class.

## **Management**

- 9.4 The directors of the mutual fund and the directors and key personnel of the investment manager must have, in the opinion of the Exchange, adequate experience and expertise in the management of mutual funds.

## **Transferability**

- 9.5 The securities of the mutual fund must be freely transferable, but may be subject to certain transfer restrictions if they are adequately disclosed and approved by the Exchange. The Exchange will approve transfer restrictions that result from the securities not being registered under certain securities laws provided such restrictions are adequately disclosed.

## **Custodian**

- 9.6 The mutual fund must appoint a custodian acceptable to the Exchange to safeguard its assets. The custodian must be a separate legal entity from the mutual fund, its directors, the investment manager, investment adviser and the mutual fund administrator, but may be an associate of any of them.

## **Independent auditor**

- 9.7 The mutual fund must appoint an independent auditor to carry out the audit of its financial statements.

## **Net asset value**

- 9.8 The net asset value of the securities must be calculated at least quarterly. The method of valuation of the assets should be in accordance with the applicable accounting standards for the mutual fund.

## **Registrar and transfer agent**

- 9.9 The mutual fund must appoint a registrar and transfer agent in the Cayman Islands or other financial centre acceptable to the Exchange.

## **Contents of listing document**

### **Preliminary information**

- 9.10
- (a) The official name and jurisdiction of incorporation or other formation of the mutual fund;
  - (b) The name and class of securities being offered by the listing document and the offer price;
  - (c) The name of the listing agent and any underwriters or other distributors of the issue;

- (d) A declaration in the following form, to be given by the directors, or in the case of a unit trust, by the trustee, the investment manager, or other appropriate company approved by the Exchange, or in the case of a partnership, the general partner:

This listing document includes information given in compliance with the listing rules of the Cayman Islands Stock Exchange. The [directors] collectively and individually accept full responsibility for the accuracy of the information contained in the listing document and confirm, having made reasonable enquiry, that to the best of their knowledge and belief there are no facts the omission of which would make any statement within the listing document misleading. The Cayman Islands Stock Exchange takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of this document.

This declaration should be appropriately adapted where persons other than the [directors] are responsible for part of the listing document or where certain information has been reproduced from information published by a third party who has not participated in the preparation of the listing document. In such circumstances the [directors] must accept responsibility for accurately reproducing such information and confirm, having made reasonable enquiry, that to the best of their knowledge and belief such information is true and accurate.

- (e) A statement that application has been made to the Exchange for the securities to be admitted to the official list. This statement must describe the relevant securities, including their exact designation, class or sub-fund;
- (f) A statement of the date on which the securities are expected to be admitted to listing, if known;
- (g) The address of the principal or registered office of the mutual fund; and
- (h) The names and addresses of the mutual fund's service providers, legal advisers, auditors, paying agents, if any, and listing agent.

### **The mutual fund's investments**

9.11 A description of:

- (a) the investment objective, policies and restrictions to be followed by the mutual fund including details of the types of securities in which the mutual fund will invest, giving an indication of the broad industrial or commercial sectors and, where appropriate, geographical areas of investment; and
- (b) the manner in which such objective, policies and restrictions may be changed or varied.

- 9.12 A statement regarding the mutual fund's ability to use borrowing, leverage, derivatives, currency hedges or other financial techniques, or an appropriate negative statement.
- 9.13 Where a portfolio of investments has already been acquired or is intended to be acquired other than by purchases on a stock exchange or other open market, disclosure of the terms on which such investments were or are to be acquired. Where such transaction involves members of the mutual fund family, the identity of the sellers and a description of their affiliation or association with the mutual fund family.
- 9.14 A statement as to whether or not the mutual fund's investment policy prohibits it from taking management control of any underlying investments of the mutual fund.

### **Dividend policy**

- 9.15 A statement of the mutual fund's dividend or income distribution policy.
- 9.16 Where there is an intention to make income distributions, any time limit after which entitlement to such distribution lapses and an indication of the party in whose favour the lapse operates.

### **Risk factors**

- 9.17 All material risks associated with investing in the mutual fund, including any material counterparty, custody or settlement risks.
- 9.18 Where the mutual fund is authorised to issue more than one class of securities, a statement as to the effect that the activities or value of one class might have on the activities or value of any other class of securities in the mutual fund.
- 9.19 Except where the Exchange otherwise agrees, a statement that the directors do not anticipate that an active secondary market in the securities will develop.
- 9.20 Where the assets of the mutual fund are placed with a broker and such broker is not required to hold such assets on a segregated basis, explanation of the credit risks associated with such placement.

### **Directors and service providers**

- 9.21 The listing document must provide the following information:
- (a) the names, addresses and qualifications of the directors of the mutual fund;
  - (b) details of existing or proposed directors' service contracts;
  - (c) details of any fees or remuneration to be paid to any of the directors;
  - (d) where the securities are voting securities, details of the interests of the directors of the mutual fund or the investment manager in such securities or any options in respect of such securities;

- (e) the name(s) of the investment manager and its directors and/or investment adviser and details of their qualifications and experience in the management of investments (including an indication of the value of assets under their discretionary management);
- (f) details of any investment advisers retained by the investment manager and details of their remuneration arrangements, together with details of how they can be altered;
- (g) a description of the arrangements entered into for the custody of the assets of the mutual fund, including the name of the custodian and a description of the custodian's experience and expertise;
- (h) a statement as to whether any sub-custodians will be appointed to hold any of the assets of the mutual fund and the level of responsibility retained by the custodian in such case;
- (i) where the assets of the mutual fund are held by a broker:
  - (i) the name of the broker; and
  - (ii) whether or not any arrangements are entered into with brokers whereby the broker is required to segregate the assets to ensure that they are unavailable to creditors of the broker or any other entity;
- (j) the regulatory authority under which any of the service providers including the investment manager, custodian and broker, operate;
- (k) a summary of the principal contents of the service providers' contracts, including particulars of the:
  - (i) dates and parties;
  - (ii) terms and conditions;
  - (iii) fees or remuneration to be paid to such service providers, including an explanation of how they are calculated and details of how they can be altered; and
  - (iv) arrangements relating to termination of their appointment including any provisions for compensation upon termination;
- (l) a summary of any provisions in the mutual fund's constitution or in any contract to which it is a party concerning all indemnities or restrictions of liability.

### **Material contracts**

- 9.22 To the extent not already disclosed above in relation to directors and service providers, a summary of the principal contents of any material contracts (not being contracts entered into in the ordinary course of business), entered into by the mutual fund or any of its subsidiaries within the two years immediately preceding the date of the listing document.

### **Fees and expenses**

- 9.23 To the extent not already disclosed above in relation to directors and service providers, a statement of all material fees to be paid by the mutual fund, an explanation of how they are calculated and a statement as to how any contracts or arrangements requiring the payment of such fees may be varied.
- 9.24 In the case of a newly-formed mutual fund, a statement of the aggregate cost of establishing the mutual fund and, to the extent that this is to be borne by the mutual fund, a statement of how this cost will be accounted for, disclosing, if relevant, amortisation details.

### **Conflicts of interest**

- 9.25 Details of any potential conflicts of interest which may arise, including:
- (a) any common shareholdings or other financial interests within the mutual fund family; and
  - (b) any potential conflicts of interest which the directors or any other member of the mutual fund family have between their duties to the mutual fund and duties owed by them to other parties.

### **Financial information about the mutual fund and the prospects of the mutual fund**

- 9.26 Where a mutual fund has not commenced operations, a statement to the effect that the mutual fund has not commenced operations since the date of its incorporation and that no accounts have been made up and no dividends have been declared as at the date of the listing document.
- 9.27 Where a mutual fund has been in existence for less than eighteen months and has not prepared audited financial statements, an audited statement of the net assets of the mutual fund and its portfolio of investments as of a date not more than three months prior to the date of the listing document. This statement must
- (a) provide a detailed analysis of the applicant's assets and liabilities;
  - (b) account for such assets and liabilities in accordance with International Accounting Standards, United States, United Kingdom or Canadian generally accepted accounting principles or other standards acceptable to the Exchange; and

- (c) include a detailed analysis of the mutual fund's portfolio of investments by type of security (equity securities, convertible securities, fixed income securities, types of categories of derivative products, currencies and other investments) and by broad industrial or commercial sector and, where appropriate, geographical area, giving the market value of each category so analysed or such other portfolio details as may be agreed by the Exchange.

9.28 Where a mutual fund has prepared audited financial statements or has been in existence for twelve months or more and has not prepared an audited statement in accordance with rule 9.27:

- (a) the financial statements of the mutual fund for the financial year immediately preceding the issue of the listing document, or, if shorter, since the date of establishment and the auditor's report that accompanies those financial statements. Where the mutual fund has subsidiary undertakings, the financial statements of the mutual fund and its subsidiary undertakings must be in consolidated form, unless the Exchange agrees otherwise. These financial statements must:
  - (i) be made up to a date not more than eighteen months prior to the date of the listing document;
  - (ii) have been prepared in accordance with International Accounting Standards, United States, United Kingdom or Canadian generally accepted accounting principles or other standards acceptable to the Exchange;
  - (iii) have been independently audited and reported on in accordance with International Standards on Auditing or other standards acceptable to the Exchange;
  - (iv) have been reported upon without qualification. Where the auditor's opinion has been qualified or modified to highlight a matter affecting the financial statements, the Exchange must be satisfied that the qualification or emphasis of matter is acceptable to the Exchange and has been adequately explained so as to enable the investors to make a properly informed assessment of the significance of the matter; and
  - (v) include a detailed analysis of the mutual fund's portfolio of investments by type of security (equity securities, convertible securities, fixed income securities, types of categories of derivative products, currencies and other investments) and by broad industrial or commercial sector and, where appropriate, geographical area, giving the market value of each category so analysed or such other portfolio details as may be agreed by the Exchange;
- (b) any interim financial statements of the mutual fund published subsequently stating whether such statements have been audited or not; and
- (c) where a mutual fund annexes the financial statements to the listing document, a statement that such financial statements form part of the listing document.

- 9.29 Where the mutual fund has commenced operations, a statement as at the most recent practicable date (which must be stated) of the total amount of all short and long term borrowings or indebtedness of the mutual fund on a consolidated basis, if appropriate, or an appropriate negative statement. If such information is unaudited, that fact must be stated.
- 9.30 The net asset value per security of the mutual fund, or in the case of a partnership, the aggregate net asset value of the securities, as at the date most recently calculated. If the net asset value is unaudited, that fact must be stated.
- 9.31 Where the mutual fund has commenced operations, an explanation by the directors of any material change in the financial or trading position of the mutual fund and any subsidiaries since the date to which the latest audited financial statements were made up, or where audited financial statements have not been prepared, since the date of commencement of operations, or an appropriate negative statement.
- 9.32 A statement of any material information which may be relevant to the financial prospects of the mutual fund for at least the current financial year or since commencement of operations.
- 9.33 Where a profit forecast appears in the listing document, a statement of the principal assumptions upon which it is based. The accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants and their report must be set out in the listing document. In addition, the reporting accountants and the listing agent must report that they have satisfied themselves that the forecast has been made by the directors after due and careful enquiry, and such reports must be set out in the listing document.
- 9.34 Where historical performance data appears in the listing document, the source of such information and the bases of any calculations must be disclosed. The Exchange may require the mutual fund to appoint a firm of reporting accountants to report on the historical performance data.
- 9.35 Details of any arrangements for preparation and distribution of the mutual fund's annual financial statements and any other financial statements published by the mutual fund.

### **Terms of the securities to be listed**

- 9.36 The following information, stated separately for each class of securities if there is more than one:
- (a) the number and description of securities being offered;
  - (b) the initial issue price of the mutual fund's securities and an explanation of how the subsequent issue price is calculated;
  - (c) the period during which the offer of securities will remain open;
  - (d) any minimum or aggregate amounts to be subscribed;

- (e) acceptable methods of payment of the issue price. Where the issue price may be satisfied in kind by a transfer of assets, a description of the basis for acceptance and method of valuation of those assets;
- (f) the timing and method of notification of acceptance of subscription;
- (g) a statement as to whether securities will be in registered or bearer form, and, if in registered form, whether or not certificates will be issued or available to investors;
- (h) the names, addresses and description of the persons underwriting the issue, if any;
- (i) arrangements for the transfer of the mutual fund's securities and, if permitted by the Exchange, a description of any restrictions on the free transferability of such securities;
- (j) for open-ended mutual funds:
  - (i) the intervals at which and the method by which the securities can be redeemed by security holders;
  - (ii) an explanation of how the redemption price is calculated; and
  - (iii) timing and method of payment of redemption proceeds.
- (k) details of any provisions for limiting the amount of securities which may be redeemed on any redemption day and the arrangements for dealing with requests in excess of such limits;
- (l) if the mutual fund has the power to meet redemptions by way of in kind distributions:
  - (i) a description of the risks associated with such distributions; and
  - (ii) a statement that any such distributions will not materially prejudice the interests of the remaining security holders;
- (m) details of the circumstances in which the securities may be compulsorily redeemed or the mutual fund may be closed;
- (n) with regard to the determination of the net asset value of the mutual fund's securities:
  - (i) the intervals at which the net asset value will be determined;
  - (ii) an explanation of the method of valuation of the assets;
  - (iii) a statement of by whom such value will be calculated; and

- (iv) where pricing information regarding the underlying investments of the mutual fund is provided to the person calculating the net asset value by any member of the mutual fund family, a statement as to whether or not the person calculating the net asset value performs an independent verification of such pricing information;
- (o) the arrangements for the publication of the net asset value of the mutual fund's securities, including a statement that such valuation will be notified to the Exchange immediately upon calculation;
- (p) details of the circumstances in which the valuation, issue or redemption of the mutual fund's securities may be suspended or terminated by the mutual fund and a statement that such suspension or termination will be notified to the Exchange; and
- (q) where the mutual fund is authorised to issue more than one class of securities, the details of the method by which and the terms on which one class of securities may be converted into another class.

### **Statutory and general information**

#### 9.37

- (a) the date of incorporation or other establishment of the mutual fund and, if the mutual fund has been incorporated for a limited duration, a statement to this effect;
- (b) if the mutual fund has subsidiary or parent undertakings, a brief description of the group and of the mutual fund's position within it;
- (c) if the mutual fund is a company, the amount and description of its authorised share capital, the number of shares issued or agreed to be issued and the amount paid up on such shares;
- (d) if the mutual fund is a unit trust, the designation of its units, the number of units issued or agreed to be issued and the amount paid up on such units;
- (e) if the mutual fund is a partnership, the types of partnership interests and the liabilities of the partners; and
- (f) a statement of the resolutions, authorisations and approvals by which the securities to be listed have been created and/or issued.

#### 9.38 A summary of the provisions of the mutual fund's constitution with regard to:

- (a) the rights of the holders of each class of securities, including voting rights, variation of class rights, any entitlement to share in the profits and in any surplus on winding up or upon liquidation, any pre-emptive rights (including the procedure for the exercise of such pre-emptive rights and the transferability of such pre-emptive rights) and any other special rights, including redemption or conversion rights;

- (b) any power enabling a director of the mutual fund to vote on a proposal, arrangement or contract in which he is materially interested;
  - (c) any power enabling the directors, in the absence of an independent quorum, to vote remuneration to themselves or any other directors;
  - (d) any borrowing powers exercisable by the directors and how such borrowing powers can be varied; and
  - (e) changes in capital.
- 9.39 Details of the name of any promoter, and the amount of any cash, securities or other benefit given to such promoter within the two years immediately preceding the issue of the listing document or proposed to be given to such promoter in his capacity as such.
- 9.40 Particulars of any capital of the mutual fund which is under option, including the consideration for which the option was or will be granted, and the price and duration of the option, and the name and address of the grantee.
- 9.41 Particulars of any litigation or claims of material importance pending or threatened by or against the mutual fund, or an appropriate negative statement.
- 9.42 The basis of taxation of the fund.
- 9.43 The name(s), so far as is known to any director of the mutual fund, of any person(s) who, directly or indirectly, jointly or severally, exercise(s) or could exercise control over the mutual fund, and particulars of the proportion of voting capital held by such person(s).
- 9.44 Particulars of any other stock exchange or other regulated regularly operating markets on which any securities of the mutual fund issuer are listed or traded or on which a listing or a trading facility has been or will be sought.
- 9.45 Particulars of any commissions, discounts, brokerages or other special terms granted within the two years immediately preceding the date of the listing document in connection with the issue or sale of the securities of the mutual fund, together with the names of any directors or proposed directors who received any such payment or benefit and the amount or rate of the payment or benefit they received.
- 9.46 The listing document must not contain information which, in the opinion of the Exchange, is of a misleading nature for any member of the mutual fund family.

### **Documents for inspection**

- 9.47 Details of where, at a place in the Cayman Islands or such other place acceptable to the Exchange, copies of the following documents, may be inspected (without charge):
- (a) the constitutional documents of the mutual fund;
  - (b) all material contracts referred to in the listing document, including all contracts between the mutual fund, its directors and service providers ;

- (c) a copy of the most recent listing document, any supplementary listing document and any circulars to security holders; and
- (d) any interim financial statements published by the mutual fund and the audited financial statements of the mutual fund.

## **Modifications, exceptions and additions**

### **Side pockets**

9.48 Where the mutual fund proposes to invest in special situation or illiquid investments through a separate share class (“S shares”):

- (a) no more than 50% of the gross assets of the fund may be invested in S shares;
- (b) allocation of investments to S share classes and disposal of such investments must be subject to the prior approval of the fund’s shareholders;
- (c) valuation of assets attributable to S shares must be performed by an independent administrator and in accordance with rule 9.8;
- (d) the listing document must include clear disclosure of:
  - (i) the fact that S shares may be created;
  - (ii) the method of valuation of the S shares and details of the party responsible for such valuation;
  - (iii) the risks of investing in illiquid investments, including cross class liability disclosure pursuant to rule 9.18;
  - (iv) the method of calculation of management and performance fees relating to S shares;
  - (v) criteria applied when designating investments to S share classes and circumstances that would cause the disposal of such investments;
  - (vi) whether the S shares are redeemable and if so details of the relevant provisions; and
  - (vii) any other additional rights of S shares.

### **Umbrella funds**

9.49 Where the mutual fund has more than one sub-fund, details of the various sub-funds must be disclosed in the listing document, whether the securities of such sub-funds are to be listed or not, including any information relating to any sub-fund which may affect the rights of the securities of the listed sub-fund.

9.50 A mutual fund which has more than one sub-fund must also include in the listing document the following:

- (a) the financial information required by rules 9.26 – 9.35 for all of the sub-funds; and
- (b) the information required by rule 9.41 regarding litigation and material claims against any of the sub-funds.

### **Feeder funds**

9.51 Where an applicant is a feeder fund, in addition to satisfying the conditions for listing in this chapter, the following conditions must be satisfied:

- (a) where the feeder fund and the master fund(s) are not both open-ended that fact and any associated risks to investors in the feeder fund, including any risks arising from non-symmetrical redemption provisions of the funds, must be clearly explained in the listing document;
- (b) investment in the feeder fund must be restricted to qualified investors;
- (c) the Exchange must be satisfied that sufficient information regarding the master fund(s) will be made available to investors in the feeder fund, within specific regular time limits;
- (d) the master fund(s) must be listed on the Exchange or a recognised stock exchange or the Exchange must be satisfied that the master fund would satisfy the following conditions as if it were applying for listing: 9.1; 9.4; 9.6; 9.7 and 9.8; and
- (e) the risk that the directors of or investors in the feeder fund may not be able to control the master fund(s) must be prominently disclosed in the listing document.

9.52 A feeder fund must include in the listing document the information required by the following provisions of this chapter where they apply to the master fund, as if the master fund itself were applying for listing: 9.10 (a); 9.10(g); 9.10(h); 9.11 to 9.15; 9.18; 9.20 to 9.35; 9.36(j)(i); 9.36(l)(i); 9.36(m); 9.36(n)(i) to 9.36(n)(iii); 9.36(p) to 9.37(e); 9.38; 9.40 to 9.47. Where such information is contained in a current offering memorandum or the latest audited financial statements of the master fund(s), such offering memorandum and/or financial statements may be annexed to the listing document, provided that the listing document contains a statement that such offering memorandum and/or financial statements form part of the listing document.

### **Funds of funds**

9.53 A fund of funds must include in the listing document the following information in relation to each of the mutual funds into which it will be investing between 20 per cent. and 40 per cent. of the gross value of its assets:

- (a) the full name of the mutual fund;
- (b) the date of incorporation of the mutual fund;

- (c) its registered address;
- (d) whether or not it is listed on any exchange;
- (e) the investment objective of the mutual fund;
- (f) a description of the management of the fund, including the name(s) of the investment manager and/or investment adviser, details of their qualifications and experience (including an indication of the value of assets under their discretionary management) and details as to whether such parties are regulated;
- (g) the structure of the fund, including:
  - (i) whether it is open-ended or closed-ended; and
  - (ii) whether it issues voting or non-voting shares;
- (h) fees and expenses of the mutual fund;
- (i) any risk factors associated with investing in the mutual fund;
- (j) a statement in relation to any cross-class liability;
- (k) a statement that the directors or investors of the fund of funds may not be able to control the mutual fund; and
- (l) a description of any relationship between the fund of funds and the mutual fund into which it is investing, as well as a summary of any conflicts of interest arising as a result thereof.

### **Closed-ended funds**

9.54 In addition to satisfying the conditions for listing in this chapter, a closed-ended fund must include in its constitution a provision that it will obtain the prior approval of its listed security holders in the following circumstances:

- (a) any material change in the mutual fund's constitution;
- (b) any change in the rights of any class of listed securities. Where the listed securities are convertible this requirement will also apply to any change in the rights of any class of securities into which the listed securities are convertible;
- (c) the creation of any additional classes of security in the mutual fund, whether such classes will be listed or not;
- (d) any material change in the investment policies or objectives, investment restrictions or borrowing restrictions of the mutual fund; and
- (e) any intention of the mutual fund to extend the life of or terminate the mutual fund or to compulsorily redeem all of its securities.

- 9.55 A mutual fund which is a closed-ended fund must also disclose in the listing document, in so far as is known to the mutual fund, the name of any substantial shareholder(s) (as defined in rule 9.2), together with the amount of each such person's interest, or an appropriate negative statement.

### **Property funds**

- 9.56 A property fund must include in the listing document a valuation of its property portfolio carried out according to internationally accepted valuation standards by a suitably qualified independent valuer, and details of the valuation methodology used.
- 9.57 The listing document must include details of any material change to any of the matters referred to in the valuation of its property portfolio since the date of its preparation or an appropriate negative statement.
- 9.58 Where no investments have been made at the time of listing and a valuer has yet to be appointed the listing document must include details of the criteria to be used in selecting a valuer and the valuation methodology to be used. In all cases the identity of the valuer must be agreed in advance with the Exchange.

### **Listing application procedures**

- 9.59 The listing document must be formally approved by the Exchange before publication.
- 9.60 The following must be submitted to the Exchange before formal approval is given:
- (a) an application for admission to listing, in the form set out in Appendix 1A to these listing rules;
  - (b) two copies of the listing document in final form;
  - (c) a declaration by the issuer in the form set out in Appendix 2A to these listing rules;
  - (d) a declaration for each director and proposed director of the issuer, unless one has previously been filed with the Exchange in the form set out in Appendix 3A to these listing rules;
  - (e) a declaration by the listing agent in the form set out in Appendix 4 to these listing rules;
  - (f) in the case of a closed-ended fund, a shareholders' statement in the form set out in Appendix 5 to these listing rules;
  - (g) a letter from the issuer or its duly authorised representative confirming which of the listing requirements, if any, do not apply;
  - (h) a letter from the issuer or its duly authorised representative requesting, where relevant, non-publication of certain information, giving reasons for such request;

- (i) such other documents as may be required by the Exchange; and
- (j) the initial listing fee and the annual fee in respect of the first year, which are calculated in accordance with the schedule of fees in Appendix 6 to these listing rules.

## **Continuing obligations**

The following rules and the relevant rules in section I set out the continuing obligations with which each mutual fund must undertake to comply as a condition of being granted, and of maintaining, a listing.

### **New developments**

9.61 The mutual fund must notify the Exchange without delay, for dissemination by the Exchange, of any new developments which are not public knowledge and which may reasonably be expected to affect materially the financial position or general course of business of the listed mutual fund or the market activity in and the price of its listed securities.

### **Equality of treatment**

9.62 The mutual fund must ensure equal treatment of all holders of its listed securities of the same class.

### **Exercise of rights**

9.63 The mutual fund must ensure that all the necessary information and facilities are made available to holders of its listed securities in order to enable them to exercise their rights in relation to such securities.

### **Notification of net asset value**

9.64 The mutual fund must notify the Exchange without delay, for dissemination by the Exchange, whenever it is calculated, of the net asset value of its listed securities.

### **Dividends**

9.65 The mutual fund must notify the Exchange without delay, for dissemination by the Exchange, of any proposed dividend payments, including details of the record date, payment date and amount of any such dividend.

### **Financial information**

9.66 The mutual fund must prepare annual financial statements. The first set of published annual financial statements must be in respect of a period not exceeding eighteen months from the first date of issue of the securities in the mutual fund. The annual financial statements must:

- (a) have been prepared in accordance with International Accounting Standards, United States, United Kingdom or Canadian generally accepted accounting principles or other standards acceptable to the Exchange;

- (b) have been independently audited and reported on in accordance with International Standards on Auditing or other standards acceptable to the Exchange;
- (c) have been reported upon without qualification. Where the auditor's opinion has been qualified or modified to highlight a matter affecting the financial statements, the Exchange must be satisfied that the qualification or emphasis of matter is acceptable to the Exchange and has been adequately explained so as to enable the investors to make a properly informed assessment of the significance of the matter;
- (d) in the case of a sub-fund, comprise the financial statements for the umbrella fund as a whole, including all sub-funds thereof (irrespective of whether or not the umbrella fund or all of the sub-funds are listed on the Exchange);
- (e) in the case of a feeder fund, include as an annex the annual financial statements of the master fund(s) which must be consolidated if appropriate;
- (f) in the case of a fund of funds, unless otherwise agreed by the Exchange, incorporate any relevant information contained in the latest audited financial statements of the mutual fund(s) into which it invests between 20 per cent. and 40 per cent. of the gross value of its assets.
- (g) where the mutual fund has subsidiary undertakings, be in consolidated form, unless the Exchange otherwise agrees; and
- (h) be published as soon as possible after the accounts have been approved and in any event within six months of the end of the period to which they relate. In exceptional circumstances the Exchange will grant an extension to this time limit.

9.67 The mutual fund must send a copy of its annual financial statements and any interim financial statements to every holder of its listed securities as soon as they have been published and must make further copies available to investors or prospective investors upon request.

9.68 The mutual fund must include in its annual financial statements:

- (a) a detailed analysis of the mutual fund's portfolio of investments by type of security (equity securities, convertible securities, fixed income securities, types or categories of derivative products, currencies and other investments) and by broad industrial or commercial sector and, where appropriate, geographical area, giving the market value of each category so analysed or such other portfolio details as may be agreed by the Exchange;
- (b) a statement as at the end of the relevant financial year showing:

- (i) the interests of any director, investment manager or investment adviser in the securities of the mutual fund or any subsidiary, distinguishing between beneficial and non-beneficial interests;
  - (ii) details of any right to subscribe for securities of the mutual fund granted to any director, investment manager or investment adviser of the mutual fund, and of the exercise of any such right; and
  - (iii) the interests of each director of the mutual fund in any entity which receives fees or other compensation from the mutual fund.
- (c) in the event the operating results shown by the financial statements for the period under review differ materially from any published forecast made by the mutual fund, an explanation for the difference;
- (d) details of any emoluments or other income payable by the mutual fund to the directors, service providers or any of their associates during the period under review;
- (e) details of any arrangements whereby a director or any service provider has waived or agreed to waive any emoluments from the mutual fund or any subsidiary undertaking.

### **Matters requiring prior consultation**

9.69 The mutual fund or its listing agent must consult the Exchange in advance of any matter which, in the reasonable opinion of the mutual fund, may affect the suitability of the fund for listing or may materially adversely affect the interests of security holders.

### **Other disclosures**

9.70 The mutual fund must notify the Exchange without delay, for dissemination by the Exchange, of any of the following:

- (a) any material change in the mutual fund's constitution;
- (b) any change in the rights of any class of listed securities. Where the listed securities are convertible this requirement will also apply to any change in the rights of any class of securities into which the listed securities are convertible;
- (c) any change in the general character or nature of the mutual fund including if the fund becomes an umbrella or feeder fund;
- (d) the creation of any additional classes of security in the mutual fund, whether such classes will be listed or not;
- (e) any material change in the investment policies or objectives, investment restrictions or borrowing restrictions of the mutual fund;

- (f) any changes in directors of the mutual fund and in directors of the investment manager (and the mutual fund must procure and lodge with the Exchange as soon as practicable a signed declaration and undertaking in the form set out in the appendices to these listing rules for each new director of the mutual fund);
- (g) any changes in the service providers or auditors of the mutual fund;
- (h) any change in the way in which net asset value or issue or redemption prices are calculated;
- (i) any change in the frequency of calculation of the net asset value or the frequency of subscriptions or redemptions;
- (j) any suspension in the calculation of net asset value or of subscriptions or redemptions;
- (k) any intention of the mutual fund to extend the life of or terminate the mutual fund or to compulsorily redeem all of its securities;
- (l) the redemption of all of its securities;
- (m) any change in the status of the mutual fund for taxation purposes;
- (n) the mutual fund agreeing to acquire from or dispose of an investment to a member of the mutual fund family, unless such transaction has been fully disclosed in the listing document;
- (o) the mutual fund agreeing to acquire or dispose of an asset in which a director or member of the mutual fund family is materially interested, unless such transaction has been fully disclosed in the listing document;
- (p) unless otherwise disclosed as an investment objective or policy of the mutual fund, the incurring of any material debt;
- (q) so far as is known to any director of the mutual fund, there occurs any material change in the holdings or identity of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the mutual fund;
- (r) any involvement in material litigation proceedings (where the amount involved is equal to or greater than twenty per cent. of the book value of the existing net assets of the mutual fund);
- (s) if its securities cease to be listed on another stock exchange or if it is the subject of disciplinary action by another stock exchange or any other securities regulatory body; and
- (t) any change in the fund's registered or principal office.

**Feeder funds**

- 9.71 In the case of a feeder fund, where the feeder fund becomes aware of the occurrence in relation to any master fund of any of the matters requiring disclosure pursuant to rule 9.70, it must notify the Exchange of the matter without delay, for dissemination by the Exchange.

**Closed-ended funds**

- 9.72 A closed-ended fund must notify the Exchange of, so far as is known to the closed-ended fund, any material change in the holdings or identity of any substantial shareholder, as defined in rule 9.2 stating the name of the person and the amount of the person's interest.
- 9.73 The closed-ended fund must inform the Exchange immediately if it becomes aware that the percentage of listed securities which are in the hands of the public required by these rules falls below the minimum levels required by these rules, or, where applicable, such lower percentage as the Exchange may have agreed. The closed-ended fund must take steps to restore compliance at the earliest possible moment and must procure and lodge with the Exchange as soon as practicable thereafter a signed shareholders' statement in the form set out in the appendices to these listing rules.

**Property funds**

- 9.74 A property fund must prepare in respect of the first six months of its financial year an interim financial report within two months of the relevant six month period. The interim report should be compiled using accounting policies and presentation that are consistent with those used in the latest annual financial report. The interim report may be unaudited but must be clearly labelled as such.
- 9.75 A property fund must undertake a six monthly independent valuation of its property portfolio. The valuation must be carried out according to internationally accepted property valuation standards by a suitably qualified independent valuer, to be agreed in advance with the Exchange.
- 9.76 The net asset value of a property fund must be based on independent expert valuations and should be in accordance with the property fund's applicable accounting standards. The net asset value must be calculated at least every six months rather than quarterly as required by rule 9.8.
- 9.77 A property fund must include in its annual financial report and interim financial report a summary of the most recent independent valuation of its property portfolio including:
- (a) the total value of properties held at the time of valuation;
  - (b) the total cost of properties acquired;
  - (c) the net book value of properties disposed of during the period; and
  - (d) a full description of the geographical location and type of properties held at the time of valuation.
- 9.78 A property fund must include details in its annual financial report or interim financial report of any transaction it has undertaken during the relevant period with its directors, investment manager, investment adviser, any of their affiliates or any other party that may exert significant influence over the property fund.

### **Subsequent listings**

- 9.79 Where a mutual fund authorises the creation of further securities which are of the same class as securities already listed on the Exchange, the mutual fund must apply for the listing of such further securities prior to their issue, and must not issue such securities unless it has applied for the listing of those securities and the Exchange has approved such application.

### **Registrar and transfer agent**

- 9.80 The mutual fund must maintain a registrar and transfer agent in the Cayman Islands or other financial centre acceptable to the Exchange. The mutual fund must make arrangements acceptable to the Exchange to facilitate the efficient settlement of all trades and the registration of all transfers, subscriptions, redemptions, conversions and other dealings in its listed securities.

### **Annual fee**

- 9.81 Mutual funds whose securities are listed on the Exchange are required to pay an annual fee to the Exchange in accordance with the schedule of fees which forms part of the appendices to these listing rules.

### **Equivalent information**

- 9.82 Where securities listed on the Exchange are also listed on another stock exchange, the issuer must ensure that copies of all documents required to be filed and information required to be notified to the Exchange are simultaneously made available to such other stock exchange.

### **Exception**

- 9.83 Where in the opinion of the mutual fund, disclosure of any matter required by the listing rules would be unduly detrimental to the mutual fund, the mutual fund may apply for a waiver from the relevant requirement. The information, together with a statement of the reasons why the mutual fund believes the information should not be disclosed at that time, must be provided to the Exchange. The Exchange will deal with the information on a strictly confidential basis. However, the Exchange may at any time order that an announcement be delivered to it for dissemination by the Exchange.

### **Review and distribution of documents**

- 9.84 The mutual fund must send a copy to the Exchange of the annual financial statements, any interim financial statements and every circular sent to holders of the mutual fund's listed securities at the same time as they are issued.
- 9.85 The mutual fund must send to the Exchange a copy of all resolutions of holders of the mutual fund's listed securities, documents relating to take-overs, mergers and offers, notices of meetings, forms of proxy or other similar documents, at the same time as they are issued.