

Regulations No..... establishing Licensing Requirements for Collective Investment Schemes

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Regulation no.....establishing Licensing Requirements for Collective Investment Schemes

Pursuant to the Law Governing Collective Investment Schemes;
Pursuant to the Law Establishing the Capital Market Authority of Rwanda;
Pursuant to the Law Regulating the Capital Market Business;

The Capital Market Authority hereinafter referred to as the “Authority”,
decrees:

CHAPTER I: GENERAL

Article 1: Purpose

The purpose of these regulations is to provide for the establishment and Licensing of Collective Investment Schemes in Rwanda.

Article 2: Interpretation

In these regulations unless the context otherwise requires –

Authority: means the Capital Market Authority;

Collective Investment Scheme: a type of scheme where there is an arrangement for collecting and pooling funds from investors or participants for the purpose of investment in the interest of each participant or investor represented by his or her proportional ownership in the scheme;

Custodian: a body corporate licensed to hold and provide safekeeping services for assets and documents of title of assets;

Depository: a body corporate licensed to supervise and oversee the activities of the scheme and which may take custody of the scheme assets;

Durable medium: means any instrument that enables information to be stored in a manner that allows to remain unchanged on reproduction of the information stored;

Feeder scheme: means an open-ended collective investment scheme or sub-scheme of an open-ended scheme dedicated to investing not less than 85% of its assets in a master scheme.

Interval scheme: a type of scheme in which an arrangement obliges to redeem participants’ holdings in the scheme at a price related to the net asset value of the assets of the scheme at regular period prescribed in the prospectus;

Investment company with fixed capital: means a limited liability company established for purposes of forming a collective investment scheme which has a fixed amount of capital as stated in the memorandum and articles of the company at the time of incorporation;

Investment company with variable capital: means a limited liability company established for purposes of forming a collective investment scheme which is not required to have a fixed amount of capital;

Investment Manager: a firm licensed by the regulatory authority to conclude investment agreements, manage instruments and give advice in relation to the capital market;

Law: the Law governing Collective Investment Schemes in Rwanda;

Master scheme: an open-ended collective investment scheme which has among its participants at least one feeder scheme and which is not itself a feeder scheme and does not hold units, shares or other form of participation in a feeder scheme.

Open-ended scheme: a scheme which redeems the assets of participants upon their request at the price equivalent to the net value of the scheme assets in accordance with Laws or regulations or the formation documents of CIS.

Operator: a body corporate responsible for creating, managing, operating the CIS and ensuring compliance of the scheme;

Participant: a person who holds units, shares or other form of ownership in a CIS;

Partner State: means a country which is a member of the East African Community.

Prospectus: means a written statement that discloses the terms of the offering of a collective investment scheme;

Scheme assets: underlying investments of the CIS, including income from those investments

Sub-scheme: a separate part of the scheme assets of an umbrella scheme that is managed and accounted for separately

Umbrella scheme: an open- ended or interval scheme comprising several sub-schemes in which participants or investors in one sub-scheme have the right to exchange units, shares or another form of participation in one sub-scheme for another;

Units/shares/ other form of participation: the rights or interests, however described, of the participants in a collective investment scheme;

Unit/share/other form of participation holder: any person who by reason of the holding of units/shares or other form of participation by reason of having invested capital in a collective investment scheme, has a proportionate interest in the property and income of the scheme;

CHAPTER II: LICENSING REQUIREMENTS FOR COLLECTIVE INVESTMENT SCHEMES

General Requirements

Article 3: Application for a license

An application for a collective investment scheme license shall-

- (a) comply with the requirements of the law and these regulations;
- (b) be submitted together with the prescribed license application fees;
- (c) be submitted to the Authority in the manner prescribed by the Authority.

Unit trust schemes

Article 4: Licensing requirements for unit trust schemes

An application for a license for a unit trust scheme shall be accompanied by-

- (a) An application letter signed by the operator/investment manager and the trustee
- (b) particulars of the proposed operator of the scheme who shall be licensed by the Authority as an investment manager or investment bank or be exempt from the requirements for such license;
- (c) particulars of the trustee of the scheme who shall be licensed by the Authority;
- (d) particulars of the custodian licensed by the Authority, if different from the trustee;
- (e) a trust deed for the scheme that complies with the requirements of Annex 1 and signed by the operator and trustee;
- (f) particulars of the registered address of the scheme;
- (g) name of the scheme;
- (h) particulars of the auditor of the scheme;
- (i) a prospectus that complies with the requirements of Annex 2 and a short form prospectus;
- (j) letter of consent of the custodian if different from trustee;
- (k) Proof of payment of the prescribed fees
- (l) such additional information or documents as may be required by the Authority.

Where the Authority is satisfied that the proposed scheme has complied with the requirements of these regulations, it shall issue a conditional approval for the trust to be registered under the law governing trusts.

Upon receipt of proof of registration of the trust, the Authority shall issue a license to the scheme with or without any conditions as it deems appropriate.

Investment Company Schemes

Article 5: Licensing requirements for investment company schemes

An application for a license for an investment company scheme shall be accompanied by-

- (a) An application letter signed by the operator/investment manager and chairperson of the Board of Directors;
- (b) particulars of the proposed operator of the scheme who shall be licensed by the Authority as an investment manager or investment bank or be exempt from the requirements for such license;
- (c) particulars of the depositary of the scheme who shall be licensed by the Authority;
- (d) particulars of the custodian, if different from the depositary;
- (e) the Memorandum and Articles of the company that comply with the requirements of Annex 1;
- (f) a statement of the capital of the company indicating initial capital (which shall at all times not be less than Frw 20 million), paid up and unpaid up capital.
- (g) particulars of the registered address of the company;
- (h) proposed name of the company;
- (i) particulars of the directors of the company including copies of identification documents;
- (j) particulars of the auditor of the scheme;
- (k) a prospectus that complies with the requirements of Annex 2 and a short form prospectus;
- (l) letter of consent of the custodian if different from the depositary;
- (m) Proof of payment of the prescribed fees
- (n) such additional information or documents as may be required by the Authority.

Where the Authority is satisfied that the proposed scheme has complied with the requirements of these regulations, it shall issue a conditional approval for the company to be incorporated under the law governing companies.

Upon receipt of a certificate of incorporation, the Authority shall issue a license to the scheme with or without any conditions as it deems appropriate.

An investment company scheme shall within a year of being licensed list on an approved securities exchange in Rwanda where applicable.

Partnership schemes

Article 6: Licensing requirements for a limited partnership scheme

An application for a license for a limited partnership scheme shall be accompanied by-

- (a) Application letter signed by the operator/Investment manager and the depositary
- (b) particulars of the proposed operator of the scheme who shall be licensed by the Authority as an investment manager or investment bank or be exempt from the requirements for such license;
- (c) particulars of the depositary of the scheme who shall be licensed by the Authority and meet the requirements for depositaries in the law and regulations made under law;
- (d) particulars of the custodian, if different from the depositary;
- (e) a partnership agreement that complies with the requirements of Annex 1 and signed by the operator of the scheme as general partner and at least 1 limited partner;
- (f) particulars of the registered address of the scheme;
- (g) name of the scheme;
- (h) particulars of the auditor of the scheme;
- (i) Particulars of partners including information about beneficial owners where applicable.
- (j) a prospectus that complies with the requirements of Annex 2 and short form prospectus;
- (k) letter of consent of the custodian if different from the depositary;
- (l) Proof of payment of the prescribed fees
- (m) such additional information or documents as may be required by the Authority.

Where the Authority is satisfied that the proposed scheme has complied with the requirements of these regulations, it shall issue a conditional approval for the partnership to be registered as a limited partnership under the law governing partnerships.

Upon receipt of proof of registration of the partnership, the Authority shall issue a license to the scheme with or without any conditions as it deems appropriate.

Contractual schemes

Article 7: Licensing requirements for a contractual scheme

An application for a license for a contractual scheme shall be accompanied by-

- (a) Application letter signed by the operator/investment manager and the depositary

- (b) particulars of the proposed operator of the scheme who shall be licensed by the Authority as an investment manager or investment bank or be exempt from the requirements for such license;
- (c) particulars of the depositary of the scheme who shall be licensed by the Authority;
- (d) particulars of the custodian, if different from the depositary;
- (e) a scheme agreement that complies with the requirements of Annex 1 and signed by the operator and depositary;
- (f) particulars of the registered address of the scheme;
- (g) name of the scheme;
- (h) particulars of the auditor of the scheme;
- (i) a prospectus that complies with the requirements of Annex 2 and short form prospectus;
- (j) letter of consent of the custodian if different from the depositary
- (k) Proof of payment of the prescribed fees
- (l) such additional information or documents as may be required by the Authority.

Where the Authority is satisfied that the proposed scheme has complied with the requirements of these regulations, it shall issue a license to the scheme subject to any conditions as it may deem appropriate.

Umbrella Schemes

Article 8: Requirements for umbrella schemes

An application for license of a collective investment scheme that wishes to operate as an umbrella scheme shall –

- (a) comply with the requirements for the type of scheme under the law and these regulations;
- (b) provide information on each sub-scheme in the formation documents and prospectus of the scheme;
- (c) provide any other information as the Authority may determine.

Article 9: Open -ended and interval schemes

An open-ended scheme shall redeem the units, shares of other form of participation in the scheme at the request of a participant or investor in the scheme in accordance with the provisions in the law and regulations made under law and the formation documents of the scheme.

An interval scheme shall state the frequency of redemption of units, shares or other form of participation in the scheme but this shall not be less than twice a year.

Article 10: Master and feeder schemes

The formation documents and prospectus of a master scheme shall state that it is a master scheme and provide particulars of feeder schemes that invest in the master scheme.

The formation documents of a scheme that is a feeder scheme shall provide particulars of the master scheme into which the feeder scheme shall invest.

Article 11: Carrying on collective investment schemes business without a license

A collective investment scheme shall not operate in Rwanda without being recognised, licensed or exempted from the requirements for a license by the Authority.

Where a collective investment scheme is found to be in breach of the provisions of this article, upon conviction, its operator, trustee, depositary, custodian, shareholders, partners, agents of CIS or of scheme service providers shall be penalised in accordance with the provisions of the law.

CHAPTER III: LICENSING REQUIREMENTS FOR COLLECTIVE INVESTMENT SCHEMES SERVICE PROVIDERS

Scheme Operators

Article 12: Scheme Operators

An operator of a collective investment scheme shall be licensed as an investment manager or investment bank or be exempt from the requirements for such license.

Investment Managers and investment banks

Article 13: Licensing requirements for investment managers or investment banks

An investment manager or investment bank shall be licensed by the Authority or be exempt from the requirements for such license.

Custodians

Article 14: Licensing requirements for custodians

A custodian of a collective investment scheme shall be licensed by the Authority or be exempt from the requirements for a license.

Trustee or Depositary

Article 15: Licensing requirements for Trustees or Depositaries

An application for a license to operate as a trustee or depositary for a collective investment scheme shall be made by –

- (a) a financial institution licensed by the Central Bank of Rwanda;
- (b) such other entity as the Authority may determine [The application shall be accompanied by:
 - (a) An application letter signed by the CEO and the chairperson of the Board of Directors
 - (b) the particulars of the applicant including name, address, particulars of senior management and Board of Directors;
 - (c) a certificate of incorporation;
 - (d) the Memorandum and Articles of Association;
 - (e) audited accounts of the previous three years and un-audited accounts for the period of the accounting year ending not later than six months prior to the date of application;
 - (f) qualifications, experience and expertise of the staff responsible for the trustee or depositary business;
 - (g) a business plan; and
 - (h) Proof of payment of the prescribed fees
 - (i) a letter of no-objection from the primary regulator of the applicant, authorizing it to undertake such services.
 - (j) such additional information or documents as may be required by the Authority.

A trustee or depositary of a collective investment scheme shall not be a related entity of the operator or investment manager of the scheme.

Article 16: Criteria for approving a Trustee or Depositary of a collective investment scheme

The Authority shall take the following into account when considering an application for a license for a Trustee or depositary.

(a) Financial Resources

The Trustee or depositary shall have financial resources sufficient for the proper performance of its functions.

(b) Safeguards for investors

The operational procedures of the trustee or depositary shall ensure that business conducted by means of its facilities is conducted in an orderly manner and so as to afford proper protection to participants in a collective investment scheme.

(c) Expertise

The trustee or depositary shall have staff with experience and expertise in undertaking the key functions of a trustee or depositary for a collective investment scheme.

(d) Oversight

The trustee or depositary shall have adequate arrangements and resources for providing oversight to the scheme including ensuring compliance with relevant laws and regulations and the scheme formation documents.

(e) Standards of Operation

The trustee or depositary shall be able and willing to put in place and maintain high standards of integrity in the carrying on of its functions and to co-operate, by the sharing of information and otherwise, with the Authority and any other Authority, or any other equivalent body.

CHAPTER IV: DETERMINATION OF APPLICATIONS FOR LICENSES

Article 17: Determination of applications for licenses

An application made under these regulations shall be determined by the Authority before the end of the period of 30 calendar days beginning with the date on which it received the completed application.

The Authority may determine an incomplete application if it considers it appropriate to do so and it shall in any event determine such an application within 15 calendar days beginning with the date on which it received the application.

An applicant may withdraw an application submitted under these regulations by giving the Authority written notice of withdrawal, at any time before the Authority determines it.

Before granting a license, the Authority shall satisfy itself that-

- (a) the applicant has complied with the licensing and any other requirements prescribed by the Authority;
- (b) where the applicant is a body corporate, that it is duly incorporated in Rwanda or in another country as stated by the applicant;
- (c) key officers or persons of the applicant comply with the fit and proper requirements of the Authority;
- (d) key officers of the applicant have the required skills and competencies to carry out the business;
- (e) that the applicant has demonstrated capacity to carry on business for which the license is required including resources, persons with relevant skills and expertise, adequate procedures, systems and controls.

Article 18: Grant or refusal of license

The Authority may, on an application duly made and after being furnished with any other information that it may require, grant or refuse the application for a license.

The Authority shall grant the application where it appears to it from the information furnished by the applicant and considering any other information in its possession that the applicant complies with the requirements for carrying on the business for which the license application was made.

In determining whether to grant or refuse an application, the Authority may take into account any matter relating to -

- (a) where the applicant is a body corporate, the shareholders, directors or related entity of the body corporate;
- (b) where the applicant is a partnership, any of the partners;
- (c) any person employed or proposed to be employed by the applicant;
- (d) any business which the applicant is already carrying on or proposes to carry on and potential impact on the activity for which a license application is being made.

Article 19: Power to vary license

The Authority may, on its own motion and for sufficient cause, vary a license issued under these regulations.

A variation of a license issued under these regulations may take effect:

- (a) Immediately, where the notice states that that is the case;
- (b) on such date as may be specified in the notice; or
- (c) if no date is specified in the notice, when the matter to which the notice relates is no longer open to review.

Where the Authority proposes to vary a license issued under these regulations, it shall notify the licensed person accordingly and state:

- (a) the grounds for variation of the license;
- (b) the nature of variation, effective date and period for which the variation shall apply;
- (c) the right of the licensee to make representations to the Authority within a specified period; and
- (e) the right of the licensee to refer the matter to the Capital market independent review panel established under the law regulating capital market business in Rwanda.

The Authority may extend the period allowed under the notice for making representations.

Where representations are made to the Authority in respect of a proposed variation of a license, it may:

- (a) confirm the decision to vary the license; or
- (b) rescind the decision to vary a license; or
- (b) take such other measures as it may deem appropriate.

A notice under this article shall inform the licensed person of the right to refer the matter to the Capital Market Independent Review Panel established under the law regulating capital markets business.

Article 20: Suspension of scheme license

The Authority may at any time suspend a license of a scheme where —

- (a) the scheme no longer meets the requirements for a license;
- (b) the scheme has failed to comply with any conditions or directives issued by the Authority;
- (c) the operator has furnished the Authority with false, inaccurate or misleading information about the scheme;
- (d) it is no longer viable for the scheme to continue in operation;
- (e) It is in the interests of the participants or investors to suspend the scheme.

For the purposes of this article, the Authority may take into account any of the matters taken into account when considering an application for a license.

The suspension of a license under this article shall be for a specified period, or until the occurrence of a specified event, or until specified conditions are complied with; and, for the avoidance of doubt, while a license is suspended, the scheme is not a licensed scheme.

A scheme whose license has been suspended-

- (a) shall not issue units, shares or other form of participation in the scheme;
- (b) may suspend redemption of units, shares or other form of participation in the scheme for such period and in such manner as the Authority may direct;
- (c) may redeem units, shares or other form of participation in the scheme as the Authority may direct;
- (d) may deal with the assets of the scheme in such manner as the Authority may direct.

Article 21: Suspension of license of scheme service provider

The Authority may at any time suspend a license of a scheme service provider where it appears to it that —

- (a) a person connected to the scheme service provider is not a fit and proper person to carry on any activity in relation to a collective investment scheme; or
- (b) the service provider has contravened any provision of the Law or regulations made under the law or any other applicable law or regulations or a directive issued by the Authority;

- (c) the service provider has furnished the Authority with false, inaccurate or misleading information;
- (d) service provider has contravened any prohibition or requirement imposed under this Law, the collective investment schemes regulations, any other applicable law or regulations or a directive issued by the Authority.

For the purposes of this article, the Authority may take into account any of the matters taken into account when considering an application for a license.

The suspension of a license under this article shall be for a specified period, or until the occurrence of a specified event, or until specified conditions are complied with; and, for the avoidance of doubt, while a license is suspended the service provider is not a licensed person.

The Authority shall take such measures or issue any directive as it deems appropriate to protect the participants in a scheme, to safeguard the assets of a scheme and information relating to a scheme or required for purposes of any investigation in the affairs of the scheme or the conduct of the scheme service provider.

Article 22: Revocation of scheme license

The Authority may revoke a license where:

- (a) the Authority discovers that a statement made in the application or in connection with the application for license or recognition was false;
- (b) the operator fails within twelve (12) months from the date of the granting of the license to commence activities of the scheme or suspends such activities for more than six (6) months;
- (c) the scheme fails to satisfy any conditions imposed by the Authority;
- (d) the operator applies in writing for the revocation of the license;
- (e) the scheme is in the process of being dissolved and wound up;
- (f) the Authority determines that the scheme can no longer comply with the requirements of a licensed scheme and it is in the best interests of the participants in a scheme to revoke the license;
- (g) the scheme operations, or changes to the scheme formation documents contravene the requirements of the law or regulations made under the law;

The Authority may at the time of revoking a license, take such further measures or action as it deems appropriate.

Article 23: Revocation of scheme service provider license

The Authority may revoke a license issued to a collective investment scheme service provider where:

- (a) the Authority discovers that a statement made in the application, or in connection with the issuance of the license, was false and the licensed person knew it to be false or untrue at the time the application was submitted and being reviewed by the Authority;

- (b) the licensed person is in breach of any provisions of this law, the collective investment schemes regulations or any condition that has been set forth as a requirement of issuance of the license;
- (c) another regulatory body or supervisory authority takes action or imposes a penalty on the licensed person for breach of laws, regulations or rules, and the Authority, in its discretion, determines that such regulatory body or supervisory authority action affects:
 - (i) the issuance of the license under these regulations;
 - (ii) the licensed person's ability to carry out its obligations to the scheme with which it has contracted;
 - (iii) the licensed person's ability to carry out its legal and regulatory responsibilities under the law and regulations issued under the law;
 - (i) the licensed person's inability to perform its obligations to the scheme, participants and investors;
- (d) the licensed person's business is terminated or is in the process of being terminated, declared bankrupt, or otherwise dissolved;
- (e) the licensed person has applied in writing requesting for revocation of the license;
- (f) the Authority determines that the licensed person no longer satisfies the conditions required for being licensed and the Authority considers that such failure warrants the revocation of license;
- (g) the licensed person or officers of the licensed person have engaged in actions that are prejudicial to the interests of the participants or investors in the scheme;
- (h) the Authority determines that the revocation of license is in the best interest of the participants or investors, and the capital markets.

The Authority may at the time of considering revocation of a license of a collective investment scheme service provider license, consider taking any other action as it may deem appropriate.

Article 24: Notice of revocation or suspension of license

Before suspending or revoking a license, the Authority shall give the licensed person written notice stating the grounds for suspension revocation and requiring the licensee to-

- (a) take remedial action within a specified period failure of which, the suspension or revocation shall take effect
- (b) make a representation to the Authority on the matter concerning the suspension or revocation of license.

A notice under this article shall, unless the Authority considers it impracticable to do so, be served on the licensed person and any officer or employee of the licensed person in respect of whom the actions or subject matter of the suspension or revocation relate and such person shall have a right to make representations to the Authority.

A notice under this article shall give particulars of the right to require the matter to be referred to the capital market independent review panel.

Where the matter is not referred to the capital market independent review panel, the Authority shall, at the expiration of the period within which such a representation can be made,

- (a) notify the licensed person of the suspension or revocation of license; and
- (b) give public notice of the suspension revocation of the license.

Article 25: Publication of suspension or revocation of license

The Authority shall issue a public notice of any license that has been revoked or suspended.

The Authority shall in its annual publication, provide information on licenses that have been suspended or revoked.

The operator of a scheme whose license has been suspended or revoked shall notify the investors or participants in the scheme in writing as follows:

- (a) in the case of suspension, the period of suspension and any interim measures or directives of the Authority;
- (b) in the case of revocation of a scheme license, the notice of revocation shall provide information regarding the scheme assets and the process by which the scheme shall be wound up and redemption of units or shares or other form of participation by investors or participants in the scheme;
- (c) in the case of the revocation of a license of a scheme service provider, the notice shall identify the person who will replace the service provider and arrangements for the transfer of the scheme or scheme assets to another service provider.

CHAPTER VI: EXEMPTION

Article 26: Exemption from licensing requirements

The Authority may exempt a person required to apply for a license under these regulations from-

- (a) any of the requirements under the law or these regulations or
- (b) the requirements for a license

The exemption may be subject to any conditions as the Authority may deem appropriate.

A person exempt from the requirements for a license shall at all times comply with the requirements of the law and regulations made under the law and any other applicable laws and regulations and directives of the Authority.

The Authority shall periodically review the exempt status of any person to-

- (a) establish compliance with any conditions imposed by the Authority;
- (b) determine whether it is necessary or appropriate for the person to continue to operate as an exempt person.

CHAPTER VII: COMPLIANCE OBLIGATIONS AND RELATED MATTERS

Article 27: Compliance obligations of licensed schemes

A licensed collective investment scheme shall at all times comply with-

- (a) any conditions of the license;
- (b) the requirements of the law, regulations made under the law;
- (c) the provisions of any other applicable law or regulations;
- (d) any directives issued by the Authority; and
- (e) the provisions of the scheme formation documents.

Article 28: Compliance obligations of scheme service providers

A scheme service provider shall at all times comply with-

- (a) any conditions of the license;
- (b) the requirements of the law and regulations made under the law;
- (c) the provisions of any other applicable law or regulations;
- (d) applicable provisions of the regulation on market conduct;
- (e) any directives issued by the Authority;
- (f) The provisions of the scheme formation documents.

Article 29: Requirement to report breaches

An operator of a scheme shall report to the Authority within 24 hours, after becoming aware of any breach of –

- (a) the law or regulations made under the law;
- (b) any conditions of the license or directive of the Authority;
- (c) any other applicable law or regulations; and
- (d) the provisions of the scheme formation documents.

Article 30: Inspection of formation documents of a scheme

The operator of a collective investment scheme shall make the formation documents of the scheme or sub-scheme available for inspection for free of charge to any potential or actual investor or participant in the scheme any time during ordinary office hours at the registered office of the operator.

Article 31: Amending the formation documents of a scheme

Any amendment to the formation documents of a scheme or sub-scheme that has the effect of-

- (a) changing the investment policy or objective of the scheme or sub-scheme;
- (b) changing the nature or type of a scheme or sub-scheme;
- (c) altering the rights or interests of participants in the scheme or sub-scheme; or
- (d) introducing limited redemption arrangements;

shall not be made without the approval by special resolution of at least three-quarters of the members of the scheme or sub-scheme, the trustee or depositary of the scheme, directors of an investment company scheme.

The operator shall first seek a preliminary approval of the Authority before tabling the proposal to scheme participants.

Article 32: Changes requiring approval of the Authority

The operator of a collective investment scheme shall not make any of the following changes without prior approval of the Authority-

- (a) Methodology for valuing the assets of the scheme;
- (b) Pricing arrangements; and
- (c) Method for publication of prices.
- (d) Amendment of scheme formation documents

Article 33: Breach of compliance and other requirements

The Authority may, where it considers it in the best interests of the participants in the scheme, exercise its powers to suspend or revoke a license of a scheme service provider or of the scheme for failure to comply with the requirements of these regulations.

CHAPTER VIII: PROSPECTUS OF A COLLECTIVE INVESTMENT SCHEMES

Prospectus

Article 34: Requirements for a prospectus of a collective investment scheme

A prospectus of a collective investment scheme shall –

- (a) be in the English language and may be translated into any other official language in Rwanda;
- (b) be clear, concise and understandable;
- (c) contain a clear statement of the scheme's regulatory status;
- (d) state the date of the prospectus;
- (e) comply with the requirements of the law, these regulations; and
- (f) contain the information in Annex 2.

A prospectus shall not contain any provision which conflicts with these regulations nor shall it contain any extraneous material.

A prospectus that does not comply with the requirements of the law and these regulations shall not be approved by the Authority.

Any person who publishes, issues and distributes a prospectus that does not comply with the requirements of the law and these regulations commits an offence and shall be penalized in accordance with the provisions of the law.

Article 35: Prospectus of an umbrella scheme

A prospectus of an umbrella scheme shall –

- (a) have general information relating to the umbrella scheme;
- (b) have information relating to each sub-scheme established under the umbrella scheme.

Article 36: Amending a prospectus of collective investment scheme

The operator of a collective investment scheme shall –

- (a) review the prospectus of the scheme or sub-scheme every 6 months;
- (b) obtain approval of the proposed amendments from the trustee or depositary of the scheme and in the case of an investment company scheme, from the directors;
- (c) submit the proposed amendments to the Authority for approval;
- (d) inform investors or participants in the scheme about amendments to the prospectus.

Article 37: False or misleading statements in a prospectus

A person who publishes and issues a prospectus containing false or misleading information commits an offence and shall be penalized in accordance with the provisions of the law.

*Short form prospectus***Article 38: Short form prospectus**

The operator of a collective investment scheme may prepare and disseminate a short form prospectus for each scheme or sub-scheme of an umbrella scheme.

The short form prospectus shall be provided free of charge and shall –

- (a) contain information extracted from the prospectus as the operator of the scheme shall determine;
- (b) not contain any information that is inconsistent with the prospectus;
- (b) be submitted to the Authority together with the full prospectus;
- (c) be approved by the Authority;
- (d) be amended in the same circumstances and manner as the full prospectus of the scheme;
- (e) contain an application form for subscription for units, shares or other form of participation in the scheme;

The provisions in the law and these regulations on false or misleading statements in a prospectus shall apply to a short form prospectus.

CHAPTER IX: FINAL PROVISIONS

Article 39: Coming into force

These regulations shall come into force on the date of publication in the official gazette.

ANNEXES

ANNEX 1

FORMATION DOCUMENTS OF COLLECTIVE INVESTMENT SCHEMES

PART A- REQUIREMENTS FOR A TRUST DEED OF A UNIT TRUST SCHEME

Title or cover page- date, name of scheme, operator, investment manager, trustee and custodian of the scheme

PART I – PRELIMINARY

(1) Declaration of Trust

(2) Interpretation – definition of terms used in the Trust Deed.

PART II – THE OPERATOR AND TRUSTEE

(3) The operator- particulars of the operator of the scheme- names and address of the operator and whether the operator is the investment manager for the scheme.

(4) The Trustee- particulars of the trustee of the scheme including names and address.

PART III- THE SCHEME

(5) Particulars of the collective investment scheme - a statement of the name, address and registered office of the collective investment scheme.

(6) Governing law- a statement that the trust deed and scheme shall be governed by the laws of Rwanda.

(7) Objects of the trust/scheme-a statement as to the objects of the scheme including investments and assets that the scheme will invest in and that the object of the scheme is to invest the assets with the aim of spreading investment risk and giving unit holders the benefits of the results of managing the scheme assets.

(8) Trust Deed to be binding and authoritative -a statement that the deed is binding on each holder as if he or she had been a party to it and is bound by its provisions and authorizes and requires the operator and trustee to do the things required or permitted of them by the terms of the deed.

(9) The investment policy and authorized investments - the categories in which the funds of the collective investment scheme may invest as well as the investment and borrowing restrictions.

(10) Base currency- the currency of the scheme.

(11) Duration of the scheme- a statement of the duration of the scheme or when the scheme will be wound up or that it shall continue in existence until otherwise would up.

(12) Holder's liability to pay - a provision that holders of units are not liable to make any further payment after they have paid the purchase price for their units and that no further liability can be imposed in respect of the units they hold.

PART IV - THE INVESTMENT MANAGER

(13) Appointment of an Investment manager -particulars of the investment manager of the scheme.

(14) Functions of the Investment manager -a description of functions to be carried out by the investment manager.

(15) Investment manager's powers - a provision detailing the powers and discretions of the Investment manager.

(16) Investment manager's remuneration - a provision that expressly details the investment manager's remuneration for its services and to cover its expenses in performing its obligations under this Deed.

(17) Reports by Investment manager to Trustee - a provision that expressly requires the investment manager to make periodic reports to the trustee, and the Authority.

(18) Retirement, Substitution, Suspension or Liquidation of Investment manager - provisions on the circumstances under which the investment manager may retire, be replaced or suspended.

PART V – TRUSTEE

(19) Functions, powers and duties of the trustee

(20) Reporting obligations of the trustee

(21) Trustee's remuneration – a statement authorizing any payments to the trustee by way of remuneration for his services to be paid (in whole or in part) out of the collective investment scheme portfolio and specifying the basis on which that remuneration is to be determined and how it should accrue and be paid.

(22) Retirement, removal and appointment of new trustee - provisions on the circumstances under which the trustee may retire or be replaced.

PART VI - CUSTODIAN

(23) Appointment of custodian by trustee – particulars of the custodian of the scheme where if different from the trustee.

(24) Functions of the custodian – a statement on functions of the custodian.

(25) Reports by a custodian – a statement on reporting obligations of the custodian.

(26) Retirement or removal of a custodian- a statement on removal and replacement of the custodian.

PART VII – UNIT PORTFOLIO

(27) Eligible investors – a statement on persons eligible to invest in the scheme

(28) Classes of units – a statement on classes of units in the scheme

(29) The creation of units- a statement on procedures for creation of units by the trustee

(30) Issue and purchase of units – a statement on procedures of issuance and purchase of units in the scheme including in specie issue and cancellation.

(31) Evidence and title of units- a statement on the method by which ownership or title to units shall be evidenced

(32) Register of unit holders – a statement on the obligation to maintain a register of unit holders in the scheme or sub- scheme

(33) Purchase and redemption of units – a statement on procedures for sale and redemption of units

(34) Income- a statement on the basis for allocation, distribution or re-investment of income and related matters.

(35) Fees and charges – a statement on fees and charges including any

(a) preliminary charges to be included in the issue price of a unit, specifying a maximum to that charge expressed either as a fixed amount in the base currency or as a percentage of the creation price of a unit.

(b) periodic charge payable out of the income of the collective investment scheme portfolio, and a statement that provides for the charge to be expressed as an annual percentage (to be specified in the information memorandum) of the value of the collective investment scheme portfolio (and the statement may provide for the addition to the charge of value added tax, if any, payable thereon), specifying the

accrual intervals and how the charge is to be paid, and the maximum charge expressed as an annual percentage of the value of the collective investment scheme portfolio.

(36) Cancellation of units – a statement on procedures for cancellation of units following purchase and redemption

PART VIII – INVESTMENTS

(37) Eligible securities- a statement on the eligible securities in which the scheme may invest.

(38) Borrowing- a statement on borrowing powers of the scheme.

(39) Lending - a statement on lending powers and limits of the scheme.

(40) Taxes- a statement on the tax status and taxes payable by the scheme.

PART IX – VALUATION AND PRICING

(41) Valuation methodology- a statement of the method used for valuation of the assets of the scheme.

(42) Pricing- a statement on the method of pricing of the units of the scheme.

PART X – MEETINGS

(43) Meeting of the scheme – a statement on whether the scheme shall hold annual meetings of participants in the scheme.

(44) Notice of meetings- a statement on notice, quorum, voting rights, proxies and resolutions at meeting.

(44) Voting- a statement on procedures for voting at meetings of unit holders and voting rights.

PART XI – SUSPENSION, TERMINATION AND WINDING UP

(45) Suspension of scheme- a statement on procedures for suspending dealing in units of a scheme.

(46) Termination of a sub-scheme- a statement on procedures for termination of a sub-scheme of an umbrella scheme.

(47) Winding up of a unit trust scheme- a statement on procedures for winding up the scheme.

PART B- MEMORANDUM AND ARTICLES OF ASSOCIATION FOR AN INVESTMENT COMPANY SCHEME

Memorandum of Association

(1) Title page-

(2) Name of the company

(3) Nature of the company- a statement that the company is an investment company with fixed capital or an investment company with variable capital and if an umbrella fund, a statement on the sub- schemes under the umbrella.

(4) The objects and duration of the company- a statement on the objects for which the company is established.

(5) Powers of the company- a statement of the powers of the company.

(6) Liability- a statement that the liability of the shareholders is limited.

(7) Signatures -of the subscribers to the memorandum.

Articles of Association

(1) Definitions – and interpretation provisions

- (2) **Particulars of** – the investment manager, depositary and custodian of the scheme.
- (3) **Share capital of the company** – a statement of the capital of the company in the case of an investment company with fixed capital and a statement of the initial capital, in the case of an investment company with variable capital. In addition, this part shall contain a statement on paid up and unpaid up capital.
- (4) **Constitution, rights, assets and liabilities of the company-** a statement on the type of company (investment company with variable capital or investment company with fixed capital), whether it is an umbrella scheme or not, powers to issue classes of shares, rights attaching to shares, allocation of the assets and liabilities of the company to the scheme or sub-scheme.
- (5) **Evidence of ownership of shares-** a statement on issuance of certificates and other means of evidencing ownership.
- (6) **Terms of subscription** – procedures for initial and subsequent offer of shares.
- (7) **Restrictions and compulsory redemption-** a statement on any restrictions on acquisition and holding shares in the company and redemption of any shares held in contravention of this provision.
- (8) **Allotment of shares-** procedures for allotment of shares.
- (9) **Redemption of shares-** procedures for redeeming shares.
- (10) **Conversion of shares-** procedures for conversion from one class or sub-scheme to another.
- (11) **Valuation** – procedures for determining the net asset value of the scheme or sub- scheme and valuation of investments.
- (12) **Transfer and transmission of shares-** a statement on procedures for transfer and transmission of ownership of shares.
- (13) **Investment objectives and investment policy-** a statement on the investment objectives and policy of the company.
- (14) **General meetings-** a statement on meetings of the company, notices, proceedings, voting and related matters.
- (15) **Directors-** a statement on appointment, qualifications, terms and removal of directors. In addition, this part shall contain provisions on powers of directors, directors' meetings, borrowing powers of directors, transactions involving directors and related parties.
- (16) **Management-** a statement on appointment of management of the company
- (17) **Secretary-** a statement on qualifications and appointment of the Secretary of the Company.
- (18) **Seal-** a statement on the company seal and custody arrangement for the seal.
- (19) **Dividends and reserves-** a statement on the dividend policy of the company and any-sub-schemes, powers to declare dividends and procedures for distribution of dividends.
- (20) **Capitalization of profits and reserves-** a statement on powers and procedures for capitalizing reserves
- (21) **Equalization account-** a statement on powers of directors to maintain one or more equalization accounts
- (22) **Accounts-** a statement on accounting and financial reporting requirements
- (23) **Audit-** a statement on appointment of auditors, duties and functions of auditors and audit reports.
- (24) **Notices-** a statement on service of notices.
- (25) **Indemnity and insurance-** a statement on powers of the company to indemnify directors and officers.
- (26) **Amendment of articles-** procedures for amending the articles of the company.
- (27) **Signatures** of the subscribers.

PART C- REQUIREMENTS FOR A CONTRACTUAL SCHEME AGREEMENT

Title or cover page- date, name of the scheme.

PART I – PRELIMINARY

(1) Name of the scheme

(2) Interpretation – definition of terms used in the agreement.

PART II-THE OPERATOR AND DEPOSITARY

(3) Particulars of the scheme operator – names and address of the operator and whether the operator is the investment manager.

(4) The depositary- names and address of the depositary of the scheme.

PART III-THE SCHEME

(5) Objects of the scheme - a statement as to the objects of the scheme including investments and assets in which the scheme will invest and that the object of the scheme is to invest the assets with the aim of spreading investment risk and giving unit holders the benefits of the results of managing the scheme assets.

(6) Duration of the scheme- a statement on the duration of the scheme or when the scheme will be wound up or that it shall continue in existence until otherwise would up.

(7) Base currency- the currency of the scheme.

(8) Investment powers in eligible securities - a statement that, subject to the provisions of the law and the collective investment schemes regulations, the scheme has powers to invest in any eligible securities markets.

(9) Unit holder's liability-a provision that holders of units are not liable to make any further payment after they have paid the purchase price for their units and that no further liability can be imposed in respect of the units they hold.

(10) Governing law- a statement that the agreement is made under and governed by the laws of Rwanda.

(11) Agreement binding and authoritative- a statement that the scheme agreement is binding on each unit holder as if the unit holder had been party to it and is bound by its provisions and authorizes and requires the depositary and the investment manager to do the things required or permitted of them by the agreement.

PART IV - THE INVESTMENT MANAGER

(12) Appointment of an Investment manager -particulars of the investment manager of the scheme.

(13) Functions of the Investment manager -a description of functions to be carried out by the investment manager.

(14) Investment manager's powers - a provision detailing the powers and discretions of the Investment manager including powers to acquire, manage and dispose of property of the scheme.

(15) Investment manager's remuneration - a provision that expressly details the investment manager's entitlement by way of remuneration for its services and to cover its expenses in performing its obligations under this agreement.

(16) Reports by Investment manager to depositary - a provision that expressly requires the investment manager to make periodic reports to the depositary, and the Authority.

(17) Removal and replacement of Investment manager - provisions on the circumstances under which the investment manager may retire or be removed and replaced.

PART V – DEPOSITARY

(18) Appointment of Depositary- Particulars of the depositary of the scheme.

(19) Functions, powers and duties of the depositary

(20) Depositary's remuneration – a statement authorizing any payments to the depositary by way of remuneration for services to be paid (in whole or in part) out of the collective investment scheme portfolio and specifying the basis on which that remuneration is to be determined and how it should accrue and be paid.

(21) Removal and replacement of the depositary - provisions on the circumstances under which the depositary may retire or be removed and replaced.

PART VI - CUSTODIAN

(22) Appointment of custodian by depositary – particulars of the custodian of the scheme if different from the depositary

(23) Functions of the custodian – a statement on the functions of the custodian.

(24) Records to be maintained by a custodian – a statement on records to be maintained by the custodian.

(25) Reports by a custodian – a statement on reporting obligations of the custodian.

(26) Retirement or removal of a custodian- a statement on removal and replacement of the custodian.

PART VII – PORTFOLIO

(27) Eligible investors – a statement on persons eligible to invest in the scheme.

(28) Classes of units – a statement on classes of units in the scheme.

(29) The creation of units- a statement on procedures for creation of units in the scheme.

(30) Issue and purchase of units – a statement on procedures of issuance and purchase of units in the scheme.

(31) Evidence and title of units- a statement on the method by which ownership or title to units shall be evidenced.

(32) Restriction on transfer of units- a statement that restricts transfer of units in the scheme except in the manner provided for in the scheme agreement.

(33) Register of unit holders – a statement on the obligation to maintain a register of unit holders in the scheme or sub- scheme.

(34) Income- a statement on the basis for allocation, distribution or re-investment of income and related matters.

(35) Fees and charges – a statement on fees and charges including any

(a) preliminary charges to be included in the issue price of a unit, specifying a maximum to that charge expressed either as a fixed amount in the base currency or as a percentage of the creation price of a unit.

(b) periodic charge payable out of the income of the collective investment scheme portfolio, and a statement that provides for the charge to be expressed as an annual percentage (to be specified in the information memorandum) of the value of the collective investment scheme portfolio (and the statement may provide for the addition to the charge of value added tax, if any, payable thereon), specifying the accrual intervals and how the charge is to be paid, and the maximum charge expressed as an annual percentage of the value of the collective investment scheme portfolio.

(36) Purchase and redemption of units – a statement on procedures for purchase and redemption of units.

(37) Cancellation of units – a statement on procedures for cancellation of units following purchase and redemption.

PART VIII – INVESTMENTS, CONTRACT~~ACTS~~ AND ASSETS OF THE SCHEME

(38) Eligible securities- a statement on the eligible securities in which the scheme may invest.

(39) Contracts- a statement that authorizes the investment manager to enter into contracts that are binding on the participants for purposes of or in connection with the acquisition, management or disposal of assets of the scheme.

(40) Assets of the scheme- a statement that-

(a) authorizes the investment manager to acquire, manage and dispose of assets of the scheme subject to the provisions of the law and the collective investment schemes regulations;

(b) the assets of the scheme or sub-scheme other than sums standing to the credit of the distribution account, are held by or to the order of the depositary for and on behalf of the unit holders according to the number of units held by each unit holder;

(c) the sums standing to the credit of the distribution account are held by the depositary to distribute or apply in accordance with the provisions on income allocation and distribution.

(d) the assets of the scheme are owned by the participants as tenants in common.

(41) Borrowing- a statement on borrowing powers of the scheme.

(42) Lending - a statement on lending powers and limits of the scheme.

(43) Taxes- a statement on the tax status and taxes payable by the scheme.

PART IX – VALUATION AND PRICING

(44) Valuation methodology- a statement of the method used for valuing the assets of the scheme.

(45) Pricing- a statement on the method of pricing of the units of the scheme.

PART X – MEETINGS

(46) Meeting of the scheme – a statement on whether the scheme shall hold annual meetings of participants in the scheme.

(47) Voting- a statement on procedures for voting at meetings of unit holders and voting rights.

(48) Notice of meetings- a statement on notice, quorum, voting rights, proxies and resolutions at meeting.

PART XI – SUSPENSION, TERMINATION AND WINDING UP

(49) Suspension of scheme- a statement on procedures for suspending transaction in units of a scheme.

(50) Termination of a sub-scheme- a statement on procedures for termination of a sub-scheme of an umbrella scheme.

(51) Winding up of scheme- a statement on procedures for winding up the scheme.

PART D- REQUIREMENTS FOR A PARTNERSHIP SCHEME AGREEMENT

Title or cover page- date and name of the scheme

PART I – PRELIMINARY

(1) Name of the scheme

(2) Interpretation – definition of terms used in the agreement.

PART II- OPERATOR, GENERAL AND LIMITED PARTNERS

(3) Particulars of the operator- Name and address of the operator of the scheme including whether the operator is the investment manager for the scheme.

(4) Particulars of the General and limited partners- names and address of the General and Limited partners.

PART III- THE SCHEME

(5) Objects of the scheme - a statement as to the objects of the scheme including investments and assets in which the scheme proposes to invest.

(6) Duration of the scheme- a statement of the duration of the scheme or when the scheme will be wound up or that it shall continue in existence until otherwise would up.

(7) Participation in the scheme – a statement that participants in the scheme shall be limited partners.

(8) Base currency- the currency of the scheme.

(9) Eligible investments - a statement of the eligible investments of the scheme.

(10) Unit holders' liability-a provision that holders of units are not liable for the debts or obligations of the limited partnership scheme beyond the amounts paid for purchase of units in the scheme except for general partners.

(11) Governing law- a statement that the partnership agreement is made under and governed by the laws of Rwanda.

(12) Agreement binding and authoritative- a statement that the partnership agreement is binding on each unit holder who thereby becomes a limited partner or general partner in the limited partnership scheme and is bound by its provisions and authorizes and requires the depositary and the investment manager to do the things required or permitted of them by the agreement.

PART IV - THE INVESTMENT MANAGER

(13) Appointment of an Investment manager - particulars of the investment manager of the scheme and whether the investment manager is also the operator of the scheme.

(14) Functions of the Investment manager -a description of functions to be carried out by the investment manager.

(15) Investment manager's powers - a provision detailing the powers and discretions of the Investment manager.

(16) Investment manager's remuneration - a statement on the remuneration of the investment manager for its services and to cover its expenses in performing its obligations under the partnership agreement.

(17) Reports by Investment manager to depositary - a provision that expressly requires the investment manager to make periodic reports to the depositary and the Authority.

(18) Removal and replacement of Investment manager - provisions on the circumstances under which the investment manager may retire or be removed and replaced.

PART V – DEPOSITARY

(19) Appointment of Depositary- particulars of the depositary of the scheme include name, address and whether the depositary shall be custodian for the scheme.

(20) Functions, powers and duties of the depositary

(21) Depositary's remuneration – a statement authorizing payments to the depositary by way of remuneration for his services to be paid (in whole or in part) out of the collective investment scheme portfolio and specifying the basis on which that remuneration is to be determined and how it should accrue and be paid.

(22) Removal and replacement of the depositary - provisions on the circumstances under which the depositary may retire or be removed and replaced.

PART VI - CUSTODIAN

(23) Appointment of custodian- particulars of the custodian of the scheme where if different from the depositary

(24) Functions of the custodian – a statement on functions of the custodian.

(25) Records to be maintained by a custodian – a statement on records to be maintained by the custodian.

(26) Reports by a custodian – a statement on reporting obligations of the custodian.

(27) Retirement or removal of a custodian- a statement on removal and replacement of the custodian.

PART VII – PORTFOLIO

(28) Eligible investors – a statement on persons eligible to invest in the scheme

(29) The creation of units- a statement on procedures for creation of units in the scheme

(30) Issue and purchase of units – a statement on procedures of issuance and purchase of units in the scheme and cancellation of units.

(31) Evidence and title of units- a statement on the method by which ownership or title to units shall be evidenced

(32) Register of unit holders – a statement on the obligation to maintain a register of unit holders in the scheme.

(33) Income- a statement on the basis for allocation, distribution or re-investment of income and related matters.

(34) Fees and charges – a statement on fees and charges including any-

(a) preliminary charges to be included in the issue price of a unit, specifying a maximum to that charge expressed either as a fixed amount in the base currency or as a percentage of the creation price of a unit.

(b) periodic charge payable out of the income of the collective investment scheme portfolio, and a statement that provides for the charge to be expressed as an annual percentage (to be specified in the information memorandum) of the value of the collective investment scheme portfolio (and the statement may provide for the addition to the charge of value added tax, if any, payable thereon), specifying the accrual intervals and how the charge is to be paid, and the maximum charge expressed as an annual percentage of the value of the collective investment scheme portfolio.

(35) Purchase and redemption of units – a statement on procedures for purchase and redemption of units.

(36) Cancellation of units – a statement on procedures for cancellation of units following purchase and redemption.

PART VIII – INVESTMENTS AND ASSETS OF THE SCHEME

(37) Eligible securities- a statement on the eligible securities in which the scheme may invest.

(38) Assets of the scheme- a statement that -

- (a) authorizes the investment manager to acquire, manage and dispose of assets of the scheme subject to the provisions of the law and the collective investment schemes regulations;
 - (b) the assets of the scheme or sub-scheme other than sums standing to the credit of the distribution account, are held by or to the order of the depositary for and on behalf of the unit holders according to the number of units held by each unit holder.
 - (c) In addition, that the sums standing to the credit of the distribution account are held by the depositary to distribute or apply in accordance with the provisions on income allocation and distribution.
- (39) Borrowing-** a statement on borrowing powers of the scheme.
- (40) Lending -** a statement on lending powers and limits of the scheme.
- (41) Taxes-** a statement on the tax status and taxes payable by the scheme.

PART IX – VALUATION AND PRICING

- (42) Valuation methodology-** a statement of the method used for valuing the assets of the scheme.
- (43) Pricing-** a statement on the method of pricing of the units of the scheme.

PART X – MEETINGS

- (44) Meeting of scheme participants –** a statement on whether the scheme shall hold annual meetings of participants in the scheme.
- (45) Voting-** a statement on procedures for voting at meetings of unit holders and voting rights.
- (46) Notice of meetings-** a statement on notice, quorum, voting rights, proxies and resolutions at meeting.

PART XI – RESIGNATION, SUSPENSION, TERMINATION AND WINDING UP

- (47) Resignation of partners-** a statement that the limited partnership scheme shall not be dissolved upon any person ceasing to be a partner in the scheme provided that there remains at least one general partner and one limited partner.
- (48) Suspension of scheme-** a statement on procedures for suspending transactions in units of a scheme.
- (49) Winding up of scheme-** a statement on procedures for winding up the scheme.

ANNEX 2- REQUIREMENTS FOR A PROSPECTUS OF A COLLECTIVE INVESTMENT SCHEME

(1) Front page/preliminary information

- (a) A statement that, the Capital Market Authority assumes no responsibility for the correctness of any statements or opinions made or reports contained in this prospectus. Approval of the prospectus is not to be taken as an indication of the merits of the issuer or of the scheme.
- (b) A caution statement on the first page that is written in clearly legible and prominent font stating:

“That the prospectus has been submitted to the Authority for approval and approval has been granted.”

“The units, shares or other form of participation in the scheme offered have not been approved or disapproved by the Authority”

“Prospective participants in the scheme should carefully consider the matters set forth under the caption “risk factors”

(2) Particulars of the scheme – Name and address of the scheme

(3) Particulars of the scheme operator and whether the scheme operator is also investment manager for the scheme

(4) Particulars of the trustee or depositary of the scheme

(5) Particulars of the custodian, if different from the trustee or depositary

(6) Particulars of the directors of an investment company scheme;

(7) Particulars of the general partner and the limited partner of a partnership scheme

(8) Particulars of the auditor of the scheme

(9) Regulatory status of the scheme – whether it is a licensed or recognized scheme and date when approval from the Authority was obtained.

(10) Type of scheme-

- (a) Unit trust scheme;
- (b) Investment company scheme which may be an investment company with fixed capital or an investment company with variable capital;
- (c) Contractual scheme;
- (d) Partnership scheme;
- (e) Any other scheme as the Authority shall prescribe

(11) Umbrella Scheme-

- (a) the prospectus of an umbrella scheme shall contain general information about the scheme (*such as the information in 1-10 above*);
- (b) specific information in relation to each sub- scheme (such as name of sub-scheme, investment objective of the sub-scheme; eligibility to invest in the sub-scheme);
- (c) information on the segregation of participants, assets and liabilities of each sub-scheme.
- (d) Whether participants in one sub-scheme can exchange units, shares or other form of participation for another sub-scheme;
- (e) Rules governing such exchange;
- (f) Policies for allocating assets, costs, expenses, charges and income between sub-schemes;

(g) Any other information that the Authority may request.

(12) Open ended, interval or closed schemes-

The prospectus of a scheme shall state whether the scheme is an open ended or interval scheme or closed scheme. An open-ended scheme has an ongoing obligation to redeem the units, share of other form of participation in the scheme at a price equivalent to the net asset value of the scheme. An interval scheme shall state the frequency at which the units or shares or other forms of participation in the scheme. A closed ended scheme shall not be obliged to periodically redeem units, shares or other form of participation in the scheme and whether the life of the scheme is longer than 5 years, it shall be required to list on a stock exchange.

(13) Master or feeder scheme

A prospectus of a collective investment scheme shall state whether the scheme is a master or feeder scheme. A master scheme is a scheme which has among its participants at least one feeder scheme and which is not itself a feeder scheme and does not have units, shares or other form of participation in a feeder scheme. A feeder scheme is an open-ended collective investment scheme or sub-scheme of an open-ended scheme dedicated to investing not less than 85% of its assets in a master scheme.

(14) Legal status of the scheme

- (a) The prospectus of a unit trust scheme shall state that the scheme is not a legal entity and assets of the scheme shall be held by the Trustee for the benefit of the participants in the scheme.
- (b) The prospectus of an investment company scheme shall state-
 - (1) Whether it is an investment company with fixed capital; or
 - (2) An investment company with variable capital;
 - (3) That the company is a limited liability company incorporated under the law governing companies in Rwanda;
 - (4) The capital of the company and costs, if any incurred by the company in raising the initial capital and whether these shall be charged to the scheme;
 - (5) The directors of the company.
- (c) The prospectus of a contractual scheme shall state that the scheme is not a legal entity and the assets of the scheme shall be held by the depositary for the benefit of the participants in the scheme as tenants in common.
- (d) The prospectus of a partnership scheme shall state that the scheme does not have legal personality and participants in the scheme shall be limited partners.

(15) Liability of participants in the scheme

- (a) The prospectus of a collective investment scheme shall state that the liability of participants in the scheme is limited to their contribution or investment in the scheme and that they shall not be personally liable for debts of the scheme, the scheme operator, trustee, depositary or custodian.
- (b) The prospectus of an investment company scheme which is an umbrella scheme shall state that the sub-schemes are not ring fenced and in the event of the any sub-scheme being unable to meet its liabilities, the liabilities may be met out of the assets of the other sub-schemes.

- (16) **The duration of the scheme-** whether the scheme is for a fixed or stated period of life or shall exist until wound up.
- (17) **The base currency of the scheme**
- (18) **Investment objectives and policies of the scheme**
- (a) Assets in which the scheme shall invest
 - (b) Investment of the capital of the scheme in permitted investments
 - (c) Eligible securities in which the scheme may invest
 - (d) Investments on movable and immovable assets- *only closed ended schemes are permitted to make such investments*
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Regulation no..... establishing operational and other requirements for Collective Investment Schemes

Pursuant to the Law governing Collective Investment Schemes;
Pursuant to the Law establishing the Capital Market Authority of Rwanda;
Pursuant to the Law regulating the Capital Market Business;

The Capital Market Authority hereinafter referred to as the “Authority”, decrees:

CHAPTER I: GENERAL

Article 1: Purpose

The purpose of these regulations is to provide for the establishment of operational and other requirements for collective investment schemes.

Article 2: Definitions

In these regulations unless the context otherwise requires –

Accounting reference date: means a date adopted by a body corporate or a business entity to determine its accounting period.

Authority: the Capital Market Authority;

Collective Investment Scheme: a type of scheme where there is an arrangement for collecting and pooling funds from investors or participants for the purpose of investment in the interest of each participant or investor represented by his or her proportional ownership in the scheme;

Custodian: a body corporate licensed to keep and provide safekeeping services for assets and documents of title of assets;

Depositary: a body corporate licensed to supervise and oversee the activities of the scheme and which may take custody of the scheme assets.

Durable medium: any instrument that enables information to be stored in a manner that allows to remain unchanged on reproduction of the information stored;

Feeder scheme: a collective investment scheme or a sub-scheme of a collective investment scheme, which invest 85% or more of its total assets in units of another scheme or sub-scheme known as the master scheme.

Interval scheme: a type of scheme in which an arrangement obliges to redeem participants' holdings in the scheme at a price related to the net asset value of the

assets of the scheme at regular period prescribed in the prospectus;

Investment company with fixed capital: a limited liability company established for purposes of forming a collective investment scheme which has a fixed amount of capital as stated in the memorandum and articles of the company at the time of incorporation;

Investment company with variable capital: means a limited liability company established for purposes of forming a collective investment scheme which is not required to have a fixed amount of capital;

Investment Manager: a firm licensed by the regulatory authority to conclude investment agreements, manage instruments and give advice in relation to the capital market; a firm licensed by the regulatory authority to conclude investment agreements, manage instruments and give advice in relation to the capital market;

Law: the law governing Collective Investment Schemes;

Master scheme: a scheme which has among its participants at least one feeder scheme and which is not itself a feeder scheme and does not hold units, shares or other form of participation in a feeder scheme.

Money market instrument: means a debt security that gives the owner the unconditional right to receive a stated, fixed sum of money on a specified date including treasury bills, commercial and financial paper, bankers' acceptances and negotiable certificates of deposit with original maturities of one year or less, and short-term notes issued under note issuance facilities or is issued at a discount dependent upon the interest rate and the time remaining to maturity;

Net asset value: means the aggregate value of the assets of a collective investment scheme or sub-scheme, less the total amount of the liabilities of that collective investment scheme or sub-scheme, at the time of the calculation;

.

Open-ended scheme: a scheme which redeems the assets of participants upon their request at the price equivalent to the net value of the scheme assets in accordance with Laws or regulations or the formation documents of CIS;

Operator a body corporate responsible for creating, managing, operating the CIS and ensuring compliance of the scheme.

- (a) In relation to a unit trust scheme, the investment manager of the scheme;
- (b) In relation to a partnership scheme, general partner licensed as the investment manager of the scheme;
- (c) In relation to a contractual scheme, the investment manager of the scheme;

(d) In relation to an investment company scheme, the investment manager of the scheme

Panel: means the Capital Market Independent Review panel established under the Law regulating capital market business in Rwanda.

Participant: means any person holding units, shares or other form ownership in a collective investment scheme;

Partner State: means a country which is a member of the East African Community.

Prospectus: a document of the operator that discloses the terms of the offering of the CIS;

Recognised collective investment scheme: a collective investment scheme licensed in another jurisdiction and approved by the regulatory authority to operate in Rwanda;;

Related entity: means, where applicable -

- (i) a holding company or subsidiary of an operator, investment manager, trustee, depositary, or custodian of a collective investment scheme;
- (ii) a company which is a subsidiary of a body corporate, where the operator, investment manager, trustee, depositary, or custodian of a collective investment scheme is also a subsidiary of that body corporate, but neither company is a subsidiary of the other;
- (iii) in the case of an operator, investment manager, trustee, depositary, or custodian of a collective investment scheme, any other body corporate that is not a subsidiary of the operator, investment manager, trustee, depositary, or custodian of a collective investment scheme, in respect of which, the company is beneficially entitled to more than 20 per cent in nominal value of either the allotted share capital or of the shares carrying voting rights (other than voting rights which arise only in specified circumstances) in that other body corporate; or
- (iv) a partnership in which the operator, investment manager, trustee, depositary, or custodian of a collective investment scheme, and whose business is or, at the relevant time, was, in the opinion of the Authority, materially relevant to any inspection of the operator, investment manager, trustee, depositary, or custodian of a collective investment scheme being carried out or proposed to be carried out under the law.

Scheme assets: means the underlying investments of the collective investment scheme, including income from those investments;

Sub-scheme: means a separate part of the scheme assets of an umbrella scheme that is pooled, managed and accounted for separately;

Transferable securities: are securities that can be bought or sold without the consent of a third party being required;

Umbrella scheme: an open- ended or interval scheme comprising several sub-schemes in which participants or investors in one sub-scheme have the right to exchange units, shares or another form of participation in one sub-scheme for another;

Units: means the rights or interests, however described, of the participants in a collective investment scheme;

Unit-holder: means any person who by reason of the holding of units or by reason of having invested capital in a collective investment scheme, has a proportionate interest in the property and income of the scheme;

Valuation point: is the time and frequency at which the purchase and sale prices of participations in a collective investment scheme are calculated.

CHAPTER II: PARTICIPATION IN A COLLECTIVE INVESTMENT SCHEME

Offer and subscription/ purchase

Article 3: Initial offer of units, shares or other form of participation in a collective investment scheme

The Initial offer of units, shares or other form of participation in a collective investment scheme shall be at a price determined by the operator of the scheme.

Article 4: Purchase of units, shares or other form of participation in a collective investment scheme

An application to purchase units, shares or other form of participation in a collective investment scheme shall be irrevocable

Purchase of units, shares or other form of participation in a collective investment scheme or sub-scheme constitutes acceptance of the terms set out in the scheme formation documents and prospectus by the purchaser.

An order to purchase units, shares or other form of participation in a collective investment scheme shall be fulfilled except –

- (a) where the order does not comply with the requirements of these regulations or any other applicable law in Rwanda;
- (b) where the person subscribing is not eligible to invest in the scheme;
- (c) where the subscription is for a lesser value than the minimum investment required in the prospectus of the scheme;
- (d) for any other reasons as may be specified in the prospectus of the scheme.

Article 5: Charges on purchase of units, shares or other form of participation in a collective investment scheme

The operator of a collective investment scheme may levy a charge on a participant or investor when they purchase units, shares or other form of participation in the scheme.

The operator of a collective investment scheme shall not levy any charge for the purchase units, shares or other form of participation in a collective investment scheme, unless that charge is clearly and prominently disclosed in the prospectus of the scheme.

Article 6: Collective investment scheme holdings to be fully paid up

Units, shares or other form of participation in a collective investment scheme shall be fully paid up.

*Ownership and transfer of ownership***Article 7: Register as evidence of ownership**

The operator of a collective investment scheme shall be responsible for creating and maintaining the register of holders of units, shares or other form of participation in a collective investment scheme.

The register may be in physical or electronic form and shall be conclusive evidence of the persons entitled to the units, shares or other form of participation in the scheme.

Article 8: Information to be contained in the register of a collective investment scheme

The register of a collective investment scheme shall contain:

- (a) the name and address of each participant;
- (b) the number of units, shares or other form of participation and classes if any, held by each participant;
- (c) the date and time on which the participant acquired, sold or redeemed the units, share or other form of participation; and
- (d) the number and where applicable, classes of units, shares or other form of participation of each participant.
- (e) Where the units, shares or other form of participation are held jointly, the register shall indicate the particulars of the joint holders.

Article 9: Nature of units, shares or other form of participation in a collective investment scheme

The units, shares or other form of participation in a collective investment scheme shall be movable property transferable in the manner provided by the formation documents of the scheme.

Article 10: Transfer of ownership

Subject to the provisions in the formation documents of the scheme, every participant in a collective investment scheme has a right to transfer their units, shares or other form of participation in the scheme by-

- (a) signing an instrument of transfer in the form A in annex 1; or
- (b) effecting the transfer in accordance with the provisions of the formation documents of the scheme; or
- (c) effecting the transfer in such manner as may be provided for under any other law in Rwanda.

Where ownership is transferred in accordance with the provisions of this article, every instrument of transfer shall be signed by or on behalf of the transferor, and the transferee shall not be treated as a participant in the scheme until such time as the name of the transferee has been entered in the register.

Every instrument of transfer, duly signed and stamped, shall be left for registration with the person responsible for the register, accompanied by -

- (a) a valid identification of the transferor
- (b) a valid identification of the transferee; and
- (c) any other document reasonably required by the person responsible for the register.

An instrument of transfer issued by a body corporate shall be signed by one or more officers authorised to execute documents on behalf of the body corporate and authenticated by a seal of the body corporate.

Transfer of ownership in the event of death of a participant or by operation of law shall be in accordance with the provisions of the relevant law and the applicant shall submit to the operator a transmission form in the form B in annex 1.

Article 11: Transfer of ownership in listed schemes

Transfer of units, shares or other form of participation in a collective investment scheme where the units, shares or other form of participations are listed and trading on a securities exchange in Rwanda shall be effected in accordance with the rules of the scheme or of the securities exchange.

Some schemes may be listed but not trading, so transfer in this case will be in accordance with the rules of the scheme]

Article 12: Dematerialized transfers

Transfer of units, shares or other form of participation in a collective investment scheme where the units, shares or other form of participations are dematerialized shall

be effected in accordance with the law in force in Rwanda governing the holding and circulation of securities..

Sale and redemption

Article 13: Sale and redemption of units, shares or other form of participation in a collective investment scheme

Units, shares or other form of participation in a collective investment scheme shall be sold and redeemed in accordance with the provisions of the formation documents and prospectus of the scheme.

Article 14: Sale and Redemption charge

The operator of a collective investment scheme may levy a charge on a participant or investor for sale and redemption of units, shares or other form of participation in the scheme.

The operator of a collective investment scheme shall not levy any charge on a participant or investor on sale and redemption of units, shares or other form of participation in a collective investment scheme, unless that charge is clearly and prominently disclosed in the prospectus of the scheme.

Article 15: In specie redemption

Payment for sale or redemption of units, shares or other form of participation in a collective investment scheme may be in specie provided-

- (a) in specie redemption is permitted by the constituting documents of the scheme;
- (b) the in specie contribution is an eligible investment under these regulations and the constituting documents of that scheme.

Valuation of in specie transactions shall be undertaken by the operator of the collective investment scheme based on a methodology approved by the trustee or depositary and clearly stated in the formation documents and prospectus of the scheme.

Article 16: Redemption of holdings in an open ended or interval collective investment scheme

Instructions to redeem units, shares or other form of participation in an open ended or interval collective investment scheme shall be fulfilled except –

- (a) where the order does not comply with the procedures for redemption as stated in the formation documents of a scheme;
- (b) where the resulting value or amount of units, shares of other form of participation in the scheme will be lower than the minimum investment required in the prospectus of the scheme;
- (c) in any other circumstances specified in the prospectus of the scheme or any other applicable law or regulations.

Article 17: Suspension of sale and redemption in open ended or interval collective investment schemes

An operator of a collective investment scheme or sub-scheme may, in consultation with the trustee or depositary or directors of that collective investment scheme or sub-scheme, and subject to the Approval of the Authority, suspend the sale and redemption of units, shares or other form of participation in the scheme where it is in the interests of participants of that scheme or sub-scheme.

The trustee, depositary or directors of a collective investment scheme or sub-scheme, may instruct the operator of the scheme to temporarily suspend sale and redemption of units, shares or other form of participation in a scheme where it is necessary to protect the interests of participants in that collective investment scheme or sub-scheme.

Where the trustee, depositary or directors of a scheme instructs the operator to suspend redemption and sale of units, shares or other form of participation in a collective investment scheme, it shall-

- (a) notify the Authority within 24 hours of the suspension indicating the reasons for the suspension and the proposed dates of resumption;
- (b) require the operator not to sale any units, shares or other form of participation in the scheme or sub-scheme that is the subject of the suspension of redemption or sale of units, share or other form of participation in the scheme.

The operator of a collective investment scheme shall resume dealings as soon as practicable and, in any case, not longer than 30 days from the commencement of suspension, provided that the Authority, trustee, depositary or directors are satisfied that it is no longer necessary to continue the suspension.

Article 18: Suspension of sale and redemption by the Authority

The Authority may direct the operator of a collective investment scheme-

- (a) to suspend sale and redemption of units, shares or other form of participation in the scheme where it is necessary to protect the interests of participants;
- (b) that has suspended sale and redemption of units, shares or other form of participation in the scheme or sub-scheme-
 - (i) to resume sale and redemption where the Authority determines that it is in the interests of the participants to do so; or
 - (ii) to resume only redemption where the Authority determines that it is in the interests of the participants to stop participation in the scheme.

Article 19: Charges by a collective investment scheme

A collective investment scheme may levy the following charges -

- (a) administration charges including remuneration for the operator of the scheme which shall include any fees payable to the investment manager;
- (b) remuneration for the trustee or depositary of the scheme;
- (c) remuneration for the directors of the scheme;

- (d) charges for safe keeping of the scheme assets including remuneration of the custodian; and
- (e) and any other charges for meeting operational and other expenses of the scheme.

All the charges of a scheme shall be fully disclosed in the scheme prospectus and should not be selectively applied.

A collective investment scheme shall not levy a charge that is unfair to or materially prejudices the interests of any class or group of participants or potential participants in a scheme.

The provisions in this article shall not prevent any tax due being payable out of scheme property.

No payment relating to the cost of financial promotion or remuneration of persons intermediating sales or redemption of units, shares or other form of participation in a collective investment scheme, is payable by a scheme or sub-scheme except for

(a) charges that may be levied upon subscription to or redemption from a scheme or sub-scheme that are payable to the scheme operator; and

(b) any direct costs of listing of a scheme or sub-scheme on a Securities exchange.

CHAPTER III: INVESTMENT, BORROWING AND LENDING

General provisions

Article 20: Grace period

The investment limits in these regulations shall not apply until the expiry of one year after the date of licensing of the scheme or one year after the date the initial offer commenced, whichever is later.

Article 21: Requirement to diversify investments

An operator of a collective investment scheme shall ensure that, subject to the investment objectives and policies of a scheme as stated in the formation documents and prospectus, the scheme aims to provide a prudent spread of risk.

The portfolio of a collective investment scheme shall be consistent with the scheme's investment objectives and policy.

Article 22: General provisions on investments of collective investment schemes

A collective investment scheme shall invest the assets of the scheme in accordance with the provisions of these regulations.

A collective investment scheme shall invest in securities only where the potential loss which the scheme may incur with respect to holding the securities is limited to the amount paid for the securities.

Except as expressly provided in these regulations, a collective investment scheme shall not invest more than 20% of its net asset value in a single issue of the securities of an issuer.

Permitted investments

Article 23: Permitted investments

A collective investment scheme may, subject to the requirements of these regulations, invest in any of the following:

- (a) securities listed on an approved securities exchange in Rwanda and any other partner state;
- (b) securities offered to the public where the issuer has disclosed in the offer document that the securities will be listed on an approved securities exchange;
- (c) government securities ;
- (d) securities issued by public sector agencies, local governments and municipalities;
- (d) units, shares or other form of participation in a collective investment scheme;
- (e) deposits with licensed financial institutions;
- (f) money market instruments, and
- (f) any other securities the Authority may from time to time permit.

Article 24: Index linked investments

Where a scheme replicates an index, its exposure to any one constituent of the index may reflect the proportion of the index replicated, provided that the investment policy of the fund and potential risks are sufficiently disclosed in the scheme prospectus.

Article 25: Investment in securities issued by Governments of Partner States and other public agencies

A collective investment scheme may invest up to 50% of its net asset value in securities issued or guaranteed by the Government of Rwanda or Partner State or other public agencies.

Where less than 50% of the net asset value of a scheme is held in securities issued or guaranteed by the Government of Rwanda or Partner State or other public agencies, there shall be no limit on investment in a single issue of such securities.

Article 26: Investment in securities issued by Governments of non- Partner States

A collective investment scheme may invest in securities issued or guaranteed by a Government of a non- Partner State provided-

- (a) that the international credit rating of the issuance of the non- partner state is not lower than the rating of Rwanda;
- (b) investment in securities of non- Partner States is expressly stated in the scheme prospectus and subject to the requirement that at no time may such a scheme invest more than 15% of its net asset value in such securities unless approved by the Authority.

Article 27: Investment in securities issued by a body corporate

A collective investment scheme shall not invest or hold more than 20% of its net asset value in securities issued by a single body corporate or its related entities.

Article 28: Investment in nil or partly paid securities

A collective investment scheme may invest in nil or partly paid securities where the-

- (a) investment is permitted by the formation documents of the scheme;
- (b) scheme is able to pay for any call on the unpaid amounts;
- (c) investment does not exceed 5% of the net asset value of the scheme.

Article 29: Investments in non-voting securities

A collective investment scheme shall not invest in non-voting securities of any issuer except in debt or convertible securities.

Article 30: Deposits with financial institutions

A collective investment scheme shall not place its cash in deposits with an entity other than a financial institution licensed by the Central Bank of Rwanda or of a partner state.

During the initial fixed price offer period of a collective investment scheme, all capital contributed and any interest earned may be held in a single bank account controlled by the custodian of the scheme.

At all other times, a collective investment scheme shall not have more than 50% of the cash of the total capital contribution held in a single financial institution or its associate or related entities.

Article 31: Investment in deposits with financial institutions

A collective investment scheme shall not invest more than 20% of its net asset value in securities evidencing deposits with a single financial institution.

Article 32: Investment in immovable property

A closed ended collective investment scheme may invest up to 85% and 20% for open-ended CIS of their net asset value in a diversified portfolio of immovable properties

provided that such an intention is prominently stated in the formation documents and prospectus of the scheme.

Article 33: Requirements for investment in immovable property

A scheme that invests in immovable property shall comply with the following requirements -

- (a) the scheme shall only invest in land or buildings situated in the country or territory specified in the prospectus of the scheme;
- (b) the investment in land and buildings shall be held in a manner that grants legal title to the scheme in accordance with the laws of Rwanda;
- (c) the operator of the scheme shall take reasonable care to determine that the title to the immovable property is a good marketable title;
- (d) the operator of the scheme, shall, prior to investment, obtain a report from an independent valuer containing a valuation of the property and indicating that in the valuer's opinion, the immovable property, would, if acquired by the scheme, be capable of being disposed of reasonably quickly at that valuation;
- (e) the immovable property shall be bought or agreed by enforceable contract to be bought within six months after receipt of the report from the independent valuer;
- (f) the operator of the scheme shall not purchase the immovable property where it is apparent that the independent valuer's report can no longer be relied upon;
- (g) the immovable property shall not be bought at more than 10% of the value given by the independent valuer; and
- (h) not more than 30% of the value of the scheme may be invested in any single immovable property.

Article 34: Investment in other collective investment schemes

A collective investment scheme shall not invest in another scheme or sub-scheme except where -

- (a) the scheme or sub-scheme is a licensed or recognized scheme;
- (b) the scheme or sub-scheme into which investment is to be made invests predominantly in assets which are consistent with the investment objective and policy of the scheme making the investment;
- (c) it is prominently stated in the prospectus of the scheme that it shall invest in other schemes;
- (d) except for a feeder scheme, the investment in another scheme shall not exceed 20% of the net asset value of the investing scheme; and
- (e) the scheme is not a sub-scheme within the same umbrella scheme as the scheme making the investment.

Article 35: Investment in other collective investment schemes managed by the same operator

A collective investment scheme shall not invest in another scheme or sub-scheme operated by the same scheme operator or its related entity unless-

- (a) the power to make such investments is expressly permitted by the formation documents of the scheme; and
- (b) the ability to make such investments is stated in the scheme prospectus.

Article 36: Investment restrictions for open ended and interval schemes

(a) An open ended and interval scheme shall not invest in:

- (i) securities that are not transferable;
- (ii) securities that are not liquid or near liquid instruments and which cannot be sold for cash sufficiently quickly without a price discount and thereby compromise the ability of the scheme to meet its obligation to redeem units, shares or other form of participation in the scheme;
- (iii) securities or assets that cannot be reliably valued by reference to market prices made available by valuation systems independent of issuers, or by reference to periodic valuations derived from information from the issuer or from competent capital markets researchers;
- (iv) securities for which there is no regular, accurate or comprehensive information available to the market about that security or where there is no regular, accurate or comprehensive information available to the scheme operator on those securities;
- (v) money market instruments which are not capable of being sold at a limited cost and at a price very closely related to their nominal value within 5 working days.

(b) For purposes of this article, a security is not transferable if the title to it cannot be transferred, or if it can only be transferred with the consent of a third party.

Article 37: Investments in listed securities

An open ended or interval scheme may, subject to the restrictions in these regulations on investment in securities of a single issuer and limits on total portfolio holdings, invest in securities which are listed-

- (a) on an approved securities exchange in Rwanda;
- (b) on an approved securities exchange in another country provided the investment is permitted by the formation documents of the scheme and disclosed in the scheme prospectus.

Article 38: Investments in money market instruments

An open ended, close ended or interval collective investment scheme may invest in money market instruments:

- (a) whose issuer is licensed as a financial institution by the Central Bank of Rwanda or of a partner state;
- (b) whose issuer is licensed as a financial institution by the Central Bank of a non-partner state provided the non-partner state is disclosed in the scheme prospectus;
- (c) whose issuer or guarantor is a national, regional or municipal government in Rwanda or in a partner state and in the case of a non-partner state, subject to the requirements of article 26 and article 44;
- (d) whose issuer or guarantor is a multilateral organization of which the Republic of Rwanda is a member; and
- (e) which are freely transferable.

Article 39: Investments by money market schemes

A money market scheme shall invest only in

- (a) money market instruments -
 - (i) with a maturity or residual maturity of not more than 396 days;
 - (ii) a weighted average maturity of no more than 120 days; and
 - (iii) in deposits of financial institutions licensed by the Central Bank of Rwanda or a partner state;
- (b) foreign money market instruments that are rated as having minimal, or very low or low credit risk by an international credit rating agency or equivalent body.

Article 40: Limitations on borrowing

A collective investment scheme shall not borrow by any method including issue of debentures, except where the borrowing -

- (a) is for a period not exceeding three calendar months;
- (b) shall not exceed 10% of the net asset value of an open-ended or interval scheme;
- (c) shall not exceed 20% of a closed- ended scheme; and
- (d) shall not be used to leverage investment returns.

Article 41s: Limitations on lending and related activities

A collective investment scheme shall not engage in any form of lending but may purchase debt securities or place money in a current or deposit account of a financial institution-

- (a) licensed by the Central Bank of Rwanda or a partner state; or
- (b) a financial institution in a non- partner state licensed by the Central Bank in that county provided the non-partner state is disclosed in the scheme prospectus.

A collective investment scheme shall not lend any part of its assets.

A collective investment scheme shall not assume, guarantee, endorse or otherwise become directly or indirectly liable for or in connection with any obligation or indebtedness of any person.

Article 42: Control

A collective investment scheme shall not acquire transferable securities issued by a body corporate and carrying rights to vote at a general meeting of that body corporate if as a result it would exercise or control the exercise of 10% or more of the voting rights of that body corporate.

Article 43: Concentration of ownership in an issuer's securities by a scheme

This article shall apply to the combined holdings of all schemes managed by the same operator or related entity of the operator.

A collective investment scheme shall not acquire transferable securities other than debt securities which do not carry a right to vote on any matter at a general meeting

of the body corporate that issued them and represent more than 10% of those securities issued by that body corporate.

A collective investment scheme shall not acquire securities that represent more than 10% of the debt securities issued by any single issuer.

A collective investment scheme shall not acquire more than 20% of the value of another collective investment scheme or a sub-scheme.

A collective investment scheme shall not acquire more than 10% of money market instruments issued by any single body

The limitations in this article apply to an umbrella scheme and the combined holdings of all its sub-schemes.

Article 44: Investments in non- partner states

A collective investment scheme shall not invest more than 15% of its net asset value in investments outside partner states unless it is approved by the Authority.

The provisions in this article apply to the total investments of all the sub-schemes of an umbrella scheme.

Article 45: Responsibility of the trustee or depositary with regard to scheme investments, borrowing and lending

The trustee or depositary of a scheme shall ensure-

- (a) investments of scheme assets are in compliance with the provisions of these regulations;
- (b) the operator complies with the investment policy and objectives of the scheme as stated in the formation documents of the scheme;
- (c) the operator takes corrective action where any investment or transaction is found to be in breach of these regulations and that such corrective measures do not prejudice the participants in the scheme;
- (d) the operator notifies the Authority of all investments and transactions in breach of the provisions of these regulations.

CHAPTER IV: PRICING, VALUATION AND DEALING DURING INITIAL OFFER

Article 46: Compliance requirements

The operator of collective investment scheme shall not issue or sell units, shares or other form of participation in the scheme or sub-scheme otherwise than at a price calculated in accordance with these regulations, the formation documents of the scheme and the scheme prospectus.

Article 47: Creation of units, shares or other form of participation in a scheme during initial offer

The operator of a collective investment scheme shall instruct the trustee or depositary of the scheme to create units, shares or other form of participation in the scheme at the beginning of the first day of business in the initial offer period and during the initial offer period.

At or before the beginning of the initial offer period, the operator of the scheme shall elect the method of creating units, shares or other form of participation in the scheme and notify the trustee accordingly.

Units, shares or other form of participation in a collective investment scheme shall during the initial offer be created by-

(a) “up and running method” where the operator of the scheme instructs the trustee or depositary of a scheme to create units, shares or other form of participation in a scheme at the beginning of the next business day in such number as will enable the operator to immediately fulfill the orders received.

(b) “pay over and wait” where the operator is required to remit the funds for units, shares or other form of participation in a scheme to the trustee or depositary of the scheme who shall at the end of the offer period create the units, shares or other form of participation in a scheme in such number as shall be required to meet the obligations to the purchasers.

The trustee or depositary of a collective investment scheme shall only create units, shares or other form of participation in a scheme on the instructions of the operator and not in any other manner.

Article 48: Initial price

The initial price of units, shares or other form of participation in a collective investment scheme shall be stated in the scheme prospectus.

The initial price shall not be less than the issue price paid by investors during the launch and offer period less the fund manager’s fee and any service charges stated in the formation documents of the scheme and the scheme prospectus

The proceeds for the initial issue shall be remitted either directly into accounts controlled by the custodian of the scheme or into collection accounts of agents of the operator who shall remit the proceeds to custodian not later than 5 working days from receipt of the funds.

Article 49: Initial offer period

The initial offer period of the scheme shall-

(a) be stated in the scheme prospectus;

(b) not exceed thirty days from the date of the launch of the scheme.

The operator of the scheme may apply to the Authority to extend the offer period.

CHAPTER V: VALUATION AND PRICING AFTER INITIAL OFFER

Article 50: Valuation of collective investment schemes

The operator of a collective investment scheme shall be responsible for valuing the assets of the scheme and any sub-schemes and for calculating the price of units, shares or other form of participation in a scheme or sub-scheme.

Article 51: Basis of valuation

The operator of the collective investment scheme shall-

- (a) agree with the trustee or depositary the basis of valuation methodology to be applied to a collective investment scheme or sub-scheme;
- (b) disclose the valuation methodology in the formation documents of the scheme and the scheme prospectus; and
- (c) ensure that the methodology is applied consistently and fairly.

All investments, assets and cash held by the scheme at the time of the valuation shall be included in the valuation.

Article 52: Valuation point- general requirements

The operator of an open ended or interval scheme shall-

- (a) establish a regular valuation point;
- (b) disclose the valuation point in the formation documents of the scheme and the scheme prospectus.

A valuation point is not required during a fixed price offer period.

Article 53: Valuation point for single priced schemes

An open ended or interval scheme that is a single priced scheme where the units, shares or other form of participation in the scheme are offered for sale and redeemed at the same price, shall have the scheme assets valued on a mid-market basis excluding transaction costs.

For purposes of this article-

- (a) an initial charge may be added to the single price for subscription;
- (b) an exit charge may be deducted from redemption proceeds.
- (c) transaction costs include fees, charges, commissions or other charges payable on acquisition or disposal of the scheme assets.

Article 54: Valuation point for dual priced schemes

An open ended or interval scheme that is a dual priced scheme where units, shares or other form of participation in the scheme are offered for sale at one price known as the "offer price" and redeemed at another price known as the "bid price", shall value the property of the scheme by reference to -

- (a) the offer price including an initial charge where applicable, and transaction costs;
- (b) the bid price including an exit charge where applicable and transaction costs.

For purposes of this article-

- (a) an initial charge may be added to the single price for subscription;
- (b) an exit charge may be deducted from redemption proceeds.
- (c) transaction costs include fees, charges, commissions or other charges payable on acquisition or disposal of the scheme property.

Article 55: Source of prices for valuation

Securities should be valued using the most recently available prices from a reputable source of market prices independent of the scheme operator.

Article 56: Valuation of money market instruments

Money market instruments shall be valued on an amortised cost basis as follows -

- (a) the amount at which the asset or liability is measured at initial recognition, usually cost;
- (b) minus any repayments of the principal amount;
- (c) minus any reduction for impairment or un-collectability;
- (d) plus or minus the cumulative amortisation of the difference between that initial amount and the maturity amount.

Article 57: Valuation of investments in collective investment schemes

Investments in open ended and interval collective investment schemes shall be valued:

- (a) for a single priced scheme, at the most recent single price less any applicable redemption charge; and
- (b) for a dual priced scheme, at the most recent bid price of that scheme.

Investments in units, shares or other form of participation in a closed ended collective investment scheme shall:

- (a) where it is listed on a securities exchange, be valued at the weighted average price at which that instrument was traded on the most recent day before the valuation is calculated;
- (b) where it is not listed on a securities exchange, be valued at the most recently calculated net asset value per share.

Article 58: Valuation of deposits with financial institutions

Deposits with financial institutions shall be valued at nominal or cash value.

Article 59: Valuation of money market instruments

Money market instruments:

- (a) which are traded on a securities exchange shall be valued at the weighted average price at which that instrument was traded on the most recent day before the valuation is calculated;

(b) which are not traded on a securities exchange shall be valued on an amortised cost basis as per article 56.

Where there is no trade in a security or instrument for more than two weeks or there has been a significant event since the most recent price of a security or instrument was created which is likely to affect that price, the operator and the trustee or depositary of the scheme shall determine a fair value price for that asset.

Article 60: Fair price valuation of immovable property

For purposes of this article, the operator of a collective investment scheme shall:

- (a) subject to the approval of the trustee or depositary, document the basis of their fair value pricing policy and the basis of any methodology to be used;
- (b) apply the pricing policy and valuation methodology consistently and fairly;
- (c) disclose the price and methodology in the reports of the scheme;
- (d) document the reasons for each fair value pricing decision and shall maintain such records for 10 years after the making of that decision.

Article 61: Valuation of immovable property

Investments in immovable property shall be valued by an independent professionally qualified valuer not less than once every year.

Article 62: Income allocation

Gross or net income, as applicable, shall be accrued from valuation point to valuation point in respect of fixed interest securities and cash deposits and at ex-dividend date for equities or, if payment of the interest or dividend is not regarded as certain, upon receipt of that interest or dividend.

Article 63: Charges and expenses

Ad valorem expenses or charges expressed as a percentage of the scheme or sub-scheme asset value, shall be accrued from valuation point to valuation point and other expenses shall be taken into valuation upon occurrence.

Article 64: Taxes

Allowances for any taxes due to be paid by the scheme shall also be accrued.

Article 65: Borrowings

The principal amount of any borrowing outstanding at the valuation point shall be included in the valuation calculation including any accrued but unpaid interest due.

Article 66: Valuation and pricing errors

The scheme operator of a collective investment scheme shall-

- (a) record instances of incorrect valuation of the asset of the scheme;
- (b) record instances of incorrect pricing of units, shares or other form of participation in a scheme;

- (c) report the errors to a trustee or depositary together with measures taken or to be taken to avoid repeat of such errors.

The trustee or depositary of a collective investment scheme shall notify the Authority of any occurrence of incorrect valuation that is in excess of the-

- (a) correct valuation of shares of a closed ended investment company scheme; or
- (b) correct price for the units, shares or other form of participation in an open ended or interval scheme.

The operator of a collective investment scheme shall take action to reimburse participants or former participants and the scheme in instances where loss has been suffered as a result of material incorrect pricing.

The trustee or depositary of a scheme shall:

- (a) satisfy itself that any payments required to be made under this article are made;
- (b) report to the Authority any failure to make payments required under this article.

Article 67: Notification of price to the trustee or custodian

After valuation, the operator of the scheme shall notify the trustee or depositary of the scheme and the custodian if different from the trustee or depositary of:

- (a) the creation price;
- (b) the repurchase price;
- (c) in the case of an umbrella scheme, the price at which units, shares or other form of participation in on one sub-scheme may be exchanged for units, shares or other form of participation in another sub-scheme.

Any notification under this article shall include a statement of the number of units, shares or other form of participation in the scheme owned by the operator as at the date of valuation or date of notification of price.

Article 68: Publication of price

The operator of a scheme shall publish on the business day following any valuation:

- (a) the selling price;
- (b) the repurchase price;
- (c) the initial and redemption charge, if any.

The prices shall be published in English and on the website of the operator or in such manner as the Authority may direct and may be translated into any other official language in Rwanda

Article 69: Responsibility of the trustee or depositary with regard to valuation and pricing

The trustee or depositary of a scheme shall-

- (a) ensure that the operator complies with the valuation requirements in these regulations;
- (b) notify the Authority of any actions in breach of the valuation requirements;
- (c) not be obliged to comply with any instructions of the operator that are in breach of the valuation requirements.

CHAPTER VI: DEALING, REDEMPTION AND CANCELLATION

Article 70: Dealing

Every collective investment scheme shall state the frequency of dealing in the units, shares or other form of participation in the scheme in the formation documents of the scheme and the scheme prospectus.

Where dealing shall not be on a daily basis, there shall be at least one regular dealing day every two weeks.

Suspension of creation, issuance and redemption of units, shares and other forms of participation shall be in accordance with the provisions of these regulations.

Article 71: Operator's obligation to issue or redeem

Subject to the provisions of this article, the operator of a scheme shall at all times during the dealing day issue or redeem units, shares or other form of participation in a collective investment scheme at a price arrived at under these Regulations.

The operator of a scheme shall not be obliged to issue or redeem units, shares or other form of participation in a scheme-

- (a) where number or value to be purchased or redeemed is less than the minimum number or value as stated in the scheme prospectus;
- (b) where it appears to the operator that the number or value to be purchased would lead to the person either individually or jointly holding more than the maximum number or value, if any, as stated in the formation documents and prospectus of the scheme; or
- (c) where the operator shall have reasonable grounds to believe that the transaction shall be in breach of any applicable law in Rwanda.

Article 72: Redemption price

The redemption price payable for each unit, share or other form of participation in a scheme by the trustee or depositary shall be based on the net asset value of the scheme or sub-scheme.

Article 73: Timing of issuance or cancellation instructions

The scheme operator may at any time give instructions to the trustee or depositary to create or to cancel units, shares or other form of participation in the scheme.

Instructions shall be given by reference to the price calculated based on the next valuation point in which case the trustee or depositary shall create or cancel the units only after the next valuation point has been reached.

Article 74: Initial charge

Subject to the provisions in the formation documents and scheme prospectus, the issue price may include an initial charge which may be expressed either as a fixed amount or calculated as a percentage of the creation price and such initial charge shall not exceed the amount stated in the prospectus as the current initial charge.

Where the operator wishes to increase the initial charge, notice of not less than 90 days shall be made to-

- (a) the trustee or depositary of the scheme;
- (b) the directors of an investment company scheme;
- (c) all persons who ought reasonably to be known to the operator to have made an arrangement for the purchase of units, shares or other form of participation in the scheme at regular intervals.

The scheme prospectus shall be revised in accordance with these Regulations to reflect the new initial charge and the date of its commencement.

Article 75: Charges on redemption and cancellation

Where formation documents of a scheme and the scheme prospectus provide for a redemption charge, the amount payable as proceeds of redemption may be arrived at after deduction of the redemption charge.

The redemption charge may be expressed either as a fixed amount, or calculated as a percentage of the proceeds of redemption which would otherwise be payable.

The redemption charge -

- (a) may be expressed as diminishing over the time during which the participant holds the units, shares or other form of participation in the scheme but shall not vary in any other respects;
- (b) shall not exceed the amount that would be derived by applying the rate or method prescribed in the scheme prospectus;
- (c) if introduced after a scheme is already in existence shall be stated in the amended formation documents of the scheme and scheme prospectus and shall only apply after the date on which it is stated to take effect;

The operator of a scheme shall not apply a redemption charge without -

- (a) the approval of the trustee or depositary of the scheme;
- (b) the approval of the directors of an investment company scheme;
- (c) notifying all persons who ought reasonably to be known to him to have made an arrangement for the purchase of units, shares or other form of participation at regular intervals;

- (d) without amending the scheme prospectus to reflect the new charge, rate or method and the date of its commencement, and
- (e) ninety days elapsing since revising the scheme prospectus.

Article 76: Dilution levy

Subject to the provisions in the formation documents of a scheme and the scheme prospectus, the operator of a scheme shall have the power to charge a dilution levy at issuance or redemption.

Any payment or deduction of the dilution levy shall become due at the same time as payment becomes due in respect of the relevant sale or redemption.

A dilution levy may be imposed only in a manner that is, so far as practicable, fair to all participants.

Article 77: Payment on redemption

On agreeing to redeem units, shares or other form of participation in a scheme or sub-scheme, the operator of the scheme shall, within the redemption period, pay the appropriate proceeds of redemption to the participant.

The redemption period shall be five (5) working days after the valuation point following receipt by the operator of the request to redeem.

The amount to be paid by the operator as the proceeds of redemption shall not be less than the notified price less -

- (a) any redemption charges;
- (b) any applicable taxes to be deducted; and
- (c) any applicable dilution levy.

Article 78: Cancellation of units, shares or other form of participation

Any cancellation of units, shares or other form of participation in a collective investment scheme shall be:

- (a) done on the instructions of the operator of the scheme which shall state the number or value to be cancelled;
- (b) effected by the trustee or depositary of the scheme.

An operator of a scheme shall not issue a cancellation instruction which would result in failing to meet obligations to issue units, shares or other form of participation in a scheme.

On cancellation of units, shares or other form of participation in a scheme, the trustee or depositary pay the repurchase price of them:

- (a) to the participant in the scheme, or
- (b) in accordance with the relevant provisions of the formation documents of the scheme.

CHAPTER VII: INCOME

Article 79: Annual income allocation date

A collective investment scheme shall have an annual income allocation date which is the date in the calendar year stated in the scheme formation documents and scheme prospectus as the date on or before which, in respect of each annual accounting period, an allocation of income is to be made.

The annual income allocation date shall be within 90 days from the end of the financial year of the scheme.

Article 80: Annual allocation of income

At the end of each accounting period, the operator and in the case of an investment company scheme, the directors, shall instruct the trustee or depositary of the scheme to:

- (a) transfer income of the scheme to an account to be known as 'the distribution account'; or
- (b) credit the income to the units, share or other form of participation in the scheme.

Article 81: Calculation of income

The calculation of the available income shall be as follows:

- (a) take the aggregate of the income of a collective investment scheme or sub-scheme portfolio received or receivable for the account of the scheme or sub-scheme in respect of the period;
- (b) deduct the charges and expenses of the scheme or sub-scheme paid or payable out of the income of the collective investment scheme portfolio in respect of the period;
- (c) make such adjustments as the operator considers in relation to -
 - (i) taxation;
 - (ii) the proportion of the price received or paid for the units, shares or other form of participation in the scheme that is related to income (where applicable making provision for equalization);
 - (iii) potential income which is unlikely to be received until twelve months after the income allocation date;
 - (iv) income which should not be accounted for on an accrual basis because of lack of information about how it accrues;
 - (v) any transfer between income and capital account; and
 - (vi) any other adjustments that the operator considers appropriate after consulting the auditors.
- (d) on or before the annual income allocation date, the operator of the scheme or sub-scheme shall allocate the available income to the units, shares or other form of participation in a scheme.

Article 82: Accumulation of income

The amount of income allocated to accumulation units, shares or other form of participation in a scheme shall with effect from the end of the annual accounting

period, become part of the capital of the collective investment scheme or sub-scheme portfolio and the interests of the participant in the amount shall be satisfied by an adjustment as at the end of the period, in the proportion of the value of the collective investment scheme or sub-scheme portfolio to which the price of a unit, share or other form of participation in the scheme is related.

The adjustments under this article shall be such as to ensure that the price of an accumulation unit, share or other form of participation in the scheme or sub-scheme remains unchanged notwithstanding the transfer of the income to the capital of the collective investment scheme or sub-scheme portfolio.

Article 83: Annual distribution of income

Where the units, shares or other form of participation in a collective investment scheme in issue in a distribution scheme are or include income units, shares or other form of participation, on or before each annual income allocation date, the operator of the scheme shall give the trustee or depositary of the scheme timely instructions to distribute the income allocated to income units, shares or other form of participation amongst their holders in accordance with the number of such units, shares or other form of participation held or deemed to be held by them respectively at the end of the relevant annual accounting period and the trustee or depositary shall pay the distribution in accordance with the instructions.

In calculating the amount to be distributed, the operator–

- (a) shall deduct any amounts previously allocated by way of interim allocation of income in respect of that annual accounting period, and
- (b) may deduct and carry forward in the income account such amount as shall be necessary to adjust that allocation of income to the whole number as the trustee or depositary, may from time to time determine.

Article 84: Interim allocation of income

This article applies where the formation documents of a scheme and the scheme prospectus:

- (a) state that an allocation of income may be made before the annual income allocation date in any year in respect of a period ('hereinafter referred to as an interim accounting period') within the annual accounting period, and
- (b) specify a date as the interim income allocation date in relation to that interim accounting period.

The provisions in these regulations relating to income allocation, income distribution and income equalization shall apply to interim allocation of income as if:

- (a) the interim accounting period in question and all previous interim accounting periods in the same annual accounting period taken together, were the annual accounting period;
- (b) the interim income allocation date was the annual income allocation date, and
- (c) the trustee or depositary of the scheme were to treat as the available amount of income for the interim allocation a sum which, in the opinion of the investment

manager, would be available for allocation of income if the interim accounting period and all previous interim accounting periods in the same annual accounting period taken together were an annual accounting period.

Article 85: Income equalisation

The formation documents of a scheme and the scheme prospectus may provide that an allocation of income whether annual or interim to be made in respect of each unit, share or other form of participation in a collective investment scheme or sub-scheme issued or sold during the accounting period in respect of which that income allocation is made shall include a capital sum to be referred to as 'income equalization'.

CHAPTER VIII: INTERNAL CONTROLS AND RISK MANAGEMENT

Article 86: Internal controls

An operator of a collective investment scheme shall have adequate internal controls including;

- (a) Appropriate governance arrangements;
- (b) Comprehensive policies to govern the operations of the scheme; and
- (c) Effective internal audit function.

The trustee or depositary of a collective investment scheme and the directors of an investment company shall-

- (a) at all times ensure that a scheme has adequate internal controls;
- (b) report annually on the adequacy of internal controls.

Article 87: Risk management

An operator of a collective investment scheme shall have effective processes for identifying, measuring, monitoring and controlling risks on an on-going basis.

The operator of a collective investment scheme, shall, taking into account the nature, scale and complexity of the scheme establish, implement and maintain adequate policies and procedures to -

- (d) detect and minimize any risk of failure by the scheme and scheme service providers to comply with obligations under the law and regulations made under the law;
- (e) identify, measure, manage and monitor on an ongoing basis all risks relevant to the investment objective and strategy of the scheme or sub- schemes;
- (f) monitor what risks the scheme is exposed to including market , credit , operational , legal and reputational risks, among others;
- (g) oversee the operations of the scheme and scheme service providers on a day-today basis.

Risk management policies and procedures required under this article shall include:

- (a) procedures for assessing investments of each scheme or sub- scheme in accordance with the investment objective and strategy;

- (b) risk profiles of the scheme that correspond to the size, portfolio structure, investment strategy and investment goals of the scheme; and
- (c) stress tests.

An operator of a scheme shall review the risk management policies and procedures of the scheme at least once a year.

CHAPTER IX: OPERATIONAL CONDUCT OF BUSINESS REQUIREMENTS

Article 88: Conduct of business requirements

Collective investment scheme service providers shall comply with the requirements of the regulation on capital market conduct of business.

Where any provision in the regulation on the capital market conduct of business is inconsistent with the provisions of the law or regulations made under the law, the provisions of the law and regulations made under it shall prevail.

Article 89: Best execution

The operator, investment manager, trustee or depositary and custodian of a collective investment scheme shall at all times ensure that transactions are executed on the best terms available for the scheme.

Article 90: Timely execution

The operator, investment manager, trustee or depositary and custodian of a collective investment scheme shall at all times ensure that orders in respect of scheme transactions are executed in a timely manner.

Article 91: Timely and fair allocation

The operator, investment manager, trustee or depositary and custodian of a collective investment scheme shall at all times ensure that:

- (a) transactions executed are allocated to the scheme or sub-scheme in a fair and equitable manner;
- (b) in case of aggregated orders;
 - (i) not give unfair precedence to other orders over those of the scheme or any sub-scheme;
 - (ii) give priority to satisfying orders of the scheme if all orders cannot be satisfied.

Article 92: Churning

The operator, investment manager, trustee or depositary and custodian of a collective investment scheme shall at all times, taking into account the investment objectives and policy of a scheme, ensure that there are appropriate policies to guard against transactions in the assets of a scheme that are too frequent or too large.

Article 93: Insider dealing

The operator, investment manager, trustee or depositary and custodian of a collective investment scheme shall take reasonable steps to ascertain if any of its employees are insiders and maintain records that assist it to monitor insider dealing.

Article 94: Prevention of money laundering and counter terrorism financing

The operator, investment manager, trustee or depositary and custodian of a collective investment scheme shall at all times comply with anti- money laundering and counter terrorism financing requirements in Rwanda.

Article 95: Related party transactions

The operator, investment manager, trustee or depositary and custodian of a collective investment scheme shall at all times ensure that:

- (a) the scheme has comprehensive policies governing related party transactions;
- (b) there are mechanisms to monitor related party transactions
- (c) transactions in scheme assets are executed at arms- length and in accordance with the investment objectives of the scheme and interests of the participants in the scheme.

Article 96: Due diligence

Collective investment scheme service providers shall at all times exercise due diligence in the performance of their functions and execution of transactions relating to the assets of the scheme.

CHAPTER X: REPORTING REQUIREMENTS

Article 97: Responsibility of the scheme operator

The operator of a scheme, shall be responsible for-

- (a) preparing and submitting to the Authority reports required under these regulations;
- (b) ensuring timely submission of reports;
- (c) ensuring reports required under the Law, these regulations and any other applicable law, give a trust and fair view of the net income, gains and losses on the assets of the scheme or sub-scheme;
- (d) ensuring accuracy of the information in the reports;
- (e) where applicable, availing the reports to participants in the scheme; and
- (f) complying with record keeping requirements in relation to the reports.

The reports required under these regulations shall be in the English language and may be translated into any other official language in Rwanda.

The annual and half-yearly reports shall be made available to participants in the scheme-

- (a) at no cost to the participants;
- (b) in the format prescribed by the formation documents of the scheme and the scheme prospectus.
- (c) on the scheme website and in such other manner as the Authority may direct.

Article 98: Reporting requirements of the operator of a collective investment scheme

The operator of a collective investment scheme shall submit to the Authority-

- (a) a quarterly report to be submitted within 15 days of the end of the previous quarter containing information on-
 - (i) number of participants in each scheme;
 - (ii) net asset value of each scheme;
 - (iii) valuation and pricing of the scheme during the quarter;
 - (iv) investment activities for the quarter
 - (v) number or value of units, shares or other form of participation in a scheme created, issued, redeemed or cancelled.
- (b) a semi-annual report to be submitted within one month after the 6 months period under review containing –
 - (i) the operator's report that contains the information in annex 2;
 - (ii) un-audited financial statements for the half year period.
- (c) an annual report to be submitted within 3 months from the end of the year under review containing information on-
 - (i) the operator's report that contains the information in annex 2;
 - (ii) the trustee or depositary's report that contains the information in annex 2;
 - (iii) in the case of an investment company scheme, the director's report;
 - (iv) a comparative report that contains the information required in annex 2;
 - (v) the auditor's report;
 - (vi) the audited financial statements of the scheme;
 - (vii) in the case of an umbrella scheme, the information in (i)-(iv) in relation to each sub-scheme
 - (viii) charges and payments out of scheme assets.

The reports required under this article shall-

- (a) be signed by the operator and the trustee or depositary of the scheme;
- (b) in the case of an investment company scheme, be approved and signed by the directors of the company;
- (c) be in such format as the Authority shall prescribe;
- (d) be submitted either physically or electronically or in such other manner as the Authority shall determine.

Article 99: Reporting requirements of the trustee or depositary of a collective investment scheme

The trustee or depositary of a collective investment scheme shall prepare an annual report that shall be included in the annual report of the scheme and shall comply with the requirements in annex 2.

Article 100: Reporting requirements of the custodian of a collective investment scheme

The custodian of a collective investment scheme shall provide to the operator, trustee or depositary and in the case of an investment company scheme, the directors, and to the Authority; -

- (a) an annual statement at which lists all assets of the scheme together with a full account of all receipts and payments made and other actions taken by the custodian;
- (b) advice or notification of any transfers of collective investment scheme portfolio or securities to or from the scheme account(s) indicating the securities acquired for the account(s) and the identity of the party having physical possession of such securities;
- (c) a copy of the most recent audited financial statements of the custodian prepared together with such information regarding the policies and procedures of the custodian as the operator, trustee or depositary, directors of an investment company scheme and the Authority may request in connection with custody services;

CHAPTER XI: RECORD KEEPING REQUIREMENTS

Article 101: Record keeping requirements- general

All records required to be kept under the law and in these regulations, shall be kept-

- (a) for a minimum of 10 years;
- (b) in a durable medium;
- (c) in such manner that they are readily accessible by the Authority;
- (d) in manner that it is possible for any corrections or other amendments and the contents of such records prior to such corrections or amendments to be easily ascertained;
- (e) in such a manner that it is not be possible for the records to be otherwise manipulated or altered.

Article 102: Record keeping requirements for the operator of a collective investment scheme

An operator of a collective investment scheme shall-

- (a) keep and maintain a record of all minutes, statements of accounts and resolutions in respect of the scheme's investment portfolio;
- (b) keep or cause to be kept proper books of accounts and records in which shall be entered all transactions effected by the operator for the account of the collective investment scheme and permit the trustee or depositary from time to time to examine and take copies of or extracts from any such books and records;
- (c) maintain a daily record of units, shares or other form of participation in a collective investment scheme that are purchased, held and sold by the operator;
- (d) keep and maintain a daily record of the units, shares or other form of participation in the scheme which are held, issued, redeemed, exchanged, and the valuation and pricing of the scheme.

The operator of a collective investment scheme shall make the scheme's records available for inspection by the trustee or depositary or the Authority, free of charge at all times during office hours and shall supply the trustee or depositary or Authority with a copy of the records or any part of such records on request at no charge.

Article 103: Record keeping requirements of trustee, depositary or Board of Directors

A trustee, depositary or Board of Directors of a collective investment scheme shall make and keep for each scheme and sub-scheme for which it acts such records as are necessary to –

- (a) comply with reporting requirements under the law, regulations made under the law or any other applicable law, and directives issued by the Authority;
- (b) enable the scheme and the operator to comply with the requirements under the law, regulations made under the law or any other applicable law, and directives issued by the Authority; and
- (c) demonstrate that such compliance has been achieved.

Article 104: Record keeping requirements of the custodian of a collective investment scheme

The custodian of a collective investment scheme shall keep such books, records and statements as may be necessary to give a complete record of:

- (a) the assets of the collective investment scheme or sub-scheme held by the custodian;
- (b) each and every transaction carried out by the custodian on behalf of the collective investment scheme or sub-scheme.

The custodian shall make the records available for inspection by:

- (a) the operator of the scheme;
- (b) the trustee or depositary of the scheme;
- (c) the Authority;
- (d) and any other party in such manner and on such terms as the Authority may direct.

CHAPTER XII: MEETINGS OF PARTICIPANTS IN A SCHEME AND SERVICE OF NOTICES

Article 105: Application

The provisions in this part shall not apply to an investment company scheme.

An investment company scheme shall comply with the provisions on meetings in the law governing companies.

Article 106: General meeting

The operator and trustee or depositary of a collective investment scheme may convene a general meeting of participants in the scheme or sub-scheme.

Article 107: Notice of general meeting

Where a collective investment scheme proposes to have a general meeting, not less than twenty-one (21) days' written notice, inclusive of the date on which the notice is

deemed to be served and the day of the meeting, shall be given to the participants in a scheme or sub-scheme.

The notice period in this article shall not apply to notice of an adjourned meeting.

The non-receipt of notice by, a participant shall not invalidate the proceedings at any meeting.

Article 108: Quorum

The quorum at a meeting of participants in a scheme or sub-scheme shall be specified in the formation documents of the scheme.

No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of the meeting.

Where within half an hour from the time appointed for the meeting a quorum is not present, the meeting if convened on the requisition of participants in a scheme or sub-scheme, shall be dissolved and in any other case it shall stand adjourned to such day and time not being less than seven days thereafter and to such place as may be appointed by the operator, or the trustee or depositary of the scheme and at such adjourned meeting if the quorum is not present within fifteen minutes from the time appointed for the meeting, the participants present shall comprise the quorum.

Notice of any adjourned meeting of participants in a scheme or sub-scheme shall be given and such notice shall state that the participants present at the adjourned meeting whatever their number and the number of units, shares or other form of participation in scheme held by such participants shall form a quorum.

An investment company scheme shall comply with the provisions on quorum and conduct of meetings in the law governing companies.

Article 109: Extra ordinary meeting

The operator and trustee or depositary of a scheme may on their own initiative or by requisition, convene an extra-ordinary meeting of participants in the scheme.

A requisition under this article shall:

- (a) state the objects of the meeting;
- (b) be dated;
- (c) be signed by participants in the scheme or sub-scheme who, at that date, are registered as the holders of units, shares or other form of participation representing not less than 5 percent (5%) in value of all of the units, shares or other form of participation in the collective investment scheme or sub-scheme then in issue;
- (d) be deposited at the head office of the collective investment scheme.

A requisition may consist of several documents deposited with the operator at the same time, each being in like form and signed by one or more participants.

Notice of each extraordinary meeting shall be sent to all participants in the scheme or sub-scheme not less than fifteen (15) working days before the date of the meeting, and the notice shall state the agenda for the meeting.

Where after twenty-one (21) days from the date of making a requisition for an extraordinary meeting, the operator, and trustee or depositary of the scheme, have not called the meeting, the signatories to the notice or any of them may call the meeting, but such meeting shall not be held more than three (3) months after the date of service of the requisition.

An extra ordinary meeting shall be called in the same manner as a general meeting.

The scheme shall repay the signatories to the requisition any reasonable expenses incurred by them due to the failure of the operator, and trustee or depositary of the scheme to comply with the provisions of this article, and any sum so repaid shall be deducted from the remuneration of the operator, directors of an investment company scheme and the trustee or depositary of the scheme.

Article 110: Resolutions

Unless otherwise expressly stated, any resolution required under these Regulations shall be passed by a simple majority of the votes validly cast for or against the resolution at a meeting of participants in the scheme or sub-scheme.

In the case of an equality of votes cast, in respect of a resolution, put to a general meeting, the chairman of the meeting shall be entitled to a casting vote in addition to any other vote he or may have.

Article 111: Voting rights

On a show of hands, every participant in a scheme or sub-scheme who, being an individual is present in person or, being a corporation, is present by its representative duly authorized in that regard, shall have one vote.

Votes may be given either personally or by proxy or in any other manner permitted by the formation documents of the scheme and the voting rights attached to each shall be in such proportion of the voting rights attached to all of the units, shares or other form of participation in a scheme in issue as the price of the share bears to the aggregate price or prices of all the units, shares or other form of participation in a scheme in issue at the date specified in the notice for the meeting and a participant entitled to more than one vote need not, if he or she votes, use all his or her votes or cast all his or her votes in the same way.

In the case of joint holders of a unit, share or other form of participation in a scheme or sub-scheme, the vote of the senior participant who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the register of participants.

The operator, trustee or depositary of a scheme shall:

- (a) not be counted for purposes of determining the quorum of a meeting of a scheme or sub-scheme;
- (b) not vote at any meeting of a collective investment scheme or sub-scheme except in respect of any units, shares or other form of participation in the scheme which they hold.

Article 112: Proxies

A participant entitled to attend and vote at a meeting of a collective investment scheme or sub-scheme may appoint another person to attend and vote in his or her place whether such other person is a participant in the scheme or not.

Article 113: Special resolutions of a scheme

The operator of a collective investment scheme or sub-scheme shall by way of a special resolution, obtain approval from the participants for any proposed changes to the scheme or sub-scheme which-

- (a) changes the purposes or the nature of the scheme; or
- (b) may materially prejudice the interests of holders of holdings, shares or units; or
- (c) alters the risk profile of the scheme; or
- (d) introduces any new type of payment out of scheme property.

A special resolution shall be a resolution of at least two-thirds of the registered members of the scheme or sub-scheme.

Article 114: Service of notices and other documents

Any notice or document required to be served on participants in a collective investment scheme or sub-scheme shall be deemed to have been duly served-

- (a) if it is personally served on the participant or sent by registered post to the registered postal address;
- (b) in the case of a participant that is a body corporate, if it is served on the secretary, or sent by registered post to the registered postal address or left at the registered office of the body corporate.

Any notice required to be served or information to be supplied or given to any other person, including the Authority, shall be in writing or in such other form as enables the recipient to know or to record the time of receipt and to preserve a legible copy of the notice.

CHAPTER XIII: ADVERTISEMENTS

Article 115: Collective investment schemes advertisements

No person shall-

- (a) advertise;
- (b) issue a public announcement;
- (c) issue promotional material;
- (b) invite the public or a section of the public in Rwanda

to invest in a collective investment scheme which is not licensed, exempted or recognised by the Authority.

Every advertisement of a collective investment scheme-

- (a) shall be approved by the trustee, depositary of the scheme or Board of Directors;
- (b) shall be submitted to the Authority at least forty-eight hours before the date of publication;
- (c) shall be approved by the Authority prior to publication;
- (d) may be used until such a time as significant or material changes arise in the information contained in the advertisement, invitation, public announcement or other promotional material, that requires revision and submission to the Authority for approval.

Article 116: Requirements for collective investment schemes advertisements

Every advertisement or invitation or other promotional material to the public or a section of the public shall contain particulars of the-

- (a) scheme;
- (b) scheme operator; and
- (c) trustee, depositary or Board of Directors of the scheme.

Where a collective investment scheme is described as having been approved by the Authority it shall be stated that, in giving this approval, the Authority does not take responsibility for the financial soundness of the scheme or for the correctness of any statements made or opinions expressed in this regard.

Advertisements shall include a warning statement that –

- (a) the price of units, shares, or other form of participation and the income therefrom if the collective investment scheme pays dividends may go down as well as up; and
- (b) investors are reminded that in certain specified circumstances their right to redeem their units, shares or other form of participation may be suspended.

Warning statements shall be written in such a manner as to be capable of being read with reasonable ease by anyone reading the advertisement.

CHAPTER XIV: ACCOUNTS AND AUDIT

Article 117: Requirement to keep accounting records

The operator of a collective investment scheme shall cause to be kept accounting records at all times that give a true and fair view of the scheme's financial position, and that explain its transactions and comply with international accounting standards.

The accounting records of a collective investment scheme shall be kept in English and in written form or in a form or manner in which they are easily accessible and convertible into written form.

Article 118: Requirement to have an auditor

Every collective investment scheme shall have an external auditor-

- (a) appointed in accordance with the requirements of the Law and these regulations;
- (b) approved by the Authority.

Article 119: Appointment of auditor

The operator of a collective investment scheme shall appoint an auditor for the scheme who shall hold office for the financial year of the scheme.

The appointment of the auditor under this article shall be approved by-

- (a) the directors of an investment company scheme;
- (b) the trustee or depositary of the scheme;
- (c) the Authority.

Article 120: Qualifications of an auditor of a collective investment scheme

A person or firm shall not qualify to be appointed as auditor of a collective investment scheme unless-

- (a) in the case of a firm, every partner in the firm is a full or associate member of the Institute of Certified and Professional Accountants in Rwanda; and
- (b) the auditor has not been disqualified from auditing a financial institution, insurance company, listed company or collective investment scheme in Rwanda by any regulator.
- (c) the operator has taken reasonable steps to ensure it is satisfied of the independency of the auditor.

The following persons shall not be appointed as auditors of a collective investment scheme-

- (a) a director or employee of the operator of the scheme;
- (b) a director or employee of an investment company scheme;
- (c) a trustee or depositary of a collective investment scheme;
- (d) a director or employee of a body corporate that is an associated or related entity of the above.

Article 121: Auditor remuneration

The remuneration of the auditor-

- (a) shall be determined by the operator, the directors of an investment company scheme and the trustee or depositary of the scheme.
- (b) shall be disclosed in the annual report of the scheme.

Article 122: Accounting period

Every collective scheme shall have an annual accounting period consisting of one year or any other period determined by the scheme and ending on an accounting reference date of the scheme.

The accounting reference period shall not prevent a scheme from complying with requirements to publish and submit to the Authority un-audited interim reports for the half-year period of the accounting reference period.

Article 123: Auditor's report

The report of an auditor of a collective investment scheme shall comply with applicable international auditing and assurance standards.

Article 124: Right of access to information

The operator, board of directors of an investment company scheme and trustee or depositary of the scheme shall ensure that the auditor of a collective investment scheme has a right of access at all times to the accounting records and other documents of the scheme, and that the auditor is entitled to request for such information and explanation as the auditor thinks necessary for purposes of auditing the scheme or sub-scheme.

Article 125: Auditor to attend general meetings

Where a collective investment scheme holds an annual meeting of participants, the operator shall ensure that an auditor of the scheme receives all information relating to the meeting or resolutions which participants are entitled to receive.

An auditor of a collective investment scheme may attend any meeting of the participants and may be heard at the meeting on any part of the business of the meeting which concerns him/her as an auditor.

Article 126: Auditor's Reporting obligations

An auditor of a collective investment scheme shall submit to the Authority a copy of the auditor's report and audited financial statements of the scheme.

Where an auditor of a collective investment scheme has reason to believe that -

- (a) the information provided to participants or to the Authority in the reports or other documents of the collective investment scheme, does not truly describe the financial situation and the assets and liabilities of the scheme;
- (b) the assets of the collective investment scheme are not, or have not been, invested in accordance with the provisions of this law, regulations made under this law, the scheme formation documents and investment policy;

- (c) there exist circumstances which are likely to affect materially the ability of the scheme to fulfil its obligations to participants or investors in the scheme or meet any of its financial obligations;
- (d) there are material defects in the financial systems and controls or accounting records of the scheme;
- (e) there are material inaccuracies in or omissions from any reports of a financial nature or otherwise made by the scheme to the Authority;
- (f) the auditor proposes to issue a qualified report to the financial statements of the scheme; or
- (g) for or any other justifiable reason,

the auditor shall report the matter to the Authority in writing immediately.

The Authority may require the auditor to supply it with any information in relation to the audit of the business of the collective investment scheme which, in the Authority's opinion, it needs for the exercise of its functions under this law or the protection of the interests of participants or investors in the scheme, and the auditor shall comply with this requirement without delay.

The Authority may require that, in supplying any information required by the Authority, the auditor shall act independently of the collective investment scheme.

Article 127: Rectification of audited financial statements

Where the Authority is satisfied that the audited annual financial statements of a collective investment scheme do not comply with the requirements of this law or contain information that may be misleading in any way, or are not published in accordance with the prescribed standards, the Authority may require the operator to:

- (a) amend or correct the audited annual financial statements;
- (b) correct the misleading information;
- (c) re-publish the amended or corrected audited annual financial statements;
- (d) submit to the Authority any further documents or information or explanations relating to any document or information.

Article 128: Request for a second audit

The Authority may, if dissatisfied with the standard or quality or both, of the audit, reject the audit report and call for a fresh audit at the expense of the operator of the scheme, the external auditor or both.

Where the Authority rejects an audit report, it may appoint an auditor for the scheme and shall fix the remuneration to be paid to the auditor by the operator of the scheme.

Article 129: Deemed appointment of the auditor

Where the term of appointment of an auditor of a collective investment scheme expires, but the auditor does not cease to hold office as auditor of the scheme, the

auditor is deemed to have been reappointed for a further term of one year from the date of expiry of the previous term and:

- (a) on such other terms and conditions as are agreed between the operator, the directors of an investment company scheme, the depositary or the trustee of the scheme;
- (b) where no terms and conditions are agreed, on the same terms and conditions as the auditor was initially appointed.

Article 130: Removal of the auditor

An auditor of a collective investment scheme shall not be removed from office unless:

- (a) at least ten (10) working days' written notice has been given to the auditor;
- (b) the auditor has been given a reasonable opportunity to make representations to the operator, the board of directors of an investment company scheme, the trustee or depositary of the scheme on the removal, either in writing or by the auditor's appointed representative;
- (c) the board of directors of an investment company scheme and the trustee or depositary of the scheme have approved the removal of the auditor;
- (d) the operator has notified the Authority in writing of the intention to remove the auditor and the reasons for removing the auditor.
- (e) the operator, board of directors of an investment company scheme, trustee or depositary of the scheme have taken steps to appoint another auditor for the scheme.

Article 131: Termination of appointment of an auditor of a collective investment scheme

The Authority may direct an operator of a collective investment scheme to terminate the appointment of an auditor of a scheme which contravenes any requirements of this law or the collective investment schemes regulations or any other applicable law.

The Authority shall not issue a direction under this article unless –

- (a) the reasons for the termination have been disclosed; and
- (b) the auditor and the operator are given an opportunity to make representations on the matter.

Article 132: Auditor ceasing to hold office

An auditor of a collective investment scheme shall cease to hold office as auditor of the scheme where:

- (a) the auditor is removed from office;
- (b) the term of appointment as auditor expires, and
 - (i) another auditor is appointed no later than 2 months from the expiry of his term;
 - (ii) the auditor is not qualified for reappointment; or
 - (iii) the auditor has given written notice to the operator of the scheme of their unwillingness to be reappointed;
- (c) in the event of death, where the auditor is a person.

Notice under (b)(iii) shall be effective on the date stated in the notice or where no such date is stated, on the date the notice is received.

Where an auditor of a collective investment scheme ceases for any reason to hold office, the auditor shall provide to the Authority and the operator:

- (a) a statement to the effect that there are no circumstances connected with the ceasing to hold office which the auditor considers should be brought to the attention of the participants or creditors of the collective investment scheme or the Authority; or
- (b) a statement of any circumstances mentioned in (a) above.

Where a statement of the auditor falls under (b) of paragraph (3) above, the operator of the collective investment scheme shall send a copy of the statement to the Authority with any comments within 10 working days of receiving the statement.

CHAPTER XV: AMALGAMATION AND RECONSTRUCTION

Article 133: Definition of amalgamation and reconstruction

In this part, 'amalgamation' means an arrangement whereby-

- (a) the entire assets or portfolio of a licensed collective investment scheme or sub-scheme otherwise referred to as the first scheme, become the assets or portfolio of another licensed collective investment scheme or sub-scheme, otherwise referred to as the second scheme; and
- (b) where participants in the first collective investment scheme or sub-scheme receive units, shares or other form of participation shares in the second licensed or recognized collective investment scheme or sub-scheme.

Reconstruction" in relation to a collective investment scheme or sub-scheme is an arrangement whereby:

- (a) part of the collective investment scheme or sub-scheme portfolio becomes the collective investment scheme or sub-scheme portfolio of another collective investment scheme or sub-scheme; or
- (b) the whole of that collective investment scheme or sub-scheme portfolio becomes the collective investment scheme or sub-scheme portfolio of two or more collective investment schemes or sub-schemes; or
- (c) the whole of that collective investment scheme or sub-scheme portfolio becomes the first collective investment scheme portfolio of a collective investment scheme or sub-scheme.

Article 134: Amalgamation and reconstruction of schemes

A collective investment scheme or sub-scheme shall not enter into amalgamation or reconstruction arrangements which would result in the participants of the scheme or sub-scheme becoming participants in any collective investment scheme other than a licensed collective investment scheme or sub-scheme under these regulations.

Where for the purpose of an amalgamation or reconstruction, it is proposed that the collective investment scheme or sub-scheme portfolio should become the collective investment scheme or sub-scheme portfolio of another collective investment scheme or sub-scheme, the proposal shall not be implemented without the approval-

- (a) by special resolution of at least two-thirds majority of participants in the scheme or sub-scheme;
- (b) of the board of directors of an investment company scheme;
- (c) of the trustee or depositary of the scheme;
- (d) of the Authority.

Where it is proposed that a collective investment scheme or a sub-scheme of an umbrella scheme should receive a portfolio of another collective investment scheme or sub-scheme as a result of amalgamation or reconstruction of some other collective investment scheme or sub-scheme, the proposal shall not be implemented without the approval-

- (a) by special resolution of at least two-thirds majority of participants in the scheme or sub-scheme;
- (b) of the board of directors of an investment company scheme;
- (c) of the trustee or depositary of the scheme;
- (d) of the Authority.

The operator, trustee or depositary of a scheme and the board of directors of an investment company scheme shall prior to approving any proposal for amalgamation or reconstruction of a scheme, satisfy themselves that the investment policy and objectives of the scheme or sub-scheme are consistent with those of the scheme or sub-scheme with which the amalgamation or reconstruction is proposed.

The Authority shall, prior to approving any proposal for amalgamation or reconstruction of a collective investment scheme or sub-scheme under this article, satisfy itself that-

- (a) the parties have complied with the requirements of these regulations;
- (b) the scheme or sub-scheme shall continue to be operated by persons licensed by the Authority; and
- (c) the proposed amalgamation or reconstruction shall not prejudice any or all of the participants in the scheme.

CHAPTER XVI: TERMINATION AND WINDING UP OF SCHEME

Termination of a sub-scheme of a collective investment scheme

Article 135: Termination of a sub-scheme of a collective investment scheme

A sub-scheme of a collective investment scheme may be terminated-

- (a) on the directive of the Authority;
- (b) by the operator, subject to the approval of-
 - (i) the trustee or depositary of the scheme;
 - (ii) the board of directors of an investment company scheme;

- (iii) the Authority.

Termination of a sub-scheme of a collective investment scheme shall be in accordance with the procedures for voluntary winding up of collective investment schemes.

Voluntary winding up of scheme

Article 136: Voluntary Winding up of unit trust schemes

A unit trust scheme may be voluntarily wound up in accordance with the provisions of the :

- (a) the law governing trusts
- (b) the law and these regulations.

Article 137: Voluntary Winding up of investment company schemes

An investment company scheme may be voluntarily wound up in accordance with the provisions of the:

- (a) the law governing companies;
- (b) the law and these regulations.

Article 138: Voluntary winding up of contractual schemes

A contractual scheme may be voluntarily wound up in accordance with the provisions of the law and these regulations.

Article 139: Voluntary Winding up of partnership schemes

A partnership scheme may be voluntarily wound up in accordance with the provisions of-

- (a) the law governing partnerships;
- (b) the law and these regulations.

Article 140: Voluntary Winding up of other schemes

Any other scheme may be voluntarily wound up in accordance with the provisions of-

- (a) the law and these regulations;
- (b) any other applicable law or regulation; and
- (c) as the Authority may direct.

Article 141: Circumstances under which a collective investment scheme may be wound up

A collective investment scheme may be wound up where -

- (a) the Authority has revoked the license for the scheme or recognition of a scheme established in a country other than Rwanda;
- (b) not less than two-thirds majority of participants in the scheme have passed a resolution to wind up the scheme;
- (c) in the case of a scheme that was for a specific period, at the end of that period as stated in the formation documents of the scheme and the scheme prospectus;
- (d) where the value of the property of the scheme fails to attain or falls below the minimum considered by the operator required to operate the scheme and the operator elects to wind up the scheme

(e) in any other circumstances as the Authority may direct.

Article 142: Commencement of winding up

Prior to commencing winding up of a scheme, the operator shall-

- (a) notify and seek the approval of the trustee or depositary of the scheme;
- (b) notify and seek the approval of the board of directors of an investment company scheme;
- (c) seek approval by way of a resolution passed by at least two-thirds majority of members of the scheme;
- (d) notify the Authority;
- (e) prepare a statutory declaration of solvency of the scheme that complies with the requirements of article 143.

The requirements in (a)-(d) above shall not apply to commencement of winding up pursuant to-

- (a) revocation of a scheme license;
- (b) a directive issued by the Authority to wind up the scheme;
- (c) expiry of the period of the scheme as stated in the formation documents of the scheme and the prospectus of the scheme.

Article 143: Statutory declaration of solvency

The operator of a collective investment scheme shall submit to the Authority a statutory declaration stating the affairs of the scheme that complies with the requirements of annex 3.

The declaration of solvency shall be made within 30 days immediately preceding the date of the passing of the resolution for winding up the scheme.

The statutory declaration shall be accompanied by-

- (a) a statement of the assets and liabilities of the scheme;
- (b) a resolution of the members of the scheme, where applicable;
- (c) a resolution of the directors of an investment company scheme;
- (d) the most recent audited financial statements of the scheme;
- (e) un-audited financial statements in the case where the date of the audited financial statements is more than six months from the date of the notice of commencement of winding up.

Article 144: Duty to ascertain liabilities

The scheme operator shall have a duty to use all reasonable endeavors to ensure that all the liabilities of the collective investment scheme are discharged prior to the completion of the winding up.

The duty of the operator under this article relates to all liabilities of the scheme of which -

- (a) the operator is, or becomes, aware of prior to the completion of the winding up; or
- (b) the operator would have become aware of prior to the completion of the winding up had it used all reasonable efforts to ascertain the liabilities of the collective investment scheme.

Where the operator rejects any claim against the collective investment scheme in whole or in part, the operator shall notify the claimant in writing stating reasons for doing so.

Where the operator is of the opinion that the collective investment scheme will be unable to meet all its liabilities within twelve months of the commencement of winding up, the operator shall-

- (a) notify the trustee or depositary of the scheme and in the case of an investment company scheme, the directors;
- (b) notify the Authority; and
- (c) forthwith present a petition or cause the collective investment scheme to petition for insolvency under the law relating to commercial recovery and settling issues arising from insolvency.

Article 145: Authorization to commence winding up

Where the Authority is satisfied with the information provided by the operator, the Authority shall-

- (a) authorise the operator of the scheme to commence winding up of the scheme;
- (b) notify the Registrar General, in the case of an investment company scheme, unit trust scheme and partnership scheme;
- (c) notify any other regulatory body as the Authority may deem fit.

Article 146: Public notice on the commencement of voluntary winding up schemes

The operator of the scheme shall issue a public notice of commencement of voluntary winding up of the scheme within 24 hours of passing the resolution required by article 142 and it shall comply with the form in annex 4.

The notice shall be-

- (a) signed by the operator and trustee, depositary or Board of Directors of the scheme;
- (b) published in at least two daily newspapers of nationwide circulation;
- (c) published in the gazette;
- (d) published on the website of the operator of the scheme;
- (e) sent by email or other electronic means to all the known addresses of all participants in the scheme.

A copy of the public notice shall be submitted to the Authority and the Registrar General.

Article 147: Effect of commencement of winding up

On commencement of winding up-

- (a) the collective investment scheme shall cease to issue, sale, redeem and cancel units, shares or other form of participation in the scheme;
- (b) no transfer of units, shares or other form of participation in a collective investment scheme shall be registered and no other change to the register of participants shall be made without the approval of the trustee or depositary of the scheme and the Board of directors of an investment company scheme.
- (c) the collective investment scheme shall cease to carry on its business, except so far as may be required to wind up the scheme.

Notwithstanding the provisions in this article, a scheme that has commenced winding up shall continue in existence until the assets of the scheme have been distributed and the scheme is dissolved.

Commencement of winding up does not extinguish the obligations of the operator, trustee, depositary, custodian and the board of directors of the scheme under the law and these regulations until the assets of the scheme have been distributed and the scheme dissolved.

Article 148: Tax clearance

The operator of the scheme shall obtain clearance from the Rwanda Revenue Authority.

Article 149: Objection to winding up

Any person including a creditor may object to the voluntary winding up of a scheme by filing a notice of objection with the Authority within 30 days from the date of the issuance of a public notice.

Where the Authority receives a notice of objection, it shall-

- (a) notify the operator and trustee ,depositary, or board of directors of the scheme;
- (b) notify the Registrar General, in the case of an investment company, unit trust and partnership scheme.

The Authority shall conduct an inquiry into the grounds for objection and make any of the following orders-

- (a) rescind authorization to commence winding up of the scheme;
- (b) direct the parties to refer the matter to court;
- (c) dismiss the objection;
- (d) make any other orders as it deems fit to protect the interests of participants in the scheme.

Article 150: Manner of winding up the scheme

The Authority shall, following the expiry of the time within which to file an objection or where an objection has been made, after it has been resolved, direct the operator to wind up the scheme.

The operator shall instruct the trustee, depositary or Board of Directors-

- (a) to liquidate the assets of the scheme-
- (b) pay all debts and liabilities of the scheme including expenses of winding up
- (c) make any distributions to participants of the scheme

Article 151: Final account

As soon as the collective investment scheme's affairs are fully wound up and the assets distributed, the operator shall prepare an account of the winding up showing how it has been conducted and how the collective investment scheme portfolio has been disposed of and the statement of account shall-

- (a) be signed by the operator;
- (b) be approved by the trustee, depositary of the scheme or the board of directors of an investment company scheme.

The final account shall state the date on which the collective investment scheme's affairs were fully wound up and the date stated shall be regarded as the final day of the accounting period of the scheme.

The auditor of the collective investment scheme shall make a report in respect of the final account, which shall state the auditor's opinion as to whether the final account has been properly prepared.

Within two months of the end of the final accounting period, the operator shall send a copy of the final account and the auditor's report on it to the Authority, and to each person who was a participant in the scheme immediately before the final accounting period.

Article 152: Public notice of dissolution of schemes

Where the Authority is satisfied with the final account and report of the auditor, it shall authorize the operator to issue a public notice in the form in annex 5 of dissolution of the scheme.

Any member of the public may inspect the final account on such terms as the Authority may direct.

Article 153: Liability of the Operator

The operator of a collective investment scheme shall be personally liable to meet any liability of a scheme wound up under these regulations that was not fully discharged during winding up of the scheme.

Where the proceeds of the realization of the assets attributable or allocated to a particular sub scheme of an umbrella scheme are insufficient to meet the liabilities attributable or allocated to that sub-scheme, the operator shall pay to the scheme for the account of that sub-scheme the amount of the deficit, except and to the extent that the operator can show that the deficit did not arise as a result of any failure by the operator to comply with these regulations.

Insolvency proceedings

Article 154: Commencement of insolvency proceedings by the Authority

The Authority may in accordance with the provisions of the law commence insolvency proceedings against a collective investment scheme.

Article 155: Commencement of insolvency proceedings by other parties

A person permitted to commence insolvency proceedings under the law relating to commercial recovery and settling of issues arising from insolvency, may in accordance with the provisions of that law commence proceedings against a collective investment scheme collective.

The Authority shall –

- (a) have powers to make an application to court;
- (b) be entitled to be heard;
- (c) be entitled to attend or appoint a representative to attend and participate in creditor's meetings in insolvency proceedings in respect of a collective investment scheme.

CHAPTER XVII: FINAL PROVISIONS

Article 156: Coming into force

These regulations shall come into force on the date of publication in the official gazette.

ANNEXES

ANNEX 1: FORMAT FOR TRANSFER AND TRANSMISSION FORMS

Attach
photograph
of transferor
and
transferee

REPUBLIC OF RWANDA

GOVERNING COLLECTIVE INVESTMENT SCHEMES

A- TRANSFER FORM

1.	Name of Scheme	
2.	Description of units, shares or other form of participation in a scheme <i>(whether units, shares or other form of participation)</i>	
3.	Quantity <i>(number or value)</i>	
3.	Full names of transferor (s)	
5.	Address of transferor (s) <i>(insert postal, email address and telephone)</i>	
6.	Identification Number of transferor (s)	
7.	Date of acquisition	
8.	Full names of transferee	
10.	Identification Number of transferee	
11.	Address of transferee <i>(insert postal, email address and telephone)</i>	

I/WE the registered holders of units/shares/other form of participation *(tick appropriate)* in *(insert name of the scheme)* hereby transfer *(insert the number or value of units, shares or other form of participation to be transferred)* to the said transferee whose particulars are stated above and instruct the operator of the scheme to execute the transfer.

Dated this.....day of.....the year.....

WITNESSETH

Signed
(Name(s) of transferor) (Signature)

In the presence of
(Name of witness) (Signature)

Occupation.....

Address.....

Signed
(Name(s) of transferee) **(Signature)**

In the presence of
(Name of witness) **(Signature)**
Occupation.....
Address.....

THE REPUBLIC OF RWANDA

Attach
photograph(s) of
legal representative
(s) or legal heir (s) or
applicant in any
other case

ENDING COLLECTIVE INVESTMENT SCHEMES

TRANSMISSION APPLICATION

(note- this form applies to transfer of ownership of units, shares or other form of participation in a scheme in case of death or by operation of law eg bankruptcy)

I/We, ...
(insert name of the applicant(s)),

Whose particulars are provided below, hereby apply for transmission of the units/shares/.....(other form of participation) held in the name of (insert name of the deceased participant in a scheme)

whose particulars are provided below and enter my/our names on the register of participants of the scheme.

PARTICULARS OF THE APPLICANT

1. Full names:
2. Identification.....
3. Full address (include physical address, email and telephone number)
.....
.....
4. Age.....
5. Relationship with the deceased.....
6. Capacity of applicant (tick applicable):
☐ Legal representative ☐ legal heir ☐ executor of will
☐ administrator of estate of the deceased ☐ Other (explain)_____

PARTICULARS OF THE DECEASED

1. Full names:
2. Identification.....
3. Full address (*include physical address, email and telephone number*)
.....
.....
.....
4. Number of units, shares etc.....
5. Share certificate number/number of debenture instrument.....

I/We hereby submit the following documents to support my/our transmission application:

1. Death certificate.
2. Certified copies of evidence of grant of probate or letters of administration
3. Statutory Declaration sworn by the applicant (s)
4. No Objection Certificate from each legal heirs or legal representatives if different from applicant.
5. Indemnity Bond where the applicant does not have letters of administration or grant of probate.
6. Proof of applicant (s) identification
7. Court order in case of transmission by operation of the law

Signature of the Applicant(s)

1.....
(Names) (Signature) (Date)

2.....
(Names) (Signature) (Date)

3.....
(Names) (Signature) (Date)

Witnessed by:

Names:.....

Address:.....

Occupation:.....

ANNEX 2: COLLECTIVE INVESTMENT SCHEME REPORTS

A: REQUIREMENTS FOR THE REPORT OF THE OPERATOR OF A COLLECTIVE INVESTMENT SCHEME

The report of the operator of a collective investment scheme shall, unless otherwise indicated, contain the following:

(1) Particulars of:

- (a) the operator of the scheme;
- (b) the trustee or depositary of the scheme;
- (c) the auditor of the scheme;
- (d) for a scheme which invests in immovable property, the independent valuer;
- (e) for an investment company scheme, the board of directors;

(2) The scheme

- (a) Particulars of the scheme (nature of type of scheme, whether the scheme is an open ended or interval scheme, for an umbrella scheme-particulars of the sub-scheme;
- (b) a statement that the participants in the scheme are not liable for the debts of the scheme;

(3) Investments

- (a) the investment objectives and policy of the scheme;
- (b) a review of the investment activities during the period to which the report relates;

(4) Changes

Particulars of-

- (a) any proposed or actual changes to the formation documents of the scheme and scheme prospectus;
- (b) proposed or actual changes of the investment policy and objectives
- (c) any other changes in relation to the scheme or sub-scheme.

(5) General

Any other information which would enable participants in the scheme to make an informed judgement on the development of the activities of the scheme during that period and the results of those activities as at the end of that period.

B: REQUIREMENTS FOR THE COMPARATIVE REPORT

The operator of a collective investment scheme shall prepare a comparative report as required by these regulations that shall, unless otherwise indicated, contain the following:

(1) Performance of the scheme

The performance record over the last five calendar years or, if the scheme has not been in existence during the whole of that period, over the whole period in which it has been in existence, showing:

(a) the highest and the lowest price of a unit, share or other form of participation in the scheme in issue during each of those years; and

(b) the net income distributed (or, for accumulation units, allocated) for a unit, share or other form of participation in the scheme during each of those years, taking account of any subdivision or consolidation of units, shares or other form of participation that occurred during that period.

(2) Assets of the scheme

As at the end of each of the last three annual accounting periods (or all of the scheme's annual accounting periods, if less than three):

(a) the total net asset value of the scheme property at the end of each of those years;

(b) the net asset value per unit, share or other form of participation in the scheme of each class; and

(c) the number of units, shares or other form of participation in the scheme of each class, where applicable, in issue.

C: REQUIREMENTS FOR THE REPORT OF THE TRUSTEE, DEPOSITARY OR BOARD OF DIRECTORS OF A COLLECTIVE INVESTMENT SCHEME

The annual report of collective investment scheme shall contain a report of the trustee, depositary or Board of directors which shall contain the following:

(a) particulars of the trustee, depositary and board of directors;

(b) a description, which may be in summary form, of the function of the trustee, depositary or board of Directors

(c) a statement as to whether the trustee or depositary provide custodial services to the scheme or where the custodial function is provided by a separate entity, particulars of the custodian of the scheme.

(d) a statement whether:

(i) the operator of the scheme has managed the scheme or sub-scheme in compliance with the requirements of the Law and these regulations or any other applicable law;

(ii) the creation, issuance, sale and redemption of units, shares or other form of participation in the scheme was carried out in compliance with the formation documents of the scheme;

(iii) investments of the scheme or sub-scheme comply with the investment policy and objectives of the scheme or sub-scheme as stated in the formation documents;

(iv) whether the assets of the scheme are held in compliance with the requirements of the Law and these regulations;

(v) any other information as the Authority may from time direct.

ANNEX 3
LAW GOVERNING COLLECTIVE INVESTMENT SCHEMES
VOLUNTARY WINDING UP

STATUTORY DECLARATION OF SOLVENCY EMBODYING A STATEMENT OF ASSETS AND LIABILITIES

Particulars of the scheme:

Note: The declaration of solvency shall be made within 30 days immediately preceding the date of the passing of the resolution for winding up the scheme.

WE/I the undersigned, being directors of

.....(*insert name of the operator and the trustee/depositary of the scheme/chairperson of the Board*) do solemnly and sincerely declare that we/I have made a full enquiry into the affairs of the scheme, and that, having done so, we have formed the opinion that this scheme will be able to pay its debts in full within a period of twelve months, from the commencement of the winding up, and we refer to a statement of the scheme's assets and liabilities attached to this declaration.

WE/I make this declaration conscientiously believing the same to be true **s**

Declared before me by:

For the operator

Name

Signature

Name

Signature

For the trustee/depositary

Name

Signature

Name

Signature

BEFORE ME

PUBLIC NOTARY

**Attach statement of assets and liabilities as*

ANNEX 4
THE LAW GOVERNING COLLECTIVE INVESTMENT SCHEMES
VOLUNTARY WINDING UP

PUBLIC NOTICE ON VOLUNTARY WINDING UP OF(NAME OF THE SCHEME)

TAKE NOTICE THAT on the..... day of the year
....., a special resolution for voluntary winding up of
.....(*insert name of scheme*)
was passed by the participants in the scheme and the Authority has authorized the scheme to
commence winding up.

Any persons who wishes to object to the winding up of.....(*insert name of the scheme*) may submit a notice of objection to the Authority within 30 days from the
date of this notice.

TAKE FURTHER NOTICE THAT from day of..... the
year....., the said scheme ceased to carry on business except so far as is required to wind
up the scheme.

Dated this day of the year

Address for filing objections
(*insert address of the Authority*)

Signed for the **OPERATOR**

.....
NAMES

SIGNATURE

Signed for the **TRUSTEE/DEPOSITARY/CHAIRMAN OF THE BOARD OF DIRECTORS**

.....
NAMES

SIGNATURE

ANNEX 5
THE LAW GOVERNING COLLECTIVE INVESTMENT SCHEMES
VOLUNTARY WINDING UP

PUBLIC NOTICE ON THE DISSOLUTION OF(NAME OF THE SCHEME)

TAKE NOTICE THAT on the..... day of the year
....., the

.....(*insert name of operator*)

Submitted the final account and report of the auditor in respect of payments and distributions made pursuant to the voluntary winding up of.....(*insert name of the scheme*).

TAKE FURTHER NOTICE THAT from day of..... the year....., the said scheme has been dissolved.

Dated this day of the year
Signed

.....
NAME OF OPERATOR OF SCHEME

SIGNATURE

Regulation No..... establishing Recognition Requirements for Foreign Collective Investment Schemes

CHAPTER I: GENERAL

Article 1: Purpose

Article 2: Interpretation

CHAPTER II: GENERAL PROVISIONS

Article 3: Application for recognition

Article 4: Requirements for recognition of schemes

Article 5: Determination of applications for recognition

CHAPTER III: RECOGNITION OF SCHEMES ESTABLISHED IN PARTNER STATES

Article 6: Recognition of schemes established in Partner States

CHAPTER IV: RECOGNITION OF SCHEMES ESTABLISHED IN NON- PARTNER STATES

Article 7: Recognition of schemes established in non-partner states

CHAPTER V: COMPLIANCE OBLIGATIONS AND RELATED MATTERS

Article 8: Compliance obligations of recognised schemes

Article 9: Requirement to report breaches

Article 10: Inspection of formation documents of a scheme

Article 11: Amending the formation documents of a scheme

Article 12: Breach of compliance and other requirements

CHAPTER VI: POWERS TO VARY, SUSPEND OR REVOKE RECOGNITION

Article 13: Powers to vary, suspend or revoke recognition

Article 14: Publication of suspension or revocation of recognition

CHAPTER VII: FINAL PROVISIONS

Article 15: Coming into force

Annex

Regulation No..... establishing Recognition Requirements for Foreign Collective Investment Schemes

CHAPTER I: GENERAL

Article 1: Purpose

The purpose of these regulations is to provide for recognition of schemes established outside Rwanda.

Article 2: Interpretation

Law: The Law governing Collective Investment Schemes

Authority: The Capital Market Authority.

Collective Investment Scheme: a type of scheme where there is an arrangement for collecting and pooling funds from investors or participants for the purpose of investment in the interest of each participant or investor represented by his or her proportional ownership in the scheme.

Partner State: A country which is a member of the East African Community.

Primary Regulator: The regulatory body responsible for licensing or authorisation of collective investment schemes in the home country of the scheme.

Recognised collective investment scheme: A collective investment scheme licensed in another jurisdiction and approved by the regulatory authority to operate in Rwanda.

CHAPTER II: GENERAL PROVISIONS

Article 3: Application for recognition

An application made under these regulations for recognition of a scheme—

- (a) Shall be made by an operator of the scheme or their duly appointed representative;
- (b) Shall be made in the manner prescribed by the Authority

Article 4: Requirements for recognition of schemes

An application for recognition of a scheme shall—

- (a) be in the form in Annex 1 of these regulations;

- (b) provide the address of a place in the Republic of Rwanda for the service of the operator of the scheme where notices or other documents required or authorised can be served;
- (c) be accompanied by-
 - (i) a certified copy of the license of the scheme issued by primary regulator;
 - (ii) certified copies of the licenses of the scheme service providers issued by the primary regulator;
 - (iii) certified copies of the scheme formation documents approved by the primary regulator;
 - (iv) certified copies of annual reports of the scheme submitted to the primary regulator for the previous three years or such shorter period as the Authority may determine;
 - (v) certified copies of the scheme's financial statements submitted to the primary regulator for the previous three financial years of the scheme or for such shorter period as the Authority may determine;
 - (vi) the prospectus of the scheme;
 - (vii) audited financial statements of the scheme service providers;
 - (viii) scheme advertising and promotional material;
 - (ix) evidence of payment of the fees prescribed by the Authority;
 - (x) a non-objection letter from the primary regulator
 - (xi) any other information as the Authority shall determine.

Article 5: Determination of applications for recognition

An application made under these regulations shall be determined by the Authority before the end of the period of 30 calendar days beginning with the date on which it received the completed application.

The Authority may determine an incomplete application if it considers it appropriate to do so and it shall in any event determine such an application within 15 calendar days beginning with the date on which it received the application.

An applicant may withdraw an application submitted under these regulations by giving the Authority written notice of withdrawal, at any time before the Authority determines it.

CHAPTER III: RECOGNITION OF SCHEMES ESTABLISHED IN PARTNER STATES

Article 6: Recognition of schemes established in Partner States

Where the Authority is satisfied that the scheme established in a partner state complies with the requirements of these regulations, it shall grant the application and issue a recognition certificate to the scheme.

A recognition certificate may be issued subject to any conditions as the Authority may deem appropriate.

The Authority shall not recognise a scheme under this article unless it is satisfied that-

- (a) The law in the partner state governing collective investment schemes affords to participants in the scheme protection equivalent to that provided to scheme participants in Rwanda.
- (b) The scheme is a licensed scheme and is not in breach of any of the requirements for continuing to operate as a licensed scheme in the primary jurisdiction;
- (c) The service providers are licensed and exercise their functions in a manner that ensures segregation of roles and provides adequate protection to the participants in the scheme.

CHAPTER IV: RECOGNITION OF SCHEMES ESTABLISHED IN NON- PARTNER STATES

Article 7: Recognition of schemes established in non-partner states

The Authority may grant recognition of a scheme from a non- partner state where it appears to the Authority that--

- (a) The scheme affords adequate protection to participants in the scheme;
- (b) The arrangements for the scheme's formation and management are adequate;
- (c) The powers and duties of the scheme operator and, if the scheme has a depositary or trustee, that their powers are adequate to provide oversight over the scheme and protect the assets of the scheme.

In determining whether the arrangements for formation of the scheme are adequate, the Authority shall take into account—

- (a) The type of scheme and form of participation in the scheme;
- (b) Any person who is or will be employed by or associated with the scheme operator, investment manager, trustee or depositary, custodian in connection with the scheme;
- (c) The scheme operator, custodian, trustee, depositary and Board of Directors;
- (d) any person, director or body corporate exercising influence over the scheme operator, custodian, trustee or depositary;
- (e) Ability and willingness of the scheme operator and the trustee or depositary of the scheme to co-operate with the Authority by the sharing of information or in any other manner;
- (f) Ability and willingness of the primary regulator of the scheme to co-operate with the Authority by the sharing of information or in any other manner;
- (g) Whether the name of the scheme is not undesirable or misleading;

- (h) Whether the purposes of the scheme shall be reasonably capable of being successfully carried into out;
- (i) The arrangements for purchase and redemption of units, shares or other form of participation in the scheme;
- (j) Whether the law governing collective investment schemes in the country where the scheme is licensed affords to participants in the scheme protection equivalent to that provided to scheme participants in Rwanda; and
- (k) Any other factors as the Authority may deem appropriate.

CHAPTER V: COMPLIANCE OBLIGATIONS AND RELATED MATTERS

Article 8: Compliance obligations of recognised schemes

The operator of a recognised scheme shall-

- (a) at all times comply with any conditions prescribed by the Authority;
- (b) provide facilities for purchase and redemption of units, shares or other form of participation in the scheme and for payment of proceeds within Rwanda;
- (c) publish the price of an open ended or interval scheme or the net asset value of a closed ended scheme on a website accessible to Rwandan citizens and in such manner as the Authority may direct;
- (d) comply with reporting requirements;
- (e) provide annual confirmation to the Authority of the status of its license and the licenses of the scheme service providers in the primary jurisdiction;
- (f) notify the Authority within 2 working days of any changes to the laws governing the collective investment scheme in its primary jurisdiction;
- (g) notify the Authority within 2 working days of any changes to the formation documents of the scheme in its primary jurisdiction;
- (h) notify the Authority within 2 two working days of any change of the operator, custodian, trustee, depositary or board members of the scheme;
- (i) notify the Authority of any other material changes.

Where the Authority receives a notification of any change under this Article, it shall review the status of the scheme to establish-

- (a) whether it should continue to be recognised;
- (b) whether participants in the scheme are adequately protected; and
- (c) whether the scheme continues to meet the criteria for recognition.

Article 9: Requirement to report breaches

An operator of a recognised scheme shall report to the Authority within 2 4 hours, after becoming aware of any breach of the requirements for recognition or conditions or directives of the Authority.

Article 10: Inspection of formation documents of a scheme

The operator of a recognized collective investment scheme shall make the formation documents of the scheme or sub-scheme available for inspection for free of charge to any potential or actual investor or participant in the scheme any time during ordinary office hours at the registered office of the scheme in Rwanda and in such other manner as the CMA may direct.

Article 11: Amending the formation documents of a scheme

A recognised scheme shall within two working dayss, notify and submit to the Authority any amendments to the formation documents of a scheme or sub-scheme that have been approved by the primary regulator of the scheme.

Article 12: Breach of compliance and other requirements

Any person who contravenes-

- (a) the compliance requirements in these regulations;
 - (b) procedures required for amending formation documents of a scheme;
 - (c) the requirements for changing valuation, pricing and publication of prices,
- commits a fault and shall be liable to a fine of not less than one hundred thousand Rwandese Francs (Frw 100,000) and not more than five hundred thousand Rwandese Francs (Frw 500,000) for each day that the breach continues.

The Authority may, where it considers it in the best interests of the participants in the scheme, exercise its powers to suspend or revoke the recognition of the scheme for failure comply with the requirements of this article.

CHAPTER VI: POWERS TO VARY, SUSPEND OR REVOKE RECOGNITION

Article 13: Powers to vary, suspend or revoke recognition

The Authority may, on its own motion and for sufficient cause, vary a recognition certificate issued under these regulations.

A variation, suspension or revocation of a recognition certificate issued under these regulations may take effect:

- (a) Immediately, where the notice states that that is the case;
- (b) on such date as may be specified in the notice; or
- (c) if no date is specified in the notice, when the matter to which the notice relates is no longer open to review.

Where the Authority proposes to vary, suspend or revoke a recognition certificate issued under these regulations, it shall notify the scheme accordingly and state:

- (a) the grounds for variation, suspension or revocation of the recognition;

- (b) in case of variation or suspension, the nature of variation or suspension, effective date and period for which it shall apply;
- (c) the right to make representations to the Authority within a specified period; and
- (e) the right to refer the matter to the Capital Market Independent Review Panel established under the law regulating capital market business in Rwanda.

The Authority may extend the period allowed under the notice for making representations.

Where representations are made to the Authority in respect of proposed variation, suspension or revocation of a recognition certificate, it may:

- (a) confirm its decision; or
- (b) rescind its decision; or
- (b) take such other measures as it may deem appropriate.

A notice under this article shall inform the scheme person of the right to refer the matter to the Capital Market Independent Review Panel established under the law regulating capital markets business.

Article 14: Publication of suspension or revocation of recognition

The Authority shall issue a public notice of any recognised scheme that has been revoked or suspended and inform the primary regulator.

The Authority shall in its annual publication, provide information on recognised schemes that have been suspended or revoked.

The operator of a scheme whose recognition has been suspended or revoked shall notify the investors or participants in the scheme in writing as follows:

- (a) in the case of suspension, the period of suspension, the period of suspension and any interim measures or directives of the Authority;
- (b) in the case of revocation of a recognition, the notice of revocation shall provide information regarding the arrangements for redemption of units or shares or other form of participation by investors or participants in the scheme.

CHAPTER VII: FINAL PROVISIONS

Article 15: Coming into force

These regulations shall come into force on the date of publication in the official gazette.

ANNEX 1:

APPLICATION FOR RECOGNITION OF A FOREIGN SCHEME

PART 1 – PARTICULARS OF THE SCHEME

1. (a) Name of the scheme:

(b) Registered Office of the operator of the scheme:

(c) Date of establishment and legal form of scheme *(e.g. unit trust, contractual scheme, investment company scheme etc)*:

(d) Licensed status of the scheme *(please provide a certified copy of the license)*:

(e) Name and address of the operator of the scheme *(please provide a certified copy of the license)*:

(f) Name and address of the investment manager of the scheme *(please provide a certified copy of the license)*:

(g) Name and address of the trustee/depositary/Board of Directors of the scheme *(please provide a certified copy of the license/copy of Identification documents and CVs)*:

(h) Name and address of the custodian of the scheme *(please provide a certified copy of the license)*:

PART II – PARTICULARS OF SCHEME TO BE MARKETING IN RWANDA

2. (a) Provide particulars of scheme to be marketed in Rwanda

(b): Address of service in Rwanda:

(c) Particulars of targeted or eligible investors/participants in Rwanda

(d) Particulars of agents or representatives in Rwanda (*where the scheme does not intend to have a physical presence/ office in Rwanda, it can only market the scheme through a licensed entity such as licensed investment manager in Rwanda*):

(d) Arrangements for providing scheme formation and other documents to potential participants in Rwanda:

(e) Arrangements for issuing and redeeming units, shares or other form of participation in a scheme;

(f) custody arrangements in Rwanda (this is for cash collected in Rwanda and any investments made in Rwanda):

(g) base currency of the scheme:

PART III – DECLARATION

I certify that all the information contained in this application and accompanying documents is complete and accurate to the best of my knowledge, information and belief and that there are no other facts relevant to this application of which the Authority should be aware.

I undertake to inform the Authority of any material changes to the application which arise while the Authority is considering the application and on an on-going basis following grant of recognition.

Signed at _____ this _____ day of _____.

Name

Position held

Signed

.....

Date

I know and understand the contents of this Declaration that I signed.

Signed before the notary at

This _____ day of _____

Signature of Deponent

(Position)

Deponent understands contents of this declaration

Before me,

Public Notary

PART IV- LIST OF DOCUMENTS TO BE SUBMITTED

1. An application letter signed by the operator and the trustee, depositary or chairperson of the Board
2. A certified copy of the license of the scheme issued by primary regulator;
3. Non- objection letter from the primary regulator
4. Certified copies of the licenses of the scheme service providers issued by the primary regulator;
5. Copies of Identification Documents and CVs of Board members
6. Certified copies of the scheme formation documents approved by the primary regulator;
7. Certified copies of annual reports of the scheme submitted to the primary regulator for the previous three years or such shorter period as the Authority may determine;
8. Certified copies of the scheme's financial statements submitted to the primary regulator for the previous three financial years of the scheme or for such shorter period as the Authority may determine;
9. The prospectus of the scheme;
10. Audited financial statements of the scheme service providers;
11. Scheme advertising and promotional material; and
12. Evidence of payment of the fees prescribed by the Authority.
13. Any other document the Authority may require