

**COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK
(AMENDMENT NO 3) INSTRUMENT 2003**

Powers exercised

A. The Financial Services Authority makes this instrument in the exercise of the powers and related provisions in:

(1) the following sections of the Financial Services and Markets Acts 2000 (the "Act"):

- (a) section 138 (General rule-making power);
- (b) section 156 (General supplementary powers);
- (c) section 247 (Trust scheme rules); and
- (d) section 248 (Scheme particulars rules); and

(2) regulation 6 (FSA rules) of the Open-Ended Investment Companies Regulations 2001.

B. The rule-making powers identified above are specified for the purpose of section 153(2) of the Act (Rule-making instruments).

Commencement

C. This instrument comes into force on 1 September 2003.

Amendments to the Collective Investment Schemes sourcebook

D. The Collective Investment Schemes sourcebook is amended in accordance with Annex A to this instrument.

Amendment to the Glossary

E. The Glossary is amended in accordance with Annex B to this instrument.

Citation

F. This instrument may be cited as the Collective Investment Schemes Sourcebook (Amendment No 3) Instrument 2003.

By order of the Board
17 July 2003

Annex A

Amendments to the Collective Investment Schemes sourcebook

In this Annex, underlining indicates new text and striking through indicates deleted text.

- 5.2.10 R ...
(2) *Transferable securities* and money market instruments held within a *scheme* must (subject to (3) and (4)) be:
- (a) admitted to or *dealt* on an *eligible* market within *CIS* 5.2.12R(1)(a) (Eligible markets: requirements); or
 - (b) *dealt* on an *eligible* market within *CIS* 5.2.12R(1) (b); ~~or~~
 - (c) *dealt on an eligible market within CIS 5.2.12R(2); or*
 - (d) *in the case of a money-market instrument not within (a) to (c) above, within CIS 5.2.20R(2).*
- ...
- ...
- 5.2.15 R A *scheme* may invest in *units* in a *collective investment scheme* provided that no more than 30% of the value of that investing scheme is in *collective investment schemes* which are not *UCITS schemes* *schemes which comply with the conditions necessary in order to enjoy the rights conferred by the UCITS Directive* and only if the second *scheme* is permitted under (1) - (4):
- ...
- ...
- 5.2.20 R A *UCITS scheme* may invest in money market instruments which are ~~normally~~ dealt in on the money market, are liquid and whose value can be accurately determined at any time, provided:
- (1) the money market instrument is ~~listed on or normally dealt on an eligible market~~ *within CIS 5.2.10R(2)(a)-(c); or*
- ...
- ...
- 5.3.4 R (1) Cash obtained from borrowing, and borrowing which the *authorised fund manager* reasonably regards *as an eligible institution* or an *approved bank* to be committed to provide, *is are not available for cover under CIS 5.3.3R (Cover for transactions in derivatives and forward transactions), as long as the normal limits on borrowing (as to which see CIS 5.5.3R (General power to borrow) and CIS 5.5.4R (Borrowing limits)) are observed. save in compliance with (2).*

(2) Where, for the purposes of this section (*CIS 5.3*), the *ICVC* or the *trustee* for the account of the *AUT* on the instructions of the *manager*:

(a) borrows an amount of currency from an *eligible institution* or an *approved bank*; and

(b) keeps an amount in another currency, at least equal to the borrowing for the time being in (a), on *deposit* with the lender (or his agent or nominee);

~~then this section (*CIS 5.3*) applies as if the borrowed currency, and not the deposited currency, were part of the *scheme property*; and the normal limits on borrowing under *CIS 5.5.3* and *CIS 5.5.4* do not apply to that borrowing.~~

...

5A.11.4 R (1) *A fund of funds scheme* may invest in *units* in any five or more *authorised funds* within any one of *CIS 5* (UCITS schemes), *CIS 5A.4* (Securities schemes), *CIS 5A.5* (Money market schemes), *CIS 5A.6* (Futures and options schemes), *CIS 5A.7* (Geared futures and options schemes), *CIS 5A.8* (Property schemes) ~~and~~ or *CIS 5A.9* (Warrant schemes).

...

14.2.5 R (1) In this chapter the "effective time" means the time at which the conditions referred to in *CIS 14.2.3R* (2)(a) ~~and *CIS 14.2.3R* (b)~~ are satisfied or, if later, the time, determined in accordance with *CIS 14.2.3R*(3), at which the *ICVC* must be wound up.

Annex B

Amendment to the Glossary

near cash

money, deposits or investments which, in each case, fall within any of the following:

- (a) *money* which is deposited with an *eligible institution* or an approved bank in:
 - (i) a current account; or
 - (ii) a deposit account, if the *money* can be withdrawn immediately and without payment of a penalty exceeding seven *days'* interest calculated at ordinary commercial rates;
- (b) certificates of deposit issued by an *eligible institution* or an approved bank if immediately redeemable at the option of the holder;

...