

GOVERNMENT OF ZAMBIA

STATUTORY INSTRUMENT NO. [_____] OF [_____]

THE SECURITIES ACT

(ACT NO. 41 of 2016)

Securities (Collective Investment Schemes) (Key Fact Statement) Rules, 2018

IN EXERCISE of the powers contained in Section 128 and 220 of the Securities Act 2016, the following Rules are made:

PART I

PRELIMINARY

- 1. These Rules can be cited as the Securities (Collective Investment Scheme) (Key Facts Statement) Rules 2018.**
- 2. These Rules shall apply to all Collective Investment Schemes as defined in the Act.**
- 3. In the rules, unless the context otherwise requires:**

“Collective Investment Scheme[s]” (CIS) means a collective investment scheme or schemes defined in Section 2 of the Act;

“Commission” means the Securities and Exchange Commission of Zambia whose existence is continued under the Act;

“Constitutive documents” means the principal documents governing the formation of a CIS, and includes the trust deed in the case of a unit trust and the articles of association of an investment company and all other material agreements;

“Custodian” has the same meaning as in Section 2 of the Act;

“Dealer” means, in relation to a CIS, a dealer as defined in Section 2 of the Act that buys and sell securities, bonds, derivatives, financial instruments or other assets for the CIS or engages in other activities as a dealer for the CIS;

“Delivery” means providing a document or other item relating to a Collective Investment Scheme at the office of its manager, dealer or investment advisor of the Scheme; by postal mail; by e-mail; or by facsimile transmission;

“Durable medium” means any instrument which enables a client to store information addressed personally to that client in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored;

"Holder" in relation to a unit, share or other security representing an interest in a CIS, means the person who is entered in the register as the holder of that share, unit or other security representing an interest in a CIS or the bearer of a bearer certificate representing that share, unit, or other security representing an interest in a CIS;

“Investor” means any person to whom shares, units or other securities representing an interest in a CIS are offered, or who holds such securities;

“Investment Adviser” means, in relation to a CIS, an investment adviser as defined in Section 2 of the Act that gives financial advice to, or engages in other activities for, the CIS;

“Key Facts Statement[s]” (KFS) means a document or documents that are a summary of the information regarding a CIS that is contained in its Offering Document and other constitutive documents;

“Manager” has the same meaning assigned to it under the Act;

“Material change” has the same meaning assigned to it under the Act.

“Material fact” has the same meaning assigned to it under the Act.

“Net Asset Value” (NAV) means, in relation to a share, unit or other security representing an interest in a CIS, the value of such share, unit or security after the total expenses and costs of the CIS are subtracted from its total asset value divided by the number of shares, units or securities outstanding.

Offering Document means that document, or documents issued together, containing information on a scheme calculated to invite offers by the public to subscribe for or purchase units or shares in the scheme.

"Real estate scheme" means a collective investment scheme that invests more than twenty-five per cent of its net assets in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares in real estate companies).

“Redemption” means the direct purchase by a CIS of a share, unit or other security representing an interest in the CIS from a holder of such a security on demand by the holder.

“Trustee” has the same meaning as in section 2 of the Act.

PART II

KEY FACT STATEMENTS FOR COLLECTIVE INVESTMENT SCHEMES

4. Obligation to prepare and maintain Key Fact Statement

- (1) A manager, dealer or investment advisor of a Collective Investment Scheme shall prepare and maintain a Key Facts Statement in accordance with these Rules.
- (2) Unless otherwise permitted by these Rules, the Key Facts Statement referred to under subrule (1) shall not be part of the Offering Document and shall be separately provided to investors in addition to the Offering Document.
- (3) A manager, dealer or investment advisor of a Collective Investment Scheme that provides a Key Facts Statement to an investor remains responsible for providing an Offering Document or any other document required by law to such persons under the Securities (Collective Investment Scheme) Rules.
- (4) A manager, dealer or investment advisor shall ensure that the Key Facts Statement refers to information in the Offering Document, constitutive documents and other prescribed documents.

5. Submission of Key Fact Statements for Approval

- (1) A manager, dealer or investment advisor shall submit the Key Facts Statement of a Collective Investment Scheme to the Commission for approval pursuant to these Rules.
- (2) Where a Collective Investment Scheme is yet to be authorised by the Commission, the Key Facts Statement shall be prepared and submitted by a dealer or investment advisor, at the time of submission of the application for authorization of the Scheme, together with the Offering Document for the Scheme.
- (3) Where a Collective Investment Scheme is authorised by the Commission, the manager shall, within ninety days of the commencement of these Rules, prepare and submit a Key Facts Statement to the Commission for approval.
- (4) The Commission shall, within thirty days of receipt of the Key Facts Statement submitted under this clause, approve or reject the statement.
- (5) The Commission shall, where it approves the Key Facts Statement, notify in writing the manager, dealer or investment advisor of the Collective Investment Scheme that submitted the Key Facts Statement and the statement shall be effective from the date of notification.

- (6) The Commission shall, where it rejects the Key Facts Statement –
 - (a) notify in writing the manager, dealer or investment adviser of the Collective Investment Scheme that submitted the Key Facts Statement and state the changes the manager, dealer or investment adviser is required to make to the Key Facts Statement in order for the statement to comply with these Rules; and
 - (b) require the manager, dealer or investment adviser to resubmit the corrected statement to the Commission within fourteen days of receipt of the notification.

6. Obligation to Update Key Fact Statements

- (1) A manager of a Collective Investment Scheme shall update the Key Facts Statement:
 - (a) annually, to reflect changes or developments affecting the information that must be included in the statement; and
 - (b) if there is a material change, or any change to a material fact, relevant to the information that must be included in the statement.
- (2) A manager of a Collective Investment Scheme shall submit the updated Key Facts Statement to the Commission for approval within fourteen days from the date the manager, custodian or trustee of the Collective Investment Scheme became aware of the changes to the material information in the Key Facts Statement.
- (3) The Commission shall, within thirty days of receipt of the updated Key Facts Statement submitted under this clause, approve or reject the updates.
- (4) The Commission shall, where it approves the updates to the Key Facts Statement, notify the manager of the Collective Investment Scheme in writing and the updates shall be effective from the date of notification.
- (5) The Commission shall, where it rejects the updates to the Key Facts Statement –
 - (a) notify the manager of the Collective Investment Scheme in writing and state the changes the manager is required to make to the Key Facts Statement in order for the updates in the statement to comply with these Rules; and
 - (b) require the manager to resubmit the corrected statement to the Commission within fourteen days of receipt of the notification.

7. Retention of Documents

- (1) The manager of a Collective Investment Scheme shall retain copies, and to the extent possible the originals, of all documents related to and used in the preparation and distribution of the Key Facts Statement for at least ten years.
- (2) The documents referred to in subrule (1), shall be available for inspection by the Commission on demand.

8. Obligation to Provide Key Fact Statements to Investors

- (1) A manager, dealer or investment advisor of a Collective Investment Scheme shall provide a current Key Facts Statement to all investors to whom they offer or sell shares, units or other securities representing an interest in a Collective Investment Scheme.
- (2) A manager shall provide a current Key Facts Statement to all holders of shares, units or other securities representing an interest in a Collective Investment Scheme within fourteen days of approval of the Statement by the Commission.

9. Delivery - Timing and manner of delivery

- (1) A manager, dealer or investment advisor shall provide a Key Facts Statement for a Collective Investment Scheme to investors within a reasonable time prior to the sale of the Collective Investment Scheme to enable the investor to read and understand the statement but not later than when the Offering Document is provided to the person.
- (2) A person to whom a Key Facts Statement is to be provided under subrule (1) shall be notified that he or she may opt for any of the following methods of delivery:
 - (a) providing it to the investor at the office of the manager, dealer or investment advisor of the Collective Investment Scheme;
 - (b) postal mail;
 - (c) e-mail; or
 - (d) facsimile transmission.
- (3) Where a Key Facts Statement is delivered to an investor under subrule (2), the manager, dealer or investment advisor of the Collective Investment Scheme shall notify the investor of the delivery and that the investor has an option to obtain the statement in hard copy or in a digital format in a durable medium.

PART III
CONTENTS OF KEY FACT STATEMENTS

10. Warning Statement

(1) A Key Facts Statement shall prominently state at the beginning of the statement a warning that –

- (a) the Key Facts Statement provides key information about the Collective Investment Scheme but does not contain all of the information relevant to the Collective Investment Scheme;
- (b) the full disclosure of the information regarding the Key Facts Statement is in the Offering Document and other constitutive documents of the Collective Investment Scheme that can be obtained from the Collective Investment Scheme or its manager and indicating how the documents se can be obtained; and
- (c) the manager, dealer or investment advisor of the Collective Investment Scheme is required to provide it to investors.

(2) The warning statement referred to in subrule (1) shall be printed in the same font type and size as the rest of the text in the advertisement.

(3) Despite subrule (2), the warning statement may be in smaller text if it is printed in bold type or prominently outlined.

(4) A Collective Investment Scheme shall ensure that the warning statement is capable of being read with reasonable ease by anyone reading the Key Facts Statements.

11. False, Deceptive and Misleading Statements in or related to a Key Fact Statement

(1) A Key Facts Statement shall not contain statements or other information that are false, deceptive or misleading.

(2) A person selling or offering to sell shares, units or other securities representing an interest in a Collective Investment Scheme shall not verbally or in writing communicate to an investor that the information in the Key Facts Statement is not necessary, important or useful for such person in deciding to buy, sell or hold such shares, units or interests.

12. Information to be contained in a Key Fact Statement

- (1) A Key Facts Statement shall include all of the information specified in Appendix II and, if applicable, Appendix III.
- (2) If there is additional material information relevant to a specific Collective Investment Scheme that is not specified in Appendix II, the information should be added where appropriate in the Key Facts Statement.

PART IV

CHARACTERISTICS AND FORMAT OF KEY FACTS STATEMENTS

13. Format of the Key Facts Statement

- (1) A Key Facts Statement shall be in the form specified in Appendix I.
- (2) A Key Facts Statement shall not exceed three pages in length and shall be written in language that:
 - (a) is capable of being read with reasonable ease;
 - (b) is clear, succinct and comprehensible;
 - (c) avoids the use of jargon; and
 - (d) avoids technical terms when everyday words can be used instead.
- (3) The minimum font size of a Key Facts Statement shall be eleven.

PART V

OFFENSES

14. False information in a Key Fact Statement

- (1) A manager, dealer or investment advisor who submits, to the Commission, a Key Facts Statement that contains false, deceptive or misleading statements commits an offence and may be liable to an administrative penalty as provided for under the Act.
- (2) A manager, dealer or investment advisor who gives, to an investor a Key Facts Statement that contains false, deceptive or misleading statements commits an offence and may be liable to an administrative penalty as provided for under the Act.

(3) A manager, dealer or investment advisor who, directly or indirectly for the purpose of inducing an investor to enter into a securities transaction in a Collective Investment Scheme –

- (a) makes, a statement relating to securities specified in a Key Facts Statement that the manager, dealer or investment advisor knows or has reasonable grounds to believe is false or misleading; or
- (b) omits a material fact in a statement relating to securities specified in a Key Facts Statement that the manager, dealer or investment advisor knows or has reasonable grounds to believe is rendered false or misleading by reason of omission of that fact;

commits an offence and may be liable to an administrative penalty as provided for under the Act.

(4) A manager, dealer or investment advisor who verbally or in writing communicates to an investor that a Key Facts Statement and the information contained in it is not necessary, important or useful for the person to make an investment decision relating to the shares, units or other securities representing an interest in the Collective Investment Scheme commits an offence and may be liable to an administrative penalty as provided for under the Act.

15. Failure to Obtain Approval for a Key Fact Statement

(1) A manager, dealer or investment advisor who fails to –

- (a) submit to the Commission, a Key Facts Statement for approval; or
- (b) update a Key Facts Statement; and
- (c) submit to the Commission the update of a Key Facts Statement for approval,

as required by these Rules, commits an offence and may be liable to an administrative penalty as provided for under the Act.

(2) A manager, dealer or investment advisor who provides to an investor a Key Facts Statement that is not approved by the Commission but which the manager, dealer or investment advisor purports to be a statement approved by the Commission commits an offence and may be liable to an administrative penalty as provided for under the Act.

16. Failure to provide an approved Key Fact Statement to an investor

(1) A manager, dealer or investment advisor who fails to provide a current Key Facts Statement to an investor commits an offence and may be liable to an administrative penalty as provided for under the Act.

(2) A manager, dealer or investment advisor who fails to provide a current Key Facts Statement to an investor within fourteen days of approval of an update to the KFS by the Commission commits an offence and may be liable to an administrative penalty as provided for under the Act.

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APPENDIX I (A)

GENERAL

Key Facts Statement

Collective investment scheme (CIS): [State name and type of CIS]

Investment objective: [State objective of CIS]

Date: [Date of KFS]

Purpose of this statement

This Key Facts Statement provides summary information about the CIS. You can use it to compare this CIS with other CISs by also obtaining their Key Facts Statements. It does not provide all of the information necessary to understand the CIS in detail. It should be read in conjunction with the Offering Document and other constitutive documents of the CIS. You can obtain these documents at the offices of the CIS or its management company

CIS authorization:	[State the date of authorization by the SEC and the SEC authorization (or reference) number. State the name of any other entities that regulate the CIS. If a foreign CIS, state the name of the foreign authorizing or licensing entity, the date of authorization and the date of permission to operate in Zambia given by the SEC.]	Management Company:	[State name of management company]
Management company authorization:	[State the date of license of the Management Company of the CIS and its SEC license number. State the name of any other entities that regulate the management company]	Contacting the management company:	[State the primary person at the Management Company and CIS who is responsible for dealing with investors and State their contact details.]
Form of CIS and its interests:	[State the legal form of the CIS and the type of interests (e.g. shares, units or other securities)]	Trading status:	[State if the CIS is open or closed. If the CIS is listed on an exchange, state the name of the

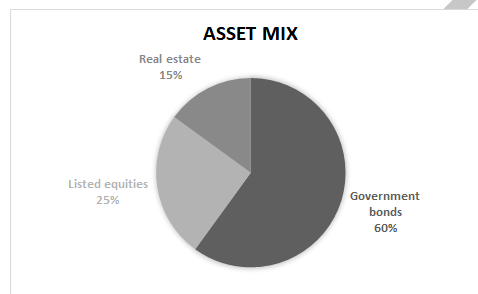
	that it is offering for sale, including any special characteristics.]		exchange and the trading symbol.]
Trustee Authorization			
Custodian Authorization			

Investment objective and strategies

Objective	[State the objective of the CIS such as capital appreciation, income, and high return/high risk investments, or other appropriate description]
Strategies	[State the strategies used by the CIS to reach its objectives, such as use of high dividend large capitalization stocks, use of derivatives or use of small capitalization technology stocks]

The assets that the CIS holds

Asset types [Show in a chart the types of assets that are currently in, or intended to be in, the CIS by percentage of the portfolio, e.g.:



Top 10 assets [State the top ten assets of the portfolio of the CIS by percentage of total value of the portfolio, listing each in a separate row as follows:

Asset	Holdings as % of total portfolio value
1.	___%
[number]	___%

What are the key risks?

[Include a short narrative of the general risk characteristics materially relevant to the CIS based on its character, objectives and strategy, including:

- Credit risk, where a significant level of investment is made in debt securities
- Liquidity risk, where a significant level of investment is made in financial instruments that are likely to have a low level of liquidity in some circumstances
- Counterparty risk, where a fund is backed by a guarantee from, or has material investment exposure through contracts with, a third party
- Operational risks including safekeeping of assets
- Impact of any techniques such as derivative contracts.

Use the following format to describe each risk:

[Risk type] [Risk description]

Is there any capital guarantee / protection?

[State details of nature, timing and extent of any capital guarantee or protection. If no capital guarantee / protection applies, state that this is the case.]

How has the CIS performed in the past?

[Specify the past performance of the CIS for year-to-date and last 1, 3 and 5 years:

Period	Year to date	1 year	3 years	5 years

Return	___%	___%	___%	___%
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The KFS may also illustrate the past performance of the CIS in a chart or graph.
The following warning must always be included after the performance data:]

The performance data shown here represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate and investors may not get back the full amount invested. Current performance may be lower or higher than the performance data shown. The performance data is calculated on the basis that any distributable income of the CIS has been reinvested.

Fees and charges

[State in the tables below:

- the entry fee for purchasing an interest in the CIS, including any dealer's fees
- any exit fees for selling an interest in the CIS, including any relevant time periods for holding the interest
- any fees or costs charged to the CIS on an ongoing basis by the CIS, management, trustee/custodian, dealer or any other entity
- any fees charged to the CIS by the CIS, management, trustee/custodian, dealer or any other entity based on the performance of the portfolio of the CIS
- the total fees that are levied against the CIS for a tax year.

First list the fees and charges payable by the investor and then those payable by the CIS:

Fees charged directly to investor

[Fee or charge]	[State amount / method of calculation and when payable]
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Fees charged to CIS (these fees affect the return on your investment)

[Fee or charge]	[State amount / method of calculation and when payable]
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At the end include a statement regarding whether specified fees may increase or new fees may be introduced.]

What are the tax implications?

[Include a short narrative of the tax implications for the profitability of the CIS resulting from the performance of the CIS.]

How and where to purchase and redeem

Purchasing [State how, where and when an investor can purchase an interest in the CIS.]

Redeeming [State how, where and when an investor can sell or redeem an interest in the CIS.]

[State circumstances during which the right to redeem can be suspended.]

How prices are calculated and published

[Describe the Net Asset Value calculation for the CIS.]

[State how and when prices for the CIS are calculated and published.]

Distributions and withdrawals

Distributions [Provide a short statement of when distributions are made and the alternative of payment or reinvestment with the distribution.]

Withdrawals [Provide a short statement of how withdrawals from the CIS are requested and how quickly the funds will be sent to the investor.]

Account closure [Provide a short statement of how to close an account with the CIS and how quickly the funds will be sent to the investor.]

Conflicts affecting the CIS

[Provide a brief narrative statement as to any material conflicts of interest that exist between the CIS, its management company, custodian and dealer, individually or collectively, and the investor. Include a statement as to how the conflicts are being dealt with.]

Other information about the CIS

[State:

- the name of the portfolio manager employed by the Management Company for the CIS and how long the person has been managing the portfolio
- the name of the Trustee/Custodian of the CIS, the date of its authorization to act as Trustee/Custodian
- the name of all entities acting as dealers or advisors for the CIS and their dates of license and license number
- the name of any other entities that regulate Trustee/Custodian.]

Making a complaint

[Provide a brief description of the internal complaint procedure at the CIS and its management company]

[SECZ to include standardized wording for the template to specify the existence of available external dispute mechanisms, such as arbitration, and how to obtain further information about them.]

All information in this KFS Statement should be prepared in accordance with the provisions of Securities (Collective Investment Scheme) (Key Facts Statement) Rules 2018.

APPENDIX I (B)

REAL ESTATE

Key Facts Statement

Collective investment scheme (CIS): [State name and type of CIS]

Investment objective: [State objective of CIS]

Date: [Date of KFS]

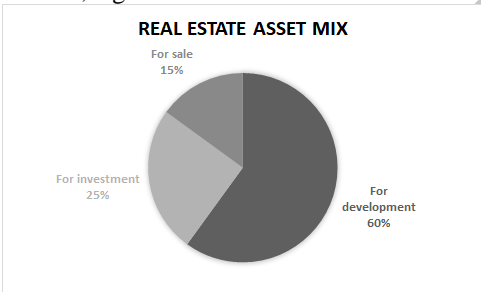
Purpose of this statement

This Key Facts Statement provides summary information about the CIS. You can use it to compare this CIS with other CISs by also obtaining their Key Facts Statements. It does not provide all of the information necessary to understand the CIS in detail. It should be read in conjunction with the Offering Document and other constitutive documents of the CIS. You can obtain these documents at the offices of the CIS or its manager.

CIS authorization:	[State the date of authorization by the SEC and the identification number. State the name of any other entities that regulate the CIS. If a foreign CIS, state the name of the foreign authorizing or licensing entity, the date of authorization and the date of permission to operate in Zambia given by the SEC.]	Management Company:	[State name of management company]
Manager authorization:	[State the date of license of the Management Company of the CIS and its identification number. State the name of any other entities that regulate the management company]	Contacting the CIS / Management Company:	[State the primary person at the management company and CIS who is responsible for dealing with investors and State their contact details.]
Form of CIS and its interests:	[State the legal form of the CIS and the type of	Trading status:	[State if the CIS is open or closed. If the CIS is

	interests (e.g. shares, units or other securities) that it is offering for sale, including any special characteristics.]		listed on an exchange, state the name of the exchange and the trading symbol.]
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Investment objective and strategies	
Objective	[State the objective of the CIS such as capital appreciation, income, and high return/high risk investments, or other appropriate description]
Strategies	[State the strategies used by the CIS to reach its objectives, such as use of high dividend large capitalization stocks, use of derivatives or use of small capitalization technology stocks]

The assets that the CIS holds							
Asset types	[Show in a chart the types of real estate assets that are currently in, or intended to be in, the CIS by percentage of the portfolio, according to the purpose for which they are or will be held, e.g.:						
	 <p>REAL ESTATE ASSET MIX</p> <ul style="list-style-type: none"> For sale: 15% For investment: 25% For development: 60% 						
Top 10 assets	[State the top ten real estate investments of the portfolio of the CIS by percentage of total, listing each in a separate row as follows:						
	<table border="1"> <thead> <tr> <th>Asset</th> <th>Holdings as % of total portfolio value</th> </tr> </thead> <tbody> <tr> <td>2.</td> <td>___%</td> </tr> <tr> <td>[number]</td> <td>___%</td> </tr> </tbody> </table>	Asset	Holdings as % of total portfolio value	2.	___%	[number]	___%
Asset	Holdings as % of total portfolio value						
2.	___%						
[number]	___%						
	[Provide a brief statement of the criteria used for selecting the investments and how the current investments meet those criteria.]						

What are the key risks?	
[Include a short narrative of the general risk characteristics materially relevant to the CIS based on its character, objectives and strategy, including:	
<ul style="list-style-type: none"> • Basic risks of real estate investing that will affect profitability • CIS policy towards leverage in purchasing real estate assets and the risks of such policy • Liquidity risk, where a significant level of investment is made in real estate assets that are likely to have a low level of liquidity in some circumstances • Counterparty risk, where a fund is backed by a guarantee from, or has material investment exposure through contracts with, a third party • Operational risks including safekeeping of assets • Impact of any techniques such as derivative contracts. 	
Use the following format to describe each risk:	
[Risk type]	[Risk description]

Is there any capital guarantee / protection?
[State details of nature, timing and extent of any capital guarantee or protection. If no capital guarantee / protection applies, state that this is the case.]

How has the CIS performed in the past?
[Specify the past performance of the CIS for year-to-date and last 1, 3 and 5 years:

Period	Year to date	1 year	3 years	5 years
Return	___%	___%	___%	___%

The KFS may also illustrate the past performance of the CIS in a chart or graph.

The following warning must always be included after the performance data:]

The performance data shown here represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate and investors may not get back the full amount invested. Current performance may be lower or higher than the performance data shown. The performance data is calculated on the basis that any distributable income of the CIS has been reinvested.

Fees and charges

[State in the tables below:

- the entry fee for purchasing an interest in the CIS, including any dealer's fees
- exit fees for selling an interest in the CIS, including any relevant time periods for holding the interest
- any fees charged to the CIS on an ongoing basis by the CIS, management company, custodian, dealer or any other entity
- any fees charged to the CIS by the CIS, management company, custodian, dealer or any other entity based on the performance of the portfolio of the CIS
- the total fees that are levied against the CIS for a tax year
- other substantial fees to be paid by the CIS, such as property management fees.

First list the fees and charges payable by the investor and then those payable by the CIS:

Fees charged directly to investor

[Fee or charge]	[State amount / method of calculation and when payable]

Fees charged to CIS (these fees affect the return on your investment)

[Fee or charge]	[State amount / method of calculation and when payable]

At the end include a statement regarding whether specified fees may increase or new fees may be introduced.]

What are the tax implications?

[Include a short narrative of the tax implications for the profitability of the CIS resulting from the performance of the CIS.]

How and where to purchase and redeem

Purchasing [State how, where and when an investor can purchase an interest in the CIS.]

Redeeming [State how, where and when an investor can sell or redeem an interest in the CIS.]

[State circumstances during which the right to redeem can be suspended.]

How prices are calculated and published

[Describe the valuation and date of valuation for the real estate held by the CIS.]

[The valuation policy of the CIS and the dates and history of revaluation.]

[The identity, including name and address, of the valuation expert.]

[State how and when the prices for purchases and sales of shares, units or other securities representing an interest in the CIS are calculated and where they are published.]

Distributions and withdrawals

Distributions [Provide a short statement of when distributions are made and the alternative of payment or reinvestment with the distribution.]

Withdrawals	[Provide a short statement of how withdrawals from the CIS are requested and how quickly the funds will be sent to the investor.]
Account closure	[Provide a short statement of how to close an account with the CIS and how quickly the funds will be sent to the investor.]

Conflicts affecting the CIS

[Provide a brief narrative statement as to any material conflicts of interest that exist between the CIS, its management company, custodian and dealer, individually or collectively, and the investor. Include a statement as to how the conflicts are being dealt with.]

Other information about the CIS

[State:

- the name of the portfolio manager employed by the management for the CIS and how long the person has been managing the portfolio
- the name of the Custodian of the CIS, the date of its authorization to act as Custodian
- the name of all entities acting as dealers or advisors for the CIS and their dates of license and license number
- the name of any other entities that regulate Custodian.]

Making a complaint

[Provide a brief description of the internal complaint procedure at the CIS and its management company.]
[*SECZ to include standardized wording for the template to specify the existence of available external dispute mechanisms, such as arbitration, and how to obtain further information about them.*]

APPENDIX II

ADDITIONAL INFORMATION TO BE DISCLOSED IN THE KEY FACTS STATEMENT

INFORMATION ABOUT THE CIS

1. The KFS shall state at the beginning of the document:
 - a. the name of the CIS,
 - b. the type of CIS it is, such as open or closed end, real estate fund, venture capital fund or other appropriate description,
 - c. the basic objective of the CIS, such as capital appreciation, income, high return/high risk investments or other appropriate description,
 - d. the characteristics of the shares, units or other securities representing an interest in a CIS being offered,
 - e. the authorization provided to it by the SECZ as a domestic or foreign CIS
 - f. if it is a foreign CIS, the foreign governmental authorities that issued its license,
 - g. the primary person at the CIS responsible for dealing with investors, and
 - h. all entities that regulate it.
2. The KFS shall state the asset manager, investment advisers, trustees, custodian and dealers of the CIS:
 - a. their name,
 - b. the types of licenses or authorizations they have,
 - c. the governmental authorities that issued the licenses,
 - d. their primary person responsible for dealing with or managing the CIS, and
 - e. all entities that regulate them.

OBJECTIVES, STRATEGY AND PERFORMANCE OF THE CIS

3. The KFS shall state the investment objectives and strategy of the CIS.
4. The KFS shall identify and describe the assets of the CIS, including:
 - a. the type of assets that will be (for a new CIS) or are currently (for an existing CIS) the subject of the portfolio, using the terminology:

1. "Equities" for common and preferred shares in a corporation or other business associations;
2. "Government bonds" for debt instruments issued by a government;
3. "Government notes" for short term instruments issued by a government;
4. "Corporate bonds" for debt instruments issued by corporations or other business associations;
5. "Commercial Paper" for short term debt instruments issued by corporations or other business associations;
6. "Bank instruments" for financial instruments issued by banks, such as certificate of deposits, timed deposits and similar instruments;
7. "Derivatives" for futures, options other financial instruments derived from the value of an underlying asset;
8. "Real estate" for interests in real property;
9. "Forex" for positions in foreign currency; and
10. such other terminology as may be determined by the SEC.

b. the ten largest underlying investments or reference assets and their percentage of the portfolio, and

c. the percentage breakdown of assets by type.

5. The KFS shall describe the past performance of the CIS (to the extent applicable) for 1, 3, and 5 years in a format that easily compares the time periods.

a. The performance should be presented for the financial years of the CIS, with the 1 year performance based on the most recent annual report of the CIS filed with the SEC.

b. The performance should be based on the NAV of the CIS for the relevant time period and calculated on the basis that any distributable income of the CIS has been reinvested.

c. These time frames shall be in derogation of the time frames set forth in Rule 11 Securities (Advertisements) Rules.

6. The following warning shall be added after the performance data:

The performance data shown here represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate and investors may not get back the full amount invested. Current performance may be

lower or higher than the performance data cited. The performance data is calculated on the basis that any distributable income of the CIS has been reinvested.

RISK CHARACTERISTICS OF THE CIS

7. The KFS shall state the basic risk factors that will affect the profitability of the CIS.
8. The KFS shall describe the nature of any guarantees offered for the CIS.

VALUATION, PRICING AND COSTS OF THE CIS

9. The KFS shall contain a description of how the Net Asset Value (NAV) of the CIS is determined.
10. The KFS shall describe how and when the prices for purchases and sales of shares, units or other securities representing an interest in the CIS are calculated and where they are published.
11. The KFS shall state:
 - a. all fees, charges and costs of the CIS and its manager, trustee, custodian and dealer; and
 - b. the impact of taxes on the profitability and performance of the CIS.

INVESTOR RIGHTS IN THE CIS

12. The KFS shall state how the shares, units or other securities representing an interest in the CIS are purchased and sold, including:
 - a. how, where and when they can be purchased;
 - b. how, where and when they can be redeemed or sold; and
 - c. the circumstances during which the right to redemption can be suspended.
13. The KFS shall state:
 - a. when and how interest and dividends in the CIS are distributed or reinvested;
 - b. the procedure for withdrawal of funds from the CIS; and
 - c. the procedure for account closing.

INVESTOR COMPLAINTS REGARDING THE CIS

14. The KFS shall describe the internal procedures at the CIS and its manager and custodian for handling complaints and dispute resolution.

15. The KFS shall explain the existence of the various dispute resolution mechanisms that exist outside of the CIS and how to obtain information regarding the mechanisms.

CONFLICTS OF INTERESTS BETWEEN CIS AND INVESTOR

16. The KFS shall disclose:

- a. all material conflicts of interest between the investor and the CIS and its manager, custodian, advisor and dealer, collectively or individually; and
- b. how the existing conflicts are dealt with.

APPENDIX III

MODIFICATION OF RULES REGARDING INFORMATION TO BE DISCLOSED IN THE KEY FACTS STATEMENT FOR A REAL ESTATE SCHEME

1. Replace the text in Appendix II rule 4 with:

- “4. The KFS shall identify and describe the real estate held by the CIS, including:
- a. a table highlighting the principle statistics of the ten largest underlying real estate investments or reference assets and their percentage of the portfolio, and
 - b. the percentage breakdown of real estate now held or intended to be acquired by the CIS, according to the purpose that they are or will be held:
 - (a) for development
 - (b) for investment
 - (c) for owner occupation
 - (d) for sale.
 - c. A brief statement of the criteria for selecting the investments and how the real estate held meets the established criteria for selection.”

2. Replace the text in Appendix II rule 7 with:

- “7. The KFS shall state:
- a. the basic risk factors of real estate investing that will affect the profitability of the CIS, and
 - b. the CIS policy towards leverage in purchasing real estate assets and the risks in such borrowing.”

3. Replace the text in Appendix II rule 9 with:

- “9. The KFS shall contain:
- a. The valuation and date of valuation for the real estate held by the CIS;
 - b. The revaluation policy of the CIS and the dates and history of revaluation;
and

c. The identity, including name and address, of the valuation expert.”

4. Replace the text in Appendix II rule 11 with:

“11. The KFS shall state:

- a. all fees, charges and costs of the CIS and its manager, custodian and dealer; and
- b. Details on other substantial fees to be paid by the CIS, such as property management fees.”