STATUTORY INSTRUMENTS

1988 No. 280

FINANCIAL SERVICES

The Authorised Unit Trust Scheme (Pricing of Units and Dealings by Trustee and Manager) Regulations 1988

Made - - - -	*22nd February 1988*
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The Secretary of State, in exercise of the powers conferred on him by section 81 of the Financial Services Act 1986(**a**), and all other powers enabling him in that behalf, hereby makes the following Regulations:

(**a**) 1986 c.60.

PART I

GENERAL

Citation and commencement

1. These Regulations may be cited as the Authorised Unit Trust Scheme (Pricing of Units and Dealings by Trustee and Manager) Regulations 1988 and shall come into force on 14th March 1988.

2.—(1) In these Regulations, unless the context otherwise requires, the following expressions have the meanings assigned to them–

"accrued margin", in relation to a margined contract, means the amount of margin which, in addition to the amount of initial margin deposited in connection with the contract, would be paid out of the property of the scheme or received for its account on closing out the contract;

"the Act" means the Financial Services Act 1986;

"approved market" means the Official List of any member State and includes the principal or only market established under the rules of an investment exchange specified in Part I of Schedule 1 to these Regulations and also any market specified in Part II of that Schedule;

"approved options and futures market" means a market specified in Schedule 2 to these Regulations;

"base currency", except in the case of a scheme which is treated as an authorised unit trust scheme by virtue of paragraph 9 of Schedule 15 to the Act and subject to paragraph (3), means the currency specified in the trust deed as the base currency of the scheme and, in the case of a scheme which is treated as an authorised unit trust scheme by virtue of that paragraph and for which there is no base currency, means the currency in which accounts relating to the scheme are prepared;

"business day", in relation to anything done or to be done in any part of the United Kingdom, means any day other than a Saturday, a Sunday or a bank holiday in that part of the United Kingdom and, in relation to anything done or to be done by reference to a market outside the United Kingdom, means any day on which that market is normally open for business;

"cancellation price", in relation to a unit, means a price calculated in accordance with regulation 14;

"capital property" means all property for the time being held on the trusts of the scheme other than–

(a) income property; and

(b) sums which have been allocated for distribution;

"cash" includes foreign currency;

"close out", in relation to a transaction entered into for the scheme, means the entry, by the trustee, into a further transaction under which the obligation to deliver or receive which arises or may, at the option of the other party to the transaction, arise under the original transaction is offset by an equivalent and opposite obligation or right to receive or deliver;

"contract for differences" means a contract rights under which constitute an investment falling within paragraph 9 of Schedule 1 to the Act;

"creation price", in relation to a unit in a scheme, means a price calculated in accordance with regulation 13;

"dealing period" means the period between one valuation point and the next;

"forward price" means a price calculated by reference to the valuation point next following the manager's agreement to issue or, as the case may be, to redeem the units in question;

"future" means a contract rights under which constitute an investment falling within paragraph 8 of Schedule 1 to the Act;

"Government and other public securities fund" means a scheme the sole object of which is to enable participants to participate in or receive profits or income arising from the acquisition, holding, management or disposal of either investments of any

of the following kinds or investments of any of those kinds and units in other collective investment schemes which are, or, if authorised, would be, Government and other public securities funds–

(a) investments falling within paragraph 3 of Schedule 1 to the Act which are issued by or on behalf of the Government of the United Kingdom, of Northern Ireland or of a member State other than the United Kingdom or by or on behalf of a local authority in the United Kingdom or any other member State;

(b) investments falling within paragraph 3 of Schedule 1 to the Act which are issued by or on behalf of the Government of any country or territory specified in Schedule 3 to these Regulations;

(c) investments falling within paragraph 3 of Schedule 1 to the Act which are issued by or on behalf of an international organisation the members of which include the United Kingdom or another member State; and

(d) investments which would fall within paragraph 3 of Schedule 1 to the Act if that paragraph extended to investments guaranteed by a local authority in any member State or by the Government of the United Kingdom, the Government of any other member State or of Northern Ireland or by the Government of any country or territory which is specified in Schedule 3 to these Regulations;

"historic price" means a price calculated by reference to the valuation point immediately preceding the manager's agreement to issue or, as the case may be, to redeem the units in question;

"income equalisation" means an amount equal to the value determined on the basis referred to in regulation 5(1) as the offer basis by reference to the most recent valuation point of that part of the income property of the scheme which is attributable to units of the type in question in existence (or assumed, in accordance with regulation 4(1)(a), to be in existence) at that valuation point;

"income property" means all sums deemed by the manager after consultation with the auditor, if any, of the scheme, to be in the nature of income received or receivable by the trustee but excluding any amount which has been allocated for distribution;

"initial margin" means cash or other property deposited in accordance with the rules of an approved options and futures market on entering into a margined contract;

"initial offer" means an offer for sale of units in a scheme otherwise than on a unitisation where all or part of the consideration paid to the trustee for the units is to be used to acquire the first property (other than that consideration) to be held on the trusts of the scheme;

"initial price" means the amount stated in the trust deed, or, if no such amount is stated, such amount as may be agreed by the trustee and manager, as being the maximum amount, inclusive of the manager's preliminary charge, if any, which may be paid by a potential participant to the manager for units on an initial offer;

"issue", in relation to units, means the sale of units by the manager as a principal and "issue price" shall be construed accordingly;

"large deal" means either–

(a) an offer to acquire units where the total consideration payable would, if the price payable for each unit were the creation price last notified to the trustee, under the provisions of regulation 20, before the offer was made, exceed £15,000 or such greater sum as may be specified in the scheme particulars; or

(b) a request that units be redeemed where the total consideration payable would, if the price payable for each unit were the cancellation price last notified to the trustee, under the provisions of regulation 20, before the offer was made, exceed £15,000 or such greater sum as may be specified in the scheme particulars,

and, for these purposes, a number of offers or a number of requests made by or on behalf of the same person as principal in one dealing period shall be treated as one offer or as one request as the case may be;

"manager", in relation to a scheme, means the manager of the scheme;

"margin" means cash or other property paid, transferred or deposited under the terms of a margined contract;

"margined contract" means a contract rights under which constitute an investment falling within paragraph 7, 8 or 9 of Schedule 1 to the Act being a contract the terms of which are such that property of the scheme will or may be required to be paid, transferred or deposited as security for the performance of an obligation to deliver or receive property which will or may arise under the contract whether at the option of the trustee or of the other party to the contract or otherwise and includes an option purchased for the scheme under which the total amount of premium which may be payable for the option is not payable on purchase but may be demanded before expiry of the option;

"market dealing bid price", in relation to property of any description, means the amount which would be received in consideration for the sale of the property on the asssumption that–

(a) it was sold on the best terms available on an approved market on which it is traded for transactions in property of that description in what, in the reasonable opinion of the manager, is a standard size; and

(b) there had been deducted from the consideration an amount equal to an estimated amount of such fiscal charges, commission and other sales charges as would be payable by the seller in connection with such a sale, calculated on the basis that the commission and charges payable were the least that could reasonably be expected to be paid in connection with a transaction of the kind in question;

"market dealing offer price", in relation to property of any description, means the amount which would be payable in order to buy the property on the assumption that–

(a) it was bought on the best terms available on an approved market on which it is traded for transactions in property of that description in what, in the reasonable opinion of the manager, is a standard size; and

(b) the amount payable included an amount equal to an estimated amount of such fiscal charges, commission and other purchase charges as would be payable by the buyer in connection with such a purchase, calculated on the basis that the charges and commission payable were the least that could reasonably be expected to be paid in connection with a transaction of the kind in question;

"money market fund" means a scheme the sole object of which is to enable participants to participate in or receive profits or income arising from the acquisition, holding, management or disposal of any one or more of the following, or of any one or more of the following and transferable securities–

(a) deposits;

(b) loans; and

(c) instruments creating or evidencing indebtedness which are not transferable securities;

"option" means a right exercisable within a specified period of time, at the option of the holder of the right, to dispose of or acquire any property at a specified price;

"premium", in relation to an option, means the total amount which the purchaser of the option is, or may be, required to pay in consideration for the right to exercise the option;

"purchase", in relation to an option, means acquiring the right to exercise the option;

"redemption", in relation to units in a scheme, means the purchase of units from a participant by the manager as a principal and "redemption price" shall be construed accordingly;

"relevant pension scheme" means a scheme which is either–

(a) an appropriate scheme for the purposes of section 1(8) of the Social Security Act 1986(**a**); or

(b) an exempt approved scheme within the meaning of section 592(1) of the Income and Corporation Taxes Act 1988(**b**) to which the employer is not a

(**a**) 1986 c.50. (**b**) 1988 c.1.

contributor and which provides benefits additional to those provided by another exempt approved scheme to which he is a contributor; or

(c) a personal pension scheme approved under Chapter IV of Part XIV of the Income and Corporation Taxes Act 1988;

"scheme" means an authorised unit trust scheme;

"scheme particulars" means particulars of a scheme prepared and published in accordance with regulations made under section 85 of the Act;

"transferable security" means any investment falling within any of paragraphs 1 to 6 of Schedule 1 to the Act other than an investment title to which either cannot be transferred, or can be transferred only with the consent of a third party other than, in the case of an investment falling within paragraph 1 or 2 of that Schedule either the body corporate which issued the investment or any members or debenture holders of that body corporate;

"trustee", in relation to a scheme, means the trustee of the scheme;

"umbrella fund" means a scheme which provides for such pooling as is mentioned in section 75(3)(a) of the Act in relation to separate parts of the property and participants in which are entitled to exchange rights in one part for rights in another;

"unitisation" means arrangements under which–

(a) the whole or part of the property of a body corporate or a collective investment scheme become the first property to be held on the trusts of a newly formed scheme; and

(b) the holders of shares, or, as the case may be, units, in the body corporate or collective investment scheme being wound-up or property of which is being transferred become the first participants in the newly formed scheme;

"valuation point" means the time by reference to which a valuation is carried out for the purposes of regulation 3; and

"write", in relation to an option, means the granting of the option.

(2) In these Regulations, unless the context otherwise requires–

(a) any reference to a written notice or to written instructions shall be taken to be a reference to a notice or instructions given in any legible form provided that a printed copy of the notice or instructions can be made; and

(b) in the case of an umbrella fund, any reference to a scheme is to be taken as consisting of separate references to each separate part into which the property is divided.

(3) In its application to an umbrella fund, the definition of the expression "base currency" shall apply as if the references in that definition to a scheme were references to each separate part of the property in relation to which the scheme provides for pooling.

(4) References in these Regulations to a numbered regulation shall be construed as references to the regulation bearing that number in these Regulations.

(5) References in any of these Regulations to a numbered paragraph shall, unless the reference is to a paragraph of a specified regulation, be construed as references to the paragraph bearing that number in the regulation in which it appears.

PART II

VALUATION OF PROPERTY

Periodic valuations

3.—(1) For the purposes of determining in accordance with these Regulations the prices at which units in a scheme may be created, cancelled, issued or redeemed the manager shall regularly carry out a valuation of the property of the scheme in the base currency with such frequency (not being less frequent than twice in every calendar month and provided that, if a valuation is conducted only twice in a calendar month, there is at least two weeks between each valuation) as is specified for this purpose in the scheme particulars.

(2) The manager may carry out additional valuations of the property of the scheme for the purposes described in paragraph (1) if he considers it desirable to do so.

(3) The property of a scheme may not be valued for the purposes of these Regulations at a time at which any market on which property representing 40% or more in value of the property of the scheme is traded normally opens for business or which is within the period of two hours preceding that time.

(4) In valuing the property of a scheme for the purposes of this regulation, the prices taken shall be the most recent prices that can reasonably be obtained after the valuation point with a view to giving an accurate valuation of the property of the scheme as at that point.

Property to be included and assumptions to be made in a periodic valuation

4.—(1) In calculating the value of the property of the scheme in accordance with regulation 3–

(a) where, immediately before the valuation point, the trustee is under an obligation to create or cancel units, it shall be assumed that the units in question were created or cancelled, as the case may be, that the trustee has paid or, as the case may be, has received the consideration for those units and that all other things required by these Regulations or by the trust deed to be done in consequence thereof were done;

(b) where, immediately before the valuation point, the trustee has not done something in consequence of a creation or cancellation of units which he is required to do, it shall be assumed that that thing was done;

(c) subject to paragraph (2), where, immediately before the valuation point, agreements are in existence for the unconditional sale or purchase of property on behalf of the scheme which have not been completed, it shall be assumed that they were completed at that time and that everything required to be done in accordance with their terms was done;

(d) there shall be deducted from the property of the scheme–

(i) a reasonable estimate by the manager of the total amount of liabilities, including potential liabilities, in respect of tax on unrealised capital gains which have accrued to date and are payable out of the property of the scheme including the principal amount of any outstanding borrowings whenever repayable;

(ii) a reasonable estimate by the manager of the total amount of liabilities for tax on realised capital gains in respect of the most recently completed accounting period;

(iii) such sum in respect of tax on capital gains realised in the current accounting period as in the reasonable estimate of the manager will become payable;

(iv) a reasonable estimate by the manager of the total amount of any liabilities for taxation levied on income accrued before the valuation point;

(v) the amount of the manager's periodic charge, if any, and value added tax chargeable in respect of services supplied by the manager in consideration of that periodic charge, accrued but remaining unpaid;

(vi) a reasonable estimate by the manager of the total amount of any other liabilities payable out of the property of the scheme with any tax thereon and any accrued interest on borrowings; and

(vii) the value, calculated in accordance with regulation 5(3), of all options written for the scheme;

(e) there shall be added to the property of the scheme–

(i) a reasonable estimate by the manager of the total amount of any claims for repayment of any taxation levied on capital (including capital gains) or on income accrued before the valuation point; and

(ii) a sum representing any interest or dividends accrued but not received or receivable; and

(f) in determining the value in the base currency of any property which would otherwise be valued in a currency other than the base currency, the value shall, unless the manager and the trustee agree that it is in the interests of participants and potential participants that a different rate should be used, in which case the value shall be converted at the rate agreed between them, be converted at a rate of exchange which represents the average of the highest and the lowest rates of exchange quoted, at the relevant time, for conversion of that currency into the base currency on the market on which the manager would normally deal if he wished to make such a conversion.

(2) For the purposes of paragraph (1)(c), an agreement shall not be regarded as one for the unconditional sale or purchase of property if either–

(a) it is a future or a contract for differences which is not yet due to be performed or which is due to be performed but which has been closed out; or

(b) it is an option written for the scheme which has not expired but which has not yet been exercised by the purchaser or which has been exercised but which has been closed out; or

(c) it is an option purchased for the scheme which has not expired but which has not yet been exercised.

(3) In calculating the value of the property of the scheme in accordance with regulation 3 for the purposes of a valuation which is to be carried out on an offer basis by virtue of regulation 5, there shall be added to the property of the scheme an amount equal to the amount of stamp duty which would be payable if all units of the scheme in existence (or assumed, in accordance with paragraph (1)(a), to be in existence) were to be created at the relevant time.

Bases of valuation

5.—(1) A valuation carried out in accordance with regulation 3 shall be in two parts, one on an offer basis and the other on a bid basis.

(2) For each basis of valuation, cash and amounts held on a current or deposit account shall be taken at their nominal value.

(3) For the purposes of regulation 4(1)(d)(vii), the value of an option written for the scheme on property of any description shall–

(a) for that part of the valuation which is on an offer basis, be the amount of premium which would be received if an option of that kind on property of that description were written on the best terms then available on an approved options and futures market on which such options are traded less an estimated amount of such fiscal charges, commission and other charges as would be payable by the writer of such an option, calculated on the basis that the commission and charges payable were the least that could reasonably be expected to be paid in connection with the transaction; and

(b) for that part of the valuation which is on a bid basis, be the total of the amount of premium which would be paid if an option of that kind on property of that description were purchased on the best terms then available on an approved options and futures market on which such options are traded and an estimated amount of such fiscal charges, commission and other charges as would be payable by the purchaser of such an option, calculated on the basis that the

commission and charges payable were the least that could reasonably be expected to be paid in connection with the transaction.

(4) The value of a margined contract, which is not a written option, shall–

(a) for that part of the valuation which is on an offer basis, be an amount, which may be a negative amount, equal to the total of the following–

(i) the amount of initial margin which would have to be deposited in order to enter into a contract of that kind on property of that description on the best terms then available on an approved options and futures market on which contracts of that kind are traded;

(ii) the amount of accrued margin which would be receivable or payable on closing out the contract and which shall be a negative amount if accrued margin would be receivable and which shall be a positive amount if accrued margin would be payable; and

(iii) an estimated amount of such fiscal charges, commission and other charges as would be payable if the contract being valued were then entered into, calculated on the basis that the commission and charges payable were the least that could reasonably be expected to be paid in order to enter into the contract; and

(b) for that part of the valuation which is on a bid basis, be whichever is applicable of the following–

(i) in a case in which margin would be receivable for the account of the scheme if the contract were to be closed out, the amount of margin which would be receivable if the contract were closed out on the best terms then available on an approved options and futures market on which contracts of that kind are traded less an estimated amount of such fiscal charges, commission and other charges as would be payable if the contract being valued were then closed out, calculated on the basis that the commission and charges payable were the least that could reasonably be expected to be paid in order to close out the contract; and

(ii) in a case in which margin would be payable out of the property of the scheme if the contract were to be closed out, a negative amount equal to the total of the amount of margin which would be payable if the contract were closed out on the best terms then available on an approved options and futures market on which contracts of that kind are traded and an estimated amount of such fiscal charges, commission and other charges as would be payable if the contract being valued were then closed out, calculated on the basis that the commission and charges payable were the least that could reasonably be expected to be paid in order to close out the contract.

(5) All other property, for that part of the valuation which is on an offer basis, shall be valued–

(a) in the case of property which is an investment of any description other than a unit in a collective investment scheme, at the market dealing offer price of that investment;

(b) in the case of property which is units in a collective investment scheme, at the price at which units of the kind in question were or would have been created following the most recent valuation of the relevant scheme, or, if–

(i) there is no such creation price for the units in question; or

(ii) the relevant creation price is higher than the issue price then being offered for deals of the relevant size; or

(iii) the manager, after making reasonable enquiries, has been unable to ascertain the relevant creation price,

at the issue price then being offered for deals of the relevant size; and

(c) if there is no price of the property in question under sub-paragraph (a) or (b) above, at a reasonable estimate of the amount which would be paid by a buyer, by way of consideration, for an immediate transfer or assignment to him at arm's length less any fiscal charges, commission and other purchase charges which would be payable by him.

(6) All other property, for that part of the valuation which is on a bid basis, shall be valued–

(a) in the case of property which is an investment of any description other than a unit in a collective investment scheme, at the market dealing bid price of that investment;

(b) in the case of property which is units in a collective investment scheme, at the amount which would be received if units of the kind in question were offered for redemption in what, in the reasonable opinion of the manager, is a standard size; and

(c) if there is no price of the property in question under sub-paragraph (a) or (b) above, at a reasonable estimate of the amount which would be received by a seller by way of consideration for an immediate transfer or assignment from him at arm's length less any fiscal charges, commission and other sales charges which would be payable by him.

PART III

CREATION AND CANCELLATION OF UNITS

Creation of units by trustee

6.—(1) The trustee may create units only upon the receipt of written instructions given by the manager.

(2) Subject to regulation 8, the trustee shall create units upon the receipt by him of written instructions given by the manager in accordance with the provisions of regulation 9, 11 or 12 stating, in relation to each type of unit to be created, how many units are to be created expressed as a number of units or as an amount in value (or partly the one and partly the other).

(3) For the purposes of a unitisation, the trustee shall create units in favour only of the holders of shares, or, as the case may be, of units, in the body corporate or collective investment scheme which is being wound-up or property of which is being transferred.

(4) Upon the creation of units, the manager of a scheme which is neither a Government and other public securities fund nor a money market fund shall either–

(a) pay the trustee in cash or in cleared funds, before the close of business on the fourth business day next after the instructions referred to in paragraph (2) were given, the creation price of those units; or

(b) in any case within paragraph (5) other than a unitisation, ensure that the beneficial interest in the relevant assets is transferred to the trustee forthwith and that legal title to those assets is transferred within the period mentioned in sub-paragraph (a) above.

(5) The trustee may, whether for the purposes of a unitisation or otherwise, create units in exchange for assets other than money but only if he is satisfied that acquisition of the assets in exchange for the number of units to be created is not likely to result in any material prejudice to the interests of participants or potential participants.

(6) Paragraph (4) shall apply in the case of the manager of a scheme which is either a Government and other public securities fund or a money market fund as if the period specified in paragraph (4)(a) were the period ending with the close of business on the business day next after the giving of the instructions referred to in paragraph (2).

Cancellation of units by trustee

7.—(1) Subject to regulation 8, the trustee shall cancel units upon–

(a) the receipt of written instructions to him by the manager stating, in relation to each type of unit to be cancelled, how many units or what value of units (or partly the one and partly the other) are to be cancelled and whether the units are ones which the manager owns as principal or whether they are units belonging to a participant (or partly the one and partly the other); and

(b) the delivery to him of such evidence of the title to those units of the person seeking to cancel them as the trustee may reasonably require.

(2) The trustee of a scheme which is neither a Government and other public securities fund nor a money market fund shall, except where cancellation is to take place under regulation 27 and provided that the manager has ensured that the property of the scheme includes or will include sufficient cash in the appropriate currency, pay the cancellation price of those units out of the property of the scheme before the close of business on the fourth business day next after the cancellation of the units–

(a) except where the scheme is a relevant pension scheme, to the person who was the participant in respect of those units; or

(b) where the scheme is a relevant pension scheme, in accordance with the directions therefor in the trust deed.

(3) In a case in which the manager has not ensured that the property of the scheme includes or will include sufficient cash in the appropriate currency within the period referred to in paragraph (2), the trustee shall pay the cancellation price forthwith upon the manager so ensuring.

(4) Paragraphs (2) and (3) shall apply in the case of the trustee of a scheme which is either a Government and other public securities fund or a money market fund as if the period referred to in paragraph (2) were the period ending with the close of business on the business day next after the cancellation of the units in question.

Refusal to create or cancel units: trustee's powers and duties

8.—(1) Subject to paragraphs (2) and (3), the trustee may, on receipt of written instructions directing him to create or cancel units forthwith give written notice to the manager stating that the trustee refuses to create or cancel, as the case may be, all or such number of the units requested to be created or cancelled as is specified in the notice, and the consequence of the giving of that notice shall be that that number of units shall not be created or cancelled.

(2) The trustee may not give such a notice in relation to the creation of units for the purposes of a unitisation and, in any other case, may give it only if he is of the opinion that it is not in the interests of participants for the units the subject of the notice to be created or cancelled, as the case may be.

(3) The trustee shall not create or cancel units during any period in which redemption of units is suspended.

Creation of units: initial offer or unitisation

9.—(1) Paragraphs (2) and (3) shall apply instead of regulations 11 and 12 for the purpose of determining when, during an initial offer, the manager may, and when he is required to, instruct the trustee to create units, and paragraph (5) shall apply instead of those regulations with respect to the creation of units for the purposes of a unitisation.

(2) The manager may give written instructions to the trustee to create units in the scheme at the beginning of the first business day during the period of the initial offer.

(3) Subject to paragraph (4), the manager shall, at the beginning of each business day other than the first during the period of the initial offer and at the beginning of the first business day after that period, instruct the trustee to create units in the scheme in such numbers at least as will enable the manager immediately to fulfil all obligations to issue units which he assumed during the preceding business day.

(4) Paragraph (3) shall not apply if, at the beginning of each business day other than the first during the period of the initial offer and at the beginning of the first business day after that period, the manager pays to the trustee either the total amount received during the previous business day in respect of orders for units to be issued or such amount less the total of his preliminary charge, if any, in respect of those units.

(5) The manager shall have no power to instruct the trustee to create units for the purposes of a unitisation and the trustee shall have sole power to determine what units are to be created having regard to the terms of any arrangements relating to the unitisation to which he is a party.

Compulsory termination of initial offer

10.—(1) The manager shall cease to agree to issue units at the initial price and shall not instruct the trustee to create units, other than units which he has already agreed to issue at the price specified in regulation 13(1), forthwith upon becoming aware or having reason to believe that, if the property of the scheme were valued in accordance with Part II of these Regulations, the issue price excluding any preliminary charge would differ from the initial price excluding any such charge by 2% or more.

(2) On the occurrence of circumstances of the kind described in paragraph (1) the manager shall forthwith carry out a valuation of the property of the scheme for the purposes of determining new prices at which units in the scheme are to be created, cancelled, issued and redeemed.

Creation and cancellation of units where the scheme is valued at intervals of more than two hours

11.—(1) This regulation applies in the case of every scheme the property of which is normally valued for the purposes of regulation 3 at intervals of more than two hours, and it applies so as to determine when the manager of such a scheme may, and when he is required to, instruct the trustee to create units in the scheme and when he may instruct the trustee to cancel units in the scheme.

(2) Subject to the provisions of paragraph (4), the manager may within the period of two hours immediately after each valuation point, give written instructions to the trustee to create units but he shall so instruct the trustee within that period to create units in the scheme at least in such number or of such value (or partly the one and partly the other) as will enable him to fulfil all outstanding obligations to issue units which he had assumed before that valuation point.

(3) Subject to the provisions of paragraph (4), the manager may instruct the trustee to cancel units only within the period of two hours immediately following a valuation point.

(4) Notwithstanding the provisions of paragraphs (2) and (3), the manager may instruct the trustee to create or cancel units otherwise than within the period of two hours following each valuation point provided that he does so by reference to the prices to be calculated at the next valuation point and the units are to be created or cancelled after that next valuation point.

Creation and cancellation of units where the scheme is valued at intervals of not more than two hours

12.—(1) This regulation applies to every scheme the property of which is normally valued, for the purposes of regulation 3, at intervals of not more than two hours and it applies so as to determine when the manager of such a scheme may, and when he is required to, instruct the trustee to create units in the scheme and when he may instruct the trustee to cancel units in the scheme.

(2) The manager may, at any time between one valuation point and the next, give written instructions to the trustee to create units but he shall so instruct the trustee within that period to create units in the scheme at least in such number or of such value (or partly the one and partly the other) as will enable him to fulfil all outstanding obligations to issue units which he had assumed before the former valuation point.

(3) The manager may give written instructions to the trustee to cancel units at any time between one valuation point and the next.

Creation price

13.—(1) The price for each unit payable by the manager of a scheme to the trustee on the creation of a unit during an initial offer shall be the initial price of that unit less the amount of any preliminary charge made in respect of that unit.

(2) Subject to paragraphs (5), (6) and (7), the price for each unit payable to the trustee on the creation of units, otherwise than for creation during an initial offer or for the purposes of a unitisation, shall be the sum of the amounts calculated in accordance with paragraph (4).

(3) For the purposes of paragraphs (1) and (2), units shall be treated as created during an initial offer if they were created after the close of the offer but were units which the manager had agreed to issue before the offer closed.

(4) The amounts calculated in accordance with this paragraph are–

(a) an amount in the base currency equal to the value determined on the offer basis by reference to the most recent valuation point of that part of the capital property of the scheme which is attributable to units of the type in question in existence (or assumed, in accordance with regulation 4(1)(a), to be in existence) at that valuation point divided by the number of those units; and

(b) an amount in the base currency of income equalisation divided by the number of those units.

(5) Any price calculated in accordance with this regulation shall be accurate to at least four significant figures.

(6) The creation price may be a price in a currency other than the base currency provided that the price is calculated at such rate of exchange between that other currency and the base currency as the trustee is satisfied is not likely to result in any material prejudice to the interests of participants or potential participants.

(7) Where the trustee creates units in circumstances in which the total price payable in any particular currency for all units created on that occasion would include a fraction of the smallest unit of that currency he shall round up or down the total price payable to the nearest such unit.

Cancellation price

14.—(1) Subject to paragraphs (3), (4) and (5) and to regulation 27, the price for each unit payable by the trustee on the cancellation of units shall be the sum of the amounts calculated in accordance with paragraph (2).

(2) The amounts referred to in paragraph (1) are–

(a) an amount in the base currency equal to the value determined on the bid basis by reference to the most recent valuation point of that part of the capital property of the scheme which is attributable to units of the type in question in existence (or assumed, in accordance with regulation 4(1)(a), to be in existence) at that valuation point divided by the number of those units; and

(b) an amount in the base currency equal to the value determined on the bid basis by reference to the most recent valuation point of that part of the income property of the scheme which is attributable to units of the type in question in existence (or assumed, in accordance with regulation 4(1)(a), to be in existence) at that valuation point divided by the number of those units.

(3) Any price calculated in accordance with paragraph (1) shall be accurate to at least four significant figures.

(4) The cancellation price may be a price in a currency other than the base currency provided that the price is calculated at such rate of exchange between that other currency and the base currency as the trustee is satisfied is not likely to result in any material prejudice to the interests of participants.

(5) Where the trustee cancels units in circumstances in which the total price payable in any particular currency for all units cancelled on that occasion would include a fraction of the smallest unit of that currency he shall round up or down the total price payable to the nearest such unit.

Manager as agent

15.—(1) Where the manager acts as agent for the trustee in connection with the sale or purchase by the trustee of units otherwise than in the course of an initial offer or otherwise than in the circumstances described in regulation 27, the price at which he sells units shall be a price which is not greater than the total of the creation price next calculated in accordance with regulation 13(2) and the amount, if any, specified in the scheme particulars as the maximum to his preliminary charge, and the price at which he buys units shall be the cancellation price next calculated in accordance with regulation 14(1).

(2) The manager shall not agree to sell units as agent for the trustee during an initial offer at a price which is greater than the initial price.

(3) The manager shall not make any charge in connection with his sale or purchase of units as agent for the trustee except the preliminary charge referred to in paragraph (1).

PART IV

ISSUE AND REDEMPTION OF UNITS

Prices at which units may be issued and redeemed

16.—(1) The manager shall not agree to issue units during an initial offer at a price which is greater than the initial price.

(2) Except in the case of a large deal, the manager shall either–

(a) agree to issue and redeem all units at forward prices; or

(b) unless he has elected as mentioned in paragraph (3) and except in relation to units which he is prohibited by regulation 18 from issuing or redeeming at historic prices, agree to issue and redeem all units at historic prices.

(3) The manager may, at any time, elect to cease agreeing to issue and redeem units at historic prices and begin agreeing to issue and redeem them at forward prices.

(4) Except in the case of a large deal, the manager shall not issue or redeem units at a price which is either greater than the relevant maximum price notified to the trustee under regulation 20(1)(b) or less than the relevant minimum price so notified.

(5) The issue price of units may include a preliminary charge, expressed either as a fixed amount or calculated as a percentage of the creation price, but, in either case, the amount of that charge shall not be greater than such percentage of the creation price as may be stated in the scheme particulars as the maximum to that charge.

(6) The manager shall not make any charge in connection with the issue or redemption of units except the preliminary charge referred to in paragraph (5).

(7) The manager may issue or redeem units in a currency other than the base currency provided that the price at which he issues such units is calculated at a rate of exchange between the base currency and that other currency determined by the manager after consulting the trustee as being a rate which is fair to the relevant potential participant, or relevant participant, as the case may be.

(8) Where the manager receives an offer to acquire units, or a request that units be redeemed, in circumstances in which the total price payable for all units for which the request is made would include a fraction of a unit of currency, he shall round up or down the total payable to the nearest such unit.

Manager's discretion in case of large deal

17.—(1) Subject to regulations 18 and 19, in the case of a large deal the manager may issue or redeem the units in question at either a forward or an historic price provided that the price is neither greater than the total of the relevant creation price notified to the trustee under regulation 20(1)(a) and such percentage, if any, of the creation price as may be stated in the scheme particulars as the maximum to his preliminary charge nor less than the relevant cancellation price so notified.

(2) In paragraph (1), the relevant creation price and the relevant cancellation price for units issued or redeemed at a forward price are the prices notified upon the completion of the valuation next following the manager's agreeing to issue or redeem the units and the relevant prices for units issued or redeemed at an historic price are the prices notified upon completion of the last valuation preceding that agreement.

Cases in which manager may not deal at an historic price

18.—(1) Except in the case of an initial offer, the manager shall issue or, as the case may be, redeem units at a forward price if the applicant has requested that units be issued or redeemed at a forward price.

(2) Except in the case of an initial offer, the manager shall, subject to paragraph (3), issue or, as the case may be, redeem units at a forward price if the applicant has applied for units to be issued or redeemed and the manager has agreed to issue or to redeem the units without the applicant knowing the price at which the units would be issued or redeemed.

(3) Notwithstanding the provisions of paragraph (2), but subject to the provisions of paragraph (1), if an application for units to be issued or redeemed is received during the period between a valuation point and the completion of the valuation carried out by reference to that valuation point, the manager may issue or redeem the units at an historic price.

(4) The manager shall not issue or redeem units at an historic price if he knows, or has reason to believe, that, if the property of the scheme were valued in accordance with the provisions of Part II of these Regulations, its value would have increased or, as the case may be, decreased by 2% or more from the value calculated at the last valuation point.

(5) The manager shall not issue or redeem units at an historic price which is calculated by reference to a valuation point which occurred before the preceding business day.

Manager's duty where he knows, or has reason to believe, that value of property has materially changed

19.—(1) If, before the occurrence of circumstances of the kind described in regulation 18(4), the manager was issuing or redeeming units at an historic price, he shall, forthwith upon the occurrence of those circumstances, cease to do so and shall either–

(a) issue and redeem units at a forward price until the next valuation point; or

(b) carry out a valuation of the property of the scheme for the purposes of determining new prices at which units in the scheme are to be created, cancelled, issued and redeemed.

(2) The manager need not, in order to comply with the provisions of paragraph (1)(b), carry out a valuation in accordance with the provisions of Part II of these Regulations if he reasonably believes, and the trustee agrees, that an adequate valuation may be obtained by reference to fluctuations in an index of property the composition of which reflects the composition of the property of the scheme.

Manager's duty to notify trustee of creation and cancellation prices and of dealing spread

20.—(1) Forthwith upon a valuation being completed, whether in accordance with Part II of these Regulations or by virtue of the provisions of regulation 19(2), the manager shall notify the trustee of the following–

(a) the creation and cancellation prices;

(b) if the manager is acting as principal, the maximum issue price and the minimum redemption price for deals which the manager agreed before the valuation point should be done at a forward price and which are to be used for deals, other than large deals, which are to be done at an historic price before the next valuation point; and

(c) the number of units held by the manager as principal at the valuation point.

(2) The price notified to the trustee as the maximum issue price shall not exceed the total of the creation price notified under paragraph (1)(a), and the maximum amount of any preliminary charge specified in the scheme particulars.

(3) The price notified to the trustee as the minimum redemption price shall not be less than the cancellation price notified under paragraph (1)(a).

Manager's duty to notify trustee of additional valuation and change in pricing basis

21.—(1) The manager shall inform the trustee forthwith of–

(a) any decision to carry out a new valuation other than a regular valuation of the kind described in regulation 3(1); and

(b) any decision to cease dealing at historic prices.

Income equalisation

22.—(1) On the issue of a unit which the manager has redeemed and not cancelled, he shall pay to the trustee, not later than the next date on which sums are distributed to participants, such part of the creation price by reference to which the price of that unit was determined as represented income equalisation.

(2) All payments by the manager under this regulation shall, to the extent that they relate to any units income on which is accumulated within the property of the scheme, be treated as part of the capital property and, to the extent that they relate to other units, be allocated for distribution.

Publication of issue and redemption prices

23.—(1) The manager shall–

(a) on each day on which he holds himself out as willing to issue or redeem units, publish cancellation, issue and redemption prices of those units in at least one national newspaper in the United Kingdom and in the manner provided for by national law in any other member State in which he holds himself out as willing to issue or redeem units in the scheme; and

(b) at least once in every week publish, in like manner, such percentage, if any, as is stated in the scheme particulars as the maximum to his preliminary charge.

(2) Paragraph (1) shall apply in a case in which the manager is acting as agent for the trustee as if the references to issue and redemption prices were references to the sum of the relevant creation price and the maximum amount of any preliminary charge made in respect of units sold by reference to that creation price.

(3) The cancellation, issue and redemption prices published in the United Kingdom shall be the prices last notified to the trustee under the provisions of regulation 20 before the newspaper in which they were published ceased to accept material for publication in the relevant edition, shown in the base currency or in sterling, and shall be accurate to at least four significant figures and the creation price referred to in paragraph (2) shall be the creation price last so notified.

(4) Paragraph (3) shall apply to prices published in another member State as if the reference to sterling were a reference to the currency of that member State.

Contract notes

24. Each contract note which is issued on the issue or redemption of units shall state–

(a) the price in the relevant currency at which the units in question were issued or redeemed or, in a case within regulation 15, purchased or sold;

(b) the cancellation price (in the relevant currency) by reference to the valuation by reference to which the price at which the units in question were issued or redeemed was calculated; and

(c) either the amount of any preliminary charge (in the relevant currency) if it is of a fixed amount or the percentage, if any, stated in the scheme particulars as the maximum to the preliminary charge.

Conversion of units

25.—(1) Subject to paragraph (2), the trustee of a scheme in which there are units of more than one type shall at the request in writing of the manager convert units of any one type into the appropriate number of units of any other type, subject to both types of units being in existence and being offered for issue or sale at the time that the conversion is requested.

(2) Subject to the provisions of this paragraph, the manager shall request the trustee to make a conversion if he is requested to do so by a participant but the manager shall be under no duty to make such a request and the trustee shall be under no duty to give effect to any such request if it would result in the participant being a participant in respect of units of either type less than any minimum number or value of units stated in the scheme particulars as the minimum number or value of units which any participant may hold.

(3) The appropriate number of units for the purposes of this regulation shall be determined by the manager, after consulting the trustee, on terms that are fair to the participant seeking the conversion of units and to other participants.

(4) None of the provisions of regulations 6 to 24 shall apply when units are converted in accordance with this regulation.

Manager's obligation to issue and redeem units

26.—(1) Subject to paragraphs (2) and (8) and to regulation 27, the manager shall, except during an initial offer or a unitisation, at the request in writing of any participant agree to redeem units owned by that participant at a price in the base currency or in any other currency in which he has issued units on any previous occasion.

(2) If the manager has kept records which are sufficient to establish that units which have been issued to a particular participant have been issued to him in certain currencies only, the manager may refuse to agree to redeem units at the request of that participant at a price in a currency which is neither the base currency nor one of those currencies.

(3) Except as provided in paragraph (4), when the manager of a scheme which is not a relevant pension scheme, a Government and other public securities fund or a money market fund has agreed to redeem any units, he shall pay the participant the redemption price (less, if the consideration is to be remitted abroad, the cost of remitting it) not later than the close of business on the fourth business day following the later of the following times–

(a) the next valuation point occurring after the receipt by the manager of the request to redeem the units; and

(b) the time when the manager is possessed of all duly executed instruments and authorisations as will vest, or enable the manager to arrange for the vesting of, title to the units in himself.

(4) Paragraph (3) does not apply where units are purchased by the manager on an approved market and the trust deed provides that settlement is to be in accordance with the rules of that market.

(5) Paragraph (3) shall apply when the manager of a Government and other public securities fund or a money market fund agrees to redeem units as if the period specified in paragraph (3) were the period ending with the close of business on the business day next following whichever is the later of the times specified in paragraph (3)(a) or (b).

(6) When the manager of a relevant pension scheme agrees to redeem units in the scheme, he shall, unless the trust deed specifies an earlier time, pay or arrange for the payment of the redemption price in accordance with the provisions of the trust deed not later than the close of business on the fourth business day next following the time specified in paragraph (3)(a).

(7) Subject to paragraph (8), the manager must, at any time at which he holds himself out as willing to redeem units, also be willing to issue units and, unless he has reasonable grounds for refusing to do so, at the request in writing of any person agree to issue units to that person at a price in the base currency or if that person requests that units be issued in another currency, and the manager agrees, at a price in that other currency.

(8)(a) The manager is not under any duty to redeem such number or value of units–

(i) as is below any minimum number or value stated in the scheme particulars as the minimum number or value of units which may be the subject of one act of redemption (unless the manager is asked to redeem all of a participant's units); or

(ii) as would result in the participant holding fewer than any minimum number or value stated in the scheme particulars as the minimum number or value of units which any participant may hold;

(b) the manager is not under any duty to redeem units if he ensures that the participant is able to sell his units on an investment exchange at a price not significantly different from the price at which they would have been redeemed;

(c) the manager is not under any duty to issue units in a number or to a value which is less than any minimum number or value stated in the scheme particulars as the minimum number or value which may be the subject of any one transaction of purchase or which any participant may hold;

(d) the manager shall not issue or redeem units during a unitisation; and

(e) the manager shall not issue units if redemption is suspended.

(9) This regulation shall apply, in a case in which the manager is acting as agent for the trustee, as if–

(a) the references to the manager issuing and redeeming units were references to his selling and purchasing units as agent for the trustee;

(b) as if references to the issue price and the redemption price of units were references to the price at which units are to be sold and purchased by the manager as agent; and

(c) as if the reference in paragraph (3)(b) to title to units being vested in the manager were a reference to units being cancelled by the trustee.

Transfer or sale of property in lieu of payment of redemption price

27.—(1) Subject to the provisions of paragraph (6), where a participant requests redemption of a number of units representing not less than 5% of all the undivided shares in the property of the scheme represented by all the units of the scheme in existence, the manager may, by serving a notice in writing on the participant not later than the close of business on the second business day following the day on which that request is received, elect that the participant shall not be paid the redemption price of his units but instead shall accept a transfer of property of the scheme and, if such a notice is so served, unless the participant serves on the manager a notice in acordance with paragraph (2), redemption of those units shall be in accordance with paragraph (4).

(2) Where a notice is served on a participant in accordance with paragraph (1), the participant may serve a further notice on the manager not later than the close of business on the fourth business day following receipt by the participant of the first mentioned notice requiring the manager, instead of arranging for a transfer of property, to arrange for a sale of that property and the payment to the participant of the net proceeds of that sale and, if such a notice is so served, redemption of those units shall take place forthwith in accordance with paragraph (5).

(3) Subject to paragraph (6), where a participant requests a redemption of a number of units representing not less than 5% of all the undivided shares in the property of the scheme represented by all the units of the scheme in existence, he may, if he is permitted so to do by the terms of the trust deed, at the same time request the manager, instead of paying him the redemption price of those units, to arrange for the transfer to him of property of the scheme instead of payment of the redemption price and if such a request is made, redemption of the units in question shall take place forthwith in accordance with paragraph (4).

(4) A redemption of units in accordance with this paragraph shall be effected by–

(a) the manager forthwith giving written notice to the trustee that redemption of the units in question is to be effected by a transfer of property of the scheme; and

(b) the trustee thereupon cancelling the units in question and transferring to the participant the relevant proportion, or as near as is in the trustee's opinion practicable to the relevant proportion having regard to the need to be fair both to the participant and to continuing participants, of each description of asset in the property of the scheme.

(5) A redemption of units in accordance with this paragraph shall be effected in the same way as a redemption under paragraph (4) except that the manager shall arrange for a sale of such of the assets in question as are not cash in the base or other currency of redemption and a payment by the trustee to the participant of the net proceeds of that sale and the relevant proportion of cash.

(6) The provisions of this regulation shall not have effect–

(a) to enable units to be redeemed at a time when redemption is suspended; or

(b) to enable units in a relevant pension scheme to be redeemed otherwise than in accordance with that scheme.

(7) This regulation shall apply in a case in which the manager acts as agent for the trustee as if the references to redemption were references to cancellation.

Suspension and resumption of redemption of units

28.—(1) The manager may with the prior agreement of the trustee, or shall if the trustee so requires, at any time for a period not exceeding one month suspend redemption of units if he, or the trustee in the case of any requirement by him, is of the opinion that there is good and sufficient reason to do so having regard to the interests of participants.

(2) At the time of suspension of redemption of units under paragraph (1) the manager, or the trustee if he has required the manager to suspend redemption, shall inform the Secretary of State, or, if functions under section 78 of the Act are transferred, the designated agency exercising those functions, of the suspension, stating the reasons for his action, and forthwith confirm the suspension by giving notice in writing to the Secretary of State, or the designated agency as the case may be, and to any recognised self-regulating organisation of which the manager, or the trustee in the case of any requirement by him, is a member and to the authorities in each member State in which the manager holds himself out as willing to issue or redeem units who are responsible for the authorisation of collective investment schemes, stating the reasons for his action.

(3) Before the resumption of redemption of units, the manager shall inform the Secretary of State, or, if functions under section 78 of the Act have been transferred, the designated agency exercising those functions, of the proposed resumption and forthwith after the resumption confirm the resumption by giving notice in writing to the bodies and authorities specified in paragraph (2).

(4) If redemption of units is suspended, the manager shall forthwith cease issuing units.

(5) Nothing in this regulation shall prevent the manager from agreeing, during the period in which issue and redemption of units is suspended, to issue or to redeem units at a price calculated by reference to the first valuation point after resumption of issue and redemption.

(6) This regulation shall apply in a case in which the manager acts as agent for the trustee as if references to issue and redemption of units were references to the sale and purchase of units by the manager as agent.

Manager may deal in units without accounting for profits

29. Notwithstanding the fiduciary nature of the manager's duties, he may, if there is express provision prominently displayed in the scheme particulars stating that the manager is under no obligation to account to the trustee or to the participants for any profit he makes on the issue of units or on the re-issue or cancellation of units which he has redeemed, not account for any such profit made since the date on which the relevant scheme particulars were published.

PART V

TRANSITIONAL

Transitional provision

30.—(1) Subject to the provisions of paragraph (2), the provisions of Parts III and IV of these Regulations shall not, during the period beginning with the date on which these Regulations come into force and ending on 1st July 1988, apply in relation to a scheme which is operated by a person who is the manager of a scheme to which paragraph 9(1) of Schedule 15 to the Act applies.

(2) The provisions of paragraph (1) shall have effect in relation to a scheme only if and so long as the arrangements as to the creation, cancellation, issue and redemption of units in that scheme and as to the prices therefor are ones which may lawfully be operated.

Francis Maude
Parliamentary Under Secretary of State,
Department of Trade and Industry

22nd February 1988

SCHEDULE 1

Regulation 2

APPROVED MARKETS

PART I

1. Any Stock Exchange in Austria, Japan, New Zealand, Norway, Sweden or Switzerland which is a Stock Exchange within the meaning of the law of the country concerned relating to Stock Exchanges.

2. The Helsinki Stock Exchange, the Johannesburg Stock Exchange, the Kuala Lumpur Stock Exchange, the Singapore Stock Exchange and the Australian Stock Exchange Limited.

3. Any Stock Exchange prescribed for the purposes of the Canadian Income Tax Act.

4. Any Stock Exchange in Hong Kong which is recognised under the laws of Hong Kong.

5. Any exchange registered with the Securities and Exchange Commission of the United States as a national Stock Exchange.

6. The Over-the-Counter Market in the United States of America regulated by the National Association of Securities Dealers Inc.

PART II

1. The Unlisted Securities Market of the International Stock Exchange of the United Kingdom and Ireland Limited.

2. The "Second Marché" of any Stock Exchange set up in France in accordance with the French legislation.

3. The Tokyo Over-the-Counter Market supervised by the Securities Dealers Association of Japan.

SCHEDULE 2

Regulation 2

APPROVED OPTIONS AND FUTURES MARKETS

American Stock Exchange Inc, New York

Australian Financial Futures Market, Melbourne

The Australian Stock Exchange Limited

Chicago Board of Trade

Chicago Board Options Exchange Inc

Chicago Mercantile Exchange (including the International Monetary Market)

Commodity Exchange Inc, New York

European Options Exchange, Amsterdam

Financial Instruments Exchange, New York

Hong Kong Futures Exchange Limited

International Futures Exchange (Bermuda) Limited (INTEX), Bermuda

The International Stock Exchange of the United Kingdom and Ireland Limited

Kansas City Board of Trade

The London International Financial Futures Exchange Limited

Marché à terme d'instruments financiers (MATIF), Paris

Mid-American Commodity Exchange, Chicago

The Montreal Exchange

New York Futures Exchange Inc

New York Mercantile Exchange

New York Stock Exchange

New Zealand Futures Exchange Limited, Auckland

Options and Futures Exchange, Stockholm

Optionsmarked, Stockholm

Osaka Securities Exchange

Pacific Stock Exchange, San Franciso

Philadelphia Stock Exchange

Singapore International Monetary Exchange

Sydney Futures Exchange Limited

Tokyo Stock Exchange

Toronto Futures Exchange

The Toronto Stock Exchange

Vancouver Stock Exchange

SCHEDULE 3

Regulation 2

COUNTRIES AND TERRITORIES

Australia

Austria

Canada

Finland

Japan

New Zealand

Norway

Sweden

Switzerland

United States of America

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision as to the creation and cancellation by the trustee of units in an authorised unit trust scheme, as to the issue and redemption of units by the manager of such a scheme when acting as principal, and as to the sale and purchase of units by the manager as agent for the trustee. They include provision as to the way in which the property of a scheme is to be valued for the purpose of determining the prices at which units may be created, cancelled, issued or redeemed. They also include provision as to the circumstances in which the manager of a scheme may issue and redeem units at a price which is fixed by reference to a valuation which precedes the transaction and as to the circumstances in which he must issue and redeem units at a price which is fixed by reference to the valuation which next follows the transaction. The regulations make provision as to the circumstances in which the manager may, and as to the circumstances in which he must, give instructions to the trustee with respect to the creation and cancellation of units. They also make provision as to the period within which the trustee must settle with the manager and the manager must settle with the trustee and with participants for units which have been created, cancelled, issued or redeemed and as to the content of contract notes and the publication of unit prices. Provision is made for the suspension of dealings in units, for the conversion of units and for the cancellation of units by the trustee in exchange for property of the scheme.

Regulation 30 contains a transitional provision.

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