Checklist F78-2012-03

**CHECKLIST FOR THE PROSPECTUS**

## «……………………………………………………»

**FOR THE GRANTING AUTHORISATION OF AN INVESTMENT VARIABLE CAPITAL COMPANY**

Notes:

1. For the preparation of the Prospectus of an Investment Variable Capital Company, the Law 78(I)/2012 shall be taken into consideration.
2. The said checklist concerns an Investment Variable Capital Company which has not designated a Management Company or an Investment Variable Capital Company which has designated a Management Company. In the case where an Investment Variable Capital Company has not designated a Management Company reference to ‘Management Company’ are regarded to be reference to ‘Investment Variable Capital Company’.
3. ***The said checklist to be completed by the interested parties. In the case a section* does not apply state ‘N/A’.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Ι. Minimum information to be included in the prospectus of an Investment Variable Capital Company (Schedule I-Annex of the UCI Law)** | **Page** | **Paragraph** | **For official use** |
| **Α.** Information concerning the Variable Capital Investment Company |  |  |  |
| 1. Name, form in law, registered office and head office, if different from the registered office. |  |  |  |
| 2. Date of incorporation of the company. Indication of duration, if limited |  |  |  |
| 3. In case of Variable Capital Investment Companies with different sub funds, indication of those sub funds |  |  |  |
| 4. Statement of the place where the Instruments of incorporation (if they are not annexed) and periodic reports may be obtained |  |  |  |
| 5. Brief indications of the tax regime applicable to the company, and, mainly details of whether deductions are made at source from the income and capital gains paid by the company to unit-holders |  |  |  |
| 6. Accounting and distribution dates |  |  |  |
| 7. Names of the persons responsible for auditing the accounting information referred to in subsection (1) of section 58 |  |  |  |
| 8. Names and positions in the company of the members of the administrative, management and supervisory bodies. Details of their man activities outside the company if these are of significance with respect to that company |  |  |  |
| 9. Initial capital |  |  |  |
| 10. Details of the types and main characteristics of the shares and in particular:  - the certificates and registrations providing evidence of participation in the company,  - the characteristics of the shares: the fact that they are registered, as well as the shares’ categories. Indication that no denominations are provided for,  - indication of unit-holders’ voting rights,  - circumstances in which wining-up of the Variable Capital Investment Company may be decided on and winding-up procedure, in particular as regards the rights of shareholders |  |  |  |
| 11. Where applicable, indication of the stock exchanges or markets where the shares are listed or dealt in |  |  |  |
| 12. Procedures and conditions of issue or/and sale of shares |  |  |  |
| 13. Procedures and conditions of redemption or repurchase of shares and circumstances in which redemption may be suspended. In case of Variable Capital Investment Companies with sub funds, details of the shareholders’ right to be transferred from one sub fund to the other and the cost of this transfer |  |  |  |
| 14. Description of rules for determining and applying income of the Variable Capital Investment Company |  |  |  |
| 15.Description of the Variable Capital Investment Company’s investment objective, including its financial objectives (e.g. capital growth or income), investment policy (e.g. specialization in geographical or industrial sectors), any limitations on that investment policy and any indication of any techniques and instruments or borrowing powers which may be used in the management of the company |  |  |  |
| 16. Rules for the valuation of assets |  |  |  |
| 17.Determination of the issue price and redemption or repurchase price of shares, in particular:  - the method and frequency of the calculation of those prices,  - indication of the charges relating to the issue, redemption or repurchase of shares,  - information concerning the means, place and frequency of the publication of those prices  *Variable Capital Investment Companies within the meaning of section 35, shall also indicate the method and frequency of calculation of the net asset value of their shares, the means, place and frequency of the publication of that value, as well as the stock exchange of marketing the price, on which determines the price of transactions on the company’s shares effected out with stock exchanges.* |  |  |  |
| 18. Information concerning the manner, amount and calculation of remuneration payable by the Variable Capital Investment Company to its directors, and members and of the administrative and supervisory bodies, to the Custodian or to third parties, and reimbursement of costs by the Company to its directors, and members and of the administrative and supervisory bodies, to the Custodian or to third parties |  |  |  |
| **Β.**  **Information concerning the Management Company, including an indication whether the Management Company is established in a member state other than the Republic** |  |  |  |
| 1. Name, form in law, registered office or registered seat and head office, if different from the registered office or seat |  |  |  |
| 2. Date of incorporation of the company. Indication of duration, if limited |  |  |  |
| 3. If the company manages other common funds, indication of those other funds |  |  |  |
| 4. Names and positions in the company of the members of the administrative, management and supervisory bodies. Details of their man activities outside the company if these are of significance with respect to that company |  |  |  |
| 5. Amount of the subscribed capital with an indication of the capital paid-up |  |  |  |
| **C**. **Information concerning the Custodian:** |  |  |  |
| 1. Name, form in law, registered office or seat and head office, if different from the registered office. |  |  |  |
| 2. Main activity. |  |  |  |
| **D.**  **Information concerning the advisory firms or external investment advisers who give advice under contract which is paid for out of the assets of the UCITS:** |  |  |  |
| 1. Name or form in law of the company or name of the adviser. |  |  |  |
| 2. Material provisions of the contract with the Management Company or the Variable Capital Investment Company, which may be relevant to the unit-holders, excluding those relating to remunerations. |  |  |  |
| 3. Other significant activities. |  |  |  |
| **E. Information concerning the arrangements for making payments to unit-holders, redeeming or repurchasing units and making available information concerning the UCITS. Such information must in any way be given in the Republic. In addition, where units are marketed in another member state, such information shall be given in this member state too, being included in the prospectus published there.** |  |  |  |
| **F. Other investment information:** |  |  |  |
| 1. Historical performance of the UCITS (where applicable) – such information may be either included in or attached to the prospectus. |  |  |  |
| 2. Profile of the typical investor for whom the UCITS is designed. |  |  |  |
| **G. Economic information:** |  |  |  |
| Possible expenses or fees, other than the charges mentioned in point 1.17, distinguishing between those to be paid by the unit-holders and those to be paid out of the assets of the UCITS. |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **ΙΙ. ΙΙ. Additional information to be included in the prospectus** | **Page** | **Paragraph** | **For official use** |
| Section 43(d): The UCITS shall include a prominent statement in its prospectus, key investor information and marketing communications drawing attention to the use of the deviation under the present section and indicating the member states, local authorities and public international bodies in which it intends to invest or has invested more than 35 % of its assets. |  |  |  |
| Section 46(5)(a): discloses in its prospectus the maximum level of the management fees that may be charged both to the UCITS itself and to the other UCITS or collective investment undertakings in which it intends to invest. |  |  |  |
| Section 47(2): The prospectus of the UCITS as well as the key investor information will further specify the way under which the guarantee referred to in the present section is provided. |  |  |  |
| Section 56:  -Sub-section (1): The prospectus of the UCITS shall include the information necessary for investors to be able to make an informed judgment of the investment proposed to them, and, in particular, of the risks attached thereto. The prospectus shall include, independent of the instruments invested in, a clear and easily understandable explanation of the fund’s risk profile. |  |  |  |
| -Sub-section (3): In particular, and according to the investment policy followed by the UCITS, its prospectus shall, further to the information referred to in subsection (2):   1. Indicate in which categories of assets a UCITS is permitted to invest and if transactions in financial derivative instruments are authorized. In this event, it should include an express and clear statement indicating if these operations may be carried out either for the purpose of efficient portfolio management especially for the purpose of hedging or as an investment in the context of the UCITS’ investment policy as well as a clear reference in the risk profile to the possible outcome of the use of financial derivative instruments. 2. When a UCITS invests principally in any category of assets defined in section 40 other than transferable securities and money market instruments or when a UCITS replicates a stock or debt stock index in accordance with section 44, its prospectus shall include a prominent statement drawing attention to its investment policy. A respective statement shall also be included in an explicit point in all marketing communications of the UCITS. 3. When the net asset value of a UCITS is likely to have a high volatility due to its portfolio composition or the portfolio management techniques that may be used, each prospectus shall include a prominent statement drawing attention to that possibility. A respective statement shall also be included in an explicit point in all marketing communications of the UCITS. |  |  |  |
| -Sub-section (4): The prospectus shall expressly and clearly indicate, in a visible point that it is available to the investors in all selling points of the units as well as in the internet site of the Management Company. |  |  |  |
| Section 78: In addition to the information provided for in Type I of the Schedule, the prospectus of the feeder UCITS contains the following information: |  |  |  |
| (a) Declaration that the feeder UCITS is a feeder of a particular master UCITS and as such permanently invests at least 85 % of its assets in units of that master UCITS. |  |  |  |
| (b) The investment objective and policy of the feeder UCITS, including the risk profile and whether the performance of the feeder and the master UCITS are identical, or to what extent and for which reasons they differ, including also the description of the investment made in accordance with subsections (2) and (3) of section 73. |  |  |  |
| (c) A brief description of the master UCITS, its organisation, its investment objective and policy, including the risk profile, and the indication of how the updated prospectus of the master UCITS may be obtained. |  |  |  |
| (d) A summary of the agreement entered into between the feeder UCITS and the master UCITS or of the internal conduct of business rules pursuant to subsection (1) of section 75. |  |  |  |
| (e) How the unit-holders of the feeder UCITS may obtain further information on the master UCITS and the agreement entered into between the feeder UCITS and the master UCITS pursuant to subsection (1) of section 75. |  |  |  |
| (f) A description of all remuneration or reimbursement of costs payable by the feeder UCITS by virtue of its investment in units of the master UCITS, as well as of the aggregate charges of the feeder UCITS and the master UCITS, and |  |  |  |
| (g) A description of the tax implications of the investment into the master UCITS for the feeder UCITS. |  |  |  |
| Section 115(1)(f): The UCITS prospectus and the key investor information refer to the functions which are delegated according to the present section. |  |  |  |
| Directive DI78-2012-03 regarding the organisation, the structure and operation of business activity of the Management Company, the conflict of interests and the management of risks in the field of collective management and the content of the agreement between the Custodian and the Management Company |  |  |  |
| Paragraph 35(1). The Prospectus and the annual report of the UCITS they refer the method used for the calculation of its total exposure, that is the commitment approach or the relative or absolute VAR. |  |  |  |
| Paragraph 35(2). In the case the Management Company applies the VAR approach, for the calculation of the total exposure of the UCITS, the Prospectus and the annual report, refer to:  (a) The expected level οf leverage which is calculated as the total nominal value of the derivatives that are constitute transactions of the UCITS as well as the possibility to have higher level of leverage in accordance with Annex V.  (b) Information regarding the reference portfolio of the UCITS, in accordance with the rules as defined in Annex VI. |  |  |  |
| Paragraph 35(4). The Prospectus of the UCITS for which the Management Company applies the commitment procedure in accordance with the obligation of part F of Annex I for the calculation of its total exposure, includes the following:  (a) Complete information regarding the investment policy of the UCITS, its exposure to the values of the underlying instruments and the payment types, in a clear language so that it will be understandable to the investment public, and  (b) Clear warning stating that investors who will redeem or repurchase their units before experiment, will not benefit from the predetermined payment and may suffer significantly loss. |  |  |  |
| Directive DI78-2012-07 regarding the procedure and conditions for granting a UCITS operation license  Paragraph 14(2). The Prospectus, the Key Investor Information Document and the statements and reports of the Variable Capital Investment Company contain, either on the cover page or on the first page, a statement that the Company operates without having appointed a Custodian, in accordance with Section 35 of the Law. The relevant statement has to be made obvious and with capital letters in the lower central part of the said documents and, in case of a multi-page document, on the cover page. The police of such statement must be the same with the police of the main text. |  |  |  |
| Directive DI78-2012-11 regarding the terms and the procedure for the marketing network of UCITS’ units in the Republic of Cyprus, the organisation of the marketing network and the obligations of the persons participating in the network  Paragraph 12. The key investor information document for investors, the fund rules or the instruments of incorporation of UCITS, the prospectus and the latest annual and half-yearly report of the UCITS to be given to persons applying for participation in UCITS, any updated documents and any other documents or message to be addressed to investors and to be posted on the internet or to be disclosed to investors, must clearly state, in a readily visible way, that the investment of UCITS has no guaranteed return and that past performance does not guarantee future results. In the case of UCITS of guaranteed return, the above statement can be limited to the fact that past performance does not guarantee future results. |  |  |  |
| Directive DI 78-2012-12 regarding the avoidance of market timing and late trading practices when offering units in Undertakings for Collective Investment in Transferable Securities (UCITS)  Paragraph 5(1). The UCITS Prospectus contains, in addition to what is required under the Law following particulars: |  |  |  |
| (a) The cut-off time for submitting subscription and redemption orders for units of UCITS, |  |  |  |
| (b) That the subscription or redemption of units is effected at an NAV, which is unknown at the moment of submission of the order, |  |  |  |
| (c) That market timing is not allowed and that the Management Company retains the right not to accept a subscription or redemption order for units of UCITS, if there are reasonable grounds that such an order is submitted within the context of such a practice and that it retains the right to take any appropriate measure towards protecting the rest of the unit-holders in the UCITS, |  |  |  |
| (d) The expected reasonable time regarding the frequency of transactions in units of this UCITS that serves as a criteria for identifying market timing practices. When determining this reasonable time, the Management Company shall take the investment policy of the UCITS into consideration, |  |  |  |
| (e) The risks, to which investors could be eventually subject, from the use of late trading and market timing practices, and |  |  |  |
| (f) That the Management Company and the persons participating in the subscription and redemption of UCITS under its management, apply appropriate procedures for avoidance of late trading and market timing practices. |  |  |  |
| Directive DI78-2012-14 regarding the conditions under which securities lending, selling with right or repurchase agreements and reverse repurchase agreements /resale as instruments and techniques in transferable securities or money market instruments, shall be made for the effective management of the UCITS portfolio |  |  |  |
| Paragraph 6(1) If the management company intends to begin carrying out transactions as techniques or means for the effective management of the portfolio of the UCITS, the Prospectus of the latter contains a specific reference to this possibility. The Prospectus says the forms of the transaction, giving the objectives that they shall serve, as well as the conditions and restrictions applicable to them. |  |  |  |
| Paragraph 6(2). In the event that the management company intends to reinvest, on behalf of a UCITS, cash received as a security on behalf of, as security by carrying out transaction as a technique or mean for the effective management of the portfolio of the UCITS, the Prospectus r of the UCITS shall specify the conditions and restrictions applicable to such reinvestment. |  |  |  |
| Paragraph 6(3). The prospectus of the UCITS states the risks that may arise from the trade of subparagraph (1) and the reinvestment of subparagraph (2). |  |  |  |
| Directive DI78-2012-18 regarding capital guaranteed or performance guaranteed UCITS or UCITS with protection of invested capital  Paragraph 9(2). The Prospectus of a capital guaranteed or performance guaranteed UCITS, shall, in addition to the particulars required under Section 56 of the Law in conjunction with Type I of the Annex to the Law, contain at least:  (a) Specification of the particulars contained in the Regulation or the constitutional documents of the UCITS, in accordance with Subparagraph (1), by means of examples or scenarios that will help the investor to fully understand the functioning of the guarantee,  (b) he extent to which the amount to be paid to unit-holder as guaranteed, shall also comprise subscription commissions or not, redemption or repurchase fees, as well as management fees or any expenses, if applicable,  (c) a special statement as to any time periods, during which the unit-holder has to ask for the redemption or repurchase of its units, in order to benefit from the guarantee or as to any other action to be taken by the unit-holder regarding the activation of the guarantee,  (d) the means of timely communication to unit-holders of any action, which has to be undertaken by them, in order for the guarantee to become activated,  (e) the pursued and the feasible risk/reward ratio of the UCITS, with a clear description of the lowest and highest guarantee limits,  (f) the fees’/commissions’ policy of the UCITS, by emphasizing on the fact stated under Subparagraph (1) alternative (b) of paragraph 7, regarding subscription, redemption and management fees,  (g) information that will make clear to the investor the real cost of the guarantee or the method or methods for calculating that cost, and  (h) following warnings:   1. That the investment in the said UCITS carries the perspective of remaining in this UCITS until the end of the period indicated in the Prospectus and in the other documents (until the end of the period for which the UCITS has been constituted), whereas exiting the UCITS prior to this date (the end of the period for which the UCITS has been constituted) may have negative consequences on the unit-holder. 2. That apart from the date or the dates, during which the guarantee can be activated, the redemption or repurchase price of units is subject to the performance of the markets and may differ from the guaranteed price (value). If reference is made to an index, the redemption price may deviate from the performance of the index. 3. Warning that payment of the guarantee depends on the solvability of the guarantor. |  |  |  |
| Paragraph 9(3). The Prospectus of a UCITS aiming at protection of the capital invested in this UCITS, shall also state, in addition to the particulars required under Section 56 of the Law in conjunction with Type I of the Annex to the Law:  (a) The special methods and the instruments or techniques used for the efficient portfolio management of the UCITS, with the aim of securing the value of the invested capital in whole or in part,  (b) the pursued and the feasible risk/reward ratio of the UCITS, with a clear description of the lowest and highest protection limits,  (c) information that will make clear to the investor the real cost of the protection or the method or methods for calculating that cost and  (d) the following warnings:   1. That the investment in the said UCITS carries the perspective of remaining in this UCITS until the end of the period indicated in the Prospectus and in the other documents (until the end of the period for which the UCITS has been constituted), whereas exiting the UCITS prior to this date (the end of the period for which the UCITS has been constituted) may have negative consequences on the unit-holder. 2. That despite the implementation of mechanisms and protection techniques of the capital invested in the UCITS, the redemption or repurchase price of units is subject to the performance of the markets and that the protection of the capital does not offer any assurance that the unit-holder will receive, upon redemption or repurchase of its units the amount invested in the UCITS or the amount corresponding to the percentage of the protected capital invested in the UCITS. |  |  |  |
| Directive DI78-2012-19 regarding the regulation of any specific issue relating to the constitution, functioning and dissolution of a UCITS operating with multiple compartments  Paragraph 4(1). A UCITS operating with multiple compartments bears a unitary generic name, which is accompanied, for each investment compartment, by an element which specifies each compartment, in accordance with the investment policy of this compartment, and by the reference currency of this investment compartment. |  |  |  |
| Paragraph 4(2). A UCITS operating with multiple compartments has a unitary Regulation or unitary constitutional documents as well as a unitary prospectus, for the aggregate of its investment compartments. The UCITS prospectus shall describe clearly the investment policy of each investment compartment. The creation of a new investment compartment requires a respective change in the Prospectus of the UCITS. |  |  |  |
| Paragraph 4(3). A UCITS reference currency has to be laid down, in which all accounts of the investment compartments expressed in another currency have to be converted and in which the share capital of a UCITS operating under the form of a Variable Capital Investment Company or the whole of the net assets of a UCITS operating under the form of a Common Fund is expressed. |  |  |  |
| Directive DI 78-2012-21 regarding UCITS investing in the units of other UCITS or other collective undertakings  Paragraph 4(1). The Prospectus of the UCITS of section 46 of the Law, in addition of the information of sections 46(5)(a) and 56 of the Law, in conjunction of schedule Type Ι of the Law, includes also the following: |  |  |  |
| (a) With brief description, the method which the portfolio manager follows for the selection of UCITS and of collective undertakings in units of which they invest the asset of the UCITS. In accordance with the previous sentence, the brief description includes the method followed for investing in units in other UCITS or collective undertakings, as well as the quality or quantity criteria taken into account. |  |  |  |
| (b) The factors of risk that accompany the synthetic risk reward indicator), in a way that the risks investing in units in other UCITS or collective undertakings are taken into account and the level at which these risks may affect significantly the UCITS that makes these investments. |  |  |  |
| (c) The charges and expenses to be paid by the UCITS due to investing in the units of the UCITS or of the collective undertakings. |  |  |  |
| Directive DI78-2012-22 regarding UCITS that replicate the composition of a stock or bond market index  Paragraph 4. The Prospectus of UCITS that replicate the composition of a stock or bond market index, in addition to the information of section 56 of the Law, in accordance with schedule I of the Annex of the Law, includes also the following information: |  |  |  |
| (a) the name of the index to replicate, |  |  |  |
| (b) the policy to follow the index, |  |  |  |
| (c) the category in which the underlying values of the index and their characteristics, |  |  |  |
| (d) analyse of the risks to which investors are exposed when invested in the UCITS and the main sources of these risks based on the followed investment policy, |  |  |  |
| (e) brief and clear description of the replicated index with reference to the elements composing the index, the benchmark, as well as the techniques used for gain exposure. The description of the index includes:   1. A clear description of the index with reference to the underlying elements that compose the index. Alternatively, the Prospectus may make reference in a specific and reliable website on where one may be informed for the exact composition of the index provided that the said website is updated at any time, 2. Whether the replication is made synthetically or physically or combination of the above-said manners and the effects on investors from this exposure, 3. The policy of the UCITS in the case of a deviation of the returns of the UCITS from the returns of the index and the maximum level of such deviation, 4. Reference to factors that affect the capability of the UCITS to replicate fully the index i.e. transaction costs, elements of limited liquidity, reinvestment of dividends and other factors. 5. Details on whether the UCITS replicates exactly its composition or merely as a sample, and 6. Details on the possible counterparty risk and the possible effects on the investment policy of the UCITS. |  |  |  |
| (f) Whether the UCITS intends to enter in lending agreements of titles with specific reference to the risks connected to these agreements, including the counterparty risk and the effect that the title lending may have in the case the UCITS may deviate from the index it follows, |  |  |  |
| (g) The policy relating to the safety that any uses a UCITS, saying the categories of data which may be given as security, the extent of the required safety and, in case the security is in cash, the reinvestment policy, including the risks associated with the political reinvestment. |  |  |  |
| (h) clear reference as to whether the UCITS follows an active management of its portfolio, as well as the methods used for succeeding the investment policy of the UCITS, including possible outperformance of the index, |  |  |  |
| (i) the method of calculating the Net Asset Value of the units (“NAV”), |  |  |  |
| (k) In the case of leveraged UCITS, a reference to the policy on the leverage effect, how this is achieved, the risks associated with this policy, the consequences of the reverse leverage, description of how the calculation on a daily basis of the leverage level has an impact on medium/long-term performance to be earned by the investors, as well as details of the costs involved, |  |  |  |
| (l) information regarding the intention of the UCITS to use specific limit for the diversification of risk and description of the exceptional market conditions which justify this, |  |  |  |
| (m) In the case of UCITS reproducing index, in the composition of which is only one element, which represents more than 20% to 35% of the total index, a reference to this fact must be made, and a description of the exceptional market conditions which justify such an investment, |  |  |  |
| (n) The frequency with which the adjustment of the index is made and the effect on the costs in the overall strategy of the UCITS, |  |  |  |
| (o) Detailed reference of the objective and the method of calculation that the index follows, in such a way, as to permit investors. |  |  |  |
| Directive DI78-2012-23 regarding the information submitted for the authorisation of traded UCITS, the specific obligations because of the listing and trading of the shares traded UCITS, as well as any other issue or other necessary detail, relating to the operation of such a UCITS  Paragraph 7(1). The prospectus of traded UCITS, in addition to the information referred to in Article 56 of the Law, in conjunction with the Type I of the Annex to the Law, and the elements required to be contained in the prospectus of the UCITS replicate share or bond index, contains, at least the following information: |  |  |  |
| (a) Information about the admission process of the units to trading, including the procedure for the determination of the listing price, |  |  |  |
| (b) The date of the first issue of units, |  |  |  |
| (c) Information about the allowable maximum difference in the performance of the traded UCITS and of the performance of the index which it replicates and information about the threshold standard deviation of the difference in the performance of the traded UCITS and of the performance of the index, |  |  |  |
| (d) More specific information about the maximum allowable percentage deviation of the price of the units which is formed on the stock market in relation to net value of the unit (NAV), |  |  |  |
| (e) Information on the market maker and information about his duties, and |  |  |  |
| (f) Information on the dividend policy of the traded UCITS. |  |  |  |
| Paragraph 7(2): In the prospectus of the traded UCITS following warnings are clearly included: |  |  |  |
| (a) That the investment of the purpose is to achieve positive or negative performance of the financial index which it replicates, |  |  |  |
| (b) That the performance is not guaranteed, |  |  |  |
| (c) That the stock exchange value of the units may not reflect their net worth, and |  |  |  |
| (d) That there are cases where the trading of the units on the stock market may be suspended or terminated. |  |  |  |