

**CENTRAL BANK OF SAMOA**

**PRUDENTIAL GUIDELINES FOR UNIT TRUST**

**GUIDELINES STATEMENTS**

Effective: 1 January 2015

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# Chapter 1

## EXPLANATORY FOREWORD

- 1.0 The Government recognizes the need to develop Capital Market Facility/Investment Schemes in order to provide other investment opportunities for Samoan individuals and businesses both locally and abroad to diversify their investments. As such, prudential supervision is extended to strengthen market discipline by applying standards to maintain risk-taking at prudent levels and enhance institution's capacity to absorb any adverse developments that may occur
  
- 1.1 These Guidelines were developed in pursuant with Section 3 of the Financial Institution Act 1996, Section 16G of the Financial Institution Amendment Act 2012 and in accordance with the Unit Trust Act 2008.
  
- 1.2 These Guidelines outlines the Central Bank of Samoa's requirements to be complied with by any capital market participant/investment schemes such as any person or group of persons intending to establish as a Broker, Dealer, Security Exchange, Unit Trust or as an Investment Advisor in Samoa.
  
- 1.3 Extending prudential oversight to Capital Market Participants/Investment Schemes provides another layer of supervision to institutions which has significant investment opportunities and also provides credit facilities to help stimulate and provide economic growth and development. Hence, these investment schemes which includes the Unit Trust of Samoa play a significant role in ensuring that stability of the financial sector as a whole is maintained.
  
- 1.4 The ultimate responsibility for the affairs of the market participants rests solely with Management Company, Directors and senior management.

The Central Bank focus is towards satisfying itself that Unit Trust (UT) follows sound management practices and internal controls consistent with a developmental financial institution and that prudent standards are kept under review to take account of changing circumstances.

- 1.5 Particular attention is given to the management company, the trustee, investment strategy as well as capital adequacy, liquidity, operational and risk management policies. The Bank will collect and evaluate statistical returns mainly on a monthly and quarterly basis and discuss with senior management of UT operations and policies from a prudential point of view.
- 1.6 The Bank prefers to develop, in consultation with UT, prudential standards that serve as triggers for discussion with senior management on critical aspects of its operations. In the main, the objective is to develop a consensus on reporting requirements but the Bank will, if necessary, assume the role of final arbiter.
- 1.7 The Central Bank envisages the involvement of external auditors as appropriate. Annual external audits are used to ascertain the reliability of information provided and additional assurance to the Bank that prudential standards and other requirements are being observed to ensure competence of management and accounting and internal controls are satisfactory.
- 1.8 The Bank's approach to supervision has the advantage of flexibility in administration which can be adapted quickly, if necessary, to meet changing conditions. The Bank is also provided with discretion under the Financial Institutions Act for handling special situations.



## Chapter 2

### Market Participants.

#### 2.0 Licensing Requirement

The Central Banks approach to the licensing of Market Participants/Investment Schemes is aimed at promoting public confidence in them and maintaining financial stability in general. In this regard, licence is issued not only on the basis that it will be to the economic advantage of Samoa but also on the basis that it is viable and the applicant is “Fit and Proper” to participate in the market.

#### 2.1 “Fit and Proper” Assessment Criteria

The following criteria are important in the assessment of Fit and Proper Person: -

- *Reputation, Character, Reliability and Financial Integrity;*
- *Education/Other Qualifications and Experience;*
- *Financial Status or Soundness;*

##### **(a) Reputation, Character, Reliability and Financial Integrity**

For the purposes of this Guideline, good character qualities include honesty, integrity, reliability and reputation that are demonstrated over time.

In determining good character, the Central Bank is not likely to be satisfied that a person is fit and proper if that person:

- (i) has been convicted or found guilty in a criminal or disciplinary offence; or
- (ii) has been disciplined, dismissed or disqualified by any professional or regulatory body in relation to any trade, business or profession; or regarding their integrity and honesty
- (iii) has been a director or substantial shareholder involved in the management of a corporation or business that was wound up, insolvent or had a receiver or administrator appointment.

### **(b) Education, Other Qualifications and Experience**

A responsible person must possess the relevant qualification and exhibit the competency and ability to understand the technical requirements and inherent risks associated with the business and the management processes required to conduct its operations effectively, with due regard to the interests of all stakeholders.

In evaluating the competency and capability of a person, the Central Bank is not likely to be satisfied that a person is fit and proper if: -

- (i) the person has a medical condition and is unable to carry out the inherent requirements of the regulated activity; or
- (ii) the person has been disciplined by a professional, trade or regulatory body or dismissed or requested to resign from any position or office for negligence, incompetence or mismanagement.

### **(c) Financial Status or Soundness**

When assessing the financial soundness of responsible persons, the Central Bank is not likely to be satisfied that a person is fit and proper if that person: -

- (i) is an undischarged bankrupt;
- (ii) is currently subject to bankruptcy proceedings; or
- (iii) has been a bankrupt and has been discharged within 3 years preceding the proposed appointment
- (iv) whether the applicant is subject to receivership or other similar proceedings

## **2.2 In-House Fit and Proper Policy**

- (i) Each market participant must establish and implement an in-house "Fit and Proper Policy" approved by its Board;
- (ii) Subsidiaries and branch operations can adopt the Group's Fit and Proper Policy which must, at a minimum, include the requirements of this Policy.
- (iii) The Fit and Proper Policy must be reviewed when required.

- (iv) The market participant must submit a copy of the Fit and Proper Policy to the Central Bank within 3 months after it has been approved by its Board.

### **2.3 Role of the Board of Directors**

The Board is responsible for ensuring ongoing compliance with the Policy and must: -

- (i) ensure that all staff are aware of the requirements of the Policy;
- (ii) document the process used to assess whether a person is fit and proper and clear reasons for any decision made;
- (iii) make the documentation available to the Central Bank, as required;
- (iv) ensure that candidates who are being considered for appointment to key positions meet the fit and proper test before appointments are made; and
- (v) ensure that processes are implemented to keep under constant review the capacity of and conduct of responsible persons, including any controlling shareholders and other persons with significant influence on the operations of the market participant, to continue to meet the fit and proper test.

A board member who does not qualify to remain as a responsible person during the term of his appointment must tender his resignation to the board chairperson as soon as he is aware of the non compliance. If such person is the board chairperson, then the resignation must be tendered to the deputy chair person.

### **2.4 Role of the Senior Management**

Senior management is responsible for ensuring on-going compliance of the Policy and reporting any non compliance to the Board with recommendations for further action.

A responsible person of a market participant/investment scheme who does not qualify as a responsible person during the term of his appointment with the minimum requirements of this Policy must inform the chairperson of the Board immediately of such non compliance.



## **2.5 Disqualification and Directions by the Central Bank**

If the Central Bank is of the opinion that an appointed or elected responsible person is not fit and proper or failed to perform adequately the required responsibilities as provided in this Policy, the Central Bank shall disqualify such person.

Should the Central Bank object to a proposed appointment of a responsible person, the Bank may direct the market participant not to appoint the proposed responsible person. The Central Bank reserves the right to request for further information and conduct any investigations as it deems fit.



# Chapter 3

## The Management Company

### 3.1 Appointment of Management Company

As prescribed under section 4 and section 5 of the Unit Trust Act 2008, only a management company approved by the Minister of Finance can act as a management company to a unit trust fund.

A management company is a company that

- Establishes a fund;
- Issues, offers for subscription; makes an invitation to subscribe for or purchase units of the fund; and
- Operates and administers the fund

### 3.2 Eligibility Requirements

A management company must:

- (a) Be an entity incorporated in Samoa;
- (b) Be a company approved by the Minister of Finance; and
- (c) Must pay a bond of \$100,000 tala to Central Bank to secure due discharge of its responsibilities

### 3.3 Roles and Responsibilities of Management Company

In addition to the duties stipulated under section 4 and section 5 of the Unit Trust Act 2008, a management company should observe, act and carry out its duties in accordance with the prescribed roles and responsibility set out in this chapter.

- (i) A management company should operate the fund and exercise its responsibilities according to the deed and prospectus, these guidelines and acceptable business practices within the unit trust industry.

- (ii) A management company should-
- (a) Exercise the degree of care and diligence that a reasonable person would exercise in the position of a management company
  - (b) Act in the best interest of the unit holders and if there is a conflict between unit holders interest and its own interests, should/must give priority to unit holders interests;
  - (c) Not improperly make use of information acquired through being the management company to gain advantage for itself or other person, or cause detriment to unit holders in the fund;
  - (d) Ensure that the funds property is-
    - Clearly identified as the fund's property; and
    - Held separately from the property of the management company
- (iii) A management company should among others:
- (a) Establish and maintain risk management systems and controls to enable it to identify, assess, mitigate, control and monitor risks in relation to the fund it operates and manages
  - (b) Have adequate human resources with the necessary qualification, expertise and experience to carry on business as a management company; and
  - (c) Have adequate and appropriate system, procedures and processes to undertake the business in a proper and efficient manner
- (iv) A management company should account to the trustee for any loss suffered by the fund as a result of the management company's failure to exercise the degree of care and diligence required in operating and managing the fund
- (v) A management company should ensure that its officers and delegates:
- (a) Do not make improper use of their position as such officers or delegates to gain, directly or indirectly, an advantage for themselves or for any other person or to cause detriment to unit holders in the fund; and
  - (b) Comply with any other duty or obligation as may be prescribed under the trust laws or these guidelines.

### **3.4 Valuation and Pricing**

- (i) A management company should take all reasonable steps and exercise due diligence to ensure that the fund and the fund's units are correctly valued and priced, in line with the deed and the prospectus.
- (ii) For the purpose of valuing the fund's property and pricing the fund's units, a management company should not do or omit anything that would confer on itself a benefit or advantage at the expense of unit holders or potential unit holders.

### **3.5 Maintenance of Records**

- (i) A management company should maintain proper accounting records and other records as are necessary to complete an accurate view of the fund to be formed
- (ii) A management company should ensure that the financial statements of the fund give a true and fair view of the fund's financial position as at the end of the fund's financial period
- (iii) The management company should prepare and present its financial statements in accordance with approved accounting standards, the deed and trust laws.

### **3.6 Provision of Information**

The Management Company must submit or make available any statements, documents, books, records and other information relating to the Investment Scheme and the business of the Trustee or such periodical returns as may be required by the Central Bank of Samoa from time to time.



# Chapter 4

## Trustee

### 4.0 Appointment of Trustee

As prescribed under Section 9 of the Unit Trust Act 2008

### 4.1 Eligibility of the Trustee

Pursuant to Section 4 and section 6 of the Unit Trusts Act, the Trustee must:

- a) Be a trustee corporation within the meaning of the Trustee Act 1975; or
- b) Be a company or bank approved for unit trust purposes by the Minister of Finance upon the advice of the Central Bank; and
- c) Pay a bond of \$50,000 to Government/Central Bank to secure due discharge of its responsibilities

An individual cannot therefore be the Trustee of a unit trust. A Trustee seeking approval under this Policy shall comply with the requirements of other relevant legislation to become a Trustee and must be approved by the Central Bank of Samoa to act as a Trustee.

### 4.2 Roles and Duties of the Trustee

Duties of Trustee include:

- (a) To actively monitor the administration of the Unit Trust by the Manager in order to protect and safeguard the interests of unit holders.
- (b) To act with due care, vigilance and prudently in accordance with the Trust Deed as well as ethical business practice within the capital markets industry in carrying out its duties and responsibilities.
- (c) Must adequately supervise and conduct independent reviews on approvals and proposals, must not rely solely on the submission of information by the Manager
- (d) Must ensure that investment proposals is in line with the approved investment policy
- (e) Must appoint the external auditor and ensure proper accounts are kept



- (f) Must have adequate human resources with the necessary qualification, expertise and/or experience particularly in fields such as accounting or finance, legal and compliance to carry out its duties and responsibilities in a proper and efficient manner; and
- (g) Must immediately notify the Central Bank of any irregularity or breach of the Trust Deed, CBS Policy or any other matter that may not be in the best interest of the unit holder.

#### **4.3 Independence of the Trustee**

The Trustee must be independent of the Management company. This means that the Trustee must be free of any relationship with the Manager, or the controlling or significant shareholder(s) of the Fund, that would otherwise interfere with the Trustee's exercise of an independent judgment.

#### **4.4 Appointment of Directors of the Trustee**

The directors of any company seeking approval to act as a director for a Trustee must satisfy the Fit & Proper Requirements for Licensed Intermediaries and Issuers. This includes an assessment of a person's character, competence, capability and financial soundness.

The directors must be approved by the Central Bank of Samoa before any appointment will take effect.

A director that holds any units in their name or on behalf of another person in any Investment Scheme/Unit Trust or listed entity prior to and during their appointment must sign a disclosure declaration and submit a copy to the Central Bank of Samoa.

#### **4.5 Discharge of Directors of the Trustee**

No director can be discharged as a director of a Trustee until another director has been identified by the Manager and approved by the Central Bank of Samoa to take over as a director.

A discharged director must ensure that a suitable transition program for the new director is in place and implemented prior to the taking of office by the new director.

A discharged director must remain available for at least 3 months post discharge to answer any queries or clarifications on any activities undertaken during his/her term as a director.

#### **4.6 Provision for Information**

The Trustee must submit or make available any information relating to the fund, its business and any other information as may be required by the Central Bank from time to time.

#### **4.7 Maintenance of Records**

The Trustee must ensure that the Manager maintains proper accounting and other records as are necessary:

- (a) to enable a complete and accurate view of the Unit Trust/Investment Scheme; and
- (b) To ensure that the fund is operated and managed in accordance with the deed, the prospectus and these guidelines.

#### **4.8 Removal and Discharge of the Trustee**

As stipulated under Section 11 of the Unit Trust Act, the Minister has the power to remove a trustee or apply to the Supreme Court for an order to remove a Trustee of a Unit Trust.

The Trustee cannot be discharged or retire from the trust until another trustee has been appointed and assumed office in accordance with the provision of the trust deed.

The Central Bank of Samoa should be notified immediately if the Trustee or any of its directors is removed or terminated.

#### **4.9 Assessment Requirements**

While assessing any application for approval to act as a Trustee for any Market Participant/Investment Scheme, the Central Bank of Samoa will consider the following information/documents, where applicable:

- a) Authorization from the Minister of Finance to act as a Trustee;
- b) Certificate of Incorporation, Articles and Memorandum of Association of the applicant;
- c) A bank guarantee or evidence of Bond payment to Central Bank to ensure the proper discharge of its obligations;
- d) Unsigned copy of the Trust Deed;
- e) Names and addresses of the shareholders of the Trustee;

- f) Names and addresses of the directors of the Trustee;
- g) Fit & proper assessment of each director of the Trustee;
- h) Statutory declarations from directors attesting to their good fame and character;
- i) Curriculum vitae detailing qualification and experience of the directors and any of the key staff; and
- j) Organizational structure and adequate resources.

#### **4.10 Central Bank Oversight**

The Central Bank in exercising its supervisory role;

- (a) Must approve the Trustee subject to terms and conditions as it deems necessary. In cases where the Central Bank places conditions on the approval, the Trustee must strictly comply with the conditions.
- (b) Will not approve a Trustee unless all relevant documents are properly completed and lodged.
- (c) May exempt, or determine waivers from compliance with any requirement of this Policy.
- (d) May revoke or revise an approval, or impose further terms and conditions on the approval; and
- (e) Reserves the right to request for further information that may contribute to the assessment of a proposal.

#### **4.11 Implementation**

The requirements set out in this Policy represent the minimum requirements for all companies seeking approval of the Central Bank to act as a Trustee for an Investment Scheme operating in Samoa.



# Chapter 5

## Investment of the Fund

### 5.0 Objectives of this Policy

The objective of this Policy is to ensure that all Market Participant/Investment Schemes have in place an efficient and effective investment management policy framework for investing of unit holder funds in a sound and prudent manner.

With an efficient and effective investment management policy framework, the commitment of Investment schemes/Market Participants to manage its investments is expected to be enhanced and investment practices that pose a risk to unit holders are minimal.

### 5.1 Managing the Investment

The Management Company ('Manager') and Trustee should ensure that the investment of the fund is managed in accordance with:

- (i) Investment Policy;
- (ii) Trust Deed;
- (iii) Prospectus of the Unit Trust; and
- (iv) Central Bank Prudential Guidelines

### 5.2 Investment Policy

The overall strategic investment policy must properly address the following elements:

- (i) investment objective;
- (ii) strategy for the achievement of return on investment;
- (iii) strategic asset allocation, that is, the asset mix over the main investment categories;
- (iv) the establishment of limits for the allocation of assets;
- (v) investment constraints;
- (vi) a risk framework to be formulated in respect of the investment activities of the Management Investment Scheme (MIS);
- (vii) duties and responsibilities of Manager and Trustee; and
- (viii) investment process outlining the details in the approval of investments.



The Fund Manager, in consultation with the Trustee, must:

- (i) formulate and establish investment policies of the Trust in accordance with the Investment Policy;
- (ii) review the adequacy of the investment policy at least once annually in the light of the Trust activities and market conditions; and
- (iii) ensure that all individuals conducting, monitoring and controlling investment activities are appropriately qualified and have sufficient level of knowledge and experience.

The Investment Policy should be communicated to staff involved in investment activities.

### **5.3 Investment Portfolio**

The Investment Fund may consist of the following classes:

- (i) Cash – Includes fixed deposits, bonds and other cash equivalents
- (ii) Fixed Income – Includes fixed deposits, bonds and other securities
- (iii) Shares – equity holding in privatized SOEs, partnership SOEs and private and public companies;
- (iv) Properties – Includes land and buildings
- (v) Overseas Investment – includes overseas stock market, managed funds, land and properties, bonds and other investment opportunities

### **5.4 Role of the Manager**

The Manager shall report regularly to its Board. All investment decisions that are to be tabled at the Board level and full Minutes of all discussions to that proposal must be taken, including any dissenting decisions. The Manager must attach these Minutes, or the section of the Minutes that relate to the investment proposal, when the proposal is sent to the Trustee for approval.

The Manager must ensure that investment officers are qualified and competent to carry out the assigned tasks. An appropriate fit and proper assessment for investment officers must be carried out. Their work should be monitored closely to ensure that the Managed Investment Scheme's strategy is being followed.

The Manager may use the services of suitably qualified investment consultants for investment strategy design, research and implementation.

However, the Managed Investment Scheme (MIS) must retain full control of the outsourced activity.

### **5.5 Role of the Trustee**

The Trustee must ensure that all investment activities are implemented in accordance with this Policy, the Investment Policy Guidelines and the Trust Deed.

Where investment policies and guidelines are not followed by the Manager, the Trustee has the discretion and an obligation to either reject the proposal, require more information to be submitted, direct that the Manager take certain actions or require that the Manager make amendments to its proposal.

The Trustee, in relation to their role under the Trust Deed and relevant legislations shall:

- (i) Review the investment policy of the managed fund on a regular basis so that it remains appropriate in light of the changes in business and economic environment;
- (ii) Ensure the investment policy is consistent with the asset-liability management strategies required to support any new products;
- (iii) Ensure that the investment policy is consistent with the dividend policy of the MIS;
- (iv) Ensure that risk management functions continue to be appropriate;
- (v) Review the adequacy of internal control systems that directly support investment activities;  
and
- (vi) Ensure resources dedicated to the investment activities of the Trust are sufficient to implement and manage the approved investment policy and other activities requested by the Manager.

The Trustee shall also report to the Central Bank on any non-compliance of the Manager relating to the Trust.

## 5.6 Investment Restrictions

The manager shall not:

- (i) purchase a security, other than a debt security issued by the Government of Samoa or the government of any other country, if, immediately after the purchase, more than 20% of its net assets, taken at market value at the time of purchase, would be invested in securities of that issuer;
- (ii) purchase a mortgage;
- (iii) purchase an illiquid asset;
- (iv) purchase a security of more than 20% of net assets of the investment scheme in a related party; and
- (v) any other restrictions the Central Bank may prescribe from time to time

## 5.7 Investment Practices

The Investment Scheme/Market participant shall not -

- (i) subscribe to securities offered by a company under formation;
- (ii) engage in the business of underwriting or marketing securities of any other issuer; ;
- (iii) guarantee securities or obligations of another person;
- (iv) purchase or sell securities other than through market facilities where these securities are normally bought and sold unless the transaction price approximates the prevailing market price or is negotiated on an arm's length basis;
- (v) purchase a security from, or sell a security to, one of the following persons:
  - a) the Manager or the Trustee;
  - b) an officer of the Manager or the Trustee;
  - c) a related party of a person referred to in (a) and (b), unless the purchase from or sale to the related party is carried out at arm's length.

5.7.1 However, where the Manager is aware that it is outside of the investment restrictions in 5.6 and investment practices in 5.7, prior approval of the Central Bank of Sāmoa must be obtained.

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5.7.2 Where the manager proposes to offer a scheme for which no investment restrictions and practices are set out in this Policy, the Central Bank must be consulted as to the investment restrictions and practices that should apply.

### **5.8 Valuation of Investment Schemes Assets**

Assets are to be valued at market value or fair value on a regular basis and adjustments to its books must be made accordingly.

Revaluations must be reflected immediately in the applicable quarterly returns submitted to the Central Bank of Samoa.

### **5.9 Risk Management**

There should be in place a comprehensive risk management policy and systems capable of identifying, monitoring, measuring, reporting and controlling risks associated with investment activities.

The risk management functions should:

- (i) Monitor compliance with the approved investment policy;
- (ii) Formally note and promptly report breaches;
- (iii) Review asset risk management activity and results over the past period;
- (iv) Review asset/liability and liquidity position;
- (v) Establish an internal rating system to be consistent with the overall objective of the investment policy;
- (vi) Assess the appropriateness of the asset allocation limits; and
- (vii) Report regularly to the trustee.

### **5.10 Internal Controls**

Adequate systems of internal controls must be established to ensure that assets are managed in accordance with the overall investment policy and the legal and regulatory requirements. Key controls include but are not limited to segregation of duties, approvals, verifications and reconciliations.



## **5.11 Oversight by the Central Bank**

Each Investment Scheme must submit to the Central Bank of Samoa copies of its investment management policy and procedures within twenty-one working days of approval by its Board. The policy and procedures must be submitted to the Central Bank within the same timeframe if they are revised.

The Central Bank of Samoa will assess compliance with this Policy through prudential consultations, including on-site examination and off-site supervision.

# Chapter 6

## Audit and Reporting

### 6.0 Audit

The management company and trustee should ensure that the financial statements of the fund are audited annually. The audit must be carried out by an independent person/party and the audit findings must be reported directly to the Board.

The audit coverage should be provided by competent professionals who are knowledgeable of the risks inherent in the assets held. Concerns on any investment activity must be reported to the Manager, Trustee and the Board.

Audits should evaluate the independence and overall effectiveness of the investment management functions. They should also review the asset portfolio and written investment policies and procedures to ensure compliance with the regulatory obligations.

### 6.1 Co-operation with the Auditors

A management company should take reasonable steps to ensure that its employees:

- (a) Provide such assistance as the auditor reasonably requires to discharge its duties;
- (b) give the auditor right access at all reasonable times to relevant records and information;
- (c) do not interfere with the auditors ability to discharge its duties;
- (d) do not provide false or misleading information to the auditor; and
- (e) report to the auditor any matter which may significant affect the financial position of the fund

### 6.2 Reporting Requirement

The management company should prepare an annual report of the fund to provide all necessary information to enable unit holders to evaluate the performance of the fund.

An annual report of the fund should contain at least the following:

- (a) Fund Information
- (b) Report of fund performance
- (c) Manager's report
- (d) Trustee report
- (e) Audited financial statements for the accounting period and
- (f) Auditors report

Publication of reports:

A management company should:

- (a) Prepare and distribute the annual report of the fund
- (b) Send the report without charge to unit holders

Lodge the annual report to the Central Bank as soon as possible within three months after the end of the financial period it covers.

### **Prudential Returns**

For the purpose of collecting financial information and evaluating UTO's financial performance and condition on a regular basis, the following returns must be completed and submitted to the Central Bank on a timely manner.

CBS Form UTR 1	-	Balance Sheet (monthly)
CBS Form UTR 2	-	Income and Expenditure (quarterly)
CBS Form UTR 3	-	Sales and Repurchases (quarterly)
CBS Form UTR 4	-	Profile of Unit Holders (quarterly)
CBS Form UTR 5	-	Total Investment relating to a group of companies (quarterly)
CBS Form UTR 6	-	Schedule of Claims/Capital notes (quarterly)
CBS Form UTR 7	-	Interest rate structure of domestic claims (quarterly)
CBS Form UTR 8	-	Interest rate structure of convertible Notes



## Appendix 1

### Interpretation –

1. Any terms or expression used in this Guideline that is not defined in this Guideline:
  - Which is not defined in the Guideline and which is defined in any of the CBS's Prudential Statements shall, unless the context otherwise requires, have the meaning given to it by those prudential statements; and
  - Which is not defined in the Guidelines or any of the CBS's Prudential Statements shall, unless the context otherwise requires, be interpreted in accordance with generally accepted accounting principles.
2. In this Guideline:

#### **Managed Investment or Managed Investment Scheme (MIS) means that:**

- 1) people contribute money or money's worth as consideration to acquire rights (interest) to benefits produced or generated by the scheme; and
- 2) any of the contributions are to be pooled, or used in a common enterprise, to produce financial benefits for members who hold interests in the scheme; and
- 3) the members do not have day to day control over the operation of the scheme.

**Manager/Management Company** in relation to a Managed Investment Scheme, means the company in which is vested the powers and functions of the Manager of the Managed Investment Scheme under this Guideline.

**Trustee** means the persons approved as a Trustee of a Managed Investment Scheme in accordance with the Unit Trust Act and approved by the CBS

#### **Related Party/Parties means:**

- 1) the management company of the fund;
- 2) the trustee of the fund;
- 3) a director, chief officer of major shareholder of the management company; or
- 4) a person connected with any director, chief executive officer or major shareholder of the management company or a person connected with the management company or trustee.

**Board** refers to the persons duly appointed as Directors on the Board of a MIS

**Security/Securities** includes stock, bonds, bills, debentures and shares in a public company or corporation.