



Financial Services and Markets Act 2000

2000 CHAPTER 8

PART XVII

COLLECTIVE INVESTMENT SCHEMES

CHAPTER III

AUTHORISED UNIT TRUST SCHEMES

Applications for authorisation

242 Applications for authorisation of unit trust schemes.

- (1) Any application for an order declaring a unit trust scheme to be an authorised unit trust scheme must be made to the Authority by the manager and trustee, or proposed manager and trustee, of the scheme.
- (2) The manager and trustee (or proposed manager and trustee) must be different persons.
- (3) The application—
 - (a) must be made in such manner as the Authority may direct; and
 - (b) must contain or be accompanied by such information as the Authority may reasonably require for the purpose of determining the application.
- (4) At any time after receiving an application and before determining it, the Authority may require the applicants to provide it with such further information as it reasonably considers necessary to enable it to determine the application.
- (5) Different directions may be given, and different requirements imposed, in relation to different applications.
- (6) The Authority may require applicants to present information which they are required to give under this section in such form, or to verify it in such a way, as the Authority may direct.

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Modifications etc. (not altering text)

C1 S. 242 extended (1.12.2001) by S.I. 2001/3592, **arts. 1(2)**, 39(1) (with **art. 23(2)**)

Commencement Information

II S. 242 wholly in force at 1.12.2001; s. 242 not in force at Royal Assent see s. 431(2); s. 242(3) in force for specified purposes at 18.6.2001 by S.I. 2001/1820, **art. 2**, **Sch.**; s. 242 in force for specified purposes at 3.9.2001 by S.I. 2001/2632, **art. 2(2)**, **Sch. Pt. 2**; s. 242 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, **art. 2(1)**

243 Authorisation orders.

- (1) If, on an application under section 242 in respect of a unit trust scheme, the Authority—
 - (a) is satisfied that the scheme complies with the requirements set out in this section,
 - (b) is satisfied that the scheme complies with the requirements of the trust scheme rules, and
 - (c) has been provided with a copy of the trust deed and a certificate signed by a solicitor to the effect that it complies with such of the requirements of this section or those rules as relate to its contents,
 the Authority may make an order declaring the scheme to be an authorised unit trust scheme.
- (2) If the Authority makes an order under subsection (1), it must give written notice of the order to the applicant.
- (3) In this Chapter “authorisation order” means an order under subsection (1).
- (4) The manager and the trustee must be persons who are independent of each other.
- (5) The manager and the trustee must each—
 - (a) be a body corporate incorporated in the United Kingdom or another EEA State, and
 - (b) have a place of business in the United Kingdom,
 and the affairs of each must be administered in the country in which it is incorporated.
- (6) If the manager is incorporated in another EEA State, the scheme must not be one which satisfies the requirements prescribed for the purposes of section 264.
- (7) The manager and the trustee must each be an authorised person and the manager must have permission to act as manager and the trustee must have permission to act as trustee.
- (8) The name of the scheme must not be undesirable or misleading.
- (9) The purposes of the scheme must be reasonably capable of being successfully carried into effect.
- (10) The participants must be entitled to have their units redeemed in accordance with the scheme at a price—
 - (a) related to the net value of the property to which the units relate; and
 - (b) determined in accordance with the scheme.

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (11) But a scheme is to be treated as complying with subsection (10) if it requires the manager to ensure that a participant is able to sell his units on an investment exchange at a price not significantly different from that mentioned in that subsection.

Modifications etc. (not altering text)

C2 S. 243(1) extended (1.12.2001) by S.I. 2001/2636, arts. 1(2)(b), 65(1); S.I. 2001/3538, art. 2(1)

Commencement Information

I2 S. 243 wholly in force at 1.12.2001; s. 243 not in force at Royal Assent see s. 431(2); s. 243 in force for specified purposes at 3.9.2001 by S.I. 2001/2632, art. 2(2), Sch. Pt. 2; s. 243 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, art. 2(1)

244 Determination of applications.

- (1) An application under section 242 must be determined by the Authority before the end of the period of six months beginning with the date on which it receives the completed application.
- (2) The Authority may determine an incomplete application if it considers it appropriate to do so; and it must in any event determine such an application within twelve months beginning with the date on which it first receives the application.
- (3) The applicant may withdraw his application, by giving the Authority written notice, at any time before the Authority determines it.

Modifications etc. (not altering text)

C3 S. 244 applied (1.12.2001) by S.I. 2001/3592, arts. 1(2), 39(1) (with art. 23(2))

Commencement Information

I3 S. 244 wholly in force at 1.12.2001; s. 244 not in force at Royal Assent see s. 431(2); s. 244 in force for specified purposes at 3.9.2001 by S.I. 2001/2632, art. 2(2), Sch. Pt. 2; s. 244 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, art. 2(1)

Applications refused

245 Procedure when refusing an application.

- (1) If the Authority proposes to refuse an application made under section 242 it must give each of the applicants a warning notice.
- (2) If the Authority decides to refuse the application—
- (a) it must give each of the applicants a decision notice; and
 - (b) either applicant may refer the matter to the Tribunal.

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Commencement Information

- I4** S. 245 wholly in force at 1.12.2001; s. 245 not in force at Royal Assent see s. 431(2); s. 245 in force for specified purposes at 3.9.2001 by S.I. 2001/2632, art. 2(2), Sch. Pt. 2; s. 245 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, art. 2(1)

Certificates

246 Certificates.

- (1) If the manager or trustee of a unit trust scheme which complies with the conditions necessary for it to enjoy the rights conferred by any relevant Community instrument so requests, the Authority may issue a certificate to the effect that the scheme complies with those conditions.
- (2) Such a certificate may be issued on the making of an authorisation order in respect of the scheme or at any subsequent time.

Modifications etc. (not altering text)

- C4** S. 246 extended (1.12.2001) by S.I. 2001/2636, arts. 1(2)(b), 65(3); S.I. 2001/3538, art. 2(1)

Commencement Information

- I5** S. 246 wholly in force at 1.12.2001; s. 246 not in force at Royal Assent see s. 431(2); s. 246 in force for specified purposes at 3.9.2001 by S.I. 2001/2632, art. 2(2), Sch. Pt. 2; s. 246 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, art. 2(1)

Rules

247 Trust scheme rules.

- (1) The Authority may make rules (“trust scheme rules”) as to—
 - (a) the constitution, management and operation of authorised unit trust schemes;
 - (b) the powers, duties, rights and liabilities of the manager and trustee of any such scheme;
 - (c) the rights and duties of the participants in any such scheme; and
 - (d) the winding up of any such scheme.
- (2) Trust scheme rules may, in particular, make provision—
 - (a) as to the issue and redemption of the units under the scheme;
 - (b) as to the expenses of the scheme and the means of meeting them;
 - (c) for the appointment, removal, powers and duties of an auditor for the scheme;
 - (d) for restricting or regulating the investment and borrowing powers exercisable in relation to the scheme;
 - (e) requiring the keeping of records with respect to the transactions and financial position of the scheme and for the inspection of those records;
 - (f) requiring the preparation of periodical reports with respect to the scheme and the provision of those reports to the participants and to the Authority; and

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (g) with respect to the amendment of the scheme.
- (3) Trust scheme rules may make provision as to the contents of the trust deed, including provision requiring any of the matters mentioned in subsection (2) to be dealt with in the deed.
- (4) But trust scheme rules are binding on the manager, trustee and participants independently of the contents of the trust deed and, in the case of the participants, have effect as if contained in it.
- (5) If—
- (a) a modification is made of the statutory provisions in force in Great Britain or Northern Ireland relating to companies,
 - (b) the modification relates to the rights and duties of persons who hold the beneficial title to any shares in a company without also holding the legal title, and
 - (c) it appears to the Treasury that, for the purpose of assimilating the law relating to authorised unit trust schemes to the law relating to companies as so modified, it is expedient to modify the rule-making powers conferred on the Authority by this section,
- the Treasury may by order make such modifications of those powers as they consider appropriate.

248 Scheme particulars rules.

- (1) The Authority may make rules (“scheme particulars rules”) requiring the manager of an authorised unit trust scheme—
- (a) to submit scheme particulars to the Authority; and
 - (b) to publish scheme particulars or make them available to the public on request.
- (2) “Scheme particulars” means particulars in such form, containing such information about the scheme and complying with such requirements, as are specified in scheme particulars rules.
- (3) Scheme particulars rules may require the manager of an authorised unit trust scheme to submit, and to publish or make available, revised or further scheme particulars if there is a significant change affecting any matter—
- (a) which is contained in scheme particulars previously published or made available; and
 - (b) whose inclusion in those particulars was required by the rules.
- (4) Scheme particulars rules may require the manager of an authorised unit trust scheme to submit, and to publish or make available, revised or further scheme particulars if—
- (a) a significant new matter arises; and
 - (b) the inclusion of information in respect of that matter would have been required in previous particulars if it had arisen when those particulars were prepared.
- (5) Scheme particulars rules may provide for the payment, by the person or persons who in accordance with the rules are treated as responsible for any scheme particulars, of compensation to any qualifying person who has suffered loss as a result of—
- (a) any untrue or misleading statement in the particulars; or
 - (b) the omission from them of any matter required by the rules to be included.

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (6) “Qualifying person” means a person who—
- (a) has become or agreed to become a participant in the scheme; or
 - (b) although not being a participant, has a beneficial interest in units in the scheme.
- (7) Scheme particulars rules do not affect any liability which any person may incur apart from the rules.

249 Disqualification of auditor for breach of trust scheme rules.

- (1) If it appears to the Authority that an auditor has failed to comply with a duty imposed on him by trust scheme rules, it may disqualify him from being the auditor for any authorised unit trust scheme or authorised open-ended investment company.
- (2) Subsections (2) to (5) of section 345 have effect in relation to disqualification under subsection (1) as they have effect in relation to disqualification under subsection (1) of that section.

Modifications etc. (not altering text)

- C5** S. 249(1) applied (with modifications) (N.I.) (1.11.2004) by Open-Ended Investment Companies Regulations (Northern Ireland) (S.R. 2004/335), regs. 1(1)(b), 69, {Sch. 5 para. 20} (with reg. 1(2))

250 Modification or waiver of rules.

- (1) In this section “rules” means—
 - (a) trust scheme rules; or
 - (b) scheme particulars rules.
- (2) The Authority may, on the application or with the consent of any person to whom any rules apply, direct that all or any of the rules—
 - (a) are not to apply to him as respects a particular scheme; or
 - (b) are to apply to him, as respects a particular scheme, with such modifications as may be specified in the direction.
- (3) The Authority may, on the application or with the consent of the manager and trustee of a particular scheme acting jointly, direct that all or any of the rules—
 - (a) are not to apply to the scheme; or
 - (b) are to apply to the scheme with such modifications as may be specified in the direction.
- (4) Subsections (3) to (9) and (11) of section 148 have effect in relation to a direction under subsection (2) as they have effect in relation to a direction under section 148(2) but with the following modifications—
 - (a) subsection (4)(a) is to be read as if the words “by the authorised person” were omitted;
 - (b) any reference to the authorised person (except in subsection (4)(a)) is to be read as a reference to the person mentioned in subsection (2); and
 - (c) subsection (7)(b) is to be read, in relation to a participant of the scheme, as if the word “commercial” were omitted.

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (5) Subsections (3) to (9) and (11) of section 148 have effect in relation to a direction under subsection (3) as they have effect in relation to a direction under section 148(2) but with the following modifications—
- (a) subsection (4)(a) is to be read as if the words “by the authorised person” were omitted;
 - (b) subsections (7)(b) and (11) are to be read as if references to the authorised person were references to each of the manager and the trustee of the scheme;
 - (c) subsection (7)(b) is to be read, in relation to a participant of the scheme, as if the word “commercial” were omitted;
 - (d) subsection (8) is to be read as if the reference to the authorised person concerned were a reference to the scheme concerned and to its manager and trustee; and
 - (e) subsection (9) is to be read as if the reference to the authorised person were a reference to the manager and trustee of the scheme acting jointly.

Modifications etc. (not altering text)

C6 S. 250(2) amended (*temp.* from 3.9.2001 to 1.12.2001) by S.I. 2001/2659, arts. 1(2), 3(6); S.I. 2001/3538, art. 2(1)

Alterations

251 Alteration of schemes and changes of manager or trustee.

- (1) The manager of an authorised unit trust scheme must give written notice to the Authority of any proposal to alter the scheme or to replace its trustee.
- (2) Any notice given in respect of a proposal to alter the scheme involving a change in the trust deed must be accompanied by a certificate signed by a solicitor to the effect that the change will not affect the compliance of the deed with the trust scheme rules.
- (3) The trustee of an authorised unit trust scheme must give written notice to the Authority of any proposal to replace the manager of the scheme.
- (4) Effect is not to be given to any proposal of which notice has been given under subsection (1) or (3) unless—
 - (a) the Authority, by written notice, has given its approval to the proposal; or
 - (b) one month, beginning with the date on which the notice was given, has expired without the manager or trustee having received from the Authority a warning notice under section 252 in respect of the proposal.
- (5) The Authority must not approve a proposal to replace the manager or the trustee of an authorised unit trust scheme unless it is satisfied that, if the proposed replacement is made, the scheme will continue to comply with the requirements of section 243(4) to (7).

Modifications etc. (not altering text)

C7 S. 251 amended (*temp.* from 3.9.2001 to 1.12.2001) by S.I. 2001/2659, arts. 1(2), 3(7); S.I. 2001/3538, art. 2(1)

C8 S. 251(1) extended (1.12.2001) by S.I. 2001/3592, arts. 1(2), 40(1) (with art. 23(2))

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

C9 S. 251(3) extended (1.12.2001) by S.I. 2001/3592, arts. 1(2), 41(1) (with art. 23(2))

Commencement Information

I6 S. 251 wholly in force at 1.12.2001; s. 251 not in force at Royal Assent see s. 431(2); s. 251 (except subsection (4)(b)) in force for specified purposes at 3.9.2001 by S.I. 2001/2632, art. 2(2), Sch. Pt. 2; s. 251 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, art. 2(1)

252 Procedure when refusing approval of change of manager or trustee.

- (1) If the Authority proposes to refuse approval of a proposal to replace the trustee or manager of an authorised unit trust scheme, it must give a warning notice to the person by whom notice of the proposal was given under section 251(1) or (3).
- (2) If the Authority proposes to refuse approval of a proposal to alter an authorised unit trust scheme it must give separate warning notices to the manager and the trustee of the scheme.
- (3) To be valid the warning notice must be received by that person before the end of one month beginning with the date on which notice of the proposal was given.
- (4) If, having given a warning notice to a person, the Authority decides to refuse approval—
 - (a) it must give him a decision notice; and
 - (b) he may refer the matter to the Tribunal.

Modifications etc. (not altering text)

- C10** S. 252 amended (*temp.* from 3.9.2001 to 1.12.2001) by S.I. 2001/2659, arts. 1(2), 3(7); S.I. 2001/3538, art. 2(1)
- C11** S. 252(3) modified (1.12.2001) by S.I. 2001/3592, arts. 1(2), 40(3), 41(2) (with art. 23(2))

Commencement Information

I7 S. 252 wholly in force at 1.12.2001; s. 252 not in force at Royal Assent see s. 431(2); s. 252 in force for specified purposes at 3.9.2001 by S.I. 2001/2632, art. 2(2), Sch. Pt. 2; s. 252 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, art. 2(1)

VALID FROM 01/07/2011

^{F1}_{F1} 252A Proposal to convert to a non-feeder UCITS

- (1) This section applies where the manager of an authorised unit trust scheme which is a feeder UCITS proposes to make an alteration to the scheme which—
 - (a) involves a change in the trust deed, and
 - (b) will enable the scheme to convert into a UCITS which is not a feeder UCITS.
- (2) The manager must give written notice of the proposal to the Authority.
- (3) Any notice given in respect of such a proposal must be accompanied by—
 - (a) a certificate signed by a solicitor to the effect that the change will not affect the compliance of the deed with the trust scheme rules; and
 - (b) the specified information.

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (4) The Authority must, within 15 working days after the date on which it received the notice under subsection (2), give—
 - (a) written notice to the manager of the scheme that the Authority approves the proposed amendments to the trust deed, or
 - (b) separate warning notices to the manager and trustee of the scheme that the Authority proposes to refuse approval of the proposed amendments.
- (5) Effect is not to be given to any proposal of which notice has been given under subsection (2) unless the Authority, by written notice, has given its approval to the proposal.
- (6) If, having given a warning notice to a person, the Authority decides to refuse approval—
 - (a) it must give that person a decision notice; and
 - (b) that person may refer the matter to the Tribunal.
- (7) Subsection (8) applies where—
 - (a) the notice given under subsection (2) relates to a proposal to amend the trust deed of a feeder UCITS to enable it to convert into a UCITS which is not a feeder UCITS following the winding-up of its master UCITS; and
 - (b) the proceeds of the winding-up are to be paid to the feeder UCITS before the date on which the feeder UCITS proposes to start investing in accordance with the new investment objectives and policy provided for in its amended trust deed and scheme rules.
- (8) Where this subsection applies, the Authority may only approve the proposal subject to the conditions set out in section 283A(5) and (6).
- (9) In this section, “specified” means—
 - (a) specified in rules made by the Authority to implement the UCITS directive, or
 - (b) specified in any directly applicable Community regulation or decision made under the UCITS directive.]]

Textual Amendments

- F1** S. 252A inserted (1.7.2011) by The Undertakings for Collective Investment in Transferable Securities Regulations 2011 (S.I. 2011/1613), reg. 2(19)

Exclusion clauses

253 Avoidance of exclusion clauses.

Any provision of the trust deed of an authorised unit trust scheme is void in so far as it would have the effect of exempting the manager or trustee from liability for any failure to exercise due care and diligence in the discharge of his functions in respect of the scheme.

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Ending of authorisation

254 Revocation of authorisation order otherwise than by consent.

- (1) An authorisation order may be revoked by an order made by the Authority if it appears to the Authority that—
- (a) one or more of the requirements for the making of the order are no longer satisfied;
 - (b) the manager or trustee of the scheme concerned has contravened a requirement imposed on him by or under this Act;
 - (c) the manager or trustee of the scheme has, in purported compliance with any such requirement, knowingly or recklessly given the Authority information which is false or misleading in a material particular;
 - (d) no regulated activity is being carried on in relation to the scheme and the period of that inactivity began at least twelve months earlier; or
 - (e) none of paragraphs (a) to (d) applies, but it is desirable to revoke the authorisation order in order to protect the interests of participants or potential participants in the scheme.
- (2) For the purposes of subsection (1)(e), the Authority may take into account any matter relating to—
- (a) the scheme;
 - (b) the manager or trustee;
 - (c) any person employed by or associated with the manager or trustee in connection with the scheme;
 - (d) any director of the manager or trustee;
 - (e) any person exercising influence over the manager or trustee;
 - (f) any body corporate in the same group as the manager or trustee;
 - (g) any director of any such body corporate;
 - (h) any person exercising influence over any such body corporate.

Modifications etc. (not altering text)

- C12** S. 254 applied (with modifications) (1.12.2001) by S.I. 2001/3592, **arts. 1(2)**, 46(4)(5) (with art. 23(2))
- C13** S. 254(1)(a) modified (1.12.2001) by S.I. 2001/2636, **arts. 1(2)(b)**, 65(2); S.I. 2001/3538, **art. 2(1)**
- C14** S. 254(1)(d) excluded (*temp.* from 3.9.2001 to 1.12.2001) by S.I. 2001/2659, **arts. 1(2)**, 3(2); S.I. 2001/3538, **art. 2(1)**

255 Procedure.

- (1) If the Authority proposes to make an order under section 254 revoking an authorisation order (“a revoking order”), it must give separate warning notices to the manager and the trustee of the scheme.
- (2) If the Authority decides to make a revoking order, it must without delay give each of them a decision notice and either of them may refer the matter to the Tribunal.

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Modifications etc. (not altering text)

C15 S. 255(1) extended (1.12.2001) by S.I. 2001/3592, arts. 1(2), 46(1) (with art. 23(2))

256 Requests for revocation of authorisation order.

- (1) An authorisation order may be revoked by an order made by the Authority at the request of the manager or trustee of the scheme concerned.
- (2) If the Authority makes an order under subsection (1), it must give written notice of the order to the manager and trustee of the scheme concerned.
- (3) The Authority may refuse a request to make an order under this section if it considers that—
 - (a) the public interest requires that any matter concerning the scheme should be investigated before a decision is taken as to whether the authorisation order should be revoked; or
 - (b) revocation would not be in the interests of the participants or would be incompatible with a Community obligation.
- (4) If the Authority proposes to refuse a request under this section, it must give separate warning notices to the manager and the trustee of the scheme.
- (5) If the Authority decides to refuse the request, it must without delay give each of them a decision notice and either of them may refer the matter to the Tribunal.

Modifications etc. (not altering text)

C16 S. 256(1) extended (1.12.2001) by S.I. 2001/3592, arts. 1(2), 46(6) (with art. 23(2))

Powers of intervention

257 Directions.

- (1) The Authority may give a direction under this section if it appears to the Authority that—
 - (a) one or more of the requirements for the making of an authorisation order are no longer satisfied;
 - (b) the manager or trustee of an authorised unit trust scheme has contravened, or is likely to contravene, a requirement imposed on him by or under this Act;
 - (c) the manager or trustee of such a scheme has, in purported compliance with any such requirement, knowingly or recklessly given the Authority information which is false or misleading in a material particular; or
 - (d) none of paragraphs (a) to (c) applies, but it is desirable to give a direction in order to protect the interests of participants or potential participants in such a scheme.
- (2) A direction under this section may—
 - (a) require the manager of the scheme to cease the issue or redemption, or both the issue and redemption, of units under the scheme;

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) require the manager and trustee of the scheme to wind it up.
- (3) If the authorisation order is revoked, the revocation does not affect any direction under this section which is then in force.
- (4) A direction may be given under this section in relation to a scheme in the case of which the authorisation order has been revoked if a direction under this section was already in force at the time of revocation.
- (5) If a person contravenes a direction under this section, section 150 applies to the contravention as it applies to a contravention mentioned in that section.
- (6) The Authority may, either on its own initiative or on the application of the manager or trustee of the scheme concerned, revoke or vary a direction given under this section if it appears to the Authority—
 - (a) in the case of revocation, that it is no longer necessary for the direction to take effect or continue in force;
 - (b) in the case of variation, that the direction should take effect or continue in force in a different form.

Modifications etc. (not altering text)

- C17** S. 257(1) extended (1.12.2001) by [S.I. 2001/2636](#), [arts. 1\(2\)\(b\)](#), 69(1); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- C18** S. 257(1)(b) amended (*temp.* from 3.9.2001 to 1.12.2001) by [S.I. 2001/2659](#), [arts. 1\(2\)](#), 3(7); [S.I. 2001/3538](#), [art. 2\(1\)](#)
- C19** S. 257(6) extended (1.12.2001) by [S.I. 2001/2636](#), [arts. 1\(2\)\(b\)](#), 69(3); [S.I. 2001/3538](#), [art. 2\(1\)](#)

Commencement Information

- I8** S. 257 wholly in force at 1.12.2001; s. 257 not in force at Royal Assent see s. 431(2); s. 257 in force for specified purposes at 3.9.2001 by [S.I. 2001/2632](#), [art. 2\(2\)](#), [Sch. Pt. 2](#); s. 257 in force in so far as not already in force at 1.12.2001 by [S.I. 2001/3538](#), [art. 2\(1\)](#)

258 Applications to the court.

- (1) If the Authority could give a direction under section 257, it may also apply to the court for an order—
 - (a) removing the manager or the trustee, or both the manager and the trustee, of the scheme; and
 - (b) replacing the person or persons removed with a suitable person or persons nominated by the Authority.
- (2) The Authority may nominate a person for the purposes of subsection (1)(b) only if it is satisfied that, if the order was made, the requirements of section 243(4) to (7) would be complied with.
- (3) If it appears to the Authority that there is no person it can nominate for the purposes of subsection (1)(b), it may apply to the court for an order—
 - (a) removing the manager or the trustee, or both the manager and the trustee, of the scheme; and
 - (b) appointing an authorised person to wind up the scheme.
- (4) On an application under this section the court may make such order as it thinks fit.

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (5) The court may, on the application of the Authority, rescind any such order as is mentioned in subsection (3) and substitute such an order as is mentioned in subsection (1).
- (6) The Authority must give written notice of the making of an application under this section to the manager and trustee of the scheme concerned.
- (7) The jurisdiction conferred by this section may be exercised by—
 - (a) the High Court;
 - (b) in Scotland, the Court of Session.

VALID FROM 01/07/2011

^{F2}[^{F2}258A] **Winding up or merger of master UCITS**

- (1) Subsection (2) applies if a master UCITS which has one or more feeder UCITS which are authorised unit trust schemes is wound up, whether as a result of a direction given by the Authority under section 257, an order of the court under section 258, rules made by the Authority or otherwise.
- (2) The Authority must direct the manager and trustee of any authorised unit trust scheme which is a feeder UCITS of the master UCITS to wind up the feeder UCITS unless—
 - (a) the Authority approves under section 283A the investment by the feeder UCITS of at least 85% of the total property which is subject to the collective investment scheme constituted by the feeder UCITS in units of another UCITS or master UCITS; or
 - (b) the Authority approves under section 252A an amendment of the trust deed of the feeder UCITS which would enable it to convert into a UCITS which is not a feeder UCITS.
- (3) Subsection (4) applies if a master UCITS which has one or more feeder UCITS which are authorised unit trust schemes—
 - (a) merges with another UCITS, or
 - (b) is divided into two or more UCITS.
- (4) The Authority must direct the manager and trustee of any authorised unit trust scheme which is a feeder UCITS of the master UCITS to wind up the scheme unless—
 - (a) the Authority approves under section 283A the investment by the scheme of at least 85% of the total property which is subject to the collective investment scheme constituted by the feeder UCITS in the units of—
 - (i) the master UCITS which results from the merger;
 - (ii) one of the UCITS resulting from the division; or
 - (iii) another UCITS or master UCITS;
 - (b) the Authority approves under section 252A an amendment of the trust deed of the scheme which would enable it to convert into a UCITS which is not a feeder UCITS.]]

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

- F2** S. 258A inserted (1.7.2011) by The Undertakings for Collective Investment in [Transferable Securities Regulations 2011 \(S.I. 2011/1613\)](#), [reg. 2\(21\)](#)

259 Procedure on giving directions under section 257 and varying them on Authority's own initiative.

- (1) A direction takes effect—
 - (a) immediately, if the notice given under subsection (3) states that that is the case;
 - (b) on such date as may be specified in the notice; or
 - (c) if no date is specified in the notice, when the matter to which it relates is no longer open to review.
- (2) A direction may be expressed to take effect immediately (or on a specified date) only if the Authority, having regard to the ground on which it is exercising its power under section 257, considers that it is necessary for the direction to take effect immediately (or on that date).
- (3) If the Authority proposes to give a direction under section 257, or gives such a direction with immediate effect, it must give separate written notice to the manager and the trustee of the scheme concerned.
- (4) The notice must—
 - (a) give details of the direction;
 - (b) inform the person to whom it is given of when the direction takes effect;
 - (c) state the Authority's reasons for giving the direction and for its determination as to when the direction takes effect;
 - (d) inform the person to whom it is given that he may make representations to the Authority within such period as may be specified in it (whether or not he has referred the matter to the Tribunal); and
 - (e) inform him of his right to refer the matter to the Tribunal.
- (5) If the direction imposes a requirement under section 257(2)(a), the notice must state that the requirement has effect until—
 - (a) a specified date; or
 - (b) a further direction.
- (6) If the direction imposes a requirement under section 257(2)(b), the scheme must be wound up—
 - (a) by a date specified in the notice; or
 - (b) if no date is specified, as soon as practicable.
- (7) The Authority may extend the period allowed under the notice for making representations.
- (8) If, having considered any representations made by a person to whom the notice was given, the Authority decides—
 - (a) to give the direction in the way proposed, or
 - (b) if it has been given, not to revoke the direction,

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

it must give separate written notice to the manager and the trustee of the scheme concerned.

- (9) If, having considered any representations made by a person to whom the notice was given, the Authority decides—
- (a) not to give the direction in the way proposed,
 - (b) to give the direction in a way other than that proposed, or
 - (c) to revoke a direction which has effect,

it must give separate written notice to the manager and the trustee of the scheme concerned.

- (10) A notice given under subsection (8) must inform the person to whom it is given of his right to refer the matter to the Tribunal.
- (11) A notice under subsection (9)(b) must comply with subsection (4).
- (12) If a notice informs a person of his right to refer a matter to the Tribunal, it must give an indication of the procedure on such a reference.
- (13) This section applies to the variation of a direction on the Authority's own initiative as it applies to the giving of a direction.
- (14) For the purposes of subsection (1)(c), whether a matter is open to review is to be determined in accordance with section 391(8).

Commencement Information

- I9** S. 259 wholly in force at 1.12.2001; s. 259 not in force at Royal Assent see s. 431(2); s. 259 in force for specified purposes at 3.9.2001 by S.I. 2001/2632, art. 2(2), Sch. Pt. 2; s. 259 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, art. 2(1)

260 Procedure: refusal to revoke or vary direction.

- (1) If on an application under section 257(6) for a direction to be revoked or varied the Authority proposes—
- (a) to vary the direction otherwise than in accordance with the application, or
 - (b) to refuse to revoke or vary the direction,
- it must give the applicant a warning notice.
- (2) If the Authority decides to refuse to revoke or vary the direction—
- (a) it must give the applicant a decision notice; and
 - (b) the applicant may refer the matter to the Tribunal.

Commencement Information

- I10** S. 260 wholly in force at 1.12.2001; s. 260 not in force at Royal Assent see s. 431(2); s. 260 in force for specified purposes at 3.9.2001 by S.I. 2001/2632, art. 2(2), Sch. Pt. 2; s. 260 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, art. 2(1)

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

261 Procedure: revocation of direction and grant of request for variation.

- (1) If the Authority decides on its own initiative to revoke a direction under section 257 it must give separate written notices of its decision to the manager and trustee of the scheme.
- (2) If on an application under section 257(6) for a direction to be revoked or varied the Authority decides to revoke the direction or vary it in accordance with the application, it must give the applicant written notice of its decision.
- (3) A notice under this section must specify the date on which the decision takes effect.
- (4) The Authority may publish such information about the revocation or variation, in such way, as it considers appropriate.

Commencement Information

- I11** S. 261 wholly in force at 1.12.2001; s. 261 not in force at Royal Assent see s. 431(2); s. 261 in force for specified purposes at 3.9.2001 by S.I. 2001/2632, art. 2 Sch. Pt. 2; s. 261 in force in so far as not already in force at 1.12.2001 by S.I. 2001/3538, art. 2(1)

VALID FROM 01/07/2011

^{F3} **Information for home state regulator**

^{F3} 261A

- (1) Subsection (2) applies if, in accordance with rules made by the Authority to implement Article 66 of the UCITS directive, the Authority is informed by the manager of an authorised unit trust scheme which is a master UCITS that a feeder UCITS which invests in units of the scheme is an EEA UCITS.
- (2) The Authority must immediately inform the home state regulator of the feeder UCITS of the investment made by that UCITS in the master UCITS.]

Textual Amendments

- F3** Ss. 261A, 261B inserted (1.7.2011) by The Undertakings for Collective Investment in Transferable Securities Regulations 2011 (S.I. 2011/1613), reg. 2(23)

VALID FROM 01/07/2011

261B Information for feeder UCITS

- (1) The Authority must immediately inform the operator of any authorised unit trust scheme which is a feeder UCITS of an authorised unit trust scheme or an authorised open-ended investment company (the master UCITS) of—
 - (a) any failure of which the Authority becomes aware by the master UCITS to comply with a provision made in implementation of Chapter VIII of the UCITS directive;

Status: Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation: Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) any warning notice or decision notice given to the master UCITS in relation to a contravention of any provision made in implementation of Chapter VIII of the UCITS directive by or under any enactment or in rules of the Authority;
 - (c) any information reported to the Authority pursuant to rules of the Authority made to implement Article 106(1) of the UCITS directive which relates to the master UCITS, or to one or more of its directors, or its management company, trustee, depositary or auditor.
- (2) The Authority must immediately inform the operator of any authorised unit trust scheme which is a feeder UCITS of an EEA UCITS of any information received from the home state regulator of the EEA UCITS in relation to—
- (a) any failure by the EEA UCITS to comply with any requirement in Chapter VIII of the UCITS directive;
 - (b) any decision or measure imposed on the EEA UCITS under provisions implementing Chapter VIII of the UCITS directive;
 - (c) any information reported to the home state regulator pursuant to Article 106(1) of the UCITS directive relating to the EEA UCITS, its operator, depositary or auditor.
- (3) Where the Authority has the information described in subsection (1)(a), (b) or (c) in relation to an authorised unit trust scheme which is a master UCITS for one or more feeder UCITS which are EEA UCITS, the Authority must immediately give that information to the home state regulator of each feeder UCITS established outside the United Kingdom.]

Textual Amendments

- F3** Ss. 261A, 261B inserted (1.7.2011) by The Undertakings for Collective Investment in [Transferable Securities Regulations 2011 \(S.I. 2011/1613\)](#), **reg. 2(23)**

Status:

Point in time view as at 01/04/2002. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation:

Financial Services and Markets Act 2000, Chapter III is up to date with all changes known to be in force on or before 27 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.