



LESOTHO

Government Gazette

Vol. 63

Friday – 29th June, 2018

No. 47

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Published by the Authority of His Majesty the King
Price: M49:00

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LEGAL NOTICE NO. 49 OF 2018

**Central Bank of Lesotho (Collective Investment Schemes)
Regulations, 2018**

Pursuant to sections 6(j) and 69 of the Central Bank of Lesotho Act, 2000¹, and in consultation with the Minister of Finance, I,

DR. RETŠELISITSOE MATLANYANE

Governor of the Central Bank, make the following regulations:

PART I - PRELIMINARY**Citation and commencement**

1. These Regulations may be cited as the Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2018 and shall come into operation on the date of publication in the Gazette.

Interpretation

2. In these Regulations, unless the context otherwise requires:

“agent” means a person who is not employed by the licensee but who has the authority from the licensee to act on its behalf;

“asset manager” means legal entity under the agreement with another person, which applies the assets of the other person by way of investment, whether in its own name or of the other person; but does not include a custodian or a trustee;

“auditor” means a member of the Lesotho Institute of Accountants certified to provide or attest auditing functions recognized by the Lesotho Institute of Accountants;

“bank” means an institution that is licensed as a bank under the Financial Institutions Act, 2012²;

“Closed ended Collective Investment Scheme” means a Collective In-

vestment Scheme whose participatory interests are not redeemable from the fund;

“collective investment scheme” means a scheme, in whatever form, where members of the public are invited or permitted to invest money or other assets in a portfolio, and which scheme has the following characteristics:

- (a) two or more investors contribute money or other assets and hold a participatory interest in a portfolio of the scheme through shares, units or any other form of participatory interest; and
- (b) the investors share the risk and benefit of investment in proportion to their participatory interest in a portfolio of a scheme or any other basis determined in the Collective Investment Scheme contract.

“custodian” means a bank that is licensed by the Registrar to provide custodial services in terms of the Financial Institutions Act, 2012;

“feeder fund” means a collective investment scheme generated by one asset manager to invest in another collective investment scheme;

“fund of funds” means a collective investment scheme generated to invest in more than one collective investment scheme;

“Registrar” means the Central Bank of Lesotho as established in terms of the Central Bank of Lesotho Act 2000;

“holding company” means a company that has as its main function to own and control other companies;

“IFRS” means International Financial Reporting Standards;

“licensee” means any person licensed under these Regulations;

“manager” means a natural person with management responsibility and who is either the Chief Executive Officer or under the immediate supervision of the Chief Executive Officer in the day-to-day operations of a

company;

“money market instrument” means a financial instrument, with a term of maturity not exceeding one year;

“net-asset value” means the gross value of assets minus any liabilities or costs;

“person” means a natural or legal person;

“participatory interest” means any interest, share, whether called a unit or by any other name, and whether the value of such interest, unit, or share remains constant or varies from time to time, which may be acquired by an investor in a portfolio;

“portfolio” means a group of assets including any amount of cash in which members of the public are invited or permitted by a manager to acquire a participatory interest;

“prospectus” has the same meaning as assigned to it under the Companies Act of 2011;

“Registrar” means the Central Bank of Lesotho established under the Central Bank of Lesotho Act 2000;

“related party” means a legal or natural person that is related to an asset manager by reason of being -

- (a) a member of the board of directors or employed by the company;
- (b) a member of the company’s audit committee;
- (c) a significant owner of the company;
- (d) an ultimate controller of the company;
- (e) a spouse or relative, up to the third degree of consanguinity, of -

- (i) a member of the board of directors or audit committee;
 - (ii) an employee of the company;
 - (iii) a significant owner of the company;
 - (iv) an ultimate controller of the company; or
 - (v) the company's special administrator in accordance with subregulation 49(1)), or;
- (f) a person who has the right to make decisions or influence decisions for the company, either under a contract between the parties or any other reason;

“significant owner” means any person who exercises rights or has effective control over shares which represent five percent or more of the share capital in the asset manager or would give the person five percent or more of the total voting rights in the company;

“ultimate controller” means any person, regardless of whether the person is a Lesotho national or foreign national, who exercises any influence on a licensee, either directly or indirectly through a third party;

“investor” means a person who owns a participatory interest in a Collective Investment Scheme; and

“derivative instrument” means a financial instrument whose value is derived from an underlying asset;

“Open ended Collective Investment Scheme” means a Collective Investment Scheme whose members may exit or new members can join at any time without pre-determined period and redeemable from the fund.

Application

3. These Regulations shall apply to collective investment schemes, asset managers and collective investment scheme agents.

PART II - LICENSING REQUIREMENTS**Licensing of an asset manager**

4. An application for licensing of an asset manager shall consist of -
- (a) an application form as set out in Schedule A;
 - (b) details of the proposed custodian as set out in Schedule B;
 - (c) payment of all fees as shall be prescribed by the Registrar;
 - (d) documents evidencing that the company satisfies capital requirements including a description of the source of the funding as specified under part III;
 - (e) fit and proper test questionnaire on the company's significant owners, directors, ultimate controller, principal officer, manager and fund manager as determined by the Registrar from time to time;
 - (f) the business plan for the applicant which includes -
 - (i) a description of the business,
 - (ii) the projected development of the business including its financial plan for a minimum of three years;
 - (iii) products or services to be offered;
 - (iv) marketing plan;
 - (v) operational plan including reporting arrangements to its management;
 - (vi) risk management policy detailing how the applicant will address the relevant risks such as oper-

ational risk, agency risk, compliance risk and reputational risk;

- (vii) full description of administration systems to be used;
- (viii) a copy of service level agreement in the event that any part of the administration is being outsourced;
- (g) professional indemnity as may be prescribed by the Registrar; and
- (h) any other information that may be required by the Registrar in support of the application.

Licensing of a collective investment scheme

5. An application for licensing of a collective investment scheme shall consist of -

- (1) (a) an application form as set out in Schedule C,
- (b) payment of all fees as may be prescribed by the Registrar,
- (c) a copy of a draft contract and prospectus of the collective investment scheme,
- (d) details of an asset manager of the collective investment scheme,
- (e) detailed description of all sales, service fees and other charges levied to investors,
- (f) description of securities to be invested by the scheme,
- (g) The description of whether the scheme is proposed to be

- (i) open end,
 - (ii) closed end, or
 - (iii) any other form
- (h) in case of a feeder fund or a fund of funds -
- (i) name of the other collective investment scheme,
 - (ii) rationale for investing in the other collective investment scheme,
 - (iii) investment objective, and
 - (iv) regulatory authority of the other scheme
- (i) The Registrar may require an applicant to furnish such additional information and documents, or require such information to be verified, as the Registrar deems necessary.

(2) The Registrar may approve a foreign collective investment scheme and impose such conditions as it deems fit.

Licensing of a collective investment scheme agent

6. An application for licensing of a collective investment scheme agent shall consist of -

- (a) an application form as set out in Schedule D for Corporate agent and Schedule E for Individual agent,
- (b) payment of all fees as may be prescribed by the Registrar,
- (c) fit and proper test questionnaire,
- (d) fit and proper test questionnaire for directors, the Chief Executive Officer and the manager, if the agent is a company;

- (e) professional indemnity, if the agent is a company,
- (f) The Registrar may require an applicant to furnish such additional information as may deem necessary.

Liability in a collective investment scheme

7. (1) A collective investment scheme agent shall not market or sell participatory interest in a Collective Investment Scheme on behalf of an asset manager, unless -

- (a) a Collective Investment Scheme agent has an agency agreement with an asset manager;
- (b) the asset manager accepts responsibility for the acts performed by the Collective Investment Scheme individual agent within the scope of the agreement;
- (c) the asset manager maintains a register of its Collective Investment Scheme agents that are acting on behalf of the Collective Investment Scheme and such register contains the name, address and contacts of the agent;
- (d) the asset manager continually updates the register and make it available to the Registrar;

(2) The asset manager shall inform the Registrar in writing within three business days after the termination of the contract of the name of a Collective Investment Scheme agent from its register.

Duration and nature of licence

8. (1) A licence granted by the Registrar under these regulations shall remain valid for a period of one (1) year unless it is revoked by the Registrar or surrendered by the licensee.

(2) After having received the licence, the licensee is required to give written notice to the Registrar within five (5) working days of any material change relating to any of the information provided to the Registrar when applying for the licence:

(3) The Registrar shall review any change described in sub-regulation (2) and decide whether the licensee still qualifies for the licence after the changes.

Renewal of a licence

9. An application for renewal of licence issued in accordance with these Regulations shall -

- (a) be submitted ninety (90) days before expiry,
- (b) be submitted on such form as shall be prescribed by the Registrar, and
- (c) meet such conditions as may be prescribed by the Registrar.

Processing a licence application

10. (1) The Registrar reserves the right to approve or deny an application made under this regulations.

(2) In denying the application, the Registrar shall give reasons or may require further information where circumstances permit.

PART III - CAPITAL REQUIREMENTS

The capital requirement for an asset manager

11. (1) An asset manager shall at all times have unimpaired capital of not less than two million Maloti in liquid form.

(2) The capital of the asset manager in sub-regulation (1) shall be calculated by deducting the liabilities from the assets on the balance sheet of the asset manager.

(3) Notwithstanding sub-regulation (1), the Registrar may require the asset manager to increase its capital, as value of assets being managed increases.

(4) An asset manager shall, upon realising that its capital falls below the levels specified in subregulation (1), notify the Registrar of the shortfall.

(5) The Registrar may engage appropriate preventive and corrective measures provided for in regulation 46 where capital has fallen below the levels specified in subregulation (1).

(6) The asset manager shall have a risk monitoring process in place that enables it to assess as frequently as needed any risk to its capital and assets it manages.

PART IV - BUSINESS ACTIVITIES & STRUCTURE OF COLLECTIVE INVESTMENT SCHEME

The form and structure of Collective Investment Scheme

12. The structure of a Collective Investment Scheme shall consist of the following -

- (a) an asset manager who is licensed by the Registrar;
- (b) the collective investment scheme which shall have a legal personality and be required to hold in its name and on behalf of investors, the assets in which it has invested;
- (c) a trustee or custodian who shall ensure compliance with the investment policy;
- (d) an auditor who shall conduct an annual audit in terms of the requirements to safeguard interests of investors; and
- (e) agents who may be appointed to sell participatory interest in a collective investment scheme; and
- (f) a separate operational trust account controlled by the custodian or a trustee for each or for all the portfolios administered under its collective investment scheme.

Administration of collective investment scheme

13. (1) The asset manager shall determine and disclose the investment strategy of the pool of funds to the contributors by way of a prospectus.

(2) The investment strategy shall describe the types of instruments, geographical area and market sectors, in which the collective investment scheme's assets will be invested as well as the risk profile of the scheme.

(3) The collective investment scheme investment strategy shall be approved by the Board of Directors of the asset manager.

(4) The custodian shall facilitate the transfer of funds or assets for investment activities of the asset manager.

(5) In facilitating the transfer of the assets the custodian shall act on the basis of the instructions of the asset manager and in line with the investment policy and these regulations.

Approval of a Collective Investment Scheme contract and prospectus

14. (1) An asset manager shall not market, sell or enter into a collective investment scheme contract with any person before the collective investment scheme contract and the prospectus have been approved by the Registrar.

(2) The asset manager shall only use a collective investment scheme contract and prospectus that have been approved by the Registrar.

(3) The Registrar may approve or deny the collective investment scheme contract and the prospectus within 90 working days of receipt of a complete set of the required documents.

(4) If a proposed collective investment scheme contract or the prospectus is not approved by the Registrar, the Registrar shall provide reasons in writing for the refusal and the asset manager may re-apply for approval once the required amendments have been made.

Collective Investment Scheme contract

15. (1) The asset manager shall prepare a standard collective investment

scheme contract in respect of each of the collective investment scheme it promotes that shall be used for contracting with all investors in the collective investment scheme.

(2) The collective investment scheme contract must be approved by the Registrar prior to being used.

(3) The collective investment scheme contract shall, contain the following information;

- (a) a written statement of the collective investment scheme's investment strategy;
- (b) appointment and removal procedures of custodians;
- (c) procedure for creation and issuance of participatory interest;
- (d) method of pricing and valuation of participatory interest;
- (e) procedure for repurchasing of participatory interest;
- (f) procedure for income distribution;
- (g) all fees including management and custodian fees; or
- (h) any other information that may be relevant.

(4) In the event that the amendments are proposed to the collective investment scheme investment strategy during the life of the collective investment scheme contract, the custodian or trustee, acting on behalf of investors shall be engaged in consultative processes prior to approval of the strategy by the board of the asset manager.

(5) In the event that amendments effected pursuant to subregulation (4) result in the change of risk profile of the scheme, the asset manager shall communicate such changes to the Registrar and investors.

(6) The Registrar may object to the effected amendments in sub-

regulation (4) depending on the circumstances of each case, giving out reasons for such objection.

Collective Investment Scheme prospectus

16. (1) An asset manager shall before marketing, selling or entering into a collective investment scheme contract with any person issue a prospectus in relation to each collective investment scheme it promotes.

(2) The prospectus in subregulation (1) shall contain necessary information which will enable potential investors to make an informed judgment concerning the investment proposed to them; including but not limited to the following -

- (a) a statement that a collective investment scheme is regulated and supervised by the Registrar,
- (b) detail on applicable legislation;
- (c) the objectives of the collective investment scheme;
- (d) details of whether the collective investment scheme is open-ended, closed-ended or any other form;
- (e) details of the custodian, trustee, principal officer and the principal office;
- (f) details of investor eligibility;
- (g) details of participatory interest requirements;
- (h) details of benefits provided by the collective investment scheme;
- (i) details of tax implications of joining the collective investment scheme;
- (j) transfers into and out of the collective investment scheme;

- (k) overview of management of the collective investment scheme;
- (l) investment policy of the collective investment scheme; and
- (m) risks associated with the collective investment scheme.

(3) The prospectus shall be attached to the collective investment scheme contract.

Participation in a Collective Investment Scheme

17. (1) A person shall become an investor in a collective investment scheme by entering into a collective investment scheme contract with the asset manager.

(2) A copy of the collective investment scheme contract between the investor and the asset manager shall be provided to the collective investment scheme's custodian or trustee.

(3) Before concluding the sale of participatory interest in a collective investment Scheme, the asset manager shall ensure that the person becoming an investor has been provided with a clear explanation and understands all risks related to investing in a collective investment scheme.

Liability in a collective investment scheme

18. The asset manager shall be liable to each of the investors for damages resulting from any negligent failure to perform, or from negligent performance, of its obligations relating to the administration and representation of each of its funds.

Rights of investor's participatory interest

19. (1) The investor shall have the right to redeem or sell participatory interest in the collective investment scheme.

(2) The redeemed amount shall equal the net asset value of investor's participatory interest in the collective investment scheme.

(3) Where the assets of the investors in the collective investment scheme have accrued rights and obligations attached to them, the asset manager shall -

- (a) represent the rights and obligations attached to these assets in relation to third parties or investors, and
- (b) in exercising such voting or other rights attached to the collective investment scheme assets, be solely and exclusively guided by the best interests of investors in the collective investment scheme.

Contributions in a Collective Investment Scheme

20. (1) An investor's entitlements held in a collective investment scheme shall consist of -

- (a) the contributions made by or on behalf of the investor; and
- (b) the return on the investment made with those contributions,

less any fees lawfully imposed by the asset manager.

(2) The collective investment scheme pool of assets shall be owned jointly and exclusively by the investors.

(3) The contributions invested in a collective investment scheme as well as returns on the investments shall be converted by the custodian into participatory interest of an investor.

(4) Each participatory interest shall represent a proportionate ownership share of an investor in each of the collective investment scheme's assets.

(5) The total value of the participatory interests in a collective investment scheme shall always be equal to the total net asset value of that collective investment scheme's assets.

Protection of investor's assets

21. (1) The collective investment scheme assets shall -
- (a) be held by a custodian,
 - (b) be kept segregated from the assets of any person including the asset manager or the custodian's own assets at all times; and
 - (c) not be a subject of any insolvency proceedings or execution against an asset manager or the custodian.
- (2) The custodian shall credit any amount received by the collective investment Scheme to the individual account of the investor who made the contribution or on whose behalf the contribution was made.

PART V - DISCLOSURE REQUIREMENTS**Disclosure and information on investment choice**

22. The asset manager shall -
- (1) make the prospectus available to any person interested prior to entering into a collective investment scheme;
 - (2) Develop and provide investors with appropriate guidance documents for informed decision making on the investment options; and the guidance document shall contain -
 - (a) The investors' right to choose an investment option;
 - (b) full details of the different investment options, with focus on asset and jurisdictional allocation, benchmarks and risk;
 - (c) an explanation of the different investment options for different age groups or categories of investors; and
 - (d) a clear statement that choosing any particular investment

option does not guarantee any particular investment outcome.

(3) The asset manager shall ensure that the guidance document is demonstrably written -

- (a) inappropriate and easy to understand language;
- (b) not to confuse investors; and
- (c) objectively, such that the member is able to make a choice.

(4) in the event that the collective investment scheme is the feeder fund or a fund of fund the asset manager shall disclose the underlying fund;

Collective Investment Scheme Information

23. (1) On an annual basis, within 6 months after the financial year end, the asset manager shall make available to each investor in a collective investment scheme with the scheme's information.

(2) At a minimum, the Scheme's information shall contain -

- (a) a review by the asset manager of the activities of the scheme for the year;
- (b) abridged financial statements;
- (c) details on investments and investment performance against benchmarks;

(3) The Scheme information shall be meaningful, accurate and complete, and demonstrably written in a manner that enhances understanding.

(4) The asset manager shall submit a copy of the approved and signed Scheme information to the Registrar.

Investment statements

24. (1) On an annual basis, within 6 months after the financial year end,

the asset manager shall provide each investor with their investment statement.

(2) The investment statement in sub-regulation (1) shall contain: name and registration details of the collective investment scheme;

- (a) date of the statement;
- (b) date on which the investor acquired participatory interest in a scheme;
- (c) the investor's contributions for the last financial year, accumulated contributions including all income and capital appreciation or depreciation, as at the end of the financial year of the Scheme.

Net asset valuation of a Collective Investment Scheme's assets

25. An asset manager shall provide -

- (a) each investor with information on the assets, including a net-asset valuation as provided by the custodian, of the assets standing to the investor's account, on request; and
- (b) information to the public on the assets, including the net asset value price on accessible newspapers of wide circulation in Lesotho, at regular intervals.

PART VI - GOVERNANCE OF THE ASSET MANAGER

Governance Framework

26. (1) An asset manager shall establish and maintain a governance framework that provides for -

- (a) separation of the oversight function from management responsibilities;
- (b) adequate monitoring and control of the business affairs of the asset manager by the board of directors.

- (2) An asset manager shall -
 - (a) establish and maintain strategies, policies, procedures and controls including internal controls, as are appropriate for the nature, scale and complexity of its business;
 - (b) ensure that its policies, procedures and controls are regularly reviewed and updated as required.
- (3) The procedures and controls established and maintained under subregulation (2) shall provide for -
 - (a) the prudent management of the business, in accordance with sound management principles; and
 - (b) the effective oversight of its directors, chief executive officer and principal officer.

Appointment of principal officer, director or persons in control function

27. (1) An asset manager shall -
 - (a) maintain a principal office in Lesotho,
 - (b) appoint a principal officer in Lesotho, and
 - (c) notify the Registrar in writing of the location and address of that and of its Principal Officer.
- (2) An asset manager shall apply to the Registrar in writing for approval, prior to appointment of a principal officer, director or person in control function.
- (3) The Registrar may grant or refuse an application, or withdraw any prior approval of the appointment of an officer granted under this regulation.
- (4) If the Registrar -
 - (a) refuses an application for approval of the appointment of a principal officer, director or person in control func-

tion, or

- (b) withdraws an approval previously granted by it, the asset manager shall appoint another officer or person in control function.

(5) The principal office under subregulation (1) shall serve as address of service of official correspondence and legal process for, and oversight of, the control function.

Control functions

28. (1) An asset manager shall establish and maintain the following control functions -

- (a) a risk management function;
 - (b) a compliance function;
 - (c) an internal audit function;
 - (d) such other functions as may be specified by the Registrar; and
 - (e) other functions as the asset manager considers appropriate for the nature, scale and complexity of its asset management business.
- (2) An asset manager shall ensure that -
- (a) each control function is provided with the authority, independence and resources required to enable it to operate effectively; and
 - (b) an individual is appointed -
 - (i) to undertake the responsibilities of each control function; or
 - (ii) if the responsibilities of the control function are

to be undertaken by more than one employee or to be outsourced, to have overall responsibility

Directors

29. (1) An asset manager shall have an adequate number of directors who -
- (a) are capable of exercising independent judgment;
 - (b) have sufficient knowledge, skills, experience and understanding of the business of asset management, and the risks to which it is exposed, to ensure that the board is able to fulfill its responsibilities; and
 - (c) have sufficient time and commitment to undertake their duties diligently.
- (2) An asset manager shall ensure that its directors are adequately resourced and they have sufficient powers to -
- (a) obtain in a timely manner and such information as they require to undertake their functions; and
 - (b) access all relevant persons in management.
- (3) The board of directors of an asset manager has -
- (a) ultimate responsibility for the business and affairs of the asset manager and for ensuring effective organisation; and
 - (b) responsibility for setting and overseeing the implementation of the asset manager's corporate culture, business objectives and strategies.

Risk Management

30. (1) An asset manager shall establish and maintain -

- (a) a clearly defined strategy and policies for the effective management of all significant risks to which the asset manager is or may be exposed; and
 - (b) procedures and controls that are sufficient to ensure that the risk management strategy and policies are effectively implemented.
- (2) The risk management strategy and policies shall -
- (a) be appropriate for the nature, scale and complexity of the asset management business;
 - (b) specify how risks are to be identified, monitored, managed and reported on in a timely manner; and
 - (c) take into account the probability, potential impact and the time duration of risk;

External auditing requirements

31. (1) An asset manager shall notify the Registrar -
- (a) of the appointment of an external auditor in writing,
 - (b) of the termination of an external auditor in writing giving reasons for termination.
- (2) the notification in subregulation (1) shall be made within fourteen days.
- (3) A director, employee or custodian of an asset manager shall not be appointed as auditor of a collective investment scheme.

Change of control

32. A person shall not become a principal officer, director or person in control function of an asset manager unless he has been approved by the Registrar.

PART VII - FINANCIAL REPORTING**Annual financial statements**

33. (1) An asset manager shall within three months after the end of its financial year, in respect of itself and every collective investment scheme administered by it -

- (a) submit to the Registrar audited financial statements prepared in accordance with International Financial Reporting Standards,
- (b) The audited annual financial statements should incorporate the auditor's and custodian's report.

(2) An asset manager may request an extension to submit audited financial statements in sub-regulation (1) to the Registrar giving reasons for such request.

Submission of returns

34. (1) An asset manager shall prepare and submit to the Registrar quarterly returns within thirty days of each calendar quarter.

(2) the quarterly returns shall -

- (a) be signed by the asset manager and custodian or trustees, and
- (b) consist of all forms in Schedule F
- (c) include a list of the top twenty investors, portfolio holdings and local asset holdings of each collective investment scheme under its administration per Schedule G, and
- (d) any other information as may be required by the Registrar from time to time.

Books and records to be maintained by licensee

35. (1) The records required in regulations 33 shall be kept for a period of ten years.
- (2) The records shall be such that they can be reproduced in legible form when required the Registrar.

Financial crime

36. A licensee shall report immediately to the Registrar any evidence of criminal activity either in Lesotho or elsewhere which it suspects is associated with the use of its institution or services.

PART VIII - INVESTMENTS AND BORROWING

Definitions under this part

37. For the purpose of this part "group" means two or more entities that are linked together by one of the entities exercising any influence on one of the other entity, either directly or indirectly through a third party.

Investments and borrowing

38. (1) The investments of a Collective Investment Scheme shall be restricted to -
- (a) deposits in any registered deposit-taking institution and money market instruments,
 - (b) bills, bonds, securities or loans issued or guaranteed by the Government of Lesotho,
 - (c) bills, bonds, securities or loans issued or guaranteed by any other government,
 - (d) bills, bonds, securities or loans issued by companies or any other institution,
 - (e) investment in immovable property,

- (f) investments in preference or ordinary shares of companies listed on any securities exchange,
- (g) investments in preference or ordinary shares of companies not listed on any securities exchange, or
- (h) units in other collective investment scheme approved by the Registrar.

(2) Any instruments not listed in (1) above shall require approval by the Registrar on a case by case basis.

(3) An asset manager shall not be permitted to take up a loan against security in the assets of a collective investment scheme.

(4) The Registrar may allow an asset manager to invest collective investment scheme in derivative instruments in order to hedge investments in underlying assets upon a request by the asset manager.

(5) All exposures in terms of investments in derivatives shall be covered by either cash or underlying investments.

(6) All benefits consequential to investing activities of the asset manager shall accrue to the collective investment scheme.

Investment limitations

39. (1) A collective investment scheme may invest no more than 10% of its assets in securities issued by the same body.

(2) The limit in subregulation (1) does not apply if the securities are issued or guaranteed by the Government of Lesotho or by a public international body as approved by the Registrar.

(3) Notwithstanding sub-regulation (1), a collective investment scheme may invest up to 20% of its assets in deposits in the same bank.

(4) Cumulative investment in securities within the same group shall not exceed the limit of 20% of the total collective investment scheme.

Jurisdictional limitations

40. (1) A collective investment scheme shall invest at least 15% of its market value in Lesotho.

(2) The percentage in subregulation (1) may be reviewed by the Registrar on application by the asset manager.

(3) Subject to Exchange Control Regulations, a collective investment scheme shall invest, its assets outside the common monetary area.

Permissible deductions

41. (1) The following charges may be deducted from a portfolio;

(a) charges payable on the buying or selling of assets for the portfolio;

(b) management fees, auditor's fees, bank charges, trustees or custodian fees and other levies or taxes;

(2) An asset manager shall only deduct the charges referred to in subregulation (1) and those that may be approved by the Registrar.

(3) The asset manager shall not -

(a) collect fees or commissions from any other source than the investors of any of the collective investment scheme it is promoting, and

(b) receive commissions from referrals of other products or service providers.

(4) The following fees shall be fully disclosed by an asset manager in the scheme prospectus and to a person considering to become an investor;

(a) all fees charged by an asset manager,

(b) fees emanating from investment activities, and

- (c) underlying manager's fees where applicable.

PART VIII - MARKETING AND SELLING OF A COLLECTIVE INVESTMENT SCHEME

Content of advertisement or promotional material

42. (1) The content of advertisement or promotional material for collective investment scheme shall;
- (a) be factually correct, objective and complete; not provide any false, bias or misleading information; and
 - (b) where projections or illustrations are provided -
 - (i) be realistic;
 - (ii) state the assumptions and that the results are not guaranteed;
 - (c) clearly and prominently disclose the fees payable to all parties involved; and
 - (d) provide a balanced view of the risks associated with the collective investment scheme.
- (2) Where any participation in any collective investment scheme is marketed to a person, the advantages and disadvantages shall be explained to that person.
- (3) A copy of all advertising and promotional material shall be provided to the regulator within seven days of request.
- (4) All advertisements and marketing materials issued in connection with a collective investment scheme shall state the address where the collective investment scheme contract and prospectus may be inspected.

Disclosure of information

43. Representation made and information provided by an asset manager or

an agent to a prospective member, in respect of a collective investment scheme, shall -

- (a) be factually correct, clear and concise;
- (b) be provided timely;
- (c) be provided in writing; and
- (d) contain all fees related to the collective investment scheme.

Prohibited promotion and marketing activities

44. (1) No activity listed in Schedule H shall be used for the promotion or marketing of collective investment scheme.

(2) The Registrar may, from time to time, update the Schedule H.

(3) If the Registrar considers that information that has been provided either orally or in writing about a collective investment scheme or an asset manager is or may be misleading, it may -

- (a) ban its publication or distribution, and
- (b) order that an appropriate correction is published or distributed by a specified deadline.

(4) The Registrar may prohibit, by declaration, a particular business practice considered to be undesirable for -

- (a) all or a particular category of collective investment scheme; or
- (b) all or a particular category of persons who render services in respect of collective investment scheme.

PART IX - SUPERVISION**On-site inspections**

45. (1) A licensee shall -
- (a) permit the Registrar access, during business hours to any of its business premises to conduct on-site inspections;
 - (b) ensure that its agents, suppliers under outsourcing arrangements and appointed representatives, permit the Registrar access to their business premises; and
 - (c) in the course of an on-site inspection,
 - (i) provide the Registrar with such information, answers to questions, and
 - (ii) allow it access to documents, books, records, vouchers, cash, securities and other information of a licensee,

as the Registrar may require.

Duty to give information

46. (1) An asset manager shall provide the Registrar with any information in its possession where the licensee knows or has reasonable cause to believe that -
- (a) the information is relevant to the duties of the Registrar, and
 - (b) withholding the information is likely to result in the Registrar being misled.
- (2) An asset manager or its external auditor shall severally or jointly inform the Registrar of any matter where they have reasonable grounds to believe that -

- (a) an asset manager is not able to or there is a significant risk that the an asset manager will not be able to meet its obligations as they fall due;
- (b) an asset manager is not able to satisfy the requirement relating to capital adequacy;
- (c) an existing or proposed state of an asset manager may materially endanger the rights of the investors; and
- (d) in the situation of an external auditor, that he or she intends to make a material qualification in his or her report about an asset manager to the shareholders.

The power of the Registrar to take preventive and corrective measures

47. (1) The Registrar shall have the power to take preventive and corrective measures listed in subregulation (2) below, if the Registrar determines that a licensee -

- (a) has commenced one or several business activities that the Registrar deems to be an undesirable practice;
- (b) is unable to pay its obligations as they fall due because it lacks sufficient liquid assets;
- (c) is unable to comply with the requirements for capital adequacy for its licensed activity;
- (d) has contravened these regulations.

(2) The Registrar shall take the following preventive and corrective measures against the licensee, which include not limited to -

- (a) issuance of a directive;
- (b) conducting an audit of the affairs of the licensee, at the expense of the licensee, by an auditor chosen by the Registrar;

- (c) appointing, at the expense of the licensee, an advisor who shall -
 - (i) advise the licensee on the proper conduct of its affairs, and
 - (ii) report to the Registrar thereon within three months of that person's appointment;
- (d) placing, at the expense of the licensee, a special administrator who shall -
 - (i) be under direct control of the Registrar, and
 - (ii) have all the powers of the general shareholder meeting and the board of directors of the company
- (e) suspending all or part of the licensee's activities;
- (f) revocation or cancellation of the licence;
- (g) freezing collective investment scheme assets or asset manager's assets.
- (h) instituting civil proceedings or recommending criminal action where appropriate.

Power of the Registrar to issue directives

48. (1) A directive given by the Registrar in accordance with regulation 47, (2) (a) may contain all or any of the following prohibitions or requirements -

- (a) prohibiting the licensee from soliciting business from a person of a particular class or description;
- (b) requiring the licensee to take, or to refrain from taking, certain steps or to adopt a particular course of action, or to restrict the scope of its business in a particular way;

- (c) prohibiting the licensee from entering into a particular transaction or class of transactions;
- (d) prohibiting the asset manager from -
 - (i) disposing of or moving its assets or the assets of the collective investment scheme during a specified period, or
 - (ii) removing local holdings of the collective investment scheme during specified;
- (e) requiring the licensee to transfer control of assets of a specified class or description to a person approved by the Registrar;
- (f) prohibiting the licensee, subject to third-party rights, to pay or transfer any amount to any person, or create any obligation to do so;
- (g) prohibiting the licensee to undertake any financial obligation on behalf of any other person;
- (h) requiring the licensee to replace any director, the chief executive officer, manager, officer or employee of the licensee -
- (i) requiring the licensee to maintain high standards of market conduct in accordance with the international best practices.

(2) A directive under this regulation shall be valid for such period as the Registrar considers necessary and may be extended as necessary.

(3) The Registrar may withdraw or vary its directive if it appears to the Registrar that it is no longer necessary for the directive to take effect or needs to continue in force in a different form as the case may be.

The power to appoint special administrator

49. (1) The Registrar may, appoint a special administrator and give the special administrator such necessary powers as to manage and control the affairs of an asset manager.

(2) The special administrator shall take over the control and management of an asset manager from the date of appointment of the special administrator.

(3) The Registrar may at any time discharge the special administrator from his or her position.

The duties of special administrator

50. (1) A special administrator is subject to the control of the Registrar and shall follow the directives given by the Registrar.

(2) The special administrator shall, as soon as possible after starting to manage an asset manager or a collective investment scheme, file with the Registrar a turn-around recommendation report setting out the reasons for the recommendations.

(3) The special administrator may recommend the -

- (a) transfer of the business or part of the business of the asset manager to another asset manager,
- (b) continuation of the asset manager's business after a period of special administration,
- (c) liquidation of the asset manager's business, or any other course of action that he or she considers appropriated.

(4) Notwithstanding subregulation (3), the special administrator may recommend different courses of action for different parts of the licensee.

(5) If the Registrar directs the transfer of the asset manager's business, or collective investment scheme to another asset manager, the special administrator shall prepare a plan for the transfer.

(6) The special administrator shall pay compensation for the damage or loss suffered by the asset manager or any third parties, if the damage or loss was caused by the special administrator's fraud, misrepresentation, negligence, or wilful disobedience of the provisions of the law.

Liquidation and dissolution of asset manager

51. (1) The Registrar shall prepare a recommendation report as to the desirability for the dissolution or liquidation of an asset manager before any dissolution or liquidation proceedings are lodged before the court of law.

(2) In order to prepare the report in subregulation (1), the Registrar or any person appointed by it may require the production of any books, documents and any information of an asset manager or collective investment scheme.

(3) Subject to subregulation (1), the Registrar shall consider whether the financial soundness of an asset manager may be restored and brought into compliance with the relevant requirements for capital adequacy.

(4) The Registrar shall have the right to be heard on any motion, order or other decision of liquidation proceedings against an asset manager.

Combating money laundering and financing of terrorism

52. (1) The asset manager shall establish procedures to prevent money laundering and financing of terrorism in accordance with the relevant legislation, including -

- (a) performing the necessary know-your-customer due diligence on the investors, and fit and proper due diligence on directors, principal officers, persons in control functions and beneficial owners of the asset manager;
- (b) taking enhanced measures with respect to higher risk investors;
- (c) monitoring complex, unusually large transactions, or unusual patterns of transactions, that have no apparent or visible economic or lawful purpose;

- (d) reporting suspicious transactions to the Financial Intelligence Unit, for analysis and possible referral for investigation and prosecution;
- (e) developing internal programs, including training programs, procedures, controls and audit functions to combat money laundering; and
- (f) ensuring that its foreign branches observe appropriate anti-money laundering and combating of financing of terrorism requirements.

(2) The Registrar may share information and cooperate in all ways necessary with other supervisors, both domestic and foreign, for anti-money laundering and combating the financing of terrorism purposes.

Power to issue policies, procedures and guidelines

53. The Registrar shall, have power to establish procedures and guidelines in pursuance of international best practices.

PART X - WINDING UP

Voluntary winding up

54. (1) An asset manager or a custodian, may, by special resolution, resolve to voluntarily wind up a collective investment scheme.

(2) Where an asset manager or a custodian passes a resolution to voluntarily wind up the collective investment scheme, they shall submit a declaration to the Registrar.

(3) The voluntary winding up of a collective investment scheme shall not be effected until the Registrar has approved it in writing.

Contents of declaration for voluntary winding up

55. (1) The declaration submitted under subregulation 54(2) shall contain -

- (a) the special resolution of an asset manager or custodian, signed by the chairperson and the principal officer;
- (b) a formal request to the Registrar to wind up the collective investment scheme, including a statement of the reasons therefore;
- (c) a statement -
 - (i) indicating the assets, liabilities and financial soundness of the collective investment scheme as at a date not earlier than thirty (30) days before the declaration submission; and
 - (ii) as a result of having conducted an inquiry into the affairs of the collective investment scheme, that the asset manager or custodian is satisfied that all existing liabilities can be met from the collective investment scheme's assets;
- (d) details of the investors of the collective investment scheme;
- (e) details of arrangements made for the payment or transfer of participatory interest of the investors of the collective investment scheme; and
- (f) contain any other information relevant to support the voluntary winding up request.

(2) The Registrar may require any further information from the asset manager or custodian to support the declaration for winding up of the pension fund.

Approval of voluntary winding up

56. (1) The Registrar may approve the voluntary winding up of a collective investment scheme, without the appointment of a liquidator, if the Registrar is satisfied that -

- (a) the collective investment scheme is in a financially sound position; and
- (b) appropriate arrangements have been made for the investors participatory interest to be paid or transferred to another collective investment scheme.

(2) Where the Registrar is not satisfied in terms of subregulation (1), a liquidator shall be appointed to wind up the collective investment scheme.

(3) Where the Registrar approves the voluntary winding up of a collective investment scheme, the Registrar shall -

- (a) provide written notification of such approval to the asset manager or custodian;
- (b) determine the date on which the collective investment scheme is to be wound up; and
- (c) where necessary, impose any conditions on voluntary wind up that the Registrar may deem fit.

Publication of notice for voluntary winding up

57. (1) The asset manager or custodian shall, within ten days after the date on which the declaration to wind up the collective investment scheme is approved by the Registrar publish a notice to wind up the collective investment scheme in a newspaper with a wide national circulation and through electronic media.

- (2) The winding up notice referred to in subregulation shall -
- (a) state the reasons why the collective investment scheme is being wound up;
 - (b) indicate that the Registrar has given its approval to wind up the collective investment scheme;
 - (c) specify any conditions imposed by the Registrar on the wind up of the collective investment scheme;

- (d) where a liquidator has been appointed, contain the name and address of the liquidator; and
- (e) specify the date on which the process of winding up shall commence.

Application by the Registrar for winding up by court

58. (1) The Registrar may apply to the appropriate Court for the winding up of a collective investment scheme.

(2) Prior to the Registrar's application to Court for winding up a collective investment scheme, the Registrar shall notify the asset manager or custodian in writing of its intention and give an opportunity to be heard.

(3) In its sole discretion, based on the opportunity to be heard in terms of subregulation, the Registrar may proceed with the application in subregulation.

(4) An application to Court for an order to wind up a collective investment scheme by the Registrar shall be accompanied by a statement detailing -

- (a) comprehensively, the reasons for the winding up application;
- (b) the assets, liabilities and the financial soundness of the collective investment scheme, as at a date not earlier than thirty days before the application was made; and
- (c) the investors of the collective investment scheme.

Court order to wind up a collective investment scheme

59. (1) The Court may grant an order to wind up a collective investment scheme, without appointing a liquidator, if the court is satisfied that the collective investment scheme is in a financially sound position.

(2) Where the Court is not satisfied in terms of subregulation, or for any other reason that it deems fit, a liquidator shall be appointed to wind up the

collective investment scheme.

(3) Any court order for the winding up of a collective investment scheme shall specify -

- (a) the date on which the collective investment scheme is to be wound up;
- (b) whether a liquidator is to be appointed or not; and
- (c) any other matters that the Court deems fit.

Publication of notice of court order to wind up a collective investment scheme

60. (1) The Registrar shall, within ten days after the date on which the application to wind up the collective investment scheme is granted by the Court, publish a notice to wind up the collective investment scheme in a newspaper with a wide national circulation, through electronic media or on the Registrar's notice board and website.

- (2) The winding up notice referred to in subregulation shall -
- (a) state specific reasons why the collective investment scheme is being wound up;
 - (b) indicate that the Court has granted its approval to wind up the collective investment scheme;
 - (c) specify any conditions imposed by the Court in granting its approval to wind up the collective investment scheme;
 - (d) if a liquidator has been appointed, contain the name and address of the liquidator appointed to conduct the winding up; and
 - (e) specify the date on which the process of winding up will commence.

Appointment and functions of liquidator

61. The liquidator in referred to in regulations 57 and 58 shall be appointed under the conditions and for the functions which shall be prescribed by the Registrar.

PART XI - OFFENCES AND PENALTIES

Offences and penalties

62. Any breach of the provisions in these Regulations is punishable in accordance with section 67 of the Central Bank of Lesotho Act 2000.

PART XII - GENERAL PROVISIONS

Transitional provision

63. Asset managers, custodians and agents that are operating at the date that these regulations become effective shall apply for a licence issued under these regulations within 6 months of its effective date.

Repeal

64. The Central Bank of Lesotho (Collective Investment Schemes) Regulations, 2001³ is repealed.

DR. RETŠELISITSOE MATLANYANE
GOVERNOR OF THE CENTRAL BANK OF LESOTHO

NOTE

1. Act No. 2 of 2000
2. Act No. 3 of 2012
3. L.N. No. 5 of 2001

SCHEDULE A
(Regulation 4)

APPLICATION FOR REGISTRATION OF AN ASSET MANAGER

Certification - Proposed Asset Manager

To be completed and submitted as part of the Application for Registration of an Asset Manager in terms of Regulation 4 of the Collective Investment Schemes Regulations, 2018.

The Governor

1. I, the undersigned being the *Chairman/Chief Executive Officer, of

 (hereinafter referred to as the "Company"), duly authorised thereto, hereby apply for the registration of the said Company as an asset manager to carry on the business of managing collective investment schemes.
2. The present head-office of the aforesaid Company is situated at:
 - (a) (registered office)
 - (b) (postal address)
 - (c) (street address)
 - (d) (telephone number)
3. The Company has been incorporated or registered in
 (country) as a (nature of corporate personality) and the registration number of the Company is
4. The Company if registered as an asset manager will have its principal office at
 - (a) (postal address)
 - (b) (street address)

(c) (telephone number)
and its chief executive officer will be name)
of (address)

5. The place of business of the Company in Lesotho will be

- (a) (postal address)
(b) (street address)
(c) (telephone number)

6. The Company intends carrying on asset management business under the name and applies for registration as an asset manager under this name.

7. The Company has unimpaired paid-up capital of not less than M2,000,000 (*see Regulation 11(1) of the Collective Investment Schemes Regulations 2017*)

8. The Company has deposited an amount of the unimpaired paid-up capital with of
.....
(name and address of a Financial Institution as defined in the Financial Institutions Act of 2012)

I submit with this application

9. I Submit with this application

- (a) a certified copy of the memorandum and articles of association or such similar documents relating to its *affairs*.
- (b) the names, addresses and occupations, qualifications, detailed signed curriculum vitae of directors of the Company, and the name and address (in the case of a foreign institution) of one person resident in Lesotho who is authorised to accept any notice required to be served upon the Company.
- (c) a statement duly certified by an auditor that the relevant capital

requirements specified in Regulation 11(1) of the Collective Investment Schemes Regulation 2018 have been complied with by the Company, including relevant financial statements for the company describing the source of funding signed by the company's board of directors and auditors.

- (d) the description of the applicant's organisation, business plan for the applicant projected for a minimum of three years describing the business the applicant intends to conduct (see Regulation 4 (f)).
 - (e) a statement showing qualifications and experience in fund management business of the executive officers of the applicant (see Regulation 27.)
10. Notification is made for the appointment of (name) of
- (a) (postal address)
 - (b) (street address)
 - (c)(telephone number)
- as auditor of the Company, whose qualifications are
- (See the definition of "auditor" in regulation 2 of the regulations).*
11. The Company does not carry on or intend to carry on simultaneously with asset management business any other business which is not asset management business.
12. The application fee of is enclosed with this application.
13. The Company's financial year ends on
14. I hereby declare that the above particulars and information contained in the attached enclosures are true and correct to the best of my knowledge and belief. I further declare that I am aware of and fully conversant with the provisions of Regulations 4 of the Collective Investment Schemes

Regulations 2018.

Dated and signed at this day of 20...

.....
Chief Executive Officer

Witnesses:

- 1.
- 2.

**SCHEDULE B
(Regulation 4)**

APPLICATION FOR REGISTRATION OF AN ASSET MANAGER

Certification - Proposed Custodian

To be completed and submitted as part of the Application for Registration of an Asset Manager in terms of Regulation 4(b) of the Collective Investment Schemes Regulations, 2018.

- 1. Name of proposed Custodian
.....
.....
.....
- 2. Company Registration Number (issued by Registrar of Companies)
(Include copy of certificate of incorporation)
- 3. Registered Office
 - (a) (registered office)
 - (b) (postal address)
 - (c) (street address)

- (d)(telephone number)
- (e) (email Address)
- (f) (Website Address - if applicable)

4. Total number of Directors

5. Names of all Directors

- 1..... 5.....
- 2..... 6.....
- 3..... 7.....
- 4..... 8.....

.....
Chief Executive Officer

Witnesses:

- 1.
- 2.

**SCHEDULE C
(Regulation 5)**

**APPLICATION FOR REGISTRATION OF A COLLECTIVE
INVESTMENT SCHEME**

Certification - Proposed Collective Investment Scheme

To be completed and submitted as part of the Application for Registration of an Asset Manager in terms of Regulation 5 of the Collective Investment Schemes Regulations, 2018.

The Governor

- 1. Name of the Collective Investment Scheme:

.....
.....

2. Address of the Asset Manager of the Scheme:

- (a) (registered office)
- (b) (postal address)
- (c) (street address)
- (d) (telephone number)

3. Contact person(s):

- (a) (name and designation)
- (b) (telephone number)
- (c) (email address)

4. The application fee of is enclosed with this application.

5. Launch : Date and Place

.....
.....

6. Investment Objectives

.....
.....

7. Currency denomination

.....
.....

8. Minimum initial subscriptions (both monthly and lump sum)

.....
.....

9. Fee Structure

.....
.....

10. Valuation of assets: daily/weekly/other

.....
.....

11. Distribution of Income: Monthly/Quarterly/other

.....
.....

12. Is this scheme quoted on any securities exchanges? If 'yes' provide detail

13. Borrowing powers of the scheme

14. I hereby declare that the above particulars and information contained in the attached enclosures are true and correct to the best of my knowledge and belief. I further declare that I am aware of and fully conversant with the provisions of Regulations 5 of the Collective Investment Schemes Regulations 2018.

.....
Chief Executive Officer (Asset manager)

Witnesses:

1.

2.

SCHEDULE D
(Regulation 6(a))

**APPLICATION FOR REGISTRATION OF A COLLECTIVE
INVESTMENT SCHEME**

Certification - Proposed Collective Investment Scheme Corporate Agent

To be completed and submitted as part of the Application for Registration of a Collective Investment Scheme Agent in terms of Regulation 6 of the Collective Investment Schemes Regulations, 2018

The Governor

1. I, the undersigned being the *Chairman/Chief Executive Officer, of
.....
.....
(hereinafter referred to as the "Company"), duly authorised thereto,
hereby apply for the registration of the said Company as a Collective Investment Schemes agent to carry on the business of providing broker age services to registered collective investment schemes.

2. The present head-office of the aforesaid Company is situated at:
 - (a) (registered office)
 - (b) (postal address)
 - (c) (street address)
 - (d) (telephone number)

3. The Company has been incorporated or registered in
(country) as a (nature of corporate
personality) and the registration number of the Company is

4. The Company if registered as a Collective Investment Schemes agent
will have its principal office at:
 - (a) (postal address)

- (b) (street address)
- (c) (telephone number)
- and its chief executive officer will be (name)
- of (address)

5. Names and address of directors

.....
.....
.....
.....

6. Names and addresses and holdings of shareholders

.....
.....
.....
.....

7. The Company intends carrying on Collective Investment Schemes agency business under the name and applies for registration as a Collective Investment Schemes agent under this name.

8. I submit with this application the following:

- (a) a certificate that a contract to act for and on behalf of a licensed asset manager exists and that the asset manager accepts responsibility for the acts performed by the agent;
- (b) copies of Memorandum and Articles of Association
- (c) Copy of professional indemnity policy details
 - (i) Name of Insurer.....
 - (ii) Amount of Indemnity.....
 - (iii) Date of commencement of cover.....
 - (iv) Date of expiry of cover.....

(v) Premium payment receipt

9. The application fee of.....is enclosed with this application.

10. I hereby declare that the above particulars and information contained in the attached enclosures are true and correct to the best of my knowledge and belief. I further declare that I am aware of and fully conversant with the provisions of Regulation 6 of the Collective Investment Schemes Regulations 2018.

Dated and signed at this day of ... 20...

.....
Chief Executive Officer

Witnesses:

.....
.....

**SCHEDULE E
(Regulation 6(a))**

**APPLICATION FOR REGISTRATION OF A COLLECTIVE
INVESTMENT SCHEME**

Certification - Proposed Collective Investment Scheme Individual Agent

To be completed and submitted as part of the Application for Registration of a Collective Investment Scheme Agent in terms of Regulation 6 of the Collective Investment Schemes Regulations, 2018

The Governor

1. I, the undersigned, (name) of
..... (Postal address)

..... (Street address)
..... (Telephone number)

hereby apply for the registration as a Collective Investment Schemes agent to carry on the business of providing agency services to registered collective investment schemes.

2. I declare that I

- (a) have attained the age of 21 years;
- (b) am resident in Lesotho
- (c) hold the following educational qualifications:

- (i)
- (ii)
- (iii)

- (d) *am accredited agent of the following registered Collective Investment Schemes:

- (i)
- (ii)
- (iii)

- (e) *have been trained for a minimum period of 3 months in asset management business and/or have been appointed an *collective investment scheme agent* prior to the date of commencement of the Collective Investment Scheme Regulations, 2018

3. *The investigation and/or licensing fees of are enclosed with this application.

I declare that the above particulars and the information provided in the enclosures hereto are to the best of my knowledge and belief correct. I further declare that I am aware of and fully conversant with the provisions of Regulation 6 of the Collective Investment Schemes Regulations, 2018.

Dated and Signed at this day of 20.....

.....
Chief Executive Officer

Witnesses:

SCHEDULE F
(Regulation 34(2)(b))

COLLECTIVE INVESTMENT SCHEME RETURNS OF AN ASSET
MANAGER AND COLLECTIVE INVESTMENT SCHEMES

To be completed and submitted as part of the Application for reporting requirements of an asset manager and Collective Investment Schemes in terms of Regulation 34(2)(b) of the Collective Investment Schemes Regulations, 2018. Please fill only the applicable fields.

STATEMENT OF COMPREHENSIVE INCOME - INVESTMENT

1.	Year ended	Previous Quarter	Current Quarter
2.	Income		
	Interest income		
	Dividends		
	Fees		
	Realized capital gains or loss		
	Unrealized capital gains or loss		
	Other (specify)		

Total Income**3. Investment expenses**

Professional Fees
 Fund Management fees
 Custody Fees
 Transaction costs
 Administrative Expenses
 Bank charges
 Other (specify)
Total Expenses

4. Tax

Income tax

Net Income
(Investment)

Chairperson
 Date:

Principal Officer
 Date:

STATEMENT OF FINANCIAL POSITION

1. Year ended	Previous Quarter	Current Quarter
2. Assets		
Investment property		
Plant and equipment		
Investments		
Contributions and other receivables		
Accrued income		
Cash and cash equivalents		
Deferred Tax		
Other (specify)		

Total Assets**3. Liabilities**

Accounts Payable

Other (specify)

Net Assets**4. Capital and Reserves**

Capital Value of portfolio

Retained/Undistributed Income

Reserve 2

Reserve 3

Chairperson

Date:

Principal Officer

Date:

SCHEDULE G
(Regulation 34 (2)(c))

PORTFOLIO HOLDINGS AND ASSET ALLOCATION OF
A COLLECTIVE INVESTMENT SCHEMES

To be completed and submitted as part of the Application for reporting requirements of an asset manager and Collective Investment Schemes in terms of Regulation 34(2)(c) of the Collective Investment Schemes Regulations, 2018

(A) PORTFOLIO HOLDINGS

1 Quarter ended**2 Portfolio Holdings**

Instrument	Market Value	Percentage of Total
Security 1		
Security 2		
Security 3		

.....

Security 4
Total assets

Chairperson
 Date:

Principal Officer
 Date:

(B) TOP TWENTY INVESTORS

1 Quarter ended
Name of the Collective

2 Investment Scheme

3 Top Twenty Investors

Client Name	Market Value	Percentage of Total
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Investor 1

Investor 2

Investor 3

.....

.....

Investor 4

Total assets

Chairperson
 Date:

Principal Officer
 Date:

(C) ASSET ALLOCATION

1 Quarter ended
Name of the Collective

2 Investment Scheme

3 Assets Allocation

Asset Class	Lesotho	CMA (excluding Lesotho)	Other (specify)
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Money market instruments

Fixed income securities

Listed Equity

Private Equity

Property

Other (specify)

Total assets

Chairperson

Date:

Principal Officer

Date:

SCHEDULE H
(Regulation 41)

**SCHEDULE OF PROHIBITED PROMOTION AND
MARKETING ACTIVITIES**

To be completed and submitted as part of the Application for reporting requirements of an asset manager and Collective Investment Schemes in terms of Regulation 41 of the Collective Investment Schemes Regulations, 2018.

1. Conditional selling - No person shall be permitted to sell participation in a pension fund contingent on the purchase or sale of another product, or other consideration.

2. Inducement - No person shall induce a prospective member to participate in a pension fund by way of providing the prospective member any consideration of value.
3. Coercion - No person shall coerce any person to participate in a pension fund.
4. Comparative marketing - No person shall make comparative references to competing pension funds in their promotion and marketing activities.



