



# LESOTHO Government Gazette

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## LEGAL NOTICE NO. 77 OF 2023

**Central Bank (Collective Investment Schemes) (Amendment) Regulations, 2023**

Pursuant to sections 6(j) and 69 of the Central Bank of Lesotho Act, 2000<sup>1</sup>, I,

**MALUKE LETETE**

Governor of the Central Bank, make the following regulations:

**Citation and commencement**

1. These regulations may be cited as the Central Bank (Collective Investment Schemes) (Amendment) Regulations, 2023 and shall come into operation on the date of publication in the Gazette.

**Amendment of regulation 2: Interpretation**

2. The Central Bank (Collective Investment Schemes) Regulations, 2018<sup>2</sup> (hereafter referred to as the “Principal Regulations”) are amended by -

(a) deleting the word “contract” after the word “scheme” in regulation 2, at paragraph (b), in the definition of the words “Collective Investment Schemes”;

(b) inserting a new definition of “Segregated Funds” as follows:

“Segregated Funds” means tailor made mandates structured around the personal objectives and considerations of the investors”;

(c) inserting the words “as may be amended from time to time” after “2012”, in the definition of the word “Bank”;

(d) inserting the words “as may be amended from time to time” after “2012”, in the definition of the word “Custodian”;

- (e) deleting the word “prospectus” and its definition and substituting the following new definition:

“Prospectus” means a notice, circular, advertisement or other printed or duplicated invitation offering to the public for subscription or purchase of any participatory interest in the collective investment scheme, in terms of requirements prescribed under regulation 16”;

- (f) deleting the word “Registrar” and its definition after the words “fund of funds” and their definition;

- (g) inserting a new definition of the word “trustee” to read as follows:

“Trustee” means any person that holds and administers the affairs of collective investment schemes on behalf of an investor and meets the requirements as prescribed under Part XI”;

- (h) inserting a new definition of “trust deed” to read as follows;

“Trust deed” means the agreement between an asset manager and trustee, by which a collective investment scheme is established and sets out the terms of its administration”;

- (i) inserting a new definition of the words “agreement form” to read as follows:

“agreement form” means a form to be completed by the investor to gain participation in the collective investment scheme as prescribed by the asset manager”; and

- (j) listing the definitions in alphabetical order.

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**Insertion of new regulations: PART XA- SEGREGATED FUND**

3. The Principal Regulations are amended by inserting the following new Part after PART X:

**PART XA- SEGREGATED FUND**

“54A. Where an asset manager offers segregated funds, an asset manager shall -

- (a) have a signed mandate with the client;
- (b) submit the mandate to the registrar;
- (c) maintain separate accounts and
- (d) manage and administer the fund in line with the rules, mandates and laws that regulate the client.”.

**Amendment of regulation 4: Licensing of an asset manager**

4. The Principal Regulations are amended, in regulation 4 by -

- (a) deleting the words “shall be prescribed by the Registrar” and substituting the words “prescribed in schedule I” after the word “as”, at paragraph (c);
- (b) deleting the word “and” after “;” in paragraph (g);
- (c) inserting the word “and” after “;” in paragraph (h); and
- (d) inserting the following new paragraph after paragraph (h):
  - “(i) details of the proposed trustee as set out in Schedule B”;
- (e) deleting paragraph (d) and substitute with the following new sub regulation:

- “(d) documents evidencing that the company satisfies capital requirements as specified under part III, including a description of the source of funding;”
- (f) inserting the word “completed” before the word “fit”, at paragraph (e);
- (g) at paragraph (f), by deleting subparagraph (ii) and substituting the following:
  - “(ii) the business plan for the applicant which includes projected financial performance for a minimum of three years”;
- (h) deleting paragraph (g) and substituting the following:
  - “(g) Professional indemnity cover of the higher of 0.05% of the total assets under management in the preceding year or M1,000,000.00; and”

#### **Amendment of regulation 5: Registration of a collective investment scheme**

5. The Principal Regulations are amended in regulation 5,
- (a) in subregulation (1) by deleting -
    - (i) the words “licensing” and substitute with “registration” and further delete the words “may be prescribed by the Registrar” after the word “as” and substituting the words “prescribed in schedule I, at paragraph (b)”;
    - (ii) the word “contract” after the word “draft” and substitute with the word “trust deed”, at paragraph (c); and
    - (iii) paragraph (d).
  - (b) in subregulation (2) by deleting subregulation (2) and substi-

tuting the following:

- “(2) The Registrar may approve an application by an asset manager of collective investment scheme which is carrying on business outside Lesotho to solicit investment by members of the public in Lesotho if -
- (a) a copy of the current approval or registration by the relevant jurisdiction authorising the foreign collective investment scheme to act as such is submitted;
  - (b) the foreign collective investment scheme complies with the conditions prescribed by the Registrar;
  - (c) on payment of the fees prescribed by the Registrar;
  - (d) the asset manager demonstrates intent to set up an office and register the fund in Lesotho after attaining a participatory interest in excess of M300 million from the Lesotho investing public;
  - (e) the fund is from a jurisdiction that has equivalent or superior investor protection standards to Lesotho; and
  - (f) other conditions as may be prescribed by the Registrar are met.
- (3) The Registrar may, at any time, withdraw the approval under sub regulation (2) if -
- (a) it considers it desirable to do so in the interest of investors or potential investors;
  - (b) the manager has submitted inaccurate or misleading information in its application; or
  - (c) any of the conditions referred to in sub regulation (2) are

no longer met.”.

**Amendment of regulation 6: Licensing of a collective investment scheme agent**

6. The Principal Regulations are amended in regulation 6,
- (a) at paragraph (b), by deleting the words “may be prescribed by the Registrar” and substituting the words “prescribed in schedule I” after the word “as”;
  - (b) at paragraph (c), by inserting the words -
    - (i) “completed” before the word “fit”; and
    - (ii) “for Individual agents” after the word “questionnaire”.
  - (c) by deleting -
    - (i) paragraph (d) and substituting the following:

“(d) completed fit and proper test questionnaire for all persons in positions of control, if the agent is a company;”
    - (ii) paragraph (e) and substitute with the following new sub-regulation:

“(e) Professional indemnity cover of not less than M1,000,000.00, if the agent is a company;”

**Amendment of regulation 7: Liability in a collective investment scheme**

7. The Principal Regulations are amended in subregulation (1),
- (a) at paragraph (b), by deleting the word “individual” after the words “Collective Investment Scheme”.



(b) by deleting paragraph (d) and substituting with the following:

“(d) the asset manager shall continually update the register of agents and make it available to the Registrar bi-annually;”

**Amendment of regulation 9: Licensing of a collective investment scheme agent**

8. The Principal Regulations are amended, at paragraph (a), by inserting the word “working” after the words “ninety (90)”.

**Amendment of regulation 10: Processing a license application**

9. The Principal Regulations are amended by deleting regulation 10 and substituting the following:

**“Processing a license application**

- (1) If the Registrar is satisfied that an applicant meets the criteria for licensing in terms of subregulation 4, the Registrar may, subject to such conditions as it may determine, license the applicant.
- (2) Where the Registrar licenses the applicant in terms of subregulation (1), the Registrar shall -
  - (a) notify the applicant, in writing, of its decision to approve the application; and
  - (b) issue a license to the applicant within 90 working days of the receipt of a complete application.
- (3) The Registrar may reject an application for a license if it appears to the Registrar that the applicant does not meet the requirements of these regulations”.

- (4) Where an application has been rejected in terms of sub regulation (3), the Registrar shall, in writing -
  - (i) inform the applicant of the decision to reject the application; and
  - (ii) indicate in what respect the applicant does not meet the licensing criteria.

**Amendment of regulation 12: The form and structure of Collective Investment Scheme**

10. The Principal Regulations are amended in regulation 12, by
- (a) deleting the words “or custodian” after the word “trustee”, at paragraph (c);
  - (b) inserting the following paragraph after paragraph (c):
    - “(d) custodian entrusted with safekeeping of the assets;” and
  - (c) punctuating accordingly.

**Amendment of regulation 13: Administration of collective investment scheme**

11. The Principal Regulations are amended in regulation 13, in subregulation (3) by deleting the words “Board of Directors of the asset manager” after the words “approved by the” and substitute with the words “Trustee of the collective investment scheme”.

**Amendment of regulation 14: Approval of Trust Deed and Prospectus**

12. The Principal Regulations are amended by deleting regulation 14 and substituting the following:

**“Approval of Trust Deed and Prospectus**

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

(2) The asset manager shall only use a trust deed and prospectus that have been approved by the Registrar.

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

(4) If a proposed trust deed 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.”.

**Amendment of regulation 15: Collective Investment Scheme Trust deed**

13. The Principal Regulations are amended by deleting regulation 15 and substituting the following:

**“Collective Investment Scheme Trust deed**

15. (1) The asset manager shall prepare a standard trust deed in respect of each of the collective investment scheme it promotes.

(2) The trust deed must be approved by the Registrar prior to being used.

(3) The trust deed under sub-regulation (2) shall, at least, contain the following information -

- (a) a written statement of the collective investment scheme’s investment strategy;

- (b) appointment and removal procedures of Trustees and custodians;
- (c) procedure for creation and issuance of participatory interest;
- (d) method of pricing and valuation of participatory interest;
- (e) procedure for repurchasing and participatory interest;
- (f) procedure for income distribution;
- (g) all fees including management and custodian and trustee fees; or
- (h) any other information that may be relevant.

(4) A copy of the trust deed shall be provided to the collective schemes custodians.

(5) In the event that the amendments are proposed to the collective investment scheme investment strategy during the life of the trust deed, the trustee, acting on behalf of investors shall be engaged in consultative processes prior to approval.

(6) In the event that amendments affected pursuant to subregulation (5) result in the change of risk profile of the scheme, the asset manager shall communicate such changes to the Registrar and investors 30 working days prior to implementation.

(7) The Registrar may object to the affected amendments in subregulation (5) depending on the circumstances of each case, by providing reasons for such objection.”

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**Amendment of regulation 16: Collective Investment Scheme prospectus**

14. The Principal Regulations are amended by deleting regulation 16 and substitute the following:

**“Collective Investment Scheme prospectus**

16. The collective investment scheme prospectus shall contain necessary information which will enable potential investors to make an informed judgement 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) The risks associated with the collective investment scheme.”.

**Amendment of regulation 17: Participation in a Collective Investment Scheme**

15. The Principal Regulations are amended, in regulation 17, by
- (a) deleting sub-regulations (1) and (2) and substituting the following:

**“Participation in a Collective Investment Scheme**

- (1) A person shall become an investor in a collective investment scheme by completing and signing an investment form with the asset manager.”; and
- (b) renumbering accordingly.

**Amendment of regulation 23: Collective investment scheme information**

16. The Principal Regulations are amended, in regulation 223, in sub-regulation (3), at paragraph (a), by deleting -

- (a) the words “inappropriate” at the beginning of the sentence and substituting the words “in an appropriate”; and
- (b) sub-regulation (4) and substituting the following:

“(4) The asset manager shall -

- (a) prepare a copy of the scheme information; and
- (b) submit a copy that is approved and signed by the Trustee to the Registrar.”.

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**Amendment of regulation 25: Net asset valuation of a collective Investment Scheme's assets**

17. The Principal Regulations are amended in 25, at paragraph (b) by deleting the words “newspaper of wide circulation” after the word “accessible” and substituting the words “media platforms”.

**Amendment of regulation 27: Appointment of principal officer, directors or persons in control function**

18. The Principal Regulations are amended, in regulation 27, in subregulation (3), by inserting the words “by giving its reasons in writing” after the word “regulation”.

**Amendment of regulation 28: Control functions**

19. The Principal Regulations are amended, in regulation 28, by inserting the following, after subregulation (2):

“(3) An asset manager may be exempted from the provisions of subregulation (1) and (2) within its first two years of operation.”.

**Amendment of regulation 29: Directors**

20. The Principal Regulations are amended, in regulation 29, in subregulation (1), by deleting paragraph (a) and substituting the following:

“(a) comprise an odd number of at least three members of the board;”

**Amendment of regulation 31: External auditing requirements**

21. The Principal Regulations are amended in regulation 31 by deleting subregulation (3) and substituting the following:

“(3) A director, employee, custodian or trustee of an asset manager shall not be appointed as an auditor of asset manager and collective investment scheme.”.

**Amendment of regulation 33: Annual financial statements**

22. The Principal Regulations are amended, in regulation 33, in subregulation (1), by -

(a) deleting paragraph (b) and substituting the following:

“(b) The audited annual financial statements should incorporate the auditor’s, custodian’s and trustee’s reports;” and

(b) inserting the following subregulation after subregulation (2):

“(3) The financial year referred to in sub regulation (1) shall end on the 31 December of each year.”

**Amendment of regulation 35: Books and records to be maintained by licensee**

23. The Principal Regulation are amended, in regulation 35, in subregulation (2), by inserting the word “by” after the word “required”.

**Amendment of regulation 42: Content of advertisement or promotional material**

24. The Principal Regulations are amended, in regulation 42, in subregulation (4), by deleting the words “the collective investment scheme contract and” after the word “where”.

**Amendment of regulation 45: On-site inspection**

25. The Principal Regulations are amended by deleting regulation 45 and substitute the following:

**“On-site inspection**

45. (1) The Registrar shall have the authority to appoint examiners to investigate or examine, from time to time, with or without prior



notice, the books or other documents of any persons whether registered or not, or approved or not in terms of this regulations, who is involved in administration or soliciting of investments in collective investment scheme.

(2) The Registrar shall have access to the business premises of the licensee and its suppliers under outsourcing arrangements at any time to conduct on-site inspection.”.

#### **Amendment of regulation 46: Duty to give information**

26. The Principal Regulation are amended, in regulation 46, in subregulation (2), at paragraph (a) by deleting the word “the” after the word “that”.

#### **Amendment of regulation 47: The power of the Registrar to take preventive and corrective measures**

27. The Principal Regulations are amended, in regulation 47, in subregulation (2), by inserting the word “but’ after the word ‘include”.

#### **Amendment of regulation 48: Power of the Registrar to issue directives**

28. The Principal Regulations are amended in regulation 48, in subregulation (1), in paragraph (d), at subparagraph (ii) by inserting the word “period” after the word “specified”.

#### **Amendment of regulation 53: Power to issue policies, procedures and guidelines**

29. The Principal Regulations are amended by deleting regulation 53 and substitute the following:

##### **“Power to issue policies, procedures and guidelines**

53. The Registrar may make notices and decisions, and issue guidelines, determinations, directions, orders, rules or instructions as may be necessary or expedient for giving effect to the provisions of this regula-

tions, for carrying out or achieving the object and purpose of this regulations or any provisions thereof, for the further, better or more convenient implementation of the provisions of these regulations.”.

#### **Amendment of regulation 54: Voluntary winding up**

30. The Principal Regulations are amended in regulation 54, in sub-regulations (1) and (2) by deleting the words “a custodian” and substituting the word “trustee”.

#### **Amendment of regulation 55: Contents of declaration for voluntary winding up**

31. The Principal Regulations are amended, in regulation 55, in subregulation (1), by deleting paragraphs (a), (b), (c)(ii) and (2) and substituting the following:

##### **“Contents of declaration for voluntary winding up**

1. The declaration for a voluntary winding up shall contain -
  - (a) the special resolution of an asset manager or trustee 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 thereof;
  - (c) (ii) as a result of having conducted an inquiry into the affairs of the collective investment scheme, that the asset manager or trustee is satisfied that all existing liabilities can be met from the collective investment scheme’ assets’
2. The Registrar may require any further information from the asset manager or trustee to support the declaration for winding up of the collective investment scheme.”.

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**Amendment of regulation 56: Approval of voluntary winding up**

32. The Principal Regulations are amended in regulation 56, in subregulation (3) at paragraph (a) by deleting the word “custodian” after the words “asset manager or” and substitute with the word “trustee”.

**Amendment of regulation 57: Publication of notice for voluntary winding up**

33. The Principal Regulations are amended in regulation 57,

- (a) in subregulations (1) by deleting -
  - (i) the word “custodian” after the words “asset manager or” and substituting the word “trustee”; and
  - (ii) the words “in a newspaper with a wide national circulation and through electronic media.” after the word “collective investment scheme” and substituting the words “in media platforms of wide national circulation.”; and
- (b) in subregulation (2), by inserting “(1)” after the word “subregulation”.

**Amendment of regulation 58: Application by the Registrar for winding up by court**

34. The Principal Regulations are amended in regulation 58,

- (a) in subregulation (2), by deleting the word “custodian” after the words “asset manager or” and substituting the word “trustee”; and
- (b) in subregulation (3) by inserting “(2)” after the word “subregulation” in line 2 and insert (1) after the word subregulation in line 3.

**Amendment of regulation 60: Publication of notice of court to wind up a collective investment scheme**

35. The Principal Regulations are amended in regulation 60, in subregulation (2), by inserting “(1)” after the word “subregulation”.

**Amendment of regulation 61: Appointment and functions of liquidator**

36. The Principal Regulations are amended in regulation 61 by deleting the word “in” after the word “liquidator”

**Insertion of a new Part: PART XI –TRUSTEE AND CUSTODIAN**

37. The Principal Regulations are amended by -

(a) inserting the following new Part:

**“PART XI –TRUSTEE AND CUSTODIAN**

**Appointment and Termination of a Trustee**

62. (1) “Every collective investment scheme licensed under these regulations shall appoint a trustee approved by the Registrar.

(2) No person shall be appointed as a trustee of a Collective Investment Scheme unless such a person is -

(a) a bank licensed under the Financial Institution Act, 2012 as may be amended from time to time;  
or

(b) a trust company registered under the Companies Act.

(3) A company or institution referred to in subsection (1) shall not become or act as a trustee for a collective investment scheme unless it;

- (a) pays the fees as prescribed in Schedule I;
- (b) has been approved by the Registrar; and
- (c) satisfies any other requirement as the Registrar may determine.

(4) The Registrar may not register any company or institution as a trustee unless the Registrar is satisfied that -

- (a) the company or institution is not, in relation to the asset manager, either a holding company, or a subsidiary company; and
- (b) the general financial and commercial standing and independence of the company or institution is such as to fit it for assuming the functions of a trustee and that the company or institution is by reason of the nature of its business sufficiently experienced and equipped to assume such functions.

(5) The Registrar may revoke or suspend registration already granted if at any time thereafter the Registrar ceases to be satisfied that the trustee meets the requirements referred to in subregulation (4).

#### **Duties and obligations of a trustee**

63. (1) A trustee, whether it became such before or after the commencement of these Regulations, shall -

- (a) take control of all the property of the collective investment scheme and hold it in trust for the holders in accordance with the provisions of the trust deed and these Regulations;
- (b) take reasonable care to ensure that the sale,

- issue, repurchase, redemption and cancellation of participatory interest effected by a Collective Investment Scheme are carried out in accordance with the provisions of the trust deed;
- (c) take reasonable care to ensure that the methods adopted by the asset manager in calculating the value of participatory interest is adequate to ensure that the sale, issue, repurchase, redemption and cancellation prices are calculated in accordance with the provisions of the trust deed;
  - (d) carry out the instructions of the asset manager in respect of investments unless they are in conflict with the provisions of the trust deed and these Regulations;
  - (e) take reasonable care to ensure that the investment limitations set out in the trust deed and these regulations, are complied with;
  - (f) enquire into and prepare a report on the administration of the collective investment scheme by the asset manager during each annual accounting period, in which it shall be stated whether the collective investment scheme has been administered in accordance with the -
    - (i) limitations imposed on the investment; and
    - (ii) provisions of this Part and the trust deed;
  - (g) send the report referred to in paragraph (f) to the Registrar and to the asset manager to enable the manager to include a copy of the report in its annual report; and

- (h) any other duty as the Registrar may determine.
- (2) A trustee shall not delegate to the asset manager -
  - (a) any function of oversight in respect of the Collective Investment Scheme; or
  - (b) any function of control of the collective investment scheme.

### **Appointment and Termination of a Custodian**

64. (1) The asset manager of a collective investment scheme may appoint a custodian approved by the Registrar.
- (2) No person shall be appointed as a custodian of a Collective Investment Scheme unless such person is a commercial bank registered under the Financial Institution Act, 2012<sup>3</sup> as may be amended from time to time.
- (3) The Registrar may not register any bank or institution as a custodian unless the Registrar is satisfied that the -
- (a) bank is not, in relation to the asset manager, either a holding company, or a subsidiary or fellow subsidiary company; and
  - (b) general financial and commercial standing and independence of the company or institution is such as to fit it for assuming the functions of a custodian and that the company or institution is by reason of the nature of its business sufficiently experienced and equipped to assume such functions.
- (4) A bank referred to in subregulation (2) shall not become or act as a custodian for a collective investment scheme unless it -

- (a) pays the fees as prescribed in Schedule I;
- (b) has been approved by the Registrar; and
- (c) satisfies any other requirement as the Registrar may determine.

(5) The Registrar may revoke or suspend registration already granted if at any time thereafter the Registrar ceases to be satisfied that the custodian meets the requirements referred to in subregulation (4).

#### **Duties and obligations of a custodian**

65. A custodian shall render custodial services to the Collective Investment Scheme pursuant to a written agreement between the custodian and the asset manager, on the following -

- (1) to maintain the custody of all the Collective Investment Scheme and hold it to the order of the trustee in accordance with the provisions of the regulations and the trust deed;
- (2) to receive and keep in safe custody title documents, securities and cash amounts of the Collective Investment Scheme;
- (3) to open an account or accounts in the name of the Collective Investment Scheme for the exclusive benefit of such Collective Investment Scheme;
- (4) to transfer, exchange or deliver in the required form and manner securities held by the custodian upon receipt of proper instructions from the trustee or asset manager if so authorised by the trustee;
- (5) to require from the trustee (and asset manager) such information as it deems necessary for the performance of its functions as a custodian of the Collective Investment Scheme;



(6) to exercise subscription, purchase or other similar rights represented by the securities subject to receipt of proper instructions from the asset manager;

(7) to exercise the same standard of care that it exercises over its own assets in holding, maintaining, servicing and disposing of the Collective Investment Scheme portfolio and in fulfilling obligations in the agreement; and

(8) any other duty as the Registrar may determine.

### **Liability of trustee and custodian**

66. The trustee or custodian shall indemnify the asset manager and investors against any loss or damage suffered in relation to any money or other assets in the custody of the trustee or custodian which is caused by any wilful negligent act or omission by the trustee or custodian”; and

(b) renumbering accordingly.”.

### **Amendment of regulation 62: Offences and penalties**

#### **Offences and penalties**

38. The Principal Regulations are amended by

(a) deleting regulation 62 and substituting the following; and

#### **“Penalties**

62. (1) The Registrar may impose by written notice to any person subject to these regulations who contravenes -

(a) any provision of the regulations; or

(b) any specification or requirement made, or any order in writing, direction, instruction, or notice given, or any limit,

term, condition or restriction imposed, or any other thing howsoever done, in the exercise of any power conferred under, pursuant to, or by virtue of, any provision of the regulations,

A penalty not exceeding M50, 000.00 and in the case of a continuing offence, an additional daily penalty not exceeding M100, 000.00.

- (b) inserting new regulation 63 as follows:

**“Other Offences**

63. A person who commits an offence under these regulations for which no punishment is provided for elsewhere in these regulations shall be liable on conviction to a fine of M50, 000.00 or to imprisonment for 12 months or both.”; and

- (c) renumbering accordingly.

**Amendment of regulation 63: Transitional provision**

39. The Principal Regulations are amended by -

- (a) deleting regulation 63 and substitute the following:

**“Transitional provision**

63. All asset managers, custodians, agents and trustees shall comply with the requirements of these regulations within 6 months from the coming into operation of these amendment regulations”; and

- (b) renumbering accordingly.

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**Amendment of schedules A,B,D,E, F and insertion of schedules I and J**

40. The Schedules to the Principal Regulations are amended as follows:
- (a) Schedule A is deleted and replaced with the attached new schedule A;
  - (b) Schedule B is deleted and replaced with the attached new schedule B;
  - (c) Schedule B is amended by inserting the attached new Part B as follows: Part B- Proposed Trustee;
  - (d) Schedule D is deleted and replaced with the attached new schedule D;
  - (e) Schedule E is deleted and replaced with the attached new schedule E;
  - (f) Schedule F is deleted and replaced with the attached new schedule F;
  - (g) Schedule G is deleted and replaced with the attached new schedule G;
  - (h) Schedule H is deleted and replaced with the attached new schedule H;
  - (i) A new schedule I on Fees is inserted; and
  - (j) A new schedule J on reporting obligations for foreign funds is inserted.

**DATED:**

**DR. MALUKE LETETE**  
**GOVERNOR OF THE CENTRAL BANK OF LESOTHO**

**NOTE**

1. Act No. 2 of 2000
2. L.N. No. 49 of 2018
3. Act No. 3 of 2012



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## LEGAL NOTICE NO. 84 OF 2023

**Central Bank (Collective Investment Schemes) (Amendment)  
Regulations, Rectification of Errors Notice, 2023**

Pursuant to section 62 of the Interpretation Act, 1977<sup>1</sup>, I,

**RAPELANG MOTSIELOA**

Attorney-General make the following notice:

**Citation and commencement**

1. This notice may be cited as the Central Bank (Collective Investment Schemes) (Amendment) Regulations, Rectification of Errors Notice, 2023 and shall come into operation on the date of publication in the Gazette.

**Rectification of Errors**

2. The Central Bank (Collective Investment Schemes) (Amendment) Regulations, 2023<sup>2</sup> is rectified by -

- (a) deleting the heading and substituting the words “Disclosure and information on investment choices” as the heading; in regulation 15(6);
- (b) deleting -
  - (i) the word “affected” between the words “amendments” and “pursuant” and substituting the word “effected” in regulation 15(7);
  - (ii) the word “affected” between the word “the” and “amendments” and substituting “effected” in regulation 15(7); and
- (c) attaching the attached schedules.

**DATED:**

**RAPELANG MOTSIELOA  
ATTORNEY-GENERAL**

**NOTE**

1. L.N. No. 14 of 1977
2. L.N. No. 77 of 2023



**SCHEDULE A  
(Regulation 4)**

**APPLICATION FOR LICENSING OF AN ASSET MANAGER**

**Proposed Asset Manager**

To be completed and submitted as part of the Application for Licensing 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)
  - (e) ..... (e-mail address)
  
3. The Company has been incorporated or registered in Lesotho as a  
.....(nature of corporate personality) and the registration number of the Company is .....
  
4. The Company if Licensed 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

..... (postal address)  
..... (street address)  
..... (telephone number)

6. The Company intends carrying on asset management business under the name .....  
and applies for Licensing 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)*).

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 as may be amended from time to time.

8. 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 29*).

9. Notification is made for the appointment of ..... (name) of

- (a) ..... (postal address)  
 (b) ..... (street address)  
 (c) ..... (telephone number)  
 (d) ..... (e-mail address)

as auditor of the Company, whose qualifications are .....

.....  
 (*See the definition of "auditor" in regulation 2 of the regulations*).

10. 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.

11. Proof of payment of application fee of ..... is enclosed with this application.

12. The Company's financial year ends on .....

13. 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 LICENSING OF AN ASSET MANAGER**

**PART A - Proposed Custodian**

To be completed and submitted as part of the Application for Licensing 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..... (Include copy of certificate of incorporation)

3. Registered Office

- (a) ..... (registered office)
- (b) ..... (postal address)
- (c) ..... (street address)
- (d) ..... (telephone number)
- (e) ..... ( e-mail Address)
- (f) ..... (website address - if applicable)

4. Total number of Directors

5. Names and address of Directors

- 1 ..... 5 .....
- 2 ..... 6 .....

3..... 7.....

4..... 8.....

6. 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 4 of the Collective Investment Schemes Regulations 2018.

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

..... Chief Executive Officer

Witnesses:

1. ....

2. ....

**PART B - Proposed Trustee**

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

1. Name of proposed Trustee

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

2. Company Registration Number.....(Include copy of certificate of incorporation)

3. Registered Office

(g) ..... (registered office)

(h) ..... (postal address)

(i) ..... (street address)

- (j) .....(telephone number)
- (k) ..... ( e-mail Address)
- (l) ..... (website address - if applicable)

4. Total number of Directors .....

5. Names and address of Directors

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

6. 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 C  
(Regulation 5)**

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

**Proposed Collective Investment Scheme**

To be completed and submitted as part of the Application for Licensing 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)
- (e) ..... (email address)

3. Contact person(s):

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

4. Proof of payment of 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. 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 LICENSING OF A COLLECTIVE INVESTMENT  
SCHEME CORPORATE AGENT

**Proposed Collective Investment Scheme Corporate Agent**

To be completed and submitted as part of the Application for Licensing 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 licensing of the said Company as a Collective Investment Schemes agent to carry on the business of providing brokerage 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)
  - (e) ..... (e-mail address)
  
3. The Company has been incorporated or registered in Lesotho 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

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

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 license 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. Proof of 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:

1.....

2.....

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

**APPLICATION FOR LICENSING OF A COLLECTIVE INVESTMENT  
SCHEME INDIVIDUAL AGENT**

**Proposed Collective Investment Scheme Individual Agent**

To be completed and submitted as part of the Application for Licensing 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)  
..... (e-mail address)

hereby apply for the licensing 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 18 years;
  - (b) am resident in Lesotho
  - (c) hold the following educational qualifications:
    - (i) .....
    - (ii) .....
    - (iii) .....
  - (d) I 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. Proof of payment of application fee of ..... are enclosed with this application.

4. 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:

1.....

2.....

**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.

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**STATEMENT OF COMPREHENSIVE INCOME - INVESTMENT**

<b>1. Year ended</b>	<b>Previous Quarter</b>	<b>Current Quarter</b>
----------------------	-------------------------	------------------------

<b>2. Income</b>		
------------------	--	--

Interest income		
-----------------	--	--

Dividends		
-----------	--	--

Fees		
------	--	--

Realized capital gains or loss		
--------------------------------	--	--

Unrealized capital gains or loss		
----------------------------------	--	--

Other (specify)		
-----------------	--	--

<b>Total Income</b>		
---------------------	--	--

<b>3. Investment expenses</b>		
-------------------------------	--	--

Professional Fees		
-------------------	--	--

Fund Management fees		
----------------------	--	--

Custody Fees		
--------------	--	--

Transaction costs		
-------------------	--	--

Administrative Expenses		
-------------------------	--	--

Bank charges		
--------------	--	--

Other (specify)		
-----------------	--	--

<b>Total Expenses</b>		
-----------------------	--	--

<b>4. Tax</b>		
---------------	--	--

Income tax		
------------	--	--

<b>Net Income (Investment)</b>		
--------------------------------	--	--

Chief Executive Officer		
-------------------------	--	--

Date:		
-------	--	--

## STATEMENT OF FINANCIAL POSITION

<b>1.</b>	<b>Year ended</b>	<b>Previous Quarter</b>	<b>Current Quarter</b>
-----------	-------------------	-------------------------	------------------------

<b>2.</b>	<b>Assets</b>		
-----------	---------------	--	--

	Investment property		
--	---------------------	--	--

	Plant and equipment		
--	---------------------	--	--

	Investments		
--	-------------	--	--

	Contributions and other receivables		
--	-------------------------------------	--	--

	Accrued income		
--	----------------	--	--

	Cash and cash equivalents		
--	---------------------------	--	--

	Deferred Tax		
--	--------------	--	--

	Other (specify)		
--	-----------------	--	--

	<b>Total Assets</b>		
--	---------------------	--	--

<b>3.</b>	<b>Liabilities</b>		
-----------	--------------------	--	--

	Accounts Payable		
--	------------------	--	--

	Other (specify)		
--	-----------------	--	--

	<b>Net Assets</b>		
--	-------------------	--	--

<b>4.</b>	<b>Capital and Reserves</b>		
-----------	-----------------------------	--	--

	Capital Value of portfolio		
--	----------------------------	--	--

	Retained/Undistributed Income		
--	-------------------------------	--	--

	Reserve 2		
--	-----------	--	--

	Reserve 3		
--	-----------	--	--

Chief Executive 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

<b>Instrument</b>	<b>Market Value</b>	<b>Percentage of Total</b>
Security 1		
Security 2		
Security 3		
.....		
.....		
Security t		

**Total assets**

Chairperson  
Date:

Principal Officer  
Date:

**(B) TOP TWENTY INVESTORS**

1. Quarter ended
2. Name of the Collective Investment Scheme
3. Top Twenty Investors

<b>Client Name</b>	<b>Market Value</b>	<b>Percentage of Total</b>
Investor 1		
Investor 2		



Investor 3  
 .....  
 .....

Investor 20

**Total assets**

Chief Executive Officer

Date:

**(C) ASSET ALLOCATION**

1. Quarter ended
2. Name of the Collective Investment Scheme
3. Asset Allocation

<b>Asset Class</b>	<b>Lesotho</b>	<b>CMA (excluding Lesotho)</b>	<b>Other (specify)</b>
--------------------	----------------	--------------------------------	------------------------

Money market instruments

Fixed income securities

Listed Equity

Private Equity

Property

Other (specify)

**Total assets**

Chief Executive Officer

Date:

**SCHEDULE H  
(Regulation 44)**

**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.

Conditional selling – No person shall be permitted to sell participation in a collective investment scheme contingent on the purchase or sale of another product, or other consideration.

Inducement – No person shall induce a prospective member to participate in a collective investment scheme by way of providing the prospective member any consideration of value.

Coercion – No person shall coerce any person to participate in a collective investment scheme.

Comparative marketing – No person shall make comparative references to competing collective investment scheme in their promotion and marketing activities.

**SCHEDULE I  
SCHEDULE OF FEES**

	Initial Application Fee	Annual License Fee
Asset Manager	M12500.00	M6250.00
Collective Investment Scheme	M5000.00	M2500.00
Collective Investment Scheme Agent-Corporate	M5000.00	M2500.00
Collective Investment Scheme Agent-Individual	M2500.00	M1000.00
Trustee	M12500.00	M6250.00
Custodian	M12500.00	M6250.00

**SCHEDULE J  
Regulations 5(2)**

**REPORTING OBLIGATIONS FOR FOREIGN COLLECTIVE  
INVESTMENT SCHEMES**

To be completed and submitted as part of the reporting requirements for a foreign fund in terms of Regulations 5 (2) of the Collective Investment Schemes Regulations, 2018.

**(A) DOMESTIC INVESTORS**

1. Quarter ended
2. Name of the Foreign Fund
3. Number of Lesotho Investors
4. Total Assets Accrued to Lesotho Investors
5. Top Twenty Investors

Client Name	Market Value	Percentage of Lesotho total
Investor 1		
Investor 2		
Investor 3		

.....  
.....  
Investor 20

**Total assets**

Principal Officer  
Date:

**(B) ASSET ALLOCATION**

1. Quarter ended
- 2.
3. Asset Allocation

<b>Asset Class</b>	<b>CMA</b>	<b>Other (specify)</b>
Money market instruments		
Fixed income securities		
Listed Equity		
Private Equity		
Property		
Other (specify)		

**Total assets**

4. I submit with this information, the quarterly factsheet.

Principal Officer  
Date: