

# INVESTMENT SERVICES RULES FOR ALTERNATIVE INVESTMENT FUNDS

## PART B: STANDARD LICENCE CONDITIONS

### Appendix 1

Supplementary Licence Conditions applicable to  
Alternative Investment Funds adopting different  
structures

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

## REVISIONS LOG

---

VERSION	DATE ISSUED	DETAILS
1.00	22 July 2013	Applicable until 5 May 2019
2.00	6 May 2019	See: <a href="#">Circular dated 6 May 2019 on Revisions to CIS Rulebooks</a>
3.00	21 December 2020	See: <a href="#">Circular dated 11 December 2020</a>
4.00	12 February 2025	See: <a href="#">Circular dated 12 February 2025 on the Launch of a Framework for Collective Investment Schemes Structured as Limited Partnerships without Separate Legal Personality</a>

---

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

## **1. Introduction**

- 1.01 The supplementary licence conditions prescribed in this Appendix are applicable to Maltese AIFs whether these are third-party managed or self-managed AIFs in terms of Part B of these Rules.

## **2. Supplementary Conditions Applicable to AIFs Established as Limited Partnerships under (a) the Companies Act and (b) the investment Services Act (Special Limited Partnership Funds) Regulations**

- 2.01 The AIF shall obtain the written consent of the MFSA before appointing a general partner. The request for consent shall be accompanied by a Personal Questionnaire in the form set out in Schedule 2 to Part A of these Rules duly completed by the person proposed (in the case of an individual) or by the directors and Qualifying Shareholders of the proposed general partner (in the case of a body corporate).

Provided that where the proposed corporate general partner is regulated in a recognised jurisdiction, the request for consent need not be accompanied by the Personal Questionnaire of the directors and Qualifying Shareholders of the proposed corporate general partner, but shall include details of the regulatory status of the general partner.

- 2.02 General partners shall be persons falling within any one of the following categories:
- i. a company licensed under the Act for the provision of fund management services; or
  - ii. a company falling within the exemptions applicable to overseas AIFMs; or
  - iii. any other entity of sufficient standing and repute as approved by the MFSA; or
  - iv. any other individual who satisfies the fitness and properness test.

Where the general partner falls under paragraphs (iii) or (iv) above, and in the absence of a AIFM (as per paragraphs (i) or (ii)) acting as an additional general partner, the AIF shall appoint an AIFM acceptable to the MFSA.

- 2.03 The AIF shall notify the MFSA in writing of the departure of a general partner within 14 days of the departure. The AIF shall also request the general partner to confirm to the MFSA that his departure had no regulatory implications or to provide relevant details, as appropriate. A copy of such request shall be provided to the MFSA together with the AIF's notification of departure.
- 2.04 The MFSA shall be entitled to be satisfied, on a continuing basis, of the fitness and properness of the general partner(s) and of any service provider(s) appointed by the AIF.
- 2.05 Where applicable, the AIF, or the AIFM or Administrator on behalf of the AIF, is required to disclose to potential investors, the identity of the Beneficial Owner(s) of the general partner(s) upon request.

### **3. Supplementary Conditions Applicable to AIFs Established as Investment Companies**

- 3.01 The AIF shall at all times have one or more directors independent from the AIFM, the Custodian and any other service provider(s).
- 3.02 The AIF shall obtain the written consent of the MFSA before the appointment or replacement of a director. The AIF shall not appoint a corporate director unless such corporate director is regulated in a recognised jurisdiction.
- 3.03 The request for consent of the appointment or replacement of an individual as director shall be accompanied by a Personal Questionnaire in the form set out in Schedule 2 to Part A of these Rules duly completed by the person proposed. In the case of a corporate director, the request for consent shall include details of its regulatory status. The MFSA reserves the right to object to the proposed appointment or replacement and to require such additional information as it may consider appropriate.

- 3.04 The AIF shall notify the MFSA in writing of the departure of a director within 14 days of the departure. The AIF shall also request the director to provide the MFSA with the relevant details concerning the individual's resignation as appropriate. A copy of such request shall be provided to the MFSA together with the AIF's notification of departure.
- 3.05 Minutes of the meetings of the board of directors shall be held in Malta at the registered office of the Scheme or at any other place as may be agreed with the MFSA.
- 3.06 Where the AIF has issued voting shares to the promoters<sup>1</sup> and non-voting shares to professional investors, any changes in the beneficial ownership of the Voting Shares of the AIF shall be subject to the MFSA's prior approval. The AIF, or the AIFM or Administrator on behalf of the AIF, is required to disclose to potential investors, the identity of the Beneficial Owner(s) of the Voting Shares upon request.
- 3.07 The Scheme shall obtain the written consent of the MFSA prior to:
- i. making any changes to the rights of its Voting Shares;
  - ii. redeeming its Voting Shares; or
  - iii. issuing additional Voting Shares.
- 3.08 The AIF shall act honestly, fairly and with integrity – in the best interests of its investors/shareholders and of the market. Such action shall include:
- i. avoiding conflicts of interest where this is possible and, where it is not, ensuring – by way of disclosure, internal procedures or otherwise – that investors are treated fairly. The following procedures should be followed during meetings (including but not limited to board meetings), where a member considers that s(he) has or may have a conflict of interest:
    - (a) that person should declare that interest to the other members either at the meeting at which the issue in relation to which s(he) has an interest first arises, or if the member was not at the date of the

---

<sup>1</sup> hereinafter referred to as "Voting Shares"

meeting interested in the issue, at the next meeting held after s(he) became so interested;

- (b) unless otherwise agreed to by the other members, a member shall avoid entering into discussions in respect of any contract or arrangement in which s(he) is interested and should withdraw from the meeting while the matter in which s(he) has an interest is being discussed;
  - (c) the interested member should not vote at a meeting in respect of any contract or arrangement in which s(he) is interested, and if s(he) shall do so, his/her vote shall not be counted in the quorum present at the meeting;
  - (d) the minutes of the meeting should accurately record the sequence of such events.
- ii. abiding by all relevant laws and regulations, including in respect of the Prevention of Money Laundering Act<sup>2</sup> and any regulations and rules issued thereunder;
  - iii. not making any claim of independence or impartiality which is untrue or misleading; and
  - iv. not making misleading or deceptive representations to investors.

#### **4. Supplementary Conditions Applicable to AIFs using Trading Companies/ SPVs for Investment Purposes**

- 4.01 The SPVs must be established in Malta or in a jurisdiction which is not an FATF blacklisted country.
- 4.02 The AIF shall, through its directors or general partner(s), at all times maintain the majority directorship of any SPV.

---

<sup>2</sup> Cap. 373 Laws of Malta



- 4.03 The SPV shall be owned or controlled via a majority shareholding of the voting shares either directly or indirectly by the AIF.
- 4.04 The AIF shall ensure that the investments effected through any SPV are in accordance with the investment objectives, policies and restrictions of the AIF.

**5. Supplementary Conditions Applicable to AIFs Effecting Drawdowns on Investors' Committed Funds**

- 5.01 AIFs established as SICAVs and which wish to effect draw-downs on investors' committed funds are also required to comply with regulation 15 of the Companies Act (Investment Companies with Variable Share Capital) Regulations<sup>3</sup> in addition to the following SLCs.
- 5.02 The AIF shall retain at its registered office a copy of its written agreements with investors who have committed to invest in the AIF. Such agreements shall be available for inspection by the MFSA officials during compliance visits.
- 5.03 Any request on committed funds shall be effected pro rata amongst all relevant investors of the AIF.
- 5.04 The AIF shall only make a fresh call for further commitments once all the outstanding commitments from existing investors have been requested.
- 5.05 In addition to the disclosure requirements applicable to the AIF's offering document set out in regulation 15(3) of the Companies Act (Investment Companies with Variable Share Capital) Regulations, the offering document shall comply with the applicable disclosure requirements set out in section 4 of Appendix 4 to these Rules.

---

<sup>3</sup> S.L. 386.02

**6. Supplementary Conditions Applicable to AIFs Established as ICCs with ICs Pursuant to the [Companies Act \(SICAV Incorporated Cell Companies\) Regulations](#)<sup>4</sup>**

- 6.01 Both the ICC and the individual ICs shall be licenced by the MFSA.
- 6.02 The ICC and the individual ICs shall have at least one common director between them.
- 6.03 The ICC and the individual ICs shall have a common registered office.

**7. Supplementary Conditions Applicable To AIFs Established As ICs Under a RICC Pursuant To The [Companies Act \(Recognised Incorporated Cell Companies\) Regulations](#)<sup>5</sup>**

- 7.01 ICs set up under a RICC in terms of the Companies Act (Recognised Incorporated Cell Companies) Regulations, 2012 may be set up as:
- i. an investment company with variable share capital (SICAV) in terms of the Companies Act and the Companies Act (Investment Companies with Variable Share Capital) Regulations; or
  - ii. an investment company with fixed share capital in terms of the Companies Act and the Companies Act (Investment Companies with Fixed Share Capital) Regulations.
- 7.02 Each IC can be either third-party managed or self-managed. In the case where an IC is third-party managed, it will be required to appoint an AIFM, which shall be approved by both the RICC and the MFSA.
- 7.03 An IC which is third-party managed shall appoint its own AIFM which may be the same or different from the AIFM appointed by any other ICs set up under the same

---

<sup>4</sup> S.L. 386.14

<sup>5</sup> S.L. 386.15

RICC. However, in any case, the AIFM appointed shall be approved by both the RICC and the MFSA.

- 7.04 An IC shall, unless otherwise authorised in writing by the MFSA, appoint the service provider(s) selected for it by its RICC, under the same terms and conditions as shall have been approved by the MFSA for this purpose.
- 7.05 An IC shall have the same registered office as its RICC at all times.
- 7.06 Each IC is regulated by its own memorandum and articles of association. Each of the Constitutional Documents or any changes thereto must be endorsed by the RICC. No changes to the Constitutional Documents of the IC shall be effected except as approved by resolution of the board of directors of the IC and the RICC and in accordance with the SLCs applicable to such AIFs.
- 7.07 Each IC must issue its own offering document which may either be based on the standard form used by ICs that belong to the same RICC or specific to the particular IC:
- Provided that no offering document or changes thereto shall be issued by the IC unless it has first been approved by the RICC and the MFSA.
- 7.08 An IC that has been granted or has applied for a Collective Investment Scheme Licence may apply for admissibility to listing with the Listing Authority.
- 7.09 The directors of an IC are not required to be the same as those of the RICC. However the RICC and the IC must have at least one common director. The MFSA may require that directors with different competencies sit on the different boards of directors of the ICs. The common director shall report to the board of the RICC on a regular basis and must provide the RICC with any information that may be relevant to the fulfilment of the RICC's compliance obligations in relation to its ICs.
- 7.10 In addition to the obligations arising under the Companies Act, the IC shall notify the RICC and the MFSA within 14 days of a director of the IC being appointed or ceasing to be a director of the IC.

- 7.11 An IC may create sub-funds. In this regard, an IC is required to comply with SLC 4.19 of Part A of these Rules.
- 7.12 Unless expressly prohibited by any rules, laws or regulations or by its articles of association, an IC shall be permitted to own shares in any other IC of its RICC subject to any conditions that may apply in terms of its licence.
- 7.13 In addition to the requirements of article 6 of the Companies Act, an IC of a RICC shall also indicate in a suitable manner in all of its business letters and forms that it is an IC of a RICC and the name of the RICC.
- 7.14 No IC of a RICC shall transfer, relocate or convert itself in any other manner except as authorised by the competent authority and subject to any conditions which the latter deems fit to impose.
- 7.15 An IC shall apply for a Collective Investment Scheme Licence as if it were an independent Scheme, provided that it shall also be required to provide the relevant endorsements, resolutions and other approvals from its RICC as required by the applicable rules and regulations and will be required to comply with Part A of the Investment Services Rules for Alternative Investment Funds, as applicable.
- 7.16 On application, the IC must provide information on any departure from the standard model agreements endorsed by the RICC.
- 7.17 An IC must provide a draft copy of its agreement with the RICC referred to in section 3 of Part BIII of the Investment Services Rules for Recognised Persons.
- 7.18 The IC must inform its RICC of any departure from any standard model agreement and must submit the relevant changes to the MFSA for approval.
- 7.19 The MFSA shall only grant a Collective Investment Scheme Licence to an IC as an AIF if it is satisfied that the Scheme will comply in all respects with the provisions of the Act, the relevant regulations and the applicable Investment Services Rules issued thereunder.
- 7.20 An IC of a RICC shall pay the licencing and supervision fees applicable to an AIF as stipulated the Investment Services Act (Licence and Other Fees) Regulations. Sub-

funds of the IC shall pay the licensing and supervision fees applicable to sub-funds of an AIF in terms of the same Regulations.

## **8. Supplementary Conditions Applicable to Self-Managed AIFs which Acquire Control of Non-Listed Companies and Issuers**

8.01 The SLCs included in this section shall apply to the following:

- i. One or more AIFs which either individually or jointly, on the basis of an agreement aimed at acquiring control, acquire control of a Non-Listed Company in accordance with SLC 8.02;
- ii. AIFs cooperating with each other on the basis of an agreement pursuant to which such AIFs jointly acquire control of a Non-Listed Company in accordance with SLC 8.02.

8.02 For the purposes of this section, with regards to Non-Listed Companies, the term 'control' shall mean more than 50% of the voting rights in such company.

When calculating the percentage of voting rights held by the relevant AIF, in addition to the voting rights held directly by the relevant AIF, the voting rights of the following entities shall be taken into account, subject to the control as referred to above being established:

- i. An undertaking controlled by the AIF; and
- ii. A natural or legal person acting in its own name but on behalf of the AIF or on behalf of an undertaking controlled by the AIF.

The percentage of voting rights shall be calculated on the basis of all the shares to which voting rights are attached even if the exercise thereof is suspended.

Notwithstanding the definition of 'Control' as provided in the [Glossary to these Rules](#), for the purpose of SLCs 8.12 to 8.14 and SLCs 8.18 to 8.20 in regard to Issuers, control shall be determined in accordance with Article 5(3) of Directive

2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids.

8.03 The SLCs included within this section shall apply subject to the conditions and restrictions set out in Article 6 of Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community as transposed and implemented in Malta through the prescribed in the Employee (Information and Consultation) Regulations.

8.04 This section shall not apply where the Non-Listed Companies concerned are:

- i. Small and medium-sized enterprises within the meaning of Article 2(1) of the Annex to Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises; or
- ii. SPVs with the purpose of purchasing holding or administering real estate.

8.05 Without prejudice to SLCs 8.01 and 8.04, SLC 8.07 shall also apply to AIFs that acquire a non-controlling participation in a Non-Listed Company.

8.06 SLCs 8.12 to 8.14 and SLCs 8.18 to 8.20 shall also apply to AIFs that acquire control over Issuers. For the purposes of those SLCs, SLCs 8.01 and 8.04 shall apply *mutatis mutandis*.

### ***Notification of the acquisition of major holdings and control of Non-Listed Companies***

8.07 When an AIF acquires, disposes of or holds shares of a Non-Listed Company, such AIF shall notify the MFSA of the proportion of voting rights of the Non-Listed Company held by the AIF any time when that proportion reaches, exceeds or falls below the thresholds of 10%, 20%, 30%, 50% and 75%.

8.08 When an AIF acquires, individually or jointly, control over a Non-Listed Company pursuant to SLC 8.01, in conjunction with SLC 8.02, such an AIF shall notify the following of the acquisition of control by the AIF:

- i. the Non-Listed Company;
- ii. the shareholders of which the identities and addresses are available to the AIF or can be made available by the Non-Listed Company or through a register to which the AIF has or can obtain access; and
- iii. the MFSA.

8.09 The notification required under SLC 8.08 shall contain the following additional information:

- i. the resulting situation in terms of voting rights;
- ii. the conditions subject to which control was acquired, including information about the identity of the different shareholders involved, any natural person or legal entity entitled to exercise voting rights on their behalf and, if applicable, the chain of undertakings through which voting rights are effectively held;
- iii. the date on which control was acquired.

8.10 In its notification to the Non-Listed Company, the AIF shall request the board of directors of the company to inform the employees' representatives or, where there are none, the employees themselves, without undue delay of the acquisition of control by the AIF and of the information referred to in SLC 8.09. The AIF shall use its best efforts to ensure that the employees' representatives or, where there are none, the employees themselves, are duly informed by the board of directors in accordance with SLCs 8.07 to 8.11.

8.11 The notifications referred to in SLCs 8.07 to 8.09 shall be made as soon as possible, but no later than 10 working days after the date on which the AIF has reached, exceeded or fallen below the relevant threshold or has acquired control over the Non-Listed Company.

***Disclosure in the case of acquisition of control***

8.12 When an AIF acquires, individually or jointly, control over a Non-Listed Company or an Issuer pursuant to SLC 8.01, in conjunction with SLC 8.02, such an AIF shall make the information referred to in SLC 8.13 available to:

- i. the company concerned;
- ii. the shareholders of the company of which the identities and addresses are available to the AIF or can be made available by the company or through a register to which the AIF has or can obtain access; and
- iii. the MFSA.

The MFSA may require that the information referred to in SLC 8.13 is also made available to the competent authorities of the Non-Listed Company which the MFSA may designate to that effect.

8.13 The AIF shall make available:

- i. the identity of the AIFs that have acquired control;
- ii. the policy for preventing and managing conflicts of interest, in particular between the AIF and the company, including information about the specific safeguards established to ensure that any agreement between the AIF and the company is concluded at arm's length; and
- iii. the policy for external and internal communication relating to the company in particular as regards employees.

8.14 In its notification to the company pursuant to SLC 8.12(i), the AIF shall request the board of directors of the company to inform the employees' representatives or, where there are none, the employees themselves, without undue delay of the information referred to in SLC 8.13. The AIF shall use its best efforts to ensure that the employees' representatives or, where there are none, the employees themselves, are duly informed by the board of directors in accordance with SLCs 8.12 to 8.17.



- 8.15 When an AIF acquires, individually or jointly, control of a Non-Listed Company pursuant to SLC 8.01, in conjunction with SLC 8.02, such AIF shall ensure that it discloses its intentions with regard to the future business of the Non-Listed Company and the likely repercussions on employment, including any material change in the conditions of employment to:
- i. the Non-Listed Company;
  - ii. the shareholders of the Non-Listed Company of which the identities and addresses are available to the AIF or can be made available by the Non-Listed Company or through a register to which the AIF has or can obtain access.
- 8.16 In addition, the AIF shall request and use its best efforts to ensure that the board of directors of the Non-Listed Company makes available the information set out in SLC 8.15 to the employees' representatives or, where there are none, the employees themselves, of the Non- Listed Company.
- 8.17 When an AIF acquires control of a Non-Listed Company pursuant to SLC 8.01, in conjunction with SLC 8.02, such AIF shall provide the MFSA and the investors with information on the financing of the acquisition.

### ***Asset Stripping***

- 8.18 When an AIF, individually or jointly, acquires control of a Non-Listed Company or an Issuer pursuant to SLC 8.01, in conjunction with SLC 8.02, such an AIF shall for a period of 24 months following the acquisition of control of the company by the AIF:
- i. not be allowed to facilitate, support or instruct any distribution, capital reduction, share redemption and/or acquisition of own shares by the company as described in SLC 8.19;
  - ii. in so far as the AIF is authorised to vote at the meetings of the governing bodies of the company, not vote in favour of a distribution, capital reduction, share redemption and/or acquisition of own shares by the company as described in SLC 8.19;

- iii. in any event use its best efforts to prevent distributions, capital reductions, share redemptions and/or the acquisition of own shares by the company as described in SLC 8.19.

8.19 The obligations imposed on AIFs pursuant to SLC 8.18 shall relate to the following:

- i. any distribution to shareholders made when on the closing date of the last financial year the net assets as set out in the company's annual accounts are, or following such a distribution would become, lower than the amount of the subscribed capital plus those reserves which may not be distributed under the law or the statutes, on the understanding that where the uncalled part of the subscribed capital is not included in the assets shown in the balance sheet, this amount shall be deducted from the amount of subscribed capital;
- ii. any distribution to shareholders the amount of which would exceed the amount of the profits at the end of the last financial year plus any profits brought forward and sums drawn from reserves available for this purpose, less any losses brought forward and sums placed to reserve in accordance with the law or the statutes;
- iii. to the extent that acquisitions of own shares are permitted, the acquisitions by the company, including shares previously acquired by the company and held by it, and shares acquired by a person acting in his own name but on the company's behalf, that would have the effect of reducing the net assets below the amount mentioned in point (i).

8.20 For the purposes of SLC 8.19:

- i. the term 'distribution' referred to in SLC 8.19(i) and (ii) shall include, in particular, the payment of dividends and of interest relating to shares;
- ii. the provisions on capital reductions shall not apply on a reduction in the subscribed capital, the purpose of which is to offset losses incurred or to include sums of money in a non-distributable reserve provided that, following that operation, the amount of such reserve is not more than 10 % of the reduced subscribed capital; and

- iii. the restriction set out in SLC 8.19(iii) shall be subject to points (b) to (h) of Article 22(1) of Directive 2012/30/EU of 25 October 2012 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 54 of the Treaty on the Functioning of the European Union, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent.

***Supplementary Conditions concerning the additional information which needs to be included in the annual report of AIFs exercising control of Non-Listed Companies***

- 8.21 When an AIF acquires, individually or jointly, control of a Non-Listed Company pursuant to SLC 8.01 in conjunction with SLC 8.02, such AIF shall include the additional information prescribed hereunder in the annual report.
- 8.22 When an AIF acquires individually or jointly, control of a Non-Listed Company pursuant to SLC 8.01, in conjunction with SLC 8.02 of this section, the AIF shall either:
  - i. Request and use its best efforts to ensure that the annual report of the Non-Listed Company drawn up in accordance with SLC 8.23 hereunder, is made available by the board of directors of the company to the employees' representatives, or, where there are none, to the employees themselves with the period such annual report has to be drawn up in accordance with the Investment Services Rules.
  - ii. For each such AIF include in the annual report the information referred to in SLC 8.23 hereunder relating to the relevant Non-Listed Company.
- 8.23 The additional information to be included in the annual report of the company or the AIF in accordance with SLC 8.22 above shall include at least a fair review of the development of the company's business representing the situation at the end of the period covered by the annual report. The report shall also give an indication of:
  - i. Any important events that have occurred since the end of the financial year;

- ii. The company's likely future development;
- iii. The information concerning acquisitions of own shares prescribed in Article 24(2) of Directive 2012/30/EU.

8.24 The AIF shall either:

- i. Request and use its best efforts to ensure that the board of directors of the Non-Listed Company makes available the information referred to in SLC 8.22(ii) relating to the company concerned to the employees' representative of the company concerned, or, where there are none, to the employees themselves by no later than 6 months following the end of the financial year; or
- ii. Make available the information referred to in SLC 8.22(i) to the investors of the AIF, in so far as already available, by no later than 6 months following the end of the financial year and, in any event, no later than the date on which the annual report of the Non-Listed Company is drawn up in accordance with the applicable legal requirements.

8.25 An AIF shall, taking into account the size, nature, scale and complexity of the said undertaking and on a best effort basis, refer to the [Guidance on Technology Arrangements, ICT and Security Risk Management, and Outsourcing Arrangements](#).

## **9. Supplementary Licence Conditions applicable to AIFs Sold Exclusively to Retail Investors that undertake cross-selling practices**

9.1 This Section shall apply to the Schemes which distribute a Tied or a Bundled Package, as defined in the [Glossary to the Investment Services Rules for Alternative Investment Funds](#).

Furthermore, provisions of this Section shall apply to cross-selling practices whether undertaken directly by the staff of the Scheme or through other distribution channels.

*Full disclosure of price and cost information*

- 9.2 The Scheme shall ensure that its investors are provided with information on the price of both the package and of each of its component products.
- 9.3 The Scheme shall also ensure that its investors is provided with a clear breakdown and aggregation of all relevant known costs associated with the purchase of the package and its component products, including inter alia, administration fees, transaction costs, and exit or prepayment penalty charges.

Where costs cannot be calculated with precision on an ex-ante basis but nevertheless will be incurred by investors after the purchase of the package, the Scheme shall provide its investors with an estimate of these costs based on reasonable assumptions.

*Prominent display and timely communication of price and cost information*

- 9.4 The Scheme shall ensure that information on price and all relevant costs of the package and on each of its component products, is made available to its investors in a timely manner before the investors enter into an agreement, allowing the investors to make an informed decision.
- 9.5 The Scheme shall also ensure that price and cost information of the package and its component products is communicated to investors in a prominent, accurate manner and in simple language, with any technical terminology clearly explained.
- 9.6 The Scheme shall ensure that when promoting any of the component products that will form a Bundled or Tied Package, it assigns equal prominence to the price and cost information of these component products so that its investors can properly and quickly discern the cost impact upon them as a result of purchasing both products as a package.

- 9.7 The Scheme shall ensure that the price and cost information is presented to its investors in a way that is not misleading or which distorts or obscures the real cost to the investors or prevents the investors to conduct a meaningful comparison with alternative products.

*Full disclosure of key information on non-price features and risks, where relevant*

- 9.8 The Scheme shall ensure that its investors are provided with key information relating to the non-price features and risks, where applicable, of each of the component products and the package, including, in particular but not exclusively, the information on how the risks are modified as a result of purchasing the bundled package rather than each of the components separately.

*Prominent display and timely communication of key information on non-price features and potential risks*

- 9.9 Key non-price factors and the relevant risks shall be disclosed to investors with the same prominence and weight as information on price and cost of the component products or Bundled or Tied Package.

Such information should be made clear to its investors in simple language, with any technical terminology clearly explained, in good time before the investors are bound to the agreement.

- 9.10 The Scheme shall also ensure that information on the non-price features and risks of the package is presented to its investors in a way which is not misleading or which distorts the impact of these factors.

*Prominent display and communication of 'optionality of purchase'*

- 9.11 The Scheme shall ensure that its investors are properly informed whether it is possible to purchase the component products separately, i.e. whether its investors have a choice as to which of the products they buy or, to the extent that this is permitted under sectorial legislation, whether one of the component products has

to be purchased in order for investors to be eligible to buy one of the other products from the Scheme.

- 9.12 The Scheme shall ensure that it designs its purchase options in a way which enables its investors to actively select a purchase and therefore to make a conscious decision to buy the component product or the bundled package.

Pre-ticked boxes (on-line or in any other sales document) shall not be used when the Scheme cross-sells one product or service with another.

- 9.13 The Scheme shall ensure that it presents to its investors any purchase options in a way which avoids giving a false perception that the purchase of the bundled package is compulsory when in actual fact it is an optional purchase.

*Adequate training for relevant staff*

- 9.14 Adequate training, including cross-sectorial training, when relevant, shall be provided to its staff in charge of distributing each of the products sold as part of a package. Staff training should ensure that staff are familiar with the risks, where relevant, of the component products and the Bundled or Tied Package and be able to communicate these to its investors in plain, non-technical language.

*Conflicts of interest in the remuneration structures of sales staff*

- 9.15 Suitable remuneration models and sales incentives encouraging responsible business conduct, fair treatment of investors and avoidance of conflicts of interest for its staff selling the Tied or Bundled Package shall be in place and shall be monitored by the Scheme's senior management.

*Post-sale cancellation rights*

- 9.16 Where 'cooling-off periods'<sup>6</sup> or post-sale cancellation rights apply to one or more components of a package (if the components were sold on a standalone basis), these rights should continue to apply to those components within the package.
- 9.17 Products grouped in a cross-selling offer may be split without disproportionate penalties – unless there are justified reasons why this is not possible.

---

<sup>6</sup> "Cooling-off period" is a period after a sale during which the buyer can cancel the contract without incurring a penalty



THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

