



BERMUDA

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

BR 88 / 1988

*[made under section 156P of the Companies Act 1981 and brought into operation on 23 December 1988  
by BR 87/1988]*

TABLE OF CONTENTS

1	Citation and Commencement
2	Interpretation
3	Content of Bye-laws
4	Further provisions that may be included in United Kingdom Class Scheme
5	Exchanges and markets
6	Completion of certain prescribed provisions

PART I  
SECURITIES SCHEMES

INTERPRETATION

INVESTMENT OBJECTIVES

DIRECTORS

APPOINTMENT OF CUSTODIANS AND MANAGER

MANAGER

CUSTODIAN

ISSUE OF SHARES

REDEMPTION OF SHARES

DETERMINATION OF NET ASSET VALUE

INVESTMENT RESTRICTIONS

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

AUDIT

REPORTS TO MEMBERS

COSTS AND EXPENSES

PART II

FUND OF FUNDS

PART III

GOVERNMENT AND OTHER PUBLIC SECURITIES FUNDS

PART IV

MONEY MARKET FUNDS

PART V

UMBRELLA FUNDS

PART VI

INCOME AND ACCUMULATION SHARES

SCHEDULE I

APPROVED MARKETS

SCHEDULE 2

APPROVED OPTIONS AND FUTURES MARKETS

SCHEDULE 3

COUNTRIES AND TERRITORIES

Citation and Commencement

1 These Regulations may be cited as the Companies (United Kingdom Class Scheme Bye-laws) Regulations 1988 and shall come into force on the same date as the Companies Amendment Act 1988.

Interpretation

2 (1) In these Regulations, unless the context otherwise requires:—

“Securities Scheme” means a United Kingdom Class Scheme the sole object of which is to enable participants to participate in, or receive profits or income (or sums paid out of profits or income) arising from the acquisition, holding, management or disposal of transferable securities and which is not a Fund of Funds or a Government and Other Public Securities Fund or an Umbrella Fund;

“Fund of Funds” means a United Kingdom Class Scheme the sole object of which is to enable participants to participate in or receive profits or income (or sums paid out of profits or income) arising from the acquisition, holding, management or disposal of units or shares in qualifying collective investment schemes;

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

“Government and Other Public Securities Fund” means a United Kingdom Class Scheme the sole object of which is to enable participants to participate in or receive profits or income (or sums paid out of profits or income) arising from the acquisition, holding, management or disposal of either Government and other public securities or Government and other public securities and units or shares in other qualifying collective investment schemes which are Government and Other Public Securities Funds;

“Money Market Fund” means a United Kingdom Class Scheme the sole object of which is to enable participants to participate in or receive profits or income (or sums paid out of profits or income) arising from the acquisition, holding, management or disposal of any one or more of the following, or of any one or more of the following and transferable securities:—

- (i) deposits;
- (ii) loans; and
- (iii) instruments creating or evidencing indebtedness which are not transferable securities;

“Umbrella Fund” means a United Kingdom Class Scheme which provides for such pooling as is mentioned in section 75(3)(a) of the FSA in relation to separate parts of the property and participants in which are entitled to exchange rights in one part for rights in another.

(2) Words and expressions defined in Part I of these Regulations shall bear the same meanings when used in this part of the Regulations.

#### Content of Bye-laws

3 (1) The Bye-laws of a Securities Scheme shall contain the provisions set out in Part I of these Regulations.

(2) The Bye-laws of a Fund of Funds shall contain the provisions set out in Part I of these Regulations as modified by the terms of Part II of these Regulations.

(3) The Bye-laws of a Government and Other Public Securities Fund shall contain the provisions set out in Part I of these Regulations as modified by the terms of Part III of these Regulations.

(4) The Bye-laws of a Money Market Fund shall contain the provisions set out in Part I of these Regulations as modified by the terms of Part IV of these Regulations.

(5) The Bye-laws of an Umbrella Fund shall contain the provisions set out in Part I of these Regulations as modified in accordance with the terms of Part V of these Regulations.

(6) The Bye-laws of a United Kingdom Class Scheme which has in issue or proposes to issue Income Shares and Accumulation Shares shall contain the provisions prescribed under sub-paragraphs (1)(2)(3) or (4) of this paragraph, as the case may be, as modified in accordance with the terms of Part VI of these Regulations.

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

Further provisions that may be included in United Kingdom Class Scheme

4 The Bye-laws of a United Kingdom Class Scheme shall contain such further provisions as are required pursuant to section 13 of the Act and may contain, in addition to those prescribed by paragraph 3 of these Regulations, such other provisions as are appropriate but no such provision may be included which would have the effect of defeating or amending any provision so prescribed. The provisions so prescribed shall be contained in Part A of the Bye-laws of a United Kingdom Class Scheme and all other provisions shall be contained Act another part or parts of the Bye-laws. In the event of any inconsistency between any provision so prescribed and any other provision, the prescribed provision shall prevail.

Exchanges and markets

5 The exchanges and markets specified for the purpose of the definition of “approved market” and “approved options and futures market” in Part I of these Regulations and the countries and territories specified in the definition of “Government and other public securities” in Part I of these Regulations shall be those specified in the Schedules to these Regulations as amended from time to time by the Minister.

Completion of certain prescribed provisions

6 The prescribed provisions referred to below shall be completed in the following manner:—

- (a) The definition of “Dealing Day” and “Valuation Day” shall be completed by the inclusion of provisions setting or providing for the determination of each day in each month which will be a Dealing Day or, as the case may be, a Valuation Day.
- (b) The investment objectives of the Company shall be specified in Bye-law 2(1), save in the case of an Umbrella Fund.
- (c) Bye-law 7(2) shall include a figure representing the maximum amount of the initial charge, expressed as a percentage of the Subscription Price.

PART I

SECURITIES SCHEMES

INTERPRETATION

1 In these Bye-laws unless there is something in the subject or context inconsistent therewith:—

“the Act” means the Companies Act 1981 as amended;

“approved market” means the principal or only market established in a member State on which shares admitted to the Official List of that member State are dealt in or traded and the principal or only market established under the rules of an investment exchange specified in Part I of Schedule I to the Regulations and also any market specified in Part II of that Schedule to the Regulations;

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

“approved options and futures market” means a market specified in Schedule II to the Regulations;

“Auditor” means the person or firm for the time being appointed as auditor of the Company;

“approved securities” means:

- (a) transferable securities which are traded on or under the rules of an approved market otherwise than by virtue of the specific permission of the market authority; and
- (b) recently issued transferable securities, but does not include any share or debenture which can be transferred only with the consent of the body corporate which issued the investment or with the consent of any member or debenture holders of that body corporate;

“base currency” means United States dollars or such other currency as the Directors may determine;

“business day” means any day on which banks in Bermuda are open for business;

“close out”, in relation to a transaction entered into by the Company, means the entry, by the Company, into a further transaction under which the obligation to deliver or receive which arises or may, at the option of the other party to the transaction, arise under the original transaction is offset by an equivalent and opposite obligation or right to receive or deliver;

“collective investment scheme” means a collective investment scheme for the purposes of Section 75 of the FSA and an it open-ended collective investment scheme” is such a scheme which has the characteristics described in section 78(6) of the FSA or is treated as having those characteristics by virtue of that provision;

“connected person” of the Manager or of any investment adviser appointed by the Manager or of the Custodian means:

- (a) any person beneficially owning, directly or indirectly, 20 per cent. or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20 per cent. or more of the total votes in that company;
- (b) any person controlled by a person who meets one or both of the requirements set out in (a) above;
- (c) any company 20 per cent. or more of whose ordinary share capital is beneficially owned, directly or indirectly, by the Manager and any such investment adviser taken together or, as the case may be, by the Custodian; and any company 20 per cent or more of the total votes in which can be exercised, directly or indirectly, by the Manager and any such investment adviser taken together or, as the case may be, by the Custodian; and

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

(d) any director or officer of the Manager or any such investment adviser or, as the case may be, the Custodian or of any connected person of that company, as defined in (a), (b) or (c) above;

“contract for differences” means a contract the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the value or price of property or in an index or other factor designated for that purpose in the contract;

“Custodian” means the company for the time being appointed as custodian pursuant to the Bye-laws;

“Dealing Day” means every [ ] and/or such other day or days in addition thereto or in substitution therefor as may from time to time be determined by the Manager either in any particular case or generally but so that there shall be at least one Dealing Day in each month;

“debenture” means any debenture, debenture stock, loan stock, bonds, certificates of deposit and any other instrument creating or acknowledging indebtedness;

“the FSA” means the Financial Services Act 1986 of the United Kingdom;

“future” means a contract for the sale of a commodity or property of any other description under which delivery is to be made at a future date and at a price agreed upon when the contract is made;

“Government and other public security” means investments falling within paragraph 3 of Schedule 1 to the FSA which are:—

- (a) issued by or on behalf of the Government of the United Kingdom, of Northern Ireland or of a EEC member State other than the United Kingdom or by or on behalf of a local authority in the United Kingdom or any other EEC member State; or
- (b) issued by or on behalf of the Government of any country or territory specified in Schedule III to the Regulations; or
- (c) issued by or on behalf of an international organisation the members of which include the United Kingdom or another EEC member State,

and includes investments which would fall within paragraph 3 of Schedule 1 to the FSA if that paragraph extended to investments guaranteed by a local authority in any EEC member State or by the Government of the United Kingdom, the Government of any other EEC member State or of Northern Ireland or by the Government of any country or territory specified in Schedule III to the Regulations;

“hedging transaction” means a transaction of the kind described in Bye-law 12(2);

“Investment Objectives” means the investment objectives of the Company as described in Bye-law 2 as amended from time to time;

“in writing” and “written” includes printing, lithography, photography, and other modes of representing or reproducing words in visible form;

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

- “Manager” means the company for the time being appointed and acting as manager of the Company pursuant to these Bye-laws;
- “margin” means cash or other property paid, transferred or deposited under the terms of a margined contract;
- “margined contract” means a contract the terms of which are such that property of the Company will or may be required to be paid, transferred or deposited as security for the performance of an obligation to deliver or receive property which will or may arise under the contract whether at the option of the Company or of the other party to the contract or otherwise and includes an option purchased by the company under which the total amount of premium which may be payable for the option is not payable on purchase but may be demanded before expiry of the option;
- “near cash” means money in a current account with or money in a deposit account with, or on short term loan to, the Custodian which can normally be withdrawn immediately and without payment of a penalty exceeding more than seven days’ interest calculated at ordinary commercial rates and also includes Government and other public securities;
- “Net Asset Value” means the net asset value determined in accordance with Bye-law 9;
- “option” means a right exercisable within a specified period of time, at the option of the holder of the right, to dispose of or acquire any property at a specified price;
- “premium”, in relation to an option, means the total amount which the purchaser of the option is, or may be, required to pay in consideration for the right to exercise the option;
- “Principal Securities Market” with reference to any approved security, means such approved market which in the opinion of the Custodian is the sole or principal approved market upon which such investment is traded;
- “purchase”, in relation to an option, means acquiring the right to exercise the option;
- “Regulations” means The United Kingdom Class Scheme (Bye-laws) Regulations 1988;
- “qualifying collective investment scheme” means a collective investment scheme which is either:—
- (a) a United Kingdom authorised unit trust scheme which qualifies under English law as an authorised securities scheme; or
  - (b) a scheme which qualifies under the FSA as a recognised scheme and which has the characteristics described in (c)(i) to (iii) below; or
  - (c) a collective investment scheme constituted in a country or territory outside the United Kingdom interests in which are approved securities and (i) the

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

sole object of which is to invest funds raised from the public in transferable securities; (ii) which operates on the principal of risk spreading; (iii) the terms of which restrict investments in interests in other collective investment schemes to investment in qualifying collective investment schemes and prohibit more than 5 per cent in value of the property of the scheme consisting of interests in such schemes;

“recently issued transferable securities” means transferable securities—

- (a) which were issued on terms that an application would be made to an exchange or market which, if accepted, would result in the securities becoming approved securities by virtue of paragraph (a) of the definition of “approved securities”;
- (b) with respect to which no application of the kind described in paragraph (a) of this definition has been refused; and
- (c) with respect to which not more than twelve months has passed since the date of their issue;

“Record Date” in respect of any dividend means the date as of which the persons entitled to participate therein fall to be determined;

“Relevant Valuation Day” means in the case of an issue or redemption of shares the Valuation Day immediately following the Dealing Day as of which a share is to be allotted or redeemed;

“Redemption Price” means the price at which shares may be redeemed, determined in accordance with the Bye-laws;

“Subscription Price” means the price at which shares may be subscribed, determined in accordance with the Bye-laws;

“traded option” means an option which, under the terms of a permission relating to options on property of the same kind which has been in force for a period of at least six months, is traded or dealt in on an approved options and futures market;

“transferable security” means any investment falling within any of paragraphs 1 to 6 of Schedule I to the FSA other than an investment title to which either cannot be transferred, or can be transferred only with the consent of a third party other than, in the case of any share or debenture either the body corporate which issued the investment or any members or debenture holders of that body corporate;

“United Kingdom” means Great Britain and Northern Ireland;

“United Kingdom Class Scheme” means a mutual fund certified as such by the Minister of Finance under section 156H of the Act;

“unitisation” in relation to a United Kingdom Class Scheme, means arrangements under which:—



COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

- (a) the whole or part of the property of a body corporate or a collective investment scheme is transferred so as to become part of the property of the United Kingdom Class Scheme; and
- (b) the holders of shares in that body or shares or units in that collective investment scheme become holders of shares in the United Kingdom Class Scheme;

“Valuation Day” means every [..... ] and/or such other day or days in addition thereto or in substitution therefor as may from time to time be determined by the Manager with the approval of the Custodian either in any particular case or generally but so that there shall be at least one Valuation Day in each month; and

“Valuation Point” means the time on each Relevant Valuation Day selected by the Custodian as the time as of which the Net Asset Value per share is to be determined in accordance with Bye-law 9;

“write”, in relation to an option, means the granting of the option.

Words and expressions defined in the Regulations shall have the same meanings when used herein.

References to any act, statutory provision or regulation of any legislature or authority shall include references to such act, statutory provision or regulation as amended, extended, consolidated, substituted or re-enacted from time to time.

#### INVESTMENT OBJECTIVES

- 2 (1) The investment objectives of the Company shall be .....
- (2) If in a prospectus issued by the Company, a statement is made that the Directors or Manager will adopt investment restrictions more restrictive than those imposed by these Bye-laws, no significant departure may be made in the management of the Company from the restrictions so stated without the approval of the Company in general meeting.

#### DIRECTORS

3 It shall be the duty of the Directors to determine the investment and general policies of the Company within the Investment Objectives, to give directions to the Manager for the furtherance of such policies and to perform such other functions as are assigned to them under these Bye-laws. It shall be the duty of the Directors not to exercise any powers, duties or discretions or to give any directions which would or might cause the Company to operate otherwise than in accordance with these Bye-laws.

#### APPOINTMENT OF CUSTODIANS AND MANAGER

- 4 (1) The Directors shall appoint a bank incorporated in and carrying on banking business in Bermuda to be the Custodian of the Company and as such to carry out and be

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

responsible for such matters as are specified in these Bye-laws to be the responsibility of the Custodian and such other matters as may be set out in the agreement appointing the Custodian. The Directors shall not appoint any bank as Custodian of the Company unless such bank shall have agreed to be bound by the terms of these Bye-laws insofar as they relate to the Custodian.

(2) The Directors shall appoint a company incorporated in Bermuda and separate from the Custodian to be the Manager of the Company and as such to carry out and be responsible for such matters as are specified in these Bye-laws to be the responsibility of the Manager and such other matters as may be set out in the agreement appointing the Manager. The Directors shall not appoint any such company as Manager of the Company unless such company shall have agreed to be bound by the terms of these Bye-laws insofar as they relate to the Manager.

(3) Neither the Custodian nor the Manager shall be entitled to retire from their respective appointments, and the Directors shall not be entitled to terminate the appointment of the Custodian or the Manager, except upon the appointment by the Directors, as a successor Custodian or successor Manager as the case may be, of a person duly qualified to be appointed as such under these Bye-laws.

Provided however that:—

- (i) if the Company is certified as a United Kingdom Class Scheme, any successor Custodian or Manager shall be a person previously approved by the Minister to act as a Custodian or Manager of the Company without prejudicing that certification and any successor manager shall be a person previously approved by the Custodian;
- (ii) the Directors may not terminate the appointment of the Custodian except with the prior approval of the Company in general meeting or unless required so to do by law or by the Minister;
- (iii) the Directors may not terminate the appointment of the Manager except with the prior approval of the Company in general meeting or unless required so to do by law or by the Minister or unless required so to do by the Custodian under Bye-law 4(4) below.

(4) The Custodian may require the Directors to terminate the appointment of the Manager and, if the Directors fail so to do within seven days of being required so to do by the Custodian, the Custodian may itself on behalf of the Company terminate the appointment of the Manager, if:—

- (i) an order is made or a resolution is passed for the winding up of the Manager;
- (ii) a receiver is appointed of the undertaking of the Manager or any part thereof;
- (iii) for good and sufficient reason the Custodian is of the opinion and so states in writing to the Members that a change of Manager is desirable in the interests of the Members; or

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

- (iv) a resolution is passed by Members in general meeting requiring the Manager to be removed.

(5) If either the Custodian or the Manager shall have given to the Company notice of its desire to retire from its appointment and no successor shall have been appointed in accordance with the foregoing provisions of this Bye-law as a successor Custodian or Manager as the case may be within the period of six months from the giving of such notice, the Custodian or Manager, as the case may be, may require the Directors to convene a General Meeting of the Company and propose at that meeting a resolution that the Company be wound up. Each Member present in person or by proxy at any such meeting shall be bound to vote in favour of that resolution.

4A The Manager and the Custodian may, in the execution of all or any of their rights, privileges, powers, duties, trusts and discretions and with the prior approval of the Company, delegate to any person or persons all or any of such rights, privileges, powers, duties, trusts and discretions vested in them by the Bye-laws or otherwise and such delegation may be made upon such terms and conditions including power to sub-delegate as the Manager and the Custodian may think fit provided that:

- (a) any such person or person shall agree to be bound by the terms of the Companies (The United Kingdom Class Scheme Bye-laws) Regulations 1988;
- (b) the Manager and the Custodian, subject to such regulations shall remain responsible and liable for the acts and omissions of such person or persons; and
- (c) the Custodian may not delegate to the Manager or to any connected person of the Manager any duty of supervision in respect of the Manager or any duty of custody or control of the property of the Company.

*[Bye-law 4A inserted by BR 48/1991 effective 1 November 1991]*

MANAGER

5 (1) It shall be the duty of the Manager to manage the Company on a day to day basis, to select investments to be owned by the Company, to perform the other functions assigned to it by these Bye-laws and generally to carry out all responsibilities (not being responsibilities assigned to the Directors or the Custodian by these Bye-laws) normally carried out by or assigned to a managing director. In carrying out its duties the Manager shall act at all times in accordance with the Investment Objectives, the policies laid down by, and the directions given by, the Directors from time to time and the provisions of these Bye-laws.

(2) The Manager shall comply with all directions given to it by the Directors from time to time provided that it is satisfied that compliance with such directions would not be in breach of these Bye-laws or in breach of law. It shall be the duty of the Manager to refuse to comply with any instructions or directions unless so satisfied.

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

(3) The Manager shall in particular take all reasonable steps and exercise all due diligence to avoid the property of the Company being used or invested in contravention of the investment restrictions set out in these Bye-laws.

CUSTODIAN

6 (1) It shall be the duty of the Custodian to take reasonable care to ensure that the property of the Company is managed by the Manager in accordance with these Bye-laws and to perform such other functions and discharge such other duties as are assigned to it under these Bye-laws. In particular, the Custodian shall take all reasonable steps and exercise all due diligence to exercise such degree of supervision over the Manager's operation of the Company as is appropriate with a view to ensuring that the Manager fulfils the duties imposed on him by Bye-law 5(3).

(2) The Custodian shall take into its custody or under its control all the property of the Company and hold it in accordance with the provisions of the Bye-laws and the Act.

(3) The Custodian may at its discretion entrust the documents of title, or the documents evidencing title, to all or part of the property of the Company for safe keeping to some other person (not being the Manager or a connected person of the Manager who is not a bank incorporated in Bermuda or a subsidiary of such a bank) and may arrange for such other person to become the registered holder of property of the Company the title to which is in registered form but if that other person is a bank incorporated in Bermuda or a subsidiary of such a bank which is a connected person of the Manager the Custodian shall remain responsible for the acts and omissions of that other person as though they were the acts and omissions of the Custodian itself.

(4) The Custodian may take advantage of paragraph (3) only if—

- (a) it is satisfied at the outset after making reasonable enquiries, and continues thereafter after repeating those enquiries at reasonable intervals to be satisfied, that the sub-custodian is a fit and proper person to be such a sub-custodian, and
- (b) arrangements have been and continue to be made with the sub-custodian to protect the rights of the Company in priority to other creditors of the sub-custodian which the Custodian is satisfied are the best available under the law of the country or territory where the documents or property will be kept.

(5) Notice of the appointment of any sub-custodian shall promptly be given by the Custodian to the Company and the Manager. The fees and other remuneration of any sub-custodian appointed by the Custodian shall be paid by the Custodian, unless otherwise agreed between the Company and the Custodian.

(6) The Manager and the Directors shall on the request of the Custodian, forthwith supply the Custodian with all such information concerning the management and administration of the Company as the Custodian may reasonably require. It is the duty of the Custodian to carry out the instructions of the Manager as to the selection of investments

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

for the Company provided that it is satisfied that to do so would not involve any breach of these Bye-laws.

ISSUE OF SHARES

7 (1) Subject as hereinafter provided, the Custodian may, on receipt by the Company or its authorised agent of an application in such form as the Manager or Custodian may from time to time determine, issue and allot shares on behalf of the Company. Issues of shares shall be effected, in the case of the initial offering, at such price as the Directors may determine, and in all other cases, at not less than the Subscription Price determined in accordance with paragraph (2) of this Bye-law

PROVIDED THAT:

- (a) no share shall be allotted or issued (except those for which applications have been previously received and accepted by or on behalf of the Company) during any period when the determination of the Net Asset Value is suspended pursuant to paragraph (2) of Bye-law 9;
- (b) no share shall be allotted or issued at a price less than its par value;
- (c) payment shall be made in such currency or currencies at such time and place and in such manner as the Manager with the approval of the Custodian may from time to time determine;
- (d) the Company shall not issue any of its shares (i) for services, or (ii) for property other than cash or securities except that it may issue fully paid shares as a distribution to its Members or in connection with a reorganisation;
- (e) all shares shall be allotted as of the Dealing Day on which or next following the day on which the application was received by or on behalf of the Company and any such allotment shall be conditional upon payment being duly made within the period specified for such payment;
- (f) shares shall be issued in such minimum numbers or with such minimum aggregate values as the Manager may specify either generally or in any particular case;
- (g) fractions of a share, of not less than one-thousandth of a share, may be issued;

(2) The Subscription Price for each share allotted as of a Dealing Day shall be the Net Asset Value per share (as determined in accordance with Bye-law 9) as at the Valuation Point on the Relevant Valuation Day plus such sum (if any) as the Custodian may consider represents the appropriate provision per share for the fiscal and purchase charges which would be incurred if the assets of the Company had been acquired on that Valuation Day at the values determined therefor in accordance with Bye-law 9. In addition to the foregoing the Manager may require any applicant for shares to pay to the Manager or to the Company on behalf of the Manager an initial charge of an amount not exceeding [ ... ] per cent of the

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

said Subscription Price and the Manager may differentiate between such persons as to the amount of such initial charge (within the permitted limit).

(3) Share certificates in respect of shares allotted as aforesaid shall not be issued or delivered unless and until the subscription moneys have been paid over to the Custodian. The Directors may resolve that share certificates will not be issued except on receipt of a written request therefor from a Member.

REDEMPTION OF SHARES

8 (1) Subject to the provisions of the Act and subject as hereinafter provided, the Custodian shall on receipt by the Company or its authorised agent of a request in such form as the Manager or Custodian may from time to time determine by a Member (the "Applicant") specifying the number or the aggregate value of shares to be redeemed redeem on behalf of the Company all or any portion of such shares at the Redemption Price determined in accordance with paragraph (3) of this Bye-law

PROVIDED THAT:—

- (a) subject as hereinafter provided, the redemption of shares pursuant to this Bye-law shall be made as of the Dealing Day on which or next following the day on which such request was received;
- (b) the Applicant shall lodge with the Company or its authorised agent the share certificate (if issued) for the shares to be redeemed and subject to proviso (d) below no payment shall be made under this Bye-law until such certificate shall have been received;
- (c) no redemption of part only of the holding of any Member may be made if as a result thereof such Member would hold less than the minimum number of shares as specified from time to time by the Manager or shares having an aggregate net asset value of less than such minimum amount as so specified;
- (d) on redemption of part only of a holding of shares the Applicant shall be entitled to require the delivery without payment of a balance certificate for the balance of such shares held by him;
- (e) the Custodian may at its option dispense with the production of any certificate which shall have become lost or destroyed upon compliance by the Applicant with the like requirements to those applying in the case of an application by him for replacement of a lost or destroyed certificate under these Bye-laws;
- (f) subject as is hereinafter in this Bye-law provided the Applicant shall not be entitled to withdraw a request duly made in accordance with this Bye-law;
- (g) no shares shall be redeemed during any period when the determination of the Net Asset Value per share is suspended pursuant to paragraph (2) of Bye-law 9 hereof and the right of the Applicant to have his shares redeemed

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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pursuant to this Bye-law shall be similarly suspended and during the period of suspension he may withdraw his request for redemption and his certificate. Any withdrawal of a request for redemption under the provisions of this Bye-law shall be made in writing and shall only be effective if actually received by the Company or its duly authorised agent before termination of the said period of suspension. If the request is not so withdrawn the redemption of the said shares shall be made as of the Dealing Day next following the end of the said suspension.

(2) Subject as hereinafter provided, payment shall be made to the Applicant in such currency or currencies as the Manager with the approval of the Custodian may from time to time determine in respect of the redemption or purchase of shares. Any amount payable as aforesaid to the Applicant shall be payable within five business days of the Relevant Valuation Day plus any period after the receipt of the request for redemption and before such payment during which the determination of the Net Asset Value per share has been suspended by declaration of the Custodian pursuant to Bye-law 9 or the relevant share certificate (if any) has not been lodged as provided in proviso (b) of Bye-law 8 (1) above. Payment for shares redeemed hereunder shall be made to the Applicant or to his order by a cheque, draft or other means of payment posted (at the risk of the Applicant) or otherwise paid to the Applicant in the manner determined by the Manager with the approval of the Custodian from time to time.

(3) The Redemption Price for each share redeemed as of a Dealing Day shall be the Net Asset Value per share (as determined in accordance with Bye-law 9) as at the Valuation Point on the Relevant Valuation Day less such sum (if any) as the Custodian may consider represents the appropriate provision per share for fiscal and sale charges which would be incurred if the assets of the Company had been sold on that Valuation Day at the values determined therefor in accordance with Bye-law 9.

(4) Where a Member requests redemption of a number of shares representing not less than 5% of all the shares of that class in issue, the Custodian may, by serving a notice in writing on the Member not later than the close of business on the second business day after that on which that request was received, elect that the Member shall not be paid the Redemption Price of his shares but instead shall accept a transfer of property of the Company and, if such a notice is so served, unless the Member serves on the Custodian a notice in accordance with paragraph (6), redemption of those shares shall be in accordance with paragraph (5).

(5) A redemption of shares in accordance with this paragraph shall be effected by the Custodian thereupon redeeming the shares in question and transferring to the Member the relevant proportion, or as near as is in the Custodian's opinion practicable to the relevant proportion having regard to the need to be fair both to the Member and to continuing Members, of each description of asset in the property of the Company.

(6) Where a notice is served on a Member in accordance with paragraph (4), the Member may serve a further notice on the Custodian not later than the close of business on the fourth business day following receipt by the Member of the first mentioned notice requiring the Custodian, instead of arranging for a transfer of property, to arrange for a sale of that property and the payment to the Member of the net proceeds of that sale. If such a notice is so served, the shares shall be redeemed as provided in paragraph (5) except that

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

the Custodian shall arrange for a sale of such of the assets in question as are not cash in the base currency or other currency of redemption and the Custodian shall thereafter pay to the Member the net proceeds of that sale together with any relevant proportion of cash.

(7) Upon the redemption or purchase of a share being effected pursuant to this Bye-law the Member shall cease to be entitled to any rights in respect of that share (excepting always the right to receive a dividend which has been declared in respect thereof prior to such redemption or repurchase being effected) and accordingly his name shall be removed from the Register with respect thereto.

(8) The Custodian shall have power to impose such restrictions other than a restriction on transfer as it may think necessary for the purpose of ensuring that no shares in the Company are acquired or held by—

- (a) any person in breach of the law or requirements of any country or governmental authority; or
  - (b) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Custodian to be relevant) which in the opinion of the Custodian might result in the Company incurring any liability to taxation or suffering any other pecuniary disadvantage which the Company might not otherwise have incurred or suffered.
- (9) (i) If it shall come to the notice of the Custodian that any shares are owned directly or beneficially by any person in contravention of any such restrictions as are referred to in paragraph (8) of this Bye-law the Custodian may give notice to such person requiring him to transfer such shares to a person who would not thereby be in contravention of any such restrictions as aforesaid or to give a request in writing for the redemption of such shares in accordance with paragraph (1) of this Bye-law. If any person upon whom such a notice is served pursuant to this subparagraph does not within thirty days after such notice transfer or redeem such shares as aforesaid or establish to the satisfaction of the Custodian (whose judgment shall be final and binding) that such shares are not held in contravention of any such restrictions he shall be deemed upon the expiration of thirty days to have given a request in writing for the redemption of all such Shares pursuant to paragraph (1) of this Bye-law whereupon he shall be bound forthwith to deliver to the Company or its duly authorised agents the certificate or certificates (if issued) for such shares.
- (ii) A person who becomes aware that he is holding or owning shares in contravention of any such restrictions as are referred to in paragraph (8) of this Bye-law shall forthwith unless he has already received notice pursuant to sub-paragraph (9) (i) of this Bye-law either transfer all such shares to a person who would not thereby be in contravention of any such restrictions as aforesaid or give a request in writing for the redemption of all such shares pursuant to paragraph (1) of this Bye-



COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

law. Every such request shall be accompanied by the certificate or certificates (if issued) for the shares to which it refers.

- (iii) Payment of the redemption moneys payable under this paragraph (9) on redemption will (subject to any requisite exchange control or other governmental consents first having been obtained by the Company) be made in such currency or currencies as the Custodian may from time to time determine and will be deposited by the Company with or to the order of the Custodian in the name of the Company for payment to any such person against surrender of the certificate or certificates (if issued) representing such shares previously held by such person or otherwise upon production to the Custodian of satisfactory evidence of entitlement to such moneys. Upon the deposit of such redemption moneys as aforesaid such person shall have no further interest in such shares or any of them or any claim against the Company in respect thereof except the right to receive the moneys so deposited (without interest) from the Company as aforesaid.

(10) If the Company shall at any time be prevented from redeeming its shares by virtue of a limitation contained in the Act the Directors shall forthwith convene a Special General Meeting of the Company and recommend the passing of an appropriate resolution to wind up the Company.

#### DETERMINATION OF NET ASSET VALUE

9 (1) The Net Asset Value per share shall be determined by the Custodian as at the Valuation Point on each Relevant Valuation Day (except when determination of the Net Asset Value per share has been suspended under the provisions of paragraph (2) of this Bye-law), on such other occasions as may be required by these Bye-laws and on such other occasions as the Custodian may from time to time determine. The Net Asset Value per share shall be calculated at the time of each determination by dividing the value of the net assets of the Company by the number of shares then in issue or deemed to be in issue, all determined and calculated as hereinafter provided. The Net Asset Value per share shall be calculated accurately to at least four significant figures.

Any certificate as to the Net Asset Value per share or as to the Subscription Price or Redemption Price therefor given in good faith by or on behalf of the Custodian shall be binding on all parties.

(2) The Custodian may with or without the recommendation of the Manager suspend the determination of the Net Asset Value per share for the whole or any part of a period:—

- (a) during which any approved market on which any portion of the investments of the Company (having a value at the last valuation in excess of 5 per cent of the value of the net assets of the Company) are listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such market is restricted; or

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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- (b) when circumstances exist as a result of which in the opinion of the Custodian or Manager it is not reasonably practicable for the Company to dispose of investments owned by it or as a result of which any such disposal would be materially prejudicial to Members; or
- (c) when a breakdown occurs in any of the means normally employed in ascertaining the value of investments or when for any other reason the value of any of the investments or other assets of the Company cannot reasonably or fairly be ascertained; or
- (d) during which the Company is unable to repatriate funds required for the purpose of making payments due on redemption of shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemptions of shares cannot in the opinion of the Custodian or Manager be effected at normal rates of exchange.

Any such suspension shall take effect at such time as the Custodian shall declare but not later than the close of business on the business day next following the declaration, and thereafter there shall be no determination of the Net Asset Value per share until the Custodian shall declare the suspension at an end, except that such suspension shall terminate in any event on the first business day on which (a) the condition giving rise to the suspension shall have ceased to exist; and (b) no other condition under which suspension is authorised under this paragraph shall exist. Each declaration by the Custodian pursuant to this paragraph shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Company and as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations the determination of the Custodian shall be conclusive. Whenever the Custodian shall declare a suspension of the determination of the Net Asset Value per share, then as soon as may be practicable after any such declaration, the Custodian shall use its best endeavours to cause a notice to be placed in a leading daily newspaper circulating in London and such other newspapers (if any) as the Custodian may determine stating that such declaration has been made. At the end of any period of suspension as aforementioned the Custodian shall cause another notice to be placed in a leading daily newspaper circulating in London and such other newspapers (if any) as the Custodian may determine, stating that the period of suspension has ended.

- (3) The net assets of the Company shall comprise the aggregate of:—
  - (i) investments owned or contracted to be acquired by the Company;
  - (ii) cash on hand or on deposit including accrued interest;
  - (iii) cash payments outstanding on any shares allotted;
  - (iv) bills and demand notes and amounts receivable including net amounts receivable in respect of investments contracted to be realised;
  - (v) interest accrued on interest bearing investments of the Company except that accrued on securities which is included in the quoted price; and

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

- (vi) other property and assets of any kind and nature including prepaid expenses and unamortised preliminary expenses as valued and defined from time to time by the Custodian;

from which shall be deducted:—

- (vii) investments contracted to be sold by the Company;
- (viii) bills and accounts payable;
- (ix) management and administrative expenses payable and/or accrued (the latter on a day-to-day basis);
- (x) the gross acquisition consideration of investments or other property contracted to be purchased;
- (xi) reserves authorised or approved by the Custodian for duties and charges or taxes or contingencies (accrued where appropriate on a day-to-day basis);
- (xii) the aggregate amount of all borrowings and interest, commitment fees, and other charges arising in connection therewith (accrued where appropriate on a day-to-day basis); and
- (xiii) other liabilities of the Company of whatsoever nature (which shall, where appropriate, be deemed to accrue from day-to-day) including outstanding payments on any shares previously redeemed and, as from the Record Date in respect thereof, any dividends declared and not paid (contingent liabilities (if any) being valued in such manner as the Custodian may determine from time to time or in any particular case).

For the purpose of calculating the number of shares in issue or deemed to be in issue:—

- (i) When the Relevant Valuation Day falls after the Dealing Day as of which the relevant shares are to be allotted or redeemed, then shares for which applications have been duly made on or prior to that Dealing Day shall not be deemed to be in issue until immediately after the end of the Relevant Valuation Day and shares to be redeemed in accordance with Bye-law 8 as of the Dealing Day shall be deemed to remain in issue until the end of the Relevant Valuation Day; or
  - (ii) When the Dealing Day falls after the Relevant Valuation Day then shares for which applications have been duly made on or prior to that Dealing Day shall be deemed to be in issue on that Dealing Day and shares to be redeemed in accordance with Bye-law 8 as of that Dealing Day shall be deemed not to be in issue on that Dealing Day.
- (4) For the purpose of calculating the value of the net assets of the Company:—
- (i) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless the Custodian shall have determined that any such deposit, bill,

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

demand note or account receivable is not worth the full amount thereof in which event the value thereof shall be deemed to be such value as the Custodian shall deem to be the reasonable value thereof;

- (ii) the value of an option which is written by the Company on property of any description shall be the total of the amount of premium which would be paid if an option of that kind on property of that description were purchased at the relevant time on the best terms then available on an approved options and futures market on which such options are traded;
- (iii) the value of a margined contract, which is not a written option, shall be whichever is applicable of the following:—
  - (a) in a case in which margin would be received by the Company if the contract were to be closed out at the Valuation Point, the amount of margin which would be receivable if the contract were closed out at that time on the best terms then available on an approved options and futures market on which contracts of that kind are traded; and
  - (b) in a case in which margin would be payable out of the property of the scheme if the contract were to be closed out at the Valuation Point, a negative amount equal to the total of the amount of margin which would be payable if the contract were closed out at that time on the best terms then available on an approved options and futures market on which contracts of that kind are traded; and
- (iv) if there is no price of the property in question under sub-paragraphs (a) or (b) of (iii) above, the value thereof shall be a reasonable estimate of the amount which would be received by a seller by way of consideration for an immediate transfer or assignment from him at arm's length;
- (v) in the case of securities all calculations shall be based upon the last reported sale price or the mean between the lowest available dealing offered price on the Principal Securities Market for those securities and the highest available dealing bid price on the Principal Securities Market for those securities as determined by the Custodian. All such valuations shall be calculated by reference to the prices appearing to the Custodian to be the latest available on such Principal Securities Market at the Valuation Point on the Relevant Valuation Day PROVIDED ALWAYS that if the Custodian in its discretion considers that the prices ruling on an approved market other than the Principal Securities Market provide in all the circumstances a fairer criterion of value in relation to any such investment, it may adopt such prices;
- (vi) if and whenever the quoted listed or available price of a security is a single price such price shall be taken as the mean between the lowest available market dealing offered price and the highest available market dealing bid price;

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

- (vii) if no price quotations are available as above provided, the value thereof shall be determined from time to time in such manner as the Custodian shall determine;
- (viii) preliminary expenses (including the expenses incurred in connection with the initial issue of shares) may be amortised over a period not exceeding sixty months and may be included as an asset at cost less amounts written off;
- (ix) any value (whether of a security or cash) otherwise than in the base currency shall be converted at the rate (whether official or otherwise) which the Custodian shall in its absolute discretion deem appropriate to the circumstances having regard inter alia to any premium or discount which it considers may be relevant and to costs of exchange.

INVESTMENT RESTRICTIONS

10 (1) The property of the Company shall consist of approved securities provided that:—

- (i) up to 10 per cent in value of the property of the Company may consist of transferable securities which are not approved securities;
- (ii) the property of the Company may include cash and items of near cash which are not transferable securities provided that the holding of such cash or near cash may reasonably be regarded as necessary in order to enable shares to be redeemed or for the efficient management of the Company in accordance with its objects or for other purposes which may reasonably be regarded as ancillary to the objects of the Company;
- (iii) the property of the Company may be used in hedging transactions as permitted in Bye-law 12; and
- (iv) the property of the Company may consist of interests in collective investment schemes pursuant to Bye-law 10(6).

(2) The property of the Company shall not include any warrants or other instruments entitling the holder to subscribe for shares, debentures or government and other public securities unless:—

- (i) if the value of all such instruments as are included in the property of the Company exceed 5 per cent of the value of that property, the cost of acquiring the investments to which all such instruments relate could be met in full out of cash or near cash comprised in the property of the Company which is not taken into account for the purpose of Bye-laws 12(5) (b)(i), 12(7) or 13(1)(c) or out of sums which could be borrowed without contravening Bye-law 11(1)(b); and
- (ii) the right to subscribe conferred by the instrument could be exercised without contravening any provision of these Bye-laws.

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

(3) The property of the Company shall not include any transferable security if, to the knowledge of the Company, a call is to be made within three months for any sum unpaid on that security unless that call and any other calls for sums unpaid on transferable securities comprised in the property which, to the knowledge of the Manager, are to be made within three months, could be met in full out of cash or near cash which is not taken into account for the purposes of paragraph (2)(i) above or Bye-laws 12(5)(b)(i), 12(7) or 13(1)(c) or out of sums which could be borrowed without contravening Bye-law 11(1)(b).

(4) The property of the Company shall not include—

- (a) shares in a body corporate which carry more than 10% of the rights to vote in all circumstances at general meetings of the body corporate; or
- (b) more than 10% of—
  - (i) any other shares in a body corporate other than an open-ended investment company; or
  - (ii) any debenture, other than a Government and other public security, issued by the same issuer;
  - (iii) the units in any collective investment scheme.

Provided that sub-paragraphs (a) and (b)(ii) and (iii) of this paragraph shall not have effect in any case in which it was not possible, at the time the transferable securities were acquired, to ascertain whether the acquisition would contravene those provisions.

(5) Not more than 5% in value of the property of the Company shall consist of transferable securities issued by the same issuer save that:—

- (i) up to 10% in value of the property of the Company may consist of transferable securities other than Government and other public securities issued by the same issuer provided that the total value of such transferable securities included in the property of the Company does not exceed 40% in value of the property of the Company; and
- (ii) up to 35% in value of the property of the Company may be invested in Government and other public securities issued by the same issuer;
- (iii) none of the said limits shall be treated as being exceeded if exceeded as a result of the exercise of the rights arising in respect of investments comprised in the property of the Company.

(6) The property of the Company shall not comprise interests in open-ended collective investment schemes which are not qualifying collective investment schemes and not more than 5 per cent in value of the property of the Company shall consist of interests in qualifying collective investment schemes; no interest in a qualifying collective investments scheme shall be acquired if it is managed or operated by the Manager or by another company in the same group as the Manager: or if it is managed or operated by any person who is a connected person of the Manager unless (a) the Bye-laws of the latter scheme states that its object is investment in a particular geographical area or economic

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

sector and (b) the prospectus of the Company clearly states that property of the Company may be invested in such interests.

11 (1) No sum shall be borrowed by the Company if, on the date it is proposed to borrow the sum, that sum together with all other sums borrowed and not repaid at that date would—

- (a) amount in aggregate to a sum greater than the total of all sums which are to become part of the property of the Company within one calendar month of that date; and
- (b) if they were immediately repayable, require more than 10% in value of the property of the Company to be utilised for the purposes of repayment.

(2) If, at any time, the total of sums borrowed which are repayable out of the property of the Company is such that either of those conditions is fulfilled the Manager shall, as soon as is reasonably practicable having regard to the interests of members, take such steps as are necessary to ensure that the total of the sums borrowed is reduced so that it does not give rise to circumstances of the kind described in this paragraph.

(3) The restrictions in paragraphs (1) and (2) of this Bye-law do not apply to any arrangement which may be made without contravening Bye-law 12, being an arrangement under which currency other than the base currency is borrowed and an amount of the base currency at least equal to the amount of currency borrowed is placed, and continues to be kept, on deposit by the Company with the lender, his agent or any other person designated by the lender for the purpose provided that if the amount of the base currency kept on deposit ceases to be at least equal to the amount of currency borrowed the Manager shall, as soon as is reasonable practicable in the interests of Members, take such steps as are necessary to ensure that sufficient of the base currency is placed on deposit as will secure that the total amount deposited is at least equal to the amount of currency borrowed.

(4) With regards to the provisions of paragraphs (2) and (3) of this Bye-law, the Custodian shall upon becoming aware of the circumstances take such steps as are necessary to ensure that the Manager fulfils the duties imposed upon him by virtue of those paragraphs.

12 (1) Subject as provided in this paragraph the Company may engage in hedging transactions.

(2) No transaction shall be regarded as a hedging transaction for the purposes of this paragraph unless—

- (a) the transaction is one which may reasonably be regarded as economically appropriate to the reduction or elimination of risk arising in the management of the Company by virtue of fluctuations in the price of investments comprised in the property of the Company or by reason of fluctuations in interest or exchange rates;
- (b) any instrument used in the transaction is one which, by virtue of the relationship between fluctuations in its price and fluctuations in the price of the property or any part of the property of the Company or fluctuations

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

in interest or exchange rates, may reasonably be regarded as an instrument which may appropriately be used in order to reduce or eliminate risk arising with respect to the property or the relevant part of it from such fluctuations; and

- (c) the purpose of the transaction is the reduction or elimination of risk and not speculation, and, for these purposes, a transaction shall not be regarded as one for the reduction or elimination of risk if, having regard to other hedging transactions which have been entered into in relation to the property or any part of it, it is unreasonable to consider that risk continues to arise of a kind for which the instrument may appropriately be used.

(3) No hedging transaction shall be entered into at any time at which the total value, calculated in accordance with these Bye-laws, of all cash and other property paid, transferred or deposited by way of premium or initial margin which may reasonably be regarded as attributable to any obligation or right then arising under a hedging transaction which is not closed out would, if added to the amount of any premium or initial margin payable in respect of the proposed transaction, exceed 10% in value of the property of the Company.

(4) Except in the case of an instrument which is utilised to hedge against fluctuations in exchange rates, no instrument shall be utilised by virtue of this paragraph unless it is either a traded option or an instrument other than a traded option being an instrument which is traded on or under the rules of an approved options and futures market and which is an instrument relating to property with respect to which, or to an index or other factor by reference to which, instruments of that kind have been so traded for a period of at least six months.

(5) Subject to paragraph (6) of this Bye-law, no hedging transaction under which an obligation to receive or delivery property does rise or may arise at the option of some person other than the Company, shall be entered into unless the transaction is covered and, for the purposes of this paragraph, a transaction shall be regarded as covered only if—

- (a) in the case of a transaction under which an obligation to deliver property does or may arise, the property of the Company includes either—
  - (i) property sufficient to enable that obligation together with any other similar obligation incurred by the Company with respect to property of the same kind to be discharged; or
  - (ii) rights to acquire property sufficient to enable that obligation and any other similar obligation incurred by the Company with respect to property of the same kind to be discharged; and
- (b) in the case of a transaction under which an obligation to receive property does or may arise, the property of the Company includes either—
  - (i) cash or near cash, which is not otherwise taken into account for the purposes of paragraph (7) of this Bye-law or for the purposes of Bye-



COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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laws 10 or 13(1)(c) sufficient to enable that obligation and all similar obligations incurred by the Company to be discharged; or

(ii) rights to dispose of the property should the obligation to acquire it arise.

(6) For the purposes of sub-paragraph (5) of this Bye-law, the property of a Company shall be regarded as including property sufficient to enable the discharge of an obligation arising under a hedging transaction which is a contract for differences if the property includes property or rights to acquire property, which, by virtue of the correlation between that property and the property, index or other factor by reference to which any amount payable under the hedging transaction is to be calculated, may reasonably be considered to be sufficient to enable the obligation to be discharged.

(7) No option shall be purchased unless the property of the Company includes cash or near cash which is not taken into account for the purpose of sub-paragraph (5)(b)(i) of this Bye-law or for the purposes of Bye-law 10 or 13(1)(c) and which is sufficient to enable the payment of that premium and all other premia then payable including, in the case of an option which is a margined contract purchased by the Company, the amount of any premium which will become payable unless the option is sold.

(8) No hedging transaction under which an obligation to receive property does or may arise shall be entered into unless the obligation could be discharged at the time the transaction is effected without contravening any provision of these Bye-laws.

(9) No instrument relating to currency shall be utilised in order to hedge against fluctuations in exchange rates unless the instrument relates to base currency or to a currency in which the property or any part of it is then denominated.

(10) None of the provisions of paragraphs (2) to (9) of this Bye-law shall prevent an instrument being utilised in order to close out a hedging transaction.

(11) If, at any time after a hedging transaction has been entered into, circumstances arise which have the effect that, having disregarded all obligations and rights arising under hedging transactions which have been closed out, the transaction could not then be entered into except in contravention of any provision of this Bye-law, the Manager shall forthwith upon becoming aware of that fact take such steps as are necessary to ensure that the provisions of this paragraph are complied with either by closing out the transaction or by providing cover for it or otherwise and the Custodian shall, forthwith upon becoming aware of the contravention, take such steps as are necessary to ensure that the Manager fulfils that duty.

13 (1) The Company shall not enter into any underwriting or sub-underwriting agreement or any agreement or understanding that transferable securities will be issued to or acquired by the Company unless—

(a) in the case of an underwriting or sub-underwriting agreement, the Company could discharge any obligation it may be called upon to perform in pursuance of the agreement without there being a contravention of these Bye-laws;

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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- (b) in the case of any other agreement or understanding, the transferable securities could be acquired without there being any such contravention; and
- (c) in any case other than a case in which the cost of acquiring any transferable securities that the Company may or will be called upon to acquire in pursuance of any such agreement or understanding is to be met by the issue of shares in the Company, that cost could be met in full out of cash or near cash comprised in the property of the scheme and which is not taken into account for the purposes of Bye-laws 10, 12(5)(b)(i) or 12(8) or out of sums which could be borrowed without contravening Bye-law 11(1)(b).

(2) None of the property of the Company may be lent or used to discharge any obligation arising under a guarantee or indemnity given by the Company with respect to the obligations of any third party but so that neither the consideration payable for any instrument creating or evidencing indebtedness which, by virtue of any provision of these Bye-laws, may properly be included within the property of the Company nor the placing of money on deposit or in a current account, nor the transfer of title to any property of the Company on terms that involve title being transferred back at some future date shall be regarded as lending.

14 The Company shall not enter into any agreement to dispose of property which is not a hedging transaction unless the property of the Company includes either:—

- (a) property sufficient to enable that obligation together with any other similar obligation incurred by the Company to be discharged; or
- (b) rights to acquire property sufficient to enable that obligation together with any similar obligation incurred by the Company to be discharged.

15 (1) If the property of the Company is at any time for any reason beyond the control of the Manager or Custodian invested in contravention of these Bye-laws, the Manager shall take such steps as are necessary to ensure that sufficient of the property of the Company is sold so that the property is invested in a manner which complies with these Bye-laws as soon as is reasonably practicable having regard to the interests of Members and, in any event, within the period of six months beginning with the date upon which the Manager becomes aware that the property was invested in contravention of these Bye-laws.

(2) If the property of the Company is or any time invested in contravention of these Bye-laws otherwise than for a reason beyond the control of the Manager or the Custodian, the Manager shall forthwith upon becoming aware of the contravention, take such steps as are necessary to ensure that the property is invested in a manner which complies with these Bye-laws.

(3) Forthwith upon the Custodian becoming aware that circumstances of a kind described in Bye-law 15(1) or 15(2) have arisen, he shall take such steps as are necessary to ensure that the Manager fulfils the duty imposed on him by Bye-law 15(1) or, as the case may be, Bye-law 15(2).

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

16 (1) Subject to paragraphs (3) and (4) of this Bye-law, it is the duty of the Manager and of the Custodian to take all reasonable steps to ensure that neither of them nor any investment adviser engaged by the Manager nor any connected person of either of them or of any such investment adviser as principal:—

- (a) sells, or deals in the sale of, property to the Company, or vests property in the Company against the issue of shares (otherwise than pursuant to a unitisation), or
- (b) purchases property from the Company.

(2) The steps referred to in paragraph (1) include the making of reasonable enquiries as to who are connected persons of the Manager, of the Custodian or of any investment adviser of the Manager.

(3) A transaction in any property is not prohibited by this Bye-law:—

- (a) if the value of that property is certified in writing for the purpose of that transaction by a person selected or approved by the Custodian as qualified to value property of the description to which that property belongs and the Custodian is of opinion that the terms of that transaction are not such as are likely to result in any prejudice to Members, or
- (b) where that property is an investment which is dealt in on an approved market the transaction is effected with or through a member of the stock or securities exchange operating in that market under arrangements recorded in writing and made between the Manager, the Custodian and that member which the Custodian and the Manager are satisfied impose on that member a duty to take reasonable steps to ensure that every transaction effected by that member for the account of the Company is effected on the best terms available at the time the transaction is effected, on the market generally for transactions with reliable counterparties of the same size and nature as the transaction in question.

(4) Neither the Custodian, the Manager, any investment adviser engaged by the Manager nor any connected person of any of them shall be liable to account either to the Company or other or others of them or to Members or any of them for any profits or benefits made by or derived from or in connection with any transaction permitted by this Bye-law.

17 Where units or shares in an open-ended collective investment scheme are acquired or sold by the Company, the Manager shall forthwith be obliged to pay to the Company the amount of any initial or other charge made by the issuer of the units or shares on the sale to or purchase from the Company or included in the issue or sale price. The Manager shall procure from any such issuer a certificate giving information as to such charge or charges.

18 The Custodian shall on each Dealing Day publish the latest available Subscription and Redemption Prices of shares in at least one leading daily newspaper circulating in London and shall on each Dealing Day or, if less frequent, once in every week, publish in the same manner the maximum permitted initial charge.

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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AUDIT

19 At the Annual General Meeting or at a subsequent Special General Meeting in each year an independent representative in Bermuda (who shall be a Member of the Chartered Professional Accountants of Bermuda) of the Members shall be appointed by them as Auditor of the accounts of the Company and such Auditor shall hold office until the Members shall appoint another Auditor. Such Auditor may be a Member but no Director, Officer or employee of the Company, the Custodian or the Manager or any connected person or either the Custodian or the Manager shall be eligible for appointment as Auditor.

*[Regulation 19 amended by 2014 : 8 s. 16 effective 11 April 2014]*

20 The remuneration of the Auditor shall be determined by the Members or by the Directors if so authorised by the Members.

21 If the Auditor's office becomes vacant by the resignation or death of the Auditor or by his becoming incapable of acting by reason of illness or absence from Bermuda at a time when his services are required, the Directors shall, as early as practicable, convene a Special General Meeting to appoint an Auditor to fill the vacancy.

22 (1) The Auditor shall examine such books, accounts and vouchers as may be necessary for the performance of his duties.

(2) The Auditor shall make a report to the Members of the accounts examined by him and on every Balance Sheet and Profit and Loss Statement laid before the Company in General Meeting during his tenure of office, and the report of the Auditor to the Members for any accounting period shall state:

- (a) whether in the Auditor's opinion the accounts prepared for that period have been properly prepared in accordance with generally accepted accounting principles and in accordance with these Bye-laws and the prospectus or scheme particulars; and
- (b) without prejudice to the foregoing, whether in the auditor's opinion a true and fair view is given of the financial position of the scheme as at the end of that period; and
- (c) if the Auditor is of the opinion that proper accounting records have not been kept, or that the accounts are not in agreement with the Company's accounting records, that fact; and
- (d) if the Auditor has not been given all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of his audit, that fact; and
- (e) if the Auditor is of the opinion that the information given in the report of the manager for that period is inconsistent with the accounts, that fact.

*[Bye-law 22 amended by BR 48/1991 effective 1 November 1991]*

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

23 The Auditor shall be furnished with a list of all books kept by the Company, the Custodian and the Manager and shall at all times have the right of access to the books and accounts and vouchers of the Company, the Custodian and the Manager, and shall be entitled to require from the Directors and officers of the Company, the Custodian and Manager such information and explanations as may be necessary for the performance of his duties.

24 The Auditor shall be entitled to attend any General Meeting of the Company at which any accounts which have been examined or reported on by him are to be laid before the Company and to make any statement or explanations he may desire with respect to the accounts, and notice of every such meeting shall be given to the Auditor in the manner prescribed for Members.

REPORTS TO MEMBERS

- 25 (1) The Company shall publish:—
- (a) an annual report for each financial year within four months of such financial year end, and
  - (b) a half-yearly report covering the first six months of the financial year within two months of the period to which it relates.
- (2) The following matters shall be set out in every annual and half-yearly report:—
- (i) The names and addresses of the following:—
    - (a) the Manager,
    - (b) the Custodian,
    - (c) any investment adviser,
    - (d) the Directors,
    - (e) the auditor.
  - (ii) The investment objectives of the Company.
  - (iii) The Manager's policy for achieving the investment objectives of the Company.
  - (iv) A review of the Manager's investment activities during the period to which the report relates.
  - (v) Particulars of any significant change in the prospectus made since the making of the last report by the Manager.
  - (vi) A statement of the amount (if any) to be distributed to Members or accumulated in respect of the period in question.

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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- (vii) A statement of the total number of the shares in existence or deemed to be in existence at the beginning of the period to which the report relates and at the end of that period.
  - (viii) A statement of the Net Asset Value per share at the beginning of the period to which the report relates and at the end of that period.
  - (ix) A statement of any subdivision or consolidation of shares which has been effected during the period to which the report relates.
  - (x) Any other significant information which would enable Members to make an informed judgment on the development of the activities of the Company during this period and the results of those activities as at the end of that period.
  - (xi) A portfolio statement showing the investments and the property of the Company and giving a description of each holding.
  - (xii) The total cost of purchases of investments since the last portfolio statement.
  - (xiii) The total proceeds of sales of investments since the last portfolio statement.
  - (xiv) The following matters shall be set out in a comparative table included in the report:—
    - (a) A performance record over the last 10 calendar years, or if the Company has not been in existence during the whole of that period, over the whole period in which it has been in existence, showing the highest issue price and the lowest redemption price of the shares during each of those years, the net income per share distributed or, in the case of Accumulation shares allocated during each of those years taking account of any sub-division or consolidation of shares that occurred during that period and the net income which would have been distributed or allocated to Accumulation shares over each of those years per \$1,000 invested at the beginning of the 10 year period.
    - (b) Over the last three annual accounting periods, or if the Company has not been in existence during the whole of that period, over the whole period in which it has been in existence, the total net asset value of the property of the Company at the end of each of those years and the Net Asset Value per share and the number of shares in existence or deemed to be in existence at the end of each of those years.
  - (xv) The Balance Sheet and Profit and Loss Statement for the relevant period.
- (3) The following shall be included in every annual report:—
- (i) A report of the Custodian to the Members for the annual accounting period which states whether in the Custodian's opinion the Manager has managed the scheme in that period:—

- (a) in accordance with the limitations imposed on the investment and borrowing powers of the Manager and Custodian by these Bye-laws, the prospectus and by all regulations for the time being in force under the Act, and
  - (b) otherwise in accordance with the provisions of the Bye-laws and those regulations, and if it has not done so, the respects in which it has not done so and the steps which the Custodian has taken in respect thereof.
- (ii) A report of the Auditor for the annual accounting period in accordance with Bye-law 22.

#### COSTS AND EXPENSES

- 31 The following expenses only may be paid out of the property of the Company:—
- (a) the costs of incorporating and promoting the Company;
  - (b) interest on borrowings permitted under these Bye-laws and charges incurred in negotiating, effecting or varying the terms of such borrowings;
  - (c) the costs of dealing in the property of the Company;
  - (d) taxation fees and duties payable in respect of the property of the Company, the Company itself or the issue of shares;
  - (e) the costs and expenses involved in obtaining and maintaining a listing for shares on any stock exchange;
  - (f) any costs incurred in respect of meetings of Members or of the Board of Directors;
  - (g) any fees and expenses payable to the Directors, Officers of the Company and Manager in respect of services supplied by the Directors, Officers of the Company and Manager as authorised by these Bye-laws;
  - (h) the fees and expenses of the Custodian and Registrar and Transfer Agent of the Company in respect of services supplied;
  - (i) the audit fees of the auditor and any expenses of the auditor;
  - (j) the fees of the Bermuda authorities and of any regulatory authority in the United Kingdom or any country or territory in which Shares are or may be marketed;
  - (k) the fees of legal advisers to the Company and any expenses of such legal advisers;
  - (l) the costs of printing and publishing of reports and prospectuses;
  - (m) the costs of insurance;
  - (n) expenses (to the extent that they relate to the management or administration of the Company or the Directors' responsibilities to

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

Members and are reasonable or are necessarily incurred) incurred in the preparation, printing and/or dispatch of share certificates, documents or other evidence of title, dividends, distributions, tax vouchers, warrants, proxy cards, contract notes and all other communications to shareholders;

- (o) all banking fees and other costs incurred in relation to the transmission and conversion of funds between the Company, the share distributor, manager, custodian, applicants or shareholders;
- (p) the costs incurred in the publication of share prices; and
- (q) such other costs and expenses (to the extent that they relate to the management or administration of the Company or the Directors' responsibilities to Members and are reasonable or are necessarily incurred) as have been approved by the Bermuda Monetary Authority (either generally or in any particular case) and in respect of which disclosure is made in the scheme particulars, together with any tax in the nature of value added tax or otherwise payable in respect of such fees and expenses.

*[Bye-law 31 subparagraphs (m) through (q) inserted by BR 48/1991 effective 1 November 1991]*

PART II

FUND OF FUNDS

1 Bye-law 10 shall be deleted and replaced by:—

10 (1) Except as provided in Bye-law 12 and paragraph (4) below, the property of the Company shall consist of units or shares in qualifying collective investment schemes.

(2) None of the property of the Company shall include units or shares in any of the following:—

- (i) another Fund of Funds;
- (ii) a qualifying collective investment scheme which is a Fund of Funds; and
- (iii) any separate part of the property of an Umbrella Fund, or of the property of a qualifying collective investment scheme which is an Umbrella Fund, being a part which would, if it were the property of a separate scheme, be the property of a Fund of Funds.

(3) Not more than 20% in value of the property of the Company shall consist of units or shares in a qualifying collective investment scheme.

(4) Notwithstanding the provisions of paragraph (1) above, the property of the Company may include cash and money in a current or deposit account which is near cash provided that the holding of such cash or near cash may reasonably be regarded as necessary in order to enable shares to be redeemed or for the efficient management of the Company in accordance with its objects or for other purposes which may reasonably be regarded as ancillary to the objects of the Company.



COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

2 Bye-law 13(1) shall be deleted and replaced by:—

13 (1) The Company shall not enter into any underwriting or sub-underwriting agreement or any agreement or understanding that transferable securities will be issued to or acquired by the Company.

PART III

GOVERNMENT AND OTHER PUBLIC SECURITIES FUNDS

Bye-law 10(5) shall be deleted and replaced by:—

- (5) (a) The property of the Company shall include Government and other public securities of at least six different issues.
- (b) Not more than 30% in value of the property of the Company shall consist of Government and other public securities of the same issue.
- (c) For the purpose of this Bye-law, Government and other public securities shall be regarded as being of a different issue if, notwithstanding that they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, if any, or otherwise.

PART IV

MONEY MARKET FUNDS

1 The following definition shall be added in Bye-law 1:—

“authorised institution” means a bank authorised to carry on banking business in Bermuda, an authorised institution within the meaning of the Banking Act 1987 of the United Kingdom and also includes any person who is authorised under the law of another EEC member State to carry on a business which is a deposit-taking business for the purposes of such Act;

1A The following shall be added to Bye-law 9:

(5) In the case of a money market fund the whole of the property of which for the time being consists of cash or deposits or loans upon which interest accrues at a fixed or pre-determined rate, in determining the subscription price, redemption price or the price at which shares may be converted, the Custodian may take into account such interest minus expenses and other outgoings which may accrue between the Valuation Point for a transaction and the date on which settlement of the transaction is to take place in accordance with the prospectus of the Company for the time being in issue or the scheme particulars of the Company from time to time published pursuant to the FSA provided that this policy is described in such prospectus or scheme particulars.

*[Bye-law 1A inserted by BR 48/1991 effective 1 November 1991]*

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

- 2 Bye-laws 10(1), 10(4), 10(5) and 10(6) shall be deleted and replaced by:—
- 10 (1) (i) Not more than 80% in value of the property of the Company shall consist of transferable securities.
- (ii) At least 50% in value of the property of the Company shall consist of instruments, deposits or loans which are redeemable or repayable within two weeks or which are capable of being transferred without the consent of a third party.
- 10 (4) The property of the Company shall not include more than 10% of any debenture, other than a Government and other public security, issued by the same issuer provided that this Bye-law shall not have effect in any case in which it was not possible, at the time the transferable securities were acquired, to ascertain whether the acquisition would contravene this Bye-law.
- 10 (5) (i) Subject to the provisions of Bye-law 12, none of the property of the Company shall include anything other than the following:—
- (a) cash or deposits with, or loans to, an authorised institution, a building society or a local authority, but only if the deposits or loans are payable within a period of six months or are made on terms on which the Company may demand repayment within that period unconditionally and without payment of a penalty exceeding more than seven days' interest calculated at normal commercial rates;
- (b) Government and other public securities which are redeemable at the option of the holder within a period of two years or which will be redeemed by the issuer within that period;
- (c) bills of exchange issued by an authorised institution which are repayable within a period of twelve months;
- (d) investments falling within paragraph 2 of Schedule 1 to the FSA which are issued by an authorised institution or a building society otherwise than by way of creating or acknowledging indebtedness arising on the making of a deposit or loan of the kind described in sub-paragraph (i)(a) above, are not subordinated and are payable within a period of twelve months; and
- (e) other investments falling within paragraph 2 of Schedule 1 to the FSA which are not subordinated, are traded on or dealt in under the rules of an approved market otherwise than by virtue of the specific permission of the market authority and which are repayable within a period of twelve months.
- (ii) The property of the Company may include call options which are traded options purchased for the account of the Company otherwise than in a hedging transaction, but no such option may be purchased unless:—
- (a) it could be exercised without contravening any provision of the Bye-laws;

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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- (b) the property of the Company includes cash or near cash which is not otherwise taken into account for any other purpose of the Bye-laws sufficient to enable the payment of the premium on the option and of all other premia then payable or which may become payable unless the option is sold in respect of all options purchased for the account of the Company; and
  - (c) the purchase of the option may reasonably be regarded as affording an efficient means of acquiring the property to which it relates because it will enable that property to be acquired at a future date at less cost than would be if it were acquired at the time the option is purchased.
- 10 (6) (i) Subject to the provisions of sub-paragraph (ii) below:—
- (a) not more than 5% in value of the property of the Company shall consist of instruments which are not Government and other public securities and are issued by the same issuer;
  - (b) not more than 10% in value of the Company shall be kept on deposit with or be on loan to the same person, and, for the purpose of this sub-paragraph, the Custodian, and each connected person of the Custodian shall all be treated as one person as shall the Manager and each connected person of the Manager;
  - (c) up to 80% in value of the property of the Company may consist of Government and other public securities provided that, if more than 35% in value of the property of the Company consists of such securities, the property must include Government and other public securities of at least five different issues; and
  - (d) not more than 30% in value of the Company shall consist of Government and other public securities of the same issue.
- (ii) Notwithstanding the provisions of sub-paragraph (i)(b) above, up to 20% in value of the property of the Company may be kept on deposit with or be on loan to:—
- (a) any one building society; or
  - (b) any one authorised institution provided that the authorised institution is not in the same group as the Manager or Custodian and is not a connected person of either of them and provided also that the amount so deposited or lent does not exceed 10% of the relevant institution's issued capital and reserves as shown in its most recently published annual accounts.
- (iii) The provisions of sub-paragraphs (i)(b) and (ii) above shall not apply until:
- (a) the expiry of a period of 6 months after the date on which shares in the Company are first offered to the public or any jurisdiction; or

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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- (b) the date when the value of the property of the Company first exceeds 1 million pounds sterling of the United Kingdom (or the equivalent amount in any other currency which is the base currency),

whichever is the earlier.

*[Bye-law 10(6)(iii) inserted by BR 48/1991 effective 1 November 1991]*

PART V

UMBRELLA FUNDS

1 The provisions contained in Part I of these Regulations shall be modified for inclusion in the Bye-laws of an Umbrella Fund such that the provisions relating to shares shall, unless the context otherwise requires, reflect the existence of each class of shares issued by, and which shall form a constituent part of, the Umbrella Fund; and such that the investment and borrowing restrictions shall apply separately to each constituent part of the Umbrella Fund; and such restrictions shall be modified in relation to any such constituent part as provided in Part II, Part III, or Part IV as the case may be.

2 The following additional investment restriction must be included in relation to an Umbrella Fund as a whole:—

Not more than 20% in value of the property of the Company as a whole shall consist of units or shares in a single qualifying collective investment scheme.

3 Bye-law 10(4) shall apply to an Umbrella Fund which is so constituted that any constituent part of the property would be a Securities Scheme or a Money Market Fund or a Government and Other Public Securities Fund if that part of the property were the property of a single scheme as if all such constituent parts of the property constituted one Securities Scheme.

4 Bye-law 2(1) shall be deleted and replaced by a provision providing that the investment objective applicable to each constituent part shall be set out in the prospectus of the Company in which shares of the relevant class are initially offered for subscription to the public and providing that no change may be made to the relevant investment objective, and no departure as is referred to in Bye-law 2(2) may be made, without the approval by a resolution of shareholders of the relevant class.

5 The following Bye-laws shall be included:—

A The Directors shall establish a Fund for each class of share, and may from time to time establish new Funds for new classes of shares issued or allotted and the following provisions shall apply thereto:—

- (a) the proceeds from the allotment and issue of each class of share shall be applied in the books of the Company to the Fund established for that class of share, and the assets and liabilities and income and expenditure

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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attributable thereto shall be applied to such Fund subject to the provisions of this Bye-law;

- (b) where any asset is derived from another asset (whether cash or otherwise), such derivative asset shall be applied in the books of the Company to the same Fund as the asset from which it was derived and on each revaluation of an investment the increase or diminution in value shall be applied to the relevant Fund;
- (c) in the case of any asset of the Company (or amount treated as a notional asset) which the Manager do not consider is attributable to a particular Fund or Funds, the Manager shall have discretion, subject to the approval of the Custodian, to determine the basis upon which any such asset shall be allocated between Funds and the Manager shall have power at any time and from time to time, subject to the approval of the Custodian, to vary such basis provided that the approval of the Custodian shall not be required in any case where the asset is allocated between all Funds pro rata to their net asset values at the time when the allocation is made;
- (d) the Manager shall have discretion, subject to the approval of the Custodian, to determine the basis upon which any liability shall be allocated between Funds (including conditions as to subsequent re-allocation thereof if circumstances so permit) and shall have power at any time and from time to time to vary such basis, provided that the approval of the Custodian shall not be required in any case where a liability is allocated to the Fund or Funds to which in the Manager's opinion it relates or, if in the Manager's opinion it does not relate to any particular Fund or Funds, between all the Funds pro rata to their net asset values;
- (e) subject to the approval of the Custodian the Manager may transfer any assets (or amounts treated as notional assets) to and from Funds if, as a result of a creditor proceeding against certain of the assets of the Fund or otherwise, a liability would be borne in a different manner from that in which it would have been borne under paragraph (d) above, or in any similar circumstances.

Save as otherwise in this Bye-law, the assets so held in each Fund shall be applied solely in respect of shares of the class to which such Fund appertains.

- B
  - (a) If the Company shall be wound up the liquidator shall apply the assets of the Company in satisfaction of creditors' claims in such manner and order as he thinks fit. The liquidator shall in relation to the assets available for distribution among the Members make in the books of the Company such transfers thereof to and from Funds as may be necessary in order that the effective burden of such creditors' claims may be shared between the holders of shares of different classes in such proportions as the liquidator in his absolute discretion may think equitable.
  - (b) The assets available for distribution among the Members shall then be applied in the following priority:—

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

---

(1) First, in the payment to the holders of each class of share of a sum equal to the nominal amount of shares of such class held by such holders respectively provided that there are sufficient assets available in the relevant Fund to enable such payment to be made. In the event that, as regards any class of shares, there are insufficient assets available as aforesaid to enable such payment to be made, recourse shall be had:—

- (i) first, to the assets of the Company (if any) not comprised within any of the Funds; and
- (ii) secondly, to the assets remaining in the other Funds (after payment to the holders of the shares of the classes to which they relate of the amounts to which they are respectively entitled under this paragraph (1) pro rata to the total value of all such assets.

(2) Secondly, in the payment to the holders of each class of shares of any balance then remaining in the relevant Fund such payment being made in proportion to the number of shares of the relevant class held.

(3) Thirdly, in the payment to the holders of each class of share of any balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the number of shares held.

6 The Bye-laws shall contain provisions entitling the holder of one class of share to convert his shareholding into shares of another class in accordance with a formula which is fair to the holder seeking conversion and to other Members.

PART VI

INCOME AND ACCUMULATION SHARES

1 The Bye-laws of a United Kingdom Class Scheme which has in issue or proposes to issue Income Shares and Accumulation Shares shall contain and/or comply with the following additional provisions:—

- (i) The following definitions shall be added in Bye-law 1:—

“Accumulation Share” means a share in the capital of the Company issued subject to and in accordance with the provisions of these Bye-laws and being a share which does not entitle the holder thereof to receive dividends but which for the purposes of these Bye-laws shall be deemed to represent such number (including fractions) of notional shares as may from time to time apply in accordance with the following provisions, namely:—

- (a) each Accumulation Share issued on the initial issue of shares by the Company shall in the first instance represent one notional share;
- (b) each Accumulation Share subsequently issued shall, in the first instance, represent the same number (including fractions) of notional shares as each Accumulation Share then in issue; and

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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- (b) as from the Record Date in respect of each dividend declared or paid to the holders of Income Shares, the number (including fractions) of notional shares deemed to be represented by each Accumulation Share then in issue or deemed to be in issue shall be increased (as nearly as may be without involving a fraction of a notional share that represents net asset value equal to less than 1/10th of 1 per cent of the latest Net Asset Value per share) to such extent that the net asset value of an Accumulation Share shall remain unchanged, notwithstanding the making of such payment or such declaration.

“Income Share” means an Income Share in the capital of the Company issued subject to and in accordance with the provisions of these Bye-laws and being a share which entitles the holder thereof to receive dividends and which for the purposes of these Bye-laws shall be deemed to represent one notional share.

- (ii) Bye-law 9(1) shall be modified by the deletion of the second sentence and the substitution thereof of the following:—

The Net Asset Value per Income Share shall be calculated at the time of each determination by dividing the value of the net assets of the Company by the number of notional shares deemed to be represented by all the Accumulation Shares and Income Shares then in issue or deemed to be in issue and the resultant amount shall be the Net Asset Value per Income Share. The Net Asset Value per Accumulation Share shall be such resultant amount multiplied by the number (including fractions) of notional shares deemed to be represented by one Accumulation Share.

- (iii) The following Bye-law shall be included:—

On a winding up of the Company, the assets available for distribution amongst Members shall be divided by the number of notional shares deemed to be represented by all the Accumulation Shares and Income Shares then in issue and the resultant amount shall be the entitlement on the winding up of the holder of each Income Share. Each holder of an Accumulation Share shall be entitled to receive such resultant amount multiplied by the number (including fractions) of notional shares deemed to be represented by Accumulation Share. Subject thereto all Members shall be entitled to participate *pari passu* in such assets available for distribution.

2 The provisions prescribed by paragraph 3 of these Regulations shall be modified for inclusion in the Bye-laws of such a scheme such that the provisions relating to shares shall, unless the context otherwise requires, reflect the existence of such two classes of share.

3 The Bye-laws may contain provisions entitling the holder of one class of share to convert his shareholding into shares of another class in accordance with a formula which is fair to the holder seeking conversion and to other Members.

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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SCHEDULE I  
APPROVED MARKETS

PART I

- 1 Any Stock Exchange in Austria, Japan, New Zealand, Norway, Sweden or Switzerland which is a Stock Exchange within the meaning of the law of the country concerned relating to Stock Exchanges.
- 2 The Helsinki Stock Exchange, the Kuala Lumpur Stock Exchange, the Singapore Stock Exchange and the Australian Stock Exchange Limited.
- 3 Any Stock Exchange prescribed for the purposes of the Canadian Income Tax Act.
- 4 Any Stock Exchange in Hong Kong which is recognised under the laws of Hong Kong.
- 5 Any exchange registered with the Securities and Exchange Commission of the United States as a national Stock Exchange.
- 6 The Over-the-Counter Market in the United States of America regulated by the National Association of Securities Dealers Inc.

PART II

- 1 The Unlisted Securities Market of the International Stock Exchange of the United Kingdom and Ireland Limited.
- 2 The "Second Marche" of any Stock Exchange set up in France in accordance with the French legislation.
- 3 The Tokyo Over-the-Counter Market supervised by the Securities Dealers Association of Japan.



COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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SCHEDULE 2  
APPROVED OPTIONS AND FUTURES MARKETS

American Stock Exchange Inc, New York

Australian Financial Futures Market, Melbourne

The Australian Stock Exchange Limited

Chicago Board of Trade

Chicago Board Options Exchange Inc

Chicago Mercantile Exchange (including the International Monetary Market)

Commodity Exchange Inc, New York

European Options Exchange, Amsterdam

Financial Instruments Exchange, New York

Hong Kong Futures Exchange Limited

International Futures Exchange (Bermuda) Limited (INTEX), Bermuda

The International Stock Exchange of the United Kingdom and Ireland Limited

Kansas City Board of Trade

The London International Financial Futures Exchange Limited

Marche a terme d'instruments financiers (MATIF), Paris

Mid-American Commodity Exchange, Chicago

The Montreal Exchange

New York Futures Exchange Inc

New York Mercantile Exchange

New York Stock Exchange

New Zealand Futures Exchange Limited, Auckland

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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Options and Futures Exchange, Stockholm

Optionsmarked, Stockholm

Osaka Securities Exchange

Pacific Stock Exchange, San Francisco

Philadelphia Stock Exchange

Singapore International Monetary Exchange

Sydney Futures Exchange Limited

Tokyo Stock Exchange

Toronto Futures Exchange

The Toronto Stock Exchange

Vancouver Stock Exchange

COMPANIES (THE UNITED KINGDOM CLASS SCHEME BYE-LAWS)  
REGULATIONS 1988

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SCHEDULE 3  
COUNTRIES AND TERRITORIES

Australia  
Austria  
Canada  
Finland  
Japan  
New Zealand  
Norway  
Sweden  
Switzerland  
United States of America

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*[Amended by:*

BR 48 / 1991

2014 : 8]