

Chapter 24:19
Collective Investment Schemes
(Internal Schemes) Regulations, 1998

S.I. 172 of 1998, 202 of 2002, 107 and 176 of 2003.

[Gazetted: 17th July 1998]

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IT is hereby notified that the Minister of Finance has, in terms of [section 42 of the Collective Investment Schemes Act, \[Chapter 24:19\]](#), made the following regulations:—

Title

1. These regulations may be cited as the Collective Investment Schemes (Internal Schemes) Regulations, 1998.

Interpretation

2. In these regulations—

“appropriate fee” means the appropriate fee prescribed in the Collective Investment Schemes (Fees) Regulations, 1998;

“associate”, in relation to a trustee, manager or investment adviser, means a holding company or a subsidiary of a holding company of the trustee, manager or investment adviser;

“authorised financial institution” means—

(a) a commercial bank, accepting house, discount house or financial institution registered in terms of the [Banking Act \[Chapter 24:01\]](#);

(b) a building society registered in terms of the [Building Societies Act \[Chapter 24:02\]](#);

(c) the Post Office Savings Bank operating under the [Post Office Savings Bank Act \[Chapter 24:10\]](#);

(d) any institution prescribed as such by the Minister;

“complaint” means a complaint to a manager or trustee of an internal scheme relating to the scheme, or to the holding or alleged holding of units in such scheme, which alleges bad faith, malpractice or impropriety by the manager or trustee, or which the complainant believes on reasonable grounds to be a material complaint;

“controlling interest”, in relation to an applicant for a licence, means—

(a) a holding of 15 per centum or more of the shares in the applicant; or

(b) shares representing, or of a value representing, 15 per centum or more of the share capital of the applicant; or

(c) shares entitling the holder thereof to not less than 15 per centum of the votes in the affairs of the applicant;

whether such interest is held alone or, in the case of an interest held by an individual, is held through that individual’s spouse, child or parent, or through a company of which that individual is the director, or through any employee, partner or associate, whether corporate or unincorporate, of that individual, and, in the case of an interest held by a company, is held through any subsidiary of that company or any director or employee of that company;

“form” means one of a series of numbered forms set out in the First Schedule;

“fund of funds” means an internal scheme constituted for the sole purpose of investing in units in other internal schemes;

“investment adviser” means any person to whom the manager delegates the investment management of the assets of a scheme, or any part of such assets;

“money market fund” means an internal scheme constituted for the purpose of investing in certificates of deposit and other instruments issued by an authorised financial institution creating or evidencing indebtedness which are repayable within twelve months and are not transferable securities, whether or not the scheme also invests in transferable securities, cash and near cash;

“near cash” means—

(a) money deposited with an authorised financial institution on terms which permit the depositor to withdraw the money without notice and without a penalty exceeding in value seven days’ interest;

(b) Government and other public securities which are redeemable within two years of issue;

(c) bills of exchange repayable within twelve months issued by a Government or other public authority or issued, endorsed or certified by a bank;

(d) any deposit with a public authority which may be withdrawn without notice and without a penalty exceeding in value seven days’ interest;

“qualifying”, in relation to a loan or guarantee, means qualifying in terms of [subsection \(3\) of section 7](#);

“recognised stock exchange” means the Zimbabwe Stock Exchange and such other stock exchange as the Minister may prescribe for the purpose of these regulations;

“restricted internal scheme” means a scheme the trust deed for which complies with all the requirements for an internal scheme except to the extent specified in paragraph 25 of the Second Schedule;

“securities” means shares and stock in the capital of a company, debentures, debenture stock, loan stock, bonds, instruments issued by or on behalf of or guaranteed by a Government or local authority or other public authority creating or acknowledging indebtedness, warrants, depositary receipts and units or shares in other collective investment schemes, but does not include bills of exchange and promissory notes;

“securities fund” means an internal scheme constituted for the sole purpose of investing in transferable securities, cash and near cash;

“transferable securities” means securities the title to which can be transferred without the consent of any third party other than the issuer;

“umbrella fund” means an internal scheme comprising two or more separate investment portfolios, each of which is classifiable as a securities fund, money market fund or fund of funds.

Registrable classes of internal scheme

3. The following classes of internal scheme shall be registrable for the purposes of [section 6 of the Act](#)—

- (a) a securities fund;
- (b) a money market fund;
- (c) a fund of funds;
- (d) an umbrella fund;
- (e) a restricted internal scheme constituted as a fund specified in paragraph (a), (b), (c) or (d).

Registration of internal schemes

4. (1) An application to register an internal scheme in terms of [section 7 of the Act](#) shall be made in Form **CIS 1** by—

- (a) an applicant for a licence to act as a trustee or manager of an internal scheme at the same time as the application for such licence in terms of [section 5](#); or
- (b) a trustee or manager;

and be accompanied by a copy of the scheme’s trust deed, any prospectus issued or proposed to be issued in respect of the scheme, the appropriate fee, a certificate referred to in [subsection \(2\)](#) and such other documents and information as the Registrar may reasonably require.

(2) The application shall be accompanied by a certificate signed by a legal practitioner registered in terms of the [Legal Practitioners Act \[Chapter 27:07\]](#)—

- (a) certifying that the interest of every participant in the scheme shall consist of the ownership of one or more units (including fractions of units) each representing an undivided share in the property of the scheme; and

(b) certifying that the trust deed of the scheme is in conformity with the requirements of [section 11 of the Act](#) and the applicable requirements of the Second Schedule; and

(c) in the case of an application for a restricted internal scheme, identifying those provisions of the scheme's trust deed which depart from the provisions applicable to other internal schemes in accordance with paragraph 25 of the Second Schedule.

(3) If, after considering an application in terms of [subsection \(1\)](#), the Registrar is satisfied—

(a) that registration is sought in respect of one of the classes of scheme specified in [section 3](#); and

(b) that the interest of every participant in the scheme shall be as described in [paragraph \(a\) of subsection \(2\)](#); and

(c) that the trust deed of the scheme is in conformity with—

(i) the requirements of [section 11 of the Act](#); and

(ii) the applicable requirements of the Second Schedule; and

(d) that the procedure proposed in the application or the trust deed for dealing with complaints by participants in the scheme is in accordance with [subsection \(1\) of section 5](#); and

(e) generally as to the matters mentioned in (2) of [section 7 of the Act](#);

he shall register the internal scheme and classify it in accordance with [section 3](#):

Provided that, in the case of an application to register an internal scheme by an applicant for a licence to act as a trustee or manager of an internal scheme, the Registrar shall not register the scheme unless the application for the licence is successful.

Complaint procedure of internal schemes

5. (1) The trustee or manager of an internal scheme shall institute a procedure for dealing with complaints by participants in the scheme which ensures that—

(a) every such complaint is attended to within a reasonable time by the trustee or manager or an employee having the authority to effect any remedial action that may be necessary; and

(b) the complainant is made aware of his right to complain to the Registrar if his complaint is not remedied.

(2) The trustee or manager of an internal scheme shall keep a record of all complaints and make such record available on request for inspection by the Registrar or an inspector.

Applications for licensing of trustees and managers of internal schemes

6. (1) An application for a licence to act as a trustee or manager of one or more internal schemes shall—

(a) be made in the Form **CIS 2** or **CIS 3**; and

(b) be accompanied by such reports and accounts and other information as the Registrar may require relating to the last three financial years of the applicant immediately preceding the application or, if the applicant was incorporated later, to the period since its incorporation; and

(c) be accompanied by the appropriate fee.

(2) The Registrar shall license the applicant as a trustee or manager if, by reference to [section 7](#)—

(a) the applicant is a fit and proper person to manage or act as trustee of an internal scheme; and

(b) each of the directors of the applicant is a fit and proper person to act as such; and

(c) the person or each of the persons holding a controlling interest in the applicant is a fit and proper person to hold such interest.

Meaning of “fit and proper person” for the purpose of licensing trustees and managers

7. (1) A person shall be a fit and proper person for the purposes of [subsection \(2\) of section 6](#) if the person concerned—

(a) has an unblemished record, that is to say,

(i) has not, within the period of ten years immediately preceding the date of the application, been convicted of any offence involving theft, fraud or dishonesty;

(ii) has not been prohibited, whether for a period or indefinitely, from carrying on business as bank, building society, insurer or pension fund manager, or from practising as a stockbroker, public

accountant, public auditor, legal practitioner or other profession for the practice of which provision is made under any enactment;

(iii) has not, in any application, return or other document required to be furnished to the Registrar under the Act or to the relevant authority under any enactment governing banks, financial institutions, building societies, insurers, pension funds or the Zimbabwe Stock Exchange, furnished the Registrar or the relevant authority with information that is materially false, inaccurate or misleading;

(iv) is not an unrehabilitated insolvent or, in the case of a company, is not under judicial management or subjected to a winding-up order because of inability to pay its debts;

(b) possesses, in the opinion of the Registrar, the attributes of honesty, integrity and reputation, for the purpose of ascertaining which the Registrar may—

(i) require the production of references from third parties considered to be suitable by the Registrar;

(ii) take into account such information as may be available to him to enable him to form a view on these matters;

(c) is competent to manage or act as trustee of an internal scheme or to be a director of or hold a controlling interest in the applicant, for the purpose of ascertaining which the Registrar may require the person to furnish proof of either or both of the following—

(i) an appropriate academic or professional qualification, including but not limited to a degree, diploma or certificate in business studies, economics, banking, insurance or accountancy from a recognised university, college or professional body within or outside Zimbabwe;

(ii) sufficient experience in the management or trusteeship of unit trusts or pension funds, or in banking, insurance or accountancy;

(d) in the case of an applicant for a licence—

(i) to act as manager of an internal scheme, has, subject to [subsection \(2\)](#), an issued and paid-up share capital of not less than \$10 000 000;

(ii) to act as trustee of an internal scheme, has, subject to [subsection \(2\)](#) and [section 12](#), an issued and paid-up share capital of not less than \$30 000 000.

increased by S.I. 202/2002 with effect from 12th July, 2002.

(2) The requirements as to the minimum issued and paid-up share capital of an applicant referred to in—

(a) subparagraph (i) of [paragraph \(d\) of subsection \(1\)](#) shall be reduced to a sum not less than \$500 000 if the applicant satisfies the Registrar that—*[increased by S.I. 107/2003 w.e.f. 4th April, 2003.]*

(i) it has received a qualifying loan from, or is the subject of a qualifying guarantee given on its behalf by, a commercial bank, the holding company of the applicant, or other third party approved by the Registrar, in respect of an amount which, when added to the paid-up share capital of the applicant, equals the sum of \$10 000 000; *[increased by S.I. 107/2003 w.e.f. 4th April, 2003.]* or

(ii) professional indemnity insurance issued by an insurer registered in terms of the [Insurance Act \[Chapter 24:07\]](#) for a sum of \$150 000 000 or a sum representing not less than ten per centum of the value at any time of the property of the internal scheme or schemes managed or to be managed by the applicant, whichever is the lesser amount; *[increased by S.I. 107/2003 w.e.f. 4th April, 2003.]*

(b) subparagraph (ii) of paragraph (d) [subsection \(1\)](#) shall not apply if the applicant satisfies the Registrar that—

(i) it has received a qualifying loan from, or is the subject of a qualifying guarantee given on its behalf by, a commercial bank, or the holding company of the applicant, or other third party approved by the Registrar, in respect of an amount which, when added to such of the share capital of the applicant as is paid-up, if any, equals the sum of \$30 000 000; *[increased by S.I. 107/2003 w.e.f. 4th April, 2003.]* or

(ii) subject to [subsection \(4\)](#), it is the holder of a policy of professional indemnity insurance issued by an insurer registered in terms of the [Insurance Act \[Chapter 24:07\]](#) for a sum not less than \$200 000 000. *[increased by S.I. 107/2003 w.e.f. 4th April, 2003.]*

(3) A loan or guarantee shall be a qualifying loan or guarantee for the purposes of subparagraph (i) of paragraph (a) or subparagraph (i) of [paragraph \(b\) of subsection \(2\)](#) if—

(a) it is made on terms which subordinate the repayment of the loan or the reimbursement of the guarantor to the prior payment of any claims by the participants and other creditors of the scheme or schemes concerned in the event of a default by the applicant with respect to its obligations to such participants or creditors; and

(b) in the case of a guarantee, it takes the form of an irrevocable undertaking given to the Minister by the guarantor to pay to the Minister on demand, in the event of a default mentioned in paragraph (a), the guaranteed sum for disbursement to meet any claims referred to in that paragraph.

(4) A policy of professional indemnity insurance referred to in subparagraph (ii) of paragraph (a) or subparagraph (ii) of [paragraph \(b\) of subsection \(2\)](#) shall be renewable annually not later than each anniversary of the commencement of the policy, and failure so to renew the policy shall be grounds for the Registrar to cancel the licence concerned forthwith.

Inspection and purchase of trust deed of internal scheme by the public

8. (1) The trustee and the manager of an internal scheme shall make copies of the trust deed, including any supplemental deed, available for inspection free of charge by any member of the public at all times during normal office hours at its registered office, or at such other office in Zimbabwe where it carries on business connected with the scheme.

(2) The manager of an internal scheme shall allow any member of the public to purchase a copy of the trust deed for a fee not exceeding \$5000.00

increased by S.I. 107/2003 w.e.f. 4th April, 2003.

Accounts of internal scheme

9A. The manager of every internal scheme shall ensure that the scheme's accounts are prepared in accordance with such of the requirements and standards for financial statements, prescribed in terms of the [Companies Act \[Chapter 24:03\]](#), as are applicable to internal schemes.

inserted by S.I. 176/2003 w.e.f. 5th September, 2003.

Amendment of trust deed of internal scheme

9. (1) Every amendment of the trust deed of an internal scheme, including an amendment occasioned by the amalgamation of two or more internal schemes, shall be effected by a supplemental deed executed by the trustee and manager of the scheme or, the case of an amalgamation of schemes, of the continuing scheme, and approved by the Registrar under this section.

(2) An application for approval of a supplemental deed shall be made in writing by the manager or trustee of the scheme concerned and be accompanied by a copy of the supplemental deed, the appropriate fee, and—

(a) where any amendment relates to a matter requiring the approval of a meeting of the participants pursuant to subparagraph (a) of paragraph 20 of the Second Schedule, a copy of the resolution approving the amendment; or

(b) where any amendment does not relate to a matter referred to in paragraph (a), a certificate by the trustee that the amendment concerned does not prejudice the participants or operate to release the manager or trustee from their responsibility for the scheme.

(3) If, after considering an application made in terms of [subsection \(2\)](#), the Registrar is satisfied that the resolution or certificate referred to in that subsection, as the case may be, was properly made, he shall approve the supplemental deed and notify the trustee or the manager in writing accordingly.

Returns and reports by managers and trustees of internal schemes

10. (1) Each manager of a registered internal scheme shall prepare as at the last day of each month (hereinafter referred to as the “reporting date”) and furnish to the Registrar not later than the fourteenth day of the following month the following information in Form **CIS 4** verified in writing by the trustee—

(a) the number of units issued pursuant to the scheme and the total gross value, liabilities and net asset value of the scheme;

(b) the number of units created and cancelled since the last reporting date and their values;

(c) the prices at which the units were offered for sale and redemption on the reporting date;

(d) the portfolio of assets, including cash, held by the scheme on the reporting date, showing each holding of an asset and its value, the percentage of the total gross value represented by it and, if any asset is

a security not quoted on a recognised stock exchange, the fact of such holding and the manner in which its valuation was made;

(e) the amount of any distribution of income made on units since the last reporting date;

(f) copies of each report and accounts and other documentation circulated to participants since the preceding reporting date;

(g) any advertisement issued by the manager since the last reporting date;

(h) any changes in the composition of the board of directors of the manager or trustee and of any change of the person or persons holding a controlling interest in the manager or trustee since the last reporting date; and

(i) such other information as the Registrar may require from time to time.

(2) Each manager of a registered internal scheme shall prepare as at the 31st December in each year and furnish to the Registrar in Form **CIS 4** not later than the 14th January in the following year the information referred to in [subsection \(1\)](#) as it relates to the first-mentioned year, verified in writing by the trustee.

(3) Each manager of a registered internal scheme shall prepare as at the 30th June and the 31st December in each year and furnish to the Registrar not later than the 14th July and the 14th January following respectively upon the first-mentioned dates the following information in Form **CIS 4**—

(a) the names and addresses of every agent and representative appointed by it to promote the sale of units in the scheme or to advise or procure persons to become a participant in the scheme, identifying in particular any agent or representative appointed during the period ending on the 30th June or the 31st December, as the case may be; and

(b) the names and addresses of every agent and representative appointed by it for the purpose described in paragraph (a) whose appointment has been terminated during the period ending on the 30th June or the 31st December, as the case may be, and the reasons for such termination; and

(c) the number and nature of any complaints made since the last reporting date of which a record is required to be kept in terms of [subsection \(2\) of section 5](#).

(4) In addition to the requirement referred to in [paragraph \(h\) of subsection \(1\)](#), each trustee and manager of a registered internal scheme shall, immediately the trustee or manager becomes aware of the change, notify the Registrar in writing of any change in the composition of the board of directors of the manager or trustee and of any change of the person or persons holding a controlling interest in the manager or trustee.

Provisional registration of existing internal schemes

11. (1) An application in terms of [section 43 of the Act](#) to register a collective investment scheme operating substantially as an internal scheme before the date of commencement of Part IV of the Act (hereinafter referred to as an “existing scheme”) shall be made in Form **C.I.S.3** by the person acting as the trustee or manager of the scheme within three months of that date, and be accompanied by a copy of the scheme’s trust deed, any prospectus issued or proposed to be issued in respect of the scheme, the appropriate fee, a certificate referred to in [subsection \(2\)](#), and such other documents and information as the Registrar may reasonably require.

(2) An application for the provisional registration of an existing scheme shall be accompanied by a certificate signed by a legal practitioner registered in terms of the [Legal Practitioners Act \[Chapter 27:07\]](#) describing in what respects, if any, the scheme’s trust deed does not conform to the requirements of [section 11 of the Act](#) and the applicable requirements of the Second Schedule.

(3) If, after considering an application in terms of [subsection \(1\)](#), the Registrar is satisfied—

(a) that the scheme in respect of which the application is made was operating substantially as an internal scheme before the date of commencement of Part IV of the Act; and

(b) as to the matters specified in [subsection \(2\) of section 7 of the Act](#); and

(c) that it is in the best interests of the participants of the existing scheme to do so;

he shall, subject to [subsections \(4\)](#) and [\(5\)](#), register the scheme provisionally for a period of one year.

(4) The Registrar may, in relation to an existing scheme in respect of which an application is made under this section—

(a) register the scheme as an internal scheme and classify it in accordance with [section 3](#) if he is satisfied that it qualifies in every respect for registration under [section 4](#) and that the persons acting as the trustee and manager of the scheme are licensed or qualify to be licensed in terms of [section 6](#); or

(b) require as a condition of provisional registration that, notwithstanding the period of provisional registration, any specific provision be modified or included in the scheme's trust deed, or excluded from its trust deed, if he so deems fit in the interests of the participants.

(5) If at any time before the expiry of the period of provisional registration of an existing scheme an application to register the scheme in terms of [section 4](#) is unsuccessful, the Registrar shall forthwith cancel the provisional registration of the scheme.

Transitional provision relating to certain trustees of internal schemes

12. Notwithstanding the requirements of subparagraph (ii) of [paragraph \(d\) of subsection \(1\) of section 7](#), as read with paragraph (b) of subsection (2) of that section (hereinafter referred to as the "relevant requirements"), an applicant for a licence to act as a trustee of an internal scheme which is a company as described in subparagraph (iii) of paragraph (f) of [subsection \(2\) of section 13 of the Act](#), may, if it applies for the licence within a period of five years from the date of commencement of Part IV of the Act, be licensed with an issued and paid-up share capital of less than \$30 000 000 or a guarantee or policy of professional indemnity insurance for a correspondingly lower amount:

increased by S.I. 107/2003 w.e.f. 4th April, 2003.

Provided that the applicant shall, in writing to the Registrar, undertake as a condition of its licensing to comply with the relevant requirements before the fifth anniversary of the date of commencement of Part IV of the Act, and shall report to the Registrar at such intervals as the Registrar deems fit on the progress of its compliance with the relevant requirements.

First Schedule ([Section 2](#))

FORMS

FORM CIS 1

COLLECTIVE INVESTMENT SCHEMES (INTERNAL
SCHEMES) REGULATIONS 1998

Application for Registration of an Internal Scheme

Please attach annexures where the required information cannot be given in the spaces provided

1. Specify the name of the scheme and, if the scheme has operated substantially as an internal scheme before the date of commencement of Part IV of the Act, the date when the scheme was established:
2. Specify the class of the scheme (delete inapplicable): Securities Fund/Money Market Fund/Fund of Funds/Umbrella Fund/Restricted Internal Scheme constituted as a Securities Fund/Money Market Fund/Fund of Funds/Umbrella Fund.
3. Attach a copy of the trust deed relating to the scheme and identify in the space provided those provisions of the deed concerned with the processing of complaints, or attach an annexure describing the procedure proposed to be adopted with respect to complaints:
4. Specify the name, address and telephone and facsimile numbers of the manager of the scheme, and the manager's licence number:
5. Specify the name, address and telephone and facsimile numbers of the trustee of the scheme, and the trustee's licence number:
6. Give the name and address of the auditor of the scheme:
7. Attach a copy of the draft prospectus and other initial advertisement or promotional material relating to the scheme.

WE the undersigned have read and understood the Collective Investment Schemes Act, 1997, and the Collective Investment Schemes (Internal Schemes) Regulations, 1998, and undertake that we shall manage the scheme in accordance with their provisions.

We hereby warrant that the management company and the trustee of the scheme are independent from one another as required by the Act and Regulations.

We enclose the application fee of \$[] and agree to pay the balance of \$ [] at the time the scheme is registered.

Signed on behalf of the management company:

Managing Director/Chief Executive Officer

Signed on behalf of the trustee:

Managing Director/Chief Executive Officer

Witnessed by Commissioner of Oaths:

Date:

Form CIS 2

COLLECTIVE INVESTMENT SCHEMES (INTERNAL SCHEMES) REGULATIONS, 1998

Application for a Licence to Act as Manager of an Internal Scheme

Please attach annexures where the required information cannot be given in the spaces provided

1. Please provide below the name and address (physical and postal) and telephone and facsimile numbers of the applicant company:
2. Date of incorporation of company and company registration number:
3. Attach—
 - (a) the balance sheet and profit and loss account of the applicant company for the period since the date of its incorporation or for its three most recent years, whichever is the shorter period, or, in the case of a new company, its opening balance sheet; and

(b) a copy of the memorandum and articles of the applicant company.

4. Name, address (physical and postal) and telephone and facsimile numbers of the auditor of the applicant company:

5. Please provide below details of any existing or previous licence of the applicant company to act as manager of any internal scheme (please enter "N/A" in the appropriate spaces where not applicable, and if the applicant company does not hold a current licence to act as manager of an internal scheme, please proceed to complete items 6 to 10 of this form)—

(a) number of the licence and date of issue and, if not current, date of cancellation and the reasons for cancellation:

(b) details of any previous or existing suspension of a current licence to act as manager of an internal scheme and the reasons for the suspension:

(c) in respect of any current licence, the names of the directors of the applicant company and of persons holding a controlling interest in the applicant company, to the extent that such details differ from the details provided in the application for the current licence:

6. Please provide below the name of every person holding a controlling interest in the applicant company and details of the nature and extent of that interest:

7. Please provide below the names and addresses of every director (other than any non-executive director) and senior manager (if not a director) of the applicant company, and the name and address of any other individual, however designated within the applicant company, capable of taking decisions which might affect the interests of participants in the scheme to be managed by the applicant company:

8. Has the applicant company, or any of the persons mentioned under items 6 and 7 above, within the

period of 10 years immediately preceding the date of this application, whether inside or outside Zimbabwe—

(a) been subjected to any conviction, prosecution or disciplinary action involving—

(i) violations of securities or stock exchange laws or rules?

(ii) violations of laws governing banks, building societies, insurers, or pension or other provident funds?

(iii) violations of professional discipline as a public accountant, public auditor, legal practitioner or other profession the discipline of the members of which is governed by or under statute?

(iv) disqualification from being appointed as a director (or the equivalent post in other countries) of a company?

If so, give details;

(b) been refused any licence or had a licence suspended or withdrawn by—

(i) a regulator or registrar of banks, building societies, insurers, pension or other provident funds or collective investment schemes?

(ii) any securities or financial exchange?

(iii) any professional body established by statute?

If so, give details;

(c) been shown to have given any false or misleading statements to—

(i) any person referred to in paragraph (b) above?

(ii) the Registrar of Companies?

If so, give details;

(d) been convicted of theft, fraud, forgery or uttering, money laundering or other property offence, or perjury? If so, give details;

(e) been declared insolvent, whether under the Insolvency Act or the Companies Act or the equivalent legislation in other countries? If so, give details.

9. Provide the names of three organisations (and of the individual within them to whom enquiries may be addressed) prepared to attest to the applicant company's (or its parent's, if newly formed) fair dealing with customers, prudent approach to business, respect for legal and regulatory obligations, and good faith when dealing its bankers, auditors, legal advisers, professional body, regulator or registrar, and customers or suppliers—

(a)

(b)

(c)

10. Provide with this application—

(a) proof that the applicant company has the minimum issued and paid-up share capital referred to in section 7(1)(d)(i) of the Regulations; or

(b) proof of the issued and paid up share capital of the applicant company and of—

(i) a guarantee referred to in [section 7\(2\)\(a\)\(i\)](#); or

(ii) a policy of professional indemnity insurance referred to in [section 7\(2\)\(a\)\(ii\)](#);

of the Regulations.

WE the undersigned have read and understood the Collective Investment Schemes Act, 1997, and the Collective Investment Schemes (Internal Schemes) Regulations, 1998, and undertake that we shall ensure that we, our co-directors and all persons employed by the company abide by the provisions of the Act and Regulations both in letter and spirit; and that the company will always use its best endeavours to

manage any internal schemes under its management in the interests of the participants.

All statements in this application are, to the best of our knowledge, correct and not misleading, and no material information has been withheld.

We further undertake to notify the Registrar of any changes of the controlling interest in, or of the management or capital of, the company at or immediately following the time that it occurs.

We enclose the application fee of \$ [] and hereby agree to pay the balance of \$ [] at the time the licence is granted.

Signed:

Chief Executive/Managing Director

Finance Director/Chief Accounting Officer

Commissioner of Oaths

Date:

Form CIS 3

COLLECTIVE INVESTMENT SCHEMES (INTERNAL SCHEMES) REGULATIONS, 1998

Application for a Licence to Act as Trustee of an Internal Scheme

Please attach annexures where the required information cannot be given in the spaces provided

1. Please identify the status of the applicant trustee (commercial bank or accepting house registered in terms of the [Banking Act \[Chapter 24:01\]](#)/wholly owned subsidiary of such a bank or accepting house/insurer registered in terms of the [Insurance Act \[Chapter 24:07\]](#)/wholly owned subsidiary of such an insurer/company the share capital of which is wholly owned by public auditors registered in terms of the [Public Accountants and Auditors Act \[Chapter](#)

[27:12](#)/other (specify)) and provide below the name and address (physical and postal) and telephone and facsimile numbers of the applicant trustee:

2. Date of incorporation, registration and/or licence of trustee and registration and/or licence number:

3. Attach—

(a) the balance sheet and profit and loss account of the applicant trustee for the period since the date of its incorporation/registration/licence or for its three most recent years, whichever is the shorter period, or, in the case of a new company, its opening balance sheet; and

(b) a copy of the memorandum and articles of the applicant trustee.

4. Name, address (physical and postal) and telephone and facsimile numbers of the auditor of the applicant trustee:

5. Please provide below details of any existing or previous licence of the applicant trustee to act as trustee of any internal scheme (please enter “N/A” in the appropriate spaces where not applicable, and if the applicant company does not hold a current licence to act as trustee of an internal scheme, please proceed to complete items 6 to 10 of this form)—

(a) number of the licence and date of issue and, if not current, date of cancellation and the reasons for cancellation:

(b) details of any previous or existing suspension of a current licence to act as trustee of an internal scheme and the reasons for the suspension:

(c) in respect of any current licence, the names of the directors of the applicant trustee and of persons holding a controlling interest in the applicant trustee, to the extent that such details differ from the details provided in the application for the current licence:

6. Please provide below the name of every person holding a controlling interest in the applicant trustee and details of the nature and extent of that interest:

7. Please provide below the names and addresses and telephone and facsimile numbers of every director (other than any non-executive director) and senior manager (if not a director) of the applicant trustee:

8. Has the applicant trustee or its parent, or any of the persons mentioned under items 6 and 7 above, within the period of 10 years immediately preceding the date of this application, whether inside or outside Zimbabwe—

(a) been subjected to any conviction, prosecution or disciplinary action involving—

(i) violations of securities or stock exchange laws or rules?

(ii) violations of laws governing banks, building societies, insurers, or pension or other provident funds?

(iii) violations of professional discipline as a public accountant, public auditor, legal practitioner or other profession the discipline of the members of which is governed by or under statute?

(iv) disqualification from being appointed as a director (or the equivalent post in other countries) of a company?

If so, give details;

(b) been refused any licence or had a licence suspended or withdrawn by—

(i) a regulator or registrar of banks, building societies, insurers, pension or other provident funds or collective investment schemes?

(ii) any securities or financial exchange?

(iii) any professional body established by statute?

If so, give details;

(c) been shown to have given any false or misleading statements to—

(i) any person referred to in paragraph (b) above?

(ii) the Registrar of Companies?

If so, give details;

(d) been convicted of theft, fraud, forgery or uttering, money laundering or other property offence, or perjury? If so, give details;

(e) been declared insolvent, whether under the Insolvency Act or the Companies Act or the equivalent legislation in other countries? If so, give details.

9. Provide the names of three organisations (and of the individual within them to whom enquiries may be addressed) prepared to attest to the applicant company's (or its parent's, if newly formed) fair dealing with customers, prudent approach to business, respect for legal and regulatory obligations, and good faith when dealing its bankers, auditors, legal advisers, professional body, regulator or registrar, and customers or suppliers:

(a)

(b)

(c)

10. Provide with this application—

(a) proof that the applicant trustee has the minimum issued and paid-up share capital referred to in section 7(1)(d)(ii) of the Regulations; or

(b) proof of the issued and paid up share capital of the applicant trustee and of—

(i) a guarantee referred to in [section 7\(2\)\(b\)\(i\)](#); or

(ii) a policy of professional indemnity insurance referred to in [section 7\(2\)\(b\)\(ii\)](#);

of the Regulations.

WE the undersigned have read and understood the Collective Investment Schemes Act, 1997, and the Collective Investment Schemes (Internal Schemes) Regulations, 1998, and undertake that we shall ensure that we, our co-directors and all persons employed by the company abide by the provisions of the Act and Regulations both in letter and spirit; and that the company will always use its best endeavours to act as trustee to any internal schemes under its management in the interests of the participants.

All statements in this application are, to the best of our knowledge, correct and not misleading, and no material information has been withheld.

We further undertake to notify the Registrar of any changes of the controlling interest in, or of the management or capital of, the company at or immediately following the time that it occurs.

We enclose the application fee of \$ [] and hereby agree to pay the balance of \$ [] at the time the licence is granted.

Signed:

Chief Executive/Managing Director

Finance Director/Chief Accounting Officer

Commissioner of Oaths

Date:

Form CIS 4

COLLECTIVE INVESTMENT SCHEMES (INTERNAL
SCHEMES) REGULATIONS, 1998

Monthly/Annual and Half-Yearly Return of Internal Scheme

Please attach annexures where the required information cannot be given in the spaces provided

PART A: MONTHLY/ANNUAL RETURN

1. Specify the name of the scheme and the date and number of its registration:
2. Return for the month/year ending (the “reporting date”).
3. Give number of units in issue at the reporting date.
4. Complete “Appendix A” showing the total gross value, liabilities and net asset value of the scheme as at the reporting date.
5. Complete “Appendix B” showing the number of units created and cancelled since the last reporting date and their values at the reporting date.
6. Give the prices at which units were offered for sale and redemption at the reporting date:
7. Identify the amount of any distribution of income made on units per unit since the last reporting date:
8. Please attach a copy of any report and accounts or other documentation issued to participants since the last reporting date.
9. Please attach copies of any advertisements and other promotional material issued since the last reporting date.
10. Has there been any change in the composition of the board of directors of the management company or the trustee or of any person or persons holding a controlling interest in the management company or the trustee since the last reporting date? YES/NO. If

“yes”, attach an annexure giving the appropriate details.

PART B: HALF-YEARLY RETURN

1. Return for the period ending 30th June/31st December
(Delete inapplicable and specify year)
2. Attach the following, as applicable—
 - (a) the names and addresses of every agent and representative appointed by the management company since the last half-yearly return to promote the sale of units in the scheme or to advise or procure persons to become a participant in the scheme; and
 - (b) the names and addresses of every agent and representative appointed by the management company for the purpose described in subparagraph (a) whose appointment has been terminated since the last half-yearly return, and the reasons for such termination; and
 - (c) the number and nature of any complaints by participants concerning the scheme of which a record has been made pursuant to section 5(2) of the Regulations.

WE hereby undertake that the information given in this report is correct and that the scheme is in compliance with the Collective Investment Schemes Act, 1997, and the Collective Investment Schemes (Internal Schemes) Regulations, 1998.

Signed on behalf of the management company:

Managing Director/Chief Executive Officer

Signed on behalf of the trustee:

Date:

APPENDIX A VALUATION OF UNITS OF INTERNAL SCHEME

<i>i. Investments Equities</i>	<i>ii. Market price Middle price or valuation basis¹</i>	<i>iii. Value</i>	<i>iv. % Portfolio² capital</i>	<i>v. % issue</i>
1. Company A ⁴		[i. x ii.]	[iii. as % of 16]	
2. Company B				
3. Company C				
4. Company D				
5. Company E etc.				
6. Total equities				
7. Bonds				
8. Govt. stock				
9. Total bonds				
10. Other investments				
11. Total investments		[6+9+10]		
12. Cash deposits				
13. Net current assets (liabilities) ⁵				
14. (Liabilities) ⁶				
15. Income				

16. (Expenses) ⁸				
17. Net investment + cash [11+12+13 (13)+14+15-(14+16)]				

¹ Price basis whether current stockmarket price, adjusted price or estimated value (unlisted securities).

² In order to monitor portfolio limits

³ In order to monitor maximum percentage of company's capital permitted

⁴ Number of shares and name of company

⁵ Amounts due to and from market

⁶ Borrowings incurred under provisions of Law; maximum 10%

⁷ Income from dividends or interest accrued since last distribution date

⁸ Management expenses accrued since last payment (*see over for more notes*)

The net asset value per share is derived by dividing 16 by the number of units in issue.

Net asset value per unit at last reporting date:

Net asset value per unit at current reporting date:

APPENDIX B

ISSUE AND REDEMPTION OF UNITS OF INTERNAL SCHEME

	Number	Value
Opening balance		
Units issued		
Units redeemed		
Closing balance		

(Units in issue as at reporting date)		
---------------------------------------	--	--

Second Schedule ([Section 4\(3\)\(c\)\(ii\)](#))

CONTENTS OF TRUST DEEDS OF INTERNAL SCHEMES

ARRANGEMENT OF PARAGRAPHS

Paragraph

1. Nature of participant's interest in scheme and accumulation units.
2. Issue and redemption of units.
3. Valuation of property of the scheme.
4. Investment powers.
5. Additional requirements for money market funds.
6. Additional requirements for funds of funds.
7. Additional requirements for umbrella funds.
8. Use of borrowings and derivatives for hedging purposes.
9. Borrowing, lending and guarantees.
10. Underwriting and placing.
11. Declaration of trust and proof, transfer, subdivision, consolidation and extinction of title to units.
12. Audit and tax.
13. Functions of the manager.
14. Functions of the trustee.
15. Additional functions of the manager and trustee.
16. Removal of manager and retirement of manager or trustee.
17. Payments to manager and trustee.
18. Accounting period and distribution of income.
19. Reports and accounts.
20. Meetings of participants.
21. Amalgamation.
22. Termination of scheme.

23. Advertising.
24. Supplemental deeds and governing law.
25. Departures from Second Schedule by restricted internal schemes.

Nature of participant's interest in scheme and accumulation units

1. (1) The trust deed shall contain a statement in compliance with [section 4\(2\)\(a\)](#) describing the interest of every participant in the scheme as consisting in the ownership of one or more units (including fractions of units) each representing an undivided share in the property of the scheme.

(2) The deed may permit the issue of units the income earned on which is accumulated by being periodically credited to capital (“accumulation units”), whether solely or together with units on which income is not so accumulated (“indivisible units”), provided, however, that where both types of unit are in issue in one scheme —

(a) on each occasion on which income is accumulated and capitalised the number (including fractions) of indivisible shares represented by each accumulation unit then in issue shall be increased to such number as will ensure that the issue price of an accumulation unit remains unchanged notwithstanding the transfer of income to capital property in respect of such unit; and

(b) any accumulation unit issued subsequently must represent the same number of indivisible shares in the property of the scheme as each other accumulation unit then in issue.

Issue and redemption of units

2. The trust deed shall contain detailed provisions governing the issue and redemption of units, including provision—

(a) that units shall only be issued by the manager, and that in respect of each issue of units the trustee shall receive on behalf of the scheme—

(i) an amount in Zimbabwean currency equal to the value of the units being issued; or

(ii) a transfer of investments of equivalent value acceptable to the trustee;

(b) that units shall only be redeemed by the manager, and upon or as soon as practicable after each redemption of units the trustee shall from the property of the scheme—

- (i) pay to the redeeming participant an amount in Zimbabwean currency equal to the value of the units being redeemed; or
- (ii) transfer to the redeeming participant investments selected by the manager and approved by the trustee equivalent in value to the units being redeemed;

(c) that the price payable to the trustee for each unit issued during the period of initial offer (if any) of the scheme shall be the initial price stated in the trust deed less the preliminary charge (if any) payable to the manager;

(d) specifying the period of the initial offer (the “initial offer period”), which shall not exceed 21 days;

(e) that the initial offer period shall terminate immediately if the manager considers that fluctuations in the value of the scheme as monitored by it under paragraph 3(c) mean that the issue price of the units would exceed the initial price by more than two *per centum* (in each case excluding any preliminary charge payable to the manager);

(f) that units shall be issued or redeemed within a period of four hours after the “valuation point” as defined in paragraph 3(a) and by reference to the value of the property of the scheme at the valuation point;

(g) empowering the manager to reject any application for units on reasonable grounds;

(h) empowering the trustee to issue units in exchange for investments eligible to be held by the scheme, the basis for the issue of such units to be the same value (as nearly as possible) as that for the issue of units for cash;

(i) empowering the trustee, at the discretion of the manager and with the consent of the redeeming participant, to transfer out of the scheme investments selected by the manager in exchange for the redemption of units, such investments to be as nearly as possible of the same value as that for the redemption of units for cash;

(j) in the event of a redemption of units of a value representing not less than five *per centum* of the units in issue, empowering the trustee, if the manager so requires with or without the consent of the redeeming participant, to transfer investments of an equivalent value out of the scheme in exchange for that redemption;

- (k) that the price at which units are to be issued to a participant shall be the price calculated at the next valuation point following receipt by the manager of the participant's request for units;
- (l) that payment for the units issued shall be made to the trustee within four working days of the date of issue;
- (m) that participants shall be entitled to redeem their units no less frequently than once in every fortnight, and that the price at which units are to be redeemed shall be the price calculated at the next valuation point following receipt by the manager of—
 - (i) the participant's instruction to redeem such units; and
 - (ii) the unit certificate; and
 - (iii) a transfer form executed by the participant in favour of the trustee;
- (n) that the issue and redemption of units shall only be suspended—
 - (i) if the Zimbabwe Stock Exchange or other recognised stock exchange on which a material amount of the investments of the scheme are listed is closed;
 - (ii) if a state of emergency or other material circumstance exists such that disposal of the securities held by the scheme is not reasonably practicable or the value of the investments cannot be fairly established;
 - (iii) in such circumstances as the Minister may prescribe in respect of all schemes or the scheme or class of scheme concerned;
- (o) requiring the manager, as soon as practicable after each valuation point as at which the property of the scheme is valued, to publish in a national daily newspaper circulating in Zimbabwe a statement of the net asset value of the scheme and the unit issue and redemption price following upon such valuation.

Valuation of the property of the scheme

- 3.** The trust deed shall contain detailed provisions governing the valuation of the property of the scheme, including provision—
- (a) that the assets and liabilities of the scheme shall be valued at a particular point of time (the "valuation point") either on each business day or on regular and stated intervals so, however, that not fewer than

two valuations are made in every period of four weeks at regular intervals;

(b) empowering the manager to make additional valuations at its discretion, subject to the manager giving notice to the trustee of its intention in this regard;

(c) that during the initial offer period the manager shall monitor daily the value of the property of the scheme for the purpose of complying with paragraph 2(e);

(d) adopting (subject to regulations made under the Act and any guidelines issued by the Registrar with respect to the valuation of any assets, including assets for which no quotation exists for the time being) the following basis of valuation of the property of the scheme—

(i) the assets of the scheme shall be valued at the latest published traded price or, if no trade current deposit accounts are to be taken at nominal value unless the manager considers, with the agreement of the trustee, that a different value is appropriate;

(ii) the value of the units held by the scheme in other schemes shall be the manager's quoted bid price;

(iii) money market investments which are not immediately repayable at full face value shall be valued at the market bid price;

(iv) cash and

(v) other property, not being contingent liability transactions, shall be taken at such amount as represents the manager's reasonable estimate of its value as approved by the trustee;

(vi) contingent liability transactions shall be valued at net premium receivable or the value of the margin on closing out, as may be appropriate;

(vii) where the Minister has prescribed a method of valuation for any assets, including assets for which a quotation is lacking at any time, such assets shall be valued in the manner prescribed by the Minister; in the assets has been commenced since the last valuation, at the middle market price, being the price midway between the offer and bid prices where the two prices are quoted or, failing that, at the latest bid price made by a broker on behalf of a bidder;

(e) that valuation shall be made in Zimbabwe dollars, where applicable converted from another currency at the rate of exchange prevailing when the valuation is made;

(f) that the valuation of the property of the scheme shall make provision for the issue and redemption of such units for which orders have been given to the trustee and are pending at the time of the valuation, and for the acquisition or disposal of property in respect of which contracts have been unconditionally made but are uncompleted at the time of the valuation;

(g) that any value shall be reduced by the amount of estimated liabilities, including tax on realised capital gains and accrued tax on income, and of borrowings, accrued but unpaid interest on borrowings, and other liabilities accrued but unpaid.

Investment powers

4. (1) The trust deed shall specify general powers of investment appropriate to the class of scheme sought to be registered in terms of [section 4](#) and shall impose such limits and restrictions on the exercise of such powers as are consistent with this paragraph and, where appropriate, with paragraphs 5, 6, 7 and 8.

(2) The trust deed shall, subject to this paragraph, specify investment limits and restrictions which are not less stringent than those specified below, and for the calculation of which the value of the scheme shall be the asset value ascertained in accordance with paragraph 3(d), (e), (f) and (g)—

(a) the limit on investment in any one company shall be 7,5 per centum of the value of the scheme, save that up to 45 per centum of the value of the scheme may be invested in the securities of three companies, subject to a limit of investment of 20 per centum of the value of the scheme in any one such company;

(b) not more than 10 per centum of the value of the scheme shall be invested in securities (not being units in any other internal scheme) which are not quoted on a recognised stock exchange;

(c) not more than 20 per centum of the value of the scheme shall be invested in units in any other internal scheme;

(d) no investment shall be made in securities which are nil paid or partly paid, unless the manager notifies the trustee of its intention to invest in

them and full provision is made in cash or near cash to meet the unpaid liabilities attached to them;

(e) the scheme shall not hold more than 10 per centum of the voting share capital of any one company;

(f) the scheme shall not invest in futures or options or contracts for differences other than as permitted in terms of paragraph 8.

(3) The trust deed may provide that the limits and restrictions referred to in subparagraph (2) shall not apply during the period of six months from the initial offer of the units in the scheme or until the aggregate value of the scheme has exceeded \$1 000 000, whichever is the earlier.

(4) The limits referred to in subparagraph (2)(a),(b) and (c) are not deemed to be infringed through appreciation or depreciation in the value of the investments of the scheme, but if any such limit is exceeded the trust deed shall require the manager to realise the excess before making any other investment changes, unless the manager and the trustee consider such course to be contrary to the interests of the participants.

(5) The limits and restrictions referred to in subparagraph (2) shall not apply to any investment made in securities issued or guaranteed by the Government of Zimbabwe, or by a public or local authority in Zimbabwe, or by any international organisation of which Zimbabwe is a member, or by the Government or a public or local authority of any other country prescribed by the Minister for the purpose of this subparagraph:

Provided that the trust deed shall specify the maximum holding in any one issue of such securities, which maximum shall be a figure not in exceeding 30 *per centum* of the value of the scheme.

(6) The trust deed shall provide that, subject to these regulations, all investments by the scheme shall be made by way of transferable securities, cash and near cash.

(7) The limits and restrictions contained in this paragraph and in paragraphs 5, 6, 7 and 8 shall at all times be subject to the restriction, to be specified in the trust deed, that no more than 20 *per centum* in aggregate of the issued share capital carrying voting rights (not including rights to vote only in exceptional circumstances) of any one company shall be held by the manager and by all schemes managed by it and by its associates.

Additional requirements for money market funds

5. In addition to the requirements of paragraph 4, the trust deed of a scheme which is a money market fund shall specify that—

(a) not more than 50 *per centum* of its assets shall consist of cash, near cash and deposits held by, or other instruments of, one issuer or group of issuers;

(b) no investment consisting of cash, near cash and deposits held by, or other instruments of, any one issuer or group of issuers shall be made that exceeds in value 10 *per centum* of the issued share capital and reserves of such issuer or group of issuers.

Additional requirements for funds of funds

6. (1) In addition to the requirements of paragraph 4 (other than subparagraph (2)(c) of that paragraph), the trust deed of a scheme which is a fund of funds shall specify —

(a) that the scheme shall not invest in another scheme which is a fund of funds;

(b) that the scheme shall hold investments in no fewer than six different schemes.

(2) The trust deed of a scheme which is a fund of funds shall specify a maximum limit of investment by the scheme in any one other scheme, which maximum shall be a figure not exceeding 25 *per centum* of the value of the scheme.

Additional requirements for umbrella funds

7. (1) The requirements of paragraph 4 and, where applicable, paragraphs 5 and 6, shall apply to each of the investment portfolios constituting a scheme which is an umbrella fund as if each such portfolio were a separate scheme.

(2) The trust deed of a scheme which is an umbrella fund shall prohibit any portfolio of the fund from investing in the units of any other portfolio of the fund.

Use of borrowings and derivatives for hedging purposes

8. (1) The trust deed may, subject to this paragraph and with the express consent of the Registrar, permit the use for hedging transactions of borrowings made in terms of paragraph 9 or of derivatives dealt in on a recognised stock exchange, or a derivatives exchange prescribed by the Minister for the purpose of this paragraph.

(2) Derivatives shall be used only for the purpose of the efficient management of the portfolio of the scheme and not for speculation or to increase risk, but to reduce it. In particular the trust deed shall provide for the manager to be satisfied before using them that—

(a) the transactions in question—

(i) are economically appropriate to the scheme; or

(ii) reduce a risk which it is sensible to reduce; or

(iii) generate additional capital or income or achieve by a tactical asset allocation related to the property in the scheme a switch in the exposure of the scheme; and

(b) the exposure of the scheme is fully covered and relates to securities held in the scheme;

(c) transactions are undertaken with the object of reducing risk or reducing costs or generating additional capital or income for the scheme with little risk.

(3) The Minister may prescribe that further provision to be made in the trust deed relating to the use of derivatives for efficient portfolio management.

Borrowing, lending and guarantees

9. (1) The trust deed may empower the trustee, at the request of the manager, to borrow funds on behalf of the scheme and, if it so empowers the trustee, the trust deed shall require—

(a) that borrowing be made on a back-to-back basis, that is, made in a foreign currency against a deposit with the lender of an equivalent amount of Zimbabwean currency, or, if made otherwise than on a back-to-back basis, that it be made only in compliance with the following conditions, namely—

(i) that the borrowing be restricted to an amount equal to 10 per centum of the value of the property at the time when the borrowing is made;

(ii) that the borrowing only be made from a bank for a period not exceeding 30 days and for the following specific purposes—

A. to meet redemptions of units; or

B. for the efficient management of the investments of the scheme;

and

(b) that no property of the scheme be lent, mortgaged, charged or otherwise encumbered except to secure borrowings made pursuant to paragraph (a).

(2) The trust deed shall require that no property of the scheme be used to discharge any guarantee or indemnity given by the manager or the trustee to meet an obligation of a third party.

Underwriting and placing

10. (1) The trust deed may permit the trustee to enter into such underwriting or sub-underwriting agreements or placing agreements as would not involve a breach of these regulations or of the investment objectives of the scheme if the obligations under them were to be met.

(2) The trust deed shall empower the trustee to refuse to accept a transfer of property involving potential liabilities or which infringes the investment powers of the scheme.

Declaration of trust and proof, transfer, subdivision, consolidation and extinction of title to units

11. (1) The trust deed shall contain—

- (a) a declaration of trust by the trustee for the participants;
- (b) provision for the deed to be binding on all participants; and
- (c) provision to the effect that each participant be treated as the absolute holder of his units and of his shares in any units.

(2) The trust deed shall contain detailed provisions governing the keeping by or on behalf of the trustee of a register of participants ("*the register*"), including provision—

- (a) requiring the register to be kept in writing on computer disk or tape or in any magnetic or electronic medium or in other manner capable of being reproduced in legible form;
- (b) requiring the register to show the total number of units from time to time in issue in the scheme, identifying the name and address of each participant (or the name only in the case of second and subsequent participants), the number of units held by each participant, the date of registration and the date of any transfer of units to or by any participant;
- (c) requiring the register to be kept up to date at least daily;

(d) to the effect that the register shall be conclusive evidence as to the persons entitled to the units or shares in units entered on it;

(e) that no notice of any trust, express or implied, entered on the register in respect of any unit shall be binding on the trustee or manager unless such notice is made pursuant to an order of a court;

(f) requiring the register to be made available for inspection in Zimbabwe by the public free of charge during normal working hours, except for such period not exceeding 30 days in any calendar year as the trustee may decide;

(g) requiring the trustee to make a copy of the register available to the manager at the manager's request and expense;

(h) empowering the trustee to effect alterations of the register to reflect any change of name or address of a participant of which notice has been received by the trustee;

(i) empowering the manager to be registered as a participant;

(j) requiring that the register be preserved for the life of the scheme, and that other records and documents referred to in these regulations be preserved for the life of the scheme or a period of six years from the date they were made, whichever is the lesser period.

(3) The trust deed shall contain detailed provisions governing certificates evidencing title to units in the scheme that are to be issued in the names of the participants so entitled ("**certificates of title**"), including provision—

(a) requiring the trustee to deliver to or to the order of the manager certificates of title against receipt by the scheme of the purchase price or other consideration for the units, which requirement may be subjected to the following limitations—

(i) that the trustee shall not be required to deliver a certificate of title unless the participant has requested that a certificate be issued to him;

(ii) that no certificate of title be issued if the units are purchased under an arrangement for purchase at regular intervals or if the units are held under an arrangement for redemption of the units at regular intervals;

(b) requiring each certificate of title to be in a printed form agreed from time to time between the manager and trustee and bearing the name of the scheme, the date of issue, the names and addresses of the manager

and the trustee, a distinctive serial number, the number of units or fractions of units represented by it, the name of the participant or, if jointly held, each participant, and such proof of authentication as the trustee may determine;

(c) that a certificate of title authenticated by or on behalf of the trustee shall be valid and binding notwithstanding that before its delivery the trustee or any person whose signature appears thereon as the duly authorised signatory ceased to be the trustee or to be so authorised, as the case may be;

(d) requiring the manager to deliver the certificate of title to the participant named as the holder or first named as the holder as soon as practicable after receipt of the purchase price or other consideration for the issue of the units and of the information necessary to complete registration in terms of subparagraph (2);

(e) prohibiting the issue of bearer certificates of title;

(f) for the exchange or replacement at the request of the holder of certificates of title where a certificate is defaced, destroyed, lost or stolen, subject to such reasonable conditions as the trustee may require;

(g) entitling the participant, where part only of the units represented by a certificate of title are transferred by him in terms of subparagraph (4), to the issue free of charge of a new certificate of title in respect of the units remaining to him.

(4) The trust deed shall contain detailed provisions governing the transfer of units held by participants, including provision—

(a) enabling a participant to transfer units held by him and in respect of which he is registered as the holder, subject to the following formalities—

(i) the transfer shall be effected by means of a form of transfer approved by the trustee from time to time;

(ii) the executed transfer form shall be lodged with the trustee, together with the certificate of title relating to the units being transferred and such proof as the trustee may require that the transfer will not result in the participant holding fewer than the minimum units required by the manager for participation in the scheme;

(b) for the transfer of units by operation of the law on the death or insolvency of a participant, including a participant holding any unit jointly;

(5) The trust deed may empower the manager with the approval of the trustee to subdivide each unit into two or more units, or to consolidate two or more units and, if it so empowers the manager, it shall provide for the procedure to be followed in such circumstances.

(6) The trust deed shall make provision for the cancellation or amendment of the appropriate entry in the register and of the certificate of title where a participant defaults in making payment for any units.

Audit and tax

12. (1) The trust deed shall require the manager to appoint a public auditor of the scheme in conformity with the requirements of [section 18 of the Act](#) and, in addition to the prohibition contained in the proviso to [section 18\(1\) of the Act](#), shall provide that no associate or investment adviser of the scheme, or member of a company that is an associate or investment adviser of the scheme, be appointed as the scheme's public auditor.

(2) The audit fees of the auditor shall be agreed between the manager and the auditor with the approval of the trustee, and may be payable out of the property of the scheme.

(3) The trust deed shall require the manager to ensure that the accounts required to be included in the annual report of the scheme are audited by the auditor, and that the annual report is accompanied by a report of the auditor to the participants—

(a) stating that the accounts have been audited in accordance with approved auditing standards; and

(b) stating whether or not in the auditor's opinion, the accounts comply with the requirements and standards referred to in [section 9A](#) ;

substituted by S.I. 176/2003 w.e.f. 5th September, 2003.

(c) stating whether or not in the auditor's opinion the accounts give a true and fair view of the financial position of the scheme as at the end of the annual accounting period.

(4) The trust deed shall empower the manager with the approval of the trustee to terminate the appointment of the auditor at any time and, in such event, to appoint a new auditor in accordance with subparagraph (1).

(5) The trust deed shall require the manager to prepare and supply to the trustee from time to time such returns relating to the property of the scheme as are required to be submitted to the Commissioner of Taxes.

Functions of the manager

13. The trust deed shall contain detailed provisions governing the management of the scheme, including provision—

(a) imposing upon the manager a general duty to manage the scheme in accordance with the Act, these regulations and the trust deed;

(b) requiring the manager to make decisions as to the investment of the property of the scheme in a way that appears to it most likely to secure the objectives of the scheme, and generally to manage the scheme in the paramount and equal interests of the participants and not those of the manager, trustee, any investment adviser or their respective associates;

(c) requiring the manager to instruct the trustee on how the rights attaching to the ownership of property in the scheme are to be exercised, including voting rights;

(d) requiring the manager to take all reasonable steps and exercise due diligence to ensure that the property of the scheme is correctly valued in accordance with the trust deed and these regulations and, in the event of any default in this respect, to reimburse participants and former participants prejudiced thereby;

(e) imposing upon the manager the duty to issue instructions to agents as to the acquisition and disposal of the property of the scheme, subject to the power of the trustee, in any particular case, to determine that the acquisition or disposal concerned exceeded the powers of the manager, in which event it shall be the duty of the manager at its own expense to take such steps as may be necessary to cancel the transaction or make a corresponding acquisition or disposal to restore the position;

(f) requiring the manager to keep such accounting and other records as are necessary to enable it to comply with the trust deed and these regulations, and to keep a daily record of the units held by it, the portfolio of its investments, and any uncompleted acquisitions and disposals;

(g) imposing upon the manager the duty to supply the trustee with such information as the trustee may require concerning the management and administration of the scheme.

Functions of the trustee

14. The trust deed shall contain detailed provisions governing the functions of the trustee, including provision—

(a) defining the trustee as the custodian of the property of the scheme and requiring it to take reasonable care to ensure that the manager manages the scheme in accordance with the Act, these regulations and the trust deed;

(b) requiring the trustee from time to time to satisfy itself on reasonable grounds that the manager has maintained and is maintaining sufficient records, in particular records regarding the calculation of prices at which units are issued and redeemed;

(c) requiring the trustee to take all steps and execute all documents necessary to secure that acquisitions and disposals of property made by the manager are completed;

(d) requiring the trustee to take into its custody and under its control all the capital property of the scheme and hold it in trust, separately and segregated from all other assets it holds, for the participants in accordance with the terms of the trust deed;

(e) requiring the trustee to collect any income due to be paid to the scheme, including the repayment of tax, and to hold such income in trust for the participants in accordance with the trust deed;

(f) requiring the trustee to keep such records as are necessary to enable it to comply with the trust deed and to demonstrate such compliance;

(g) requiring the trustee to take all steps and execute all documents necessary to secure that instructions which are properly given to it by the manager as to the exercise of rights (including voting rights) attaching to the ownership of the property are properly carried out;

(h) empowering the trustee to exercise or decline to exercise any right of voting attaching to any property of the scheme consisting of units in other internal or external schemes managed or operated by the manager or an associate of the manager.

Additional functions of the manager and trustee

15. (1) Where the trust deed empowers the trustee or the manager or either of them to delegate to any person, including to each other, any function imposed on the manager or the trustee under the trust deed, the trust deed shall—

(a) prohibit the delegation by the trustee of any function relating to the oversight of the manager or to the custody and control of the property of the scheme, including the custody of documents of title or documents evidencing title to the property of the scheme, unless, where the custody of such documents is concerned, the arrangements for the custodian prevent the custodian from releasing the documents into the possession of a third party without the consent of the trustee;

(b) render the delegating trustee or manager responsible for any act or omission of the delegate unless the delegating trustee or manager or manager can show—

(i) that it was reasonable for an agent to be employed for the function in question; and

(ii) that the agent was and remains competent to undertake the function in question; and

(iii) that it took reasonable care to ensure that the agent undertook the function in question in a competent manner.

(2) Subject to subparagraph (3), the trust deed shall contain provisions prohibiting dealing with the scheme as principal by the trustee or the manager, or by an associate of the trustee or the manager, or by the investment adviser or associate of the investment adviser of the scheme, and shall require the trustee and the manager and any investment adviser to use their best endeavours to ensure that no such dealing occurs.

(3) Any dealing in the manner referred to in subparagraph (2) may be permitted with respect to investments listed or quoted on a recognised stock exchange where—

(a) the transaction is effected with or through a member of the relevant exchange under the rules of that exchange and evidenced in writing, and the manager takes all reasonable steps to ensure that the transaction is effected on terms which are the best available for the scheme in the circumstances; and

- (b) the value of the investment is certified in writing by a person selected or approved by the trustee as independent of any interested person and qualified to value investments of the kind in question; and
- (c) the trustee is of the opinion that the terms of the transaction are not likely to result in any material prejudice to the participants; and
- (d) the arrangements for the dealing are at least as favourable to the scheme as any comparable arrangement effected on normal commercial terms and negotiated at arm's length between two independent persons.

(4) The trust deed may provide that a person dealing with the scheme in accordance with subparagraph (3) shall not be liable to account to the scheme for any profit derived from the transaction.

(5) The trust deed may exclude the trustee and the manager from liability for the acts of third parties (except as provided in subparagraph (1)(b)) and from liability for their own acts other than liability for fraud, breach of trust or negligence on their part.

Removal of manager and retirement of manager or trustee

16. (1) The trust deed shall contain provision for the manager to be removed by notice in writing given to it by the trustee in specified circumstances, including the following—

- (a) on the liquidation of the manager, other than a voluntary liquidation on terms previously approved by the trustee;
- (b) on the granting of a provisional judicial management order in respect of the manager;
- (c) on the failure of the manager to be licensed in terms of [section 6](#) or on the cancellation or suspension of its licence;
- (d) where, for good and sufficient reason, the trustee is of the opinion, and so states in writing to the incumbent manager, that a change of manager is desirable in the interests of the participants:

Provided that the trust deed shall make provision for arbitration between the trustee and the manager if the manager disputes its removal in these circumstances;

- (e) where the participants pass an extraordinary resolution removing the manager;

(f) if participants holding three quarters of the units in issue request the trustee in writing to remove the manager.

(2) The trust deed shall provide that no removal of a manager pursuant to subparagraph (1)(d), (e) or (f) shall be effected without the prior approval (subject to payment of the appropriate fee) of the Registrar in writing.

(3) The trust deed shall provide that on removal of the manager the trustee shall by supplemental deed appoint in its place a licensed person to act as manager of the scheme:

Provided that if the name of the scheme includes the name of the former manager the trust deed shall entitle the former manager to require the new manager and the trustee to change the name of the scheme.

(4) The trust deed shall contain provision—

(a) enabling the manager to retire in favour of some other licensed person and approved in writing by the trustee, subject to the prior approval of the Registrar and to the new manager entering into such supplemental deed as the trustee may require; and

(b) releasing the retired manager shall from all future obligations in respect of the scheme; and

(c) saving the rights of the trustee or any participant or other person in respect of any liability of the retired manager for an act or omission on its part prior to its retirement.

(5) The trust deed shall contain provision enabling the trustee to retire in accordance with [section 17 of the Act](#) in favour of another person licensed as a trustee.

Payments to manager and trustee

17. The trust deed—

(a) may provide for the remuneration of the manager by way of a preliminary charge included in the price of a unit and a periodic charge paid out of the property of the scheme, and if it so provides, the times and the basis on which such periodic charge is calculated shall be specified in the deed and disclosed in the prospectus for the scheme;

(b) shall, where the amount of a periodic charge is provided for in the deed, provide that any increase in such amount shall require the approval of an extraordinary resolution of the participants;

(c) may provide for the trustee to receive out of the property of the scheme or by way of payment from the manager remuneration on such basis as shall be set out in the deed and the prospectus for the scheme;

(d) shall, where provision is made as described in the foregoing subparagraphs—

(i) prohibit the payment of any remuneration or compensation out of the property of the scheme otherwise than as permitted by the foregoing subparagraphs;

(ii) provide whether the payments are to be made out of capital or income;

(iii) provide that payments made to the trustee and the manager shall not exceed in aggregate 8,5 *per centum* per annum of the value of the property of the scheme;

(e) shall provide for there to be paid out of the income or capital of the scheme, whichever is appropriate, any broker's commission, fiscal charges, taxes, audit fees, interest on borrowings and costs incurred in connection with meetings of participants convened on a requisition, but no other fees, charges or outgoings;

(f) may provide for the manager to impose an exit charge on redemption of units on such basis as shall be specified in the deed and disclosed in the prospectus for the scheme, such charge to be governed by the limitation specified in subparagraph (d)(iii).

Accounting period and distribution of income

18. (1) The trust deed shall provide for the scheme to have an annual accounting period and, if the manager so desires, a half yearly accounting period.

(2) The trust deed shall contain provisions for the distribution of the income of the scheme, including provision—

(a) that the distribution of income be made not later than a period of two months after the end of each accounting period; and

(b) that at the end of each accounting period the trustee shall transfer to a distribution account such amount of the income property of the scheme as the manager determines to distribute and (subject to the carrying forward of de minimis amounts) to distribute to participants the whole of the income available for distribution on the basis of each unit receiving an equal amount;

(c) that distribution be made to participants on the register of the scheme on the last day of each accounting period, provided that the trust deed may make provision for the equalisation of income in respect of units issued during the accounting period by which the income on such units for the initial period is equalised with the income for units in issue throughout the accounting period by an adjustment of a capital sum;

(d) describing how distributions are to be calculated and paid and requiring that distributions be accompanied by distribution statements and, where necessary, tax statements.

Reports and accounts

19. The trust deed shall contain provisions for the manager to prepare in relation to each yearly and half yearly accounting period an accounting report, including provision—

(a) for the accounting report to set out—

(i) such information as the Minister may prescribe in respect of the scheme;

(ii) the capital and income account of the scheme;

(iii) the portfolio of assets of the scheme, its liabilities and changes in its investments;

(iv) a total expense ratio, being the ratio of all expenses to the value of the property of the scheme on an average basis;

(b) for the accounting report to contain the report of the auditor pursuant to paragraph 12 (3) and a report of the trustee as to whether or not, in the trustee's opinion, the manager has managed the scheme in accordance with the Act, these regulations, the trust deed and the prospectus relating to the scheme.

Meetings of participants

20. The trust deed shall contain detailed provisions governing the convening and holding of meetings of participants and the powers of such meetings, including provision—

(a) that a meeting shall be convened for the following purposes—

(i) to approve any change of the investment policy or objectives of the scheme proposed by the manager with the consent of the trustee;

(ii) to approve any change of the class of scheme as registered under [section 4](#) in favour of a different class of scheme registrable under [section 3](#);

(iii) to authorise any modification or addition to the trust deed proposed by the manager with the consent of the trustee;

(iv) to approve any increase in the periodic charge due to the manager;

(v) to remove the manager;

(vi) to approve a scheme of amalgamation proposed by the manager with the consent of the trustee;

(b) that every meeting shall require not less than 14 clear days' notice to each participant and that a quorum of participants holding not less than one tenth of the units in issue be present in person or by proxy:

Provided that, where a meeting is adjourned, the quorum at the subsequent meeting shall be the participants present in person or by proxy at that meeting, whatever their number and the number of units held by them, and notice of this fact shall be given in the notice convening the subsequent meeting;

(c) that the trustee—

(i) or the manager may convene a meeting at any time;

(ii) shall convene a meeting if so requested in writing by participants holding not less than one tenth of the units in issue;

(iii) and the manager and their representatives shall be entitled to attend every meeting, but that the manager shall not be entitled to vote at or be counted in the quorum of any meeting, nor shall an associate of the manager be entitled to vote at any meeting except in respect of units which it holds on behalf of a person other than the manager or another associate of the manager and from whom it has received voting instructions;

(d) requiring the manager to keep minutes of every meeting in a minute book;

(e) that every resolution of a meeting shall be an extraordinary resolution requiring a majority of votes representing 75 per centum of the units held by those present and voting at the meeting;

(f) generally for the conduct of meetings, in particular, for the appointment of a chairman, the taking of votes on a resolution (whether on a show of hands or by secret ballot), the appointment of proxies (who need not be other participants).

Amalgamation

21. (1) The trust deed may contain provision for the amalgamation of the scheme with another registered scheme, subject to the manager, upon a motion presented with the leave of the trustee, securing a favourable resolution of the participants at a meeting.

(2) A motion referred to in [subsection \(1\)](#) shall seek approval for the terms of any new issue of units to be made pursuant to the amalgamation.

Termination of scheme

22. The trust deed shall contain detailed provisions for the winding up of the scheme, including provision—

(a) specifying the following circumstances in which the scheme shall be wound up—

(i) where the scheme ceases to be registered;

(ii) where the Registrar so agrees at the request of the trustee and the manager;

(iii) on the expiration of any fixed term for the subsistence of the scheme;

(iv) on the amalgamation of the scheme as provided for under paragraph 21;

(b) for the procedure to be followed on such winding up, including the realisation of the assets of the scheme and the distribution of the net proceeds, after discharging liabilities, to the participants.

Advertising

23. The trust deed shall contain a prohibition on the issue of any prospectus or advertisement by the manager offering units for sale unless the prospectus or the advertisement has been approved by the trustee and a copy has been lodged with the Registrar.

Supplemental deeds and governing law

24. (1) The trust deed shall contain provisions governing the power of the trustee and the manager to enter into supplemental trust deeds amending the trust deed, subject to the requirements that—

(a) no such deed shall be entered into without the consent of a meeting of the participants, except where the trustee certifies in the supplemental deed that the amendments made by it do not prejudice the participants or operate to release the trustee and the manager or either of them from their responsibility for the scheme; and

(b) no such deed shall impose on any participant an obligation to make further payment.

(2) The trust deed shall provide that the governing law of the trust constituting the scheme shall be the law of Zimbabwe.

Departures from Second Schedule by restricted internal schemes

25. (1) The provisions of a trust deed for a restricted internal scheme may depart from those required for other classes of internal scheme to the following extent—

(a) with respect to paragraph 2(b), the trust deed may permit the trustee to postpone the making of payments out of the scheme on the redemption of units for a period not exceeding three months following the receipt by the manager of the documents referred to in paragraph 2(m), in circumstances where this is in the interests of existing participants;

(b) with respect to paragraph 2(f), the trust deed may extend the period after the valuation point within which units shall be issued or redeemed to a period not exceeding 48 hours;

(c) with respect to paragraph 2(m) and (n), the trust deed may—

(i) limit the number of days on which units may be issued and redeemed and the frequency of such days, provided that such frequency shall not be longer than six months from the previous date for issue and redemption;

(ii) specify additional events upon the happening of which the issue and redemption of units may be suspended, including events pertinently affecting the type of property held by the scheme;

(d) with respect to paragraph 3(a), the trust deed may specify as the valuation point a point of time occurring at least once in each calendar month;

(e) with respect to paragraph 3(d), the trust deed may provide for a basis of valuation (to be clearly stated in the trust deed) on terms otherwise than those specified in subparagraphs (i) to (iv) and (vi), being a basis which, in the reasonable opinion of the trustee and the manager, is appropriate to the nature of the investments to be held by the scheme;

(f) with respect to paragraph 3(f), the trust deed may make such other provision as may be reasonable in the opinion of the manager and the trustee and the Registrar, given the nature of the investments to be held by the scheme;

(g) with respect to paragraph 4(2)(a), the trust deed may provide instead that the scheme shall invest in the securities of at least five companies quoted on a recognised stock exchange, subject to a limit of investment in any one such company of 25 per centum of the value of the scheme;

(h) with respect to paragraph 4(2)(b), the trust deed may provide instead that not more than 50 per centum of the value of the scheme shall be invested in securities (not being units in any other internal scheme) which are not quoted on a recognised stock exchange or which are units in professional schemes;

(i) the trust deed may exclude the application of paragraph 4(7);

(j) with respect to paragraph 10, the trust deed shall additionally provide that the minimum holding of units in the scheme shall be \$10 000;

(k) the trust deed may modify the application of paragraph 15(2) to permit dealing with the scheme as principal by the trustee, manager, investment adviser or an associate of any of them, on such terms providing for the reasonable protection of the interests of the participants as shall be specified in the trust deed and in the advertisements of the scheme.