

Module	ASSET MANAGEMENT
Jurisdictions	UK

Module Application

Does the UK incorporated entity seeking to establish and operate an authorised fund structure obtain FCA authorisation and comply with relevant FSMA and Financial Conduct Authority (FCA) rules?

Does the UK entity seeking to establish and manage an authorised fund comply with the specific regulatory requirements applicable to the chosen fund type, such as investment restrictions, eligible assets, and disclosure obligations?

Does the UK entity comply with the necessary conditions and formation requirements when seeking to establish an OEIC in the UK?

Does the UK open-ended investment company (OEIC) seeking to list its securities meet the requirements for listing under the FCA Listing Rules?

Does the UK incorporated entity operating as or investing in collective investment schemes or related investment vehicles comply with relevant tax rules and regulations?

Does the issuer of UCITS ETFs seeking admission to the London Stock Exchange (LSE) comply with the LSE's rules and requirements pertaining to admission, such as obtaining listing authorisation prior to seeking admission, as well as its continuing obligations once admitted?

Does the UK incorporated entity comply with requirements and procedures to obtain authorisation from the FCA?

Does the authorised fund manager of a UCITS scheme or an Alternative Investment Fund Manager (AIFM) of an Alternative Investment Fund (AIF) regularly perform liquidity stress tests on each fund it manages?

Does the UK incorporated entity comply with the FCA's operational requirements relating to how the UK UCITS scheme under management is operated daily?

Does the authorised fund manager (AFM) comply with the investment and borrowing powers applicable to UCITS and NURS as set out in the FCA Handbook?

Does the UK incorporated entity comply with the necessary regulatory processes where it wishes to wind up a solvent company, authorised contractual scheme, or authorised unit trust scheme (including the termination of a relevant scheme or a sub-fund), enter into a scheme of arrangement, or undertake a UCITS merger?

Does the authorised fund manager of a UCITS scheme or a qualified investor scheme comply with the reporting requirements in the FCA Handbook?

Does the UK incorporated entity, operating as either a full-scope UK AIFM or a management company for a UK UCITS scheme, comply with the necessary requirements of the relevant remuneration code applicable to that UK incorporated entity?

Does the AIFM ensure that it complies with the operational requirements for AIFs as set out in the FCA Handbook?

Does the asset management organisation implement the FCA Consumer Duty to deliver good outcomes for retail customers?

Does the UK incorporated entity establish and maintain dispute resolution processes and procedures to ensure compliance with requirements related to consumer complaint processing, consumer redress schemes and the financial ombudsman scheme?

Does the UK authorised fund comply with the Sustainability Disclosure Requirements (SDR) and Anti-Greenwashing Rule when making sustainability-related claims, including rules regarding labelling and reporting related to funds with sustainability characteristics, themes, or objectives?

Module Scope

An organisation intending to provide asset management services in the UK, including any **regulated activity** in connection with retail investors, must obtain the appropriate authorisation from the FCA. It is worth noting the term 'regulated activity' is defined relatively broadly, under the applicable laws, and includes managing investments, offering investment advice, as well as establishing and operating collective investment schemes in the UK.

Organisations and their employees are expected to be familiar with the legal obligations to which they are subject. The module aims to equip the organisation with knowledge of their obligations and the processes and procedures necessary to establish the relevant systems and operations to ensure compliance.

The specific questions covered by the module are:

- Does the UK incorporated entity, which intends to establish, operate, and manage an authorised fund in the UK, comply with the authorisation and ongoing regulatory procedures as required by the FCA?
- What processes or procedures should the organisation adopt to bring it into compliance with its obligations?
- What are the consequences if the legal obligations are breached?

Although the predominant focus of this module is on the establishment and management of authorised funds operating in the UK the module's scope also captures these funds' obligations pertaining to taxation, winding up or termination, as well as complying with Sustainability Disclosure Requirements and the FCA's anti-greenwashing rule (where applicable).

Any organisation wishing to engage in and pursue any regulated activity in the UK to retail clients needs to be aware of, and understand, its obligations pertaining to:

- › Legal structures of authorised funds
- › Regulatory fund types
- › Formation Rules for open-ended investment companies
- › Listing Rules for open-ended investment companies
- › Trading Rules for exchange-traded funds (ETFs)
- › Authorisation
- › Liquidity stress testing for UK UCITS schemes and Alternative Investment Funds (AIFs)
- › Operational requirements for UCITS and AIFs
- › Investment and borrowing restrictions
- › Processes involved with winding up, schemes of arrangement, and UCITS mergers
- › Reporting, accounting, and notification requirements
- › Restrictions on compensation and profit-sharing
- › Consumer duty and redress
- › Dispute resolution
- › Sustainability Disclosure Requirements and the Anti-greenwashing Rule

The asset management regulatory scheme in the UK is based on legislation such as the Financial Services and Markets Act 2000 and various issue-specific statutes. Relevant regulators include the FCA, the London Stock Exchange, and the HMRC.

The UK ASSET MANAGEMENT module covers obligations of various legal structures of authorised funds, including the managers of these funds, and the major regulatory fund types, such as:

Legal structures of authorised fund structures

- › Authorised Unit Trusts (AUTs) (including trustees of such)
- › Authorised Contractual Schemes (ACSs) (including depositaries of such)
- › Open-Ended Investment Companies (including depositaries and authorised corporate directors of such)

Regulatory fund types

- › UK UCITS Schemes
- › Non-UCITS Retail Schemes (NURS)
- › Qualified Investor Schemes (QIS)
- › Long-Term Asset Funds (LTAF)
- › Charity Authorised Investment Funds (CAIF)
- › Property Authorised Investment Funds (PAIF)
- › Individually Recognised Overseas Schemes
- › Close-ended retail funds
- › Exchange Traded Funds
- › Money Market Funds

The UK Asset Management module covers the various regulatory instruments that must be followed to ensure compliance with legislated obligations:

- Acts
- Regulations
- Formal guidance issued by relevant regulators
- Standards
- Rules

The module covers consequences for failing to comply with legal obligations pertaining to asset management in the UK, such as:

- Fines
- Penalties
- Suspension or restriction of authorisations
- Public censures
- Criminal charges
- Civil action by individuals

Regulators encourage and compel compliance through:

- Guidance and advice
- Monitoring and investigations
- Notices and directions
- Prosecutions and fines
- Cancellation of authorisations

The UK Asset Management module covers the roles and responsibilities of organisations in connection with retail investors only, and purposefully does not include compliance content relating to professional investors.

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