

Capital Market Development Authority (CMDA)

Third Amendment to the Regulation on Registration and Management of Investment Funds (Regulation Number: 2016/R-57)

Regulation Number: 2023/R-94

(Unofficial Translation)

The following amendments are to be brought to the Regulation:

1. Section 3 of the regulation is to be amended as follows:

3. Definitions of an Investment Fund

(a) Investment transactions or contracts in which funds or commodities are contributed by multiple entities to invest in a business or profit venture, or through other means, with the profits generated from the use of such funds or commodities being returned to the original sources.

(b) The Authority shall have the power to decide whether a non-registered investment arrangement requires registration provided that the arrangement meets the definition of an investment fund as outlined in section 3(a) of this regulation.

(c) In assessing whether a non-registered investment arrangement requires registration under section 3(b) of this regulation, the Authority shall consider the following:

- (1) The Authority believes that the functioning of the investment arrangement operates in a manner consistent with that of an investment fund;
- (2) The Authority believes investment opportunities are publicly offered within the arrangement;
- (3) The Authority believes the investment arrangement is being publicly promoted;
- (4) The Authority has information suggesting that over 50 individuals have invested in the arrangement;

(5) Any additional factors, aside from those listed in this section, that the Authority deems appropriate.

(d) Notwithstanding Section 3(c)(4) of this regulation, if the Authority believes that the different investment arrangements are managed by the same person or group of persons and collectively involve more than 50 investors, the Authority may, at its discretion, require the fund or arrangement to register under section 2(b) of this regulation.

2. A new section (section 3-1) is to be added under Section 3 of the regulation.

3-1 Formation and Management of an Investment Fund

An investment fund must be established and managed as a legal entity by a person who is not listed in section 4 of this regulation. The legal entity must be created solely for the purpose of generating capital gains, interest, or dividends from investments in securities, bank deposits, or other assets, and must accept subscriptions from individuals participating in the entity.

3. This regulation shall come into effect on the date of its publication in the Gazette.
