

**COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK (DIRECT DEALING)
INSTRUMENT 2026**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers);
 - (c) section 139A (Power of the FCA to give guidance);
 - (d) section 247 (Trust scheme rules);
 - (e) section 248 (Scheme particulars rules)
 - (f) section 261I (Contractual scheme rules); and
 - (g) section 261J (Contractual scheme particulars rules);
 - (2) regulation 6(1) (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (3) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 30 April 2026.

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Collective Investment Schemes sourcebook (COLL) is amended in accordance with Annex B to this instrument.

Notes

- F. In the Annexes to this instrument, the notes (indicated by “*Editor’s note:*”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Collective Investment Schemes Sourcebook (Direct Dealing) Instrument 2026.

By order of the Board
23 April 2026

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>direct dealing</i>	(in <i>COLL</i>) the direct <i>issue</i> and <i>cancellation</i> of <i>units</i> in accordance with: <ul style="list-style-type: none"> (a) <i>COLL</i> 6.2.7AR (Issue and cancellation of units by a direct dealing scheme); or (b) <i>COLL</i> 6.2.7AR as applied by <i>COLL</i> 8.5.10R (Issue and cancellation of units) or <i>COLL</i> 15.8.5R (Issue and cancellation of units).
<i>direct dealing scheme</i>	an <i>authorised fund</i> or a <i>sub-fund</i> which operates, or intends to operate: <ul style="list-style-type: none"> (a) <i>direct dealing</i> arrangements; and (b) an <i>issue and cancellation account</i>.
<i>issue and cancellation account</i>	a bank account held by, or for or on behalf of, an <i>authorised fund</i> or a <i>sub-fund</i> , the purpose of which is to receive <i>money</i> for the <i>issue</i> of <i>units</i> and to pay out <i>money</i> for the <i>cancellation</i> of <i>units</i> .
<i>omnibus issue and cancellation account</i>	an <i>issue and cancellation account</i> held by an <i>authorised fund</i> that is an <i>umbrella</i> , for or on behalf of more than one <i>sub-fund</i> .
<i>unattributed scheme money</i>	has the meaning given in <i>COLL</i> 6.2.7BR(2)(d) (Operation of an issue and cancellation account).

Amend the following definitions as shown.

<i>cancellation</i>	(in <i>COLL</i>) (in relation to <i>units</i>) a cancellation of a <i>unit</i> by: <ul style="list-style-type: none"> (a) an <i>ICVC</i>; or (b) <u>the trustee, or the authorised unit trust manager where permitted by the trust deed,</u> of an <i>AUT</i>; or (c) <u>the depositary, or the authorised contractual scheme manager where permitted by the contractual scheme deed,</u> of an <i>ACS</i>.
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- cancellation price* (in *COLL*) (in relation to the *cancellation of units in a dual-priced authorised fund*) the *price for each unit payable by the depositary or the ICVC to the authorised fund manager on that cancellation.*
- issue* (in relation to *units*) the issue of new *units* by:
- (a) the trustee, or the authorised unit trust manager where permitted by the trust deed, of an AUT; or
 - (b) the depositary, or the authorised contractual scheme manager where permitted by the contractual scheme deed, of an ACS; or
by
 - (c) an *ICVC*.
- issue price* (in relation to the *issue of units of a dual-priced authorised fund*) the *price for each unit payable by the authorised fund manager to the depositary or the ICVC on that issue.*
- limited redemption arrangements*
- (1) (in relation to an authorised fund that is not a direct dealing scheme) the arrangements operated by an *authorised fund manager* for the *redemption of units in an authorised fund* where the *authorised fund manager* holds ~~himself~~ itself out to *redeem units* in that *scheme* less frequently than twice in a ~~calendar~~ month in accordance with *COLL* 6.2.19R (Limited redemption).
 - (2) (in relation to an authorised fund that is a direct dealing scheme) the arrangements operated for the *cancellation of units less frequently than twice in a month* in accordance with *COLL* 6.2.19R (Limited redemption).
- redemption*
- (1) (in relation to *units in an authorised fund that is not a direct dealing scheme*) the purchase of ~~them~~ units from their holder by the *authorised fund manager* acting as a *principal*.
 - (2) (in relation to units in an authorised fund that is a direct dealing scheme) the *cancellation of units* by:
 - (a) the ICVC; or
 - (b) in relation to an AUT or ACS, the depositary or, where permitted by the instrument constituting the fund, the authorised fund manager.
- sale*
- (1) (in *COLL*) (in relation to *units in an authorised fund that is not a direct dealing scheme*) the sale of *units* by the *authorised fund manager* acting as a *principal*.
 - (2) (in *COLL*) (in relation to units in an authorised fund that is a direct dealing scheme) the *issue of units* by:

- (a) the ICVC; or
- (b) in relation to an AUT or ACS, the depositary or, where permitted by the instrument constituting the fund, the authorised fund manager.

Annex B

Amendments to the Collective Investment Schemes sourcebook (COLL)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless stated otherwise.

3 Constitution

...

3.2 The instrument constituting the fund

...

Table: contents of the instrument constituting the fund

3.2.6 R This table belongs to *COLL* 3.2.4R (Matters which must be included in the instrument constituting the fund).

...	
	Issue or cancellation directly through the ICVC or depositary of an AUT or ACS <u>Direct issue and cancellation of units</u>
11	Where relevant, a statement authorising the <i>issue</i> or <i>cancellation</i> of <i>units</i> to take place <u>directly</u> through the <i>ICVC</i> , <u>or the depositary,</u> or <u>the authorised fund manager</u> of an <i>AUT</i> or <i>ACS</i> .
...	
	<u>Restrictions on sale, issue, cancellation and redemption</u>
13	Where relevant, the restrictions which will apply in relation to the <i>sale, issue, cancellation</i> and <i>redemption</i> of <i>units</i> under <i>COLL</i> 6.2.16R (Sale and redemption).
...	
	ACSS: UCITS and NURS eligible investors
...	
27F	A statement that the <i>authorised contractual scheme manager</i> must <i>redeem</i> , or in respect of a <i>direct dealing scheme</i> effect the <u><i>cancellation of</i></u> <i>units</i> as soon as practicable after becoming aware that those <i>units</i> are vested in anyone (whether as a result of

	subscription or transfer of <i>units</i>) other than a <i>person</i> meeting the criteria in paragraph 27E.
...	

...

4 Investor Relations

...

4.2 Pre-sale notifications

...

Table: contents of the prospectus

4.2.5 R This table belongs to *COLL* 4.2.2R (Publishing the prospectus).

...	
Characteristics of the units	
...	
5A	ACs: UCITS and NURS eligible investors
	...
	(b) A statement that the <i>authorised contractual scheme manager</i> must <i>redeem</i> , or in respect of a <i>direct dealing scheme</i> effect <u>the cancellation of</u> , <i>units</i> as soon as practicable after becoming aware that those <i>units</i> are vested in anyone (whether as a result of subscription or transfer of <i>units</i>) other than a <i>person</i> meeting the criteria in paragraph 5A(a).
...	
Dealing	
17	The following particulars:
	(a) the procedures, the dealing periods and the circumstances in which the <i>authorised fund manager</i> will effect:
	...
	(ii) any direct <i>issue</i> or <i>cancellation</i> of <i>units</i> ;

			(A)	by an <i>ICVC</i> or <u>in the case of an <i>AUT</i> or <i>ACS</i> by the <i>depository</i> of an <i>AUT</i> or <i>ACS</i> (as appropriate) through the <i>authorised fund manager</i> or, where permitted by the <i>instrument constituting the fund</i>, the <i>authorised fund manager</i> in accordance with <i>COLL 6.2.7R(2)</i> (Issue Direct issue and cancellation of units through an authorised fund manager); or</u>
			(B)	<u>in relation to a <i>direct dealing scheme</i>, by an <i>ICVC</i> or, for an <i>AUT</i> or <i>ACS</i>, by the <i>depository</i> or, where permitted by the <i>instrument constituting the fund</i>, the <i>authorised fund manager</i> in accordance with <i>COLL 6.2.7AR</i> (Issue and cancellation of units by a direct dealing scheme);</u>
	(b)	the circumstances in which the <i>redemption</i> or <i>cancellation of units</i> may be suspended;		
	...			
	(g)	the circumstances and procedures for the limitation or deferral of <i>redemptions</i> or <i>cancellations</i> in accordance with <i>COLL 6.2.19R</i> (Limited redemption) or <i>COLL 6.2.21R</i> (Deferred redemption);		
	...			
	(i)	whether a <i>unitholder</i> may effect transfer of title to <i>units</i> on the authority of an <i>electronic communication</i> and if so the conditions that must be satisfied in order to effect a transfer; and		
	(j)	if the <i>authorised fund manager</i> deals as principal in <i>units</i> of the <i>scheme</i> and holds them for that purpose, a statement of its policy for doing so and, where applicable:		
	...			
		(ii)	a statement of non-accountability as referred to in <i>COLL 6.7.16G</i> ; and	
	(k)	<u>if an <i>issue and cancellation account</i> is used, an explanation of the potential consequences if a <i>person</i> with whom <i>money</i> in the <i>issue and cancellation account</i> has been placed on <i>deposit</i> becomes insolvent or is otherwise unable to make payments.</u>		

...		
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...

5 Investment and borrowing powers

...

5.2 General investment powers and limits for UCITS schemes

...

5.2.5 R ...

Valuation guidance

5.2.5A G One of the effects of COLL 5.2.5R(1) is that, for the purposes of this chapter, sums in an *issue and cancellation account* which the *authorised fund manager* reasonably believes are not attributable to a particular *sub-fund* or *scheme* are excluded from the valuation of *scheme property* of any *sub-fund* or *scheme* (as applicable) (see COLL 6.3.3R(3) (Valuation)).

...

Spread: general

5.2.11 R ...

(3)

(3A) *Money in an issue and cancellation account* attributed to a *sub-fund* in accordance with COLL 6.2.7BR(2)(c) or which should be allocated to a *sub-fund* in accordance with COLL 6.7.17R (Allocation of scheme property) must be included in the value of *scheme property* for the purposes of (3) for that *sub-fund*.

...

...

~~Guidance on spread: general~~

5.2.11A G ...

(3) ~~In applying the spread limit of 20% in value of *scheme property* which may consist of *deposits* with a single body, all uninvested cash comprising *capital property* that the *depository* holds should be included in calculating the total sum of the *deposits* held by it and other companies in its group on behalf of the *scheme*. [deleted]~~

...

Investment in collective investment schemes

- 5.2.13 R A *UCITS scheme* must not invest in *units* in a *collective investment scheme* (“second *scheme*”) unless the second *scheme* satisfies all of the following conditions, and provided that no more than 30% of the value of the *UCITS scheme scheme property* is invested in second *schemes* within (1)(b) to (e):

...

...

5.5 Cash, borrowing, lending and other provisions

...

Cash and near cash

- 5.5.3 R (1) Cash and *near cash* must not be retained in the *scheme property* except to the extent that this may reasonably be regarded as necessary in order to enable:

...

- (b) ~~redemption of~~ dealing in units; or

...

...

...

Borrowing limits

...

- 5.5.5A G An *authorised fund manager* should ensure when calculating the *authorised fund's* borrowing for *COLL 5.5.5R(1)* that:
- (1) the figure calculated is the total of all borrowing in all currencies by the *authorised fund*; ~~and~~
 - (2) long and short positions in different currencies are not netted off against each other; ~~and~~
 - (3) any borrowing in an *issue and cancellation account* is attributed to a *scheme* or *sub-fund*, but any sums in an *issue and cancellation account* which the *authorised fund manager* reasonably believes are not attributable to a particular *sub-fund* or *scheme* are excluded from the value of the *scheme property* of any *sub-fund* or *scheme* (as applicable).

...

5.6 Investment powers and borrowing limits for non-UCITS retail schemes

...

Spread: general

5.6.7 R ...

(2) ...

(2A) Money in an issue and cancellation account attributed to a sub-fund in accordance with COLL 6.2.7BR(2)(c) or which should be allocated to a sub-fund in accordance with COLL 6.7.17R (Allocation of scheme property) must be included in the value of scheme property for the purposes of (2) for that sub-fund.

...

Guidance on spread: general

5.6.7A G ...

(3) ~~In applying the spread limit of 20% in value of *scheme property* which may consist of *deposits* with a single body, all uninvested cash comprising *capital property* that the *depository* holds should be included in calculating the total sum of the *deposits* held by it on behalf of the *scheme*. [deleted]~~

...

5.7 Investment powers and borrowing limits for NURS operating as FAIFs

...

Guidance on spread: general

5.7.6 G ...

(3) ~~In applying the spread limit of 20% in value of *scheme property* which may consist of *deposits* with a single body, all uninvested cash comprising *capital property* that the *depository* holds should be included in calculating the total sum of the *deposits* held by it on behalf of the *scheme*. [deleted]~~

...

6 Operating duties and responsibilities

...

6.2 Dealing

...

Purpose

6.2.2 G ...

- (2) An *authorised fund manager* of an *AUT*, *ACS* or *ICVC* is responsible for arranging for the *issue* and the *cancellation* of *units* for the *authorised fund*. An *authorised fund manager* of an *AUT*, *ICVC* or *co-ownership scheme* is permitted to *sell* and *redeem units* for its own account. An *authorised fund manager* of a *limited partnership scheme* is only permitted to *sell* and *redeem units* as agent for the *scheme*. The *rules* in this section are intended to ensure that the *authorised fund manager* treats the *authorised fund* ~~fairly~~ when arranging for the issue or cancellation of units, and treats *clients* fairly when dealing or arranging for their purchase or sell dealing in units.
- (3) This section also sets out common standards for how the amounts in relation to *unit* transactions are to be paid. These arrangements, which may vary according to whether or not the authorised fund manager deals as principal, include the *initial offer* of *units*, and the exchange of units for scheme property and issues and cancellations of units by an ICVC, or by the depositary of an AUT or ACS, carried out directly with the unitholder.

...

...

Issue and cancellation of units in an AUT or ACS

6.2.6 R (1) ~~The~~ Either:

- (a) the depositary when instructed by the authorised fund manager; or
- (b) where permitted by the instrument constituting the fund, the authorised fund manager,

must *issue* or *cancel units* in an *AUT* or *ACS* ~~when instructed by the authorised fund manager~~ by making a record of the issue or cancellation and of the number of the units of each class concerned.

- (2) Any instructions given by the *authorised fund manager* under (1)(a) must state, for each class of *unit* to be *issued* or *cancelled*, the number to be *issued* or *cancelled*, expressed either as a number of *units* or as an amount in value (or as a combination of the two).

- (2A) The authorised fund manager must notify the depositary upon any issue or cancellation of units by the authorised fund manager under (1)(b).
- (3) If the *depositary* is the person responsible for issuing or cancelling units and is of the opinion that it is not in the interests of *unitholders* that any *units* should be *issued* or *cancelled* or that to do so would not be in accordance with the *trust deed*, *contractual scheme deed* or *prospectus*, it must notify the *authorised fund manager* of that fact and it is then relieved of the obligation to *issue* or *cancel* those *units*.

...

Issue Direct issue and cancellation of units through an authorised fund manager

- 6.2.7 R (1) The *authorised fund manager* of an authorised fund that is not a direct dealing scheme may require, on agreement with the *depositary*, or may permit, on the request of the investor, direct *issues* and *cancellations* of *units* by:
- (a) ~~an~~ the ICVC; or by
- (b) (where the scheme is an AUT or ACS) the depositary of an AUT or ACS or, where permitted by the instrument constituting the fund, the authorised fund manager.
- (2) ...

Issue and cancellation of units by a direct dealing scheme

- 6.2.7A R The authorised fund manager and depositary of a direct dealing scheme, and an ICVC and any other director of an ICVC that is a direct dealing scheme, must ensure that:
- (1) the issue and cancellation of units is made only by:
- (a) the ICVC; or
- (b) (where the scheme is an AUT or ACS) the depositary or, where permitted by the instrument constituting the fund, the authorised fund manager;
- (2) the direct dealing scheme operates an issue and cancellation account in accordance with COLL 6.2.7BR (Operation of an issue and cancellation account);
- (3) the instrument constituting the fund provides for the arrangements described in (1) and (2);

- (4) the *prospectus* provides details of the procedures to be followed, which must be consistent with the *rules* in this section; and
- (5) all *classes of units* in a *sub-fund*, or in a *scheme* which is not an *umbrella*, use the same *issue and cancellation account*.

Operation of an issue and cancellation account

- 6.2.7B R (1) An *authorised fund manager*, a *depository*, an *ICVC* and any other *director* of an *ICVC* that is a *direct dealing scheme* which uses an *issue and cancellation account*, must ensure that the *authorised fund manager* has effective controls over the operation of the *issue and cancellation account*.
- (2) The controls referred to in (1) must ensure that:
- (a) subject to (b), a reconciliation is performed each *business day* on which *money* is received in or paid out of the *issue and cancellation account*;
 - (b) where the *scheme* has fewer than 2 regular *valuation points* for the purposes of *dealing in units* in any month, reconciliations are performed at a frequency consistent with the frequency of such *valuation points*;
 - (c) *money* received in the *issue and cancellation account* is attributed promptly to a specific *sub-fund*, or to the *scheme* if it is not an *umbrella*;
 - (d) *money* which cannot be attributed under (c) is recorded in the *scheme*'s books and records as '*unattributed scheme money*' and instructed to be returned to the sender by close of the fifth *business day* following receipt; and
 - (e) where, following the instruction in (d), *unattributed scheme money* cannot be returned to the sender, it may be paid, or is paid if instructed by the *depository*, into a separate bank account of the *scheme* operated for the specific purpose of holding *unattributed scheme money*.

Operation of an omnibus issue and cancellation account

- 6.2.7C R (1) Use of an *omnibus issue and cancellation account* is permitted in so far as it is operated in compliance with (where applicable) regulation 11A of the *OEIC Regulations* (Segregated liability of sub-funds) and section 261P of the *Act* (Segregated liability in relation to umbrella co-ownership schemes) and trust law relevant to an *AUT* ('relevant laws on segregated liability').
- (2) Where an *omnibus issue and cancellation account* is used, the *authorised fund manager* must ensure it has received legal advice

that the intended operation of the account is in accordance with relevant laws on segregated liability.

- 6.2.7D G (1) In broad terms, the relevant laws on segregated liability referred to in COLL 6.2.7CR(1) provide that assets of one *sub-fund* belong exclusively to that *sub-fund* and must not be used to meet liabilities of another *sub-fund*. The legislation also says that any provision whether in a contract, agreement, document or otherwise which is inconsistent with the protected cell legislation is void.
- (2) An *authorised fund manager* proposing to operate an *omnibus issue and cancellation account* should give careful consideration as to whether the account can be operated at all times in compliance with relevant laws on segregated liability. In this assessment, an *authorised fund manager* should, among other things, consider its ability to:
- (a) monitor payments into and out of an *omnibus issue and cancellation account*;
- (b) comply with COLL 6.2.7BR(2) in a range of circumstances including under times of stress;
- (c) impose minimum balances or sequence payments in an *omnibus issue and cancellation account* to the extent necessary to ensure money allocated to a *sub-fund* is not paid or otherwise used in a way that is inconsistent with the relevant laws on segregated liability; and
- (d) identify payment issues such as late or failed payments.
- 6.2.7E R In determining whether any *sub-funds* of an *umbrella* should share an *omnibus issue and cancellation account*, the *authorised fund manager* must be satisfied such use presents minimal risk of adverse consequences for *unitholders*.
- 6.2.7F G The matters an *authorised fund manager* should consider in COLL 6.2.7ER include:
- (1) contagion risk;
- (2) the strategy, risk profile and target market of each *sub-fund* and its use of leverage; and
- (3) whether individual *unitholders* within the target market of the *sub-funds* are likely to make prompt payment in respect of *issued units*.
- 6.2.7G G An *authorised fund manager* should ensure that all errors which result in a breach of COLL 6.2.7AR to COLL 6.2.7ER are recorded. As soon as an error is discovered, the *authorised fund manager* should report the fact to

the *depository*, together with details of the action taken, or to be taken, to avoid repetition of the error.

...

Box management errors guidance

6.2.12 G Explanatory table: This table belongs to *COLL* 6.2.2G(4) (Purpose).

Correction of box management errors		
...		
3	Recording and reporting of box management errors	
	...	
	(3)	<i>A depository should also make a return returns to the FCA (in the manner prescribed by SUP 16.6.8R SUP 16.6.6R) on a quarterly basis.</i>

Payment for units issued

6.2.13 R (1) The *authorised fund manager of a scheme that is not a direct dealing scheme* must, by the close of business on the fourth *business day* following the *issue* of any *units*, arrange for payment to the *depository* of an *AUT* or *ACS* or the *ICVC* of:

...

...

(3) ...

(4) The *authorised fund manager of a direct dealing scheme* must ensure adequate arrangements are in place for *unitholders* or their agents to make timely payments to the *ICVC* or the *depository* of the *AUT* or *ACS*.

(5) Where an investor in a *direct dealing scheme* has not made payment to the *ICVC* or the *depository* of the *AUT* or *ACS* within the period specified in the *prospectus*, the *authorised fund manager* must reimburse the *authorised fund* for any lost interest unless the amount involved is not, in the *depository's* opinion, material to the *authorised fund*.

Payment for cancelled units

6.2.14 R (1) On cancelling *units* the *authorised fund manager* must, before the expiry of the fourth *business day* following the *cancellation* of the

units or, if later, as soon as practicable after delivery to the *depository* of the *AUT* or *ACS* or the *ICVC* of such evidence of title to the *units* as it may reasonably require, require the *depository* to pay, or arrange for payment of:

...

(1A) The *depository* or *authorised fund manager* must ~~pay~~ arrange for payment of the amount in (1), as relevant:

...

(b) ~~where relevant,~~ to the *unitholder*;

...

...

...

Sale and redemption

6.2.16 R (1) ...

(1A) Paragraphs (2), (3), (4), (6) and (7) of this rule do not apply to a direct dealing scheme.

(2) ...

(2A) The authorised fund manager of a direct dealing scheme must ensure that, at all times during the dealing day, the issue of units in the authorised fund is effected at the request of an investor, in accordance with the conditions in the instrument constituting the fund and the prospectus, unless:

(a) it has reasonable grounds to refuse such issue; or

(b) the issue of units is prevented under COLL 6.2.18R (Limited issue).

(3) ...

(3A) Subject to COLL 6.2.19R (Limited redemption) and COLL 6.2.21R (Deferred redemption), the authorised fund manager of a direct dealing scheme must ensure that, at all times during the dealing day, the cancellation of units in the authorised fund is effected at the request of a qualifying unitholder, in accordance with the conditions in the instrument constituting the fund and the prospectus, unless it has reasonable grounds to refuse such cancellation.

(4) ...

- (4A) On agreeing to a cancellation of units in (3A), the authorised fund manager of a direct dealing scheme must ensure that the unitholder is paid the appropriate proceeds of the cancellation within the period specified in (5), unless it has reasonable grounds for requiring all or any part of the proceeds to be withheld.
- (5) Except where (5A) applies, the period in (4) or, as applicable, (4A) expires at the close of business on the fourth business day following the later of:
- (a) the valuation point at which the price for the redemption or cancellation was determined; or
- (b) the time when the authorised fund manager person responsible for redeeming or cancelling units has all the duly executed instruments and authorisations to effect (or enable the authorised fund manager to effect) the transfer of title to the those units or their cancellation.
- ...
- (6) ...
- (6A) Except where (7A) applies, and subject to COLL 6.2.21R (Deferred redemption), the person responsible for the issue and cancellation of units for a direct dealing scheme must issue or cancel them at a price determined no later than the end of the business day immediately following the receipt and acceptance of an instruction to do so, or at the next valuation point for the purposes of dealing in units if later.
- (7) ...
- (7A) Where the authorised fund operates limited redemption arrangements, the person responsible for the issue and cancellation of units in a direct dealing scheme must issue or cancel them at a price determined no later than the expiry of a period of 185 days from the date of the receipt and acceptance of the instruction to issue or cancel.
- ...
- (11) ~~Paragraph~~ Paragraphs (4) and (4A) does do not apply where COLL 6.2.17AR (Transfers under the Dormant Assets Act 2022) applies.

Sale and redemption: guidance

- 6.2.17 G (1) The *prospectus* of an *authorised fund* may allow the *authorised fund manager* to identify a point in time in advance of a *valuation point* (a cut-off point) after which ~~it will not accept~~ instructions to *sell, issue, cancel* or *redeem units* ~~at will not be accepted for~~ that *valuation point*. In order to protect *customers'* interests, the cut-off point should be no earlier than the close of business on the *business day* before the

valuation point it relates to. If there is more than one *valuation point* in a *day* the cut-off should not be before any previous *valuation point*.

...

- (3) Where (1) applies, different cut-off points may be used to differentiate between the methods of submitting dealing instructions ~~to sell or redeem to the authorised fund manager~~ but not to differentiate between *unitholders* or potential *unitholders*.

...

...

Limited redemption

6.2.19 R ...

- (2) Where (1) applies, the *scheme* must provide for *sales* and *redemptions* or (in the case of a *direct dealing scheme*) *issues* and *cancellations* at least once in every six *months*.
- (3) Within a *scheme*, *unit classes* may operate different arrangements for *sales*, *issues*, *cancellations* and *redemptions* of *units* provided there is no prejudice to the interests of any *unitholder*, subject to COLL 6.2.7AR(5) (Issue and cancellation of units by a direct dealing scheme).
- (4) The *scheme* may provide for *issues* or *sales* of *units* of any *class* to be executed at a greater frequency than *redemptions* or *cancellations* of *units* of the same *class*.

...

Deferred redemption

6.2.21 R (1)

- (1) Subject to (1A), (3), and (4), the *instrument constituting the fund* and the *prospectus* of an *authorised fund* which has at least one *valuation point* on each *business day* may permit deferral of *redemptions* or (in the case of a *direct dealing scheme*) *cancellations* at a *valuation point* to the next *valuation point* where the requested *redemptions* or *cancellations* exceed 10%, or some other reasonable proportion disclosed in the *prospectus*, of the *authorised fund's* value.
- (1A) Subject to (3) the *instrument constituting the fund* and the *prospectus* of a *non-UCITS retail scheme* operating as a *FAIF* may permit deferral of *redemptions* or (in the case of a *direct dealing scheme*) *cancellations* at a *valuation point* to a following *valuation point* where the requested *redemptions* or *cancellations* exceed 10%, or some other reasonable proportion disclosed in the *prospectus*, of the *authorised fund's* value.

(2) Any deferral of *redemptions* or (in the case of a *direct dealing scheme*) *cancellations* under (1) or (1A) must be undertaken in accordance with the procedures explained in the *prospectus* which must ensure:

(a) the consistent treatment of all *unitholders* who have sought to *redeem* or *cancel* units at any *valuation point* at which *redemptions* or *cancellations* are deferred; and

...

...

...

6.3 Valuation and pricing

...

Valuation

6.3.3 R (1) To determine the *price* of units the *authorised fund manager* must carry out a fair and accurate valuation of all the *scheme property* in accordance with the *instrument constituting the fund* and the *prospectus*.

(2) ...

(3) For the purposes of (1), sums in an *issue and cancellation account* which the *authorised fund manager* reasonably believes are not attributable to a particular *sub-fund* or *scheme* are excluded from the valuation of *scheme property* of any *sub-fund* or *scheme* (as applicable).

...

Dilution

6.3.8 R (1) Subject to (1A), when arranging to *sell*, *redeem*, *issue* or *cancel* units, or when units are *issued* or *cancelled* under COLL 6.2.7R(1) (Issues *Direct issue and cancellation of units through an authorised fund manager* or COLL 6.2.7AR (Issue and cancellation of units by a direct dealing scheme)), an *authorised fund manager* is permitted to:

...

...

(3) A *dilution levy* becomes due and payable at the same time as payment or transfer of property becomes due for the *issue*, *sale*, *redemption* or *cancellation* and any such payment in respect of a *dilution levy* must be

paid to the *depository* to become part of *scheme property* as soon as practicable after receipt.

...

...

Publication of prices

- 6.3.11 R Where the *authorised fund manager* is prepared to *deal* in *units*, or is willing to *issue* or *cancel units*; under ~~COLL 6.2.7~~ COLL 6.2.7R or where the *authorised fund* is a *direct dealing scheme* (see COLL 6.2.7AR), ~~it~~ the *authorised fund manager* must make the *dealing prices* public in an appropriate manner.

...

7 Suspension of dealings, termination of authorised funds and side pockets

...

7.2 Suspension and restart of dealings

Requirement

- 7.2.-3 R (1) ...
- (1A) Sums in an *issue and cancellation account* which the *authorised fund manager* reasonably believes are not attributable to a particular *sub-fund* or *scheme* are excluded from the value of the *scheme property* of any *sub-fund* or *scheme* (as applicable).

...

...

7.3 Winding up a solvent ICVC and terminating or winding up a sub-fund of an ICVC

...

Manner of winding up or termination

...

- 7.3.7A G For the purposes of this section an *ICVC* may be treated as having been wound up or a *sub-fund* terminated upon completion, where relevant, of all of the steps in (1) to (3):

...

- (2) the *scheme property* being realised or distributed in accordance with COLL 7.3.7R(8), which should include appropriate resolution of unattributed scheme money; and

...

...

7.4 Winding up an AUT and terminating a sub-fund of an AUT

...

When an AUT is to be wound up or a sub-fund terminated

- 7.4.3 R (1) Upon the happening of any of the events or dates referred to in (2) and not otherwise:

...

- (d) the *manager* must cease to *issue* or *cancel*, or to arrange the *issue* or *cancellation* of *units* under COLL 6.2.7R (Issue ~~Direct issue~~ and cancellation of units ~~through an authorised fund manager~~ or COLL 6.2.7AR (Issue and cancellation of units by a direct dealing scheme), except in respect of the final *cancellation* under COLL 7.4.4R(1) or (2);

...

...

Manner of winding up or termination

- 7.4.4 R (1) Where COLL 7.4.3R(2)(f) applies, the *trustee* or, where permitted by the trust deed, the manager must *cancel* all *units* in issue and the trustee must wind up the *AUT* or terminate the *sub-fund* in accordance with the approved *scheme of arrangement*.

...

- 7.4.4A G For the purposes of this section, an *AUT* may be treated as having been wound up or a *sub-fund* terminated upon completion, where relevant, of all of the steps in (1) to (3):

...

- (2) the *scheme property* being realised or distributed in accordance with COLL 7.4.4R(5), which should include appropriate resolution of unattributed scheme money; and

...

...

7.4A Winding up a solvent ACS and terminating a sub-fund of a co-ownership scheme

...

When an ACS is to be wound up or a sub-fund of a co-ownership scheme terminated

- 7.4A.4 R (1) Upon the happening of any of the matters or dates referred to in (3), and subject to the requirement of (4) being satisfied, and not otherwise:

...

- (d) the *authorised contractual scheme manager* must cease to *issue or cancel*, or to arrange the *issue or cancellation of units* under *COLL 6.2.7R (Issue Direct issue and cancellation of units through an authorised fund manager)* or *COLL 6.2.7AR (Issue and cancellation of units by a direct dealing scheme)*, except in respect of the final *cancellation* under *COLL 7.4A.6R(1) or (2)*;

...

...

...

Manner of winding up or termination

- 7.4A.6 R (1) Where *COLL 7.4A.4R (3)(f)* applies, the *depository, or where permitted by the contractual scheme deed, the authorised contractual scheme manager* must *cancel all units in issue and wind up the ACS or terminate the sub-fund of the co-ownership scheme* in accordance with the approved *scheme of arrangement*.

...

- 7.4A.7 G For the purposes of this section, an *ACS* may be treated as having been wound up or a *sub-fund of a co-ownership scheme* terminated upon completion, where relevant, of all of the steps in (1) to (3):

...

- (2) the *scheme property* being realised or distributed in accordance with *COLL 7.4A.6R(5)*, which should include appropriate resolution of *unattributed scheme money*; and

...

...

7.6 Schemes of arrangement

...

Schemes of arrangement: requirements

7.6.2 R ...

(7) ...

(8) Unattributed scheme money should not form part of any scheme of arrangement under this rule.

...

8 Qualified investor schemes

8.1 Introduction

Application

8.1.1 R ...

(2) ...

(3) In this chapter, references to the 'value of the *scheme property*' or the 'value of the fund' mean the net value determined in accordance with COLL 8.5.9R (Valuation, pricing and dealing).

...

8.5 Powers and responsibilities

...

Valuation, pricing and dealing

8.5.9 R (1) The value of the *scheme property* is the net value of the *scheme property* after deducting any outstanding borrowings (including any capital outstanding on a mortgage of an immovable).

...

(11) ...

(12) For the purposes of (1), sums in an *issue and cancellation account* which the *authorised fund manager* reasonably believes are not attributable to a particular *sub-fund* or *scheme* are excluded from the valuation of the *scheme property* of any *sub-fund* or *scheme* (as applicable).

...

~~Issues~~ Issue and cancellations ~~cancellation~~ of units

8.5.10 R ...

(3) The *authorised fund manager* must ~~arrange~~ ensure adequate arrangements are in place for the *issue* and *cancellation of units* and ~~pay~~ payment of money or assets to or from the *scheme, depositary, or where relevant, unitholders* for the account of the *scheme* as required by the *prospectus*, and, where applicable, in accordance with the *Money Market Funds Regulation*.

...

(6) ...

(7) *COLL 6.2.7AR to COLL 6.2.7GG* apply in relation to a *qualified investor scheme* that is a *direct dealing scheme* as they apply in relation to a *UCITS scheme* and a *non-UCITS retail scheme*.

...

Transfer of units in an ACS

...

8.5.10C G The *FCA* recognises that some transfers of *units* arise by operation of law (such as upon death or bankruptcy of the *unitholder*, or otherwise) and are accordingly outside the control of the *authorised contractual scheme manager*. The *authorised contractual scheme manager* is expected to comply with its responsibilities under *COLL 8.5.10ER* (Redemption of ACS units in a QIS by an authorised contractual scheme manager) in those cases by ~~redeeming~~ redeeming, or arranging for the cancellation of, those *units*.

...

Redemption of ACS units in a QIS by an authorised contractual scheme manager

8.5.10E R The *authorised contractual scheme manager* of a *qualified investor scheme* which is an *ACS* must ~~redeem,~~ or arrange for the cancellation of, *units* in the *scheme* as soon as practicable after becoming aware that those *units* are vested in anyone (whether as a result of subscription or transfer of *units*) other than a *person* meeting the criteria in *COLL 8 Annex 2(1)* and *(2)* (ACS Qualified Investor Schemes: eligible investors).

Sale and redemption

8.5.11 R (-1) Paragraphs (1), (2) and (3) of this rule do not apply in relation to a *direct dealing scheme*.

(1) ...

(1A) The authorised fund manager of a direct dealing scheme must ensure that, at all times during the dealing day, the issue of units in the authorised fund is effected at the request of an eligible investor (within any conditions in the instrument constituting the fund and the prospectus which must be fair and reasonable as between all unitholders and potential unitholders) for whom the authorised fund manager does not have reasonable grounds to refuse such sale.

(2) ...

(2A) The authorised fund manager of a direct dealing scheme must ensure that, at all times during the dealing day, the cancellation of units owned by any eligible unitholder in the authorised fund is effected at the request of that unitholder (within any conditions in the instrument constituting the fund and the prospectus), unless the authorised fund manager has reasonable grounds to refuse such cancellation.

(3) ...

(3A) On agreeing to a cancellation of units within (2A), the authorised fund manager must ensure that the unitholder is paid the appropriate proceeds of the cancellation within any reasonable period specified in the instrument constituting the fund or the prospectus, unless it has reasonable grounds for requiring all or any part of the proceeds to be withheld.

(4) Payment of proceeds on redemption must be made by the authorised fund manager in any manner provided for in the prospectus which must be fair and reasonable as between redeeming unitholders and continuing unitholders.

...

15 Long-term asset funds

...

15.2 Eligibility to act as the authorised fund manager

...

Appointment of external valuer or authorised fund manager with knowledge, skills and experience of valuing long-term assets

15.2.6 R ...

(5) The authorised fund manager need not appoint an external valuer under (1) if:

(a) the scheme property of the long-term asset fund is constituted solely of units or shares in other collective investment schemes

or *AIFs*, excluding cash and other liquid assets used for non-investment purposes such as *unit dealing*; and

- (b) an *external valuer* performs the valuation function of each such *collective investment scheme* or *AIF*.

...

...

15.3 Constitution

...

Table: contents of the instrument constituting the fund

15.3.6 R This table belongs to *COLL* 15.3.5R.

...			
3	Constitution		
	The following statements:		
	...		
	(9)	for an <i>ACS</i> :	
		(a)	the <i>contractual scheme deed</i> :
			...
		(v)	states that the <i>authorised contractual scheme manager</i> of an <i>ACS</i> must <u>redeem or arrange for the cancellation of units</u> as soon as practicable after becoming aware that those <i>units</i> are vested in anyone (whether as a result of subscription or transfer of <i>units</i>) other than a <i>person</i> meeting the criteria in (iv)(A) and (B);
			...
		...	
...			

...

15.4 Prospectus and other pre-sale notifications

...

Table: contents of a long-term asset fund prospectus

15.4.5 R This table belongs to *COLL* 15.4.2R.

...		
13	Valuation of scheme property and due diligence	
	...	
	(2)	A description of the valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing hard-to-value assets, in line with <i>FUND</i> 3.9 (Valuation), and details as to:
	(a)	how frequently and at what times of the <i>day</i> the <i>scheme property</i> will be regularly valued to determine the <i>price</i> at which <i>units</i> in the <i>scheme</i> may be purchased from or redeemed by the authorised fund manager <u>dealt</u> and a description of any circumstance where the <i>scheme property</i> may be specially valued;
	...	
...	...	
16	Dealing	
	The procedure and conditions for the <i>issue, sale, redemption</i> and <i>cancellation</i> of <i>units</i> or <i>shares</i> including details of the following, in fair, clear and plain language, using worked examples to explain how these procedures might apply to <i>unitholders</i> in practice:	
	(1)	the <i>dealing days</i> and times in the <i>dealing day</i> on which the <i>authorised fund manager</i> will receive and determine requests for the <u><i>issue, sale, and redemption and cancellation</i></u> of <i>units</i> , including any cut-off point for receiving <u><i>redemption or cancellation</i></u> requests before the <i>authorised fund manager</i> makes the next <i>redemption determination</i> (see <i>COLL</i> 15.8.12R(2)(a) (Dealing: redemption of units));
	(2)	the procedures for effecting the <i>issue</i> and <i>cancellation</i> of <i>units</i> <u>and settlement of transactions involving unitholders</u> ;
	...	

	(4)	the steps required to be taken by a <i>unitholder</i> in redeeming for <i>units</i> in the <i>long-term asset fund</i> <u>to be redeemed or cancelled</u> (see <i>COLL</i> 15.8.12R (Dealing: redemption of units)), using worked examples to explain how these arrangements may affect <i>unitholders</i> in the <i>scheme</i> , including:
		...
	...	
17	Issue of units in ACSs: eligible investors	
	...	
	(2)	A statement that the <i>authorised contractual scheme manager</i> of an <i>ACS</i> must <u>redeem or arrange for the cancellation of units</u> as soon as practicable after becoming aware that those <i>units</i> are vested in anyone (whether as a result of subscription or transfer of <i>units</i>) other than a <i>person</i> meeting the criteria in (1).
	...	
...		

...

15.6 Investment and borrowing powers

Application

...

15.6.2 R ...

(2) ...

(3) Where this section refers to value of *scheme property*, that *scheme property* is to be valued in accordance with *COLL* 15.8.2R (Valuation, pricing and dealing).

15.6.2A G One of the effects of *COLL* 15.8.2R(11) (Valuation, pricing and dealing) is that, for the purposes of this chapter, sums in an *issue and cancellation account* which the *authorised fund manager* reasonably believes are not attributable to a particular *sub-fund* or *scheme* are excluded from the valuation of *scheme property* of any *sub-fund* or *scheme* (as applicable).

...

Investment limits for immovables

15.6.21 R The following limits apply in respect of immovables held as part of the *scheme property*:

...

- (3) the total of all premiums paid for options to purchase immovables must not exceed 10% of the ~~*scheme*~~ value of the *scheme property* in any 12-month period, calculated at the date of the granting of the option.

...

15.8 Valuation, pricing, dealing and income

...

Valuation, pricing and dealing

15.8.2 R ...

(10) ...

- (11) For the purposes of (1), sums in an *issue and cancellation account* which the *authorised fund manager* reasonably believes are not attributable to a particular *sub-fund* or *scheme* are excluded from the valuation of *scheme property* of any *sub-fund* or *scheme* (as applicable).

...

Issue and cancellation of units

15.8.5 R ...

- (3) The *authorised fund manager* must ~~arrange~~ ensure adequate arrangements are in place for the *issue* and *cancellation* of *units* and ~~pay for the payment of~~ money or assets to or from the *scheme*, *depository* or where relevant, *unitholders*, for the account of the *scheme* as required by the *prospectus*.

...

- (5) ~~The~~ Except in respect of a *direct dealing scheme*, the *authorised fund manager* may arrange for the *ICVC*, or instruct the *depository* of the *AUT* or *ACS*, to *issue* or *cancel units* where the *authorised fund manager* would otherwise be obliged to *sell* or *redeem* the *units* in the manner set out in the *prospectus*.

(6) ...

- (7) COLL 6.2.7AR to COLL 6.2.7GG apply in relation to a long-term asset fund that is a direct dealing scheme as they apply in relation to a UCITS scheme and a non-UCITS retail scheme.

...

Transfer of units in an ACS

...

- 15.8.8 G The *FCA* recognises that some transfers of *units* arise by operation of law (such as upon death or bankruptcy of the *unitholder*, or otherwise) and are accordingly outside the control of the *authorised contractual scheme manager*. The *authorised contractual scheme manager* is expected to comply with its responsibilities under *COLL 15.8.10R* (Redemption of ACS units in an LTAF by an authorised contractual scheme manager) in those cases by redeeming or arranging for the cancellation of those units.

...

Redemption of ACS units in an LTAF by an authorised contractual scheme manager

- 15.8.10 R The *authorised contractual scheme manager* of a *long-term asset fund* which is an *ACS* must redeem or arrange for the cancellation of units in the *scheme* as soon as practicable after becoming aware that those *units* are vested in anyone (whether as a result of subscription or transfer of *units*) other than a *person* meeting the criteria in *COLL 15 Annex 1R(1)* and (2) (*ACS Long-Term Asset Funds: eligible investors*).

...

Dealing: redemption of units

- 15.8.12 R ...
- (2) The *redemption* arrangements for a *long-term asset fund* must ensure the following:
- ...
- (h) The *authorised fund manager* must *redeem* the *units* at the price determined in accordance with (f) and pay the *unitholder*, or arrange for payment to the unitholder of, the appropriate proceeds of *redemption* in accordance with paragraphs (4) and (5).
- (3) Subject to *COBS 2.1.4R* (AIFMs' best interests rule), *COLL 6.2.7AR(5)* (Issue and cancellation of units by a direct dealing scheme) (as applied by *COLL 15.8.5R*) and *COLL 15.3.2R* (Classes of unit), where the *long-term asset fund* has more than one *class* of *unit*, the

arrangements for the *redemption of units* may differ between *classes* provided the arrangements for all *classes of unit* ensure the matters specified in (2).

- (4) After having effected a *redemption* request, the *authorised fund manager* must pay or arrange payment of the full proceeds of the *redemption* to the *unitholder* within any reasonable period specified in the *prospectus*, unless it has reasonable grounds for withholding payment or requiring payment to be withheld.
- (5) Payment of proceeds on *redemption* must be made, or arranged, by the *authorised fund manager* in any manner provided for in the *prospectus* which must be fair and reasonable as between *redeeming unitholders* and continuing *unitholders*.

...

...

TP 1 Transitional Provisions

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
...					
67
<u>Amendments made by the Collective Investment Schemes (Direct to Fund) Instrument 2025</u>					
68	<u>The deletion of COLL 5.2.11AG(3), COLL 5.6.7AG(3) and COLL 5.7.6G(3)</u>	<u>G</u>	<u>The deletion of the guidance specified in column (2) may be disregarded.</u>	<u>From 30 April 2026 to 29 April 2027</u>	<u>30 April 2026</u>