

Specialized Investment Fund Rules, 2075 (2019)


In exercise of the powers conferred by section 116 of the Securities Act, 2063 (2007); the Securities Board of Nepal, with the consent of Government of Nepal, hereby makes the following Rules; namely:

Chapter-1

Preliminary

1. **Short Title and Commencement:** (1) These Rules may be called "the Specialized Investment Fund Rules, 2075 (2019)".

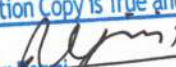
(2) It shall come into force on such date as the Securities Board of Nepal may appoint.
2. **Definitions:** In these Rules, the subject or context otherwise requires, -
 - (a) "unit" means a unit of securities to be issued under a fund;
 - (b) "unit holder" means an eligible investor having mentioned his/her name in a registration book with ownership in one or more than one unit of a fund;
 - (c) "Act" means the Securities Act, 2063 (2007);
 - (d) "Credit Information Center" means the Credit Information Center established in accordance with the prevailing law;
 - (e) "fund manager" means a fund manager having the objectives as referred to in rule 3 to manage a specialized investment fund;
 - (f) "registration book" means a registration book along with details of units or unit holders of a fund;

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- (g) "certificate of registration" means an approval granted by the Board to set up and operate a fund manager or specialized investment fund;
- (h) "rate" means rate on investments made by a fund, including annual dividend therein;
- (i) "capital call" means a call made by a fund manager to make payment, in full or partial of, the amounts committed by investors of a fund to purchase the units;
- (j) "committed amounts" means total committed amounts offered by eligible investors for making investment in a fund or scheme during the calling time of capital by the fund;
- (k) "prospectus" means a prospectus prepared in accordance with rule 24 for offering units of a fund to sale;
- (l) "fund" means private equities, venture capital, hedge fund, or other specialized investment fund of similar nature registered in accordance with rule 14;
- (m) "Board" means the Securities Board of Nepal constituted in accordance with section 3 of the Act;
- (n) "amount eligible for investments" means amounts remained by deducting administrative and managerial cost of a fund;
- (o) "investment agreement" means an agreement entered into between a fund manager and investors setting out fund management procedure in detail, and it also includes subscription agreement, investment management agreement, and other major documents or agreements pertaining to formation of other relevant funds;
- (p) "investment committee" means a committee constituted as per a constitution to make investment pursuant to investment policy;

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- (q) "constitution" means a document pertaining to the establishment and operation of a fund;
- (r) "instrument pertaining to capital holdings" means fully or in partial convertible shares or redeemable preference shares, or convertible types of securities;
- (s) "hurdle rate" means projected annual profit rate to be accrued in investment made in a fund as stated in a constitution.

Chapter-2

Approval for Fund Manager

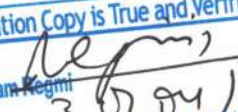
3. Approval to be Obtained for Fund Manager: (1) Anyone wishing to establish and operate a fund shall have to obtain approval for a fund manager from the Board.

Provided that in the case of the fund manager having been operated obtaining approval from Government of Nepal or having been registered with the Office of Companies Register prior to coming into force of these Rules, such fund manager has to submit an application to obtain approval for the fund manager within six months from the commencement date thereof.

(2) Anyone wishing to obtain approval for the fund manager shall have to submit an application to the Board in a format as prescribed in sechedule-1 along with fees as referred to in sechedule-2.

(3) Documents and particulars as set forth in sechedule-3 has to be attached along with the application pursuant to sub-rule (2).

4. Approval to be Provided: (1) The Board shall grant a certificate of registration of fund manager to the applicant in a format as prescribed in schedule-4 within 35 days after making necessary inquiry if it deems necessary to do so.

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(2) The Board may prescribe other terms and conditions in granting approval in accordance with sub-rule (1), if deemed necessary.

(3) If it appears inapt to grant approval for the fund manager, a notice to that effect shall be communicated.

5. **Provision regarding Annual Fees:** (1) A fund manager shall have to pay annual fees as referred to in schedule-2 to the Board within three months following the passage of each fiscal year.

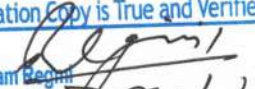
(2) The Board may suspend approval for the fund manager failing to pay the annual fees pursuant to sub-rule (1).

6. **Functions, Duties and Powers of Fund Manager:** (1) Functions, duties and powers of a fund manager shall be as follows:

- (a) To work in the interest of unit holders as per notices, circulars, directives, or directions issued restricting to get undue advantage by a fund manager itself or any other person affiliated thereto,
- (b) To carry out fund related transactions in a free and fair manner,
- (c) To ensure that a fund manager, board of director, chief executive officer, employee, and member of investments committee has no any kind of financial interest in an organization to be invested in,

Provided that if there appears any kind of financial interest, a resolution along with all information regarding investment shall be passed by annual general meetings of unit holders. A notice to that effect shall be communicated to the Board within seven days following the passage of the said resolution.

- (d) To ensure the customer's identification and other necessary documents,
- (e) To provide information about risks and profits to unit holders,

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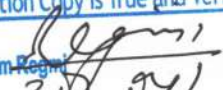
- (f) To make procedure pertaining to investment and fund management, and implement or cause to be implemented the same
- (g) To make its employees' code of conduct and implement or cause to be implemented the same,
- (h) To ensure that investment has been made in the interest of unit holders,
- (i) To maintain records of accounts, reports, documents and particulars pertaining to investments,
- (j) To provide reasonable time to eligible investors to make payments by providing a two-week prior written notice while calling capital from the eligible investors,
- (k) To prepare financial details of a fund as per the accounting standards within six months following the end of each fiscal year of the fund manager and the fund,
- (l) To conduct annual general meetings of unit holders within six months following the end of each fiscal year.

Chapter-3

Provision pertaining to Fund Manager, Board of Directors and Chief Executive Officer

7. **Qualifications of Fund Manager:** (1) qualifications of a fund manager shall be as follows:

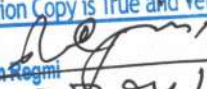
- (a) To be a body corporate constituted pursuant to the prevailing law,
- (b) To have mentioned fund manager as function in the objectives of memorandum of association and articles of association,
- (c) To have paid-up capital at least **2 crore rupees.**

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- (d) No fund manager, its board of directors or chief executive officer has been convicted of a crime of cheating or embezzlement,
- (e) No board of directors, or chief executive officer has been convicted of a crime of moral turpitude,
- (f) The fund managers failing to make necessary arrangements for trading of securities who have collected monies from the general public through the public offering of securities, vanishing companies, delisted companies, or the fund manager or chief executive officer or board of directors failing to furnish such information, notice or particulars as required by the prevailing law, and booked their names by the Board therefor,
- (g) No board of directors or chief executive officer should have been booked in a black list maintained by the Credit Information Center, and no action taken against them in the violation of law by a regulatory agency, or two years completed if action taken therefor.
8. **Appointment of Board of Directors and Chief Executive Officer:** A fund manager shall appoint board of directors and chief executive officer having the qualifications under these rules.
9. **Board of Directors:** (1) There shall be one board of directors consisting of minimum 5 and maximum 7 directors in any fund manager.
- (2) At least one independent board director shall be appointed by board of directors among the persons having the qualifications and experiences pursuant to rule 11.
10. **Qualifications of Board of Directors:** one having at least five years of work experience in the field of industries, commerce, stock market or financial sector accounting, or finance or commercial law or management after holding at least master's degree from any recognized university in

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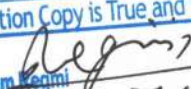
economics, commerce, finance, accounts, management, or commercial law streams shall be considered qualified.

11. **Qualifications of Independent Board of Director:** The qualifications for an independent board of director are as follows:

- (a) One having five years of work experience after holding master's degree in economics, commerce, finance, management, or commercial law streams, or
- (b) One having at least ten years of experience in the field of industries, commerce, stock market or financial sector's accounting, finance, or commercial law or management after holding bachelor's degree from any recognized university in economics, commerce, finance, accounting, management, or commercial law or chartered accountancy, or chartered financial analyst, or the equivalent thereof,
- (c) Not having direct or indirect ownership in a company of fund manager.

12. **Qualifications for Chief Executive Officer:** qualifications for chief executive officer are as follows:

- (a) One having ten years of work experience in the field of industries, stock market, or financial sector accounting, or finance, or commercial law, or management after holding master's degree in economics, commerce, finance, management, or commercial law streams, or
- (b) One having fifteen years of work experience in the field of industries, stock market, or financial sector accounting, or finance, or commercial law, or management after holding bachelor's degree in economics, commerce, finance, management, or commercial law streams.

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13. **Disqualifications for Board of Directors or Chief Executive Officer:** No one can be a board of director or chief executive officer on the following grounds:

- (a) Having insolvent inside or outside Nepal;
- (b) Have not completed at least three years from the date of being cleared from the black list or defaulter's list in connection with transactions with banks or financial institutions inside or outside Nepal;
- (c) Have not completed ten years from date of being penalized in theft, cheating, forgery, corruption, or criminal offense of moral turpitude, or banking offense inside or outside Nepal.

Chapter-4

Registration and Operation of Fund

14. **Registration and Public Offering of Fund:** (1) Anyone wishing to operate a fund pursuant to this rule has to register with the Board.

(2) While registering the fund in accordance with sub-rule (1), any of the following funds may be registered:

- (a) private equity fund;
- (b) venture capital fund;
- (c) hedge fund;
- (d) other funds as prescribed by the Board from time to time.

Explanation: for the purpose of this rule, -

- (1) "private equity fund" means a fund injecting initial equity, or other instruments related to equity, or making investments as per the desire of partners of a company;

- (2) venture capital fund" means the funds whose securities are at the initial phase of operation and not listed with stock exchange market, or a fund making equity investments as a form of capital in the business related to innovative knowledge, skills, or competency or new goods, services, technology, or intellectual property;
- (3) "hedge fund" means a fund established to make investments in any sectors with high risks.

(3) Notwithstanding anything contained in sub-rule (2), such fund may be registered within six months following the coming into force of these rules in the case of the fund being operated after obtaining approval from government or registered in accordance with the prevailing law and falls under the definition of the specialized fund under these rules.


(4) An application has to be submitted to the Board in a format as prescribed in schedule-5 along with the fees set forth in schedule-2 to register the fund and issue the unit thereof pursuant to sub-rule (1).

(5) Particulars and documents as set forth in schedule- 6 shall have to be attached with the application pursuant to sub-rule (4).

(6) Upon making necessary inquiry into application filed pursuant to sub-rule (4), the Board shall issue a fund registration and issuance certificate to the applicant in a format as prescribed in schedule-7 if it deems necessary to do so.

(7) The fund shall have to issue units to targeted investors via circular or personal contact method in order to collect money after getting the registration and issuance certificate pursuant to sub-rule (6).

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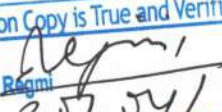


(8) The fund shall have to complete the issuance of units within two months starting such activity within three months from the date of getting approval from the Board to do so.

(9) Notwithstanding anything contained elsewhere in these rules, the fund may issue units as a loan to international organizations, a body corporate or multilateral corporate investor. Time and installments of payment for the units issued to the said organizations shall be made in the constitution of the fund and collected accordingly.

15. **Minimum Provisions to be Mentioned in Constitution of Fund:** (1) The following minimum provisions shall be mentioned in constitution of a fund:

- (a) Name of a fund;
- (b) Types of the fund (private equity, venture capital fund, hedge fund, or any other);
- ((c) Size of and period of the fund;
- (d) Details of investors making commitments to invest at least ten percent money for the promotion of the fund;
- (e) Provision regarding the operation of fund, records keeping and audit;
- (f) Details regarding targeted areas of the fund and investment procedures;
- (g) Provision regarding projected profits to be accrued in the investments;
- (h) Provision regarding repatriation of investments;
- (i) Provision regarding dispute resolution procedure;
- (j) provision regarding hurdle rates;
- (k) Provision regarding fund management fees;

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- (l) Provision regarding fund's winding up;
- (m) Other particulars to be prescribed by the Board from time to time.

16. **Minimum Standards to Register Fund:** The following minimum standard shall have to be fulfilled to register a fund:

- (a) Having the fund's capital at least **Fifteen Crore Rupees;**
- (b) Holding at least two percent shares of the fund by a fund management and having a provision that the two percent shares shall stands continually;

Provided that such provision shall not be applied in the case of investments made by bilateral or multilateral international agencies.

- (c) Having a provision that unit holders' number shall not exceed two hundred;
- (d) Having the closed -ended in nature;
- (e) Having a provision to provide cash dividend only to unit holders;
- (f) Having a provision allowing unit holders to purchase units up to **Fifty Lakh Rupees.**

17. **Rejection to Register Fund:** (1) The Board may reject to register a fund on the following grounds:

- (a) Not completed registration procedures as referred to in rule 14;
- (b) Not mentioned minimum matters in the constitution as referred to in rule 15;
- (c) Not completed minimum standards as referred to in rule 16;
- (d) If the fund cannot be operated due to securities market conditions, its viability, and investors' interests.

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(2) In doing so pursuant to sub-rule (1), clear reasons and grounds shall have to be communicated.

18. **Liability and Powers:** (1) Liability of unit holders of a fund shall stands limited up to the units they subscribe.

(2) The unit holders shall have the right to vote in general meetings of the unit holders, get profits as well as repatriate the investments based on the units of the fund subscribed.

19. **Period of the Fund:** A period of the fund shall be from five up to fifteen years, and such period shall also be mentioned in an investment agreement.

20. **Termination of Fund:** (1) A fund shall be terminated on the following grounds:

- (a) If a period given by the Board has been completed;
- (b) If approval given by the Board to operate Fund has been cancelled;
- (c) If Board has issued directions to wind up the fund being satisfied that it cannot be operated further owing to arising unavoidable circumstances or financial crisis;

(2) The fund manager shall have to provide information in writing to the unit holders prior to termination of the period of fund.

(3) The fund manager may terminate the fund, if a resolution to that effect has been passed by annual general meetings of the unit holders, representing seventy-five percent capital and fifty percent of the unit holders of the fund.

(4) Following the termination of the fund, the fund manager shall have to settle down all liabilities of the fund by converting all types of

property into cash, and remaining amounts shall be reimbursed to the unit holders as provided for in the investment agreements. A notice regarding settlement of all liabilities of the fund, including reimbursement to the unit holders shall be communicated to the Board within three days following the completion.

21. **Provision regarding Fees:** (1) A fund manager may levy fund management fee as provided for in investment agreement for the purpose of managing a fund.

(2) In addition to the fee as referred to in sub-rule (1), the fund manager may also levy additional fee on annual net profit as provided for in the investment agreement if the fund has been able to make profit more than hurdle rate limit as provided for in its constitution.

(3) In levying the fee pursuant to sub-rule (1), such fee has to be collected in a trimestral basis or within one month following the lapse of each fiscal.

(4) The fund manager shall have to deposit the Board ten percent money out of the service fee collected during each fiscal year within two months.

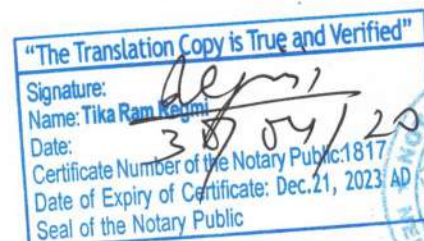
Provided that if such fee has not been deposited in a given time, an additional charge at the rate of ten percent per annum calculating on daily basis shall also be paid to the Board.

Chapter-5

Provision regarding Investments

22. **Eligible Investors:** The following a body corporate or individual may make investments in a fund after calculating investment risks and profits:

- (a) Bank or financial institution;




- (b) Insurance companies;
- (c) Funds such as pension fund, welfare fund, provident fund, Citizen investment fund as recognized by the prevailing law;
- (d) Bilateral or multilateral international corporate investors;
- (e) A body corporate with an objective of making investments established in Nepal pursuant to the prevailing law;
- (f) Nepali citizen or non-resident Nepali;
- (h) Other entities or individual as prescribed by the Board from time to time.

23. **Agreement to be Made:** (1) A fund manager shall enter into agreement with eligible investors regarding the investments.

(2) The following matters shall be included in the investments agreement to be entered into between the fund manager and eligible investors.

- (a) Amount and period to be invested;
- (b) Projected profit on investments;
- (c) Procedures regarding reimbursement;
- (d) Provision of hurdle rate;
- (e) Details regarding fund management fees;
- (f) Expenditure headings of the fund;
- (g) Provision regarding issuance of units and phase wise collection of money therefor;

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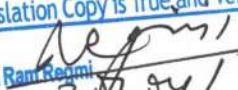
- (h) Provision regarding settlement of all liabilities of the fund and distribute the remaining amounts to unit holders by converting all types of property into cash following its winding up.
24. **Provision regarding Investments:** (1) A fund manager may make investments of its money in those companies or businesses as provided for in the investments agreement except prohibited by the prevailing law.
- (2) Investment areas shall be mentioned in a prospectus as referred to in sub-rule (1).
- (3) The fund manager shall have to prepare prospectus in a format as prescribed in schedule-8 in order to sale units of a fund.
- (4) Notwithstanding anything contained in sub-rule (1), the fund established to make investments in certain areas has to invest in those areas only.

Chapter-6

Accounts, Records and Particulars

26. **Accounts to be Kept:** A fund manager shall have to keep accounts of its transactions in format and procedures as prescribed by the prevailing law.
27. **Financial Statement to be Prepared:** A fund manager shall have to prepare its own and fund's financial statements separately.
28. **Auditor and Audit:** (1) A fund manager shall appoint auditors having passed the chartered accountancy or examinations equivalent thereof recognized by Nepal Chartered Accountancy Organization to audit its and fund's accounts.
- (2) The fund manager shall cause to be carried out its and fund's accounts auditing by separate auditors.

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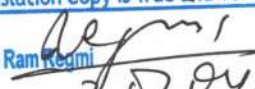
(3) The auditors so appointed shall carry out auditing of the accounts of the fund manager and the fund in accordance with the prevailing principles, law and standards.

(4) The auditor shall have to prepare a report illustrating all works, functions, accounts statements and financial condition of the fund manager and the fund after completing the audits.

(5) In addition to the matters to be stated in the audit report in accordance with the prevailing law, the following matters shall be included in the audit reports pursuant to sub-rule (4)

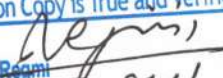
- (a) Whether accounts have been kept in accordance with the prevailing acts, rules and standards related to accounts;
- (b) Particulars regarding the works carried out against the interests of unit holders, if any;
- (c) Whether the fund manager has performed the works as per the constitution of the fund and investments agreement;
- (d) Whether amounts of the fund have been invested in accordance with these rules and investment procedure of the fund;
- (e) Other matters and suggestions as the auditor deem necessary to keep unit holders informed.

29. **Request may be Made to Take Action against Auditor:** If it is found that audit of the accounts of a fund manager and fund has been carried out against these rules and the prevailing law by any auditor, the Board may request the Nepal Chartered Accountants Organization to take action against such auditor(s).

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30. **Inspection may be Made:** The Board or any person appointed by it may inspect accounts and records maintained by a fund manager in regard to a fund.
31. **Annual Report to be Submitted:** (1) A fund manager shall have to submit its annual report to the Board comprising its and the fund's audited financial statements and works and activities carried out in each fiscal year within six months from the date of the elapse of the preceding fiscal year.
- (2) Summary financial statements of the report pursuant to sub-rule (1) shall be provided to unit holders via electronic means.
- (3) The fund manager shall convene annual general meetings of unit holders in each fiscal year from the date of the elapse of the preceding fiscal year. A report of such annual general meetings shall be submitted to the Board within 30 days following the holding of such annual general meetings.
32. **Information and Particulars to be Provided:** (1) A fund manager shall have to provide the following information and particulars to the Board:
- (a) A copy of amendment made to the memorandum of association and articles of association within 15 days, if amended;
- (b) A copy of information along with particulars of new board of directors or chief executive officer pursuant to schedule-9, if appointed, within 15 days in doing so;
- (c) A copy of information regarding black listing of promoters, board of directors, chief executive officer by the Credit Information Center at once;

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(d) Other notice, information and details as prescribed by the Board from time to time within a period as indicated by the Board.

(2) If any notice, information or particulars has been demanded, the fund manager shall have to provide the same with seven days from such request.

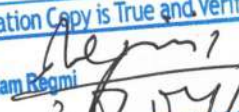
33. **Records to be Kept Safe:** Records of the documents regarding establishment and operation of a fund, particulars about properties and liabilities under the fund, evaluation policy and practices, decisions and strategies of an investment committee, information regarding the amounts collected via issuance of units and unit holders, accounts of the fund, annual report, financial statement, investment made by the fund and other documents as deemed necessary by the fund manager shall be kept safely at least five years if fund has been winded up.

Chapter-7

Miscellaneous

34. **Provision regarding Lock-in Period:** Notwithstanding anything contained in the Securities Registration and Issuance Rules, 2073 in regard to lock-in period of other categories of securities; the lock-in period of securities under the ownership of a fund shall be one year from the allotment date of units.
35. **Provision regarding Hedge Fund Operation:** (1) Notwithstanding anything contained in these rules, the Board may make directives regarding operation of hedge fund.

(2) The hedge fund cannot be registered and operated until the commencement of the directives as referred to in sub-rule (1).

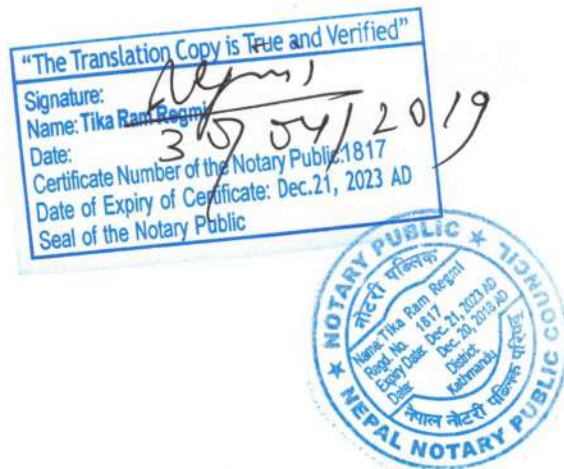
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36. Directives may be Issued: (1) The Board may make necessary directives for the implementation of these rules.

(2) It shall be the duty of all concerned to comply with the directives issued in accordance with sub-rule (1).

37. Alteration to Schedule: The Board may make alteration to schedules as it deems necessary.



Schedule-1

(related to sub-rule (2) of rule 3)

Format of Application to Register Fund Manager

Date:

To the Securities Board of Nepal:

Ref: Regarding Registration of Fund Manager

Sir,

The application is hereby submitted along with the following documents and particulars as well as Rs..... as a fee to obtain approval to carry out functions of a fund manager.

The attached documents and particulars stated herein are true and correct. No any particulars or statements are knowingly hidden or wrongly stated. I am ready to bear legal action if any particulars are found hidden knowingly or wrong documents are submitted.

Of applicant of Fund Manager:

Name:

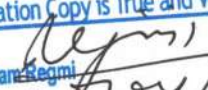
Address:Province, District

Village or Municipality

Street: Ward No:Block No: Ph No:

Fax No: Email:

Seal of company or Fund Manager

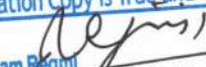
"The Translation Copy is True and Verified"
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Date: 30/04/2019
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Signature of authorized applicant:

Name:

Designation:

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Date: 30/04/2019
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Schedule-2

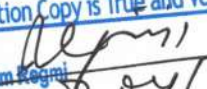
(related to sub-rule (2) of rule 3, rule 5 and sub-rule (4) of rule 14)

Fees regarding Fund Manager

1. Fund Manager Registration Fee three lakh rupees
2. Fund Manager Annual Fee one lakh fifty thousand rupees

specialized Investments Fund Registration and Issuance Fee

1. Application Fee fifty hundred rupees
2. Fund Registration Fee:
 - (a) From ten million rupees up to five hundred million rupees five lakh Rupees
 - (b) From five hundred million rupees up to one billion rupees seven lakh rupees
 - (c) Above one billion rupees ten lakh rupees

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Schedule-3

(related to Sub-rule (3) of rule 3)

Particulars and documents to be submitted in registering a fund manager

- (a) A copy of registration certificate of a body corporate,
- (b) A copy of memorandum of association and articles of association,
- (c) A copy of audited financial statement of the preceding fiscal year prepared in a format as prescribed by the prevailing law and accounting standards and a copy of annual report,
(a copy of periodic financial report in the case of not completing fiscal year following its incorporation)
- (d) A copy of the decision made by board of directors regarding approval,
- (e) Details regarding any action taken against board of directors or chief executive officer of a proposed fund manager in accordance with the securities related law or the prevailing law, if any,
- (f) Details about the shares hold by promoters and amounts paid therefor,
- (g) Name, full address and contact number of shareholders holding five percent or more shares out of the paid-up capital and ownership of shareholding,
- (h) Details about organizational structure and working procedure of a body corporate,
- (i) Details about office location and area of office, office equipment and communication devices and human resources,
- (j) Details about ownership in other companies or a body corporate, if any,
- (k) Other documents and particulars as the Board deems necessary

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Schedule-4

(related to sub-rule (1) of rule 4)

Registration Certificate of Fund Manager

To.....;

The certificate of registration is hereby issued as per the decision of the Board dated..... to grant approval to carry out functions of a fund manager in accordance with the Specialized Investments Fund Rules, 2075 (2019) upon taking necessary action in the application filed by that company/organization having the main office at.....

Terms and conditions:

Seal of the Board

Signature of certificate issuing officer:

Name:

Designation:

Date:

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Signature: [Signature]
Name: Tika Ram Regmi
Date: 30/04/2019
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Schedule- 5

(related to sub-rule (4) of rule 14)

**Format of application to be filled for registration and issuance of
Specialized Investments Fund**

Date:

The Securities of Board of Nepal;

Ref: regarding approval for fund operation and unit issuance

sir,

The application is hereby submitted for approval/permission for registration of a fund up toand issuance of units therefor in the name of registered as a fund manager under the Specialized Fund Registration Rules, 2075 (2019).

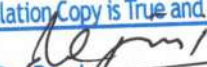
Documents attached herewith and statements mentioned herein are true and correct. No any particulars are hidden knowingly or any statements wrongly mentioned. I am ready to bear legal action if any particulars are found hidden knowingly or wrong documents are submitted.

Of a Fund manager:

Name:

Address:ProvinceDistrict

.....Village/MunicipalityStreet..... Ward No...

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Signature: 
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Date: 30/07/2019
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Block No

Fax No:

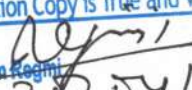
Email.....

Seal of the office of a fund manager

Of Chief Executive Officer:

Name:

Signature:

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Signature: 
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Date: 30/04/2019
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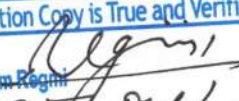


Schedule-6

(related to sub-rule (5) Of rule 14)


**Particulars and documents to be attached in submitting
application for fund registration and unit issuance**

- (a) A copy of the constitution of a fund,
- (b) A copy of audited financial statement of the preceding fiscal year prepared in a format as prescribed by the prevailing law and accounting standards and a copy of annual report,
(a copy of periodic financial report in the case of failing to complete fiscal year following its incorporation)
- (c) A trimestral business plan, including projected financial statements of upcoming three years,
- (d) A copy of the decision of board of directors regarding fund registration and issuance,
- (e) Details regarding any action taken against board of directors or chief executive officer of a proposed fund manager in accordance with the securities related law or the prevailing law, if any,
- (f) A commitment letter of unit holders to keep investment though out a period of fund making 10 percent investment in a proposed fund,
- (g) Particulars regarding investment procedure of a proposed fund,
- (h) Details about office location and area of office, office equipment and communication devices and human resources,
- (i) Details of investment agreement to be entered into with unit holders of the fund,
- (j) Particulars regarding issuance of units, if issued in phase wise manner,

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- (k) The following particulars and documents regarding board of directors and chief executive officer:
- (a) Name and full address,
 - (b) Details regarding ownership or involvement in other companies or fund manager, if any,
- (l) Other particulars, as prescribed by the Board, if non-resident Nepali is a promoter in any company,

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Date:	30/04/2019
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Schedule-7

(related to sub-rule (6) of rule 14)

Registration Certificate of Fund Registration and Unit Issuance

The certificate of registration, having registered with the board, is hereby issued to incorporated by Mr..... located its main office at..... in accordance with the Specialized Investments Fund Rules, 2075 (2019).

Seal of the Board:

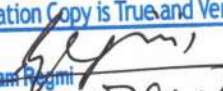
Of Certificate Issuing Officer:

Signature:

Name:

Designation:

Date:

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Date: 30/04/2019
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Schedule-8

(related to sub-rule (3) of rule 24)

Format of Fund's Prospectus

(a) Matters to be mentioned in a front page of prospectus:

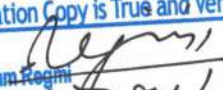
1. The word called "Prospectus",
2. Fund Manager's name, its logo and address of registered office,
3. Prospectus approved date by the Securities Board of Nepal,
4. Types and numbers of units of a fund to be issued,
5. Details about the investors committed to make ten percent investments throughout a period of fund,
6. Face value of each unit, and amounts to be paid along with application,
7. Declaration about risks associated with investments,
8. Declaration that regulatory agency shall not be held responsible,
9. Date of unit issuance,
10. Date of closing (first and last date),
11. Details about net worth,

(b) Matters to be mentioned inside a front page of prospectus:

1. Definition of technical words and other phrases used in a prospectus,
2. Place to obtain prospectus, application as well as submission thereto,

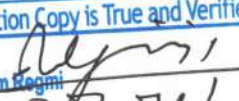
(c) Matters to be mentioned from a second page of prospectus:

1. Fund Manager's Declaration:

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- (a) Regarding accountability of fund manager,
 - (b) Regarding compliance of regulatory provision of regulatory agency,
2. Information regarding a fund manager:
 - (a) Background of a fund manager,
 - (b) Details of properties,
 - (c) Future Plan and strategies,
 - (d) Structure of board of directors and provision regarding representation,
3. Information regarding capital structure,
4. Information regarding promoters/board of directors:
 - (a) Background of promoters/board of directors,
 - (b) Transactions with promoters/board of directors,
5. Particulars regarding limited liability:
6. Information regarding a fund manager's staff:
 - (a) Details about higher management level staffs of a fund manager,
 - (b) Details about salary and allowances paid to board of directors, and higher management level staffs.
7. Risks associated with a fund and strategy to manage thereof,
8. Details about financial statements of a fund manager,
 - (a) Financial statements and management's views and analysis thereof,

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- (b) Details about financial ratio.
9. Particulars about issuance of fund's units:
- (a) Objective to issue units,
- (b) Utilization of capital accrued from issuance of units,
- (c) Particulars regarding money accrued from issuance of units prior to its use in projects, if any,
- (d) A period of fund,
- (e) Particulars regarding features of a fund, if any.
10. Particulars regarding agreement(s) to be entered into between investors and a fund manager,
11. Particulars regarding investment opportunities, challenges, and potential areas for investments for a fund,
12. Particulars regarding composition of investment committee and procedure,
13. Particulars regarding consultants/experts, if any,
14. Provision regarding distribution of dividend and hurdle rate,
15. Other general information,
16. Fees and expenditures to be borne by a fund,
17. Information regarding conditions and procedures making changes in board of directors and investment committee of a fund,
18. Provision regarding trading of units by unit holders, and terms and conditions on exit from a fund,
19. Provision made regarding meetings of unit holders,

20. Provision regarding mechanism on grievance filling by unit holders and its redress,
21. Name and signature of board of directors of the fund manager and expert thereof,
22. Letter regarding opinion furnished by experts on prospectus, financial statements, and any other matters, if any,
23. A copy of due diligence certificate presented by a fund manager.

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Schedule-9

Related to clause (b) of sub-rule (1) of rule 32

Particulars of board of directors and chief executive

photo


1. Name:
2. Permanent Address:Province District
..... village/Municipality/Metropolitan CityStreet Ward No:
..... Block No: Ph No: Fax No... Email:
3. Current address: Province.....District
..... Street, Ward No... Block No...
Fax No... Email...
4. Father/mother's name:
5. Grandfather/grand mother's name:
6. Spouse's name:
7. Educational qualifications:
8. Professional experiences:
9. Training:
10. Description about affiliation to any profession or organization, if any,

11. Description regarding holding more than one percent share or any involvement in any company or fund manager, if any,
12. Declaration about having qualifications to be board of directors or chief executive and not disqualified therefor.

Signature:

Documents to be attached:

1. A copy of document certifying qualifications, experiences, and other involvement, if any,
2. A copy of citizenship certificate,
3. A copy of identity card of non-Nepali if such is a promoter.

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