FINANCIAL CONDUCT AUTHORITY

[month] 2025 / Primary Market / TN / 401.2~~1~~

Primary Market Technical Note

Acquiring assets effected by way of a scheme of reconstruction~~during investment trust rollovers~~

The information in this note is designed to help issuers and practitioners interpret our UK Listing Rules, Prospectus Regulation Rules, Disclosure Guidance and Transparency Rules, and related legislation. The guidance notes provide answers to the most common queries we receive and represent FCA guidance as defined in section 139A FSMA

Rules

UKLR 11~~5~~.5.1~~2~~R

When a closed-ended~~n~~ investment ~~trust~~ fund comes to the end of its life, ~~it is common for~~ investors ~~to~~may be offered the opportunity to 'roll over' their investment into a new vehicle. The new vehicle will generally acquire assets from the winding-up vehicle pro-rata to the demand for the roll-over option and then issue shares to those investors taking that option. The acquisition is generally effected by way of a scheme of reconstruction. The roll-over option may also be an existing listed closed-ended investment fund.

Listed closed-ended investment funds may also acquire assets from existing funds in a 'fund merger' whereby assets are acquired from the winding-up vehicle effected by way of a scheme of reconstruction.

~~Where the rollover option is a~~In each case where an existing ~~premium~~ listed closed-~~-~~ended investment fund is acquiring assets, the question of whether to treat the existing listed issuer's acquisition of assets from the vehicle being wound up as a classifiable ~~acquisition~~ transaction arises.

This is important as these acquisitions often exceeded 25% of the acquirer and could trigger a requirement for a notification pursuant to UKLR 7.3.1R, or shareholder circular and vote ~~and circular~~ in the case of a reverse takeover ~~class 1 circular~~.

In these situations, UKLR 11~~5~~.5.1~~2~~R will apply. Provided we are satisfied that the assets acquired by the existing listed vehicle are indeed within the scope of its published investment policy, we will take the view that these transactions will directly fall under the exemption in UKLR 11~~5~~.5.1~~2~~R and will not be classifiable.