

**CCLA**

**COIF Charities  
Deposit Fund  
Scheme Particulars**

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# Scheme Particulars

## COIF Charities Deposit Fund

Effective from 14 March 2019

Issued by CCLA Fund Managers Limited

A copy of this document, which constitutes Scheme Particulars for the COIF Charities Deposit Fund (the Fund) established and regulated by a Scheme dated 2 April 2008 and made under Section 25 of the Charities Act 1993, now Section 100 of the Charities Act 2011 as amended by resolutions of the Trustees of the Fund dated 13 May 2009, 21 July 2014 and 22 July 2014 (the Scheme) and adopted by the Manager on 22 July 2014 has been filed with the Charity Commission. The Fund is registered with the Charity Commission under Charity Registration Number 1046249.

Should the provisions of the Scheme and the Scheme Particulars be in conflict, the provisions of the Scheme shall prevail.

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## 1. Definitions

**ABCP** means asset-backed commercial paper.

**Administrator** means HSBC Bank plc or such successor entity appointed Administrator by the Manager from time to time.

**AIFM** refers to the alternative investment fund manager and has the same meaning as listed in the glossary to the FCA Regulations.

**AIFMD Legislation** refers to the Alternative Investment Fund Managers Directive 2011/61/EU, the Alternative Investment Fund Managers Regulations 2013, and the Commission Delegated Regulation (EU) 231/2013.

**Annual Management Charge** means the periodic charge applied to the Fund by the Manager.

**Board** means the persons appointed pursuant to the Scheme and as further described in these Scheme Particulars.

**Business Day** means any day when the London Stock Exchange is normally open for business, being a day other than a Saturday, Sunday, public or bank holiday in England.

**Charity** means either a charity in England and Wales within the meaning of section 1 (1) of the Charities Act 2011 and also an "appropriate body" in Scotland and Northern Ireland within the meaning of section 101(3) of the Charities Act 2011.

**Charity Commission** means the Charity Commission for England and Wales. Charitable purpose bears the meaning as set out in Section 2 of the Charities Act 2011.

**Common Deposit Fund** means a common deposit fund established under section 100 of the Charities Act 2011.

**Custodian** means the entity appointed by the Fund to be responsible for holding money market securities on behalf of the Fund.

**Daily Yield** means the interest applying to the deposited sums on a particular day in accordance with paragraph 28.5.

**Data Protection Legislation** means Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, or any successor legislation thereto, and any associated codes, regulation or guidance (as may be amended or replaced from time to time) and any related regulations and guidance and all other laws concerning the processing of data relating to living persons.

**Depositary Services Agreement** means the agreement entered into by the Trustee, the Board and the Manager in relation to the depositary services the Trustee provides to the Fund (as amended, supplemented or replaced from time to time).

**Depositing Charity** means a charity which has deposited sums in the Fund.

**EEA** means European Economic Area.

**EEA State** means a member state of the EEA.

**EU** means European Union.

**FATCA** means the US Foreign Account Tax Compliance Act.

**FCA** means the Financial Conduct Authority of 12 Endeavour Square, London, E20 1JN or such regulatory authority which may replace or succeed it from time to time.

**FCA Regulations** means the Handbook of Rules and Guidance issued by the FCA, as amended or replaced from time to time.

**Fund** means the COIF Charities Deposit Fund.

**Group** has the same meaning as listed in the glossary to the FCA Regulations.

**Investment Management Agreement** means the agreement dated 22 July 2014 between the Manager and the Investment Manager delegating the portfolio management of the Scheme Property to the Investment Manager (as amended, supplemented or replaced from time to time).

**Investment Manager** means CCLA Investment Management Limited.

**LVNAV** means low volatility net asset value and **LVNAV MMF** means an MMF that complies with the specific requirements laid down in articles 29, 30, 32 and 33(2)(b) of the MMFR.

**Manager** means CCLA Fund Managers Limited or such successor body corporate appointed manager pursuant to the Scheme.

**MMF** means money market fund.

**MMFR** means Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds together with Commission Delegation Regulation (EU) of 10 April 2018 supplementing Regulation (EU) 2017/1131 or, if applicable, the Money Market Funds (Amendment) (EU Exit) Regulations 2018.

**Money Laundering Regulations** means The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as may be amended, updated or replaced from time to time.

**Money Market Instruments** means transferrable instruments normally dealt in on the money market and include treasury and local authority bills, certificates of deposits, commercial papers, bankers' acceptances, and medium or short-term notes.

**NAV** means the value of the Scheme Property less the liabilities of the Fund as calculated in accordance with Appendix B.

**PRA** means the Prudential Regulation Authority of Threadneedle Street, London EC2R 8AH or such regulatory authority which may replace or succeed it from time to time.

**Register** means the register of Depositing Charities maintained by the Registrar on behalf of the Trustee.

**Registrar** means a corporate body appointed by the Trustee as Registrar from time to time for the purpose of maintaining the Register.

**Scheme** means the Scheme sealed by the Charity Commission on 2 April 2008 as amended by resolutions of the Trustees of the Fund dated 13 May 2009, 21 July 2014 and 22 July 2014.

**Scheme Particulars** means these rules and particulars of the Fund made under the Scheme, as amended or replaced from time to time.

**Scheme Property** means the deposits, assets and property of the Fund.

**Sourcebook** means the Collective Investment Schemes Sourcebook (COLL) and the Investment Funds Sourcebook (FUND) (as applicable) each as set out in the FCA Regulations or such sourcebook or rules as may amend, supplement or replace COLL and/or FUND from time to time.

**Trustee** means HSBC Bank plc, or any successor body appointed as trustee pursuant to the Scheme.

**VNAV** means variable net asset value and **VNAV MMF** means an MMF that complies with the specific requirements laid down in articles 29, 30 and 33(1) of the MMFR.

References to any statutory provision or FCA Regulation in these Scheme Particulars shall include any statutory provision or FCA Regulation which amends or replaces it and any subordinate legislation made under it.

## 2. The Fund

### 2.1

The Fund is a Common Deposit Fund established and regulated by the Scheme dated 2 April 2008 and made under Section 25 of the Charities Act 1993, now Section 100 of the Charities Act 2011, as amended by resolutions of the Trustees of the Fund

dated 13 May 2009, 21 July 2014 and 22 July 2014. The Fund follows the rules and valuation process of a short-term LVNAV MMF in accordance with the MMFR.

## 2.2

The Fund is managed by CCLA Fund Managers Limited as an alternative investment fund in accordance with the FCA Regulations, the MMFR and the AIFMD Legislation.

## 2.3

The object of the Fund shall be the provision of a common deposit fund for the deposit of sums of money from time to time by or on behalf of a Depositing Charity provided that the Depositing Charities shall be entitled, subject to the provisions of the Scheme and these Scheme Particulars, to the repayment of the deposit and to the payment of income in accordance with these Scheme Particulars.

## 3. Investment Objectives

The Fund aims to provide a high level of capital security and a competitive yield.

## 4. Investment Policy

### 4.1

The Fund is an actively managed, diversified portfolio of sterling denominated money market deposits and instruments. It will principally invest in sterling denominated Call Accounts, Term Deposits and Money Market Instruments, but may invest in other assets.

### 4.2

The Fund follows a client-driven ethical investment policy.

## 5. Benchmark

LIBID 7 Day Rate, or a similar short-term measure which may replace or succeed it from time to time.

## 6. Suitability

The Fund is suitable for all of a charity's short-term investments where they are seeking a high level of capital security and a competitive yield.

## 7. Investment Powers

The Manager shall comply with the investment powers and restrictions set out in the Scheme and the MMFR, as applicable to the Fund, and summarised in Appendix A.

## 8. Eligible Assets

The Fund may only invest in the category of assets set out in paragraph 1 of Appendix A.

## 9. Custody of Assets

### 9.1

The deposits placed with financial institutions are held by the Trustee, in its capacity as Depository, in the name of the COIF Charities Deposit Fund. In the event that the Manager elects to invest in money market securities, the Board has authorised the appointment of the Custodian to hold such securities.

### 9.2

There may be a risk of a loss where the Scheme Property is held in custody that could result from insolvency, negligence or fraudulent action of the Custodian or sub-custodian.

## 10. Valuation

### 10.1

The Scheme Property will be valued in accordance with the valuation procedure set out in Appendix B.

### 10.2

As the Fund follows the LVNAV MMF methodology, the Manager will generally determine the value of total deposits of the Fund as equal to the constant NAV. For the purposes of valuation and pricing, the Manager is required to treat the deposits of

Depositing Charities as if they were unitised. When carrying out these calculations on a unitised basis, where the actual NAV per 'unit' deviates from the constant NAV per 'unit' by more than 0.20% (the "Collar"), the Manager shall give notice to the Depositing Charity holding such 'unit' in the Fund that:

#### **10.2.1**

if the value of such 'unit' has decreased by more than the Collar, the Manager will compulsorily reduce the value of the Depositing Charity's deposit; or

#### **10.2.2**

if the value of such 'unit' has increased by more than the Collar, the Manager will compulsorily increase the value of the Depositing Charity's deposit,

in each case so the value of the 'unit' is equal to an amount representing the actual NAV per 'unit', calculated in accordance with paragraph 2 of Appendix B.

## **11. Credit quality assessment**

### **11.1**

The Manager has procedures in place, in accordance with the MMFR, to determine whether the credit quality of a Money Market Instrument receives a favourable assessment.

### **11.2**

In carrying out its credit quality assessment, the Manager takes into account at least the following factors and general principles:

#### **11.2.1**

the quantification of the credit risk of the issuer and of the relative risk of default of the issuer and of the instrument;

#### **11.2.2**

qualitative indicators on the issuer of the instrument, including in the light of the macroeconomic and financial market situation;

#### **11.2.3**

the short-term nature of Money Market Instruments;

#### **11.2.4**

the asset class of the instrument;

#### **11.2.5**

the type of issuer distinguishing at least the following types of issuers: national, regional or local administrations, financial corporations, and non-financial corporations;

#### **11.2.6**

for structured financial instruments, the operational and counterparty risk inherent within the structured financial transaction and, in case of exposure to securitisations, the credit risk of the issuer, the structure of the securitisation and the credit risk of the underlying assets; and

#### **11.2.7**

the liquidity profile of the instrument.

### **11.3**

The Manager shall review its procedures on at least an annual basis to ensure that they are in line with regulatory requirements and market practices and that they remain valid and appropriate for the Fund.

## **12. Changes to Investment Objectives and Policy**

### **12.1**

The Board may only alter the Fund's investment objective and, subject to approval by the Board, the Manager may only alter the investment policy in accordance with the provisions in these Scheme Particulars and the MMFR.

### **12.2**

Where it is proposed that the investment objective or policy of the Fund be altered and the Board or the Manager (as appropriate) reasonably considers that such an alteration would be considered a "fundamental change" within the meaning in the Sourcebook such an alteration may only be made following prior approval from the Depositing Charities by way of an extraordinary resolution.

### 12.3

Where it is proposed that the investment objective or policy of the Fund be altered and the Board or the Manager (as appropriate) reasonably considers that such an alteration would be considered a "significant change" within the meaning in the Sourcebook such an alteration may only be made following the provision of 60 days' prior written notice to Depositing Charities.

### 12.4

By way of guidance, the Board and/or the Manager (as appropriate) may consider the change to be "significant" rather than "fundamental" where:

#### 12.4.1

the proposed alterations do not alter the risk profile of the Fund;

#### 12.4.2

there is no change to the nature or purpose of the Fund; and

#### 12.4.3

the Depositing Charities are not materially prejudiced by the proposed change.

### 12.5

In certain limited circumstances the Board and/or the Manager (as appropriate) may decide that very minor changes to the investment policy and/or objective of the Fund (for example, those aimed at clarification of the investment objective and/or policy) would be considered a "notifiable change" within the meaning in the Sourcebook. Such alterations may be made by providing Depositing Charities with access to an updated copy of these Scheme Particulars. All current schemes are available on [www.ccla.co.uk](http://www.ccla.co.uk) or by request please contact our Client Services department on 0800 022 3505.

## 13. Leverage

### 13.1

Under the AIFMD legislation the Manager is required to disclose in what circumstances and how the Manager may use leverage as defined by the AIFMD Legislation (Leverage)

in respect of the Fund and maximum level of Leverage permitted.

### 13.2

The Manager is not permitted to use Leverage under the Scheme and the MMFR. As a result no further Leverage disclosures are made.

## 14. The Board - Duties and Responsibilities

### 14.1

The Fund is subject to oversight by the Board, which has been assigned certain duties, details of which are set out in the Scheme. It meets regularly to receive reports and monitor the progress of the Fund.

### 14.2

The duties of the Board include (but are not limited to):

#### 14.2.1

making an annual report regarding the discharge of its responsibilities;

#### 14.2.2

a duty to inform the Charity Commission promptly and in writing if the Board is not satisfied as to the compliance of the Trustee or the Manager with the Scheme or these Scheme Particulars; and

#### 14.2.3

a duty to inform the FCA promptly and in writing if the Board is not satisfied as to the compliance of the Trustee or the Manager with the applicable provisions of the AIFMD Legislation or the MMFR.

### 14.3

The Board is made up of individuals who together have wide experience of finance, investments, charities and the law. A non-executive director of the Investment Manager (or an associate) is entitled to be a member of the Board. No Board member is required to be authorised by the FCA, in relation to their capacity as a member of the Board, because no Board member offers investment advice or conducts investment



business in relation to the Fund.

#### **14.4**

In safeguarding the interests of Depositing Charities the Board has a number of responsibilities which include setting and subsequently advising on the Investment Objective of the Fund, monitoring performance, the appointment and discharge of the Manager and the Trustee, appointing the Auditor to the Fund, and agreeing the fees charged by the Trustee, the Manager and the Auditor. Prior to the Trustee making any written declaration that the Fund is to be wound up, the Trustee must serve on the Board a notice of the Trustee's intention to wind up the Fund and consider the Board's representations (if any).

#### **14.5**

To the extent of those duties and powers specified in the Scheme, the Board members are charity trustees within the meaning of the Charities Act 2011.

#### **14.6**

The Board members are entitled to be paid out of the Scheme Property any reasonable costs and expenses incurred by them in carrying out their duties as a member of the Board. Such reasonable costs and expenses may be drawn from the Fund. The Manager currently pays the reasonable costs and expenses of the Board members and intends to continue to do so for the foreseeable future.

### **15. The Trustee**

#### **15.1**

HSBC Bank plc is the Trustee of the Fund. HSBC Bank plc is a public limited company incorporated in England and Wales with company registration number 00014259 with its registered and head office at 8 Canada Square, London E14 5HQ. It is a wholly owned subsidiary of HSBC Holdings plc.

#### **15.2**

The Trustee also acts as the depositary of the Fund for the purposes of and in compliance with the AIFMD Legislation and any other applicable national implementing measures in the United Kingdom including, without limitation, the FCA Regulations.

#### **15.3**

The Trustee is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the conduct of its investment business in the United Kingdom, including the provision of trustee and depositary services.

### **16. Terms of appointment of Trustee**

#### **16.1**

The Trustee is appointed pursuant to the Scheme to act as a trustee of the Fund and is also appointed under a Depositary Services Agreement in place between the Trustee, the Manager and the Board which contains provisions dealing with the specific duties of the Trustee as depositary pursuant to the AIFMD Legislation.

#### **16.2**

The main duties of the Trustee are as set out in the Scheme. In its capacity as depositary, it has certain duties under the AIFMD Legislation which are to provide safekeeping of all financial instruments that can be physically delivered to the Depositary, oversight, cashflow monitoring and asset verification services and maintaining appropriate records in respect of the Scheme Property and other agreed services in accordance with the provisions of the applicable FCA Regulations, the AIFMD Legislation and the Scheme. The Depositary shall also ensure that all payments made by or on behalf of applicants upon the subscription to the Fund have been received.

#### **16.3**

The Depositary's duties also include the following:

### **16.3.1**

Ensuring that issues, creations, redemptions and cancellations within the Fund are carried out in accordance with the applicable law and the Scheme.

### **16.3.2**

Ensuring that the value of the Fund is calculated in accordance with the applicable laws and the Scheme.

### **16.3.3**

Carrying out the instructions of the Manager, unless they conflict with the applicable law or the Scheme.

### **16.3.4**

Ensuring that transactions involving the Fund's assets and any consideration due is remitted to the Fund within the usual time limits.

### **16.3.5**

Ensuring the Fund's income is applied in accordance with applicable law and the Scheme.

### **16.4**

In accordance with the FCA Regulations and the AIFMD Legislation, the Trustee may, pursuant to the Depositary Services Agreement and with the agreement of the Manager, delegate the provision of custody services in relation to the Fund. Safekeeping functions may be delegated to one or more sub-custodians on the terms set out in the Depositary Services Agreement and the Trustee will act with reasonable skill, care and diligence in the discharge of its duties. The liability of the Trustee as depositary under the Depositary Services Agreement shall not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Trustee has currently not delegated the provision of custody services and therefore HSBC Bank plc also acts as Custodian of the Scheme Property.

### **16.5**

The fees to which the Trustee is entitled are set out in these Scheme Particulars.

### **16.6**

Under the Depositary Services Agreement, the Trustee's appointment may be terminated on 90 days' written notice, and in addition, under the Scheme the Board may terminate the Trustee's appointment by serving written notice on it, provided that the Depositary Services Agreement shall not terminate until a replacement depositary is appointed.

## **17. Liability of the Depositary under the Depositary Services Agreement**

### **17.1**

Subject to the paragraph below, pursuant to the Depositary Services Agreement, the Depositary will be liable for loss of assets in custody (i.e. those assets, being financial instruments under the AIFMD Legislation, which are required to be held in custody pursuant to the AIFMD Legislation) or in the custody of any sub-custodian (should such sub-custodian be appointed) unless that loss has arisen as a result of an external event beyond its control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary, or where the asset which is lost was held by a sub-custodian appointed in accordance with the Depositary Services Agreement and the transfer of liability from the Trustee to the sub-custodian has been expressly agreed.

### **17.2**

The Manager will disclose to potential Depositing Charities before they deposit in the Fund any arrangement made by the Trustee to contractually discharge itself of liability in accordance with the AIFMD Legislation. Currently, it is not envisaged that the Trustee will seek to contractually discharge itself of liability under any circumstances, and so it is not expected that this requirement under the AIFMD Legislation will be applicable to the Fund. In the event that there are any changes to the Trustee's liability under the AIFMD Legislation, the Manager will inform Depositing Charities of such changes

without delay.

### **17.3**

However, the Trustee shall not be liable for any indirect, special or consequential losses.

## **18. Trustee Conflicts of Interest**

Potential conflicts of interest may arise from time to time from the provision by the Trustee and/or its affiliates of other services to the Fund, the Manager, the Investment Manager and/ or other parties. Where a conflict or potential conflict of interest arises, the Trustee will have regard to its obligations to the Fund and/or the Manager and will treat fairly the Fund, the Manager and the other funds for which it acts, so far as is practicable. Such potential conflicts of interest are identified, managed and monitored in various other ways including, the hierarchical and functional separation of HSBC's depository functions from its other potentially conflicting roles and by the Trustee adhering to its "Conflicts of Interest Policy" (a copy of which can be obtained on request from the Head of Compliance for the Trustee).

## **19. Remuneration and Expenses of the Trustee**

### **19.1**

The Scheme provides for the remuneration of the Trustee out of the property of the Fund by way of a periodic charge (plus VAT, if applicable and if any), and the reimbursement of expenses (including VAT, if applicable and if any) properly incurred by the Trustee. The rate of the Trustee's periodic charge is to be agreed in writing with the Board from time to time.

### **19.2**

The expenses will include charges of the Trustee's nominees and agents. The duties of the Trustee for which reimbursement may be made, involve and include (without limitation):

#### **19.2.1**

delivery of stock to the Trustee;

#### **19.2.2**

custody of assets;

#### **19.2.3**

collection of income;

#### **19.2.4**

submission of tax returns;

#### **19.2.5**

handling of tax claims;

#### **19.2.6**

preparation of the Trustee's Annual Report; and

#### **19.2.7**

such other duties as the Trustee is required or empowered by law to perform.

### **19.3**

The maximum periodic charge that may be made by the Trustee, subject to the prior written approval of the Charity Commission, is 0.01% per annum, (plus VAT if applicable and if any), of the value of the property of the Fund.

### **19.4**

The actual periodic charge agreed with the Board is: 0.001875% per annum on all assets.

### **19.5**

The periodic charge (plus VAT if applicable and if any), accrues daily to the Scheme Property and is payable monthly in arrears.

### **19.6**

Any increase in the actual or maximum amount of the periodic charge made by the Trustee shall be subject to:

#### **19.6.1**

notice of at least 90 days being given to the Depositing Charities;

#### **19.6.2**

the prior written agreement of the Board; and

#### **19.6.3**

the prior written approval of the Charity Commission.

## **19.7**

In addition to the annual charge the Trustee is entitled to be paid custody charges as follows;

### **19.7.1**

Transaction - £3 to £11.25 per transaction;

### **19.7.2**

Safekeeping - 0.003%.

## **20. The Manager**

### **20.1**

CCLA Fund Managers Limited is the appointed Manager of the Fund. The Manager is a limited liability company incorporated in England and Wales, whose address is shown in Appendix D of this document.

### **20.2**

The Manager is authorised and regulated by the Financial Conduct Authority in the conduct of investment business in the United Kingdom and is entered on the FCA's register under number 611707. The Manager has permission from the FCA to act as a full scope AIFM. The only business activity of the Manager is the management of alternative investment funds as an AIFM. The ultimate holding company of the Manager is CCLA Investment Management Limited, a company incorporated in England and Wales.

### **20.3**

#### **Terms of appointment of Manager**

#### **20.3.1**

The Manager is appointed as Manager of the Fund pursuant to the Scheme.

#### **20.3.2**

Subject to the FCA Regulations and the AIFMD Legislation the Manager may delegate (and authorise its delegate to sub-delegate) its duties as Manager.

#### **20.3.3**

The Manager has delegated the provision of certain services including portfolio management, administration and the preparation of various reports for

Depositing Charities to the Investment Manager and Administrator as detailed below.

### **20.3.4**

The Manager's appointment may be terminated by the Board acquiring approval by the Trustee and serving written notice on the Manager.

### **20.3.5**

The Manager is entitled to its pro rata fees and expenses (as provided for in the Scheme and detailed in these Scheme Particulars) to the date of termination of its appointment as Manager of the Fund and any additional expenses necessarily incurred in settling or realising any outstanding obligations.

## **20.4**

### **Duties of the Manager**

#### **20.4.1**

The Manager is responsible for all the investment management and administration services in relation to the Fund set out under paragraph 15 of the Scheme. These include:

##### **20.4.1.1**

deciding, subject to these Scheme Particulars, the terms and conditions on which deposits are accepted by the Fund, and giving instructions to the Trustee with respect to the receipt and repayment of deposits, and the payment of income in respect of deposits;

##### **20.4.1.2**

the day-to-day management of the Fund;

##### **20.4.1.3**

the making of any necessary calculations of the yield in respect of deposits made with the Fund and that these calculations of the yield are correctly carried out and to ensure that correct payments of income are made;

##### **20.4.1.4**

the keeping of a daily record of all of the Fund's transactions including the receipt and repayment of deposits;

#### **20.4.1.5**

the preparation of any valuations or other calculations to be made under these Scheme Particulars;

#### **20.4.1.6**

the keeping of such accounts as the Trustee or the Board may require; and

#### **20.4.1.7**

any matters incidental to the above matters.

#### **20.4.2**

The Manager is also responsible for the risk management of the Fund. No warranty is given by the Manager as to the performance or profitability of the Fund (or any part of it) or that the investment objectives of the Fund will be successfully accomplished.

#### **20.5**

##### **Remuneration and Expenses of the Manager**

#### **20.5.1**

The Manager's Annual Management Charge is based upon a fixed percentage of the capital assets of the Fund. The fee is accrued daily and is charged to the Fund on or around the last Business Day of each month. The charge is a maximum of 0.20% p.a. (plus VAT if applicable and if any), which is charged to the income of the Fund before the declaration of the Daily Yield.

#### **20.5.2**

The Annual Management Charge on large account balances (typically accounts with balances of £15 million and over) may be reduced, at the Manager's discretion, through a rebate of a proportion of the Annual Management Charge earned by the Manager in order to enable a higher yield to be paid to these accounts.

#### **20.5.3**

The current and maximum charges respectively have been agreed with the Board.

#### **20.5.4**

Any increase in the actual or maximum amount of the Annual Management Charge made by the Manager shall be subject to:

#### **20.5.4.1**

notice of at least 90 days being given to depositing charities;

#### **20.5.4.2**

the prior written agreement of the Board; and

#### **20.5.4.3**

the prior written approval of the Commission.

## **21. Investment Manager**

#### **21.1**

The Investment Manager is CCLA Investment Management Limited, a limited liability company registered in England and Wales, company No. 2183088. The Investment Manager is authorised and regulated by the Financial Conduct Authority in the conduct of its investment business.

#### **21.2**

The Investment Manager has been appointed by the Manager pursuant to the Investment Management Agreement to provide portfolio management services to the Fund under the Investment Management Agreement.

#### **21.3**

Under the terms of the Investment Management Agreement, the Investment Manager's appointment may be terminated on three months' written notice by the Investment Manager or by the Manager, or in certain limited circumstances immediately by the Manager. No warranty is given by the Investment Manager as to the performance or profitability of the Fund (or any part of it) or that the investment objectives of the Fund will be successfully accomplished.

#### **21.4**

The Manager is responsible for any fees payable to the Investment Manager and meets the fees of the Investment Manager from the Annual Management Charge the Manager receives for its services to the

Fund.

## 22. The Administrator

The Manager has appointed HSBC Bank plc, 8 Canada Square, Canary Wharf, London, E14 5HQ as the Administrator to carry out certain administrative tasks including the preparation of valuation and other activities on behalf of the Fund. The Administrator has been appointed under the Agreement with the Investment Manager and the Manager meets the fees of the Administrator from the Annual Management Charge it receives for its services to the Fund.

## 23. Registrar

The Trustee has appointed CCLA Investment Management Limited to act as Registrar to the Fund. The agreement provides for the appointment to be terminated by either party giving one year's written notice to the other. Earlier termination can only occur in specific circumstances, including a material and irremediable breach by either party.

## 24. Depositing Charities' rights against service providers

A number of third party service providers provide services to the Fund, including the Investment Manager, the Auditors and the Administrator, whose details are set out in these Scheme Particulars ("Service Providers"). No Depositing Charities will have any direct contractual claim against any Service Provider with respect to such Service Provider's default. This is without prejudice to any right a Depositing Charities may have to bring a claim against an FCA authorised Service Provider, the Manager or the Trustee under Section 138D of the Financial Services and Markets Act 2000 (as a result of a breach of the FCA rules by such Service Provider, the Manager or the Trustee), or any tortious or contractual cause of action.

## 25. Additional Payments from the Fund

### 25.1

Payments that may additionally be made out of the Scheme Property are as follows:

#### 25.1.1

fiscal charges and other disbursements which are necessary or properly to be incurred in effecting transactions for the Fund;

#### 25.1.2

taxation and duties payable in respect of the Scheme Property of the Fund, the Scheme, if applicable;

#### 25.1.3

any costs incurred in modifying the Scheme where modification is:

##### 25.1.3.1

necessary to implement, or necessary as a direct consequence of, any changes in the law; or

##### 25.1.3.2

expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interests of Depositing Charities; or to remove from the Scheme obsolete provisions;

#### 25.1.4

the audit fee properly payable to the Auditor and Value Added Tax which may be chargeable thereon and any proper expenses of the Auditor;

#### 25.1.5

the proper expenses of the Board.

## 26. Preliminary Charge

No preliminary charge is made on the opening of a COIF Charities Deposit Fund account.

## 27. Register of Depositing Charities

### 27.1

The Register of Depositing Charities is maintained on behalf of the Trustee by the Registrar. Accounts are registered in the name of the Depositing Charities or where applicable, holdings may be registered in the name of the nominee company acting on behalf of the Depositing Charities, with the name of the Depositing Charities separately recorded in the Register. Accounts may not be registered in the names of the individual trustees.

### 27.2

The Register may be inspected free of charge during normal business hours at the office of the Registrar. Entry in the Register of Depositing Charities is conclusive evidence of title to the deposits with the Fund. The Register contains the name of each Depositing Charity, the sums of money on deposit and the name and address of the correspondent for each account. In addition, the Register may also contain the following particulars: details of the nominee company acting on behalf of the depositing charity; client designation; bank account details for the remittance of income and withdrawals; authorised alternate signatory(ies) and the number of signatures required. No notice of any trust, express, implied or constructive, shall be entered in the Register in respect of any deposit, and the Manager and the Board shall not be bound by any such notice.

### 27.3

The expenses of maintaining the Register are currently borne by the Manager and covered by the Annual Management Charge paid out of the income of the Fund to the Manager.

## 28. Deposits and withdrawals

### 28.1

#### Deposits

#### 28.1.1

Applications for the Fund must be made by completion of the Application Form and

submitted to the Investment Manager.

### 28.1.2

Electronic payments into the Fund may be made by CHAPS (Clearing Houses Automated Payment System), BACS (Bankers Automated Credit Services) and FPS (Faster Payment Service) and must quote your account number as a reference. Failure to provide the reference may result in the transaction being delayed or returned.

### 28.1.3

Cheques, if used, must be drawn on an account in the name of the applicant and made payable in sterling to The COIF Charities Deposit Fund. Deposits will be processed on the day of receipt if the instruction is received and funds cleared by the published cut-off time (currently 9.30am). Deposits will be processed on the next Business Day if instructions are received, or funds clear after the published cut-off time.

### 28.2

#### Eligible Depositing Charities

Any charity within the United Kingdom and any appropriate body within the meaning of the Charities Act 2011 (as amended or replaced from time to time), may invest in the Fund, unless precluded by a specific provision in its governing instrument. The Manager is required under Money Laundering Regulations to satisfy itself as to the identity of participants (please see section headed Anti-Money Laundering below). Any charity (or a nominee company acting on its behalf) applying to participate must give a declaration of eligibility of the charity to invest in the Fund. Where a Depositing Charity is found not to be eligible or becomes ineligible at a later date, it, or its nominee, must inform the Manager and withdraw the deposit. The Manager or Investment Manager reserve the right to decline any application for a Deposit Fund account or to close a Deposit Fund account at any time, without giving any reason.

## **28.3**

### **Minimum Deposit**

No minimum sum is required to open an account and further deposits made may be of any amount.

## **28.4**

### **Withdrawals**

Withdrawals of any amount may normally be made on demand without penalty. Withdrawal instructions which must be on the withdrawal forms provided and signed in accordance with the existing mandate, will be carried out on the day of receipt if received by the published dealing cut-off time, otherwise on the next Business Day. Payments will only be made direct to the charity's bank account by the BACS (or its successor) or by cheque drawn in favour of the charity.

## **28.5**

### **Daily Yield**

#### **28.5.1**

After taking into account the Annual Management Charge, fees and expenses of the Trustee, the Manager will declare the yield for each day. The yield will apply to all accounts.

#### **28.5.2**

Higher yields may apply to accounts with large balances (typically accounts with balances of £15 million and over) at the Manager's discretion. The provision of an enhanced yield for larger deposits is achieved at the expense of the Manager who may reduce the Annual Management Charge in respect of large balance accounts through a rebate of the proportion of the Annual Management Charge earned by the Manager. In this instance, the points at which a higher yield apply and the differential between the standard yield and the higher yield may vary from time to time.

## **28.6**

### **Application of the Daily Yield**

The appropriate Daily Yield is applied to the daily balance of the deposited sums from the day of deposit up to and including the day prior to withdrawal. At the end of each month, income without deduction of income tax is credited either to an account of the Depositing Charity or is paid to the Depositing Charity's nominated bank account normally within five working days after the month end.

## **28.7**

### **Publication of the Daily Yield**

The Daily Yield is published in the Financial Times and on the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk).

## **28.8**

### **Authority to Open and Operate Accounts**

The Manager is entitled to assume that the persons signing the Application Form as Trustees or as authorised officials are duly authorised on behalf of the charity to open a Deposit Fund account in the charity's name and to transfer money to and from the account. The Manager requires that an authorised correspondent is nominated by the Charity for each Deposit Fund account opened and requires the signatures of two Authorised Signatories to act, one of which may be the authorised correspondent, in respect of all transactions until they receive written notice to the contrary.

## **28.9**

### **Regular Statements**

#### **28.9.1**

All deposits and withdrawals are acknowledged within two Business Days. Statements of Account are sent quarterly.

#### **28.9.2**

CCLA reserves the right to charge reasonable expenses in relation to printing and postage of any additional documentation required by the Depositing Charity.



## 29. Charity Trustees' Obligations

Under the Trustee Act 2000, charity trustees are obliged to review their investments regularly. If you need a valuation to be able to conduct this review, please contact the Manager, at the Registered Office of the company shown in Appendix D.

## 30. Changes to Authorised Signatories

Changes to the authorised signatories for a charity with deposits in the Fund must be made on a duly completed mandate form by the charity (or the nominee company acting on behalf of the charity) and authorised by the Trustees of that Charity. Where an existing correspondent is removed by way of a mandate form, they shall receive notification of the removal by the Manager.

## 31. Change in Correspondents

A charity must notify the Manager of any change in its authorised correspondent.

## 32. Depositing Charities' Meetings

### 32.1

Any meeting of Depositing Charities shall be held in accordance with the Sourcebook (as amended or replaced from time to time), and all the provisions of the Sourcebook shall apply to such meetings. A meeting of Depositing Charities of the Fund duly convened and held by the Board Members may vote on a resolution:

#### 32.1.1

to approve a proposed scheme of amalgamation put forward by the Manager, or Trustee and the Board Members (or either of them); or

#### 32.1.2

to approve a proposed scheme of reconstruction put forward by the Manager, or Trustee and the Board Members (or either of them).

### 32.2

A meeting of Depositing Charities has no other powers.

## 33. Anti-Money Laundering

The Manager is required by law to maintain procedures to combat money laundering. In order to implement these procedures, electronic or manual identity checks will be undertaken by the Manager on certain persons named within the Application Form to satisfy itself as to the identity of the participants. Proof of identity may sometimes be required either when accepting or releasing Deposits from time to time, even of existing depositors. The Manager may freeze or return Deposits until the necessary evidence of identity can be obtained. In the case where Deposits are released, the remittance of proceeds may be delayed until proof of identity has been obtained.

## 34. Treating Customers Fairly

The Manager is committed to Treating Customers Fairly (TCF). The Manager has reviewed these Scheme Particulars in the context of TCF and believes it is in accordance with its TCF commitment.

## 35. Complaints

### 35.1

The Manager has established a complaints handling procedure to investigate complaints received.

### 35.2

Any complaints regarding the operation of the Fund, or the Manager, should be addressed in writing to the addresses shown in Appendix D.

### 35.3

Depositing Charities who are eligible complainants (as defined in the FCA's Handbook of Rules and Guidance) may have the right to complain directly to the Financial Ombudsman Service (FOS) if a complaint is not dealt with to the

satisfaction of the Depositing Charity. The address and telephone number of the FOS is shown in Appendix D of this document.

#### **35.4**

A copy of the Manager's complaints policy is available on [www.ccla.co.uk](http://www.ccla.co.uk).

### **36. Risk Warning**

#### **36.1**

The Manager undertakes to exercise reasonable care in its placing of deposits with a selected list of counterparties but it cannot give guarantees regarding repayment of deposits. The Daily Yield on the Fund is variable and past performance is no guarantee of future returns. Deposits in the Fund are not covered by the Financial Services Compensation Scheme.

#### **36.2**

A deposit in the Fund is not a guaranteed investment. A deposit in the Fund is different from an investment in deposits, as the amount invested in the Fund is capable of fluctuation. The Fund does not rely on external support for guaranteeing the liquidity of the Fund or stabilising the net asset value of its assets. The risk of loss of the amount deposited shall be borne by the Depositing Charity.

### **37. Risk management process and liquidity management**

#### **37.1**

The Manager employs a risk management process, including the use of appropriate stress testing procedures, which enables it to identify measure, manage and monitor at any time the relevant risks of the positions to which the Fund is or may be exposed and their contribution to the overall risk profile of the Fund. This is set out in more detail in paragraph 1 of Appendix C.

#### **37.2**

The Manager maintains a liquidity management process to monitor the liquidity risk of the Fund, which includes, among other tools and methods of

measurement, the use of stress tests under both normal and exceptional liquidity conditions. This is set out in more detail in paragraph 2 of Appendix C.

#### **37.3**

The liquidity management systems and procedures allow the Manager to apply various tools and arrangements necessary to ensure that the Fund is sufficiently liquid to respond appropriately to repayment requests. In normal circumstances, repayment requests will be processed as set out in these Scheme Particulars.

#### **37.4**

Other arrangements may also be used in response to repayment requests, including, in extreme cases, temporary suspension which, if activated, will restrict the repayment rights investors benefit from in normal circumstances as set out in these Scheme Particulars.

### **38. Compensation**

#### **38.1**

The Manager will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund. The Manager will not be liable for any loss arising where it has acted on the instructions of the Authorised Correspondent and/or any additional signatory authorised for the time being properly notified to it.

#### **38.2**

As the Fund is structured as an unregulated fund, it is not covered by the Financial Services Compensation Scheme. However, some of the Manager's activities are covered and should the Manager be unable to meet all its liabilities to Depositing Charities, compensation may be available to eligible Depositing Charities. The maximum level of compensation payable by the Financial Services Compensation Scheme for a claim is £50,000 (£85,000 from 1 April 2019) per Fund. Further information is available from the Manager on request or via [www.fscs.org.uk](http://www.fscs.org.uk) or at

their address below:

Financial Services Compensation Scheme  
10th Floor  
Beaufort House  
15 St Botolph Street  
London EC3A 7QU

## 39. Material Interests and Conflicts

### 39.1

The Manager, the Trustee, or the Administrator are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest in the management of the Fund. In addition, the Fund may enter into transactions at arm's length with companies in the same group as the Manager.

### 39.2

The Trustee may, from time to time, act as trustee of other funds.

### 39.3

Each of the parties will, to the extent of their ability and in compliance with the FCA Regulations and the AIFMD Legislation, ensure that the performance of their respective duties will not be impaired by any such involvement.

## 40. Conflicts of Interest Policy

### 40.1

The Manager and Investment Manager operate a Conflicts of Interest Policy to ensure that their clients are fairly treated. The policy seeks to avoid circumstances which they consider may give rise to potential conflicts of interest and materially disadvantage their clients. It describes the controls and arrangements for preventing the Manager, the Investment Manager and their staff from:

#### 40.1.1

favouring one client over another;

#### 40.1.2

making a financial gain, or avoiding a financial loss, at the expense of the client;

#### 40.1.3

favouring a member of staff over a client;

#### 40.1.4

providing to (or receiving from) a person other than the client, an inducement in relation to a service provided to the client, in the form of a financial interest;

#### 40.1.5

favouring the Manager's shareholders over a client.

### 40.2

Full details of the Manager's Conflicts of Interest Policy is available on request.

## 41. Data Protection

### 41.1

The terms **process** (and its derivatives), **controllers, data subject and personal data** shall, where used in this section, have the meanings given to them in the Data Protection Legislation.

### 41.2

The Manager shall receive personal data on the employees of the Depositing Charity.

### 41.3

The Manager and each Depositing Charity will each be a data controller in respect of the personal data it processes under these terms.

### 41.4

Each party will comply with its obligations under the Data Protection Legislation at all times in relation to the Relevant Personal Data.

### 41.5

The Depositing Charities acknowledge that the Manager may transfer person data on to third parties, including third parties outside of the EEA, subject to implementing appropriate safeguards in accordance with Data Protection Legislation.

#### 41.6.1

it has obtained all consents, licences and authorisations necessary for the transfer,

sharing, accessing and processing of data to, with and by the Manager contemplated under these terms and conditions; and

#### **41.6.2**

it has complied with and will comply with all relevant Data Protection Legislation in respect of its entry into and performance of this agreement.

### **42. Accounts of the Fund**

#### **42.1**

The Report and Accounts of the Fund are normally prepared for the half-year to 30 June (unaudited) and the year to 31 December (audited).

#### **42.2**

The Manager will make available, free of charge on its website, the Annual Report and Accounts for the period to 31 December (the accounting reference date) and half-yearly Report and Accounts for the period to 30 June (the interim accounting date) within six months of the end of the relevant period.

#### **42.3**

The Annual Report and Accounts is issued on or before 30 June each year which in addition to the valuation reports detailed above includes, amongst other things, information on the Fund's risk profile and details of any changes to the Fund's liquidity management. The Annual Report and Accounts will also include details of any change to the Fund's use of leverage and further disclosures required by the AIFMD Legislation.

#### **42.4**

If a hard copy or an email of a report is required please contact customer services telephone helpline on 0800 022 3505.

### **43. Auditor**

The Auditor of the Fund is shown in Appendix D of this document.

### **44. Taxation**

#### **44.1**

The Fund has charitable status and is recognised as a Charity for UK tax purposes. As a Charity, the Fund should not be subject to UK tax on income from investments (provided such income is applied to charitable purposes). To the extent that the Fund invests overseas, it may not be possible for the Manager to recover withholding tax suffered. As a Charity, the Fund is exempt from UK Stamp Duty.

#### **44.2**

Distributions of income will be made gross (i.e. without deduction of tax). Depositing Charities should not be liable to UK tax in respect of such distributions provided such income is applied to charitable purposes.

#### **44.3**

This is our understanding of the tax position as of the date of these Scheme Particulars. The tax position may change in the future. Depositing Charities should obtain their own tax advice in respect of their own position. Any changes to the tax position of the Fund will be notified on the Manager's website.

### **45. Professional liability**

The Manager holds professional indemnity insurance (PII) to cover professional liability risk.

### **46. Fair treatment of Depositing Charities**

#### **46.1**

The Manager has established policies and procedures and made arrangements to ensure the fair treatment of Depositing Charities. Such arrangements include, but are not limited to, ensuring that no one or more Depositing Charities are given preferential treatment over any rights and obligations in relation to their deposits in the Fund that would result in a disadvantage to any other Depositing

Charity. All rights and obligations to Depositing Charities are set out in the Scheme and these Scheme Particulars.

#### **46.2**

The Manager has established fair and transparent calculation of yield models and valuation systems and procedures for the Scheme Property and endeavours to ensure that there are no undue costs being charged to the Fund and the Depositing Charities.

#### **46.3**

The Manager has also established procedures to identify, manage and monitor conflicts of interest and, where applicable, disclose those conflicts of interest to prevent them from adversely affecting the interests of the Depositing Charities. The Manager has established a process for recognising and dealing with complaints fairly.

### **47. Amending these Scheme Particulars**

#### **47.1**

These Scheme Particulars may be updated or amended by the Manager from time to time, subject where applicable to the approval of the Board or the Charity Commission where necessary as set out in the Scheme and these Scheme Particulars, and in relation to any changes to the investment objective and policy only in accordance with the provisions dealing with such changes as set out above in these Scheme Particulars.

#### **47.2**

The approval of the Board is necessary where the Manager seeks to amend the investment objective or policy.

#### **47.3**

The approval of the Charity Commission is required in the following circumstances:

##### **47.3.1**

if it is proposed that the fees of the Manager or the Trustee be increased; or

#### **47.3.2**

if any amendment is proposed that modifies or relaxes any duty to account to the Fund which may result from a conflict of interest or duty on the part of the Trustee, Manager or other person.

#### **47.4**

The Manager will endeavour to give Depositing Charities 30 days' notice of changes to the Scheme Particulars save in respect of any proposed increase in the fees of the Manager and/ or Trustee when a minimum of 90 days' prior notice is required to be given under the Scheme. For changes other than changes to the fees of the Manager and/or Trustee, in some circumstances it may not be possible to give 30 days' notice when changes are required for regulatory or other reasons.

#### **47.5**

Income payments and repayments of principal are made gross to Depositing Charities.

#### **47.6**

The Fund is deemed compliant for the purposes of FATCA.

### **48. Winding Up**

#### **48.1**

If, upon consideration of the Board's representations (if any), the Trustee remains of the opinion that a winding-up of the Fund is expedient in the interests of the Depositing Charities, the Trustee may execute a written declaration that the Fund is to be wound up, and if it does so, the Trustee shall send copies of the declaration to the Charity Commission, the Manager and the Board and publish it as the Charity Commission may direct. As soon as practicable after the Fund falls to be wound up, the Trustee shall realise the Scheme Property and after paying or providing for the liabilities of the Fund and the costs of the winding up, distribute the proceeds to the Depositing Charities pro rata to their holdings.

## 49. Acceptance of Terms and Conditions

By completing the Application Form the Depositing Charity acknowledges and accepts the terms and conditions of deposit set out in these Scheme Particulars and the Scheme and agrees to be bound by them.

## 50. Applicable Law and Jurisdiction

### 50.1

Any agreement to invest in the Fund is governed by English Law and subject to all applicable laws, regulations and rules. In the event of a conflict between such agreement and any such laws, regulations and rules the latter shall prevail.

### 50.2

These Scheme Particulars summarise the terms on which the Fund operates. For further information reference should be made to the Scheme.

## 51. Scheme Particulars

Any person relying on the information contained in this document which was current at the date shown, should check that the document is the most current version and that no revisions or corrections have been made to the information contained herein. Copies of this document are available free of charge on [www.ccla.co.uk](http://www.ccla.co.uk).

## 52. Additional Information

### 52.1

A Depositing Charity is entitled to request an unaudited periodic report to be provided after the end of the period to which it relates.

### 52.2

The Manager will make available copies of the Scheme Particulars, Factsheets and annual and half-yearly report and accounts, free of charge, on its website [www.ccla.co.uk](http://www.ccla.co.uk).

### 52.3

If a hard copy or an email copy of any of these documents or the Scheme Rules is required please contact customer services on telephone helpline 0800 022 3505.

## APPENDIX A - Investment powers and restrictions

The investment objective and policy of the Fund is subject to limits on investment under the Scheme and the MMFR, relevant parts of which are summarised below.

### 1. Eligible Assets

#### 1.1

The Fund may only invest in the following categories of assets:

##### 1.1.1

Money Market Instruments including financial instruments issued or guaranteed separately or jointly by the European Union, the national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements or any other relevant international financial institution or organisation to which one or more Member States belong; and

##### 1.1.2

deposits with credit institutions provided that all of the following conditions are fulfilled:

###### 1.1.2.1

the deposit is repayable on demand or is able to be withdrawn at any time;

###### 1.1.2.2

the deposit matures in no more than 12 months; and

###### 1.1.2.3

the credit institution has its registered office in an EEA State or, where the credit institution has its registered office in a third country, it is subject to prudential rules

considered equivalent to those laid down in EU law.

#### 1.2

The Fund is not permitted to undertake the following activities:

##### 1.2.1

invest in assets other than those referred to in paragraph 1.1 above;

##### 1.2.2

short sell any of the following instruments: Money Market Instruments, securitisations, ABCPs and units or shares of other money market funds;

##### 1.2.3

take direct or indirect exposure to equity or commodities, including via derivatives, certificates representing them, indices based on them, or any other means or instrument that would give an exposure to them;

##### 1.2.4

enter into securities lending agreements or securities borrowing agreements, or any other agreement that would encumber the assets of the Company; and/or

##### 1.2.5

borrow and lend cash.

### 2. Eligible Money Market Instruments

A Money Market Instrument will be eligible for investment by the Fund provided that it fulfils all of the following requirements:

#### 2.1

it falls within one of the following categories of Money Market Instruments:

##### 2.1.1

Money Market Instruments admitted to or dealt in on a regulated market;

##### 2.1.2

Money Market Instruments dealt in on another regulated market in an EEA State,

which operates regularly and is recognised and open to the public;

### **2.1.3**

Money Market Instruments admitted to official listing on a stock exchange in a third country or dealt in on another regulated market in a third country which operates regularly and is recognised and open to the public provided that the choice of stock exchange or market has been approved by the competent authorities or is provided for these Scheme Particulars or in the Scheme;

### **2.1.4**

Money Market Instruments other than those dealt in on a regulated market, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, provided that they are:

#### **2.1.4.1**

issued or guaranteed by a central, regional or local authority or central bank of an EEA State, the European Central Bank, the European Union or the European Investment Bank, a third country or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA States belong;

#### **2.1.4.2**

issued by an undertaking any securities of which are dealt in on regulated markets referred to in 2.1.2 2.1.3 or 2.1.4 above;

#### **2.1.4.3**

issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the competent authorities to be at least as stringent as those laid down by EU law; or

#### **2.1.4.4**

issued by other bodies belonging to the categories approved by the FCA provided that investments in such instruments are

subject to investor protection equivalent to that laid down in 2.1.4.1, 2.1.4.2 or 2.1.4.3 immediately above and provided that the issuer is a company whose capital and reserves amount to at least €10,000,000 and which presents and publishes its annual accounts, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

### **2.2**

it displays one of the following alternative characteristics:

#### **2.2.1**

it has a legal maturity at issuance of 397 days or less;

#### **2.2.2**

it has a residual maturity of 397 days or less; and

### **2.3**

the issuer of the Money Market Instrument and the quality of the Money Market Instrument have been favourably assessed by the Manager in accordance with the MMFR; provided that this will not apply to Money Market Instruments issued or guaranteed by the EU, a central authority or central bank of an EEA State, the European Central Bank, the European Investment Bank, the European Stability Mechanism or the European Financial Stability Facility.

## **3. Diversification**

### **3.1**

The Fund may not invest more than:

#### **3.1.1**

5% of its assets in Money Market Instruments issued by the same body;

#### **3.1.2**

10% of its assets in deposits made with the same credit institution, unless the structure of the banking sector in the Member State in which the Fund is domiciled is such that



there are insufficient viable credit institutions to meet that diversification requirement and it is not economically feasible for the Fund to make deposits in another Member State, in which case up to 15% of its assets may be deposited with the same credit institution.

### **3.2**

Notwithstanding the limits set out in paragraph 3.1 above, where to do so would result in an investment of more than 15% of its Scheme Property in a single body, the Fund may not combine any of the following:

#### **3.2.1**

investments in Money Market Instruments issued by that body; and

#### **3.2.2**

deposits made with that body.

### **3.3**

Notwithstanding paragraph 3.1.1, the Fund may invest no more than 10% of its assets in bonds issued by a single credit institution that has its registered office in an EEA State and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of those bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

### **3.4**

Where the Fund invests more than 5% of its assets in the bonds issued by a single issuer, the total value of those investments may not exceed 40% of the value of its assets.

### **3.5**

Notwithstanding paragraph 3.1.1, the Fund may invest no more than 20% of its assets in bonds issued by a single credit institution. Where the Fund invests more than 5% of its

assets in the bonds issued by a single issuer, the total value of those investments must not exceed 60% of the value of its assets, including any possible investment in assets referred to in paragraph 3.3.

### **3.6**

Companies which are included in the same group for the purposes of consolidated accounts under Directive 2013/34/EU of the European Parliament and of the Council (18) or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the limits referred to in paragraphs 3.1 and 3.2 above.

## **4. Government and Public Securities**

### **4.1**

By way of derogation from paragraph 3.1.1 above, the Fund may invest, in accordance with the principle of risk-spreading, up to 100% of its assets in different money market instruments issued or guaranteed separately or jointly by the Union, the national, regional and local administrations of the Member States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more Member States belong. For the Fund, such securities are restricted to government and public securities issued by or on behalf of or guaranteed by the government of the United Kingdom.

### **4.2**

Paragraph 4.1 above shall only apply where all of the following requirements are met:

#### **4.2.1**

the Fund holds money market instruments from at least six different issues by the issuer;

#### **4.2.2**

the Fund limits the investment in money market instruments from the same issue to a maximum of 30% of its assets;

#### **4.2.3**

the Fund makes express reference, in its Scheme Particulars or Scheme, to all administrations, institutions or organisations referred to in the paragraph 4.1 that issue or guarantee separately or jointly money market instruments in which it intends to invest more than 5% of its assets; and

#### **4.2.4**

the Fund includes a prominent statement in its Scheme Particulars and marketing communications drawing attention to the use of the derogation and indicating all administrations, institutions or organisation referred to in paragraph 4.1 that issue or guarantee separately or jointly money market instruments in which it intends to invest more than 5% of its assets.

### **5. Concentration**

#### **5.1**

The Fund may not hold more than 10% of the Money Market Instruments issued by a single body.

#### **5.2**

The limit set out in paragraph 5.1 above shall not apply in respect of holdings of Money Market Instruments issued or guaranteed by the European Union, national, regional and local administrations of the EEA States or their central banks, the European Central Bank, the European Investment Bank, the European Investment Fund, the European Stability Mechanism, the European Financial Stability Facility, a central authority or central bank of a third country, the International Monetary Fund, the International Bank for Reconstruction

and Development, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Bank for International Settlements, or any other relevant international financial institution or organisation to which one or more Member States belong.

### **6. Portfolio rules for the Fund**

#### **6.1**

The Fund must comply on an ongoing basis with the following:

##### **6.1.1**

its portfolio is to have a weighted average maturity ("WAM") of no more than 60 days;

##### **6.1.2**

its portfolio is to have a WAL of no more than 120 days;

##### **6.1.3**

at least 10% of its Scheme Property must be comprised of daily maturing assets, reverse repurchase agreements which are able to be terminated by giving prior notice of one working day, or cash which is able to be withdrawn by giving prior notice of one working day.

The Fund may not acquire any asset other than a daily maturing asset if its acquisition would result in the Fund investing less than 10% of its Scheme Property in daily maturing assets;

##### **6.1.4**

at least 30% of its assets must be comprised of weekly maturing assets, reverse repurchase agreements which are able to be terminated by giving prior notice of five working days, or cash which is able to be withdrawn by giving prior notice of five working days. The Fund is not to acquire any asset other than a weekly maturing asset if its acquisition would result in the Fund investing less than 30% of its Scheme Property in weekly maturing assets.

#### **6.2**

For the purpose of the calculation referred to in paragraph 6.1.4 above, assets referred

to in paragraph 4.1 which are highly liquid and can be withdrawn and settled within one working day and have a residual maturity of up to 190 days may also be included within the weekly maturing assets of the Fund, up to a limit of 17.5 % of its assets.

### **6.3**

For the purposes of paragraph 6.1.2 above, when calculating the WAL for securities, including structured financial instruments, the Fund shall base the maturity calculation on the residual maturity until the legal redemption of the instruments. However, in the event that a financial instrument embeds a put option, the Fund may base the maturity calculation on the exercise date of the put option instead of the residual maturity, but only if all of the following conditions are fulfilled at all times:

#### **6.3.1**

the put option is able to be freely exercised by the Fund at its exercise date;

#### **6.3.2**

the strike price of the put option remains close to the expected value of the instrument at the exercise date; and

#### **6.3.3**

the investment strategy of the Fund implies that there is a high probability that the option will be exercised at the exercise date.

## APPENDIX B - Valuation

### 1. Valuation of the Fund

#### 1.1

The Scheme Property shall be valued on at least a daily basis.

#### 1.2

The Scheme Property shall be valued by using mark-to-market whenever possible.

#### 1.3

When using mark- to-market:

##### 1.3.1

the asset of the Fund shall be valued at the more prudent side of bid and offer unless the asset can be closed out at mid-market;

##### 1.3.2

only good quality market data shall be used; such data shall be assessed on the basis of all of the following factors:

##### 1.3.2.1

the number and quality of the counterparties;

##### 1.3.2.2

the volume and turnover in the market of the asset of the Fund;

##### 1.3.2.3

the issue size and the portion of the issue that the Fund plans to buy or sell.

#### 1.4

Where use of mark-to-market is not possible or the market data is not of sufficient quality, an asset of the Fund shall be valued conservatively by using mark-to-model.

The model shall accurately estimate the intrinsic value of the asset of the Fund, based on all of the following up-to-date key factors:

##### 1.4.1

the volume and turnover in the market of that asset;

##### 1.4.2

the issue size and the portion of the issue that the Fund plans to buy or sell;

#### 1.4.3

market risk, interest rate risk, credit risk attached to the asset.

When using mark-to-model, the amortised cost method shall not be used.

#### 1.5

By way of derogation from paragraphs 1.2 and 1.4, in addition to the mark-to-market referred to in paragraphs 1.2 and 1.3 and the mark-to-model referred to in paragraph 1.4, the Scheme Property that have a residual maturity of up to 75 days may be valued by using the amortised cost method.

The amortised cost method shall only be used for valuing an asset of the Fund in circumstances where the price of that asset calculated using mark-to-market or mark-to-model (in accordance with paragraphs 1.2, 1.3 and 1.4 above) does not deviate from the price of that asset calculated in accordance with the amortised cost method by more than 10 basis points. In the event of such a deviation, the price of that asset shall be calculated in accordance with paragraphs 1.2, 1.3 and 1.4.

#### 1.6

A valuation carried out in accordance with paragraphs 1.2 to 1.5 above shall be communicated to the FCA.

### 2. Calculation of NAV per 'unit'

#### 2.1

For administration purposes, the Fund shall calculate a NAV per 'unit' as the difference between the sum of all the Scheme Property and the sum of all liabilities of the Fund valued in accordance with mark-to-market or mark-to-model, or both, divided by the number of outstanding 'units' of the Fund.

#### 2.2

The NAV per 'unit' shall be rounded up or down to the nearest basis point or its equivalent when the NAV is published in a currency unit.

### **2.3**

The NAV per 'unit' of the Fund shall be calculated and published at least daily on the public section of the website of the Investment Manager.

## **3. Calculation of the constant NAV per 'unit' of the Fund**

### **3.1**

For administrative purposes the Fund shall calculate a constant NAV per 'unit' as the difference between the sum of all of its assets valued in accordance with the amortised cost method as specified in paragraph 1.5 of this Appendix and the sum of all its liabilities, divided by the number of its outstanding 'units'.

### **3.2**

The constant NAV per 'unit' of the Fund shall be rounded to the nearest percentage point or its equivalent when the constant NAV is published in a currency unit.

### **3.3**

The constant NAV per 'unit' of the Fund shall be calculated at least daily.

### **3.4**

The difference between the constant NAV per 'unit' and the NAV per 'unit' calculated in accordance with paragraph 2 above shall be monitored and published daily on the public section of the website of the Fund.

## **4. Deposit and withdrawal price**

### **4.1**

The 'units' of the Fund shall be subscribed and withdrawn at a price that is equal to the Fund's constant NAV per 'unit' but only where the actual NAV per unit does not deviate from the constant NAV per 'unit' by more than 0.20%.

### **4.2**

In relation to paragraph 4.1 above, where the actual NAV per 'unit' deviates from the constant NAV per 'unit' by more than 0.20%, the following deposit or withdrawal shall be undertaken at a price that is equal to the actual NAV per 'unit'.

## APPENDIX C - Liquidity management and stress testing

### 1. Stress testing

#### 1.1

The Fund has in place sound stress testing processes that identify possible events or future changes in economic conditions which could have unfavourable effects on the Fund. The Fund or the Manager shall assess the possible impact that those events or changes could have on the Fund. The Fund or the Manager shall regularly conduct stress testing for different possible scenarios.

#### 1.2

The stress tests shall be based on objective criteria and consider the effects of severe plausible scenarios. The stress test scenarios shall at least take into consideration reference parameters that include the following factors:

##### 1.2.1

hypothetical changes in the level of liquidity of the assets held in the portfolio of the Fund;

##### 1.2.2

hypothetical changes in the level of credit risk of the assets held in the portfolio of the Fund, including credit events and rating events;

##### 1.2.3

hypothetical movements of the interest rates and exchange rates;

##### 1.2.4

hypothetical levels of redemption;

##### 1.2.5

hypothetical widening or narrowing of spreads among indices to which interest rates of portfolio securities are tied; and

##### 1.2.6

hypothetical macro systemic shocks affecting the economy as a whole.

#### 1.3

The stress tests shall estimate for different scenarios the difference between the

constant NAV per 'unit' and the NAV per 'unit'.

#### 1.4

Stress tests shall be conducted at a frequency determined by the board of directors of the Fund, where applicable, or the board of directors of the Manager, after considering what an appropriate and reasonable interval in light of the market conditions is and after considering any envisaged changes in the portfolio of the Fund. Such frequency shall be at least bi-annual.

#### 1.5

Where the stress test reveals any vulnerability of the Fund, the Manager shall draw up an extensive report with the results of the stress testing and a proposed action plan.

#### 1.6

Where necessary, the Manager shall take action to strengthen the robustness of the Fund, including actions that reinforce the liquidity or the quality of the Scheme Property and shall immediately inform the competent authority of the Fund of the measures taken.

### 2. Liquidity management

#### 2.1

The Manager applies a prudent and rigorous liquidity management procedure for ensuring compliance with the weekly liquidity thresholds applicable to the Fund under the MMFR.

#### 2.2

In ensuring compliance with the weekly liquidity thresholds, the following shall apply:

##### 2.2.1

whenever the proportion of weekly maturing assets as set out in paragraph 6.1.4 of Appendix A falls below 30 % of the total Scheme Property and the net daily redemptions on a single working day

exceed 10 % of total assets, the Manager shall immediately inform its board thereof and the board shall undertake a documented assessment of the situation to determine the appropriate course of action having regard to the interests of the investors and shall decide whether to apply one or more of the following measures:

**2.2.1.1**

liquidity fees on redemptions that adequately reflect the cost to the Fund of achieving liquidity and ensure that investors who remain in the fund are not unfairly disadvantaged when other investors withdraw their 'units' during the period;

**2.2.1.2**

withdrawal gates that limit the amount of 'units' to be withdrawn on any one working day to a maximum of 10 % of the 'units' in the Fund for any period up to 15 working days;

**2.2.1.3**

suspension of redemptions for any period up to 15 working days; or

**2.2.1.4**

take no immediate action other than fulfilling the obligation laid down in Article 24(2);

**2.2.2**

whenever the proportion of weekly maturing assets as set out in paragraph 6.1.4 of Appendix A falls below 10 % of its total assets, the Manager shall immediately inform its board thereof and the board shall undertake a documented assessment of the situation and, on the basis of such assessment and having regard to the interests of the investors, shall apply one or more of the following measures and document the reasons for its choice:

**2.2.2.1**

liquidity fees on redemptions that adequately reflect the cost to the Fund of achieving liquidity and ensure that investors who remain in the fund are not unfairly disadvantaged when other investors

withdraw their 'units' during the period;

**2.2.2.2**

a suspension of withdrawals for a period of up to 15 working days.

**2.3**

When, within a period of 90 days, the total duration of the suspensions exceeds 15 days, the Fund shall automatically cease to be a LVNAV MMF. The Fund shall immediately inform each investor thereof in writing in a clear and comprehensible way that the Fund has ceased to be an LVNAV MMF and shall provide further information on the Manager's proposed course of action, which may result in operating the Fund as a VNAV MMF or winding up the Fund.

**2.4**

After the board of the Fund has determined its course of action with regard to both points 2.2.1 and 2.2.2, it shall promptly provide details of its decision to the FCA.

# APPENDIX D - Directory

## 1. Trustee

The Trustee of the Fund is HSBC Bank plc which is a public limited company, incorporated in England and Wales. It is a 100% subsidiary of HSBC Holdings plc, incorporated in England and Wales with limited liability. Its principal business is banking. The Head Office, which is also the Registered Office, is at 8 Canada Square, London E14 5HQ.

## 2. Manager

### 2.1

The Manager is CCLA Fund Managers Limited which is a limited liability company registered in England and Wales authorised and regulated by the Financial Conduct Authority in the conduct of investment business. The Manager is entered on the FCA's register under number 611707.

### 2.2

The main business activity of the Manager is the management of unregulated collective investment schemes.

### 2.3

CCLA Fund Managers Limited is a wholly owned subsidiary of CCLA Investment Management Limited. Registered Office at Senator House, 85 Queen Victoria Street, London EC4V 4ET. Incorporated on 16 October 2013.

### 2.4

Directors of CCLA Fund Managers Limited are:

J. Bevan  
R. Horlick  
C. Johnson  
G. Newson  
M. Quicke  
A. Robinson  
E. Sheldon  
J. Tattersall

### 2.5

The Manager also manages the COIF Charities Ethical Investment Fund, the COIF Charities Fixed Interest Fund, the COIF Charities Global Equity Income Fund, the COIF Charities Investment Fund and the COIF Charities Property Fund.

### 2.6

CCLA Fund Managers Limited Customer Telephone Helpline Number is 0800 022 3505. Please note telephone calls may be recorded.

## 3. The Board of the Fund

The members of the Board are:

K. Corrigan  
A. Daws  
J. Hobart  
N. Morecroft  
G. Newson  
J. West

## 4. Investment Manager

The Investment Manager is CCLA Investment Management Limited which is a limited liability company registered in England and Wales and is authorised and regulated by the Financial Conduct Authority in the conduct of investment business. Registered Office at Senator House, 85 Queen Victoria Street, London EC4V 4ET.

## 5. Administrator

HSBC Bank plc, 8 Canada Square, Canary Wharf, London, E14 5HQ, who undertake the Fund Pricing and Fund Accounting activities.

## 6. Registrar

The Registrar of the Fund is CCLA Investment Management Limited. The Register of Depositing Charities may be inspected at the Registered Office of CCLA Investment Management Limited.



## 7. Auditor

The Auditor of the Fund is  
PricewaterhouseCoopers LLP, 7 More  
London Riverside, London SE1 2RT.

## 8. Address for Complaints

### 8.1

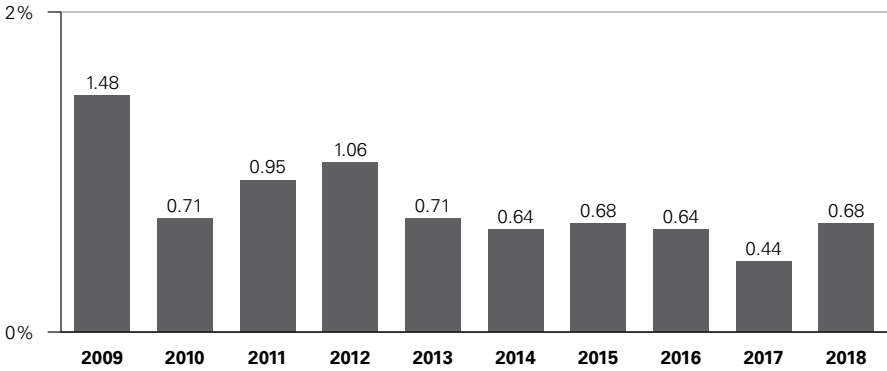
Complaints regarding the operation of the Fund should be addressed to Client Services, CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London EC4V 4ET or The Compliance Officer, HSBC Bank plc, Corporate Trustee of the COIF Charities Funds, 8 Canada Square, London E14 5HQ.

### 8.2

Depositing Charities who are eligible complainants may have the right to complain directly to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. (Telephone 0845 0801800).

## APPENDIX E - Past Performance

The performance shown below is gross of all Fund charges and it has been calculated in Sterling.



The Fund started on March 1985. Past performance is not a guide to future performance.

# **CCLA**

CCLA Investment Management Limited

Client Services:

Freephone: 0800 022 3505

or visit [www.ccla.co.uk](http://www.ccla.co.uk)

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