Unregulated Collective Investment Scheme Operator Services

To establish, operate or manage an Unregulated Collective Investment Scheme (UCIS), you must hold the relevant FCA permission. If this is not the case you must cease the activity, notify your regulatory breach to the FCA and appoint an interim Operator, whilst you apply for the necessary permissions. It may take 6-12 months to obtain the necessary direct authorisation from the FCA.

Sturgeon Ventures specialises in the establishment, operation and winding up of Unregulated Collective Investment Schemes UCIS. We provide the complete package of regulated activities needed to enable our clients to proceed with the launch and operation of their UCIS.

A UCIS may be established, operated and/or managed in the UK or in a jurisdiction outside the UK

What are Unregulated Collective Investment Schemes?

A UCIS is a type of collective investment scheme (CIS). CIS are structures where two or more individuals pool their money or other assets together for investment into an asset and cease to have day to day control over the pooled assets, which are then managed by a third party manager. The pool of money in the CIS can then be invested by the scheme's investment manager in a variety of assets, with the aim of providing growth or income to be shared amongst the scheme's investors.

If a CIS is neither authorised by the FCA, nor a non-UK scheme 'recognised' by the FCA, it is a UCIS. As a result of not being authorised or 'recognised', the UCIS is not subject to the strict investment strategy and governance controls that apply to those other types of CIS. A UCIS can therefore invest in riskier or less liquid assets (e.g. foreign real estate, film production) and use riskier strategies than an authorised or 'recognised' CIS.

The FCA views UCIS as high risk investments and therefore, although it doesn't regulate the UCIS itself, it does strictly regulate the promotion of UCIS - it cannot be marketed to the general public, but only to professional investors or to individuals who have been categorised as certified high net worth or certified/self-certified sophisticated investors (see Promotion Restrictions on the next page).

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Although the UCIS themselves are not authorised or 'recognised', persons carrying on regulated activities in the UK in relation to UCIS (including providing personal recommendations, arranging deals and establishing, operating and managing schemes) will be subject to FCA regulation, including the FCA's Handbook requirements (e.g. the Conduct of Business Sourcebook).

What is an Operator?

The FCA describes the Operator as the entity which, under the constitution or founding arrangements of UCIS, is responsible for the management of the property held for or within the UCIS. Therefore, whenever an investment scheme is a UCIS, it is required to have an FCA authorised Operator. The 'property' referred to here means all the assets of the UCIS, so including cash, real assets, shares and rights.

Sturgeon's role as Operator

It is Sturgeon's role as an Operator to:

- Carry out the relevant Customer Due Diligence (CDD) on any investors/member of the UCIS (AML and KYC regulations apply)
- Ensure that any financial promotional material to external parties is reviewed by an appropriately authorised third party entity to confirm it accords with the strict FCA requirements (Sturgeon will not undertake such 'Section 21' sign off reviews itself, unless a group company is an Appointed Representative of ours)
- Admit members/partners into the scheme (Sturgeon only acts as Operator where all members have been categorised as Professionals under FCA rules)
- Hold a register of members/partners
- Monitor the performance of the service providers (including the investment manager) to the UCIS
- Oversee actions taken by the investment manager(s) of the UCIS, ensure they are in line with the stated investment strategy
- Ensure that proper records are maintained, that communications with investors are clear, fair and not misleading and that required public notices and statutory filings are made
- Ensure that the winding up process is carried out correctly.

Promotion Restrictions: High Net Worth/ Sophisticated Investors (Articles 21 & 23 PCIS)

The basic rule is that UCIS cannot be promoted to the general public. Further, they can only be promoted at all by FCA authorised persons or where the promotion has been approved by an authorised person. Therefore, to promote to retail, a statutory exemption under the FSMA (PCIS) (Exemptions) Order 2001 must apply: this allows for promotion to certified high net worth individuals (s.21), and certified/self-certified sophisticated (s.23) investors. Further provisions may also apply where e.g. the UCIS is investing in unlisted company shares. However, Sturgeon will only act as Operator where all admitted members have been categorised in advance as Professional under FCA rules.

Why Sturgeon?

- The Sturgeon Ventures team is experienced in the development of fund structuring solutions, as well as management of both the launch process and all regulatory aspects following the fund's launch.
- Sturgeon Ventures has over 25 years of experience in the creation and operation of UCIS, with the firm's origins in 1998 being in the managing of a family office and its investment structures.
- The Sturgeon Ventures team has assisted many institutional and professional investment managers.
- Sturgeon Ventures is an independent operator and is managed by its owner.
- Sturgeon Ventures can accommodate any asset class.

Fees

We offer an efficient and professional service at competitive rates tailored to the specific needs of individual clients. Fee structures are flexible depending on the complexity of the proposed UCIS and the total value of the funds under management.

Next Step

If you are interested in exploring our UCIS services further then please contact us to obtain further information and to arrange a meeting to discuss your requirements in more detail.

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Useful Reading

www.fca.org.uk/static/fca/documents/fsa-factsheet-ucis.pdf
www.fca.org.uk/consumers/financial-services-products/investments/types-of-investment/ucis
www.professionaladviser.com/professional-adviser/news/2401491/appeal-court-ruling-raises-fresh-questions-over-harlequin-advice

Pease contact **hello@sturgeonventures.com**

DISCLAIMER
Unregulated Collective Investment Schemes (UCIS) are high-risk investments and are not suitable for all investors. The promotion of UCIS is restricted by the Financial Conduct Authority (FCA). This material is intended solely for professional clients, certified high net worth individuals, or sophisticated investors as defined by the FCA. If you are in any doubt about your eligibility or the suitability of such investments, you should seek independent financial advice.

This communication does not constitute an offer or invitation to invest in a UCIS, nor should it be relied upon as a recommendation. The capital you invest is at risk and you may lose some or all of your investment. UCIS are not subject to the same regulatory protections as authorised schemes and may be illiquid, difficult to value, and complex in structure.

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