



CIRCULAR NO: 03 of 2026

(Issued under Section 11 (3)(d) of the Capital Markets Act)

February 12, 2026

To: All Fund Managers of Collective Investment Schemes and Alternative Investment Funds

RE: INDEPENDENT AUDITOR REPORTING REQUIREMENTS FOR COLLECTIVE INVESTMENT SCHEMES AND ALTERNATIVE INVESTMENT FUNDS

1. Introduction

The Capital Markets Authority (the Authority) continues to strengthen supervision of Collective Investment Schemes (CIS) and Alternative Investment Funds (AIF) in tandem with market growth. In this regard as investment products evolve, it is critical to ensure that asset valuations, portfolio structures, and reporting remain comprehensive, accurate, transparent, and complete.

Regulation 60 of the Capital Markets (Collective Investment Schemes) Regulations, 2023 (the CIS Regulations) requires a Fund Manager to appoint an Auditor for schemes under its management. Regulation 60(6) of the CIS Regulations require auditors of Collective Investment Schemes to assess the compliance status of the scheme and report any non-compliance to the trustee and the Authority.

To strengthen implementation of this requirement and enhance supervisory assurance over fund operations, the Authority hereby issues this Circular pursuant to Section 11(3)(d) of the Capital Markets Act (Cap. 485A).

2. Application

This Circular applies to all Collective Investment Schemes and Alternative Investment Funds registered under the Capital Markets Act, the Capital Markets (Collective Investment Schemes) Regulations, 2023, and the Capital Markets (Alternative Investment Funds) Regulations, 2023.

3. Action required

Fund managers to ensure that the audit scope for their external auditors going forward includes, at a minimum, the following areas:

- a) Confirmation of the scheme's Assets Under Management. Specifically, the auditor shall verify the following:
 - i. Existence and completeness of assets and liabilities of the fund
 - ii. Ownership – The fund owns or controls the rights to assets and has obligations for liabilities
 - iii. Valuation – Balances are recorded at appropriate amounts
- b) Assessment of all underlying transactions relating to purchase, sale and transfer of assets, to verify that transactions recorded occurred and relate to the fund.
- c) Assessment of portfolio composition and its compliance with the approved investment policies, asset allocation limits, and investment powers under the applicable CIS and AIF Regulations and scheme documents.
- d) Independent recalculation of performance, returns, or yields and assessment of the methodologies applied to ensure compliance with the CIS and AIF Regulations and the scheme documents.
- e) Evaluation and testing of valuation, pricing, and return calculation processes to assess their accuracy, consistency of application, and adequacy of supporting records, systems, and internal controls.

4. Reporting of Non-Compliance

The fund manager shall ensure that the external auditor appointed submits a separate report to the Authority and the Trustee detailing any instances of non-compliance identified during the accounting period.

Yours faithfully,



FCPA Wyckliffe Shamiah, MBS
CHIEF EXECUTIVE OFFICER