



## Frequently Asked Questions relating to Investment-Linked Assurance Schemes

This FAQ is prepared by the Investment Products Department and aims to provide basic information to market practitioners in respect of Investment-Linked Assurance Schemes (“ILAS”), which are subject to the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products (“Handbook”), including the Code on Investment-Linked Assurance Schemes under the Handbook (“ILAS Code”) therein. Applicants are encouraged to contact the relevant case team in the Investment Products Department of the Securities and Futures Commission (the “SFC” or “Commission”) if in doubt on any specific issues arising from the application/interpretation of the Handbook or this FAQ. Please note that each application for authorization is considered on a case-by-case basis.

The information set out below is not meant to be exhaustive. This FAQ may be updated and revised from time to time. This FAQ is only for general reference. Compliance with all the requirements in this FAQ does not necessarily mean an application will be accepted or authorization will be granted. The Commission reserves the rights to exercise all powers conferred under the law. Unless otherwise defined herein, all capitalised terms shall have the meanings given to such terms in the Handbook.

### Section 1: FAQ in respect of application procedures

	Question	Answer
1.	When will the application procedures begin to apply?	The procedures set out under this FAQ will apply to all applications submitted on or after 25 June 2010, which is the effective date of the Handbook to which the ILAS Code forms part, i.e. upon the publication of the Handbook in the Government

	Question	Answer
		Gazette (“Effective Date”).
2.	How do I apply for authorization of an ILAS?	<p>Applicants are required to submit the following documents with the application:</p> <ul style="list-style-type: none"> <li>i. a duly signed and completed <b><u>Application Form</u></b>;</li> <li>ii. a duly signed and completed <b><u>Information Checklist</u></b>;</li> <li>iii. documents which are required to be submitted under the Information Checklist (including, but without limitation to, the duly signed and completed confirmation (as set out in Annex A thereto) of, inter alia, compliance with the ILAS Code and the applicable provisions in the Overarching Principles Section of the Handbook and that all documents required to be submitted to the Commission for the purposes of the application for authorization have been submitted (“Confirmation of Compliance”);</li> <li>iv. any other relevant confirmations, undertakings and certifications, as the case may be, duly signed and completed by the relevant part(ies); and</li> <li>v. a cheque made payable to “Securities and Futures Commission” in the amount of the applicable application fee (please refer to the separate FAQ No.2 below on fees).</li> </ul> <p>A draft or proof of each document must be submitted in good order and suitable for clearance for the Commission’s prior vetting before the relevant authorization may be granted. During the application process, all changes to any subsequent draft documentation must be properly and comprehensively marked up to facilitate review by Commission staff.</p> <p>An ILAS must issue a bilingual offering document. The Chinese offering document could be submitted when the English offering document is in advanced form before final authorization and it should be accompanied by a written confirmation regarding the accuracy of the Chinese translation (please see Annex B of the Information Checklist).</p>

	Question	Answer
		A duly signed and completed Confirmation of Compliance should be re-submitted before final authorization.
3.	What are the circumstances governing the use of the Application Form?	<p>In principle, all applicants applying for authorization of (i) a new ILAS; or (ii) new investment option(s) to be made available under one or more existing authorized ILAS should complete an Application Form.</p> <p>However, an applicant do not need to use the Application Form for the purposes of applying for authorization of (i) adding any investment option(s) that are already available under one or more existing authorized ILAS to another existing authorized ILAS of the same insurer; or (ii) advertisements in respect any authorized ILAS.</p>
4.	When will the Commission take up an application after I have submitted my application?	<p>Generally, an application will only be taken up by the Commission when an applicant has submitted the documents as mentioned in Q.2 above and paid the applicable application fee as mentioned in Q.8 below. If the Commission is not satisfied with the completeness or sufficiency of the information contained in the first submission package, the package will be returned to the applicant and the application will not be taken up. The Commission also reserves the right not to take up an application if such application is accompanied by documents that do not meet the requirements of the ILAS Code in any material aspect.</p> <p>The Commission has made performance pledges for the processing of applications for authorization of ILAS.</p> <p>As a general guide, the Investment Products Department will issue a take-up letter (“Take-up Letter”) within 2 business days upon receipt of the Application Form, Information Checklist, the necessary documents in support of the application and the applicable application fee, to inform the applicant that the Commission will process the application. The date of the Take-up Letter (i.e. the Take-up Date) is the date on which the Commission formally takes up the application.</p>
5.	What are the submission requirements in respect	For all Product KFS applications (whether made in respect of an existing authorized

	Question	Answer
	of an application for authorization of a Product KFS?	ILAS or a new ILAS), a Product KFS in respect of the ILAS and the corresponding <b><u>Product KFS Checklist</u></b> must be completed.
6.	Does a Product KFS need to be prepared for each investment option under an ILAS?	No. The Products KFS is only required to be prepared in respect of the scheme-level of an ILAS.
7.	Who can issue the Chinese translation confirmation?	<p>The Chinese translation confirmation may be issued by any of the following parties:</p> <ul style="list-style-type: none"> <li>• a qualified lawyer in Hong Kong;</li> <li>• the board of directors of the ILAS insurer;</li> <li>• the head of the legal department or the compliance officer-in-charge of the ILAS insurer; or</li> <li>• such other person acceptable to the Commission.</li> </ul> <p>The person providing the confirmation must be fully conversant in the Chinese language or must certify that an individual who is fully conversant in the Chinese language and competent to review and ensure the truth and accuracy of the relevant Chinese documents has been appointed to do so. Please see Annex B to the Information Checklist for a form of the Chinese translation confirmation.</p> <p>In case where a translator is appointed by one of the above parties, the following should be submitted to us: (i) a confirmation issued by the party appointing the translator to certify that such translator is fully conversant in the Chinese language and competent to review and ensure the truth and accuracy of the relevant Chinese documents; and (ii) the Chinese translation confirmation issued by the translator confirming that the Chinese version of the offering document is a true and accurate translation of the English version of the same.</p>

	Question	Answer																				
8.	What are the applicable fees in respect of an ILAS application?	<p>You will have to pay an application fee according to the table<sup>1</sup> below. Upon the granting of authorization, you will also have to pay an authorization fee and the first annual fee before authorization is effective.</p> <table border="1" data-bbox="940 399 2038 829"> <thead> <tr> <th></th> <th></th> <th>ILAS with only one investment option</th> <th>ILAS with more than, or is capable of maintaining more than, one investment option</th> <th>Each investment option under an ILAS with more than one investment option<sup>2</sup></th> </tr> </thead> <tbody> <tr> <td>Application Fee<sup>3</sup></td> <td>HK\$</td> <td>20,000</td> <td>40,000</td> <td>5,000</td> </tr> <tr> <td>Authorization Fee<sup>4</sup></td> <td>HK\$</td> <td>10,000</td> <td>20,000</td> <td>2,500</td> </tr> <tr> <td>Annual Fee<sup>5</sup></td> <td>HK\$</td> <td>6,000</td> <td>7,500</td> <td>4,500</td> </tr> </tbody> </table>			ILAS with only one investment option	ILAS with more than, or is capable of maintaining more than, one investment option	Each investment option under an ILAS with more than one investment option <sup>2</sup>	Application Fee <sup>3</sup>	HK\$	20,000	40,000	5,000	Authorization Fee <sup>4</sup>	HK\$	10,000	20,000	2,500	Annual Fee <sup>5</sup>	HK\$	6,000	7,500	4,500
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9.	Will my application lapse after a certain period of time? If so, how long? What should I do if my application has lapsed?	<p>The Commission considers that a 12-month application period to be a reasonably sufficient period for a serious applicant to address the Commission's requisitions and obtain the relevant authorization. In any event, certain key information (e.g. financial information or market risk disclosure) disclosed in an offering document submitted a long time ago may become stale. The Commission will generally not be prepared to continue processing an application based on outdated information. An applicant is expected to update its disclosure before submitting a new application.</p> <p>If, for any reason, 12 months have elapsed from the Take-up Date (the "12-month</p>																				

<sup>1</sup> The fees table may be varied on legislative approval and you are recommended to check with the Investment Products Department if you have any doubts.

<sup>2</sup> Fee waiver may be granted to any such investment option linked to a reference fund which has been authorized under section 104 of the Securities and Futures Ordinance.

<sup>3</sup> Application fee is required upon submission of your application and is non-refundable.

<sup>4</sup> Authorization fee is required upon the granting of authorization.

<sup>5</sup> The first annual fee is required upon the granting of authorization.

	Question	Answer
		<p>Period”) and no authorization has been granted, the application will lapse, subject to the Commission’s right to grant an extension at its sole discretion. The application fee will not be refunded to the applicant. In general, the Commission will only consider granting an extension in limited circumstances (please see answer to Q.12 below).</p> <p>Once an application has lapsed, if the applicant wishes to seek authorization of the scheme, the applicant shall make a new application, whereupon it will need to pay the application fee for the new application and repeat the application procedures.</p> <p>Please see Q.16 for the factors which the SFC may take into account when considering whether to grant authorization of a collective investment scheme and/or for the issue of its relevant offering document(s).</p>
10.	Will I be given any prior notice by the Commission in respect of the impending lapse of my application?	If, for any reason, 9 months have elapsed from the Take-up Date (“9-month Period”) and no authorization has been granted, the Commission will issue a letter reminding and informing the applicant that the application will in general lapse at the expiry of 12 months from the Take-up Date.
11.	Will the 12-month Period apply to the existing ILAS applications that were submitted to and formally taken up by the Commission before the Effective Date but authorizations in respect of which have not been granted as at the Effective Date (“Existing Applications”)? Also, how would the 9-month Period apply to the Existing Applications?	<p>All Existing Applications will be subject to the 12-month Period application period and be deemed to be submitted on the Effective Date (i.e. 25 June 2010). Thus, applicants of these Existing Applications will be given a period of 12 months from the Effective Date to address outstanding issues in respect of their applications. Accordingly, for the purpose of determining the 9-month Period on Existing Applications, the Take-up Date shall be deemed to be the Effective Date (i.e. 25 June 2010).</p> <p><i>Note: The industry is undergoing a transitional period in respect of the new or revised requirements in the Handbook. We note that the industry needs much time and resources to prepare for the transition. In view of this, the SFC is prepared to postpone the strict implementation of this 12-month rule for about 6 months as follows:</i></p>

	Question	Answer
		<p><i>Applications that were taken up on or before 15 December 2010 shall be deemed to have been taken up on 15 December 2010 and shall in general lapse if no authorization is granted on or before 15 December 2011.</i></p> <p><i>Please refer to Q.9 above for what will happen upon the expiry of the 12-month Period, as well as the factors which the Commission may take into account when considering whether to grant authorization of a collective investment scheme and/or for the issue of its relevant offering document(s)</i></p>
12.	<p>Will the Commission extend the application beyond the 12-month period?</p>	<p>An application will lapse if no authorization is granted before or upon the expiry of the 12-month period, unless an extension has been granted by the Commission. An extension of the application period will only be granted by the Commission where there is no substantive outstanding issue at the time that the extension is granted subject to the receipt of the following documents by the Commission:</p> <p>(a) the formal written approval, consent or no objection from any other regulator of ILAS seeking for authorization (where applicable); and/or</p> <p>(b) the final signed version of the confirmation and/or Chinese translation confirmation.</p>
13.	<p>Pursuant to Chapter 7 of the ILAS Code, are ILAS insurers required to seek the Commission's prior approval in respect of changes to an investment option of an ILAS as a result of the corresponding changes to the underlying fund?</p>	<p>Chapter 7 of the ILAS Code sets out various post-authorization requirements of ILAS. ILAS insurers are required to obtain prior approval from the Commission if the proposed changes to an ILAS/investment option fall within the circumstances under 7.1 of the ILAS Code ("Scheme Changes").</p> <p>For the sake of clarity, in the case where the changes to an investment option are Scheme Changes solely resulting from the changes made to the underlying fund which have been previously approved, or are not required to be approved, by the Commission pursuant to the Code on Unit Trusts and Mutual Funds and no amendment/update to the ILAS offering documents and/or constitutive documents is necessary, ILAS issuers should inform policyholders of such Scheme Changes as soon as practicable and file the notice sent to policyholders with the Commission within one week from the date of issuance.</p>

	Question	Answer
		<p>However, if amendment/update to the ILAS offering documents and/or constitutive documents is necessary, the Scheme Changes and the revised offering documents must be submitted to the Commission for prior approval pursuant to 7.1 and 7.2 of the ILAS Code. In such cases, application should be submitted to the Commission in respect of the following:</p> <p>(1) Approval of the Scheme Change(s); and</p> <p>(2) Authorization of the revised offering documents and/or constitutive documents.</p> <p>In respect of application for (1), a written confirmation from the ILAS insurer confirming the following must be submitted to the Commission:</p> <ul style="list-style-type: none"> <li>• the Scheme Changes are solely made as a result of the changes made to the underlying fund;</li> <li>• the notice of Scheme Changes already contains the key information of the changes made to the underlying fund;</li> <li>• prior notice will be given to the ILAS policyholders and the duration of such notice period; and</li> <li>• the revised offering documents and/or constitutive documents reflecting the Scheme Changes will be submitted for SFC authorization in due course.</li> </ul> <p>In respect of application for (2), the revised offering documents and/or constitutive documents reflecting the Scheme Changes, together with a written confirmation from the ILAS insurer addressing the following, must be submitted to the Commission:</p> <ul style="list-style-type: none"> <li>• confirmation as to whether the revisions in the offering documents and/or constitutive documents solely reflect the Scheme Changes that have already been approved by the Commission and, if so, the date of such approval; and</li> <li>• if there are other revisions in the offering documents and/or constitutive documents that are not made as a result of the Scheme Changes, then the</li> </ul>

	Question	Answer
		<p>ILAS issuers must set out in detail and explain all these revisions for our consideration.</p> <p>For the sake of clarity, for any changes to a Scheme that do not require the Commission's prior approval pursuant to 7.1 of the ILAS Code, the offering document may be updated to incorporate such changes and re-issued without further authorization provided that the content and format of such document remains fundamentally the same as the version previously authorized pursuant to 7.3 of the ILAS Code.</p>
14.	<p>What are the authorization procedures if an ILAS insurer needs to revise a previously-authorized illustration document of an ILAS to comply with the revised ILAS Code?</p>	<p>In applying for authorization of the revised illustration document, an ILAS insurer is required to submit a confirmation to the Commission that the revisions are made solely to reflect the changes to the template as issued on the Commission's website.</p>
15.	<p>Is the Commission's authorization required for updates to existing marketing/advertising materials which are already SFC-authorized?</p>	<p>For marketing/advertising materials which have been granted authorization in respect of its issue and re-issue, as long as the updates are permitted under the authorization conditions specified in the Commission's authorization letter, no further authorization by, or filing with, the Commission is required.</p> <p>For all other updates/amendments (to the existing SFC-authorized marketing/advertising materials) which are not permitted under the original authorization conditions, authorization of the revised marketing/ advertising materials by the Commission is required prior to their issuance. The updates/amendments of the marketing/advertising materials must be clearly marked against the previously authorized version for submission to the Commission.</p> <p>If the changes are made solely to reflect (i) and/or (ii) as set out below, then a corresponding written confirmation must be submitted by the ILAS insurer to confirm the same.</p> <ul style="list-style-type: none"> <li>i. scheme changes pursuant to 7.1 of the ILAS Code and the date of approval of such changes by the Commission;</li> </ul>

	Question	Answer
		<p>ii. revisions made to the offering documents (including the Product KFS) previously authorized by the Commission and the date of such authorization.</p> <p>Otherwise, the ILAS issuer must set out in detail and explain all these revisions for our consideration.</p>
16.	<p>What would the Commission take into account when considering whether to grant authorization of a collective investment scheme and/or for the issue of its relevant offering document(s)?</p>	<p>Under Part IV of the Securities and Futures Ordinance, on an application to the Commission, the Commission may, where it considers appropriate, authorize any collective investment scheme, and/or authorize the issue of any offering document or advertisement in respect of a collective investment scheme, subject to any conditions the Commission considers appropriate.</p> <p>The Commission may take any factor into account as it considers appropriate. Without prejudice to the generality of this right, when considering whether to grant authorization, the Commission may take into account, among other things, the following:</p> <ul style="list-style-type: none"> <li>• whether all requisite information and documents have been submitted, in all cases to the Commission's satisfaction;</li> <li>• compliance with the Handbook, including, without limitation, the general principles laid down in the Overarching Principles Section;</li> <li>• the quality of disclosure in the subject offering document(s); and</li> <li>• any past record of non-compliance with the Handbook on the part of any relevant party to the application, refusal/rejection of application, or involuntary revocation/withdrawal of authorization in respect of a prior application, made in Hong Kong or the home jurisdiction of the product in question relating to a product with materially similar structure or features.</li> </ul> <p>Parties to the application are urged to refer to the Handbook and any Frequently Asked Questions published by the Commission from time to time.</p>

## Section 2: Others

	Question	Answer
1.	What assumed rates of return can be used in the illustration document (which is required for each ILAS)?	<p>By way of background, the assumed rates of return are requirements imposed by the Life Insurance Council of the Hong Kong Federation of Insurers (“HKFI”) on its life insurance members and are applicable to all relevant life insurance policies (i.e. including ILAS policies and universal life non-linked policies).</p> <p>Pursuant to 5.4(a) of the ILAS Code, the ILAS insurer is required to provide an illustration document to prospective scheme participants, prior to signing of the application form, showing the policy value in the event of early surrender with an aim to illustrate the impact of surrender charges on policy value. Illustration shall be made using 2 assumed rates of return which are currently adopted by HKFI and set, respectively, at a low of not more than 5% per annum and a high of not more than 9% per annum.</p>
2.	What are the transitional arrangements for compliance with the revised ILAS Code?	<p>As from the Effective Date (i.e. 25 June 2010), the revised ILAS Code will apply to new ILAS schemes for which applications for authorization are submitted to the Commission on or after the Effective Date.</p> <p>As for (i) existing SFC-authorized ILAS schemes as of the Effective Date which continue to be marketed to the public in Hong Kong thereafter, and (ii) schemes for which applications for authorization were submitted to the Commission prior to the Effective Date (together referred to as “Existing Schemes”), they shall comply with this ILAS Code (other than the Product KFS and other relevant disclosure requirements as set out in the table below) as from the Effective Date.</p> <p>A transitional period of 12 months from the Effective Date will be provided for Existing Schemes to comply with the Product KFS and other relevant disclosure requirements as shown below.</p>

	Question	Answer															
		<table border="1"> <thead> <tr> <th data-bbox="952 247 1223 379">Topics</th> <th data-bbox="1223 247 1632 379">Provisions of the revised ILAS Code</th> <th data-bbox="1632 247 1964 379">Existing Schemes</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="952 379 1632 427"><b>A. Product Key Facts Statement (“Product KFS”)</b></td> <td data-bbox="1632 379 1964 906" rowspan="4">A transitional period of 12 months from the Effective Date will be provided.</td> </tr> <tr> <td data-bbox="952 427 1223 571">1) Issuance of a Product KFS in respect of each ILAS product</td> <td data-bbox="1223 427 1632 571">5.7</td> </tr> <tr> <td colspan="2" data-bbox="952 571 1632 619"><b>B. Enhanced Disclosure Requirements</b></td> </tr> <tr> <td data-bbox="952 619 1223 762">1) Disclosure for ILAS with “with-profits”, or similar, features</td> <td data-bbox="1223 619 1632 762">6.4-6.5</td> </tr> <tr> <td data-bbox="952 762 1223 906">2) Enhanced disclosure in the ILAS offering document</td> <td data-bbox="1223 762 1632 906">5.4(b), 7.15, Appendix A (c)(iii), (e), (i) and (k)</td> <td data-bbox="1632 762 1964 906"></td> </tr> </tbody> </table>	Topics	Provisions of the revised ILAS Code	Existing Schemes	<b>A. Product Key Facts Statement (“Product KFS”)</b>		A transitional period of 12 months from the Effective Date will be provided.	1) Issuance of a Product KFS in respect of each ILAS product	5.7	<b>B. Enhanced Disclosure Requirements</b>		1) Disclosure for ILAS with “with-profits”, or similar, features	6.4-6.5	2) Enhanced disclosure in the ILAS offering document	5.4(b), 7.15, Appendix A (c)(iii), (e), (i) and (k)	
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3.	Can we use gifts in promoting our ILAS products?	<p>Part II, Section 3 of the Consultation Conclusions on Proposal to Enhance Protection for the Investing Public (“Consultation Conclusions”) states that gifts other than a discount of fees and charges should not be offered in promoting a specific investment product. This will become effective on 4 September 2010. The Commission has maintained such view in the Consultation Conclusions in order to help protect investors from being distracted by the gifts without paying sufficient attention to the features and risks of the specific investment product. In line with the above principles and policy, as from 4 September 2010, all marketing materials of investment products authorized by the Commission should not contain an offer of gift, other than a discount of fees and charges, in promoting a specific investment product.</p>															

	Question	Answer
4.	<p>Since the Product KFS has already prominently disclosed the main features of, and the key risks in investing in, an ILAS, do I still need to include an upfront disclosure window in the ILAS's principal brochure to highlight such key features and risks? Do I have to include the upfront disclosure window in the marketing materials?</p>	<p>Since the Product KFS forms part of the offering document of an ILAS and provides for clear and prominent disclosure of the main features of, and key risks in investing in, an ILAS, the upfront disclosure window in the offering document of an ILAS is no longer required provided the relevant Product KFS is available for distribution.</p> <p>For certain ILAS issuers, a few of their ILAS share the same investment option brochure as the same investment options are available under all these ILAS. In that case, the upfront disclosure window in such investment option brochure is still required until the Product KFS of all these ILAS are available for distribution.</p> <p>An upfront disclosure window should still be included in the advertisements and marketing materials of an ILAS to highlight the salient features and risks of the ILAS.</p>
5.	<p>Pursuant to 5.3 of the ILAS Code, an illustration document must be prepared by the ILAS issuers in conjunction with each proposed investment by each prospective scheme participant. Can ILAS issuers still provide a standard illustration of their authorized ILAS to prospective investors?</p>	<p>It is a requirement under 5.3 of the ILAS Code that an ILAS issuer must provide a personalized illustration to each prospective scheme participant for his review and signature prior to signing of an application form. It is optional for ILAS issuers to provide a standard illustration document to prospective scheme participants in addition to the required personalized illustration.</p> <p>As from the Effective Date (i.e. 25 June 2010), 5.3 of the ILAS Code has been applicable to new ILAS schemes for which applications for authorization are submitted to the Commission on or after the Effective Date.</p> <p>A transitional period of 12 months from the Effective Date has been provided for Existing Schemes (as defined in the answer to Section 2, Question 2 above) to comply with 5.3 of the ILAS Code, in line with the transitional arrangements as set out in the answer to Section 2, Question 2 above. As such, issuers of all Existing Schemes must, from <u>25 June 2011</u>, comply with 5.3 of the ILAS Code by providing a personalized illustration to each prospective scheme participant for his review and signing prior to signing of an application form.</p>
6.	<p>Existing Schemes (as defined in the answer to Section 2, Question 2 above) that continue to be</p>	<p>The Other Disclosure Requirements are:</p>

Question	Answer
<p>marketed to the public in Hong Kong on or after 25 June 2011 are required to produce a KFS and a revised offering document to comply with the other disclosure requirements set out in the Overarching Principles Section and the revised ILAS Code in the Handbook (“Other Disclosure Requirements”). What are the Other Disclosure Requirements?</p>	<p>The Overarching Principles Section of the Handbook</p> <ul style="list-style-type: none"> <li>• New information regarding “Enquiries and complaints handling” as set out in paragraph 7.4;</li> <li>• The prominent note about a product described as having been authorized by the Commission as updated and set out in the Note to paragraph 1.10; and</li> <li>• Where conflicts of interest cannot be avoided, the measures and safeguards to manage and minimize the conflicts shall be properly disclosed to investors as set out in paragraph 4.2.</li> </ul> <p><i>5.7 of the ILAS Code</i></p> <ul style="list-style-type: none"> <li>• An authorized scheme must issue a Product KFS.</li> </ul> <p><i>6.4 of the ILAS Code</i></p> <ul style="list-style-type: none"> <li>• Disclosure requirements in respect of a scheme with “with-profits” or similar features.</li> </ul> <p><i>7.15 of the ILAS Code</i></p> <ul style="list-style-type: none"> <li>• Addition of a prominent note where a scheme is described as having been authorized by the Commission</li> </ul> <p><i>Appendix A to the ILAS Code</i></p> <ul style="list-style-type: none"> <li>• Paragraph (c). Investment return - A statement to the effect that the unit(s) allocated to the policy is notional and is solely for the purpose of determining the value of the policy shall be included.</li> <li>• Paragraph (e). Investment objective and restriction Where the return of an investment option is determined with reference to one or more SFC-authorized funds, a statement as to how to make available offering documents of such SFC-authorized fund(s) shall be included.</li> </ul> <p>For other cases, the specific investments, associated risks e.g. the use of financial</p>

	Question	Answer
		<p>derivative instrument, or leverage (if any) and a statement that the return of the investment option is calculated with reference to a pool of assets internally managed on a discretionary basis by the Authorized Insurer are required to be disclosed.</p> <ul style="list-style-type: none"> <li>• Paragraph (i). Warning statements.</li> <li>• Paragraph (k). General information.</li> </ul>
7.	<p>As from 25 June 2011:</p> <p>(A) any Existing Scheme that does not have a Product KFS and/or a revised offering document that complies with the other disclosure requirements as contemplated in the Handbook shall not continue to be marketed to the public in Hong Kong (the “Non-transitioned ILAS” and the remaining Existing Schemes, known as “Transitioned ILAS”).</p> <p>(B) any existing SFC-authorized fund that does not have a Product KFS and/or a revised offering document that complies with the other disclosure requirements as contemplated in Handbook shall not continue to be marketed to the public in Hong Kong (the “Non-transitioned Funds” and the remaining existing SFC-authorized funds, known as the “Transitioned Funds”). The Non-transitioned Funds may be underlying or reference funds which are linked to the investment options available under the Existing Schemes.</p>	<p>As from 25 June 2011 (i.e. the expiry date of the transitional period of the implementation of the Handbook), Transitioned ILAS may continue to be marketed to the public in Hong Kong and accept premium from new investors whereas the Non-transitioned ILAS shall only accept premium (including any top up or regular premium) from existing investors of such schemes in the absence of marketing.</p> <p>Please also refer to our circular dated 13 May 2011.</p> <p>In this connection, we wish to clarify that as from 25 June 2011, investment options available under the Existing Schemes (including the Non-transitioned ILAS) may continue to link with Transitioned Funds and Non-transitioned Funds.</p>

	Question	Answer
	In view of the above, how will this affect the investment options which are currently linked to the Transitioned Funds and/or Non-transitioned Funds available under the Existing Schemes?	
8.	In view of 7(A) and (B) above, how will this affect the adding of new investment options, which are linked to Transitioned Funds or non-Transitioned Funds, to Existing Schemes or new ILAS schemes?	ILAS issuers should note that as from 25 June 2011 (i.e. the expiry date of the transitional period of the implementation of the Handbook), new investment options linked to Transitioned Funds may be added to any Existing Schemes (including the Non-transitioned ILAS) or new ILAS schemes. However, no new investment options linked to Non-transitioned Funds shall be added to any Existing Schemes (including the Non-transitioned ILAS) or new ILAS schemes.

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