

**Guidelines on revised procedures for applications
for Exempt Fund Manager (EFM) status
under the Code on Takeovers and Mergers (Code) by fund managers
that form part of complex international financial groups**

1. The Executive has revised and simplified the procedures (**Revised Procedures**) for applications for EFM status by fund managers that form part of complex international financial groups. Recognising the complexity for these institutions of the Guidelines on Exempt Fund Managers (**Guidelines**) issued by the Executive in April 2001, changes have been made in order to simplify and accelerate the application process without compromising its underlying purpose.
2. The concept of EFM status recognises the fiduciary duties owed by discretionary fund managers to their clients and that fund management activities within certain multiservice organisations may be conducted on a day-to-day basis quite separately from the other activities of that organisation including most importantly its corporate finance activities. Essentially this separation is achieved by efficient Chinese Walls and compliance procedures. In recognition of such separation the Code provides the Executive with the power to grant one-off exemptions (i.e. EFM status) in respect of certain dealing and disclosure requirements in the Code. Once granted, EFM status normally means that a fund manager will no longer be regarded as acting in concert with the corporate finance operations of its organisation or with the corporate finance operation's clients. However, for the avoidance of doubt, notwithstanding the grant of the EFM status, EFMs are still bound by Rules 21 and 22 and where appropriate Rule 35 of the Code.
3. For further information regarding EFM status please refer to [Practice Note 9](#) which is available on "Takeovers & Mergers" – "Exempt Status" of the SFC website.
4. If you are a fund manager that forms part of a complex international group and you wish to apply for EFM status, please contact the Executive to ascertain whether the Revised Procedures apply. Other applicants should refer to The [Guidelines](#) posted on "Takeovers & Mergers" – "Exempt Status" of the SFC website.

August 2005 (Revised on 30 September 2010)