SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

Frequently Asked Questions on the Implementation and Transitional Arrangements of the Code on Unit Trusts and Mutual Funds (Effective on 1 November 2026)

These FAQs are prepared by the Investment Products Division and aims to provide information to market practitioners concerning the implementation and transitional arrangements of the Code on Unit Trusts and Mutual Funds effective on 1 November 2026 ("revised UT Code"). Applicants are encouraged to contact the relevant case team in the Investment Products Division of the Securities and Futures Commission (the "SFC") if in doubt on any specific issues arising from the application/interpretation of the UT Code. Please note that each application for authorisation is considered on a case-by-case basis.

For the purpose of these FAQs, UCITS funds means (i) Undertakings for Collective Investment in Transferable Securities (UCITS) domiciled in France, Luxembourg, Ireland and the Netherlands, and (ii) collective investment schemes domiciled in the United Kingdom authorised as UK UCITS.

The information set out below is not meant to be exhaustive. These FAQs may be updated and revised from time to time. These FAQs are only for general reference. Compliance with all the requirements in these FAQs do not necessarily mean an application will be accepted or authorisation will be granted. The SFC reserves the rights to exercise all powers conferred under the law.

Notes: (1) For ease of reference, collective investment schemes that are generally known as unit trusts or mutual funds are referred to as "funds" in the following FAQs.

(2) For the purpose of these FAQs,
- *"new fund(s)" refers to funds which apply for the SFC's authorisation on or after the effective date of the revised UT Code; and*
- *"existing fund(s)" refers to funds which are authorised by the SFC as at the effective date of the revised UT Code and funds which have applied for the SFC's authorisation prior to such date and are subsequently authorised by the SFC.*

	Question	Answer
	General	
1.	The revised UT Code will become effective on 1 November 2026 ("Effective Date"). Will there be any transitional period for existing funds?	A 12-month transitional period ("Transitional Period") from the Effective Date ending on 31 October 2027 will be provided for existing funds. With effect from the Effective Date, the revised UT Code and the revised KFS templates (see Question 5 below) will apply to new funds with immediate effect. For further details on the implementation and transitional arrangements, please refer to the implementation schedule as set out in Appendix A.
2.	Will SFC's prior approval and advance notice to investors be required for changes made to comply with the revised UT Code?	Generally, where changes are made solely to comply with the revised UT Code and do not involve any other changes that fall under 11.1 of the UT Code, prior SFC approval and advance notice to investors will not be required. Management companies are expected to inform existing holders of the scheme about these changes as soon as reasonably practicable, either through a specific notice or the fund's financial reports. Amendments to offering documents or constitutive documents that are necessary solely to reflect the revised UT Code's requirements may be made without prior SFC approval and should be filed with the SFC in accordance with 11.1B of the UT Code. However, investor notification may still be required under certain circumstances, as detailed in Question 3 below. Existing funds must comply with the revised UT Code's requirements by the end of the Transitional Period. During the Transitional Period, funds should continue to comply with the SFC's existing requirements and guidance.
3.	When will prior notice to investors be required in relation to changes made to comply with the revised UT Code?	For the following changes, while the SFC's prior approval may not be required, at least one month's prior notice should be given to existing holders of the scheme unless, with proper justifications by the management company, otherwise agreed by the SFC: • Addition of liquidity management tools (LMTs) and measures not currently disclosed in the Hong Kong offering documents (HKOD); and • Material changes relating to LMTs and measures currently disclosed in the

	Question	Answer
		HKOD (for example, amending the threshold and/or mechanism for activating a LMT). Regarding change of risk management methodology (eg, from net derivative exposure (NDE) approach to Value-at-Risk (VaR) approach), please refer to Question 6 below for further details on the procedure and relevant guidance. As part of the filing of the scheme change, the management company is required to file the "Filing Form for Notice of Scheme Change(s) falling within 11.1B of the Code on Unit Trusts and Mutual Funds and Do Not Require SFC's Prior Approval". It is the management companies' responsibility to ensure notices to holders are not misleading and contain accurate and adequate information to keep investors informed (including a summary of the changes, the reasons for the changes, and their implications for the fund and investors). These issued notices and changes will be subject to post-vetting by the SFC.
4.	Is there any documentation required to be submitted to the SFC to confirm compliance with the revised UT Code?	To facilitate monitoring of compliance with the revised UT Code, the SFC has published declaration forms on WINGS for management companies to confirm compliance with the requirements relating to financial derivative instruments, liquidity risk management and money market funds. The forms are available at https://www.sfc.hk/en/Forms/products/Investment-products-Forms-and-checklists. All existing funds should submit the completed forms by the end of the Transitional Period, including the confirmations and undertakings specified therein. In addition, management companies should also provide the following information for each existing fund when completing the declaration forms ("Declaration Forms") in the e-IP system: • Complex / non-complex product classification; • Risk management methodology; • Available LMTs and measures; and • Proportion of less liquid and/or illiquid assets, where applicable. Management companies should contact the relevant case officer if they have any

	Question	Answer
		questions regarding the submission requirements.
	Key facts statements ("KFS")	
5.	It is noted that the KFS templates have been updated and a new template has been added for money market funds (MMFs). Will there be any transitional period for compliance?	Yes, the Transitional Period will apply whereby existing funds (including UCITS funds) which will continue to be offered to the public in Hong Kong must produce a KFS with the enhanced disclosure requirements with effect from 1 November 2027 (ie, after the expiry of the 12-month transitional period from the Effective Date). The revised templates for KFS are available at the SFC website via the following link https://www.sfc.hk/web/EN/regulatory-functions/products/list-of-publicly-offered-investment-products/products-key-facts-statements.html.
	Financial derivative instruments - Change of risk management methodology	
6.	Will SFC's prior approval be required if an existing fund changes its risk management methodology as per the revised UT Code?	**Funds with product complexity re-classification:** For an existing fund changing its risk management methodology (eg, changing from NDE to VaR) that results in a product re-classification from complex to non-complex product: 1. The fund manager must submit a completed Declaration Form to the SFC. The SFC will review the submission and issue comments or a "no comment" response within 20 business days. 2. Upon receiving the SFC's confirmation of "no comment", the fund manager should give at least 2-week prior notice to inform investors before the new product classification becomes effective. 3. The fund manager must ensure that the fund's offering documents (including the KFS) are updated before the new product classification becomes effective. The product classification on the SFC's website will be updated accordingly when the SFC receives the updated offering documents (including the KFS). **Funds without product complexity re-classification:** For existing funds changing their risk management methodology without any product re-classification (eg, changing from NDE to VaR with no change in non-complex / complex product classification), prior SFC approval and advance notice to investors are not required.

	Question	Answer
		Fund managers are only required to submit the completed Declaration Form to the SFC. For the avoidance of doubt, for existing funds maintaining the NDE approach, fund managers should submit the completed Declaration Form to the SFC and update the KFS per the revised template by the end of the Transitional Period. An SFC-authorised UCITS fund may continue to adopt the NDE approach in Hong Kong under the revised UT Code.

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Appendix A

Implementation table of the revised UT Code

Topics	Provisions of the revised UT Code	New fund(s)	Existing fund(s)
I. Financial derivative instruments			
Financial derivative instruments	7.26	Immediately effective	
Unlisted index funds and index tracking exchange traded funds	8.6	Immediately effective	
Information to be disclosed in the offering document	Appendix C	Immediately effective	12-month transitional period
II. Liquidity risk management			
General obligations of a management company	5.10	Immediately effective	12-month transitional period[1]
III. Money market funds			
Money market funds	8.2	Immediately effective	12-month transitional period
IV. Miscellaneous			
Key personnel of management companies	5.5	Immediately effective	
Feeder fund	7.12	Immediately effective	
Streamlining of specialized schemes in the UT Code	8.8 8.9	Immediately effective	

[1] The 12-month transitional period is also applicable to new sub-funds which are under umbrella funds that are existing funds and which apply for the SFC's authorisation on or after the Effective Date.

Topics	Provisions of the revised UT Code	New fund(s)	Existing fund(s)
Listed open-ended funds (also known as active ETFs)	8.10	Immediately effective	
V. Others			
General matters	Chapter 1	Immediately effective	
Operational requirements	Chapter 6	Immediately effective	
Core investment requirements (except for financial derivative instruments set out above)	Chapter 7	Immediately effective	
Hedge funds	8.7	Immediately effective	
Scheme changes, notifications and reporting	Chapter 11	Immediately effective	
Financial reports	Appendix E	Immediately effective	