

Annex A

Requirements in the Overarching Principles Section of the SFC Handbook (Overarching Principles Section) and UT Code to be complied with by all Recognised Dutch Funds⁴

	Relevant provisions in the Overarching Principles Section and UT Code (Transitional period to end on 31 December 2019⁵)	Relevant provisions in the Overarching Principles Section and UT Code (Effective on 1 January 2019⁵) (Revised UT Code)
1. General requirements		
Mention of SFC authorization	1.10 of the Overarching Principles Section	1.10 of the Overarching Principles Section
Naming of a Recognised Dutch Fund	5.1 and 5.2 of the Overarching Principles Section	5.1 and 5.2 of the Overarching Principles Section
Availability of constitutive documents	5.10(c) of the UT Code	5.10(c) of the Revised UT Code
Investment in other funds	7.11D of the UT Code	7.11D of the Revised UT Code
Jurisdiction	9.10 of the UT Code	9.10 of the Revised UT Code
Self-managed schemes	A self-managed scheme must appoint a Dutch management company that is authorized by the AFM to manage UCITS in accordance with article 4:58 of the Dutch Act on Financial Supervision (Wet op het financieel toezicht) as investment manager.	A self-managed scheme must appoint a Dutch management company that is authorized by the AFM to manage UCITS in accordance with article 4:58 of the Dutch Act on Financial Supervision (Wet op het financieel toezicht) as investment manager.
2. Operational requirements		
Scheme documentation, pricing, issue and redemption of units/shares, fees	Chapter 6 of the UT Code, except for 6.6 – 6.8, and 6.15	Chapter 6 of the Revised UT Code, except for 6.6 – 6.8, and 6.15
Valuation and pricing, pricing errors, suspension and deferral of dealings,	Chapter 10 of the UT Code	Chapter 10 of the Revised UT Code

⁴ For the avoidance of doubt, Recognised Dutch Funds and their management companies should also comply with the FAQs on the Netherlands-Hong Kong Mutual Recognition of Funds and other relevant Frequently Asked Questions (FAQs) issued by the SFC from time to time, including, FAQs on Advertising Materials of Collective Investment Schemes Authorized under the Product Codes, FAQs on the Code on Unit Trusts and Mutual Funds, FAQs on Post Authorization Compliance Issues of SFC-authorized Unit Trusts and Mutual Funds, FAQs on SFC Authorization of UCITS Funds.

⁵ The New Schemes with New Operators (as defined in the Revised UT Code) will be subject to the Revised UT Code with immediate effect. The Existing Operators (as defined in the Revised UT Code) will generally be subject to a 12-month transition period from 1 January 2019 to comply with the Revised UT Code. Please refer to the implementation schedule as set out in the Revised UT Code for further details on the implementation and transition arrangements.

transactions with connected persons		
3. Disclosure requirements in relation to offering documents		
Language	5.6 of the Overarching Principles Section	5.6 of the Overarching Principles Section
Product key facts statement	6.5 – 6.8 of the Overarching Principles Section and 6.2A of the UT Code	6.5 – 6.8 of the Overarching Principles Section and 6.2A of the Revised UT Code
Use of disclaimers	6.12 of the Overarching Principles Section	6.12 of the Overarching Principles Section
Enquiries and complaints handling	7.4 of the Overarching Principles Section	7.4 of the Overarching Principles Section
Multimanager schemes	Note to 5.5(b) of the UT Code	Note (2) to 5.5(b) of the Revised UT Code
Use of financial derivative instruments for investment purpose	8.9(j) of the UT Code	8.9(j) of the Revised UT Code
Information to be disclosed in the offering document	Appendix C to the UT Code, except for C2A	Appendix C to the Revised UT Code, except for C2 (regarding Securities Financing Transactions) and C2A
4. Disclosure and reporting requirements		
General obligation of trustee/custodian	4.5(f) of the UT Code	4.5(f) of the Revised UT Code ⁵
Scheme changes, notifications, ongoing disclosures, reporting, withdrawal of authorization, merger or termination	Chapter 11 of the Revised UT Code, except for 11.1(a) and 11.6A	
Other documents to be made available to Hong Kong investors as specified in the offering documents	Upon request by investors, specific information regarding these documents should be made available to Hong Kong investors in English or Chinese. Information regarding how investors can make such information requests should also be clearly disclosed in the Hong Kong offering documents	Upon request by investors, specific information regarding these documents should be made available to Hong Kong investors in English or Chinese. Information regarding how investors can make such information requests should also be clearly disclosed in the Hong Kong offering documents

5. Disclosure requirements in relation to financial reports		
Notes to the accounts	Items 2 and 3 of the “Notes to the accounts” Section of Appendix E to the UT Code	Items 2 and 3(a) of the “Notes to the Financial Reports” Section of Appendix E to the Revised UT Code

Requirements in the UT Code to be complied with by each specific type of Recognised Dutch Funds

	Relevant provisions in the UT Code (Transitional period to end on 31 December 2019⁵)	Relevant provisions in the Revised UT Code⁵
Index funds	8.6, except for 8.6(a) to (c) and 8.6(g) to (i)	8.6, except for 8.6(a) to (a)(b), 8.6(b) to (c), 8.6(g) to (i) and 8.6(n) to (y)

Annex B Eligibility Requirements

Recognised Dutch Fund

1. The Recognised Dutch Fund must be established, domiciled and managed in accordance with Dutch laws and regulations and its constitutive documents. It must be an undertaking for collective investment in transferable securities (UCITS) authorized in accordance with Article 5 of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities which is approved by the AFM for public offering in the Netherlands under paragraph 2.2.7.1a (article 2:69b and onwards) of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*).
2. Recognised Dutch Funds applying for SFC authorization must fall within one or more than one of the following eligible fund types⁶:
 - a. general equity funds, bond funds and mixed funds; and
 - b. index funds (other than exchange-traded funds).
3. The Recognised Dutch Fund must not use leverage (arising from derivatives) exceeding 100% of the fund's net asset value as calculated under the commitment approach or as calculated under a calculation method deemed equivalent by both the AFM and the SFC as provided under article 42 of Directive 2010/43/EU.⁷
4. The Recognised Dutch Fund must not invest (i) in physical commodities including precious metals or commodity based investment or real estate, (ii) crypto-assets or crypto-currencies, or (iii) certificates representing the assets referred to under (i) or (ii).
5. The Recognised Dutch Fund must not have share classes with hedging arrangements other than currency hedging.
6. Should the Recognised Dutch Fund charge a performance fee, the fee must be clearly disclosed in the offering documents.

Dutch Management Company

7. The Recognised Dutch Fund must be managed by a Dutch Management Company that is approved by the AFM to manage UCITS pursuant to Dutch laws and regulations in accordance with paragraph 2.2.7.1a (article 2:69b and onwards) of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*).

⁶ Please note that these are not legally defined categories. They have no statutory legal meaning, but are merely indications. Recognised Dutch Funds shall need confirmation by the AFM that they fall within one or more than one of the eligible fund types during the application process.

⁷ European Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company.

8. The Dutch Management Company of a Recognised Dutch Fund must not have been the subject of any major regulatory or enforcement actions by the AFM in the past 3 years or, if it has been established for less than 3 years, since the date of its establishment.
9. The Dutch Management Company may delegate the investment management functions to any person, provided that such delegation is accepted under Dutch laws and regulations for Dutch-domiciled UCITS approved for public offering, the Dutch Management Company remains responsible for any action of its delegate(s) and such delegate operates in one of the acceptable inspection regimes recognized under 5.1 of the UT Code.

Recognised Dutch Fund's depositaries

10. The Recognised Dutch Fund must have a depositary that is qualified to act as a depositary of Dutch-domiciled UCITS.