Frequently Asked Questions on the Code on Unit Trusts and Mutual Funds

These FAQs are prepared by the Investment Products Division and aims to provide basic information to market practitioners concerning the Code on Unit Trusts and Mutual Funds effective on 1 November 2026 ("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. They 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) Unless otherwise specified, the term "ETF" used in these FAQs shall cover SFC-authorised passive ETF, active ETF and listed unit/share class of unlisted fund.

	Question	Answer
	Basic Requirements for Fund Authorisation	
1.	Why should a fund require SFC authorisation?	It is the SFC's policy intention that funds that are offered to the public in Hong Kong are subject to the prior authorisation of the SFC, unless one of the exemptions under section 103 of the Securities and Futures Ordinance ("SFO") applies. For example, funds that exclusively

	Question	Answer
		target "professional investors"[1] do not require SFC authorisation. The SFC derives its fund authorisation powers from section 104 of the SFO. The UT Code sets out the basic requirements that an SFC-authorised fund must comply with. The UT Code is available at the SFC website.
2.	What does SFC authorisation involve?	In order to authorise a fund which intends to offer its products to the public, we first consider the acceptability of: ▪ the fund's legal form and structure ▪ the fund's key operating parties, including the fund manager and the trustee/custodian ▪ the fund's operational features, eg, dealing frequency, valuation, etc. ▪ the fund's investment nature and compliance with the relevant requirements of the UT Code ▪ the disclosure quality of the fund's offering document ▪ the fund's compliance with the UT Code's post-authorisation obligations, eg, notice period for fee increases, pricing errors, etc. Depending on the structure of the fund and the level of compliance with the UT Code, we may also consider other factors that are relevant to a specific fund application.
3.	What types of funds would be considered for authorisation?	There are two broad categories of funds in the UT Code: ▪ Chapter 7 Funds: generally referred to as plain vanilla funds primarily investing in equities, bonds and/or other funds ▪ Chapter 8: Specialized Schemes, including:

[1] The term "professional investors" is defined in section 1 of Part 1 of Schedule 1 to the SFO and in the Securities and Futures (Professional Investor) Rules.

	Question	Answer
		(i) Money Market Funds ("MMFs") (ii) Unlisted Index Funds (iii) Hedge Funds (iv) Index Tracking Exchange Traded Funds ("Passive ETF") (v) Structured Funds and other complex funds (vi) Listed open-ended funds (also known as active ETFs) (vii) Closed-ended funds
	Fund's Structure and Domicile	
4.	What should I look out for when setting up umbrella fund structures?	An umbrella fund structure is allowed under the UT Code. However, you should be careful about the types of sub-funds established under the umbrella fund. In general, we expect sub-funds in the same umbrella should share similar investment objectives and risk profiles. For example, a hedge fund should not be established as a sub-fund under an existing umbrella that contains plain-vanilla funds primarily investing in equities, bonds and/or other funds.
5.	Can I domicile my fund in an overseas jurisdiction?	Yes. The SFC, in general, adopts an open architecture towards admitting and authorising overseas funds that wish to offer their products to the retail public in Hong Kong, bearing in mind investors' interests. The guiding principle is that the legal and regulatory framework for these funds and the enforcement of investors' rights in a particular overseas jurisdiction should provide a level of investor protection comparable to that offered in Hong Kong. For funds that are domiciled in one of the "Recognized Jurisdictions" as set out in the http://www.sfc.hk/web/EN/regulatory-functions/products/product-authorization/list-of-recognised-jurisdiction-schemes-and-inspection-regimes.html page at the SFC website, the

	Question	Answer
		authorisation process can be streamlined in certain areas. Please also read Q.6 below.
6.	How does the "Recognized Jurisdiction Schemes" ("RJS") concept work?	Funds that are established in one of the RJS jurisdictions and are in compliance with similar regulatory requirements as those contemplated in Chapter 7 of the UT Code are generally deemed to have complied in substance with the core investment restrictions, operational and structural requirements (eg, meeting procedures for investors) imposed under the UT Code. That said, the funds must still satisfy the SFC as to the eligibility of the fund manager, trustee/custodian, and that the disclosure and post-authorisation obligations under the UT Code have been fulfilled. Funds with guaranteed features will be required to comply with the applicable requirements (including requirements on guarantor(s)) under Chapter 7 of the UT Code. A list of the overseas jurisdictions for RJS is set out at the SFC website (see Q.5 above). For RJS which are UCITS funds, please refer to the streamlined measures set out in the Application of the Code on Unit Trusts and Mutual Funds on UCITS funds on the SFC website.
7.	If my fund is a Specialized Scheme but domiciled in one of the RJS, presumably this fund will have to fully comply with the UT Code requirements. Is this correct?	Yes. If there are any legal or regulatory difficulties that would make it unduly burdensome for your fund structure to comply with the UT Code in full, you should consult us as soon as practicable before proceeding any further with your application.
	Management companies and investment delegates	
8.	As a fund manager, how would I know if I am eligible to manage an SFC-authorised fund?	The key requirements of a fund manager for an SFC-authorised fund are: ▪ Having sufficient financial, technical and human resources ▪ Experience

	Question	Answer
		▪ Integrity and honesty ▪ Proper internal controls ▪ Proper regulatory oversight of the fund's activities by a securities regulator One of the key criteria for a fund manager is that the fund manager should be licensed or registered with and properly supervised by the SFC or a securities regulator in an Acceptable Inspection Regime ("AIR"). The list of AIR is available in the http://www.sfc.hk/webEN/regulatory-functions/products/product-authorization/list-of-recognised-jurisdiction-schemes-and-inspection-regimes.html page at the SFC website. For Hedge Funds which fall under Chapter 8.7 of the UT Code, there are specific requirements on the eligibility of a hedge fund manager. You should therefore ensure that you comply fully with the general requirements as well as other specific obligations under the UT Code. Funds that are self-managed should look closely at the requirements set out in Chapter 5.7 to 5.9 including, among other things, the requirement that the fund's investment management function should be delegated at all times to a qualified investment delegate in compliance with Chapter 5. You should consult the SFC in case of doubt.
8A.	How does the concept of AIR work?	AIR is a concept that helps the SFC maintain regulatory oversight over non-Hong Kong fund managers. In general, a Memorandum of Understanding should be entered into by the SFC with the securities regulator in each AIR jurisdiction to co-operate, provide mutual assistance and exchange of information regarding the activities of fund managers licensed or registered in the relevant jurisdiction. In determining whether a jurisdiction could be an AIR, the SFC expects the relevant regulatory authority to share common and comparable supervisory principles over activities of investment managers with the SFC and to carry out inspections of the investment managers within its jurisdiction in a manner generally consistent with the inspections conducted by the SFC.

	Question	Answer
		Upon receipt of an application by a non-Hong Kong fund manager for SFC authorisation to manage an SFC-authorised fund, we normally conduct a regulatory check on the fund manager with the relevant securities regulator(s).
8B.	What factors may the SFC take into account when assessing the acceptability of the management company under 5.5(a)?	Under 5.5(a) of the UT Code, management companies should have relevant investment management experience and sufficient human and technical resources to manage public funds. They should not rely solely on an individual's expertise, subject to the circumstances as set out under 5.5(a)(i) and 5.5(a)(ii) of the UT Code. Non-Hong Kong management companies located at and licensed in jurisdictions which have entered into mutual recognition of funds arrangements ("MRF") with the SFC ("MRF Jurisdictions") to manage public funds are subject to the supervision of their respective home jurisdictions, which are considered to be comparable with the SFC's regulatory requirements. In this regard, these management companies are generally deemed to have complied with the 5.5(a) of the UT Code.
8C.	Are there any requirements if a fund proposes to adopt a third-party management company arrangement whereby the actual product issuer acts as the investment delegate?	Both the third-party management company (service provider) and, unless otherwise agreed by the SFC on a case-by case basis subject to proper safeguards, the investment delegate (actual product issuer) should be located at and licensed in an AIR or MRF Jurisdiction to ensure that the service provider and the relevant product issuer are subject to regulatory supervision broadly comparable to that in Hong Kong. Regarding the investment management experience requirements under 5.5(a) of the UT Code, • Non-Hong Kong investment delegates located at and licensed in MRF Jurisdictions will generally be deemed to have complied with 5.5(a) of the UT Code; and • In other cases, investment delegates should comply with 5.5(a) of the UT Code. For details of the relevant acceptability assessment, please refer to Q.8B. Where a proposed investment management delegation arrangement involving a third-party

	Question	Answer
		management company is not currently adopted by existing SFC-authorised fund(s), prior consultation with the SFC is required.
9.	This FAQ has been moved to Q.8A.	
10.	As a fund manager, can I delegate my investment management functions to a third party?	Yes, the UT Code allows a fund manager to delegate its investment management functions. However, the fund manager is not allowed to delegate its responsibilities. Please see Chapter 5.5(e) of the UT Code. Both the principal and the delegate are expected to meet the eligibility criteria for a fund manager as mentioned in Q.8, Q.8A and Q.8B above. Investment delegates are not subject to the minimum capital requirements of HK$10 million (or its equivalent in foreign currency) under 5.2(b) of the UT Code. Subject to Q.8C above, non-Hong Kong investment delegates located at and licensed in AIR or MRF Jurisdictions to manage public funds are generally deemed to have complied with 5.5(a) of the UT Code.
11.	Could I, a fund manager, be able to delegate my management functions to someone licensed/registered in a non-AIR?	In general, an SFC-authorised fund should comply with 5.1 of the UT Code which requires the management company and any investment delegate performing investment management functions to be regulated by the SFC or a regulator in an AIR, save as permitted below. Fund managers licensed by the SFC or subject to regulatory supervision in an AIR may, subject to the SFC's acceptance, delegate investment management functions to an entity in a non-AIR jurisdiction ("Non-AIR Delegation"). Further guidance on Non-AIR Delegation is set out in the Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds. Each proposed Non-AIR Delegation will be considered on a case-by-case basis. Fund managers should discuss any plan of new Non-AIR Delegation arrangement with the SFC in

	Question	Answer
		case of doubt.
	Trustee/custodian	
11A.	What are the standards expected of a trustee/custodian for the purpose of Chapter 4.5(a)(iii) of the UT Code?	Relevant requirements have been codified in Chapter 4.5(i) of the UT Code.
11B.	What should custodians of SFC-authorised funds structured in corporate form note in complying with 4.5(b) of the UT Code?	SFC-authorised funds constituted as mutual fund corporations may be subject to an authorised share capital. Allotment of shares in excess of the authorised share capital is generally invalid under the applicable laws or constitutive documents. Trustees and custodians of all SFC-authorised funds are expected to perform an important independent oversight function and are subject to the duties set out in 4.5 of the UT Code. In discharging their obligations under 4.5(b) of the UT Code, custodians of SFC-authorised mutual fund corporations should maintain adequate internal controls and systems to ensure, among other things, that no shares will be issued in excess of the number of authorised shares and that all issuance of shares will comply the applicable legal and regulatory requirements. For the avoidance of doubt, these obligations apply notwithstanding that the board of directors of the mutual fund corporation may be legally responsible for issuing shares under the constitutive documents or the laws of the place in which the mutual fund is incorporated. Custodians are expected to duly discharge their duties under the UT Code in this regard.
11C.	What are the standards expected of a trustee/custodian for the purposes of 4.5(b), (c), (e), (g) and (h) of the UT Code?	Trustees/custodians are required to take reasonable care in discharging their obligations under 4.5(b), (c), (e), (g) and (h) of the UT Code. Trustees/custodians should ensure their obligations are duly discharged and their accountability to the funds and investors are not affected even though delegates or third parties may be engaged to carry out functions or operations in relation to the funds. Where a delegate or third party is engaged, a trustee/custodian which is a depositary licensed

	Question	Answer
		or registered to carry on Type 13 regulated activity under Part V of the SFO should have established internal control policies and procedures to enable it to have proper oversight over the delegate or third party, so that it can be reasonably satisfied that the delegate or third party is competent to carry out the relevant function or operation. For further details of the relevant requirements, such a trustee/custodian should refer to Schedule 11 to the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, in particular paragraphs 6 and 9 to 13 therein. In addition, trustees/custodians are expected to have internal control policies and procedures in place that enable them to oversee fund operations and monitor management companies' compliance with relevant requirements, including those concerning investment monitoring, risk management measures and liquidity risk management. They should take reasonable steps to ensure that management companies and other relevant operators have adequate controls and procedures are in place to ensure ongoing compliance with the UT Code and other applicable requirements, taking into account the nature, scale and complexity of the funds and their investment activities.
11D.	If the directors or officers of the affiliates of the fund's trustee/custodian ("Trustee Affiliated Directors/Officers") are not involved in the day-to-day management or decision making of the trustee/custodian's operations or business, can an SFC-authorised fund not disclose transactions of the Trustee Affiliated Directors/Officers in its financial reports for the purposes of paragraph 2 under the "Notes to the Financial Reports" section in	An SFC-authorised fund can be allowed not to disclose the transactions involving Trustee Affiliated Directors/Officers in the fund's financial reports subject to the condition that the Trustee Affiliated Directors/Officers concerned are not involved in the day-to-day management or decision making in the business and operations of the trustee/custodian and that such transactions do not give rise to any material conflicts of interest of the relevant trustee/custodian in discharging its duties and responsibilities in such capacity of the relevant SFC-authorised fund(s). The trustee/custodian and its connected persons should comply with all other applicable requirements under the UT Code.

	Question	Answer
	Appendix E of the UT Code?	
11E.	Are nominee accounts of the fund's trustees/custodians subject to the disclosure requirements for the fund's financial reports under the UT Code?	Nominee accounts (in the name of a trustee/custodian and for the purpose of holding units/shares of an SFC-authorised fund on behalf of other clients and conducting transactions or activities on behalf of the beneficial investors in accordance with their instructions) do not fall under the disclosure requirements in paragraph 2(d) under the "Notes to the Financial Reports" section in Appendix E of the UT Code.
11F.	With respect to the directors (of an SFC-authorised fund, its management company, investment delegate or trustee/custodian, each category, "Relevant Directors"), can their subscriptions or redemptions and profits that are required to be disclosed in the fund's financial reports pursuant to paragraph 2(d) under the "Notes to the Financial Reports" section (Transactions with connected persons) in Appendix E of the UT Code be made on an aggregate basis?	For the purpose of paragraph 2(d) under the "Notes to the Financial Reports" section in Appendix E of the UT Code, for the Relevant Directors, disclosures relating to their (a) transactions involving subscriptions and/or redemptions of units/shares of the relevant SFC-authorised funds that are entered into in the ordinary course of business and at the published net asset value of the funds; and (b) dividends/distributions received from SFC-authorised funds which are at the same rate/amount as declared/paid to other holders of the relevant funds can be made respectively on an aggregate basis. Profits (except for dividends/distributions entitled from the relevant SFC-authorised funds) arising from transactions which are made at the published net asset value of the relevant SFC-authorised funds by the management company, investment delegate, directors of the relevant SFC-authorised funds, trustee/custodian or any of their connected persons do not fall under the disclosure requirement in paragraph 2(d) under the "Notes to the Financial Reports" section in Appendix E of the UT Code.
	Waiver from the UT Code Requirements	
12.	If I wish to obtain a waiver from the UT Code requirements, what should I do?	If you wish to apply for a waiver from any of the UT Code requirements, you should prepare a submission that addresses, at the minimum, the following key aspects: ▪ clear and distinctive reasons in support of the waiver ▪ the impact on the fund, its investors or any other parties if the waiver is granted

	Question	Answer
		You should note that the issue of costs alone is not sufficient justification for any waiver from compliance with the UT Code. Please note that authorisation conditions may be imposed in certain circumstances.
	Authorisation of Index Funds	
12A.	How should the flexibility provided by 8.6(h) of the UT Code apply to an index fund?	Due to the nature of index funds, 8.6(h) of the UT Code aims to provide flexibility for SFC-authorised index funds from strict compliance with the investment restrictions requirements under 7.1 of the UT Code for the purposes of enabling index funds to achieve investment results or returns that closely match or correspond to the performance of an index, and is generally meant to apply in situations where more than 10% of an index fund's net asset value may be exposed to constituent securities issued by a single entity[2] subject to conditions set out in 8.6(h)(i) and (ii) of the UT Code. For the avoidance of doubt, where more than 10% of an index fund's net asset value is exposed to constituent securities issued by a single entity through (i) investments in securities issued by that entity (see 7.1(a) of the UT Code) and/or (ii) underlying assets of financial derivative instruments (see 7.1(b) of the UT Code) in reliance of 8.6(h) of the UT Code, there should be no positive net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments (see 7.1(c) of the UT Code).
13.	Will the SFC consider an index on commodities futures as an acceptable index for the purpose of Chapter	The SFC is prepared to accept a commodities futures index provided that it satisfies the index acceptability requirements in Chapter 8.6(e) of the UT Code. In view of the specific nature and risk profile of indices on commodities futures, an index fund that tracks a commodities futures index is required to make additional risk warnings and disclosures (eg, in relation to

[2] We understand that an index fund may seek to track an index by physical and/or synthetic (ie, through the use of financial derivative instruments) replication. In this connection, exposure to constituent securities issued by a single entity could be obtained through (i) investments in securities issued by that entity and/or (ii) underlying assets of financial derivative instruments.

	Question	Answer
	8.6(a) of the UT Code?	the risks inherent in commodities and futures contracts) in its offering documents. Where an index fund seeks to track, replicate, or correspond to a commodities futures index by direct investment in constituent futures contracts, the relevant requirements in Chapter 8.8 of the UT Code will then be applicable.
13A. to 13G.	These FAQs have been removed.	
	Authorisation of MMFs	
14.	What constitutes a "high quality money market instrument" under Note (2) to 8.2(e) and Note 2(a) to 8.2(o) of the UT Code?	Note (2) to 8.2(e) of the UT Code sets out the criteria for determining whether a money market instrument[3] is of high quality. A MMF is generally not expected to invest in unrated or low-investment grade money market instruments. In this regard, high quality money market instrument generally refers to: (i) a money market instrument (or its issuer in case of an unrated instrument) with a minimum short-term credit rating of F-1 by Fitch, P-1 by Moody or A-1 by Standard and Poor; or (ii) a money market instrument rated other than by a credit rating agency specified in (i) above, for which the management company has determined that instrument is of

[3] Money market instruments refer to securities normally dealt in on the money markets, for example, government bills, certificates of deposit, commercial papers, short-term notes, bankers' acceptances, asset-backed securities such as asset-backed commercial papers, as well as securities with short remaining maturities that align with money market tenure.

	Question	Answer
		(iii) comparable credit quality to those meeting the ratings specified in (i) above; or an unrated money market instrument issued by a substantial financial institution[4], where the management company has determined the issuer's creditworthiness is comparable to that represented by the ratings specified in (i) above. Management company should ensure ongoing compliance with the credit rating requirements. Where there is a material deterioration in the credit quality of a money market instrument, including where its credit rating falls below the thresholds specified in (i) above, the management company should take as a priority objective all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the investors. Please also refer to Q.14A below for further guidance on the credit risk assessment requirements.
14A.	What factors should a management company consider in the credit risk assessment when assessing and monitoring the credit quality of money market instruments held by an MMF?	The credit risk assessment required under Note (2) to 8.2(e) of the UT Code is intended to ensure that MMFs invest only in high quality money market instruments and that management companies conduct an independent assessment of credit quality, rather than relying solely or mechanistically on external credit ratings. The internal credit quality assessment should take into account, at a minimum, the following factors: (i) the quantification of the credit risk of the issuer and of the relative risk of default of the issuer and of the instrument; (ii) qualitative indicators on the issuer of the instrument, including in light of the macroeconomic and financial market situation;

[4] Substantial financial institution means (a) an authorised institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of Laws of Hong Kong) or a financial institution which on an ongoing basis is subject to prudential regulation and supervision; and (b) with a minimum NAV of HK$2 billion or its equivalent in foreign currency. See 3.13 of the UT Code for the relevant definition.

	Question	Answer
		(iii) the short-term nature of money market instrument; (iv) the asset class of the instrument; (v) the type of issuer, including government and its public or local authorities or other multilateral agencies, financial institutions, and non-financial institutions; (vi) for asset-backed commercial paper, where applicable, the credit risk of the issuer, the structure of the securitisation and the credit risk of the underlying assets; and (vii) the liquidity profile of the instrument. Management companies may also consider warning signals and other relevant indicators when assessing the credit quality of a money market instrument. Management companies are reminded that external credit ratings form part of the overall credit quality assessment process. They should not place sole or mechanistic reliance on external ratings when determining whether a money market instrument is of high quality.
14B.	What are the SFC's expectations regarding short-term deposits held by SFC-authorised MMFs?	SFC-authorised MMFs are generally expected to place short-term deposits with substantial financial institutions[4]. As set out in Note (3) to 8.2(e) of the UT Code, such deposits are generally expected to be repayable on demand or able to be withdrawn at any time. For example, early withdrawal of deposit is permitted by mutual agreement between the MMF and the relevant substantial financial institution with a fee for MMFs.
15.	For an MMF that seeks to maintain an unchanging NAV per unit or share (CNAV), what actions and measures the SFC expects the management company to take when the CNAV deviates from the NAV per unit or share calculated using the latest	In addition to the requirements under Note (2) to 8.2(o) of the UT Code for MMFs offering CNAV, management companies should establish and maintain appropriate policies, procedures and contingency measures to address any deviation between the CNAV and the NAV per unit or share calculated using the latest market value of the MMF's assets (NAV Deviation). While the NAV Deviation must be monitored and published daily in an appropriate manner,

	Question	Answer
	market value of the MMF's assets?	management companies should also disclose in the offering documents the mechanisms, escalation arrangements and risk factors associated with NAV Deviations. Such disclosure should include, at a minimum: ▪ ongoing monitoring procedures with respect to the NAV Deviation; ▪ the measures that may be implemented where the NAV Deviation exceeds certain threshold, including the use of mark-to-market valuation, suspension of dealing, or termination of the fund, where appropriate; and ▪ the potential impact on investors and, where applicable, any notification arrangements relating to the implementation of such measures. Management companies should assess the relevant facts and circumstances of each case and act in the best interests of investors at all times. In particular, they should take appropriate steps to ensure that the MMF's NAV continues to fairly reflect the latest market value of its assets, including the use of anti-dilution tools where appropriate.
16.	How should an SFC-authorised MMF determine the appropriate anti-dilution liquidity management tool (ADT) and its activation threshold to comply with paragraph 8.2(p) of the UT Code?	All SFC-authorised MMFs, including UCITS short-term MMFs, are required to maintain at least one ADT that allocates the costs associated with subscriptions and redemptions to transacting investors, with a view to mitigating material investor dilution and ensuring fair treatment of investors. Examples of ADTs include swing pricing, subscription and redemption fees, anti-dilution levies, dual pricing and other economically equivalent measures. Management companies are responsible for determining the ADTs appropriate for their SFC-authorised MMFs, including their calibration methodologies and activation thresholds, having regard to the MMFs' characteristics and prevailing market conditions. The calibration and activation framework should be designed to ensure that ADTs can be applied effectively to mitigate material investor dilution, including during periods of market stress.

	Question	Answer
		Management companies should be able to demonstrate to the SFC, upon request, that the ADTs adopted, together with their calibration methodologies and activation thresholds, are appropriate and effective in mitigating material investor dilution and ensuring fair treatment of investors.
	Authorisation of structured funds and other complex funds	
16A.	Can a structured fund receive unlisted collective investment schemes as collateral?	We generally do not expect an SFC-authorised fund to accept unlisted collective investment schemes as collateral or, in the case of an unfunded swap arrangement, invested assets. However, on a case by case basis, an SFC-authorised structured fund may invest in unlisted collective investment scheme(s) as invested assets under an unfunded swap structure provided that (i) the performance of the structured fund directly relates to that of the unlisted collective investment scheme(s); and (ii) the unlisted collective investment scheme(s) is/are SFC-authorised scheme(s). Please also refer to Q.16B below in respect of the collateral requirements applicable to SFC-authorised funds (including structured funds).
	Collateral requirements	
16B.	What are the collateral requirements applicable to SFC-authorised funds?	The collateral requirements for SFC-authorised funds are set out in Chapter 7.36 to 7.38 of the UT Code. Collateral received by SFC-authorised funds is generally envisaged to be bonds, listed stocks, cash or cash equivalent. In line with the requirement in 7.36(l) of the UT Code, we do not expect an SFC-authorised fund to accept synthetic ETFs as collateral. Despite the technical difference between a funded swap and an unfunded swap, the invested assets under an unfunded swap structure essentially serve the same purpose as that of the collateral under a funded swap structure, ie to limit a fund's risk exposure to an individual

	Question	Answer
		counterparty. Accordingly, invested assets should also comply with the collateral requirements applicable to SFC-authorised funds.
	Investment in real estate investment trusts ("REITs")	
17.	Are SFC-authorised funds allowed to invest in the initial public offering of a REIT seeking to list on a stock exchange?	SFC-authorised funds are currently allowed to subscribe for securities offered in initial public offerings seeking to list on a stock exchange. These subscriptions are normally conditional on the securities being successfully listed on a stock exchange. This flexibility applies equally to REITs seeking a stock exchange listing.
18.	The FAQ has been removed.	
19.	Are SFC-authorised schemes required to obtain approval from their shareholders/unitholders and serve them advance notices if they now commence investments in listed REITs?	The offering document of SFC-authorised schemes should clearly state their investment objectives, policies and investment restrictions. Therefore, where fund managers make use of the flexibility to invest in listed REITs, they should determine and, where appropriate, seek legal advice, as to whether they have to seek approval from investors or provide them with prior notice, in accordance with the terms of the constitutive documents and offering documents of their funds.
	Investment in government and other public securities	
19A.	Can an SFC-authorised fund invest in debt securities issued or guaranteed by Mainland policy banks? Can these securities be considered Government and other public securities as referred to under paragraphs 7.4 and 7.5 of the UT Code?	Yes, an SFC-authorised fund may invest in debt securities issued or guaranteed by the three Mainland policy banks (the Agricultural Development Bank of China, the China Development Bank and The Export-Import Bank of China), subject to the investment restrictions under paragraphs 7.4 and 7.5 of the UT Code.
	Investment in non-SFC-authorised master fund	
20.	How does the SFC administer the	For the purposes of 7.12(a) of the UT Code, the SFC will only "approve" an underlying master

	Question	Answer
	requirement under 7.12(a) of the UT Code where the underlying scheme (the master fund) for a feeder fund must be "approved by the SFC"? Are there examples of non-SFC-authorised master funds that may, or may not, be acceptable to the SFC?	fund that is either an SFC-authorised fund or a fund regulated elsewhere with safeguards and measures in place that provide investor protection substantially comparable to those applicable to an SFC-authorised fund, taking into account factors such as its underlying assets, investment strategy and the regulatory requirements applicable in its home jurisdiction (including, where relevant, MRF Jurisdictions). In the latter case, the SFC will also have regard to the compliance track record of the master fund and its key operators, including the management company and trustee/custodian, as well as its listing venue where applicable. While a master fund acceptable to the SFC is not required to obtain a separate authorisation from the SFC, key information relating to the master fund, including its domicile, key operators, investment strategy and fee structure, should be disclosed in the feeder fund's offering documents and will form part of the SFC's assessment when considering the feeder fund's authorisation application. The SFC will assess the eligibility of a proposed master fund on a case-by-case basis, taking into account all relevant facts and circumstances. In case of doubt, management companies are encouraged to consult the SFC at an early stage.
	Investment in insurance-linked securities ("ILS") and ILS-related products	
20A.	Can an SFC-authorised fund invest in ILS[5] and ILS-related products[6]? What are the investment and disclosure	SFC-authorised funds are prohibited from investing in ILS issued in Hong Kong and their repackaged products and derivatives[7] ("Restrictions").

[5] For example, catastrophe bonds.
[6] For example, derivatives or structured products whose returns are linked to the performance of any ILS, and collective investment schemes whose investment objective or principal investment strategy is investing in ILS.
[7] The Insurance Ordinance (Cap.41) was amended on 29 March 2021 to include a regulatory framework for the issuance of ILS in Hong Kong. In its Consultation Conclusions on Draft Insurance (Special Purpose Business) Rules, the Insurance Authority specified that funds targeting at the general public are not regarded as eligible ILS investors.

	Question	Answer
	requirements?	Fund managers should observe the Restrictions and comply with the following requirements if their SFC-authorised fund(s) may invest in ILS issued outside Hong Kong and/or any ILS-related products (collectively, "ILS Investments"):- ▪ An SFC-authorised fund is not expected to invest more than 10% of its net asset value ("NAV") in ILS Investments. ▪ Regardless of the extent of ILS Investments, proper disclosure should be made in the fund's offering documents stating the following ("ILS Disclosure"): (a) the types / examples of ILS Investments to be invested and the fund's expected total maximum investment in ILS Investments (with reference to its NAV) in the KFS (eg, up to [x]%, not more than [x]% etc.); and (b) the risks associated with ILS Investments in the offering document. Where applicable, the offering documents (including KFS) of existing SFC-authorised funds should be updated/enhanced with respect to the ILS Disclosure as soon as reasonably practicable and at the next earliest opportunity. Management companies should exercise professional judgement to ensure that the disclosed types / examples of ILS Investments and threshold are fair, balanced and not misleading on an ongoing basis. A management company should also put in place suitable and adequate risk management and control systems to monitor, measure and manage all relevant risks (in this case, including risks associated with ILS Investments) in relation to its SFC-authorised funds.
	Investment in debt instruments with loss-absorption features ("LAP")	
20B.	What types of debt instruments fall within the scope of LAP?	LAP is intended to capture debt instruments with features of contingent write-down or contingent conversion to ordinary shares on the occurrence of the following: (a) when a

	Question	Answer
		financial institution is near or at the point of non-viability; or (b) when the financial institution's capital ratio falls to a specified level[8]. These include: (i) debt instruments that meet the qualifying criteria to be Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules. The same principle applies to debt instruments issued under an equivalent regime of non-Hong Kong jurisdictions[9]; and (ii) debt instruments that meet the qualifying criteria to be external LAC debt instruments under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules; and debt instruments issued under a regime of non-Hong Kong jurisdictions which implements Financial Stability Board's standards for "Total Loss-absorbing Capacity Term Sheet". "Non-preferred senior debt instruments" (may be named as "Tier 3" in some jurisdictions) and senior or subordinated debt instruments issued by a holding company of a financial institution which fall within the above circumstances will be in-scope LAP. For the avoidance of doubt, instruments in the legal form of equities (including ordinary shares and preferred shares) and all types of deposits (including certificate of deposits) are excluded.
20C.	Can an SFC-authorised fund invest in LAP? What are the requirements?	If an SFC-authorised fund may invest in LAP, the offering document should include proper disclosure stating the following (as currently provided under the Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds): (i) the types/examples of LAP to be invested and the fund's expected total maximum

[8] Reference had been made to the circular entitled "Sale and Distribution of Debt Instruments with Loss-absorption Features and Related Products" and the related frequently asked questions issued by the HKMA on 21 October 2022 (together "HKMA Circular/FAQs").

[9] Debt instruments under this paragraph (i) are collectively referred to as "AT1/T2 debt instruments" in the HKMA Circular/FAQs.

	Question	Answer
		investment/exposure in LAP (with reference to its NAV) in the KFS (eg, up to [x]%, not more than [x]% etc.); and (ii) the risks associated with investments in LAP in the offering document (including, where LAP investments may be substantial, the KFS as well). In general, if a fund may invest in 30% or more of its NAV in any particular type of asset class(es) or investment(s) or market(s) (in this case, LAP), the associated risks are expected to be highlighted in the section headed “What are the key risks” in the KFS. Management companies should exercise professional judgement to ensure that the disclosed types/examples of LAP and threshold are fair, balanced and not misleading on an ongoing basis. A management company should also put in place suitable and adequate risk management and control systems to monitor, measure and manage all relevant risks (in this case, including risks associated with LAP) in relation to its SFC-authorised funds. Generally, we adopt a disclosure-based approach regarding funds’ investments in LAP, subject to compliance with the applicable structural, disclosure, diversification, liquidity and other requirements under the UT Code. The SFC will review each fund application holistically. For a fund with primary investment in LAP, the SFC will take into account the circumstances of each case, including product design, target markets, experience and risk management systems of the management company, and international regulatory standards and practices before granting authorisation. Management companies are encouraged to consult the SFC in advance if in doubt.
	Investment in financial derivative instruments	
20D1.	How should an SFC-authorised fund calculate its net derivative exposure (“NDE”)?	The SFC has published the Guide on the Use of Financial Derivative Instruments for Unit Trusts and Mutual Funds ("Derivative Guide") to provide guidance on the calculation methodology for the NDE for SFC-authorised funds, which may be updated from time to time.
20D2.	Under Note (4) to 7.26 of the UT	While the NDE approach remains the baseline risk management methodology for SFC-

	Question	Answer
	Code, the SFC may accept Value-at-Risk ("VaR") as an alternative to the NDE limit on a case-by-case basis. What are the requirements for SFC-authorised funds to adopt VaR?	authorised funds regarding financial derivative exposure, the SFC may accept the VaR approach as an alternative to the NDE approach on a case-by-case basis. The relevant detailed requirements are set out in Chapter 6 of the Derivative Guide. In addition to assessing the VaR model's specification and governance procedure, the SFC will also evaluate whether the risk manager possesses adequate expertise and sufficient experience with the VaR model and the relevant asset classes and derivatives used. Where appropriate, the SFC may request interviews with the risk manager for such assessment. For SFC-authorised UCITS funds that wish to adopt VaR, please refer to the "Frequently Asked Questions on SFC Authorization of UCITS Funds" for details.
20D3.	The derivative exposure of an SFC-authorised fund may occasionally exceed the threshold (eg, NDE of up to 50% of the fund's net asset value) as disclosed in the fund's KFS due to temporary surges or spikes in the derivative positions resulting from active positions taken by the fund managers on behalf of the fund for investment opportunities or due to market movements ("Temporary Surges in Derivative Positions"). What is SFC's expectation on fund managers in monitoring Temporary Surges in Derivative Positions?	In monitoring the derivative exposure of an SFC-authorised fund under its management, the management company should ensure that Temporary Surges in Derivative Positions are properly managed and the following conditions must be met: (a) the relevant active derivative positions are entered on a temporary or short-term basis, in line with the fund's investment strategies (including the strategy in using derivatives) and in the best interests of the fund and its investors; and (b) there should be no material adverse change to the overall risk profile of the fund; and (c) the derivative exposure of the fund should not constantly or persistently exceed the disclosed NDE in the fund's KFS for prolonged period(s); and the management company should take necessary steps to reduce the fund's derivative exposure to the threshold as disclosed in the fund's KFS as soon as reasonably practicable.

	Question	Answer
20D4.	In calculating the NDE, can the fund manager exclude the exposure from the fund's investment in standard "pass through" asset-backed securities or mortgaged-backed securities with payment of cash flows from the underlying pool of assets?	Chapter 4 of the Derivative Guide provides guidance on calculating NDE in relation to asset-backed securities ("ABS") and mortgaged-backed securities ("MBS") stating that, depending on the structure, ABS and MBS may or may not be regarded as derivatives. Paragraph 4.1 under Section B of Chapter 4 of the Derivative Guide provides that if the income and hence the value of an ABS or MBS come directly from the cash flows generated from the underlying pool of assets (ie, with reference to this Question 20D4, the ABS or MBS fully "pass-through" the cash flows from the underlying assets), such ABS or MBS is considered as a securitization of its underlying assets and is not deemed as embedding derivatives. Accordingly, investments by a fund in ABS or MBS in this nature would not be required to be included in the NDE calculation. For the avoidance of doubt, the SFC is of the view that synthetically structured ABS or MBS not falling under the Excluded Circumstances (as defined in the Derivative Guide) should be included in the NDE calculation.
20E.	If an SFC-authorised fund may invest in LAP, does the fund manager need to take into account the fund's investments in LAP in the NDE calculation?	LAP may adopt different structures with different features which may or may not be a derivative instrument. Management companies should exercise their professional judgement in determining whether the LAP invested by their SFC-authorised funds have embedded derivatives. The use of derivatives under the Excluded Circumstances (as defined in the Derivative Guide) may be excluded from the calculation of the NDE. Unless otherwise falling under the Excluded Circumstances, derivatives embedded in a financial instrument should be included in the calculation of the NDE. In calculating the NDE, management companies may, after taking into account all such relevant factors, exercise professional judgement to determine that the embedded derivative of a LAP could give rise to a negligible NDE, subject to ongoing assessment and monitoring.
	Engagement in VA-related activities	

	Question	Answer
20F.	What are the requirements for an SFC-authorised fund with exposure to VA ("SFC-authorised VA Fund") to engage in staking[10]?	In addition to the general guiding principles for SFC-authorised VA Funds engaging in VA-related activities outlined in the Circular on SFC-authorised funds with exposure to virtual assets, where an SFC-authorised VA Fund engages in staking, the management company should also observe the following requirements: (a) the fund should only engage in staking through SFC-licensed virtual asset trading platforms ("VATPs")[11] or authorised financial institutions ("AIs") (or subsidiaries of locally incorporated AIs)[12], subject to a cap reasonably determined by the management company taking into account of the liquidity needs and investment strategy of the fund; (b) the management company should ensure that the fund's staked VA holdings remain under custody by the SFC-licensed VATP or AI (or subsidiary of a locally incorporated AI); (c) the management company should perform proper due diligence and conduct ongoing monitoring on the SFC-licensed VATPs or AIs (or subsidiaries of locally incorporated AIs) and the staking services that they provide either directly or by outsourcing to a third party service provider; and (d) the offering documents, including the KFS, of the fund should, as a minimum, disclose the following: (i) general information about the staking arrangement, including the name of the service provider, and whether it is an affiliate of the SFC-licensed VATP or AI (or subsidiary of locally incorporated AI);

[10] Staking refers to the process of committing VAs for a validator to participate in a blockchain protocol's validation process based on a proof-of-stake consensus mechanism.
[11] See the "Circular on staking services provided by virtual asset trading platforms" issued by the SFC for details.
[12] See the circular on "Provision of Staking Services for Virtual Assets from Custodial Services" issued by HKMA for details.

	Question	Answer
		(ii) the amount of VAs that can be staked; (iii) a general statement that there is no change in the ownership of VA held by the fund during the staking process; (iv) the manner in which losses relating to staking would be dealt with; and (v) key risks associated with staking, including slashing risk, lock-up risk, blockchain technical error / bug risk, hacking risk and inactivity risk relating to the validators, and the legal uncertainty relating to staking which may affect the nature and enforceability of the fund's interest in the "staked" VAs.
	Exposure to fiat-referenced stablecoins the issue of which is authorised by a licence granted under the Stablecoins Ordinance ("Relevant Stablecoins") and/or tokenised deposits[13]	
20G.	Can an SFC-authorised fund hold Relevant Stablecoins and/or tokenised deposits?	SFC-authorised funds may hold Relevant Stablecoins and/or tokenised deposits, subject to the general guiding principles set out below: (a) holdings in Relevant Stablecoins and tokenised deposits share the same investment restrictions as cash deposits as set out in the UT Code (eg, 7.1B of the UT Code); (b) the trustee/custodian of an SFC-authorised fund should only delegate its custody function regarding Relevant Stablecoins and tokenised deposits (where applicable) to (i) an SFC-licensed VATP; (ii) an AI (or a subsidiary of a locally incorporated AI) which meets the expected standards issued by the HKMA from time to time; or (iii) such other entities acceptable to the SFC;

[13] "Tokenised deposits" refer to digital representations of commercial bank deposits on blockchains.

	Question	Answer
		(c) the fund's offering documents, including the KFS, should disclose the amount of Relevant Stablecoins and tokenised deposits that it may hold, and the key features and risks associated with them; (d) in addition to complying with the relevant disclosure requirements in Appendix E of the UT Code, the interim and annual reports should disclose the total amount of Relevant Stablecoins and tokenised deposits the fund holds as a proportion of its NAV; (e) the management companies may be subject to additional terms and conditions to be imposed by the SFC's Intermediaries Division (where applicable); and (f) prior consultation with the SFC is required for (i) funds intending to have exposure to Relevant Stablecoins and/or tokenised deposits that wish to seek the SFC's authorisation; or (ii) existing SFC-authorised funds that plan to obtain exposure to Relevant Stablecoins and/or tokenised deposits. Given the evolving nature of digital assets, the SFC may modify the guiding principles above or introduce additional requirements or conditions as considered necessary or appropriate in the discharge of its functions. Subject to (f) above, the guiding principles above are not applicable to Recognised Jurisdiction Schemes (including UCITS funds) and those under mutual recognition of funds arrangements.
	Complex product / non-complex product	
20H.	How will SFC-authorised funds be designated as non-complex products or complex products for distribution in Hong Kong?	SFC-authorised funds which comply with the NDE limit under 7.26 of the UT Code or the risk limit for the VaR approach set out in the Derivative Guide, will generally be designated as non-complex products for distribution in Hong Kong. Other SFC-authorised funds (eg, funds with NDE exceeding 50% of the fund's net asset value) will be designated as complex products.

	Question	Answer
		However, the SFC has the discretion to designate certain SFC-authorised funds as complex products for distribution in Hong Kong based on their characteristics and risks, irrespective of their NDE or VaR measure. The key consideration is whether the product contains terms, features, and risks that are too complex for retail investors to understand. Factors considered by the SFC include the fund's investment strategies, underlying assets and other characteristics, such as the use of financial derivative instruments and leverage or funds with exposures to private credit and private equity. A non-exhaustive list of examples of investment strategies and product features that are likely to result in a fund being designated as a complex product include: ▪ Swap-based ETFs (ie, synthetic ETFs) ▪ Futures-based ETFs ▪ Leveraged and inverse products ▪ Structured funds (eg, defined outcome funds) ▪ Virtual asset funds ▪ Hedge funds ▪ Listed closed-ended alternative asset funds ▪ Funds adopting primarily complex investment strategies such as market neutral, statistical arbitrage, event-driven, macro trading In addition, the above examples of funds designated by SFC as complex products will generally fall under the scope of 8.8 of the UT Code, except for hedge funds, listed closed-ended alternative asset funds and virtual asset funds which obtain exposure through spot virtual assets. Management companies are advised to consult the SFC in advance. The SFC will review and update these examples from time to time as the market evolves.

	Question	Answer
	Covered-call investment strategy	
20I.	For an actively managed SFC-authorised fund adopting a covered-call investment strategy with respect to an index, can the fund's index-tracking portfolio follow index-tracking fund-related diversification requirements in 8.6 of the UT Code?	Generally, an actively managed SFC-authorised fund (including an active ETF) is subject to a single-entity diversification limit capped at 10% of the fund's NAV, pursuant to 7.1 of the UT Code. However, recognising the evolving spectrum of actively managed and index-related investment strategies, the SFC may, on a case-by-case basis, consider allowing certain actively managed funds whose investment strategies involve maintaining a substantial portfolio that tracks an index (eg, a covered-call ETF), to apply the index-tracking fund diversification framework under 8.6 of the UT Code to their index-tracking portfolios. In assessing such arrangements, the SFC will have regard to the fund's investment objective, investment strategy, underlying index and overall portfolio composition. Managers should prior-consult the SFC for the assessment. Where such treatment is allowed, the single-entity diversification limit under 7.1 of the UT Code will not apply to the index-tracking portion of the portfolio. Any non-index-tracking portion of the portfolio will remain subject to the applicable diversification and investment restrictions under the UT Code.
	Investment in ETFs and leveraged and inverse products ("L&I Products") by SFC-authorised funds	
20J.	Can a Chapter 7 Fund invest in L&I Products?	A Chapter 7 Fund may invest in L&I products listed in Hong Kong or overseas exchanges subject to the following: • For SFC-authorised L&I Products or eligible schemes under 7.11A of the UT Code with leverage factor of -1x, the fund may invest up to 30% of its NAV in each such scheme, pursuant to 7.11A of the UT Code. • For SFC-authorised L&I Products or eligible schemes under 7.11A of the UT Code with

	Question	Answer
		leverage factor beyond -1x or 1x (eg, 2x or -2x), the fund may only invest up to 10% of its NAV in each such scheme for risk management purposes, notwithstanding 7.11A of the UT Code. • For other L&I Products that are not SFC-authorised and are non-eligible schemes, the fund may only invest up to 10% of its NAV in aggregate in such schemes, pursuant to 7.11 of the UT Code. Managers are reminded that the fund's overall exposure remains subject to its NDE limit, particularly where these products are used for investment purposes and no exclusion from the NDE calculation is allowed. Managers should also ensure the L&I Products invested by a Chapter 7 Fund are sufficiently liquid and such investments are consistent with the fund's investment objective.
	Investment in virtual assets ("VA") by SFC-authorised funds	
20K.	Can a Chapter 7 Fund invest in virtual asset exchange-traded products ("VA ETPs")?	A Chapter 7 Fund may invest up to 10% of its NAV in VA ETPs listed in Hong Kong or major overseas exchanges. Given that VA exposure is highly volatile, novel, and likely differ materially from a fund's other traditional investments, managers should: • perform proper due diligence to ensure that the VA ETPs to be invested by the fund have sufficient liquidity; and • disclose the intended investment in VA ETPs in the investment strategy section of both the Explanatory Memorandum (EM) and the Product Key Facts Statement (KFS), and disclose the associated risks in the risk section of the EM. For an existing Chapter 7 fund that intends to revise its investment strategy to invest in VA ETPs as above, the manager should consult the SFC in advance, and prior notice should be given to existing investors. Prior approval from the SFC is not required.

	Question	Answer
	Tokenised SFC-authorised investment products	
20L.	Can an SFC-authorised tokenised product (i) keep its ownership record solely on-chain, (ii) be held by multiple token custodians of its distributors, and/or (iii) adopt a multi-chain structure?	An SFC-authorised tokenised product may adopt these more advanced tokenisation features, subject to the following: (i) <u>Keeping ownership records solely on-chain</u> • Appropriate safeguards should be in place to ensure proper record of token holders' ownership interest in the product is maintained, pursuant to paragraph 11 of the Circular on tokenisation of SFC-authorised investment products and 6.8 of the UT Code. (ii) <u>Digital tokens held by multiple custodians of its distributors</u> • Token custodians are service providers typically appointed by distributors of tokenised products to hold the digital tokens on behalf of the end-investors. • Different distributors of a particular SFC-authorised tokenised product may appoint their preferred token custodian(s) to hold the digital tokens of such product on behalf of their clients, provided that such arrangement complies with the Securities and Futures (Client Securities) Rules, where applicable. (iii) <u>Adopting a multi-chain structure (eg, launching tokenised fund units on both blockchain A and blockchain B)</u> • The manager should demonstrate compliance with the Circular on tokenisation of SFC-authorised investment products in the context of each proposed blockchain networks. For an existing SFC-authorised tokenised product that intends to adopt any of the features above, the manager should consult the SFC in advance. Prior approval from the SFC will generally be required for (i) and (iii).
20M.	What are the regulatory expectations	As a general principle, given that the secondary trading of tokenised SFC-authorised

	Question	Answer
	for managers in maintaining orderly operation of secondary trading of SFC-authorised tokenised investment products?	investment products shares many similarities with the secondary trading of SFC-authorised ETFs, product providers are expected to maintain orderly secondary trading in a manner broadly consistent with that applicable to ETFs. This includes closely monitoring trading premiums and discounts, pricing, arbitrage mechanisms and market-making activities, as well as taking timely remedial measures to address any material disruptions or anomalies. For more details, please refer to the Frequently Asked Questions on Exchange Traded Funds and Listed Funds where the FAQs particularly relevant to the secondary trading of tokenised SFC-authorised investment products have been specifically identified.
	Securities financing transactions	
21.	What information is required to be disclosed to the investors regarding securities financing transactions (as defined in 7.32 of the UT Code) of a fund?	Relevant requirements are set out in 7.32 to 7.35 of the UT Code. C2 of Appendix C of the UT Code sets out the disclosure requirements in the funds' offering document regarding securities financing transactions.
21A.	This FAQ has been removed.	
21B.	Can an SFC-authorised fund reinvest the cash collateral received from sale and repurchase transactions in investments other than those set out in 7.36(j) of the UT Code?	Yes. Cash collateral received from sale and repurchase transactions may, subject to certain safeguards, be reinvested in investments other than those set out in 7.36(j) of the UT Code provided that such re-investment, together with the fund's net derivative exposure, shall not in aggregate exceed 50% of the fund's net asset value. For details of the safeguards, please refer to the Guide on the Use of Financial Derivative Instruments for Unit Trusts and Mutual Funds. The fund manager should consult the SFC in advance before making such re-investment of cash collateral. Re-investment of cash collateral received from sale and repurchase transactions in

	Question	Answer
		compliance with the above requirements shall not be subject to the limitation in 7.21 of the UT Code which allows borrowing of a fund of up to 10% of the fund's net asset value.
21C.	If an SFC-authorised fund enters into a sale and repurchase transaction where haircut on securities is applied by the counterparty to determine the amount of cash to be received by the fund as collateral, does this comply with 7.33 of the UT Code?	7.33 of the UT Code requires that an SFC-authorised fund should have at least 100% collateralization in respect of the securities financing transactions into which it enters to ensure there is no uncollateralized counterparty risk exposure arising from these transactions. For the purpose of the above requirement, in a sale and repurchase transaction, an SFC-authorised fund may receive cash (as collateral) for an amount equals to the market value (after haircut) of the securities sold to the counterparty by the fund, provided that the haircut imposed by the counterparty is fair and reasonable, and in line with the current market practices and standards.
22. to 26.	These FAQs have been removed.	
	Appendix C	
27.	If a fund has a master offering document prepared outside Hong Kong, may I submit a Hong Kong Offering Document instead of the full version of the master offering document?	The basic disclosure requirements for a fund's offering document are set out in Appendix C of the UT Code. The Hong Kong Offering Document must satisfy the UT Code requirements. If the Hong Kong Offering Document relies on references or information in the master offering document to form a complete disclosure document, the SFC may require that the master offering document also be authorised. A fund should not circulate to the Hong Kong public its master offering document, which is prepared for distribution outside Hong Kong, if the document has not been authorised by the SFC.
27A.	Is the requirement to disclose the risk management policy ("RMP") in place	Yes, funds with a net derivative exposure (as defined under the UT Code) of more than 50% of the funds' net asset value are required to disclose, among other things, the RMP in place in

	Question	Answer
	under C2 of Appendix C of the UT Code applicable to funds with a net derivative exposure (as defined under the UT Code) of more than 50% of the funds' net asset value?	their offering documents.
27B.	Does a fund manager need to approach the SFC before it offers a new share class in respect of an SFC-authorised fund?	Pursuant to C5 of Appendix C of the UT Code, the offering document of an SFC-authorised fund should contain a description of the different types of units/shares, including their currency of denomination. As such, the types of share classes that are offered to the public in Hong Kong for subscription should be clearly disclosed in the offering document ("Disclosure Requirement"). A fund manager should consult the SFC in advance if it would like to offer a new share class in relation to an SFC-authorised fund: (a) which is an unlisted unit/share class of an ETF; (b) which is a listed unit/share class of an unlisted fund; or (c) with special features that may be prejudicial to the interests of investors. SFC's prior approval under 11.1 of the UT Code should be obtained by the fund manager before adding the disclosure of such share class (for the first time for a fund in the case of (a) and (b) and in all case of (c)) in the offering document and offering it to the public in Hong Kong. Other than adding the disclosure of the share classes as mentioned above, the updated offering document reflecting the disclosure of other new share class should be filed with the SFC within one week from the date of issuance pursuant to Chapter 11.1B of the UT Code ("Filing Requirement"). With regard to (a) and (b) above, the fund manager should refer to 8.6(a)(c) and 8.10(c) of the UT Code for the relevant requirements.

	Question	Answer
		An example which falls within (c) above is where a new share class of a fund to be offered pursues an investment strategy that is not generally applicable to the fund as a whole but which may affect the investment returns and risk profile of the fund as a whole; this may be prejudicial to investors in other share classes of the fund. In this connection, fund managers are reminded that the SFC has the right to amend or impose new conditions on, or withdraw its authorisation of SFC-authorised funds as it considers appropriate pursuant to sections 104 and 106 of the SFO.
27C.	Does a fund manager need to seek SFC's prior approval before it offers a new share class denominated in Renminbi ("RMB Share Class") in respect of its existing SFC-authorised fund?	If a fund manager would like to offer RMB Share Class in relation to its existing SFC-authorised fund (including UCITS funds), no prior approval is required to be obtained from the SFC. However, the Disclosure Requirement and the Filing Requirement mentioned in Question 27B above will apply. Regarding the Disclosure Requirement, fund managers should ensure that the fund's offering document contains proper risk disclosures. Where RMB Share Class is offered by a fund denominated in non-Renminbi currency with limited or no Renminbi denominated underlying investments, specific key risks must be disclosed in the offering document (eg, general currency risks and Renminbi currency risks). For further guidance regarding the risk disclosures requirements, you should refer to the Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds. Fund managers are reminded that, among other obligations, they should put in place proper and adequate internal controls and systems to monitor the Renminbi related operations (ie the Renminbi foreign exchange transactions and the related currency hedging activities, where applicable) on an ongoing basis.
	Miscellaneous	

	Question	Answer
28.	Do I have to include the Enhanced Disclosure Box in advertisements?	Please refer to Question 6A of the Frequently Asked Questions on Advertising Materials of Collective Investment Schemes Authorized under the Product Codes.
29.	Can I use gifts in promoting my fund?	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, all marketing materials of investment products authorised by the SFC should not contain an offer of gift, other than a discount of fees and charges, in promoting a specific investment product.
30.	This FAQ is obsolete and has been removed.	
31.	This FAQ is obsolete and has been removed.	
32.	This FAQ has been removed.	
33.	When can the time frame for payment of redemption money exceed the one-calendar month requirement under Chapter 6.14 of the UT Code?	Redemption is a fundamental right of holders of a scheme. It is therefore important that the requirement of the payment of redemption money to the holder within one calendar month from the receipt of the redemption request under Chapter 6.14 of the UT Code is strictly adhered to and redemption money is paid to holders on a timely basis. It is only in exceptional circumstances where the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as foreign currency controls) thus making the payment of the redemption money within one calendar month not practicable, the scheme could have a longer redemption payment period exceeding one calendar month. In such a case, proper records must be kept by the management company to demonstrate and justify this (eg, the scheme is directly subject to or adversely affected by the restrictions which are beyond the reasonable control of the management company) and holders and the SFC must be properly and promptly informed. In any event, the redemption money must be paid to holders as soon as possible after the receipt of the proceeds by the scheme.
	Disclosure of information to investors regarding the fund's distribution policy	

	Question	Answer
34.	What information is required to be disclosed to the investors if a fund may pay dividend out of its capital?	The offering documents of SFC-authorised funds should clearly state their distribution policy. For an SFC-authorised fund which may pay dividend out of capital, its offering documents should include a prominent risk warning that the fund may pay dividend out of capital and disclose the associated risks and impact on investors. Where an SFC-authorised fund pays dividends out of gross income and charges / pays all or part of the fund's fees and expenses to / out of capital, resulting in an increase in distributable income for the payment of dividends, its offering document should also include a prominent risk warning that the fund charges all or part of its fees and expenses to capital which means that the fund may effectively pay dividend out of capital and disclose the associated risks and impact on investors. **For the avoidance of doubt, the disclosure and other requirements mentioned in FAQs 34, 34A and 34B shall not be applicable to a fund or a share class of a fund which does not pay dividend or make any distribution at all according to its distribution policy (for example, any accumulation share class of a fund.)** An SFC-authorised fund's offering documents (including KFS) should, at a minimum, contain prominent disclosure to the following effect : a. (i) the fund / the investment manager may at its discretion pay dividend out of the capital of the fund; or (ii) the fund / the investment manager may at its discretion pay dividend out of gross income while charging/ paying all or part of the fund's fees and expenses to/ out of the capital of the fund, resulting in an increase in distributable income for the payment of dividends by the fund and therefore, the fund may effectively pay dividend out of capital. b. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original

	Question	Answer
		investment. c. Any distributions involving payment of dividends out of the fund's capital or payment of dividends effectively out of the fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share/unit; d. the compositions of the dividends (ie the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months ("Dividend Composition Information") are available by the investment manager / Hong Kong representative on request and also on the fund's website (if any); and e. the fund / the investment manager may amend the policy with respect to the matters mentioned in (a)(i) and/or (a)(ii) above subject to the SFC's prior approval and by giving not less than one month's prior notice to investors. The information referred to in (a), (b) and (c) should also be disclosed in all marketing materials of the fund in a prominent and upfront manner (eg, in the risk disclosure box of the relevant marketing materials).
34A.	Does the SFC require the Dividend Composition Information to be disclosed in a particular manner?	The Dividend Composition Information should be clearly presented with the minimum information below in respect of each relevant distributing share class of the fund and made available by the investment manager / Hong Kong representative on request and on the fund's website (if any). An illustrative example below sets out the **minimum information** (inclusive of the warning statement in *italics* below) expected to be disclosed. **[Fund name – share class [Y]]: Composition of the dividend payments:**

	Question	Answer
		<table><tr><th>For the month of</th><th>Dividend per share</th><th>Dividend paid out of net distributable income for the month</th><th>Dividend paid out of capital</th></tr><tr><td>Jan 201[X]</td><td>HK$10</td><td>100%</td><td>0%</td></tr><tr><td>Feb 201[X]</td><td>HK$10</td><td>90%</td><td>10%</td></tr><tr><td>Mar 201[X]</td><td>HK$10</td><td>80%</td><td>20%</td></tr></table> ***Warning: Please note that a positive distribution yield does not imply a positive return. Investors should not make any investment decisions solely based on the information contained in the table above. You should read the relevant offering document (including the key facts statement) of the fund for further details including the risk factors.*** For the avoidance of doubt, the fund / the investment manager should take note of the following in preparing and presenting the composition of the dividend payments: a. Composition of dividends payments shall be disclosed in respect of the relevant share class for each distribution (ie, monthly distribution share class should disclose the composition of dividends for each month; quarterly distribution share class should disclose the composition of dividends for each quarter, etc.) b. The composition of dividend payments may be presented by way of dollar amount and/or in percentage terms. c. For the purpose of calculating the composition of dividends to be presented in the Dividend Composition Information, the accounts must be prepared using the same

	Question	Answer
		accounting principles and methodologies adopted in preparing the fund's annual financial statements on a consistent basis, save for the following: i. "Net distributable income" means the net investment income (ie, dividend income and interest income net of fees and expenses) attributable to the relevant share class and may also include net realised gains (if any) based on unaudited management accounts. However, "net distributable income" **cannot include** net unrealised gains. ii. "Net distributable income" which is not declared and paid as dividends in a period of a financial year can be carried forward as net distributable income for the next period(s) within the same financial year. "Net distributable income" that has been accrued as at the end of a financial year and is declared and paid as dividends on the next distribution date immediately after that financial year end could be treated as "net distributable income" in respect of that financial year. However, "net distributable income" which has been accrued as at the end of a financial year but is not declared and paid as dividends on the next distribution date immediately after that financial year end should be included as "capital" for the next financial year. iii. Where the fund may pay dividends out of gross income while charging/ paying all or part of the fund's fees and expenses to / out of capital, the amount of fees and expenses that has been paid out of capital has to be deducted from the gross investment income in order to come up with the "net distributable income". d. The basis of calculating the "net distributable income" shall be clearly disclosed with the composition table as illustrated above. e. The warning statement referred to in the illustrative example above should be made as part of the disclosure for the Dividend Composition Information. f. Should the fund / the investment manager wish to disclose information in addition to the

	Question	Answer
		minimum information as required in the illustrative example above (eg, NAV, dividend yields, total return, other additional ways to present dividend composition by way of annualised, cumulative or 12-month rolling basis based on unaudited management accounts, etc), please ensure that the additional information provided is fair, accurate and not misleading. g. Dividend Composition Information should be disclosed and/or presented in a manner which is fair, accurate and not misleading. Income equalisation adjustments are sometimes made by fund managers to, among other things, smooth out the impact of large subscriptions/redemptions and/or cater for individual investors' tax reporting purposes in other jurisdictions. We understand that not all SFC-authorised funds adopt income equalisation adjustments. Hence, in order to provide a common basis of comparison by investors, income equalisation adjustments should not be adopted for the purposes of disclosing Dividend Composition Information as required by this FAQ. Thus, "net distributable income" at the fund level for the purposes of the Dividend Composition Information should be calculated in accordance with the requirements stated in (c) above without making any income equalisation adjustments. In case of doubt, early consultation with the SFC is encouraged. For the avoidance of doubt, fund managers may continue to adopt income equalisation adjustments in the financial reports of their authorised funds provided that the disclosure is true, accurate and not misleading.
34B.	As stated in FAQ 34 above, the compositions of the dividends for the last 12 months ("12-month Period") shall be made available by the investment manager / Hong Kong representative on request and also on the fund's website (if any). Does it mean the fund have to prepare the	The 12-month Period is intended to be a rolling 12-month period starting from the date on which payment of dividends is being made by an SFC-authorised fund out of or effectively out of capital after the Effective Date. As an illustration, if a fund pays dividends pursuant to (a)(i) and/or (a)(ii) in FAQ 34 above, in respect of one of its distributing share class on a quarterly basis (ie March, June, September and December in each calendar year), it is expected to make available / disclose, at minimum, the Dividend Composition Information in respect of the following distributions

<table>
<tr><th></th><th>Question</th><th>Answer</th></tr>
<tr><td></td><td>compositions of dividends made by the fund in the past 12 months preceding the publication date of this FAQ ie 8 November 2012 (the “Effective Date”)

Also, do I need to make available to investors all of the historical information on compositions of dividends that has been previously disclosed?</td><td>during the following periods once distribution is made:

<table>
<tr><th>Illustrated Period</th><th>Information on composition of dividends in respect of the following distributions is to be made available / disclosed</th></tr>
<tr><td>After the Effective Date and until and after the Dec 2012 distribution</td><td>Dec 2012</td></tr>
<tr><td>After the Mar 2013 distribution and prior to the Jun 2013 distribution</td><td>Dec 2012, Mar 2013</td></tr>
<tr><td>After the Jun 2013 distribution and prior to the Sept 2013 distribution,</td><td>Dec 2012, Mar 2013, Jun 2013</td></tr>
<tr><td>After the Sept 2013 distribution and prior to Dec 2013 distribution</td><td>Dec 2012, Mar 2013, Jun 2013, Sept 2013</td></tr>
<tr><td>After the Dec 2013 distribution and prior to Mar 2014 distribution</td><td>Mar 2013, Jun 2013, Sept 2013, Dec 2013</td></tr>
</table>

The disclosure mentioned above only represents the minimum requirement. As such, the fund manager may continue to make available to investors any historical information regarding the compositions of dividends that had been previously disclosed from time to time in such manner as the fund manager considers necessary and/or appropriate to enhance the transparency of the fund’s distribution policy.</td></tr>
<tr><td></td><td colspan="2">Disclosure of information to investors regarding US Foreign Account Tax Compliance Act (“FATCA”)</td></tr>
<tr><td>35.</td><td>What information should be disclosed to the investors regarding FATCA?</td><td>Reference is made to the circular of the SFC to issuers of SFC-authorised investment products concerning FATCA dated 21 March 2014.

Issuers of SFC-authorised funds should keep investors informed of information concerning their SFC-authorised funds which is necessary to enable investors to appraise the position of</td></tr>
</table>

	Question	Answer
		the SFC-authorised funds from time to time. In this connection, it is the issuers' duty to ensure that the offering documents (including the Product KFS) of their SFC-authorised funds are up-to-date and contain the information necessary for investors to make an informed judgement about the SFC-authorised funds. At a minimum, the following information is generally expected to be provided to investors in the offering documents:- 1. a general description of the FATCA regime; 2. details of any intergovernmental agreement to implement FATCA between the US and the country in which the SFC-authorised fund is established; 3. disclosure relating to the FATCA status of the SFC-authorised funds (such as its registered status as a participating foreign financial institution/reporting foreign financial institution or its status as a deemed compliant foreign financial institution); 4. a warning that all prospective investors should consult with their own tax advisors regarding the possible implications of FATCA on them and the SFC-authorised funds; 5. relevant FATCA risk disclosure (including the consequences of any withholding tax on the SFC-authorised funds and the consequential impact on the investors); and 6. where there is disclosure on compulsory redemption and/or the manager has a right to withhold, set-off or deduct reasonable amounts from the redemption proceeds, it should also be disclosed that: (i) such withholding, set-off or deduction is permitted by applicable laws and regulations and (ii) the manager is acting in good faith and on reasonable grounds. Issuers are also reminded to pay close attention to the updates and announcement which may be made by the Government of the Hong Kong Special Administration Region from time to time in relation to the Hong Kong intergovernmental agreement designated to facilitate compliance with FATCA.

	Question	Answer
	Disclosure of the ongoing charges figure	
36.	For the purposes of disclosure of the ongoing charges figure in Product Key Facts Statements, where an SFC-authorised fund invests in listed REITs or ETFs, would such investments be treated as investment in other funds as referred in paragraph 22 of the *Guidelines for the disclosure and calculation of the ongoing charges figure* dated 3 March 2017, as amended from time to time ("Guidelines")?	Being a closed-ended fund whose assets are typically not fungible, a listed REIT is more akin to a listed company than a traditional fund. As such, listed REITs may generally be treated as listed securities and not subject to paragraph 22 of the Guidelines for the purposes of calculating the ongoing charges figure. On the other hand, passive ETFs are passively managed open-ended funds that invest in a portfolio of fungible securities and/or financial instruments to replicate the performance of a financial index or benchmark and active ETFs are actively managed and do not track the performance of an index or a benchmark. Both passive ETFs and active ETFs are more akin to traditional funds in nature. Hence, where an SFC-authorised fund invests in ETFs, it is generally expected to take into account the ongoing charges figures of such ETFs in the calculation of its ongoing charges figure in accordance with the requirements set out in paragraph 22 of the Guidelines.
37.	Where an SFC-authorised fund is subject to a fixed rate of ongoing charges, can the maximum rate of the ongoing charges applicable to the SFC-authorised fund be disclosed in the KFS pursuant to the Guidelines?	If an SFC-authorised fund is subject to a fixed rate of ongoing charges and any excessive level of expenses / charges will not be borne by the fund, the fund manager may disclose the maximum level of the ongoing charges figure calculated in accordance with the Guidelines if this maximum figure is higher than the actual figure. Otherwise, the ongoing charges figure shall be calculated based on the latest annual or interim financial statements in accordance with the Guidelines.
38.	This FAQ has been removed.	
	Cross-border offering of Hong Kong CIS in Australia pursuant to the Australia–Hong Kong Mutual Recognition of Funds (Australia-HK MRF)	
39.	Australian Securities and Investments Commission ("ASIC") issued a class order [CO 08/506] Hong Kong	Notwithstanding the repeal of the Class Order, ASIC has confirmed that it remains committed to the aim of the Declaration and that the repeal of the Class Order is an operational change rather than a policy change. ASIC has further confirmed that, following the expiry of the Class

	Question	Answer
	collective investment schemes ("Class Order") in 2008 as a means of giving effect to the Declaration on Mutual Recognition of Cross-border Offering of Collective Investment Schemes ("Declaration") signed between ASIC and the SFC on 7 July 2008. The Class Order was repealed on 1 October 2018. Does the repeal of the Class Order affect the Declaration?	Order, it will continue to give effect to the Declaration by providing a streamlined process ("Streamlined Process") for Hong Kong CIS to obtain individual relief from registration in Australia under Regulatory Guide 178 *Foreign collective investment schemes* ("RG 178") and from certain licensing, product disclosure and fund-raising requirements in line with the eligibility requirements and arrangements as set out in the Class Order. It is the intention of ASIC that there will be no substantive difference between the requirements and arrangements of the application under the Class Order and those under the Streamlined Process.
39A.	What are the eligibility requirements on Hong Kong CIS for application for regulatory relief from ASIC under the Streamlined Process?	ASIC will process an application of a Hong Kong CIS ("Eligible Hong Kong CIS") for the relief from registration as an Australian managed investment scheme and from certain licensing, product disclosure and fund-raising requirements, provided that: (a) the Hong Kong CIS is authorised by the SFC; (b) the manager of the Hong Kong CIS is licensed by the SFC; (c) none of the Hong Kong CIS, its manager or its trustee/custodian is exempted from any Hong Kong regulatory requirements because the Hong Kong CIS, its manager or its trustee/custodian is also regulated elsewhere; and (d) the Hong Kong CIS is not principally marketed to investors in Australia. A Hong Kong CIS is currently not considered as principally marketed to investors in Australia if Australian investors account for no more than 30% of the value of the Hong Kong CIS. It is expected that the manager of the Hong Kong CIS will monitor and ensure compliance with this threshold limit.
39B.	What are the arrangements under the	ASIC recognises that the Hong Kong regulatory regime for public funds is sufficiently

	Question	Answer
	Streamlined Process?	equivalent to Australia. Starting from 1 October 2018, despite the expiry of the Class Order, Eligible Hong Kong CIS may make an individual application for relief from ASIC under the Streamlined Process. The information which ASIC requires as part of the application and the criteria to be assessed by ASIC in granting the relief under the Streamlined Approach are identical to what ASIC previously set out under the Class Order. That is, the applicant is only required to provide certain documents about itself (as currently set out in section RG 178.73 of the RG 178 and previously set out in the Schedule B of the Class Order) and is not required to provide additional documentation (in particular, the information as currently set out under sections RG 178.75 and RG 178.76 of the RG 178) to demonstrate sufficient equivalence of the Hong Kong regulatory regime. An application fee is payable for making an application. The fees that currently apply to applications for relief under RG 178 are set out in item 80 of Schedule 1 to the Corporations (Fees) Regulations 2001, which may change over time. Please contact ASIC for information about current fees applicable for the particular application. ASIC is in the process of updating the RG 178 to clarify the information it will require for the application of relief from foreign CIS operators from jurisdictions which ASIC has assessed as sufficiently equivalent, including Hong Kong.
39C.	What are the documents and information required to be provided for the application of relief under the Streamlined Process?	The following documents and written information in relation to an Eligible Hong Kong CIS (as applicable) are required to be provided to ASIC for the application of relief under the Streamlined Process: (a) evidence that the Hong Kong CIS is authorised under subsection 104(1) of the SFO; (b) a deed from the company for the benefit of and enforceable by ASIC, the other persons referred to in subsection 659B(1) of the Corporations Act 2001 and any member or former member of the Eligible Hong Kong CIS in Australia at the time they were offered interests/shares in the Eligible Hong Kong CIS, which applies notwithstanding that the company may have ceased to rely, or never have relied, on

	Question	Answer
		the relief, and which provides that: (i) the deed is irrevocable except with the prior written consent of ASIC; and (ii) the company covenants to comply with the Hong Kong regulatory requirements in respect of its conduct in Australia as if the conduct occurred in Hong Kong in like circumstances; and (iii) the company covenants to: (1) ensure that each of its agents and representatives that engages in conduct in Australia will comply with the Hong Kong regulatory requirements in respect of their conduct in Australia as if the conduct occurred in Hong Kong in like circumstances; and (2) ensure that each of its agents and representatives that engages in conduct in Australia has entered into a deed as required by this paragraph as if references to the company were references to the agent or representative; and this paragraph (iii) were omitted; and (iv) the company submits to the non-exclusive jurisdiction of the Australian courts in legal proceedings conducted by any of the following: (1) ASIC (including under section 50 of the ASIC Act); and (2) any member (or former member) of the Eligible Hong Kong CIS who was in Australia when they were offered interests/shares in the Eligible Hong Kong CIS; and (3) in relation to proceedings relating to a financial services law – any person referred to in subsection 659B(1) of the Corporations Act 2001; and in the case of proceedings brought by a person covered by subparagraph (1) or (3), whether brought in their name, on behalf of the Crown or otherwise; (v) the company covenants to comply with any order of an Australian court in respect of any matter relating to the provision of the financial services in relation to the

	Question	Answer
		Eligible Hong Kong CIS or the operation of the Eligible Hong Kong CIS; and (vi) the company covenants that, on written request of either the SFC or ASIC, it will give or vary written consent and take all other practicable steps to enable and assist the SFC to disclose to ASIC and ASIC to disclose to the SFC any information or document that the SFC or ASIC has that relates to the company or the eligible Hong Kong CIS; (c) written consents to the disclosure by SFC to ASIC and ASIC to SFC of any information or document that SFC or ASIC has that relates to the company or Eligible Hong Kong CIS; (d) the most recent financial statements of the eligible Hong Kong CIS, any audit report, and any subsequent public disclosures by that eligible Hong Kong CIS about its financial position or compliance with the Hong Kong regulatory requirements and if the documents are not in English, and English translation; (e) a copy of the most recent Hong Kong offering document relating to an offer of interests/shares in the Eligible Hong Kong CIS; (f) a copy of the constitution or other governing rules (however described) of the eligible Hong Kong CIS; (g) a description of how the company will plan for, monitor and assess its compliance with the requirements and conditions of the relief and any Australian regulatory requirements to which it will be subject; (h) a description of the financial services relating to the Eligible Hong Kong CIS that the company intends to provide in Australia; and (i) where the company is an exempt manager – information about the interests/shares in

	Question	Answer
		the Eligible Hong Kong CIS that the company intends to offer or issue to persons in Australia and how it plans to seek members in Australia.

Last updated: 28 October 2026