### **COMPLIANCE CHECKLIST**

## **APPLICATION OF POOLED INVESTMENT FUND (PIF)**

 Name of Applicant
 :\_\_\_\_\_\_

Name of PIF :\_\_\_\_\_

The compliance checklist is to assist applicants in preparing an application of a PIF. Applicants should provide information to the **relevant sections** of the checklist and submit to the Commission together with the other documents required for an application.

The checklist is divided into 3 parts as follows:

Part I : Documents submitted to the SFC

Part II : Information highlights

Part III : Information to be disclosed in the Offering Document

Note : Applicants are not required to fill in shaded area.

# Part I DOCUMENTS SUBMITTED TO SFC (Chapter 4)

(a) Copy of the MPFA application form
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- (b) Offering document (please specify whether it is a standalone document or part of the offering document of the MPF scheme)
- (c) Constitutive document(s)
- (d) Material contracts (please specify)
- (e) Profile of new investment manager or investment management group
- (f) Sales literature and proposed advertisements
- (g) Copies of undertakings provided to the MPFA (please specify)
- (h) Original undertaking(s) required by the SFC (please specify)
- (i) Copy of trustee's written approval in respect of the delegation of investment functions
- (j) Copy of the letter of consent from the applicant in respect of information exchange between the MPFA and the SFC
- (k) Application fee
- (1) Diagrammatic presentation of the relationship between the MPF scheme and the pooled investment fund(s)
- (m) Information on Investment Manager as required in Chapter 6 (please specify)

"√" if submitted	SFC Use	e Only

(n) Other documents (please specify)

# PART II INFORMATION HIGHLIGHTS

Note: For umbrella funds / policies, applicants are not required to fill in items marked with "\*".

(i) The PIF .	Details	Where Found (Doc/Pg/Para)	SFC Use Only
Basic Information			
Type (Unit Trust / Insurance Policy)			
Structure (Single / Umbrella)			
For Umbrella Product, number of Sub-funds / Sub-policies			
Investment Manager			
Inspection Regime of Investment Manager			
Intended Investment (e.g. Bonds / Equities / Approved PIF)*			
Geographical Distribution*			
Availability to Retail Investors (Y/N)*			
Valuation / Dealing Frequency*			
Pricing Policy (Forward / Historical)*	Forward		
Base Currency*			
Net Asset Value as at [Date]*			
Year End Date*			
Minimum Initial Investment*			
Subsequent Holding*			

Minimum Switching Amount*		
Minimum Redemption Amount*		
Name of Other Operators and Principals		
Trustee		
Custodian (if different from Trustee)		
Insurer		
Auditors		
Other Service Providers (Please specify)		
Main Contact		
Top Management of Investment Manager		
Name (Contact person)		
Title		
Address		
Telephone Number		
Facsimile Number		
E-mail Address		
Annual Fee Administrator		
Name (Contact person)		
Title		
Company Name		
Address		
Telephone Number		
Facsimile Number		
E-mail Address		

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Daily Contact P	erson				
Name					
Title					
Company Name	,				
Address					
Telephone Num	ber				
Facsimile Numb	ber				
E-mail Address					
Fees*		Charged to Constituent Fund	Charged to PIF		
Initial Purchase Char	Initial Purchase Charge				
Redemption Charge					
Management Fee:	Current %				
	Maximum %				
Trustee Fee:	Current %				
	Maximum %				
Custodian Fee:	Current %				
	Maximum %				
Administration Fee:	Current %				
	Maximum %				
Other Fees (Please S	Other Fees (Please Specify):				
	Current %				
	Maximum %				
Performance Fee Ch (Y/N and please prov	Performance Fee Charged to the PIF, if any (Y/N and please provide details)				

Capital / Return Guarantee offered, if any (Y/N and please provide details)

Discretionary Benefits offered, if any (Y/N and please provide details)

(ii) PIF – Sub-fund or Sub-policy * Please fill in the following information for each sub-product (i.e. one table for one sub-product)	Details	Where Found (Doc/Pg/Para)	SFC Use Only
Basic Information			
Name of Sub-fund / Sub-policy			
Type (Unit Trust / Insurance Policy)			
Investment Manager or Delegate of Investment Manager			
Inspection Regime of Investment Manager / Delegate of Investment Manager			
Intended Investment (e.g. Bonds or Equities)			
Geographical Distribution			
Availability to Retail Investors (Y/N)			
Valuation / Dealing Frequency			
Pricing Policy (Forward / Historical)	Forward		
Base Currency			
Net Asset Value as at [Date]			
Year End Date			
Minimum Initial Investment			
Subsequent Holding			
Minimum Switching Amount			
Minimum Redemption Amount			
Others (Please specify)			

Fees		Charged to CF	Charged to PIF		
Initial Purchase Char	Initial Purchase Charge				
Redemption Charge					
Management Fee:	Current %				
	Maximum %				
Trustee Fee:	Current %				
	Maximum %				
Custodian Fee:	Current %				
	Maximum %				
Administration Fee:	Current %				
	Maximum %				
Other Fees (Please S	Other Fees (Please Specify):				
	Current %				
	Maximum %				
Performance Fee Charged to the PIF, if any (Y/N and please provide details)					
Capital / Return Guarantee offered, if any (Y/N and please provide details)					
Discretionary Benefi (Y/N and please prov					

# Part III INFORMATION TO BE DISCLOSED IN THE OFFERING DOCUMENT (Chapter 5)

	Where Found (Pg/Para)	SFC Use Only
English and Chinese Offering Documents		
1. The offering document must be provided in the English and Chinese languages. The Commission may waive this requirement for pooled investment funds on a case by case basis where the applicant satisfies the Commission that the offering document of the pooled investment fund will only be issued to persons (e.g. trustees and investment managers of master trust schemes) who are fully conversant in the languages in which the offering document is intended to be published. The applicant is required to provide an undertaking to the Commission in this regard.		
Constitution of MPF scheme and Pooled Investment Fund		
2. The name and date of creation of the MPF scheme or pooled investment fund, with an indication of its duration if limited; and the status of registration of the MPF scheme or the status of approval of the pooled investment fund with the MPFA.		
Note: The name and description of the MPF scheme or pooled investment fund must not be Misleading and should be an accurate reflection of its nature and investment objectives (see 7.5 and 7.6).		
Operators and Principals		
3. The names and registered addresses of the following parties (where applicable) for each MPF scheme or pooled investment fund:-		
<ul> <li>(a) the trustee;</li> <li>(b) the custodian, if different from the trustee;</li> <li>(c) the investment manager;</li> <li>(d) the delegate(s) of the investment manager;</li> </ul>		

(e) (f) (g)	the insurer; the auditors; and any other service providers.		
<del>Constituer</del>	<del>nt Funds</del>		
4. The (a) (b) (c)	number of constituent funds within the MPF scheme and for each constituent fund: — <i>its name;</i> — <i>the type of fund; and</i> — its structure.		
Note	<del>: (1): A constituent fund may be of the following types:</del> bond/ equity/ money market/ balanced/ capital preservation/ guaranteed fund/ others.		
	(2): A constituent fund may be internally managed or structured to invest in one or more pooled investment funds.		
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Investmen	nt Policy and Restrictions		
5. State	ement of Investment Policy which includes:		
(a)	the fund's investment objectives;		
<i>(b)</i>	the types of intended investments, and their relative proportions in the portfolio;		
<i>(c)</i>	the balance between different kinds of securities and other assets such as geographical distribution of the intended investments;		
(d)	the policy regarding the acquisition, holding and disposal of financial futures contracts and financial option contracts;		
(e)	whether the fund will be engaged in security lending;		
(f)	whether the fund will invest in one or more pooled investment funds. The criteria for selecting the specific pooled investment funds should be stated in the latter case; and		

Name	of PIF:

	(g)	the risk inherent in implementing the investment policy and the return expected to result from giving effect to the policy.		
	Note:	No forecast of performance of the constituent fund or pooled investment fund may be made in the offering document. The expected return as mentioned in paragraph (g) only refers to a general description, for example, "The fund is expected to provide a return in excess of inflation rate."		
6.		ement to the effect that the fund is subject to the investment and borrowing restrictions in ule 1 of the Regulation together with a summary of other restrictions, if any.	 	
Valuation of Constituent Fund and Pooled Investment Fund				
7.		ency of valuation and dealing, including dealing days for each constituent fund or pooled ment fund.		
8.	The fo	llowing matters should be disclosed:		
	(a)	method of valuation of assets and liabilities for each constituent fund or pooled investment fund;		
	<i>(b)</i>	method of pricing and determination of investment return for each unitized constituent fund or pooled investment fund; and		
	(c)	method of determination and declaration of investment return for each non-unitized constituent fund or pooled investment fund.		
9.		nstances under which the method of valuation and pricing may change for each constituent or pooled investment fund.		
Con	Contributions and Withdrawals			
<del>10.</del>	-Charac	eteristics of contributions.		

<del>11.</del>	<ol> <li>Provisions on voluntary contributions, including withdrawal of accrued benefits derived from voluntary contributions.</li> </ol>		
<del>12.</del>	Procedures for applying to participate in, withdraw from an MPF scheme and transfer to other MPF schemes.		
<del>13.</del>	Procedures for making contributions, withdrawals and switching between constituent funds.		 
14.	Minimum initial investment, subsequent holding, minimum switching amount and minimum redemption amount, if any, of each pooled investment fund.		
<del>15.</del>	Circumstances under which switching between constituent funds may occur.		
<del>16.</del>	Circumstances affecting the portability and payment of members' benefits.		
17.	The maximum interval between:		
	(a) the request for transfer to other registered schemes and the transfer of funds to other schemes;		
	(b) the request for withdrawal of voluntary contributions and the payment of voluntary benefits withdrawn;		
	(c) the request for redemption and payment of accrued benefits for MPF schemes; and		
	(d) the request for redemption and the payment of redemption proceeds for pooled investment funds.		
18.	A summary of the circumstances in which dealing may be deferred or suspended for each constituent fund or pooled investment fund.		
<del>19.</del>	A statement that contributions to an MPF scheme should only be made to the trustee of the MPF scheme.		
Fees	Fees and Charges		

- 20. Explanation of all fees and charges for each MPF scheme, constituent fund or pooled investment fund should be clearly identified in tabular form, to include:
  - (a) all fees and charges payable by participants of the MPF scheme, or by holders of the pooled investment fund, including all charges levied on subscription, withdrawal and transfer of accrued benefits to other MPF schemes;
  - (b) all fees and charges payable, or can reasonably be expected to be payable, by the constituent fund or pooled investment fund, including investment management fees, performance fees, guarantee fees, trustee fees, custodian fees, start-up expenses, advertising or promotional expenses and any other selling expenses; and
  - (c) details of whether charges are subject to change and the relevant notice period to participants of the MPF scheme or to holders of the pooled investment fund.

In case of indeterminable fees and charges, the basis of calculation or the estimated ranges should be disclosed. Where complex calculations are required to disclose fees and charges, illustrative examples should be given for clarity.

- *Note (1): All fees and charges, if expressed as a percentage, must be disclosed on a per annum basis.* 
  - (2): Where performance fee is levied on unitized constituent funds and pooled investment funds:
    - (i) the frequency at which performance fee is charged to the fund; and
    - (ii) the basis upon which performance fee is calculated (for example, whether the performance fee is calculated on a high-on-high basis) should be disclosed.
  - (3): Where advertising, promotional for other selling expenses are expected to be charged to constituent funds or pooled investment funds, an estimate of the amount to be charged, whether as a percentage of the net asset value of the fund or otherwise should be disclosed.

21. Where the investment manager or other service providers or their associates receive goods or services from a third party derived from the acquisition or disposal or lending of the assets of an MPF scheme or pooled investment fund, a summary of the terms under which such goods or services are received. In addition, a nil statement regarding retention of cash rebates by any of these persons.

#### Warnings

22. The following statement must be prominently displayed in the offering document as follows:

"Important if you are in doubt about the meaning or effect of the contents of this document, you should seek independent professional advice."

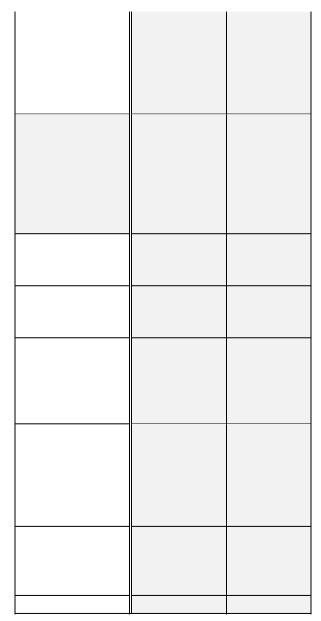
- 23. Except where the fund's investment return is subject to a non-variable guarantee, a prominent warning should be stated to the effect that investment involves risks.
- 24. To the extent that the underlying investments involve risks, a detailed description of the risks should be given.

#### Governing Law

25. The offering document should specify that the MPF scheme or pooled investment fund is governed by the law of The Hong Kong Special Administrative Region.

#### Taxation

- 26. Details of Hong Kong and other taxes levied on the income and capital of the MPF scheme or pooled investment fund including tax, if any, deducted from benefits accrued to members of MPF schemes or on distribution to holders of pooled investment funds.
- 27. Where there are likely tax benefits to the participants of the MPF scheme or holders of the pooled investment fund, the offering document should briefly explain the tax implications for these scheme participants or fund holders, based on expert advice received by the applicant.
- 28. Participants of the MPF scheme or holders of the pooled investment fund should also be advised



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to seek professional advice regarding their own particular tax circumstances.

#### Reports and Accounts

- 29. The date of the MPF scheme or pooled investment fund's financial year end.
- 30. Particulars of what reports or statements will be sent by the trustee to scheme participants and when.

#### General Information

- 31. A list of constitutive documents of the MPF scheme or pooled investment fund and an address in Hong Kong where they can be inspected free of charge or purchased at a reasonable price.
- 32. The telephone number of an enquiry hotline for participants of the MPF scheme.
- 33. The date of publication of the offering document.
- 34. A statement that [name of applicant] accepts responsibility for the information contained in the offering document as being accurate at the date of publication.
- 35. If an MPF scheme or pooled investment fund is described as having been authorized by the Commission, the offering document must state that authorization does not imply official recommendation.
- 36. If an MPF scheme, constituent fund or pooled investment fund is described as having been registered or approved by the MPFA, the offering document must state that registration or approval does not imply official recommendation.

#### Notification to Scheme Participants and Fund Holders

37. A statement that participants of the MPF scheme or holders of the pooled investment fund will be notified of changes to the Statement of Investment Policy.


38. A statement indicating the notice period to be given to participants of the MPF scheme or fund holder of the pooled investment fund in the following circumstances: merger or division of schemes; and merger, division or termination of constituent funds within a MPF scheme and pooled *(b)* investment funds. Additional Disclosure Requirements for Specialized Constituent Funds and Pooled Investment Funds Capital Preservation, Money Market and Cash Management Funds 39. The offering document must clearly highlight that an investment in capital preservation, money market or cash management funds is not the same as placing funds on deposit with a bank or deposit-taking company and that there is no obligation to redeem the investment at the offer value and that the constituent fund or pooled investment fund is not subject to the supervision of the Hong Kong Monetary Authority. Guaranteed Funds 40. The offering document of the MPF scheme or pooled investment fund must contain: the name of the guarantor and the main features of the guarantee including a clear *(a)* description of how the return is determined and the extent of any discretion that may be exercised in making such a determination; the proposed percentage of the fund to be invested in fixed-interest securities and that in (b)other investments; a statement to the effect that there is a dilution of performance due to the guarantee (c) structure in place; a warning statement in relation to all material conditions that affect the scope or validity (d)

		of the guarantee including, where relevant, the condition that the guarantee only applies to scheme members or fund holders who hold their investment until the date specified in the guarantee and that dealings before such date are fully exposed to fluctuations in the value of the fund's assets; and		
	(e)	an illustration or description to clearly demonstrate the guarantee mechanism.		
Con	stituen	t Funds and Pooled Investment Funds with Discretionary Benefits	 	
41.	in exe discre	s stated that discretionary benefits will or may be paid to scheme members or fund holders cess of the guaranteed amount, and the amounts of those benefits are determined at the etion of the authorized insurer or other party, the following information must be disclosed e constituent fund or pooled investment fund:		
	(a)	a statement, printed in bold type, to the effect that the [name of authorized insurer or other party], at its sole discretion, has the right to retain investment income of the fund in excess of that required to be set aside to meet the guaranteed benefits under the constituent fund or pooled investment fund;		
	(b)	a readily comprehensible description of the methods of determining the discretionary benefits, including the following information, to the extent applicable:		
		(i) the reporting date; and		
		(ii)(1) for a participating insurance policy where the scheme member or fund holder has a right to participate in profits from the long term fund of the policy issuer or any part of that fund:		
		• details of the fund or part of the fund to which the right relates;		
		• the principles on which the distribution of profits among policy holders and shareholders are based and whether these principles are derived from the constitution of the policy issuer or otherwise;		
		• the bonus rates declared immediately prior to the reporting date and for the		

	four years previous; and		
	• the proportion of total distributed profits that was distributed to shareholders immediately prior to the reporting date and for the four years previous;		
	(2) for an investment-linked product:		
	• a description of the method which will be used to calculate unit prices from time to time; <i>and</i>		
	• the percentage changes in unit prices for the five yearly intervals immediately preceding the reporting date;		
	(3) for a non-investment linked product:		
	• a description of the method which will be used to calculate the interest rate for each period; <i>and</i>		
	• the rate of interest declared immediately prior to the reporting date and for the four years previous; and		
(c)	a statement that past performance should not be taken as an indication of future performance.		
	Note: For investment portfolios with a history of less than five years, figures for shorter periods may be shown, provided the date of commencement is shown.		

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