

Confirmation on Use of Derivatives for Unit Trusts and Mutual Funds

Please note that any representation in, or referred to in, any application, and any representation made from time to time in support of any application which is false or misleading in a material particular, the provision of any information to the SFC which is false or misleading in a material particular and the provision of any record or document which is false or misleading in a material particular may constitute an offence under section 383(1), 384(1) and/or 384(3) of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Dated: _____

To: Securities and Futures Commission (the "SFC")

Name of the scheme(s): _____ (the "Scheme(s)")

We, in respect of the Scheme(s), hereby confirm, represent and undertake that:

- (a) ☐ (please tick if the Scheme(s) will not use financial derivative instruments ("derivatives") for any purposes) the Scheme(s) will not use derivatives for any purposes;
- (b) ☐ (please tick if the Scheme(s) may use derivatives for investment purposes (i.e. non-hedging purposes), except for schemes falling under 8.8 of the Code on Unit Trusts and Mutual Funds ("UT Code"))
- (i) the net derivative exposure¹ of the Scheme(s) calculated in accordance with the Guide on the Use of Financial Derivative Instruments for Unit Trusts and Mutual Funds ("Derivative Guide") published by the Investment Products Division (please tick one of the following boxes) is and will be:
- ☐ not more than 50% of its/their respective net asset value(s) ("NAV")
- ☐ more than 50% and up to 100% of its/their respective NAV
- ☐ more than 100% of its/their respective NAV
- (ii) in relation to (b)(i) above, the Scheme(s) may use derivatives under the following circumstance(s) (please tick all the applicable boxes) and the net derivative exposure¹ stated in (b)(i) above has been calculated excluding these usage in accordance with the Derivative Guide:
- ☐ Netting, hedging or risk mitigation
- ☐ Cash flow management
- ☐ Market access or exposure replication (without incremental leverage at the portfolio level of the Scheme(s))
- ☐ Investment in conventional convertible bonds
- (iii) ☐ (please tick if the Scheme(s) will use derivatives not referenced to the same underlying assets for hedging or risk mitigation purposes) the use of derivatives by the Scheme(s) for hedging or risk mitigation purposes are in compliance with and will continue to comply with (i) the principles of hedging under 7.25 of the UT Code and (ii) the criteria as provided under paragraph 17 under Chapter 3 of the Derivative Guide;
- (c) ☐ (please tick if the Scheme(s) fall(s) under 8.8 of the UT Code) the Scheme(s) is/are scheme(s) falling under 8.8 of the UT Code with a net derivative exposure¹ (calculated in accordance with the guidance and requirements as set out in the Derivative Guide) of more than 50% of the NAV of the Scheme(s);

¹ The term "net derivative exposure" shall have the meaning as defined in 7.26 of the Code on Unit Trusts and Mutual Funds (i.e. UT Code) effective on 1 January 2019.

- (d) the Scheme(s) [is/are][is/are not] *(please delete where appropriate)* derivative fund(s)²;
- (e) all applicable requirements and conditions set out in the Derivative Guide, as amended from time to time, have been and will be complied with by the Scheme(s); and
- (f) we will notify the SFC immediately if there are any changes to the information and/or representations provided to the SFC from time to time in connection with this confirmation or where we have become aware of any matters or changes in circumstances that may change or affect the determination or classification provided under (d) above in connection with the use of derivatives by the Scheme(s).

General

We confirm that all information contained in this confirmation is true and accurate; and unless otherwise specifically allowed for in this confirmation, no deletion, addition or amendment has been made to the standard template of this confirmation as published on the SFC website. We acknowledge that the information posted on the SFC website to indicate whether the Scheme(s) is/are derivative fund(s) is based on the confirmations and representations we provided hereunder and it is not an endorsement of the suitability of the Scheme(s) for any particular investor or class of investors.

Signed for and on behalf of:

Name of management
company³ :

Signature :

(Insert name of the Responsible Officer (in respect of Type 9 Regulated Activity) of SFC-licensed management company³ or at least one executive director (or above)⁴ of the management company³)

Title / Position :

² The term “derivative fund(s)” in this confirmation refers to unit trusts and mutual funds with a net derivative exposure of more than 50% of its/their respective net asset value(s).

³ For self-managed schemes, references to the management company are deemed to be references to the investment delegate of the Scheme(s).

⁴ Equivalents include, for example, CEO, managing director, etc. Essentially, the signatory is expected to be a senior-ranking executive with overall responsibility for the confirmation.