

SECURITIES AND FUTURES ORDINANCE (Chapter 571)

Pursuant to section 399 of the Securities and Futures Ordinance, the Securities and Futures Commission publishes the following amendments to the Code on Unit Trusts and Mutual Funds as set out in Section II of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products (“UT Code”).

The amendments shall become effective on 2 October 2024.

1. Substitute note (2) to paragraph 4.1 of the UT Code:–

“(2) *An acceptable trustee/custodian should be subject to prudential regulation and supervision on an ongoing basis.*”

2. Repeal paragraphs 4.2(a), 4.2(b) and 4.2(c) of the UT Code.

3. Substitute paragraph 4.2(d) of the UT Code:–

“(d) a banking institution incorporated outside Hong Kong which is subject to prudential regulation and supervision on an ongoing basis, or an entity which is authorized to act as trustee/custodian of a scheme and prudentially regulated and supervised by an overseas supervisory authority acceptable to the Commission; or”

4. Add the following paragraph after paragraph 4.2(d) of the UT Code:–

“(e) a depository licensed or registered to carry on Type 13 regulated activity under Part V of the SFO.”

5. Substitute paragraph 4.3 of the UT Code:–

“4.3 A trustee/custodian must be independently audited to ensure that the applicable statutory and regulatory requirements on financial resources are complied with.”

6. Substitute paragraph 4.4 of the UT Code:–

“4.4 A trustee/custodian must have minimum paid-up share capital and non-distributable capital reserves of HK\$10 million or its equivalent in foreign currency. Notwithstanding this, the trustee/custodian’s paid-up share capital and non-distributable capital reserves may be less than HK\$10 million if the trustee/custodian is a wholly-owned subsidiary of a substantial financial institution (the holding company); and

(a) the holding company issues a standing commitment to

subscribe sufficient additional capital up to the required amount, if so required by the Commission; or

- (b) the holding company undertakes that it would not let its wholly-owned subsidiary default and would not, without prior approval of the Commission, voluntarily dispose of, or permit the disposal or issue of any share capital of the trustee/custodian such that it ceases to be a wholly-owned subsidiary of the holding company.

*Note: 4.4 is not applicable to a trustee/custodian that is licensed or registered to carry on Type 13 regulated activity under Part V of the SFO, which shall comply with the applicable statutory requirements on financial resources.*

7. Repeal the note to paragraph 4.5(j) of the UT Code.

8. Substitute note (2) to paragraph 5.10(d) of the UT Code:–

*“(2) provide relevant information to the trustee/custodian to discharge its regulatory obligations, including those obligations pursuant to 4.5.”*

9. Repeal Appendix G to the UT Code.

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