

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 Real Estate Investment Trusts ("REIT Code").

The amendments shall become effective on 2 October 2024.

1. Repeal paragraphs 4.3(a) and 4.3(b) of the REIT Code.
2. Substitute paragraph 4.3(c) of the REIT Code:–
 - “(c) 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”
3. Add the following paragraph after paragraph 4.3(c) of the REIT Code:–
 - “(d) a depository licensed or registered to carry on Type 13 regulated activity under Part V of the SFO.”
4. Substitute paragraph 4.4 of the REIT Code:–
 - “4.4 A trustee shall be independently audited to ensure that the applicable statutory and regulatory requirements on financial resources are complied with.”
5. Substitute paragraph 4.5 of the REIT Code:–
 - “4.5 A trustee shall have minimum issued and paid-up-share capital and non-distributable capital reserves of HK\$10 million or its equivalent in foreign currency. Notwithstanding this, the trustee's paid-up share capital and non-distributable capital reserves may be less than HK\$10 million if the trustee is a wholly-owned subsidiary of a substantial financial institution (the “holding company”) acceptable to the Commission; and
 - (a) the holding company issues a standing commitment to subscribe sufficient additional capital in the trustee up to the required amount, if so required by the Commission; or
 - (b) the holding company undertakes that it will not let its wholly-owned subsidiary default and will not, without prior approval of the Commission, voluntarily dispose of, or permit the disposal or issue of any share capital of the trustee such that the trustee ceases to be a wholly-owned subsidiary of the holding company.

Note: 4.5 is not applicable to a trustee 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.

6. Substitute paragraph 5.2(g) of the REIT Code:–

“(g) ensure that holders are given sufficient prior notice, and where applicable, right to vote, with respect to any material change to the scheme, such as an increase in the level of management fees, changes in investment objectives or proposal to de-authorise the scheme;”

7. Substitute paragraph 5.2(h) of the REIT Code:–

“(h) ensure compliance with any applicable laws, rules, codes or guidelines issued by governmental departments, regulatory bodies, exchanges or any other organizations regarding the activities of the scheme or its administration; and”

8. Add the following paragraph after paragraph 5.2(h) of the REIT Code:–

“(i) provide relevant information to the trustee to discharge its regulatory obligations including those obligations pursuant to 4.2.”

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