

## **Frequently Asked Questions on Application Procedures for Authorization of Unit Trusts and Mutual Funds under the Revamped Process**

This FAQ is prepared by the Investment Products Division and aims to provide basic information to market practitioners concerning the application procedures for authorization of unit trusts and mutual funds, subject to the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products (“Handbook”), including the Code on Unit Trusts and Mutual Funds (“UT Code”) therein. 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 Handbook or this FAQ. Please note that each application for authorization is considered on a case-by-case basis.

For the purpose of this FAQ, 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 authorized as UK UCITS.

The information set out below is not meant to be exhaustive. This FAQ may be updated and revised from time to time. This FAQ is only for general reference. Compliance with all the requirements in this FAQ does not necessarily mean an application will be accepted or authorization will be granted. The SFC reserves the rights to exercise all powers conferred under the law.

Unless otherwise defined herein, all capitalised terms shall have the meanings given to such terms in the Handbook.

*Note: 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 FAQ.*

	Question	Answer
<b>Basic Documentary Requirements for Fund Application</b>		
1.	When will the revamped application procedures begin to apply?	<p>The procedures set out in this FAQ will apply to all new fund applications received by the SFC on or after (i) 9 November 2015 (the “Effective Date”) or (ii) 9 May 2016 (the “Adoption Date”), being the effective date or the adoption date of the revamped fund authorization process adopted by the SFC in processing new fund applications (“Revamped Process”) as set out in the circulars entitled <a href="#">“Launch of pilot revamped fund authorization process”</a> dated 9 October 2015 and <a href="#">“Formal adoption of revamped fund authorization process”</a> dated 22 April 2016 (as amended on 2 December 2016) respectively issued by the Investment Products Division (collectively, the “Circulars”).</p>
2.	How do I start an application for authorization?	<p>To start an application, you have to submit to us:</p> <ol style="list-style-type: none"> <li>a. a duly signed and completed <b>Application Form</b>;</li> <li>b. a duly signed and completed <b>Information Checklist</b>;</li> <li>c. advanced draft of the fund's offering document (including the product key facts statement(s)) and, where applicable, marked up against the latest version filed with the SFC;</li> <li>d. constitutive documents of the fund(s) (where applicable, under the circumstances as set out in Chapter 2 of the Guide (as defined below));</li> <li>e. documents (including any confirmations and/or undertakings) required to be submitted under or pursuant to the Information Checklist; and</li> <li>f. a cheque made payable to “Securities and Futures Commission”, or other means of payment acceptable to the SFC, in the amount of the applicable application fee (see Q.3 below).</li> </ol> <p>During the application process, all changes to any subsequent draft documentation must be properly and comprehensively marked up to facilitate review by the SFC.</p> <p>During the vetting process, the SFC may from time to time request for the submission of additional supporting information or documents which it deems necessary for facilitating its</p>

	Question	Answer																									
		<p>consideration as to whether authorization should be granted.</p> <p>In preparation for their applications, applicants should also refer to the <a href="#">“Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds”</a> (the <a href="#">“Guide”</a>) which is posted on the SFC’s website for necessary information and reference.</p>																									
3.	<p>What fees do I have to pay? Is there any fee waiver?</p>	<p>In making your application, you will have to pay an application fee as set out below.</p> <table data-bbox="857 533 1848 646"> <thead> <tr> <th></th> <th></th> <th><u>per Single Fund</u></th> <th><u>per Umbrella Fund</u></th> <th><u>per Sub-fund</u></th> </tr> </thead> <tbody> <tr> <td>Application Fee:</td> <td>HK\$</td> <td>20,000</td> <td>40,000</td> <td>5,000</td> </tr> </tbody> </table> <p>Upon the granting of authorization, you will also have to pay an authorization fee and the first annual fee according to the table below before the authorization is effective.</p> <table data-bbox="857 815 1848 957"> <thead> <tr> <th></th> <th></th> <th><u>per Single Fund</u></th> <th><u>per Umbrella Fund</u></th> <th><u>per Sub-fund</u></th> </tr> </thead> <tbody> <tr> <td>Authorization Fee</td> <td>HK\$</td> <td>10,000</td> <td>20,000</td> <td>2,500</td> </tr> <tr> <td>Annual Fee</td> <td>HK\$</td> <td>6,000</td> <td>7,500</td> <td>4,500</td> </tr> </tbody> </table> <p>The applicable fees payable are as provided in the Securities and Futures (Fees) Rules (Cap. 571AF) (“Fees Rules”), subject to the SFC’s power to grant waiver pursuant to section 11 (waiver of fees) of the Fees Rules. Upon an application for fee waiver supported by valid reasons, if the SFC is of the opinion that the payment of any of the above-mentioned fees would be unduly burdensome or inappropriate, the SFC may waive in whole or in part, the payment of any fees, or refund in whole or in part, any fees paid, subject to any applicable minimum amount.</p> <p>Note 1: The SFC is prepared to consider an application for annual fee waiver if an application for withdrawal of authorization of a fund has been approved and the annual fee due date falls within the notice period of withdrawal of authorization.</p>			<u>per Single Fund</u>	<u>per Umbrella Fund</u>	<u>per Sub-fund</u>	Application Fee:	HK\$	20,000	40,000	5,000			<u>per Single Fund</u>	<u>per Umbrella Fund</u>	<u>per Sub-fund</u>	Authorization Fee	HK\$	10,000	20,000	2,500	Annual Fee	HK\$	6,000	7,500	4,500
		<u>per Single Fund</u>	<u>per Umbrella Fund</u>	<u>per Sub-fund</u>																							
Application Fee:	HK\$	20,000	40,000	5,000																							
		<u>per Single Fund</u>	<u>per Umbrella Fund</u>	<u>per Sub-fund</u>																							
Authorization Fee	HK\$	10,000	20,000	2,500																							
Annual Fee	HK\$	6,000	7,500	4,500																							

	Question	Answer
		<p>Note 2: If a fund is authorized under multiple regimes (e.g. regime for SFC-authorized unit trusts and mutual funds and regime for mandatory provident funds) and each regime has its own set of fees, the SFC is prepared to consider an application for fee waiver and charge only one set of fees to avoid double charging.</p> <p>Note 3: If an application is made for the authorization of a new fund (“New Fund”) established for the purposes of migrating an existing SFC-authorized fund (“Existing Fund”) to the New Fund, and the Existing Fund and New Fund are substantially the same with non-material changes to the documents already authorized or vetted by the SFC, the SFC is prepared to consider an application for waiver of the application fee in respect of the New Fund. In considering whether the Existing Fund and New Fund are substantially the same, the SFC will take into account, among others, factors such as their key operators, key features (e.g. investment objectives, policies and restrictions) and risk profile.</p>
<b>Revamped Fund Authorization Process</b>		
4.	When will the SFC take up an application after I have submitted my application?	<p>Generally, an application will only be taken up by the SFC when an applicant has submitted all relevant documents that meet the applicable requirements as mentioned in Q.2 above. If the SFC is not satisfied with the completeness or sufficiency of the information contained in the first submission package or considers that documents submitted are not in good order or otherwise not suitable for clearance, the package will be returned to the applicant and the application will not be taken up. The SFC also reserves the right not to take up an application if such application is accompanied by documents that do not meet the requirements of the Handbook, the UT Code and/or the Guide in any material aspect. In general, the Investment Products Division will issue a letter (“Take-up Letter”) within 5 business days upon receipt of the Application Form, the Information Checklist and all the necessary documents in support of the application, to inform the applicant that the SFC will process the application. The date of the Take-up Letter (i.e. the “Take-up Date”) is the date on which the SFC formally takes up the application. The applicant is expected to submit the applicable application fee as mentioned in Q.3 above as soon as practicable upon receipt of the Take-up Letter from the SFC, and shall contact its SFC case team to discuss the payment arrangement. Once an application is taken up, the application fee will not be refunded.</p>

	Question	Answer
4A.	<p>What are the requirements for submitting documents and application fee in support of a new fund application to the SFC?</p>	<p>To commence an application, various documents, including, for example, offering documents, duly signed and completed application form, information checklist and confirmations, as well as the application fee are required to be submitted to the SFC.</p> <p><i>A) <u>Submission of application documents by soft copy only</u></i></p> <p>Applicants are no longer required to submit hard copy of application-related documents. Instead, applicants shall submit all application-related documents by soft copy only.</p> <p>The official receipt date of a new fund application shall be a business day on which the full and complete set of soft copy documents is received by the SFC at or before 6 pm (after which the receipt date will be deemed as the following business day).</p> <p><i>B) <u>Alternatives for signing application documents</u></i></p> <p>Option 1: We will accept submission of un-signed copies of the relevant application forms, information checklists, confirmations and other relevant documents (the “Relevant Forms”), which are required to be completed, as applicable, by an applicant, trustees/custodian, investment delegate of the fund or other parties, provided that the Relevant Forms shall be submitted with an email confirmation (from a person who meets the signatory requirements) that all information and, where applicable, confirmations and undertakings contained in the Relevant Forms (and all documents submitted relating thereto) are true and accurate.</p> <p>Option 2: An applicant may submit scanned copies of the Relevant Forms signed by a person who meets the signatory requirements.</p> <p>For the avoidance of doubt, submission of hard copies of the Relevant Forms is not required under both options.</p> <p><i>C) <u>Taking up new fund application(s) with application fee(s) to follow</u></i></p> <p>The SFC will take up new fund applications if they are in good order and the application fee is the only outstanding matter. An applicant is expected to submit the application fee as</p>

	Question	Answer
		<p>soon as practicable upon receipt of the Take-up Letter from the SFC, and shall contact its SFC case team to discuss the payment arrangement.</p>
5.	<p>What is the “two-stream” approach adopted by the SFC in processing new fund applications?</p>	<p>As mentioned in the Circulars, from the Effective Date and the Adoption Date, under the Revamped Process, a “two-stream” approach will be adopted by the SFC in processing new fund applications. Under this approach, new fund applications will be classified into the “Standard Applications” stream or “Non-standard Applications” stream. In determining which stream under which a new fund application will be processed, the SFC would have regard to the criteria as set out in Q.5A below. For the avoidance of doubt, the SFC has the discretion in determining the type of applications (i.e. Standard Applications or Non-standard Applications) for the purpose of processing the application.</p> <p>An authorization process that is more efficient and focuses more on key risks can meet the fund providers’ wish to reduce the “time to market” of their funds for public offering. To achieve this, applicants must provide proper and quality submissions in a timely manner. The SFC believes that the Revamped Process will help to promote fund providers’ self-compliance and reduce the overall processing time without compromising investor protection. It is the SFC’s expectation that applicants must ensure that their applications are in good order and are accompanied by documents that meet all applicable regulatory requirements at the time of submission of the application and throughout the application process.</p> <p>In general, all applications (whether they are “Standard Applications” or “Non-standard Applications”) are expected to be well-prepared in accordance with the Guide and the Information Checklist and are in compliance with all applicable requirements for clearance by the SFC. The Guide has set out detailed guidance to applicants for preparation of their applications and compliance with the requirements under the Handbook, the UT Code and other applicable regulatory requirements as may be issued by the SFC from time to time. Among others, the Guide contains a set of minimum disclosure requirements for the funds’ offering documents to facilitate applicants’ preparation of the offering documents of their funds. With respect to their applications, applicants must exercise professional judgment at all times to ensure compliance with the applicable regulatory requirements.</p> <p>On this basis and having taking into account the nature and classification of the Standard</p>

	Question	Answer
		Applications and Non-standard Applications, the SFC has formulated the Response Time Limits (as defined and set out in Q.7 below) to facilitate an efficient and effective authorization process.
5A.	What types of applications will be eligible for the “Standard Applications” stream?	<p>“Standard Applications” are intended to cover less complicated applications for which funds under applications are more simple in nature. In general a new fund application will be processed as a Standard Application if the following criteria are met:</p> <ul style="list-style-type: none"> <li>i. the fund(s) under application is/are sub-funds(s) under an existing SFC-authorized umbrella fund;</li> <li>ii. the relevant new sub-fund is (i) a fund which complies with Chapter 7 of the UT Code or a UCITS fund with net derivative exposure of not more than 50% of its net asset value; (ii) a physical passive exchange traded fund (“ETF”) or unlisted index fund tracking an index which is adopted by other existing SFC-authorized fund(s) or is a plain vanilla index<sup>1</sup>; or (iii) an active ETF which complies with 8.10 of the UT Code;</li> <li>iii. the new sub-fund(s) is/are not seeking authorization as approved pooled investment fund(s) under the SFC Code on MPF Products;</li> <li>iv. the new sub-funds(s) is/are managed by existing approved management company/delegated investment managers managing other existing SFC-authorized fund(s) with good regulatory records;</li> <li>v. the trustee/custodian of the new sub-fund(s) is acting as trustee/custodian of other existing SFC-authorized fund(s) which has confirmed its continuous compliance of the requirements applicable to trustee/custodian of SFC-authorized funds;</li> <li>vi. the application documentation is complete and in good order and quality; and</li> <li>vii. there are no material issues and/or policy implications relating to the application as considered by the SFC.</li> </ul>

<sup>1</sup> Plain vanilla index will generally include free float market capitalization weighted equities index and will generally exclude strategy index, smart-beta / value-based index, equal weighted equities index, equities index with covered call and/or hedging elements, etc.

	Question	Answer
5A1.	With reference to the criteria set out in Q.5A above, are there any types of applications that the SFC would not generally process as a Standard Application?	<p>The SFC will, among other factors, take into account the specific circumstances on a case-by-case basis in determining the stream under which a new fund application will be processed. A few illustrative examples are listed below whereby a new fund application will generally be processed as a Non-standard Application for policy reasons if it falls under one of the following categories:</p> <ul style="list-style-type: none"> <li>i. a leveraged or inverse product; or</li> <li>ii. a futures based unlisted index fund or passive ETF; or</li> <li>iii. a fund which invests 90% or more of its net asset value in a single collective investment scheme (i.e. a feeder fund); or</li> <li>iv. a fund with guaranteed features.</li> </ul>
5B.	What is the expected overall processing time for the “Standard Applications” stream and the “Non-standard Applications” stream?	<p>Under the Revamped Process, the “Standard Applications” and the “Non-standard Applications” can be distinguished by the expected timeframe pursuant to which the overall processing time of the applications will be completed and the time limits (see Q.7 below) that are imposed on the applicants in providing proper, complete and substantive submissions in response to the SFC’s requisition(s)(if any).</p> <p>Given that Standard Applications are intended to cover less complicated applications for which funds under applications are more simple in nature, these applications will be fast-tracked with an aim that SFC’s authorization (if granted) will be given on average between 1-2 months from the Take-up Date. To achieve this, it is the SFC’s policy intention to strictly refuse a Standard Application if the applicant fails to meet the applicable Response Time Limit of 1 month (as set out in Q.7 below) in addressing all outstanding issues pertaining to the application. On the other hand, Non-standard Applications will be processed under an enhanced process with an aim that SFC’s authorization (if granted) will be given on average within 2 to 3 months from the Take-up Date.</p> <p>For illustrations of the overall Revamped Process for Standard Applications and Non-standard Applications, applicants may refer to the <a href="#">flow charts entitled “Revamped Process – Flow chart showing the process for Standard Applications”</a> and <a href="#">“Revamped Process – Flow chart showing the process for Non-standard Applications”</a> respectively.</p>



	Question	Answer
6.	When will the applicant know which stream (i.e. the “Standard Applications” stream or “Non-standard Applications” stream) the SFC will process its application?	<p>SFC has made performance pledges for the processing of new fund applications.</p> <p>As Standard Applications are intended to cover less complicated applications for which funds under applications are more simple in nature, subject to the quality of the submission, the SFC may proceed to authorize the fund(s) within 14 business days from the Take-up Date in respect of the Standard Applications. In the event that authorization is not granted, the SFC will issue its First Requisition to the applicant for Standard Applications within 14 business days from the Take-up Date. For Non-standard Applications, in general, the SFC will issue its First Requisition to the applicant within 14 business days from the Take-up Date.</p> <p>The SFC will indicate in the First Requisition (if issued) whether an application is a “Standard Application” or a “Non-standard Application” by setting out the applicable Response Time Limit(s) (see Q. 7 below) within which the applicant is required to respond to the First Requisition.</p> <p>“First Requisition” refers to the preliminary response to applicants/requisition that may be issued by the SFC within 14 business days from the Take-up Date with respect to a new fund application.</p>
7.	For new fund applications, are there any time limits within which an applicant needs to respond to the SFC’s requisition(s)?	<p>Yes. The applicants are expected to provide proper and quality submissions at the time of application and throughout the application process in a timely manner.</p> <p>In the First Requisition (and the subsequent requisition(s) issued by the SFC (if any)), the applicant will be reminded of the time limits (“Response Time Limits”) within which proper, complete and substantive responses should be submitted to the SFC in response to its requisition(s).</p> <p>If no authorization is granted by the SFC within 14 business days from the Take-up Date, a First Requisition will be issued to the applicant in which the Response Time Limits applicable to the Standard Applications and Non-Standard Applications (as the case may be) will be set out therein. For your reference, the Response Time Limits applicable to Standard Applications and Non-standard Applications are set out below:-</p> <p>i. For Standard Applications, the applicants should provide proper, complete and substantive response(s) to the outstanding requisition(s) to the SFC’s satisfaction</p>

	Question	Answer
		<p>within 1 month from the date of the First Requisition. As discussed in Q.6 above, it is the SFC's expectation that authorization of certain Standard Applications may be granted within 14 business days from the Take-up Date without issuing the First Requisition. In the event that authorization is not granted and a First Requisition is issued, 1 month is considered to be a reasonable period for the applicants to address all outstanding issues to the satisfaction of the SFC for Standard Applications; and</p> <p>ii. For Non-standard Applications, the applicants are required to (a) provide proper, complete and substantive response(s) to the SFC within 14 business days from the date of the First Requisition; and (b) provide proper, complete and substantive response(s) to all SFC's subsequent requisition(s) (if any) within 10 business days.</p>
7A.	<p>What would happen if an applicant fails to meet the Response Time Limits?</p>	<p>Pursuant to 4.1(b) of the Overarching Principles Section of the Handbook, product providers shall respond to any enquiries made by the SFC in relation to the relevant product and the associated matters promptly and in an open and co-operative manner.</p> <p>As mentioned in Q.5 above, in general, all applications should be well-prepared and in compliance with all applicable requirements for clearance by the SFC. As such, the SFC expects the applicant to be able to respond to its subsequent requisition(s) within a reasonable period so as to achieve an efficient and effective authorization process. Unless there is an exceptional reason, the applicant is expected to respond to the SFC's requisition(s) within the relevant Response Time Limits mentioned in Q.7 above. Therefore, where an applicant has not responded or provided proper, complete and substantive response to address SFC's requisition(s) to the SFC's satisfaction within the applicable Response Time Limits, the SFC reserves the right to refuse the application.</p> <p>The SFC generally expects that:-</p> <p>i. For a Standard Application, all outstanding issues should be properly addressed by the applicants to the satisfaction of the SFC within 1 month from the First Requisition (if issued). As discussed in Q.6 and Q.7 above, Standard Applications are intended to cover less complicated applications for which funds under applications are more simple in nature, and it is the SFC's expectation that authorization of Standard Applications may in general be granted within 14 business</p>

	Question	Answer
		<p>days from the Take-up Date without issuing the First Requisition. In the event that authorization is not granted and a First Requisition is issued, 1 month is considered to be a reasonable period for applicants to address all outstanding issues to the satisfaction of the SFC for Standard Applications. As such, an applicant will be reminded in the First Requisition (if issued) that the SFC would be minded to refuse an application if the applicant fails to address all outstanding issues within 1 month from the date of the First Requisition; and</p> <p>ii. For Non-standard Applications, proper, complete and substantive responses to the SFC's requisition(s) should be submitted by the applicant within the relevant Response Time Limits (see Q.7 above). As such, the applicant will be reminded in the First Requisition and all SFC's subsequent requisition(s) that the SFC would be minded to refuse an application if the applicant fails to meet the relevant Response Time Limits.</p>
7B.	Will the SFC extend the Response Time Limits?	<p>In general, co-operation and commitment from the applicants to put in place adequate and dedicated internal resources throughout the application process is expected by the SFC to enhance the overall authorization process.</p> <p>Any extension of the Response Time Limits would only be granted by the SFC in limited cases with proper justifications. The mere fact that further internal liaison/communication is required by the applicant, for example, with overseas offices or further liaison/communication with other key operating parties is required in addressing the SFC's requisition(s) will not generally be considered as satisfactory grounds for the SFC granting an extension of the relevant Response Time Limits.</p>
8.	<p>Will my application be liable to refusal by the SFC under any circumstances apart from the failure to meet the relevant Response Time Limits in addressing the SFC's requisition(s)?</p> <p>Also, will my application lapse after a certain period of time? If so, how long?</p>	<p>Yes. After the Take-up Date and at any time during the vetting process, in cases of non-compliance with any key requirement(s), the application is liable to be refused by the SFC where appropriate so that there is efficient use of resources for processing proper applications.</p> <p>Reference is made to the circular of the SFC to applicants of SFC-authorized investment products relating to the revised application lapse policy ("Lapse Policy") dated 29 November 2013 and the Circulars regarding the Revamped Process. If, for any reason, 6 months have elapsed from the Take-up Date (the "6-month Period") and no authorization</p>

	Question	Answer
	<p>What should I do if my application has lapsed?</p>	<p>has been granted, the application (whether it is a Standard Application or a Non-standard Application) will lapse subject to the SFC's right to grant an extension at its sole discretion. The application fee in respect of the application will not be refunded to the applicant. In general, the SFC will only consider granting an extension in limited circumstances (see Q.9 below). For applications that are processed under the Revamped Process, applicants will be reminded that the application will in general lapse at the expiry of the 6-month Period in the First Requisition (if issued by the SFC).</p> <p>Once a fund application has lapsed or been refused, if the applicant wishes to seek authorization of the fund, it shall make a new application, whereupon it will need to pay the application fee for the new application and repeat the application procedures.</p> <p>Please see Q.11 for the factors which the SFC may take into account when considering as to whether authorization should be granted to a collective investment scheme and/or for the issue of its relevant offering document(s).</p>
9.	<p>Will the SFC extend the application beyond the 6-month Period?</p>	<p>In general, the answer is no. Any extension of the application period may be granted by the SFC where there is no substantive outstanding issue at the time of the extension, except for the receipt of the response from overseas regulator by the SFC in the case where overseas regulatory check has to be conducted on the management company or its delegate. In general, the SFC will only consider granting an extension under exceptional circumstances upon the submission of satisfactory grounds by the applicant.</p> <p>With respect to an umbrella fund application, in the case where additional sub-fund applications are submitted subsequent to the initial application of the umbrella fund and its first batch of sub-funds, for as long as there is a valid outstanding application of a sub-fund, the application of the umbrella fund shall remain valid until the expiry of the 6-month Period of the last submitted sub-fund application, or upon the authorization of the last submitted sub-fund, whichever is earlier. It should be noted that: (i) the extension of the 6-month Period only applies to the umbrella fund and not to its sub-fund(s); (ii) this extension to the 6-month Period only applies to the case where there is a valid sub-fund application at all times; and (iii) the application period applicable to each of its sub-funds will still be the 6-month Period from the Take-up Date of the relevant sub-fund. For the avoidance of doubt, if upon the expiry of the 6-month Period of the last submitted sub-fund application, no authorization has been granted to any of the sub-funds in respect of the umbrella fund</p>

	Question	Answer
		which seeks authorization from the SFC, the application of such sub-funds and its umbrella fund shall lapse.
<b>Offering documents</b>		
10.	Is the offering document of the fund required to be produced in both English and Chinese languages?	<p>You should note that the fund’s offering document has to be in English and in traditional Chinese.</p> <p>The Chinese offering document should be accompanied by a written confirmation regarding the truth and accuracy of the Chinese translation.</p> <p>The Chinese translation confirmation may be issued by any of the following parties:</p> <ol style="list-style-type: none"> <li>a. a qualified lawyer in Hong Kong;</li> <li>b. the board of directors of the scheme;</li> <li>c. the board of directors of the scheme’s management company;</li> <li>d. the head of the legal department or the compliance officer-in-charge of the management company or its Hong Kong representative who has overall responsibility for the compliance of the subject application; or</li> <li>e. such other person acceptable to the SFC.</li> </ol> <p>The person providing the confirmation must be fully conversant in the Chinese language or must certify that an individual who is fully conversant in the Chinese language and competent to review and ensure the truth and accuracy of the relevant Chinese documents has been appointed to do so.</p> <p>In the case where a translator is appointed by one of the above parties, the following should be submitted to us: (i) a confirmation issued by the party appointing the translator to certify that such translator is fully conversant in the Chinese language and competent to review and ensure the truth and accuracy of the relevant Chinese documents; and (ii) the Chinese translation confirmation issued by the translator confirming that the Chinese version of the offering document is a true and accurate translation of the English version of</p>

	Question	Answer
		<p>the same. You are reminded that the directors of the scheme or the management company are responsible for the information contained in the offering document as being accurate, regardless of the language of publication.</p>
<b>Authorization</b>		
11.	<p>What would the SFC take into account when considering whether to grant authorization of a collective investment scheme and/or for the issue of its relevant offering document(s)?</p>	<p>Under Part IV of the Securities and Futures Ordinance (“SFO”), on an application to the SFC, the SFC may, where it considers appropriate, authorize any collective investment scheme, and/or authorize the issue of any offering document or advertisement in respect of a collective investment scheme, subject to any conditions the SFC considers appropriate.</p> <p>The SFC may take any factor into account as it considers appropriate. Without prejudice to the generality of this right, when considering whether to grant authorization, the SFC may take into account, among other things, the following:</p> <ul style="list-style-type: none"> <li>i. whether all requisite information and documents have been submitted, in all cases to the SFC’s satisfaction;</li> <li>ii. compliance with the Handbook (including the UT Code), including, without limitation, the general principles laid down in the Overarching Principles Section and the guidance provided under the Guide; and</li> <li>iii. any past record of non-compliance with the Handbook on the part of any relevant party to the application, refusal/rejection of application, or involuntary revocation/withdrawal of authorization in respect of a prior application, made in Hong Kong or the home jurisdiction of the product in question relating to a product with materially similar structure or features.</li> </ul> <p>Parties to the application are urged to refer to the Handbook, the UT Code, the Guide and the Published Guidance (as referred to in the Guide) including any Frequently Asked Questions published by the SFC from time to time).</p>

	Question	Answer
12.	<p>What does the applicant need to submit to the SFC after the SFC has granted authorization with conditions to the new fund application?</p>	<p>Under section 104(1) and section 105(1) of the SFO, the SFC may, where it considers appropriate, authorize a fund and the issue of its offering document respectively, subject to such conditions as the SFC considers appropriate.</p> <p>For the authorization of a fund and its offering document (“Authorization”) to become effective, the applicant is required to fully comply with all the conditions (“Conditions”) that are required to be satisfied for the Authorization to take effect as set out in the SFC’s authorization letter (“Authorization Letter”) in general within 2 months from the date of such letter (or such extended time limit(s) that may be agreed by the SFC upon submission of the applicant).</p> <p>For the Authorization to become effective, the applicant must submit to the SFC a duly completed and executed Confirmation of Fulfilment of Authorization Conditions (a standard form of the confirmation may be found in Annex 2 to the Guide or in the case of MRF Applications (as defined in the Circulars), in the information checklist of the relevant MRF arrangements) confirming, among other things, its agreement to all the conditions as set out in the Authorization Letter and that all such conditions have been fulfilled and/or will be complied with (as the case may be), together with the required documents as stated in the Authorization Letter generally within 2 months from the date of such letter (or such extended time limit(s) that may be agreed by the SFC upon submission of the applicant). For further details, you may refer to Chapter 7 of the Guide regarding documentation requirements following SFC authorization and prior to the authorization becoming effective.</p>
13.	<p>Will the SFC extend the time period for fulfilment of the Conditions by the applicant for an Authorization to become effective beyond 2 months from the date of the Authorization Letter?</p>	<p>In general, the SFC expects that all applicable Conditions for an Authorization to become effective will be fulfilled within a reasonable time. As such, the SFC will require fulfillment of the relevant Conditions within 2 months from the date of the Authorization Letter issued by the SFC.</p> <p>The SFC may consider to extend the time for fulfilment of relevant Conditions upon the submission of proper justifications by the applicant. For example, extended period(s) may be agreed by the SFC on the grounds that in the case of a fund primarily regulated by an overseas regulator, additional time is required for the formal written approval from the home regulator of the fund’s offering documents, or in the case of ETFs, the outstanding document is the listing approval from The Stock Exchange of Hong Kong Limited.</p>

	Question	Answer
14.	This FAQ has been removed.	Please refer to Question 4A of this FAQ.

*Last update: 18 December 2020*