

Frequently Asked Questions on Hong Kong Feeder Fund Investing in Thai Master Fund

These frequently asked questions (FAQs) are prepared by the Investment Products Division to provide guidance to market practitioners regarding SFC-authorized Hong Kong domiciled feeder funds that invest in Thai master funds. Firms are encouraged to contact the relevant case team in the Investment Products Division if they are in doubt on any specific issues in preparing the applications of the abovementioned feeder funds.

The information set out below is not meant to be exhaustive. These FAQs may be updated and revised from time to time. These FAQs are only for general reference. Compliance with all the requirements in these FAQs does not necessarily mean that an application will be accepted or an 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 them in (i) the Memorandum of Understanding between the SFC and the Securities and Exchange Commission of Thailand (SEC) concerning Mutual Recognition of Covered Funds and Covered Management Companies and related Cooperation dated 20 January 2021, as amended from time to time; (ii) the Circular on Mutual Recognition of Funds between Thailand and Hong Kong issued by the SFC on 20 January 2021, as amended from time to time (SFC Circular); and (iii) the Circular on Mutual Recognition of Funds between Hong Kong and Thailand issued by the SEC on 20 January 2021, as amended from time to time (SEC Circular).

	Question	Answer
1.	<p>Can a Hong Kong domiciled feeder fund (“Hong Kong Feeder Fund”) that falls under 7.12 of the Code on Unit Trusts and Mutual Funds (“UT Code”) invest in a Thai domiciled fund as its master fund? If so, how should the Hong Kong Feeder Fund submit the application for the SFC’s authorization?</p>	<p>A Hong Kong Feeder Fund may invest in a Thai domiciled fund that is eligible for the mutual recognition of funds between Thailand and Hong Kong (“MRF”) and meets the requirements set out in the SFC Circular (“Eligible Thai Master Fund”) as its master fund.</p> <p>Apart from the basic documents required for the applications for authorization of unit trusts and mutual funds in respect of both the Hong Kong Feeder Fund and the Eligible Thai Master Fund (see Q2 of the Frequently Asked Questions on Application Procedures for Authorization of Unit Trusts and Mutual Funds under the Revamped Process), the management company of the Eligible Thai Master Fund shall request the SEC to provide directly to the SFC a certificate confirming that the Eligible Thai Master Fund has met the Eligibility Requirements listed in Annex B to the SFC Circular (“SEC Eligibility Certificate”). The SFC will not take up the application if no such certificate is received from the SEC. Therefore, before starting an application with the SFC, the management company of the Eligible Thai Master Fund should consult the SEC for the issuance of the SEC Eligibility Certificate. The SEC will notify the management company of the Eligible Thai Master Fund upon the issuance of such certificate.</p> <p>In general, the Investment Products Division will issue a letter (“Take-up Letter”) within 5 business days upon the 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 application fee shall be paid upon submission of the application or as soon as practicable following submission. In any event, the application fee shall be paid before the letter of authorization is issued.</p> <p>A requisition letter might be issued by the SFC within 7 business days from the Take-up Date for any clarifications relating to the application. The SFC will grant authorization with conditions to a Hong Kong Feeder Fund investing in an Eligible</p>

	Question	Answer
		<p>Thai Master Fund within 21 calendar days from the Take-up Date¹, provided that the Hong Kong Feeder Fund meets all the applicable requirements set out in the UT Code (subject to question 2 below) and the SFC Circular and all outstanding issues are addressed to the satisfaction of the SFC by such time.</p> <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 consideration as to whether authorization should be granted. If the fund manager and/or the trustee/custodian of the Hong Kong Feeder Fund is/are not currently acting in its relevant capacity for existing SFC-authorized fund(s), early consultation with the SFC is strongly encouraged.</p>
2.	<p>What are the applicable requirements under the UT Code for a Hong Kong Feeder Fund investing in an Eligible Thai Master Fund as its master fund?</p>	<p>In general, a feeder fund should comply with the requirements under 7.12 of the UT Code in addition to other requirements applicable to funds under Chapter 7 of the UT Code.</p> <p>Given that Eligible Thai Master Funds, which meet the requirements set out in the SFC Circular, are generally considered as having complied in substance with the relevant requirements under the UT Code, a Hong Kong Feeder Fund investing in an Eligible Thai Master Fund, with SEC Eligibility Certificate issued by the SEC, as its master fund will be deemed to have complied with 7.12(b)(ii) and 7.12(e) of the UT Code.</p>
3.	<p>If a Thai domiciled feeder fund seeks to invest in a Hong Kong domiciled fund that is eligible for the MRF and meets the</p>	<p>The management company of the Eligible HK Master Fund should consult the SFC for the issuance of an eligibility certificate directly to SEC confirming that the Eligible HK Master Fund has met the Eligibility Requirements listed in Annex B to</p>

¹ The SFC will also grant authorization with conditions to the Eligible Thai Master Fund within 21 calendar days from the Take-up Date provided that all outstanding issues are addressed to the satisfaction of the SFC by such time.



	Question	Answer
	requirements set out in the SEC Circular (“Eligible HK Master Fund”), what should the Eligible HK Master Fund do?	the SEC Circular (“SFC Eligibility Certificate”). The SFC will notify the management company of the Eligible HK Master Fund upon the issuance of such SFC Eligibility Certificate to the SEC.

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