

Frequently Asked Questions on Netherlands-Hong Kong Mutual Recognition of Funds

These frequently asked questions (FAQs) are prepared by the Investment Products Division to provide guidance to market practitioners regarding the Netherlands-Hong Kong Mutual Recognition of Funds (MRF) scheme. Firms are encouraged to contact the relevant case team in the Investment Products Division if they are in doubt on any specific issues arising from the application/interpretation of the matters relating to the MRF.

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 the Circular on Mutual Recognition of Funds between the Netherlands and Hong Kong issued by the SFC on 15 May 2019, as amended from time to time (SFC Circular) and the AFM Streamlining requirements and process for mutual recognition of Recognised Hong Kong Funds dated 15 May 2019, as amended from time to time (AFM Circular).

	Question	Answer
1.	How should Recognised Dutch Funds that would like to seek SFC authorization submit their applications?	<p>Applications of Recognised Dutch Funds seeking authorization under the MRF received by the SFC will be processed under the revamped fund authorization process (Revamped Process) as set out in SFC's circular entitled "Circular to management companies of SFC-authorized unit trusts and mutual funds – Formal adoption of revamped fund authorization process" dated 22 April 2016 (as amended on 2 December 2016), unless otherwise provided in the SFC Circular.</p> <p>To start an application, you have to submit to us:</p>

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		<p>a. a duly signed and completed Application Form;</p> <p>b. a duly signed and completed Information Checklist (http://www.sfc.hk/web/EN/forms/products/forms.html);</p> <p>c. advanced draft of the Recognised Dutch Fund's offering document (including the product key facts statement(s)) and, where applicable, marked up against the latest version filed with the SFC;</p> <p>d. constitutive documents of the Recognised Dutch Fund(s) (where applicable, under the circumstances as set out in Chapter 2 of the Guide (as defined below));</p> <p>e. documents (including any confirmations and/or undertakings) required to be submitted under or pursuant to the Information Checklist; and</p> <p>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 of the FAQs on Application Procedures for Authorization of Unit Trusts and Mutual Funds under the Revamped Process).</p> <p>In preparation for their applications, applicants should also refer to the "Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds" (the "Guide") which is posted on the SFC's website for necessary information and reference.</p> <p>Applicants should submit soft copies of the application documents by email to the relevant case team in the Investment Products Division and at mrfnetherlands@sfc.hk. Applicants should clearly indicate the names of the applicants and the names of the Recognised Dutch Funds under application in both the emails' subject and body.</p> <p>As provided under paragraph 37 of the SFC Circular, applicants shall request the AFM to provide directly to the SFC a certificate confirming that the Eligibility Requirements listed in Annex B to the SFC Circular are met. The SFC will not take up the application if no such certificate is received from the AFM.</p> <p>In general, the Investment Products Division will issue a letter (Take-up Letter) within</p>

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		<p>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 applicant is expected to submit the applicable application fee 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> <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.</p>
1A.	<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>

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		<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 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 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>
2.	How will the “two-stream” approach adopted by the SFC in processing new fund applications apply to Recognised Dutch Funds?	Under the Revamped Process, applications of the Recognised Dutch Funds will be classified into “Standard Applications” stream and “Non-standard Applications” stream in accordance with the criteria as set out in Q.5A of the FAQs on Application Procedures for Authorization of Unit Trusts and Mutual Funds under the Revamped Process.
3.	Who can issue marketing materials in	All advertisements and marketing materials in relation to a Recognised Dutch Fund

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	<p>respect of Recognised Dutch Funds? Will these marketing materials need SFC's prior authorization?</p>	<p>issued in Hong Kong shall comply with the relevant Hong Kong Laws and Regulations, including but not limited to the requirements set out in the Advertising Guidelines Applicable to Collective Investment Schemes Authorized under the Product Codes issued by the SFC (https://www.sfc.hk/web/EN/rules-and-standards/codes-and-guidelines/guidelines).</p> <p>Recognised Dutch Funds should issue advertisement and marketing materials via a representative or distributor who is licensed or registered for Type 1, Type 4 or Type 6 regulated activity or based on other applicable exemptions under section 103 of the SFO. Such materials would not be subject to authorization/pre-vetting by the SFC but would be subject to post-vetting by the SFC. The representative or distributor should also take responsibility for the advertisements and marketing materials that it issues.</p>
4.	<p>Will the Hong Kong representative of a Recognised Dutch Fund be required to be licensed by the SFC?</p>	<p>To be eligible to act as a Hong Kong representative, the UT Code requires that a Hong Kong representative must be (a) licensed or registered under the SFO; or (b) a trust company registered under Part VIII of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) and such company is an affiliate of an authorized financial institution defined under the SFO and is acceptable to the SFC.</p> <p>The UT Code does not mandate that the Hong Kong representative must be licensed or registered for any particular regulated activity. However, Hong Kong representatives that carry on regulated activities under the SFO must be licensed or registered accordingly. For example, if the Hong Kong representative would like to distribute the Recognised Dutch Fund in Hong Kong, it would need to be licensed for Type 1 regulated activity.</p> <p>Please refer to Chapter 9 of the UT Code for further details.</p>
5.	<p>What are the language requirements for the Hong Kong offering documents of Recognised Dutch Funds?</p>	<p>The Hong Kong offering documents of the Recognised Dutch Funds should be prepared in both English and Chinese.</p> <p>Applicants should submit the English version of the fund's Hong Kong offering</p>

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		<p>documents at the time of application.</p> <p>The Chinese version of such offering documents should be submitted together with the Chinese translation confirmation(s) regarding the truth and accuracy of the Chinese translation (in prescribed form as set out in the Information Checklist for Application for Authorization of Recognised Dutch Funds under the Mutual Recognition of Funds Arrangement and the Revamped Process http://www.sfc.hk/web/EN/forms/products/forms.html) prior to the authorization becoming effective.</p> <p>The Chinese translation should take into account market practices and customary use of Chinese language in Hong Kong.</p>
6.	<p>If the constitutive documents and financial statements of Recognised Dutch Funds are prepared in Dutch, are these documents required to be translated into English and Chinese when a Recognised Dutch Fund seeks SFC authorization?</p>	<p>The constitutive documents and financial reports of a Recognised Dutch Fund shall be made available to Hong Kong investors in either English or Chinese. The language in which these documents are made available to Hong Kong investors should be clearly disclosed in the Hong Kong offering documents.</p>
7.	<p>How should Recognised Dutch Funds prepare the product key facts statement (KFS)?</p>	<p>For the preparation of KFS, a Recognised Dutch Fund should refer to the respective KFS illustrative templates for General Funds or unlisted class of Active ETFs, and Index Funds or unlisted class of Passive ETFs (http://www.sfc.hk/web/EN/regulatory-functions/products/product-authorization/products-key-facts-statements.html) for necessary guidance.</p> <p>In particular, the following statement is expected to be included in the KFS in an upfront and prominent manner:</p> <p>“This is a Dutch fund authorized for public offering in Hong Kong pursuant to the Mutual Recognition of Funds between the Netherlands and Hong Kong arrangement.”</p>

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8.	<p>Will the Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds (the Guide), as revised/updated from time to time, apply to Recognised Dutch Funds seeking SFC's authorization?</p>	<p>The Guide (http://www.sfc.hk/web/EN/faqs/product-authorization/guide-on-practices-and-procedures-for-application-for-authorization-of-unit-trusts-and-mutual-funds.html) contains detailed guidance to facilitate applicants' preparation of their applications seeking SFC's authorization of unit trusts and mutual funds and compliance with the requirements under the SFC Handbook, the UT Code and other applicable regulatory requirements as may be issued by the SFC from time to time.</p> <p>Applicants should refer to the Guide for necessary information and reference and must exercise professional judgment at all times to ensure compliance with the applicable regulatory requirements as set out in the Guide.</p> <p>Applicants are encouraged to contact the relevant case team in the Investment Products Division if they have any questions.</p>
9.	<p>How should Recognised Hong Kong Funds that would like to seek AFM's authorization submit their applications?</p>	<p>Before starting an application with the AFM, applicant should consult the SFC for the issuance of an eligibility certificate pursuant to paragraph 41 of the AFM Circular. The SFC will notify the applicant upon the issuance of such certificate to the AFM.</p>

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