

## Ongoing Compliance Form for Reporting of Material Breach(es)

This Ongoing Compliance Form should be used for reporting of material breach(es) and resulting pricing error(s) (if any) to the Securities and Futures Commission (the “Commission” or the “SFC”) in accordance with 4.1(c) of the Overarching Principles Section of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products (“SFC Handbook”) and 10.2, 10.2A and 10.2B of the Code on Unit Trusts and Mutual Funds (“UT Code”), where:

- “breach(es)” means:
  - (a) breach(es) of SFC Handbook by SFC-authorized funds (save for UCITS Scheme(s)<sup>1</sup> and MRF Scheme(s)<sup>2</sup>); and/or
  - (b) For UCITS Scheme(s) and MRF Scheme(s): (i) breach(es) of provisions under the UT Code that are applicable to UCITS Scheme(s) and MRF Scheme(s) (e.g. the scheme’s net derivative exposure); and/or (ii) breach(es) of other applicable SFC-specific disclosure requirements (e.g. investments in certain specific asset classes, risk disclosures, disclosures of ongoing charges and past performance information, etc.). However, where there are no Hong Kong investors investing in the UCITS Scheme(s) and MRF Scheme(s) during the Breach Affected Period (as defined below), the Management Company is not required to report the breach(es) to the SFC.
- If the pricing error(s) resulted from the breach(es) exceed(s) the reporting threshold as stipulated in 10.2A of the UT Code, please also complete all requisite information regarding such resulting pricing error(s) in this Ongoing Compliance Form. Management Companies are not required to separately complete and submit to the SFC the relevant ongoing compliance form for pricing error(s).

Please refer to Questions 4E to 4G of Section 2 of the FAQs on Post Authorization Compliance Issues of SFC-authorized Unit Trusts and Mutual Funds for further details.

The Management Company is reminded to tick ALL boxes that are applicable in this Ongoing Compliance Form.

To: Investment Products Division  
Securities and Futures Commission  
Attention: [name of officer (if applicable)]

Dear Sirs,

We, \_\_\_\_\_ (acting on the instructions of \_\_\_\_\_ [*state the name of Management Company*] (*please delete if the Management Company is submitting this Ongoing Compliance Form directly*)) hereby report to the Commission material breach(es) and resulting pricing error(s) (if any) in accordance with 4.1(c) of the Overarching Principles Section of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products (“SFC Handbook”) and 10.2, 10.2A and 10.2B of the Code on Unit Trusts and Mutual Funds (“UT Code”), in respect of the scheme(s) referred to in item 1 below.

<sup>1</sup> For the purpose of this Ongoing Compliance Form, “UCITS Scheme(s)” means Undertakings for Collective Investment in Transferable Securities (“UCITS”) domiciled in France, Luxembourg, Ireland and Netherlands; and collective investment schemes domiciled in the United Kingdom authorized as UK UCITS.

<sup>2</sup> For the purpose of this Ongoing Compliance Form, “MRF Scheme(s)” means scheme(s) domiciled in other jurisdiction(s) and authorized by the SFC under any mutual recognition of funds arrangements between Hong Kong and relevant jurisdictions outside Hong Kong published on the SFC website from time to time.

	<b>Details</b>
<b>General information</b>	
1. Scheme(s) affected by the breach(es) ("Scheme(s)")	Name and CE ref. of the umbrella fund(s) _____  Name(s) and CE ref. of the sub-fund(s) _____ <i>(Please use separate row(s), if necessary)</i>  Name(s) and CE ref. of the single fund(s) _____ <i>(Please use separate row(s), if necessary)</i>
2. Domicile of the Scheme(s)	Domicile: _____ Are any of the Scheme(s) UCITS Scheme(s)? <input type="checkbox"/> Yes. Please specify the UCITS Scheme(s): _____  <input type="checkbox"/> No
3. Home regulator (if not SFC)	
4. Depository / Trustee / Custodian of the Scheme(s)	Name of [( <i>please delete as appropriate</i> ) the Depository / Trustee / Custodian] of the Scheme(s) _____
<b>Details of the breach(es)<sup>3</sup></b>	
5. Description of the breach(es) (including the relevant provisions of laws and regulations not complied with)	

<sup>3</sup> If breach(es) and resulting pricing error(s) (if any) in respect of more than one Scheme is / are reported, please provide the required information / details in respect of each relevant Scheme.

	<b>Details</b>
<p>6. Duration of the breach(es) (“Breach Affected Period”)<sup>4</sup></p> <p>(a) Start date of the Breach Affected Period</p> <p>(b) End date of the Breach Affected Period</p>	<p>(a) _____</p> <p>(b) _____</p>
<p>7. How and when the breach(es) was / were discovered and rectified</p>	
<p>8. Party(ies) who discovered the breach(es)</p>	<p><input type="checkbox"/> Management Company</p> <p><input type="checkbox"/> Investment Delegate(s): _____ <i>[state the name(s) of Investment Delegate(s)]</i></p> <p><input type="checkbox"/> Depository / Trustee / Custodian</p> <p><input type="checkbox"/> Fund Administrator: _____ <i>[state the name of Fund Administrator]</i></p> <p><input type="checkbox"/> Others. Please specify name(s) and role(s) of the party(ies):</p> <p>_____</p>
<p>9. Reason(s) for the breach(es)</p>	<p><input type="checkbox"/> IT system related issues</p> <p><input type="checkbox"/> Internal control and procedures related issues</p> <p><input type="checkbox"/> Human error / oversight</p> <p><input type="checkbox"/> Miscommunication among the parties who operate the Scheme(s)</p> <p><input type="checkbox"/> Others. Please specify:</p> <p>_____</p>

<sup>4</sup> “Breach Affected Period” in this Ongoing Compliance Form refers to the time period from the inception of the relevant breach(es) until rectification such that the Scheme(s) are brought back to compliance with all relevant restriction(s) and requirement(s).

	<b>Details</b>
<p>10. Party(ies) responsible for the breach(es) (“Responsible Party(ies)”)</p>	<p><input type="checkbox"/> Management Company</p> <p><input type="checkbox"/> Investment Delegate(s): _____ [state the name(s) of Investment Delegate(s)]</p> <p><input type="checkbox"/> Depository / Trustee / Custodian</p> <p><input type="checkbox"/> Fund Administrator: _____ [state the name of Fund Administrator]]</p> <p><input type="checkbox"/> Others. Please specify name(s) and role(s) of the party(ies): _____</p>
<b>Impact on investor(s) and the Scheme(s)<sup>3</sup></b>	
<p>11. Number of investor(s) investing in the Scheme(s) during the Breach Affected Period<sup>5</sup></p>	<p>(a) <i>(Not applicable for UCITS Scheme(s) and MRF Scheme(s))</i> Total number of investors: _____</p> <p>(b) Number of Hong Kong investors: _____ <i>(please also tick one of the boxes below)</i></p> <p><input type="checkbox"/> The number of Hong Kong investors specified above has taken into account all SFC-authorized investment-linked assurance scheme(s) (“ILAS”) that invest(s) in the Scheme(s)<sup>6</sup>. Please provide the name(s) of the ILAS / ILAS issuer(s) affected by the breach(es): _____</p> <p><input type="checkbox"/> There is no SFC-authorized ILAS linked to the performance of the Scheme(s).</p>

<sup>5</sup> “Breach Affected Period” in this Ongoing Compliance Form refers to the time period from the inception of the relevant breach(es) until rectification such that the Scheme(s) are brought back to compliance with all relevant restriction(s) and requirement(s).

<sup>6</sup> If investor(s) of the Scheme(s) includes insurance company(ies) which is/are issuer(s) of SFC-authorized ILAS linked to the performance of the Scheme(s), please make sure that you include those end investor(s) who may be affected by their investment via such ILAS issuer(s) (if known). Alternatively, if the Management Company has no information concerning such end investors who may be affected by their investment via ILAS issuer(s), for the purposes of filing this form, the Management Company may regard each affected ILAS issuer as ONE Hong Kong investor in which case please indicate clearly.

	<b>Details</b>
12. Financial impact on the Scheme(s) as a result of the breach(es) (a) In monetary terms (b) % NAV	<input type="checkbox"/> Loss <input type="checkbox"/> Gain <input type="checkbox"/> Nil (a) _____ (b) _____
<b>Pricing error(s) resulting from the breach(es) (if any)<sup>3</sup></b>	
13. Is / are there any pricing error(s) resulting from the breach(es) which exceed(s) the reporting threshold set out in 10.2A of the UT Code?	<input type="checkbox"/> Yes. Please specify the nature and magnitude of the pricing error(s) for each Scheme: <i>(Please use separate row(s), if necessary)</i> (a) Name and CE ref. number of the Scheme(s): _____ (b) Nature: <input type="checkbox"/> Overvalued <input type="checkbox"/> Undervalued (c) Magnitude: _____% of NAV <input type="checkbox"/> No
14. Duration of the error(s) ("Pricing Error Affected Period") <sup>7</sup> (a) Start date of the Pricing Error Affected Period (b) End date of the Pricing Error Affected Period	<i>(Applicable only if your answer to item 13 above is "Yes")</i> (a) _____ (b) _____
15. Date of discovery of the error(s) and how the error(s) was/were discovered (if different from that of breach(es))	<i>(Applicable only if your answer to item 13 above is "Yes")</i>

<sup>7</sup> "Pricing Error Affected Period" in this Ongoing Compliance Form refers to the time period during which the NAV of the Scheme(s) is being impacted by the error(s).

	<b>Details</b>
16. Party(ies) who discovered the error(s)	<p><i>(Applicable only if your answer to item 13 above is "Yes")</i></p> <p><input type="checkbox"/> Management Company</p> <p><input type="checkbox"/> Investment Delegate(s): _____ <i>[state the name(s) of Investment Delegate(s)]</i></p> <p><input type="checkbox"/> Depository / Trustee / Custodian</p> <p><input type="checkbox"/> Fund Administrator: _____ <i>[state the name of Fund Administrator]</i></p> <p><input type="checkbox"/> Others. Please specify name(s) and role(s) of the party(ies): _____</p>
17. <i>(Not applicable for UCITS Scheme(s) and MRF Scheme(s))</i> Total number of investor(s) subscribing into or redeeming from the affected unit / share class(es) of the Scheme(s) during the Pricing Error Affected Period <sup>7, 8</sup>	<p><i>(Applicable only if your answer to item 13 above is "Yes")</i></p> <p>Please specify:</p> <p>(a) number of investors subscribing into the affected unit / share class(es) of the Scheme(s): _____</p> <p>(b) number of investors redeeming from the affected unit / share class(es) of the Scheme(s): _____</p>

<sup>8</sup> If the error(s) involve(s) both overvaluation and undervaluation, please state separately the total number of investors having subscribed into / redeemed from the affected unit / share class(es) during the period of overvaluation and undervaluation under items 17 to 18 of this Ongoing Compliance Form.

	<b>Details</b>
<p>18. Number of Hong Kong investor(s) subscribing into or redeeming from the affected unit / share class(es) of the Scheme(s) during the Pricing Error Affected Period<sup>7</sup></p>	<p><i>(Applicable only if your answer to item 13 above is “Yes”)</i></p> <p>Please specify:</p> <p>(a) number of Hong Kong investors subscribing into the affected unit / share class(es) of the Scheme(s):</p> <p>_____</p> <p>(b) number of Hong Kong investors redeeming from the affected unit / share class(es) of the Scheme(s):</p> <p>_____</p> <p>To the Management Company’s reasonable knowledge, <i>(please tick one of the boxes below)</i></p> <p><input type="checkbox"/> the numbers of Hong Kong investors specified above have taken into account all SFC-authorized ILAS that invest(s) in the Scheme(s)<sup>6</sup>. Please provide the name(s) of the ILAS / ILAS issuer(s) affected by the error(s):</p> <p>_____</p> <p><input type="checkbox"/> there is no SFC-authorized ILAS linked to the performance of the Scheme(s).</p> <p>(c) whether there is any monetary impact on the Scheme(s)<sup>9</sup>:</p> <p><input type="checkbox"/> Yes      <input type="checkbox"/> No</p>
<b>Compensation to investor(s) and the Scheme(s)<sup>3</sup></b>	

<sup>9</sup> “Monetary impact on the Scheme(s)” refers to “loss(es)” to the scheme” as provided under 10.2B(c) of the UT Code.

19. Is there any compensation to affected investor(s) required?

In respect of the breach(es):

No. Please provide reason(s): \_\_\_\_\_

Yes.

(a) (Not applicable for UCITS Scheme(s) and MRF Scheme(s)) Total amount of compensation required to all affected investor(s) (in monetary terms): \_\_\_\_\_

(b) Total amount of compensation required to all affected Hong Kong investor(s) (in monetary terms): \_\_\_\_\_

(c) Party(ies) responsible for the compensation: \_\_\_\_\_

(d) Compensation paid / settled?

Yes. Date of payment / settlement: \_\_\_\_\_

No. Expected date of payment / settlement: \_\_\_\_\_

In respect of the resulting pricing error(s) (if any):

No. Please provide reason(s): \_\_\_\_\_

Yes

(a) (Not applicable for UCITS Scheme(s) and MRF Scheme(s)) Total amount of compensation required to all affected investor(s) (in monetary terms): \_\_\_\_\_

(b) Total amount of compensation required to all affected Hong Kong investor(s) (in monetary terms): \_\_\_\_\_

(c) Form of compensation (please tick all applicable boxes):

(Applicable to overvaluation) allotment of extra unit(s) / share(s) of the Scheme(s).

(Applicable to overvaluation) repayment of relevant excess portion of subscription proceeds.

(Applicable to undervaluation) payment of the difference to make up for correct redemption proceeds.

(d) Party(ies) responsible for the compensation: \_\_\_\_\_

(e) Compensation paid / settled?

Yes. Date of payment / settlement: \_\_\_\_\_

No. Expected date of payment / settlement: \_\_\_\_\_



	<b>Details</b>
<p>20. Is there any compensation to the Scheme(s) required?</p>	<p>In respect of the breach(es):</p> <p><input type="checkbox"/> No. Please provide reason(s): _____</p> <p><input type="checkbox"/> Yes.</p> <p>(a) Total amount of compensation required (in monetary terms): _____</p> <p>(b) Party(ies) responsible for the compensation: _____</p> <p>(c) Compensation paid? <input type="checkbox"/> Yes. Date of payment: _____</p> <p><input type="checkbox"/> No. Expected date of payment: _____</p> <p>In respect of the resulting pricing error(s) (if any):</p> <p><input type="checkbox"/> No. Please provide reason(s): _____</p> <p><input type="checkbox"/> Yes</p> <p>(a) Total amount of compensation required (in monetary terms): _____</p> <p>(b) Party(ies) responsible for the compensation: _____</p> <p>(c) Compensation paid? <input type="checkbox"/> Yes. Date of payment: _____</p> <p><input type="checkbox"/> No. Expected date of payment: _____</p>
<p>21. Calculation of compensation in respect of the resulting pricing error(s) (if any) attached? (Y/N)</p>	<p><i>(Applicable only if your answer to item 13 above is "Yes" and where compensation to investors and/or the Scheme(s) is required)</i></p>

	<b>Details</b>
22. Bilingual notice to affected investor(s) regarding the breach(es) and resulting pricing error(s) (if any) and the resultant compensation (if any) required?	<input type="checkbox"/> Yes. Date of issuance / expected date of issuance ( <i>please delete where appropriate</i> ). A copy of the notice is filed / will be filed ( <i>please delete where appropriate</i> ) to the SFC.: _____ <input type="checkbox"/> No. Please provide reason(s): <input type="checkbox"/> The breach(es) do / does not have any material adverse impact on any investor(s) and their rights or interests and no compensation is required for any investor(s) as a result of the breach(es) and resulting pricing error(s) (if any). <input type="checkbox"/> Other. Please specify: _____
23. Is / are there any enquiry(ies) or complaint(s) received from affected investor(s) relating to the breach(es) and/or resulting pricing error(s) (if any)?	<input type="checkbox"/> Yes. Please refer to item (h) in the confirmations and undertakings section below. <input type="checkbox"/> No
<b>Other information<sup>3</sup></b>	
24. Any internal investigation conducted and any remedial measures <sup>10</sup> required (other than, where applicable, the compensation and notice to affected investor(s) referred to in items 19 to 22 above)?	<input type="checkbox"/> Yes. Please provide details including when the remedial measures were / are expected to be taken: _____ <input type="checkbox"/> No. Please provide reason(s): _____
25. Investigation by other regulatory bodies (if any)	
26. Other issues (if any)	

**Confirmations and undertakings<sup>11</sup>:**

We confirm, with respect to the breach(es) and resulting pricing error(s) (if any) reported in this Ongoing Compliance Form, that:-

<sup>10</sup> All references to “remedial measures” in Part A and Part B of this Ongoing Compliance Form include all forms of rectification and preventive actions and/or measures in relation to the breach(es) and resulting pricing error(s) (if any).

<sup>11</sup> Please notify the SFC immediately if there are any material adverse changes to the information and/or confirmations provided to the SFC in this Ongoing Compliance Form which may affect the SFC’s assessment of the matters contained herein.

- a. *(applicable to breach(es) and resulting pricing error(s) (if any) of UCITS Schemes and MRF Schemes)*  
under the relevant laws and regulations of the home jurisdiction, no breach or resulting pricing error (if any) reported in this Ongoing Compliance Form is required to be notified to, the home regulator of the Scheme(s);
- b. *(applicable to breach(es) and resulting pricing error(s) (if any) which require(s) compensation to affected investor(s))*  
 the independent auditor of the Scheme(s) has reviewed the compensation methodology and calculation (“Independently Reviewed Compensation Methodology and Calculation”) and does not have any comment thereon; and to the extent the auditor has any comment(s), all such comment(s) has / have been addressed to the satisfaction of the auditor;  
 the methodology and calculation of the compensation is not required to be reviewed by the independent auditor of the Scheme(s) under the relevant laws and regulations; or  
 *(Applicable to UCITS Schemes domiciled in Luxembourg only)* the independent auditor of the Scheme(s) will review the compensation on an ex-post basis (e.g. in the course of its annual audit of the Scheme(s)) in accordance with the relevant laws and regulations of the home jurisdiction, in order to form its opinion as to whether the methodology and calculation are appropriate and reasonable;
- c. *(applicable to breach(es) resulting in pricing error(s) which exceed(s) the reporting threshold as stipulated in 10.2A of the UT Code)* 10.2, 10.2A and 10.2B of the UT Code have been and will be at all times complied with;
- d. the depositary / trustee / custodian of the Scheme(s) (i) has been notified of the breach(es) and resulting pricing error(s) (if any) on [please insert the date]; and (ii) does not have any comment thereon and the remedial measures<sup>10</sup> (including the compensation arrangement, if required) taken to date and (to the extent any remedial measures<sup>10</sup> are yet to be taken) to be taken; and to the extent the depositary / trustee / custodian has any comment(s), all such comment(s) has / have been addressed to the satisfaction of the depositary / trustee / custodian;
- e. the breach(es) and resulting pricing error(s) (if any) do / does not affect the eligibility / ability of the Responsible Party(ies) to perform its / their respective current role(s) of the Scheme(s) on an ongoing basis;
- f. the breach(es) and resulting pricing error(s) (if any) has / have been properly rectified and all affected investor(s) has been / have been / will be compensated (if any) in such manner as notified



to the SFC and the depository / trustee / custodian of the Scheme(s), and in accordance with (i) the Independently Reviewed Compensation Methodology and Calculation (where applicable) and (ii) the applicable laws and regulations (including the UT Code and the SFC Handbook) and constitutive documents of the Scheme(s);

- g. proper remedial measures<sup>10</sup> have been / will be put in place in such manner as notified to the SFC and the depository / trustee / custodian of the Scheme(s) to prevent issue(s) arising from the reason(s) identified in item 9 above from occurring in the future in respect of the Scheme(s) and all other impacted SFC-authorized scheme(s) (if any);
- h. all enquiry(ies) and/or complaint(s) received from affected investor(s) (if any) relating to the breach(es) and resulting pricing error(s) (if any) has / have been properly handled in accordance with the applicable laws and regulations (including the UT Code and the SFC Handbook) and constitutive documents of the Scheme(s); and
- i. unless otherwise specifically allowed for in this Ongoing Compliance Form, no deletion, addition or amendment has been made to standard template of the current prescribed form as published on the SFC website.

We further undertake, with respect to the breach(es) and resulting pricing error(s) (if any) reported in this Ongoing Compliance Form, that all enquiry(ies) and/or complaint(s) received from affected investor(s) (if any) after the date of this Ongoing Compliance Form relating to the breach(es) and resulting pricing error(s) (if any) will be properly handled in accordance with the applicable laws and regulations (including the UT Code and the SFC Handbook) and constitutive documents of the Scheme(s).

Yours faithfully,

---

Name:  
Position:  
Duly authorized<sup>12</sup>

For and on behalf of  
[Name of Management Company]  
Date:

---

<sup>12</sup> The signatory is expected to be a senior-ranking executive of the Management Company (or an appropriate person designated by the senior-ranking executive of the Management Company) with overall responsibility for the reporting of the breach(es) and resulting pricing error(s) (if any) to the SFC.