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?	Applications of Recognised Dutch Funds seeking authorization under the MRF received by the SFC will be processed according to the fund authorization process as set out in the Frequently Asked Questions on Application Procedures for Authorization of Unit Trusts and Mutual Funds. New applicants without an e-IP Managing Company account have to contact the

	Question	Answer
		SFC's Investment Products Division to create an account before making an application via e-IP[1]. For further details, please refer to section 2 (Access to Corporate Administration (for e-IP)) of the User Guide: Corporate Administration (for e-IP). To start an application, you have to submit to us via e-IP: a. a duly signed and completed **Application Form**; b. a duly signed and completed **Information Checklist** (http://www.sfc.hk/web/EN/forms/products/forms.html); c. an 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; 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)); e. documents (including any confirmations and/or undertakings) required to be submitted pursuant to the Information Checklist; and f. the application fee (see Q.2 of the FAQs on Application Procedures for Authorization of Unit Trusts and Mutual Funds). 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. Applicants should submit soft copies of the application documents via e-IP to the Investment Products Division. As provided under paragraph 37 of the SFC Circular, applicants shall request the

[1] Please refer to the circular entitled "Circular on launch of e-IP application/submission system on WINGS" dated 8 July 2024.

	Question	Answer
		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. 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 applicant is expected to submit the applicable application fee as soon as practicable upon receipt of the Take-up Letter from the SFC. Once an application is taken up, the application fee will not be refunded. During the application process, all changes to any subsequent draft documentation must be properly and comprehensively marked up to facilitate review by the SFC. 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.
1A.	What are the requirements for submitting documents and application fee in support of a new fund application to the SFC?	To commence an application, various documents, including, 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 via e-IP. *A) Submission of application documents by soft copy* Applicants shall submit all application-related documents by soft copy. 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 via e-IP at or before 6 pm (after which the receipt date will be deemed as the following business

	Question	Answer
		day). *B) Signing of application documents* During the application process, you must complete the signing process for certain application documents (including the application form) in e-IP. Please see section 4.1.2.5. entitled – "Completing the signing process for the Ordinary Form(s) & Checklist(s) (where applicable)" of the e-IP (Investment Products Division) User Guide for details. For other application documents not covered in the signing process in e-IP, please refer to the options below: Option 1: We will accept submission of un-signed copies of the relevant 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 or other equivalents (from a person who meets the signatory requirements) that all information, and confirmations and undertakings where applicable, contained in the Relevant Forms (and all documents submitted relating thereto) are true and accurate. Option 2: An applicant may submit scanned copies of the Relevant Forms signed by a person who meets the signatory requirements. While the SFC will take up a new fund application when 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.
2.	The FAQ has been removed.	Please refer to the Frequently Asked Questions on Application Procedures for Authorization of Unit Trusts and Mutual Funds for details.
3.	Who can issue marketing materials in respect of Recognised Dutch Funds? Will these marketing materials need SFC's prior	All advertisements and marketing materials in relation to a Recognised Dutch Fund 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

	Question	Answer
	authorization?	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). 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.
4.	Will the Hong Kong representative of a Recognised Dutch Fund be required to be licensed by the SFC?	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. 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. Please refer to Chapter 9 of the UT Code for further details.
5.	What are the language requirements for the Hong Kong offering documents of Recognised Dutch Funds?	The Hong Kong offering documents of the Recognised Dutch Funds should be prepared in both English and Chinese. Applicants should submit the English version of the fund's Hong Kong offering documents at the time of application.

	Question	Answer
		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 http://www.sfc.hk/web/EN/forms/products/forms.html) prior to the authorization becoming effective. The Chinese translation should take into account market practices and customary use of Chinese language in Hong Kong.
6.	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?	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.
7.	How should Recognised Dutch Funds prepare the product key facts statement (KFS)?	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. In particular, the following statement is expected to be included in the KFS in an upfront and prominent manner: "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."
8.	Will the Guide, as revised/updated from time to time, apply to Recognised Dutch Funds seeking SFC's authorization?	In preparation for their applications, applicants should also refer to 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).

	Question	Answer
		The Guide sets out detailed guidance for applicants to prepare their applications and comply 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. Among others, the Guide contains a set of disclosure guidance to facilitate applicants' preparation of their funds' offering documents. Applicants are encouraged to contact the relevant case team in the Investment Products Division if they have any questions.
9.	How should Recognised Hong Kong Funds that would like to seek AFM's authorization submit their applications?	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.

Last update: 29 November 2024