	Question	Answer
4.	[This FAQ will be effective from 1 January 2025]	

	Question	Answer
		with 11.1B of the Code on Unit Trusts and Mutual Funds. In addition, where a Recognised Hong Kong Fund has received approval from the CSRC for offering to Mainland investors and/or a share class is only available to Mainland investors, the management firm should disclose these facts in the Hong Kong offering documents.
5B.	required for setting up a new share class for offering to Mainland investors by a Recognised Hong Kong Fund which has	

	Question	Answer
		Trusts and Mutual Funds.
8.	Will retail SFC-authorized Approved Pooled Investment Funds offered to the public in Hong Kong (APIFs) be qualified as Recognised Hong Kong Funds?	All SFC-authorized funds that meet the eligibility requirements of the MRF can seek approval from the CSRC for distribution in the Mainland. APIFs that are currently invested by MPF schemes and authorized by the SFC for public offering in Hong Kong and meet MRF eligibility requirements are eligible for application to the CSRC under the MRF. These APIFs must have complete offering documents (including product key facts statement (Product KFS)) in accordance with requirements of the Code on Unit Trusts and Mutual Funds for offer to retail investors in Hong Kong.
9.	[This FAQ is valid up to 31 December 2024] One of the MRF eligibility requirements is that the Recognised Fund must be a general equity fund, a bond fund, a mixed fund, an unlisted index fund or a physical index-tracking exchange traded fund (ETF). On what basis should a management firm categorise a Recognised Fund?	Categorisation should in general be based on the relevant laws and regulations of the Home Jurisdiction.

9.

	Question	Answer
	Home Jurisdiction results in the Home Jurisdiction holdings dropping below 20% and the Host Jurisdiction holding exceeding 80%, thus breaching the 80% Limit?	
2.	What should the management firm of a Recognised Mainland Fund do if, after receiving SFC authorization, the Recognised has shrunk to below the minimum requirement of RMB 200 million?	Following SFC authorization, if the asset under management of a Recognised Mainland Fund is approaching the RMB200 million minimum requirement, the management firm shall notify the SFC in writing immediately and explain to the SFC the reasons behind the decline in asset under management. Flexibility may be allowed in respect of the meeting of the RMB200 million minimum requirement on a case-by-case basis by the SFC, taking into account all relevant factors, for example, relevant market conditions, exchange rates fluctuations, the best interest of investors and whether other MRF eligible requirements are met. The SFC has the power to require the Recognised Mainland Fund to suspend marketing to the public in Hong Kong and to not accept new subscriptions.

C. Disclosure

	Question	Answer
2.	What information should be included in the Hong Kong covering documents of Recognised Mainland Funds?	At the minimum, the following information should be included in the Hong Kong covering documents: ¶ The eligibility requirements that must be met by the Recognised Mainland Funds under the MRF, and the detailed arrangements in the event that the fund ceases to meet any of the eligibility requirements; ¶ share class(es) offered to Hong Kong investors; ¶ applicable tax disclosure (including tax considerations for Hong Kong investors, FATCA disclosure etc.); ¶ currency exchange arrangement; ¶ dealing and settlement procedures applicable to Hong Kong investors; ¶ the documents available to Hong Kong investors, and in respect of these documents, the update frequency, the means of dissemination and the place at which they are made available for inspection by the public in Hong Kong; ¶ voting arrangements by Hong Kong investors through nominee holders (if applicable); ¶ circumstance(s) under which the Recognised Mainland Fund may effect compulsory redemption; ¶ handled; ¶ the contact details of the Hong Kong representative; ¶ a statement that the Mainland and Hong Kong investors will receive fair and the same treatment, including in respect of investor protection, exercise of rights, compensation and disclosure of information; ¶ responsibility statement by the management firm pursuant to C22 of Appendix C to the Code on Unit Trusts and Mutual Funds; ¶ other requirement set out in the Circular;

	Question	Answer
		error risk, index-related risk; ¶ Risks associated with companies listed on boards with generally lower listing eligibility criteria than main boards (eg, ChiNext market, the Science and Technology Innovation Board), eg, higher fluctuation in stock prices, over-valuation risk, differences in regulation, delisting risk, concentration risk; and ¶ Risks associated with securities financing transactions. To provide further guidance to the industry, we set out more detailed explanation of these risks in Appendix A. The above list and related explanation are not intended to be an exhaustive list of the

	Question	Answer
		longer involved in the investment management of the fund iii. Fund names which

	Question	Answer
		regulations should be made available to Hong Kong investors at the same time. Any notices that are filed with the CSRC[2] should also be filed with the SFC at the same time (HK Notice Filing Requirement). The management firm should ensure that notices to Hong Kong investors comply with the applicable disclosure requirements set out in the Circular (e.g., bilingual notice, mention of SFC-authorization), the authorization condition regarding name annotation (if applicable) and related guidance as may be issued by the SFC from time to time (HK Notice Disclosure Requirements). In respect of notices on issues that affect Hong Kong investors only (for example, change of Hong Kong representative), the requirements in Chapter 11 of the Code on

	Question	Answer
		To the extent that the notices issued after the date of SFC authorization contain information necessary for Hong Kong investors to be able to make an informed judgement of the investment proposed to them and affecting the disclosure in the Hong Kong offering documents, management firms are reminded that the Hong Kong offering documents are expected to be accompanied by these notices. Please refer to FAQ D5A on Mainland-Hong Kong Mutual Recognition of Funds for details. Notwithstanding the above, where the management firm for any reason makes available to Hong Kong investors notices mentioned in (i) and (ii) above (including, for example, by posting them on the website of the Recognised Mainland Fund or by accompanying them with the Hong Kong offering documents), such notices should comply with the HK Notice Disclosure Requirements and be filed with the SFC as soon as possible.
2.	How should notices be dispatched to Hong Kong investors?	The management firm shall take reasonable steps and measures to ensure that notices are dispatched to investors in the Mainland and Hong Kong at the same time. Notices to Hong Kong investors should be in English and traditional Chinese. Management firms should dispatch the notices to Hong Kong investors by posting the notices on the website of the Recognised Mainland Fund or such other means as specified in the Hong Kong offering documents. The Hong Kong representative of the Recognised Mainland Fund should comply with the ongoing obligations regarding provision of information to investors under Chapter 9 of the Code on Unit Trusts and Mutual Funds. Hong Kong distributors are also reminded of their ongoing disclosure obligations to their clients under the relevant Hong Kong laws and regulation.
3.	Are Recognised Mainland Funds required to	A Recognised Mainland Fund should, as a matter of best practice, maintain a website

	Question	Answer
	maintain a separate website for Hong Kong investors?	for Hong Kong investors for publication of its offering documents, circulars, notices, announcements, financial reports and the latest available offer and redemption prices or net asset value of the scheme.
4.	What are the changes to a Recognised Mainland Fund that will require SFC prior approval?	Changes to a Recognised Mainland Fund shall be made in accordance with the applicable Mainland laws and regulations and the provisions of the constitutive documents. These changes shall be effective upon approval by the CSRC or compliance with the appropriate procedures. Thereafter, such changes shall be submitted to the SFC for filing. (i) Changes that concern the eligibility of a Recognised Mainland Fund under the MRF (Eligibility Changes); (ii) changes that affect Hong Kong investors only and fall within 11.1 of the UT Code; and/o (

	Question	Answer
		¶ changes that do not affect Hong Kong investors, for example, changes in distribution arrangements in the Mainland; ¶ changes affecting Hong Kong investors only and falling within 11.1 of the UT Code but do not require the SFC

	Question	Answer
		In preparing the Notice(s), applicant may, where applicable, refer to FAQs 16B and

	Question	Answer
		the management firm should update the Hong Kong offering documents with such information in accordance with the requirements under the Circular and the related guidance as may be issued by the SFC from time to time. In the event that the Hong Kong offering documents are yet to be updated, the Hong Kong offering documents are expected to be accompanied by such notice(s). As such, the management firm should make appropriate arrangements with its distributors and the Hong Kong Representative to provide the Hong Kong offering documents together with copies of the relevant notice(s) to Hong Kong investors.
5B	What are the requirements for mark-up and annotation of the changes to the revised Hong Kong offering documents?	For mark-up and annotation requirements, the general guidance is set out below:

	Question	Answer
		relevant filing forms in a clear and succinct manner to facilitate the SFC to conduct post-vetting.
5C	If the changes(s) made to the Hong Kong offering documents to reflect the Prior Approval Change(s) which is subject to the sub-fund(s), can the Chinese translation confirmation cover only part of the revised Hong Kong offering documents?	Yes, if a translator is appointed by the relevant competent party [Note], the Chinese translation confirmation issued by the translator can cover the relevant part of the revised Hong Kong offering documents (e.g.

	Question	Answer
7.	When is a financial report required to be given to Hong Kong investors?	Applying the principle of fair and same treatment to investors in the Mainland and Hong Kong, financial reports (including quarterly reports, half-yearly reports, annual reports, annual report summary and half-yearly report summary of Recognised Mainland Funds (/)) that are required to be made available to Mainland investors pursuant to Mainland laws and regulations should be made available to Hong Kong investors at the same time. Any financial reports that are filed with the CSRC[4] should also be filed with the SFC at the same time (HK Financial Report Filing Requirement). The management firm should ensure that financial reports to Hong Kong investors comply with the applicable disclosure requirements set out in paragraph 30 of the Circular, the authorization condition regarding name annotation (if applicable) and related guidance as may be issued by the SFC from time to time (HK Financial Report Disclosure Requirements). For the avoidance of doubt, annual report summary and half-yearly report summary of a Recognised Mainland Fund are only required to comply with the disclosure requirements in the authorization condition regarding name annotation (if applicable) and paragraph 30(b) of the Circular. For details about how the requirements in paragraph 30 of the Circular apply to quarterly reports, half-yearly reports and annual reports of Recognised Mainland Funds, please refer to FAQ C9 on Mainland-Hong Kong Mutual Recognition of Funds. Where the Recognised Mainland Fund has not been offered in Hong Kong, or where there are no Hong Kong investors in the Recognised Mainland Fund, the HK Financial Report Disclosure and HK Financial Report Filing Requirements do not generally apply to financial reports issued after the date of SFC authorization. Management firms are reminded that upon the offering of a Recognised Mainland Fund

[4] In light of the changes to the Disclosure Rules, for the purpose of MRF arrangement, financial reports that are filed with the CSRe,

	Question	Answer
		in Hong Kong, the management firms should ensure that the Hong Kong offering document must be accompanied by a copy of the latest annual report and if published thereafter, the latest half-yearly and quarterly report of the Recognised Mainland Fund. Notwithstanding the above, where the management firm for any reason makes available to Hong Kong investors financial reports mentioned in the third paragraph above (including, for example, by posting them on the website of the Recognised Mainland Fund or by accompanying them with the Hong Kong offering documents), such financial reports should comply with the HK Financial Report Disclosure Requirements and be filed with the SFC as soon as possible.
	E. Operational issues	
1.	What should be the dealing arrangements for a Recognised Fund on the days that are holidays in either the Mainland or Hong Kong?	Subscription and redemption is generally only practicable on days that are working days in both the Mainland and Hong Kong. For any other arrangements that affect investors in the Host Jurisdiction, please consult the Host Jurisdiction regulator.
2.	Are there any requirements regarding the routing of subscription/redemption orders and confirmations? Are management firms and distributors required to route orders and confirmations via any particular centralised platforms?	There are no specific regulatory requirements. The routing of orders and confirmations is a commercial decision to be agreed by the management firms, the distributors and other relevant parties.
3.	Units of funds are usually registered under the names of the end investors in the Mainland, but under the names of the nominees (usually the distributors) in Hong	

	Question	

	Question	Answer

	Question	Answer
	G. Sales and distribution	
1.	Who can issue marketing materials in respect of Recognised Mainland funds? prior authorization?	All advertisements and marketing materials in relation to a Recognised Mainland 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 Guidelines Applicable to Collective Investment Schemes Authorized under the Product Codes issued by the SFC. Recognised Mainland Funds should issue advertisement and marketing materials via a

	Question	Answer

	Question	Answer
		investors investing in their funds currently. The same requirements would generally apply regardless of whether an investor is from the Mainland or another overseas jurisdiction.
7.	Where a Recognised Hong Kong Fund is distributed to investors in the Mainland	

	Question	Answer
		Products Division if they have any questions.
3.	How should a Recognised Mainland Fund submit an application for approval of post authorization changes and authorization of revised Hong Kong offering documents? Will the revamped post authorization process apply to Recognised Mainland Funds?	Launch of pilot revamped process to enhance the processing of post authorization application 30 25 January 2018 respectively issued by the Investment Products Division, the revamped post authorization process (Revamped Post Authorization Process) will apply to all applications for the approval of post authorization changes (including Prior Approval Change(s), termination, merger and withdrawal of authorization) and authorization of revised Hong Kong offering documents of SFC-authorized funds (which includes Recognised Mainland Fund authorized under the MRF) received by the SFC on or after (i)1 August 2017 or (ii) 1 February 2018, being the effective date or adoption date of the revamped post authorization process. Post authorization applications received before 1 August 2017 will not be processed under the Revamped Post Authorization Process. For such applications, applicants should use the existing application and filing forms. From 1 August 2017 onwards, applicants must, among other requirements, complete the new application and filing forms, as amended by the SFC from time to time. Applicants should refer to the Frequently Asked Questions on Post Authorization Compliance Issues of SFC-authorized Unit Trusts and Mutual Funds and Frequently Asked Questions on Revamped Post Authorization Process of SFC-authorized Unit Trusts and Mutual Funds for the procedures and guidance concerning the Revamped Post Authorization Process. Applicant must exercise professional judgment at all times to ensure compliance with the applicable regulatory requirements under the Revamped Post Authorization Process. Applicants are encouraged to contact the relevant case team in the Investment Products Division if they have any questions.

Appendix A

Mainland-Hong Kong Mutual Recognition of Funds (MRF)

Explanation of illustrative examples of risk disclosures in the Hong Kong covering document of a Recognised Mainland Fund

Set out below is the explanation of the illustrative examples of risk disclosures that are expected to be included, if applicable, in the Hong Kong covering document of a Recognised Mainland Fund.

1. Risks associated with the MRF arrangement

¶ *Quota restrictions*: The MRF scheme is subject to an overall quota restriction. Subscription of units in a Recognised Mainland Fund may be suspended at any time if such quota is used up.

¶

2.

¶ *Risks associated with small-capitalisation / mid-capitalisation companies*: The stocks of small-capitalisation / mid-capitalisation companies may have lower liquidity and their prices are more volatile and susceptible

7. Risks associated with unlisted index funds

¶ *Passive investment risk*

10. Risks associated with reverse repurchase transactions

¶ The collateral pledged under the reverse repurchase transactions in the interbank market may not be marked to market. In addition, the Fund may suffer substantial losses as there may be delays and difficulties in recovering the cash placed out or realising the collateral, or proceeds from the sale of collateral may be less than the cash placed with the counterparty owing to inadequate valuation of the collateral and market movements upon the default of the counterparty.