

25 January 2018

Circular to Management Companies of SFC-authorized unit trusts and mutual funds

Formal adoption of the revamped post authorization process

1. The purpose of this circular is to announce that, with effect from 1 February 2018 (“Adoption Date”), the revamped process (the “Revamped Post Authorization Process”) of applications for the approval of post authorization changes (including scheme changes, termination, merger and withdrawal of authorization) and authorization of revised offering documents for SFC-authorized funds¹ will be formally adopted.
2. Capitalized terms shall have the same meaning as defined in the SFC’s circular issued on 30 June 2017 entitled [“Launch of pilot revamped process to enhance the processing of post authorization applications”](#) (“June 2017 Circular”) unless otherwise defined.

Background

3. Pursuant to the June 2017 Circular, the Revamped Post Authorization Process was implemented on 1 August 2017 for a six-month pilot period ending 31 January 2018 (“Pilot Period”).
4. The Revamped Post Authorization Process was introduced with a view to increase the transparency and efficiency of our approval process without compromising investor interest and protection. For details regarding the Revamped Post Authorization Process, please refer to the June 2017 Circular.

Formal adoption of the Revamped Post Authorization Process

Full Adoption of the Revamped Post Authorization Process

5. Since its implementation, the SFC has been closely monitoring the operation of the Revamped Post Authorization Process. Besides maintaining ongoing dialogues with the applicants, the SFC has, during the Pilot Period, continued to engage various industry participants in order to obtain a better understanding of the industry’s feedback on the Revamped Post Authorization Process.
6. The overall implementation and experience of the Revamped Post Authorization Process has been smooth and positive. Applications received during the Pilot Period were processed in accordance with the applicable processing time period under the respective two-stream approach². We noted that during the Pilot Period,

¹ The Revamped Post Authorization Process will not apply to any MPF products authorized only pursuant to the SFC Code on MPF Products.

² As set out in the June 2017 Circular, under the Revamped Post Authorization Process, the processing of Simple Applications and Complex Applications will be subject to a maximum period of 2-month and 6-month processing times respectively from the issue of the first requisition by the SFC.



- a) the quality of Applications has generally improved;
 - b) responses from applicants have been more timely; and
 - c) there has been an overall enhancement on the post-authorization process.
7. In light of the above, the SFC's review and post authorization process under the Revamped Post Authorization Process as set out in the June 2017 Circular will be adopted in full from the Adoption Date.

Updated forms, updated standardized templates for confirmations on compliance, updated Chinese Translation Confirmations and Revamped Post Authorization Process FAQ on Applications

8. The following documents have been revised and published to provide further guidance and clarification in order to facilitate applicants' preparation for their post authorization applications, taking into account the operational experience of the SFC and comments from the industry:
- a) updated [Forms for Scheme Changes](#)³;
 - b) an updated [On-going Compliance Form for Notice of Mergers / Restructuring / Termination / Withdrawal of Authorization](#);
 - c) updated [standardized templates for confirmations on compliance](#);
 - d) updated [Chinese Translation Confirmations](#)⁴; and
 - e) an updated set of [Revamped Post Authorization Process FAQ](#)⁵.

Applications received before and after the Adoption Date

9. The Revamped Post Authorization Process applies to all Applications received by the SFC during the Pilot Period and will continue to apply to all Applications received by the SFC on or after the Adoption Date.
10. The updated forms, standardized templates for confirmations on compliance and Chinese Translation Confirmations ("Forms and Confirmations") are available for use with immediate effect. Applicants may choose to use the existing or updated Forms and Confirmations in support of their Applications received by the SFC on or before 14 February 2018. For all Applications received by the SFC after 14 February 2018, applicants must complete the updated Forms and Confirmations.

³ Forms for Scheme Changes refer to the (i) "Application Form for Scheme Change(s)"; and (ii) "Form for Scheme Change Application(s) or Filing of Notice of Scheme Change(s) in relation to Recognised Mainland Funds".

⁴ Chinese Translation Confirmations refer to (i) Appendix 1 of the Confirmation of fulfilment of approval/authorization condition(s); and (ii) Appendix 1 of the Confirmation of fulfilment of approval/authorization condition(s) in relation to Recognised Mainland Funds.

⁵ Revamped Post Authorization Process FAQ comprises the Frequently Asked Questions on (i) Post Authorization Compliance Issues of SFC-authorized Unit Trusts and Mutual Funds; and (ii) Mainland-Hong Kong Mutual Recognition of Funds.



General

11. We will continue to regularly review and seek to improve our post authorization process wherever appropriate and practicable. Applications processed under the Revamped Post Authorization Process will be subject to post-vetting and the SFC may make follow-up enquiries and/or take necessary regulatory actions in case of non-compliance as considered appropriate.
12. Should you wish to clarify any aspects of this circular and/or in case of doubt, please contact the relevant case officers in charge.

**Investment Products Division
Securities and Futures Commission**