SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

Circular

23 July 2026

Mutual Recognition of Funds (MRF) between Malaysia and Hong Kong

1. The Securities and Futures Commission (SFC) and the Securities Commission Malaysia (SC) entered into a Memorandum of Understanding Concerning Mutual Recognition of Covered Funds, and Simplified Dual IPO Listing Framework dated 23 July 2026 (Memorandum) to expand the scope of eligible products under the MRF and strengthen cooperation between the two regulators.

2. The SFC and the SC previously entered into a Declaration on Mutual Co-operation on Development of Islamic Capital Market and Islamic Collective Investment Schemes on 9 November 2009, which established a framework for the mutual recognition of Islamic Collective Investment Schemes[1] (Islamic CIS) offered to the public in the respective markets.

3. Since then, global financial markets have continued to expand and evolve, with increasing cross-border activities in asset management and the offering and distribution of collective investment schemes (CIS).

4. This circular supersedes the SFC's Circular on Mutual Cooperation on Development of Islamic Capital Market and Islamic Collective Investment Schemes by the SFC and the SC dated 9 November 2009. In this circular, "Malaysian Fund" refers to a Malaysia-domiciled fund that is eligible for or has received SFC authorisation under the MRF, while "Malaysian Management Company" refers to a Malaysian management company that is eligible to manage Malaysian Funds.

General principles

5. The MRF operates on the principles that, in respect of a SC-authorised or SC-approved Malaysian Fund that is seeking or has received authorisation for offering to the public in Hong Kong:

   (a) the Malaysian Fund shall meet the eligibility requirements in accordance with this circular and comply with all of the applicable requirements set out in this circular (see below);

   (b) the Malaysian Fund shall remain authorised or approved by the SC and be allowed to be offered, marketed and distributed to retail investors in Malaysia;

   (c) the Malaysian Fund shall operate and be managed in accordance with the relevant laws and regulations in Malaysia and its constitutive documents;

   (d) the sale and distribution of the Malaysian Fund in Hong Kong shall comply with the applicable laws and regulations in Hong Kong;

[1] An Islamic CIS is a collective investment scheme which is Shariah-compliant.

(e) where relevant, the Malaysian Fund and the Malaysian Management Company shall comply with the additional rules issued by the SFC governing the authorisation, post-authorisation and ongoing compliance in the context of the offering, marketing and distribution of the Malaysian Fund to the public in Hong Kong;

(f) the Malaysian Management Company of the Malaysian Fund shall ensure that investors in both Malaysia and Hong Kong receive fair treatment, including in respect of investor protection, exercise of rights, compensation and disclosure of information;

(g) ongoing disclosure of information on the Malaysian Fund shall be made available to investors in Malaysia and Hong Kong at the same time (to the extent reasonably practicable given the different public holidays in the two jurisdictions).

6. In general, funds that are seeking or have received SFC authorisation for offering to the public in Hong Kong pursuant to Section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (SFO) must comply with the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products (SFC Handbook), as well as the circulars, guidelines and other requirements as may be issued by the SFC from time to time, together with the SFO, relevant Hong Kong laws and regulations. Based on the principles set out above, if a Malaysian Fund complies with the relevant Malaysian laws and regulations and the conditions as set out in this circular, it is generally deemed to have complied in substance with the relevant Hong Kong laws and regulations, and will be eligible for a streamlined process of authorisation for offering to the public in Hong Kong.

7. In view of the differences between the regulatory regimes in Hong Kong and Malaysia, to ensure proper investor protection and compliance with the existing Hong Kong regime for authorised retail funds, this circular sets out the additional requirements with which a Malaysian Fund must comply when applying for SFC authorisation, pursuant to Section 104 of the SFO, for offering to the public in Hong Kong under the Memorandum, as well as other requirements which a Malaysian Management Company and a Malaysian Fund must observe after obtaining SFC authorisation. The SC has issued the applicable requirements with which an eligible Hong Kong fund must comply when seeking the SC's recognition or approval for public offering in Malaysia, as well as the requirements to be observed by a Hong Kong management company and a Hong Kong fund after obtaining such recognition or approval, as set out in the SC's *Guidelines for the Offering, Marketing and Distribution of Foreign Funds*, including paragraph 3.01(a), Part 1 of Appendix 1, and Appendix 5.

Eligibility requirements and types of eligible funds

8. The eligibility requirements (Eligibility Requirements) are set out in Annex B to this circular.

9. The SFC and SC may consider extending the MRF to other types of funds in future in accordance with the Memorandum.

10. All Malaysian Funds must comply with the requirements set out under the "Requirements applicable to all Malaysian Funds" section below.

Requirements applicable to all Malaysian Funds

11. To ensure proper investor protection and compliance with the existing Hong Kong regime for authorised retail funds, all Malaysian Funds are required to comply with requirements set out in paragraphs 12 – 31 and 34 below, as well as the relevant requirements as set out in Annex A.

Representatives in Hong Kong

12. Each Malaysian Fund must appoint a firm in Hong Kong as its representative, in compliance with Chapter 9 and 11.1(b) of the Code on Unit Trusts and Mutual Funds (UT Code).

Operational and ongoing requirements

Home jurisdiction supervision

13. The Malaysian Fund must, on an ongoing basis, remain authorised or approved by the SC for offering to the public in Malaysia. The Malaysian Management Company of the Malaysian Fund must also remain licensed by the SC to manage CIS in accordance with section 58(1) of the Capital Markets and Services Act 2007 (CMSA). Both the Malaysian Fund and its Malaysian Management Company must be subject to ongoing regulation and supervision by the SC.

Changes to Malaysian Funds

14. Changes to a Malaysian Fund must be made in accordance with the applicable Malaysian and Hong Kong laws and regulations as well as the provisions of its constitutive documents. Changes to a Malaysian Fund shall not contravene the applicable Malaysian laws and regulations and the requirements set out in this Circular. These changes shall be effective upon approval by the SC or compliance with the appropriate procedures. Thereafter, the Malaysian Management Company shall submit such changes to the SFC for filing.

15. Investors in Malaysia and Hong Kong must be notified at the same time (to the extent reasonably practicable given the different public holidays in the two jurisdictions) about any changes to the Malaysian Fund by the Malaysian Management Company. Equal treatment should be given to investors in both jurisdictions as to the form of that notice[2].

16. For the avoidance of doubt, the SFC's prior approval is required for changes that render the Malaysian Fund ineligible under this MRF (for example, the fund changes its

[2] To the extent there are requirements on minimum notice period and content of or template for notice to Hong Kong investors under relevant Hong Kong laws and regulations, the Malaysian Funds should comply with these requirements and ensure that investors in Malaysia and Hong Kong receive equal treatment in terms of the notice period and information disclosed.

strategy and no longer meets the eligible fund type definition) and revisions made to its offering documents relating to such changes. The Malaysian Management Company must notify the SC and the SFC of such changes as soon as possible.

Breach

17. In the event of a breach of Malaysian laws or the requirements set out or referred to in this circular, which is required to be notified to the SC and could affect Hong Kong investors of a Malaysian Fund, the Malaysian Management Company must endeavour to notify the SC and report to the SFC at the same time and rectify the breach promptly. The Malaysian Management Company should notify the SFC once the breach has been rectified.

18. Following SFC authorisation of a Malaysian Fund under Section 104 of the SFO, if the Malaysian Fund ceases to meet the requirements set out in this circular, its Malaysian Management Company must notify the SFC immediately. The Malaysian Fund must not continue its offering to the public in Hong Kong or accept subscriptions from investors in Hong Kong without the SFC's prior approval.

Withdrawal of authorisation

19. Following SFC authorisation of a Malaysian Fund, if its Malaysian Management Company no longer wishes to maintain the authorisation of the fund, it should apply for withdrawal of such authorisation from the SFC and provide notice to Hong Kong investors of its intention not to maintain such authorisation in accordance with the relevant Hong Kong laws and regulations.

20. The SFC may at any time review its authorisation of a Malaysian Fund and may modify, add to or withdraw any of the conditions of such authorisation, or withdraw the authorisation, as it considers appropriate.

Sale/distribution, offering documents, ongoing disclosure and advertisements

Sale/distribution

21. The sale and distribution of a Malaysian Fund in Hong Kong must be conducted by intermediaries properly licensed by or registered with the SFC, and must comply with the relevant Hong Kong laws and regulations relating to the sale and distribution of funds.

Offering documents

22. The disclosure of information relating to a Malaysian Fund must be complete, accurate, fair, clear and effective. It must be easily understood by investors.

23. The offering documents of a Malaysian Fund must be up-to-date and contain information necessary for investors to make informed judgement of the investment proposed to them.

24. A Malaysian Fund may use the offering documents registered with the SC. Unless otherwise provided for in this circular, matters such as the type of documents, and content, format, frequency of update and the updating procedures must comply with the applicable Malaysian laws and regulations and the provisions of its constitutive documents. The SC-registered offering documents may be supplemented by a Hong Kong covering document to comply with the disclosure requirements set out in Annex A[3]. The Hong Kong covering document should also disclose any other information which may have a material impact on investors in Hong Kong. The Hong Kong offering documents shall not contain any information that would be inconsistent with the offering documents registered with the SC and/or inaccurate or misleading regarding the Malaysian Fund.

25. The Malaysian Management Company of a Malaysian Fund must take reasonable steps and measures to ensure that any updated offering documents and their changes are made available to investors in Malaysia and Hong Kong at the same time (to the extent reasonably practicable given the different public holidays in the two jurisdictions).

<u>Ongoing disclosure</u>

26. The Malaysian Management Company of a Malaysian Fund must take reasonable steps and measures to ensure that the ongoing disclosure of information on the Malaysian Fund (including periodic financial reports, notices and announcements) is dispatched and made available to investors in Malaysia and Hong Kong at the same time (to the extent reasonably practicable given the different public holidays in the two jurisdictions) and, in the case of suspension of dealings, must notify the SFC immediately. A Malaysian Fund must comply with the requirements set out in Annex A and, on an ongoing basis, disclose any other information which may have a material impact on investors in Hong Kong.

27. Subject to paragraph 29, a Malaysian Fund may use its Malaysian financial reports as the basis for distribution in Hong Kong, provided that the reports are supplemented by the additional information and meet the other requirements set out in Annex A.

<u>Language</u>

28. The offering documents and notices to Hong Kong investors of a Malaysian Fund must be provided in English and Chinese.

29. The constitutive documents and financial reports of a Malaysian Fund must 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 offering documents.

[3] A disclosure requirement in Annex A would be considered met if the relevant disclosure is already included in the prospectus registered with the SC. The Malaysian Fund does not need to duplicate the disclosure in the Hong Kong covering document.

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Advertising

30. All advertisements in relation to a Malaysian Fund offered in Hong Kong must comply with the relevant Hong Kong laws and regulations, in particular, the Advertising Guidelines Applicable to Collective Investment Schemes Authorised under the Product Codes[4].

Fees

31. For offering to the public in Hong Kong, the Malaysian Fund and Malaysian Management Company will be subject to the applicable application fees, authorisation fees and annual fees. The Malaysian Management Company must ensure that any SFC-invoiced periodic fees in respect of the Malaysian Fund are paid.

Application process

32. Applicants of Malaysian Funds are encouraged to consult the SFC's Investment Products Division early for any clarification or guidance as to how the relevant requirements may apply and be complied with in light of their specific circumstances.

33. The SFC may issue circulars, frequently asked questions and other documents on its website from time to time to provide practical guidance to the industry. Please refer to the SFC's website or contact the Investment Products Division.

34. Applicants shall request the SC to provide directly to the SFC a certificate confirming that the Eligibility Requirements listed in Annex B to this circular are met. The SFC will not take up the application if no such certificate is received from the SC.

35. Further details of the MRF application process for a Malaysian Fund seeking SFC authorisation are available on the SFC's website.

Investment Products Division
Securities and Futures Commission

[4] https://www.sfc.hk/web/EN/rules-and-standards/codes-and-guidelines/guidelines/

Annex A

Requirements in the Overarching Principles Section of the SFC Handbook (Overarching Principles Section) and UT Code to be complied with by all Malaysian Funds[5]

	Relevant provisions in the Overarching Principles Section and UT Code
1. General requirements	
Mention of SFC authorisation and jurisdiction	1.10 of the Overarching Principles Section and 9.10 of the UT Code
Nomination of approved person	1.5 of the UT Code
Appointment of management company and the investment delegate	5.1 and 5.2 of the UT Code
Availability of constitutive documents	5.10(c) of the UT Code
Naming of a Malaysian Fund	5.1 and 5.2 of the Overarching Principles Section

2. Operational requirements	
Scheme documentation, meetings, fees	6.2, 6.5, 6.15(j) and 6.17 of the UT Code
Pricing errors, suspension and deferral of dealings, transactions with connected persons	10.2 – 10.2B, 10.7, 10.8 and 10.10 of the UT Code

3. Disclosure requirements in relation to offering documents	
Language	5.6 of the Overarching Principles Section
Product key facts statement	6.5 – 6.8 of the Overarching Principles Section and 6.2A of the UT Code
Use of disclaimers	6.12 of the Overarching Principles Section
Enquiries and complaints handling	7.4 of the Overarching Principles Section
Information to be disclosed in the offering documents	Appendix C to the UT Code (paragraphs 2(b), (c), (f) and (g) (in relation to securities financing transactions, if applicable), 2A(d) and (j) (if applicable), 2B (in relation to fair value adjustments), 3(d), 3(g), 6, 12, 14(c), 14 Note(2), 16, 18A, 19(b), 19A, 20, 22A, 23 and 25)

5 For the avoidance of doubt, Malaysian Funds and Malaysian Management Companies should also comply with the Frequently Asked Questions (FAQs) on Malaysia-Hong Kong Mutual Recognition of Funds and other relevant FAQs and circulars issued by the SFC from time to time, including FAQs on Advertising Materials of Collective Investment Schemes Authorized under the Product Codes, FAQs on the Code on Unit Trusts and Mutual Funds, FAQs on Exchange Traded Funds and Listed Funds and FAQs on Post Authorization Compliance Issues of SFC-authorized Unit Trusts and Mutual Funds.

4. Disclosure and reporting requirements	
Notice to holders	11.2 (bilingual notice and notice period for unitholder meetings), 11.2A and 11.2B of the UT Code
Withdrawal of authorisation	11.4 of the UT Code
Merger or termination	11.5 of the UT Code
Reporting requirements	11.6 (notification of availability of financial reports), 11.7, 11.7A, 11.8 and 11.9 of the UT Code
Other documents to be made available to Hong Kong investors as specified in the offering documents	Upon request by investors, specific information regarding these documents should be made available to Hong Kong investors in English or Chinese. Information regarding how investors can make such information requests should also be clearly disclosed in the Hong Kong offering documents.

5. Disclosure requirements in relation to financial reports	
Contents of financial reports	Disclosure relating to connected persons (Notes to Financial Reports (2) of Appendix E)

Requirements in the UT Code to be complied with by each specific type of Malaysian Fund

	Relevant provisions in the UT Code
General equity funds, bond funds, mixed funds and funds that invest in other schemes	7.10, 7.11, 7.11A, 7.11B, 7.18A, 7.20, 7.35, 7.36(l), 7.39 - 7.42 of the UT Code
Money market funds	8.2 of the UT Code
Unlisted index funds, exchange-traded funds (ETFs) and leveraged and inverse products (L&I products)[6]	8.6(a)(c), (c)(a) - (f), (j)(iii), (j)(xiv), (j)(xv), (k), (m), (o) - (x) of the UT Code and 8.8 of the UT Code

[6] A Malaysian L&I product should also comply with the Circular on listed structured funds issued by the SFC, as may be amended, supplemented or otherwise modified from time to time.

Other requirements to be complied with by Malaysian Funds listed or seeking to be listed in Hong Kong

Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules)	All Malaysian Funds are required to comply with the relevant requirements under the Listing Rules, including those applicable to authorised collective investment schemes under Chapter 20 and Appendix E3 to the Listing Rules.
Auditor	The auditor of the Malaysian Funds must be either (a) a Registered PIE Auditor[7] under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong) (AFRCO); or (b) an overseas firm of practicing accountants that is a Recognised PIE Auditor[8] under the AFRCO.

[7] "Registered PIE Auditor" refers to a practice unit registered under Division 2 of Part 3 of the AFRCO.
[8] "Recognised PIE Auditor" refers to an overseas auditor recognised under Division 3 of Part 3 of the AFRCO.

Annex B

Eligibility Requirements

Malaysian Fund

1. The Malaysian Fund must be established and domiciled in Malaysia and must be a CIS which is formally authorised or approved by the SC under section 256C(1) or section 214(1) of the CMSA for public offering in Malaysia, as the case may be. The Malaysian Fund must be subject to all applicable Malaysian laws and regulations as well as its constitutive documents.

2. The Malaysian Fund must fall within one of the following eligible fund types[9].

    (a) Islamic unlisted general equity funds, sukuk funds, mixed funds, funds that invest in other schemes and guaranteed funds;

    (b) Islamic feeder funds, whose underlying funds must be authorised or approved by the SC and fall within one of the fund types in paragraphs 2(a), (c), (d) or (e) of this Annex and comply with the requirements in this circular;

    (c) Islamic unlisted money market funds;

    (d) Islamic unlisted index funds;

    (e) passively managed index tracking ETFs[10], excluding ETFs investing in digital assets; or

    (f) futures-based L&I products[11] subject to a maximum leverage factor of 2x to -1x.

3. The Malaysian Fund must not use leverage (arising from derivatives) exceeding 100% of the fund's net asset value as calculated under the commitment approach provided under Chapter 6 of the SC's *Guidelines on Unit Trust Funds* or Chapter 6 of the SC's *Guidelines on Exchange-traded Funds* where applicable, save for Malaysian leveraged products as set out in paragraph 2(f) above which must not use leverage (arising from derivatives) exceeding 200% of the fund's net asset value under the same calculation method.

4. The Malaysian Fund must not have share classes with hedging arrangements other than currency hedging.

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[9] Please note that these are not legally defined categories. They have no statutory legal meaning but are merely indications. Malaysian Funds shall need confirmation by the SC that they fall within at least one of the eligible fund types during the application process. For ETFs and L&I products, they must be listed on the MAIN Market of Bursa Malaysia Securities Berhad.

[10] For synthetic ETFs, only those taking the form of an unfunded structure are eligible; for commodity ETFs, only those investing in a physical commodity are eligible.

[11] L&I products investing in commodities or digital assets, and single stock L&I products are not eligible.

Malaysian Management Company

5. The Malaysian Fund must be managed by a Malaysian Management Company that is licensed by the SC to manage CIS in accordance with section 58(1) of the CMSA.

6. The Malaysian Management Company of a Malaysian Fund must have paid up share capital and non-distributable capital reserves of HK$10 million or its equivalent in Malaysian Ringgit.

7. The Malaysian Management Company of a Malaysian Fund must not have been the subject of any major regulatory or enforcement actions taken by the SC in the past three years or, if it has been established for less than three years, since the date of its establishment.

8. The Malaysian Management Company of a Malaysian Fund may delegate the investment management functions to any entity, provided that such delegation is accepted under the Malaysian laws and regulations[12] for Malaysian CIS authorised or approved for public offering, and the Malaysian Management Company remains responsible for any action of its delegate(s).

Malaysian Fund's trustee/custodian

9. The Malaysian Fund must have a trustee/custodian that is qualified and approved by the SC to act as a trustee/custodian for Malaysian CIS authorised or approved for public offering.

[12] The legal framework regarding the delegation of functions by a Malaysian management company is laid down in : (a) in relation to a Malaysian management company of an ETF, Chapter 4 of the SC's *Guidelines on Exchange-traded Funds,* and (b) in relation to a Malaysian management company of an unlisted unit trust fund, Chapter 4 of the SC's *Guidelines on Unit Trust Funds*.