

Frequently Asked Questions on the Netherlands-Hong Kong Mutual Recognition of Funds

These frequently asked questions (**FAQs**) are prepared by the Dutch Authority for the Financial Markets (**AFM**) to provide guidance to market practitioners regarding The Netherlands-Hong Kong Mutual Recognition of Funds (**MRF**) scheme.

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 AFM 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 Streamlining requirements and process for mutual recognition of Recognised Hong Kong Funds issued by the AFM on 15 May 2019, as amended from time to time and the Circular on Mutual Recognition of Funds between Hong Kong and the Netherlands issued by the SFC on 15 May 2019, as amended from time to time (SFC Circular).

| | Question | Answer |
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| 1. | How should Recognised Hong Kong Funds that would like to seek AFM approval submit their applications? | <p>Applications of Recognised Hong Kong Funds seeking approval under the MRF received by the AFM will be processed via the English version of the AFM Digital Portal: http://www.digitaal.loket.afm.nl/en-US/Pages/default.aspx</p> <p>To start an application, you have to submit to us:</p> <ul style="list-style-type: none"> a. a duly signed and completed application form; b. the offering documents in Dutch; c. a Key Investor Information Document (KIID) as required by Regulation (EU) No 583/2010 in Dutch. |

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| | | <p>During the examining process, the AFM 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 approval should be granted.</p> <p>As provided under paragraph 41 of the AFM Streamlining requirements and process for mutual recognition of Recognised Hong Kong Funds, applicants shall request the SFC to provide directly to the AFM a certificate confirming that the Eligibility Requirements listed in Annex B are met. The AFM will not take up the application if no such certificate is received from the SFC.</p> |
| 2. | <p>What are the reporting obligations for Recognised Hong Kong Funds?</p> | <p>Hong Kong Management Companies marketing Hong Kong Recognised Funds in the Netherlands are required to comply with the reporting requirements under article 24(1), (2) and (4) of Directive 2011/61/EU. The reporting frequency and the reporting periods are those set out in the ESMA Reporting Guidelines (ESMA/2014/869). Reporting should be made through the reporting platform 'e-line DNB' of De Nederlandsche Bank (DNB). Hong Kong Management Companies must be provided with the necessary log-in details from DNB to enable them to log on to the reporting platform so as to discharge their reporting obligations.</p> <p>In a configuration where a Hong Kong Management Company is marketing Recognised Hong Kong Funds in the Netherlands and in other Member States of the EU, the reporting to the AFM under the requirements of article 24(1), (2) and (4) of Directive 2011/61/EU should only cover the data for those Hong Kong funds that are marketed in the Netherlands.</p> <p>Please note however that at present it is not possible for Hong Kong Management Companies to log on to the reporting platform of DNB. Accordingly, a Hong Kong Management Company shall be required to discharge its reporting obligations in the Netherlands only once it shall have been made possible for it to log on to the reporting platform of DNB of which it will be notified by DNB or the AFM.</p> |

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| 3. | Will the representative in the Netherlands of a Recognised Hong Kong Fund be required to be licensed by the AFM? | <p>No.</p> <p>To be eligible to act as a representative of a Recognised Hong Kong Fund in the Netherlands, the Dutch Act on Financial Supervision (Wet op het financieel Toezicht (Wft)) does not mandate that the representative in the Netherlands must be licensed or registered for any particular regulated activity. However, representatives in the Netherlands that carry on regulated activities under the Wft must be licensed or registered accordingly. For example, if the representative in the Netherlands would like to offer, market or distribute units or shares to retail investors in the Recognised Hong Kong Fund in the Netherlands, it would need to be licensed pursuant to article 2:66, paragraph 1, Wft and article 2:73 Wft.</p> |
| 4. | What are the language requirements for the offering documents of Recognised Hong Kong Funds? | <p>The offering documents of the Recognised Hong Kong Funds should be prepared in Dutch and should be submitted at the time of application.</p> <p>The Dutch translation of the offering documents must be certified by a duly authorized or acknowledged translator.</p> |
| 5. | What are the language requirements for the constitutive documents and financial reports of Recognised Hong Kong Funds? | <p>The constitutive documents and financial reports of a Recognised Hong Kong Fund must be made available to investors in the Netherlands in either Dutch or English. The language in which these documents are made available to investors in the Netherlands should be clearly disclosed in the offering documents.</p> |
| 6. | Do Hong Kong Management Companies have to prepare a PRIIPS Key Information Document? | <p>UCITS and AIF(M)s fall under the definition of a PRIIP (Retail and Insurance-based Investment Product). However, if there is an obligation to prepare the UCITS Key Investor Information Document (KIID) for these products, a temporary exemption from the drafting of a PRIIPS Key Information Document applies for these products. This exemption will apply until 31 December 2021. From that date onwards, a KID must be drawn up in Dutch for all AIF(M)s and UCITS that (also) offer to retail investors in the Netherlands.</p> |

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| 7. | How should Recognised Dutch Funds that would like to seek SFC's authorization submit their applications? | <p>Before starting an application with the SFC, applicants shall request the AFM to provide directly to the SFC a certificate confirming that the Eligibility Requirements listed in Annex B to the SFC Circular are met.</p> <p>Such request for an eligibility certificate should be made via the Dutch version of the AFM Digital Portal: http://www.digitaal.loket.afm.nl/nl-NL/Pages/default.aspx</p> <p>Upon the issuance of such certificate, the AFM will notify the applicant that the applicant could submit the application to the SFC.</p> <p>The SFC will not take up the application if no such certificate is received from the AFM.</p> <p>Further details of the MRF application process for a Recognised Dutch Fund seeking authorization from the SFC are set out in the Information Checklist, which is available at the SFC's website: http://www.sfc.hk/web/EN/forms/products/forms.html starting from today.</p> |
| 8. | How should Dutch Management Companies that would like to seek SFC's authorization for the offering of other European Union UCITS that qualify under the SFC recognised jurisdiction schemes regime submit their applications? | <p>Dutch Management Companies that would like to seek SFC's authorization for the offering of other European Union UCITS that qualify under the SFC recognised jurisdiction schemes regime do not fall within the scope of The Netherlands-Hong Kong Mutual Recognition of Funds (MRF) scheme. Instead, they are eligible for the SFC's streamlined approach to the authorization of UCITS funds and have to comply with the streamlined measures for processing UCITS funds in Hong Kong. Please refer to the UCITS Streamlined Measures process as set out in the Frequently Asked Questions on SFC Authorization of UCITS Funds, which is available at the SFC's website: https://www.sfc.hk/web/EN/faqs/publicly-offered-investment-product.html</p> |