

Frequently Asked Questions on Mutual Recognition of Funds between Hong Kong and Thailand (HK-TH MRF)

These frequently asked questions (“FAQs”) are prepared by the Investment Management Policy Department of the Securities and Exchange Commission, Thailand (“SEC”) to provide guidance to asset management companies (“AMCs”) regarding the Mutual Recognition of Funds between Hong Kong and Thailand (“HK-TH MRF”) and Thai domiciled feeder funds (“Thai Feeder Funds”) investing in an MRF-eligible Hong Kong Master Fund. Firms are encouraged to contact the relevant team in the Investment Management Policy Department if they are in doubt on any specific issues arising from the application/interpretation of the matters relating to the HK-TH MRF or the abovementioned feeder funds.

The information set out below is not meant to be exhaustive and may be updated and revised from time to time. These FAQs are only for general reference and do not constitute legal advice. Compliance with all the requirements in these FAQs does not necessarily mean that an application will be accepted or an approval will be granted. The SEC 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 (i) the Memorandum of Understanding (MoU) between the Securities and Futures Commission of Hong Kong (SFC) and the Securities and Exchange Commission of Thailand (SEC) Concerning Mutual Recognition of Covered Funds and Covered Management Companies and related Cooperation dated 20 January 2021, as amended from time to time (“HK-TH MRF MoU”); (ii) the Circular on Mutual Recognition of Funds between Thailand and Hong Kong issued by the SFC on 20 January 2021, as amended from time to time (“SFC Circular”); and (iii) the Circular on Mutual Recognition of Funds between Hong Kong and Thailand issued by the SEC on 20 January 2021, as amended from time to time (“SEC Circular”).

No.	Question	Answer
Section A: Mutual Recognition of Funds between Hong Kong and Thailand (HK-TH MRF)		
1.	How should Hong Kong Covered Funds that would like to seek SEC approval submit their applications?	To start an application with the SEC, a Hong Kong Covered Entity or a local representative shall submit a duly signed and completed Application Form (Form 35 – HK-TH MRF) to the SEC together with supporting documents which include:

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		<p>(a) Form 69 – CIS full (requiring fund factsheet, prospectus, and registration statement);</p> <p>(b) Evidence demonstrating that Hong Kong Covered Fund is legally established under the law of Hong Kong*;</p> <p>(c) Evidence on the appointment of a securities company to perform duty as local intermediary in Thailand;</p> <p>(d) Evidence on the appointment of a local representative in Thailand as the representative of Hong Kong Covered Management Company;</p> <p>(e) Evidence on the appointment of an authorised person of Hong Kong Covered Management Company;</p> <p>(f) Master fund’s prospectus and fact sheet/product highlight sheet (required only for an application of a feeder fund); and</p> <p>(g) Other supporting documents (if any).</p> <p>*As provided under paragraph 39 of the SEC Circular, applicants shall request the SFC to provide directly to the SEC a certificate confirming that the Eligibility Requirements listed in Annex B to the SEC Circular are met (“SFC Eligibility Certificate”). The SEC will not take up the application if no such certificate is received from the SFC. Therefore, before starting an application with the SEC, applicants should consult the SFC for the issuance of the SFC Eligibility Certificate. The SFC will notify the applicants upon the issuance of such certificate.</p> <p>Please note that Form 35 – HK-TH MRF and Form 69 – CIS full can be found on the SEC website at https://www.sec.or.th/TH/Pages/LawandRegulations/MutualRecognitionFunds.aspx.</p>

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		<p>Applicants may submit hard copies of the application documents at the SEC office during business days at 8:30 am – 4:30 pm (BKK time) or submit soft copies by email to mrfhongkong@sec.or.th. In case of submitting via email, applicants should clearly indicate the names of the applicants and the names of the Hong Kong Covered Funds under application in both the emails’ subject and body.</p> <p>Upon receipt of the application documents, the SEC will inform the applicants (1) at once for submitting in hard copy or (2) within one business day for submitting in soft copy, in case the submitted application or the supporting documents or evidences have any defect or do not fulfill applicable requirements. The applicants shall provide an evidence that the application fee of THB 100,000 (VAT exclusive) has been paid to the SEC on a successful submission of the applicant documents. The fee is payable to the SEC in the form of bank money transfer.</p> <p>The SEC will grant approval for the offer for sale of units of a Hong Kong Covered Fund in Thailand within 21 days from the date that the application has been taken up, provided that the Hong Kong Covered Fund meets all the applicable requirements set out in the SEC Circular and all outstanding issues are addressed to the satisfaction of the SEC by such time.</p> <p>During the application process, all changes to any subsequent draft documentation must be properly and comprehensively marked up to facilitate review by the SEC.</p> <p>During the vetting process, the SEC may from time to time request for the submission of additional supporting information or documents which it deems necessary for</p>

No.	Question	Answer
		<p>facilitating its consideration as to whether an approval should be granted. The SEC strongly encourages the Hong Kong Covered Entity or its local representative in Thailand to consult the SEC early prior to the submission of the application.</p>
2.	<p>What are the requirements for submitting documents in support of a new fund application to the SEC?</p>	<p>To commence an application, various documents, including, for example, offering documents, duly signed and completed Application Form, and supporting and evidentiary documents, as well as the application fee are required to be submitted to the SEC.</p> <p><i>(A) <u>Submission of application documents by hard copy or soft copy</u></i></p> <p>According to the Notification of the Capital Market Supervisory Board No. Tor Jor. 4/2561 Re: Provisions relating to Offering for Sale of Units of Foreign Collective Investment Scheme, applicants are required to submit application documents to the SEC in hard copy. However, due to the restrictions related to COVID-19 pandemic, applicants may submit application documents in soft copy by email via mrfhongkong@sec.or.th.</p> <p>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 SEC at or before 4.30 pm (BKK time) (after which the receipt date will be deemed as the following business day).</p> <p><i>(B) <u>Alternatives for signing application documents for soft copies</u></i></p> <p>Option 1: The SEC will accept submission of un-signed copies of the Application Form and supporting and evidentiary documents, which are required to be completed and</p>

No.	Question	Answer
		<p>correct, as applicable, by a Hong Kong Covered Entity or an authorised person of a Hong Kong Covered Entity, provided that the application documents shall be submitted with a confirmation email (from a person who meets the signatory requirements) that all information contained in the Application Form, supporting and evidentiary documents, and all documents submitted relating thereto are true, accurate, and complete.</p> <p>Option 2: An applicant may submit scanned copies of the Application Form and supporting and evidentiary documents signed by a person who meets the signatory requirements.</p>
3.	<p>Who can issue marketing materials in respect of Hong Kong Covered Funds? Will these marketing materials need SEC’s prior authorisation?</p>	<p>In case a Hong Kong Covered Entity wishes to make an advertisement by a method other than distributing the prospectus, all advertisements and marketing materials in relation to a Hong Kong Covered Fund issued in Thailand shall comply with the relevant Thai laws and regulations¹, in particular, the Rules in Detail on Advertising and Sales Promotion for Securities Companies and Derivatives Intermediaries.</p> <p>All advertisements and marketing materials regarding a Hong Kong Covered Fund offered to the public in Thailand must be done through local distributor(s) who has obtained license Type A, Type C, or Type D (please refer to Question 5 below). Such materials would not be subject to authorisation by the SEC but would be subject to post-vetting by the SEC. The local representative or local distributor(s) should also take</p>

¹ Please refer to Clauses 45-48 of the Notification of the Capital Market Supervisory Board No. Tor Thor. 35/2556 Re: Standard Conduct of Business, Management Arrangement, Operating Systems, and Providing Services to Clients of Securities Companies and Derivatives Intermediaries, Notification of the Office of the Securities and Exchange Commission No. Sor Thor. 10/2558 Re: Rules in Detail on Advertising and Sales Promotion for Securities Companies and Derivatives Intermediaries, and Clause 19 of the Notification of the Capital Market Supervisory Board No. Tor Jor. 4/2561 Re: Provisions relating to Offering for Sale of Units of Foreign Collective Investment Scheme.

No.	Question	Answer
		responsibility for the advertisements and marketing materials of a Hong Kong Covered Fund issued in Thailand.
4.	What kind of entities would be qualified to act as a local representative of a Hong Kong Covered Fund?	<p>The entity whom the SEC permits to be a local representative of a Hong Kong Covered Fund must be either (1) the entity that has been granted securities licenses from the Ministry of Finance (upon the recommendation from the SEC), as specified below, or (2) the entity that acts as a representative office according to Section 93 of the Securities and Exchange Act B.E. 2535.</p> <p>For the first criteria, entities that would be qualified to act as a local representative must have been granted securities license²:</p> <ul style="list-style-type: none"> (a) Type A (i.e. securities/brokerage companies); (b) Type C (i.e. AMCs); or (c) Type D - Limited brokerage, dealing, and underwriting of investment units (LBDU) (i.e. commercial banks, life insurance companies). <p>As for the second criteria, the entities that fall under Section 93 of the Securities and Exchange Act B.E. 2535 refer to the case where Hong Kong Covered Entities seek approval from the SEC in establishing their representative offices in Thailand. In such a case, the representative office must be an entity incorporated under the Thai Laws with the sole purpose of acting as the representative office for the Hong Kong Covered Entity. For that reason, the representative office's revenue may only come from the Hong Kong Covered Entity and not from any other sources of revenue.</p>

² Lists of the business entities who hold such licenses in Thailand could be found on the SEC website (please see the following links: [Type A](#) / [Type C](#) / [Type D](#)).

No.	Question	Answer
5.	<p>What kind of entities would be qualified to act as a local intermediary or a local distributor of a Hong Kong Covered Fund? Can local representative and local intermediary be the same entity?</p>	<p>The entities whom the SEC permits to be a local intermediary or a local distributor of a Hong Kong Covered Fund must be entities who have been granted securities license:</p> <ul style="list-style-type: none"> (a) Type A (i.e. securities/brokerage companies); (b) Type C* (i.e. AMCs); or (c) Type D - Limited brokerage, dealing, and underwriting of investment units (LBDU) (i.e. commercial banks, life insurance companies, fintech companies). <p>* Entities obtained license Type C must have in place proper operational system and received approval from the SEC in relation to activating the activities of distributing investment units before being recognised as a qualified distributor.</p> <p>Hong Kong Covered Funds can appoint more than one local intermediary to be the local distributors in Thailand. The local intermediary and the local representative can also be the same entity, provided that such entity has obtained the appropriate licenses as aforementioned.</p>
6.	<p>What are the language requirements for the Thai offering documents of Hong Kong Covered Funds?</p>	<p>The Thai offering documents of a Hong Kong Covered Fund shall be prepared in English and/or Thai.</p> <p>In case the documents have been translated from the original information or documents in another language, a Hong Kong Covered Entity shall ensure that the translator certifies that the translated content is accurate to that of the original information or documents and certify that the content of the translated information or documents is based on facts or real occurrences, and all facts that should be disclosed are not concealed.</p>

No.	Question	Answer
		<p>Please note that the language initially used in the information or documents of the Hong Kong Covered Fund that are submitted to the SEC shall be continued although the Hong Kong Covered Entity may choose to supplement it with another language subsequently.</p>
7.	<p>If the constitutive documents and financial statements of Hong Kong Covered Funds are prepared in Chinese, are these documents required to be translated into English and Thai when a Hong Kong Covered Fund seeks SEC approval?</p>	<p>The constitutive documents and financial reports of a Hong Kong Covered Fund must be made available to Thai investors in either English or Thai. The language in which these documents are made available to Thai investors should be clearly disclosed in the offering documents.</p>
8.	<p>How should Hong Kong Covered Funds prepare the prospectus and factsheet?</p>	<p>The latest prospectus authorised by the SFC may be used pursuant to paragraph 28 of the SEC Circular. In case the prospectus authorised by the SFC does not contain the information required by the registration statement specified in Form 69 – CIS full, a Hong Kong Covered Entity shall prepare a wrapper containing additional information that is not yet covered in the prospectus.</p> <p>For the factsheet of a Hong Kong Covered Fund to be disclosed to investors in Thailand, a Hong Kong Covered Entity shall refer to the factsheet template provided on the SEC website. The factsheet shall also be updated semi-annually or in case of any material changes.</p> <p>In particular, the following statement is expected to be included in the factsheet in an upfront and prominent manner: “For public offering of Mutual Recognition of Funds between Hong Kong Special Administrative Region of the People's Republic of China and Thailand (HK-TH MRF) in Thailand”.</p>

No.	Question	Answer
		Please note that Form 69 – CIS full and the factsheet template can be found on the SEC website at https://www.sec.or.th/TH/Pages/LawandRegulations/MutualRecognitionFunds.aspx .
9.	How should Thai Covered Funds that would like to seek SFC authorisation submit their applications?	Before starting an application with the SFC, a Thai AMC shall request the SEC for the issuance of an eligibility certificate confirming that the Thai Covered Fund meets the Eligibility Requirements listed in Annex B to the SFC Circular (“SEC Eligibility Certificate”) which will be directly provided to the SFC pursuant to paragraph 39 of the SFC Circular. The SEC will notify the Thai AMC upon the issuance of such SEC Eligibility Certificate to the SFC.
Section B: Thai Feeder Funds investing in an MRF-eligible Hong Kong Master Fund		
10.	If a Thai Feeder Fund seeks to invest in a Hong Kong domiciled fund that is eligible for the HK-TH MRF and meets the requirements set out in the SEC Circular (“MRF-eligible Hong Kong Master Fund”) as its master fund, how should such Thai Feeder Fund submit the application for the SEC’s approval for establishment?	<p>Apart from the basic documents and procedures specified in the Online Fund Approval and Management System (“OFAM”)³, the AMC of the MRF-eligible Hong Kong Master Fund shall request the SFC to provide directly to the SEC a certificate confirming that the MRF-eligible Hong Kong Master Fund has met the Eligibility Requirements listed in Annex B to the SEC Circular (“SFC Eligibility Certificate”). The SFC will notify the Hong Kong AMC upon the issuance of such SFC Eligibility Certificate to the SEC. The SEC will not take up the application if no such certificate is received from the SFC.</p> <p>The Thai AMC of the Thai Feeder Fund shall file an application for mutual fund establishment with the SEC via OFAM. The SEC will grant approval for the</p>

³ The basic documents include but not limited to the constitutive documents and offering documents of the Thai Feeder Fund and other relevant documents of the MRF-eligible Hong Kong Master Fund, such as its prospectus, factsheet and a compliance checklist. The SEC may request the Thai AMC who manages the Thai Feeder Fund for additional information regarding the MRF-eligible Hong Kong Master Fund, if necessary.

No.	Question	Answer
		<p>establishment of a Thai Feeder Fund investing in an MRF-eligible Hong Kong Master Fund within 21 calendar days upon receipt of the application together with the correct and complete evidentiary documents and the applicable application fee, provided that the Thai Feeder Fund meets all the applicable requirements set out in the Notification of the Office of Securities and Exchange Commission No. Sor Nor. 27/2554 dated 25 August 2011 (subject to question 11. appended below) and the SEC Circular and all outstanding issues are addressed to the satisfaction of the SEC by such time.</p> <p>During the application process, all changes to any subsequent draft documentation must be properly submitted via OFAM for further review by the SEC. Any amendments to the scheme information that has been approved for establishment may be made prior to or after the initial public offering with amendment fee, if any.</p> <p>During the vetting process, the SEC 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 an approval should be granted. If the fund manager and/or the trustee/custodian of the Thai Feeder Fund is/are not currently acting in its relevant capacity for existing SEC-authorized fund(s), early consultation with the SEC is strongly encouraged and additional documents may be required.</p>
11.	<p>What are the applicable requirements for a Thai Feeder Fund that invests in an MRF-eligible Hong Kong Master Fund?</p>	<p>In general, a Thai Feeder Fund shall comply with the requirements set out in Notification of the Capital Market Supervisory Board No. Tor Nor. 87/2558 Re: Investment of Funds dated 17 December 2015 (“Notification Tor Nor. 87/2558”).</p> <p>Given that MRF-eligible Hong Kong Master Funds, which meet the requirements set out in the SEC Circular, are generally considered as having complied in substance with</p>

No.	Question	Answer
		<p>the relevant requirements under Notification Tor Nor. 87/2558, a Thai Feeder Fund investing in an MRF-eligible Hong Kong Master Fund, with SFC Eligibility Certificate issued by the SFC, as its master fund will be deemed to have substantially complied with Notification Tor Nor. 87/2558, including investment restrictions under 2.1.4.1 (regarding single entity limit), 2.1.4.2 (regarding product limit) and 2.1.4.3 (regarding global exposure limit for investments in derivatives) of Division 2 in Appendix 3 of Notification Tor Nor. 87/2558.</p>
12.	<p>If a Hong Kong domiciled feeder fund that falls under 7.12 of the Code on Unit Trusts and Mutual Funds seeks to invest in a Thai domiciled fund that is eligible for the HK-TH MRF and meets the requirements set out in the SFC Circular (“MRF-eligible Thai Master Fund”) as its master fund, what should the MRF-eligible Thai Master Fund do?</p>	<p>The Thai AMC who manages the MRF-eligible Thai Master Fund shall request the SEC to issue an eligibility certificate confirming that the Thai domiciled fund is an MRF-eligible master fund, which meets the eligibility requirements listed in Annex B to the SFC Circular (“SEC Eligibility Certificate”).</p> <p>The SEC will provide the SEC Eligibility Certificate directly to the SFC, who will use it as a supporting document of the application for authorisation of the Hong Kong domiciled feeder fund and will notify the Thai AMC upon the issuance of such SEC Eligibility Certificate to the SFC.</p> <p>The certification that the Thai domiciled fund is an MRF-eligible master fund is accurate as of the date on which the SEC considers the information of such mutual fund. The Thai AMC is required to monitor the Thai domiciled fund on an on-going basis and oversee that the Thai domiciled fund maintains the qualifications of an MRF-eligible master fund in accordance with the requirements under HK-TH MRF MoU.</p>