

Bills Committee on Securities and Futures (Amendment) Bill 2016

**List of follow-up actions arising from the discussion
at the meeting on 23 February 2016**

The Administration is requested to provide the following information –

Offering and investment scope of open-ended fund companies

- (a) the differentiation between public offering and private offering of open-ended fund company ("OFC"), and the supervision/enforcement regime to detect/combat circumvention of the regulatory requirements applicable to public offering of OFC (such as by claiming the fund to be or disguising it as privately offered OFC), with a view to enhancing protection of investors in OFCs;
- (b) the rationale for the proposed amendment to section 103(2)(ga) of the Securities and Futures Ordinance (Cap. 571) (i.e. clause 5 of the Bill) concerning regulation of offers of investment, and information on Part 1 of the Seventeenth Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32);
- (c) regulation of the investment scope and strategies of privately offered OFCs in overseas jurisdictions, highlighting the key differences, if any, from the relevant proposal in the Bill;

Governance and termination of OFCs

- (d) duties, powers and liabilities of directors in relation to the mode of operation of OFC, in particular the appointment and removal of investment manager (e.g. how to maintain the investment functions of the OFC in the event of resignation or removal of the investment manager); and
- (e) the triggering mechanism for termination of solvent OFCs, including which parties (e.g. individual director, board of directors, investment manager, shareholders) may apply for the termination, whether the consent of other relevant parties has to be sought and if so, the arrangement in case of disagreement among these parties on the termination.