

**Subcommittee on Three Pieces of Subsidiary Legislation Related to the
Open-ended Fund Company Regime and Gazetted on 18 May 2018**

**List of follow-up actions arising from the discussion
at the meeting on 8 June 2018**

The Administration is requested to take the following actions:

- (a) provide information on the major additional requirements to be imposed on the investment manager of an open-ended fund company ("OFC") under the OFC regime compared to the general requirements on fund managers who undertake the investment management functions of other collective investment schemes;
- (b) provide information on the major differences between OFCs and conventional companies in respect of the voluntary winding-up and court winding-up procedures;
- (c) explain with examples the circumstances, if any, in which the powers of the Securities and Futures Commission ("SFC") may override the terms and conditions laid down in the constitutive or offering documents of an OFC or the resolutions of the OFC board, including whether SFC may seek remedies for a resolution passed by the OFC board which is oppressive or unfairly prejudicial to certain shareholders of the company;
- (d) advise whether it is permissible to include certain provisions in an OFC's constitutive or offering documents to allow the management of the company to exercise compulsory redemption of the company's shares;
- (e) explain with examples the justifications for abrogating the common law privilege against self-incrimination under rule 48(7) of the Securities and Futures (Open-ended Fund Companies) Rules for the purpose of facilitating the investigation by the Registrar of Companies into the affairs of an OFC; and
- (f) explain (i) the justifications for requiring privately offered OFCs to be registered with SFC given that such OFCs usually involve only small numbers of investors or small-scale offers; and (ii) the benefits of establishing a privately offered fund in the form of a company instead of a unit trust.