



**CONSULTATION PAPER
ON PROPOSALS TO AMEND PUBLICATION REQUIREMENTS
RELATING TO OFFER AND REDEMPTION PRICES OR NET
ASSET VALUE, AND NOTICES OF DEALING SUSPENSION
UNDER THE CODE ON UNIT TRUSTS AND MUTUAL FUNDS**

The Law Society's Submissions

Question 1: *Do you agree that Schemes should be allowed to make public their Prices or NAVs in any appropriate manner?*

Law Society's response:

Agreed. This makes perfect sense given technological advances, for the sake of flexibility; the lack of prescription is welcome.

Question 2: *Do you agree that Schemes should be required to make public their Prices or NAVs on every dealing day?*

Law Society's response:

Agreed. It would in our view be a step too far to require publication on a daily basis.

Question 3: *Do you agree that Schemes should be allowed to publish notices of dealing suspension in any appropriate manner?*

Law Society's response:

In principle, we have no quarrel with the proposed approach.

We would like to seek clarification from the SFC in the context of the circular in 2001 regarding Suspension of Dealings of authorized funds which is still posted on the SFC's website at <http://www.sfc.hk/edistributionWeb/gateway/EN/circular/products/product-authorization/openFile?refNo=H004>.

The 2001 circular provides guidance on, amongst others, the factors to be considered

before deciding to suspend dealings, means of notification and the content requirements of a suspension notice. Can the SFC clarify whether the circular is still applicable or will be updated in light of the revised Code requirements?

In particular, under paragraph 11 of the 2001 circular on means of notification, it is stated that the Commission is prepared to consider other means of notification, such as by letters to individual holders, but the SFC's prior approval should be sought. Would letters by themselves to individual holders be acceptable to the SFC as the only means of communication in this regard (we presume so but only if it can be justified as "appropriate" in any particular case) and whether the SFC's prior approval would always be required. We presume that the answer would depend upon the level of confidence in actually reaching the individual holders by letter, rather than combining letters with say the broader distribution on the relevant website.

***Question 4:** Do you agree that the proposed implementation timeline is acceptable and practicable, taking into account the needs and circumstances of various stakeholders?*

Law Society's response:

Agreed.

The Law Society of Hong Kong
23 July 2014