

**SUMMARY OF AMENDMENTS TO THE  
GUIDELINES ON COMPLIANCE FUNCTION FOR FUND MANAGEMENT COMPANIES  
(Revised: 5 July 2021)**

The following table provides a summary of amendments made to the *Guidelines on Compliance Function for Fund Management Companies* revised on 5 July 2021:

<b>A. General Amendments</b>			
1. Renumbering and rearrangements of current requirements in Chapter 6 and 11 of the CGL.			
<b>B. Specific Amendments</b>			
<b>No.</b>	<b>Reference in the CGL</b>		<b>Comments</b>
	<b>8<sup>th</sup> Version of the CGL 4 May 2020</b>	<b>Revised Version dated 5 July 2021</b>	
1.	<p><b><u>DISCLOSURE AND CONDUCT</u></b></p> <p><b>Paragraph 6.01</b></p> <p>A fund management company must establish, implement and maintain written policies and procedures for the fund management company, its directors, investment committee members (where such committee has been established) and employees to disclose all interests or holdings in securities, <u>other assets including alternative products, and any interests in</u></p>	<p><b>DISCLOSURE</b></p> <p><b>Paragraph 6.01</b></p> <p>A fund management company must establish, implement and maintain written policies and procedures for–</p> <p>(a) the fund management company (b) its directors (c) its investment committee members (where such committee has been established); and (d) its employees,</p> <p>to disclose <u>in writing</u> their interests or holdings in securities <u>and derivatives, but excluding units in</u></p>	<p>The paragraph has been amended to–</p> <p>(a) remove the requirement to disclose interest or holdings in “other assets including alternative products, and any interests in a special purpose vehicle (SPV) arrangement”;</p> <p>(b) include disclosure of interest or holdings in derivative products; and</p> <p>(c) provide clarification that investments of units in unit trust scheme, investments in equity crowdfunding and peer-to-peer financing are excluded.</p>

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	a special purpose vehicle (SPV) arrangement.	a unit trust scheme, investments in equity crowdfunding and peer-to-peer financing.	
2.	<p><b>Paragraph 6.02</b></p> <p>The fund management company's directors, investment committee members (where such committee has been established) and employees must disclose their interest as provided in paragraph 6.01 –</p> <p>(a) upon joining;</p> <p>(b) at least annually thereafter; and</p> <p>(c) as and when there are changes to their interests or holdings.</p>	<p><b>Paragraph 6.02</b></p> <p>Deleted</p>	This requirement has been re-positioned accordingly to paragraphs 6.06, 6.08 and 6.10.
3.	<p><b>Paragraph 6.05</b></p> <p>A fund management company must disclose to clients of its interest or holdings in securities, <u>other assets including alternative products, and any interests in a SPV arrangement.</u></p>	<p><b>Paragraph 6.05</b></p> <p>A fund management company must <u>as soon as practicable</u> disclose to clients of its interests or holdings <u>in any of the products specified in paragraph 6.01 as and when there is conflict or potential conflict, such as when any of the company's interests or holdings corresponds with the clients' interests.</u></p>	This requirement has been amended to streamline with the requirement in paragraph 6.01 and to add clarity on disclosure to clients.

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4.	<p><b>Disclosure and conduct of directors</b></p> <p><b>Paragraph 6.06</b></p> <p>A director must disclose to the fund management company of his interests or holdings in securities, <u>other assets including alternative products, and any interests in a SPV arrangement</u>, whether directly or indirectly, including through nominees or relatives.</p>	<p><b>Disclosure by directors</b></p> <p><b>Paragraph 6.06</b></p> <p>A director must disclose to the fund management company of his interests or holdings <u>in any of the products specified in paragraph 6.01</u>, whether directly or indirectly, including through <u>its</u> nominees or relatives, <u>under the following circumstances</u>:</p> <p>(a) <u>upon joining the fund management company</u>;</p> <p>(b) <u>at least annually thereafter; and</u></p> <p>(c) <u>as and when there are changes to the director's interests or holdings.</u></p>	<p>This requirement has been amended to streamline with the requirement in paragraph 6.01 and to include the requirement of the deleted paragraph 6.02.</p>
5.	<p><b>Paragraph 6.07</b></p> <p>Where the director is an Executive Director, the prior approval of any other directors, a compliance committee (where such committee has been established) or <u>compliance officer</u> must be obtained before he carries out his investment.</p>	<p><b>Paragraph 6.07</b></p> <p>Where the director is an <u>executive director</u>, the prior approval of any other directors, a compliance committee (where such committee has been established) or <u>a</u> compliance officer must be obtained before he carries out his investment <u>transaction</u>.</p>	<p>Redrafting to provide clarity on the investment process, where "transaction" connotes the acquisition and disposal of securities and derivatives.</p>

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6.	<p><b>Disclosure and conduct of Investment Committee members</b></p> <p><b>Paragraph 6.08</b></p> <p>Investment committee members (where such committee has been established) must disclose to the fund management company of their interests or holdings in securities, <u>other assets including alternative products, and any interests in a SPV arrangement</u>, whether directly or indirectly, including through nominees or relatives.</p>	<p><b>Disclosure by Investment Committee members</b></p> <p><b>Paragraph 6.08</b></p> <p>A member of the <u>Investment committee</u> (where such committee has been established) must disclose to the fund management company of <u>his interests or holdings in any of the products specified in paragraph 6.01</u>, whether directly or indirectly, including through <u>his</u> nominees or relatives, <u>under the following circumstances:</u></p> <p>(a) <u>upon joining the fund management company;</u></p> <p>(b) <u>at least annually thereafter; and</u></p> <p>(c) <u>as and when there are changes to their interests or holdings.</u></p>	<p>This requirement has been amended to streamline with the requirement in paragraph 6.01 and to include the requirement of the deleted paragraph 6.02.</p>
7.	<p><b>Paragraph 6.09</b></p> <p>Members of the investment committee <u>must abstain from meetings where their presence may cause any conflict or potential conflict of interest.</u></p>	<p><b>Paragraph 6.09</b></p> <p>A member of the investment committee <u>who is, whether directly or indirectly, has an interest in any of the products that is the subject of discussion at the investment committee meeting, shall be counted only to make the quorum at the investment committee meeting and shall abstain</u></p>	<p>This requirement has been amended to clarify obligation of an investment committee member to abstain from participating in meetings.</p>

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		from <u>participating (including voting) in any discussion pertaining to products he has an interest in and where his presence or input may cause any conflict or potential conflict of interest.</u>	
8.	<p><b><u>Disclosure and conduct of employees</u></b></p> <p><b>Paragraph 6.10</b></p> <p>An employee must disclose to the fund management company of his interests or holdings in securities, <u>other assets including alternative products, and any interests in a SPV arrangement</u>, whether directly or indirectly, including through nominees or relatives.</p>	<p><b><u>Disclosure by employees</u></b></p> <p><b>Paragraph 6.10</b></p> <p>An employee, <u>other than a director and an investment committee member</u>, must disclose to the fund management company of his interests or holdings <u>in any of the products specified in paragraph 6.01</u>, whether directly or indirectly, including through nominees or relatives, <u>under the following circumstances:</u></p> <p>(a) <u>upon joining the fund management company; and</u></p> <p>(b) <u>at least annually thereafter on all transactions for the year.</u></p>	<p>This requirement has been amended to streamline with the requirement in paragraph 6.01.</p> <p>For this requirement, amendment has been made to the requirement of the deleted paragraph 6.02 to exclude disclosure by employee on "as and when there are changes to their interests or holdings".</p>

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9.	<p><b>Paragraph 6.11</b></p> <p>The prior approval of any director or compliance officer must be obtained by the employee before he carries out his investment.</p>	<p><b>Paragraph 6.11</b></p> <p><u>In addition to paragraph 6.10, an employee who is involved in fund management activities, as identified in paragraph 6.12 must:</u></p> <p>(a) obtain the prior approval of any director or the compliance officer before he carries out <u>any transactions in any of the products specified in paragraph 6.01; and</u></p> <p>(b) <u>disclose to the fund management company as and when there are changes to their interests or holdings.</u></p>	<p>This paragraph has been amended to distinguish the obligation between employees who are involved in the fund management activities from those who are not, where there is added obligation for employees involved in fund management activities.</p> <p>Employees who are involved in fund management activities must obtain approval prior to making any investments or disposals, and to disclose to the fund management company as and there are changes to their interests or holdings.</p>
10.	-	<p><b>New Paragraph 6.12</b></p> <p><u>A fund management company must identify employees who are involved in fund management activities. In identifying such employees, the fund management company must include, but not limited to, employees who satisfy any one of the following:</u></p> <p>(a) <u>holds a senior management position;</u></p> <p>(b) <u>is involved in the management of funds;</u></p>	<p>A new paragraph has been inserted requiring fund management companies to identify employees who are involved in fund management activities based on their scope of work.</p>

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		(c) <u>is involved in the operations or transactions of the fund management activities; or</u> (d) <u>has information pertaining to the management of the fund.</u>	
11.	-	<b>New Paragraph 6.13</b>  <u>A fund management company must ensure the criteria in identifying employees who are involved in fund management activities under paragraph 6.12 are documented and applied consistently.</u>	This new paragraph is inserted to require fund management companies to ensure that the criteria established under paragraph 6.12 is properly documented and applied.
12.	<b>Paragraph 11.27</b>  Paragraph 11.26 does not apply to a fund management company carrying on the business as a digital investment management company.	<b>Paragraph 11.27</b>  Paragraph 11.26 does not apply to a fund management company carrying on the business as a digital investment management company <u>and a boutique portfolio management company.</u>	This paragraph has been amended to exclude boutique portfolio management companies from the requirement in paragraph 11.26.

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13.	-	<p><b>New Paragraph 11.27A</b></p> <p><u>Notwithstanding paragraph 11.27, a boutique portfolio management company must establish, implement and maintain written policies and procedures to ensure that it:</u></p> <p>(a) <u>obtain adequate quotations from stockbroking companies prior to the appointment of its panel of stockbroking companies; and</u></p> <p>(b) <u>selects the stockbroking companies that can fulfil the requirements of best execution of trade for its clients.</u></p>	This requirement has been inserted to clarify obligations by a boutique portfolio management company in selecting its panel of stockbroking companies.