

**Summary of Amendments to the *Guidelines on
Compliance Function for Fund Management Companies (Compliance Guidelines)*
(Revised: 9 May 2017)**

The following table provides a summary of amendments made to the *Guidelines on Compliance Function for Fund Management Companies* revised on 9 May 2017:

A. General amendments made throughout the Guidelines on Compliance Function for Fund Management			
1. Editorial amendments including streamlining certain terminology to enhance clarity and ensure consistency.			
B. Specific amendments			
No	Reference in the Compliance Guidelines		Comments
	Prior to 9 May 2017	Revised version dated 9 May 2017	
1.	Content Page Chapter 11 PROPRIETARY TRADING	Content Page Chapter 11 MANAGING CONFLICTS OF INTEREST	Renaming of Chapter to reflect requirements on managing conflicts of interest
2.	Content Page -	Content Page Chapter 13 ADDITIONAL REQUIREMENTS RELATING TO A DIGITAL INVESTMENT MANAGEMENT COMPANY	New chapter on additional requirements for a digital investment management company
3.	Para 1.01	Para 1.01	Inclusion of the word 'portfolio' to clarify that these Guidelines apply to portfolio fund management company only

B. Specific amendments			
No	Reference in the Compliance Guidelines		Comments
	Prior to 9 May 2017	Revised version dated 9 May 2017	
4.	Para 1.04	Para 1.04	Inclusion of reference to <i>Guidelines on Management of Cyber Risk</i>
5.	Para 2.01 -	Para 2.01 compliance officer	Inclusion of the definition of 'compliance officer'
6.	Para 3.02, 11.	Para 3.02, 11.	Inclusion of the word 'timely' to clarify the expectation in dealing with the SC
7.	Para 4.02 (j) and (m)	Para 4.02 (k) and (l)	Renumbering of existing paragraphs
8.	Para 4.02 (k) and (l)	Para 4.02 (m) and (n)	Renumbering of existing paragraph and redrafting to provide clarity on the expected oversight of the Board
9.	-	Para 4.02 (j), (o) - (r)	Inclusion of additional conduct provisions to enhance accountability on the part of the Board
10.	Para. 4.04 (n)	Para 4.04 (n)	Redrafting as reporting lines has been moved to Board's responsibilities section
11.	-	Para 4.04 (r)	Reference made to Chapter 13 on the additional responsibility of the Compliance Officer
12.	Para 5.01	Para 5.01	Redrafting to provide clarity on the expected oversight by the Board
13.	Para 5.05	Para 5.05	Redrafting to provide clarity on the expected oversight of the Board

B. Specific amendments			
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14.	Para 5.02, 5.11 and 5.12	Para. 5.02, 5.11 and 5.12	Consequential amendments (Outsourcing Guidelines requirements now contained in the <i>Licensing Handbook</i>)
15.	Para. 5.10	Para 5.10	Redrafting to provide clarity on the expected reporting of review and testing
16.	Para 6.02	Para 6.02 (a) - (c)	No substance change – formatting change to clarify expectations on the frequency
17.	Para 9.04	Para 9.04	Consequential amendments (reflect new guidelines)
18.	Chapter 11 PROPRIETARY TRADING	Chapter 11 MANAGING CONFLICTS OF INTEREST	Renaming of Chapter and inclusion of new provisions to enhance conflict of interest requirements: 11.01 General 11.02 Conflicts of interest identification 11.04 Conflicts of interest management 11.06 Disclosure of conflicts of interest
19.	Para 11.01 and 11.02	Para 11.08 and 11.09	Renumbering of existing paragraphs following insertion of provisions on conflicts of interest
20.	Para 6.12 – 6.14	Para 11.10 - 11.12	Renumbering of paragraphs relating to 'Receipt or provision of benefits' and moved to Chapter 11 as part of provisions on managing conflicts of interest

B. Specific amendments			
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	Prior to 9 May 2017	Revised version dated 9 May 2017	
21.	Para 6.15 – 6.19	Para 11.13 - 11.17	Renumbering of paragraphs relating to 'Rebates and soft commission arrangements' and moved to Chapter 11 as part of provisions on managing conflicts of interest
22.	Para 9.13 – 9.17	Para 11.18 – 11.22	Renumbering of paragraphs relating to 'Order allocation' and moved to Chapter 11 as part of provisions on managing conflicts of interest
23.	Para 9.18 – 9.21	Para 11.23 – 11.26	Renumbering of paragraphs relating to 'Best execution' and moved to Chapter 11 as part of provisions on managing conflicts of interest
24.	Para 9.22 – 9.24	Para 11.27 – 11.29	Renumbering of paragraphs relating to 'Cross trades' and moved to Chapter 11 as part of provisions on managing conflicts of interest
25.	Para 12.08	Para 12.08	Deletion of reference to keeping of phone recording as it is already covered by the same paragraph.
26.	-	New Chapter 13 ADDITIONAL REQUIREMENTS RELATING TO A DIGITAL INVESTMENT MANAGEMENT COMPANY	New chapter to reflect additional requirements applicable to a fund management company carrying on the business as a digital investment management company: 1) Additional Board's responsibilities 2) Clarification on compliance programme 4) Additional considerations to be included in the risk

B. Specific amendments			
No	Reference in the Compliance Guidelines		Comments
	Prior to 9 May 2017	Revised version dated 9 May 2017	
			management framework 5) Disclosures to clients 6) Algorithm design and oversight