

Q&A's on the UAE-Hong Kong Mutual Recognition of Funds (MRF)

This document provides answers to key questions regarding the MOU signed on 17th September 2025, between the UAE's Securities and Commodities Authority (SCA) and Hong Kong's Securities and Futures Commission (SFC) for the mutual recognition of investment funds.

General Overview of the Mutual Recognition Framework (MRF) Scheme

Q1: What is the purpose of the UAE-Hong Kong MRF scheme?

A: The MRF scheme allows eligible investment funds domiciled and authorised in Hong Kong to seek authorisation for public offering in the UAE, and vice versa, through a streamlined process. It is based on a Memorandum of Understanding signed between the SCA and the SFC on 17th September 2025.

Q2: What are the core principles governing this MRF scheme?

A: The scheme operates on the principles that a participating Hong Kong Investment Fund:

- Must meet all eligibility and compliance requirements set out in the SCA's circular.
- Must remain authorised by the SFC for offering to retail investors in Hong Kong.
- Must be managed in accordance with Hong Kong laws and its offering documents.
- Must comply with UAE laws and regulations for its sale and distribution in the UAE.
- Must ensure fair treatment for investors in both the UAE and Hong Kong, particularly regarding investor protection, rights, compensation, and information disclosure.

Q3: What types of Hong Kong funds are eligible for sale in the UAE under this scheme?

A: The MRF scheme is open to the following types of Hong Kong Investment Funds:

- General equity funds, bond funds, mixed funds, and funds that invest in other schemes.
- Feeder Funds.
- Unlisted index funds.
- Exchange Traded Funds (ETFs), with active ETFs required to be non-complex investment products.

- The SCA and SFC may consider extending the scheme to other fund types in the future.

Requirements for Hong Kong Funds and Managers

Q4: What are the primary eligibility requirements for a Hong Kong Investment Fund?

A: A Hong Kong Investment Fund must:

- Be established, domiciled, and managed in accordance with Hong Kong laws.
- Be authorised by the SFC for offering to the public in Hong Kong.
- Fall within one of the eligible fund types.
- Not have share classes with hedging arrangements, other than currency hedging.
- Have a depository/custodian that is qualified to act for Hong Kong public funds.

Q5: What are the requirements for a Hong Kong Investment Management Company?

A: The management company must:

- Be licensed by or registered with the SFC for Type 9 regulated activity (asset management).
- Remain under the ongoing regulation and supervision of the SFC.
- Not have been the subject of any major regulatory or enforcement actions by the SFC in the past three years.
- It may delegate investment management functions, but it remains responsible for the actions of its delegates.

Distribution and Operational Rules in the UAE

Q6: How can a Hong Kong fund be promoted or marketed in the UAE?

A: The sale and distribution of a Hong Kong Investment Fund in the UAE must be conducted by a licensed local promoter. A Local Promoter must be an intermediary firm properly licensed by the SCA. Local Promoters are subject to specific requirements and ongoing obligations as detailed in the SCA Rule Book. A list of SCA authorised and approved local promoters is found here on the SCA website <https://www.sca.gov.ae/en/open-data/licensed-companies> (search for 'Promotion' activity).

Q7: What and who are local promoters?

A: In the United Arab Emirates, local promoters are firms licensed and authorised by the Securities and Commodities Authority (SCA) to promote and market financial products, including foreign investment funds, within the country. Local promoters include large international banks, local banks and other financial companies.

- **Licensing is mandatory.** Any company promoting financial products or foreign funds in the onshore UAE (outside of the financial free zones like DIFC and ADGM) must be licensed by the SCA.
- **Promotion of foreign funds is restricted except for Hong Kong Funds.** Since 2023, the SCA has generally prohibited the promotion of foreign funds to retail investors in the UAE. Instead, promotion is limited to Professional Investors. However, the exception to this rule are Hong Kong Funds, which may promote to retail if they wish.

A list of authorised local promoters is located at <https://www.sca.gov.ae/en/home.aspx>

Q8: Can a local promoter also be the legal representative of a Hong Kong Fund?

A: Yes. If a Hong Kong Investment manager wishes, they may engage the services of a local promoter who can also be the funds legal representative. The choice of legal representative is up to the Hong Kong Investment manager.

Q9: What are the day-to-day responsibilities of the legal representative from the SCA's perspective?

A: The legal representative is responsible for the following:

- **Application and Documentation:** Accurately completing the foreign fund registration application and ensuring all required documents are uploaded in accordance with the SCA's online guidelines.
- **Information Provision:** Promptly supplying any additional documentation or information requested by the SCA.
- **Fee Management:** Ensuring timely payment of all registration and annual renewal fees.
- **Representation:** Acting as the primary point of contact and representing the fund or fund manager in all communications with the SCA.
- **Online Portal Management:** Utilizing the SCA's online portal (SCA Core system) for fund registration and document submission.

Q10: What are the requirements for the offering documents presented to UAE investors?

A:

- A Hong Kong Investment Fund can use its SFC-authorized offering documents, supplemented by a UAE covering document to meet local disclosure requirements.
- The UAE covering document must disclose any information that could have a material impact on UAE investors and must not contradict the SFC-approved documents.
- All offering documents and notices provided to UAE investors must be in English. Financial reports must also be made available in English.

Q11: How are ongoing disclosures and fund changes handled for UAE investors?

A:

- The Hong Kong Investment Management Company must ensure that ongoing disclosures, such as financial reports and announcements, are made available to UAE and Hong Kong investors at the same time, where practicable.
- Any changes to the fund that require SCA's prior approval must be submitted to the SCA and can only take effect upon approval.
- Investors in both jurisdictions must be notified of any changes simultaneously.

Q12: Are there specific rules for advertising these funds in the UAE?

A: Yes. All advertisements related to a Hong Kong Investment Fund offered in the UAE must comply with UAE laws and regulations, which require prior approval from the SCA.

Application and Payment

Q13: What is the application process for a Hong Kong fund seeking SCA authorisation?

A: The applicant must request the SFC to provide a certificate directly to the SCA confirming that the fund meets the eligibility requirements.

The SCA will not accept an application without this certificate from the SFC. Further details on the application process are available on the SCA's website. The SCA encourages applicants to consult with its Investment Funds and Products section for guidance. Any queries or questions may be directed to CIS@sca.ae

Q14: What are the steps to register a Hong Kong Fund online?

A:

- The Hong Kong Investment Manager may register the fund themselves. In this case, they become the applicant and therefore the legal representative of the fund. Alternatively, the Hong Kong Investment Manager may delegate a third party to act on its behalf. In this case, the delegated third party becomes the applicant and the legal representative.
- An applicant must first apply online to become a legal representative. Once registered as a legal representative, the applicant can now apply to register the Hong Kong fund.

Q15: What documents are required to register a Hong Kong fund with the SCA?

A:

- A copy of the fund's prospectus or offering document.
- A copy of the approval/certificate issued by the SFC to establish the fund.
- A delegation letter in the event the Hong Kong Fund manager wishes to appoint a third party legal representative to act on its behalf.

Q16: What fees are applicable for registering a Hong Kong fund in the UAE?

A: The Hong Kong Investment Fund and its management company will be subject to the SCA's applicable application fees, registration fees, and renewal fees. To facilitate a seamless foreign fund registration process with the SCA, please ensure online payment of the registration fees and submission of the application. The initial registration fee is AED 2,000 per fund. Upon approval of the fund by the SCA, the remaining balance of AED 10,000 will be due.

Q17: Does the SCA issue a registration certificate for a foreign fund?

A: Yes. An automated registration certificate and an automated promotion certificate will be issued by the SCA once all fees have been paid and confirmed. To facilitate a smooth registration, applicants should carefully track their application's progress online.

Q17: Can Hong Kong Investment Managers choose to offer units to public or private investors?

A: Yes. They have a choice. They may apply online to offer to the public or private placement.

Q18: What are the Minimum Subscription Limits for a Private Placement?

A: The minimum subscription limit per single investor in a private offering is as specified in the offering document, with a minimum threshold of AED 500,000 (Five Hundred Thousand Dirhams).