Guidance on Host Economy Laws and Regulations relating to the Asia Region Funds Passport

THIS DOCUMENT CONTAINS GENERAL INFORMATION ONLY

This document sets out information that provides guidance to collective investment scheme (CIS) operators seeking to offer their CIS under the Asia Region Funds Passport (ARFP) in the economy of other participants as it is expected to apply on commencement of the ARFP. This information is not meant to be exhaustive and may be updated or revised from time to time. This information does not constitute legal advice. Where in doubt, market practitioners are expected to seek independent professional opinion on how they can comply with the ARFP rules and the applicable requirements in the jurisdictions of the ARFP economies.

1. Disclosure

Japan	In Japan, the Financial Instruments and Exchange Act ("FIEA") and the Act on Investment Trusts and Investment Corporations are two laws that are applied to fund issuers. Disclosure based on the FIEA, through public inspection, covers the provision of information required for investors (including potential investors who are considering investing in funds) to make an investment decision. Disclosure based on the Act on Investment Trusts and Investment Corporations covers the provision of information pertaining to the investment status of the funds in question, to those who have already invested in the funds in question. [Disclosure based on the FIEA] 1. Disclosure at the point of issuance To protect the investor, the fund issuer is required to submit a Securities Registration Statement ("SRS"), drawn up in the prescribed format, to the Japanese authorities before engaging in solicitation activities toward investors. The fund issuer may utilize the English-language disclosure system and submit English-language documents disclosed in other countries, instead of the SRS. In addition, when engaging in solicitation activities, a prospectus containing the same contents as the SRS must be delivered to the investor. Furthermore, for the investor to acquire the securities, it is necessary for the SRS to first take effect. (1) Notification of Public Offering In cases where the fund issuer carries out soliciting 50 or more persons to subscribe to newly issued funds ("Public Offering ") and the aggregate issue amounts of the fund are 100 million yen or more, it is mandatory to submit the SRS to the Japanese authority beforehand (Paragraph 1 of Article 4, Paragraph 1 of Article 5 of the FIEA). The fund issuer who is required to submit the SRS may, instead of the SRS written in Japanese, submit a document written in English which has been already disclosed in a home country, based on the laws and regulations of that country subject to an approval by the Japanese authority; provided, however, that the fund issuer must attach a summary of the disclosure document in Japanese, description of disclosure items that are required to be included in the SRS but which are not included in the document disclosed in the home country), and a comparison table showing the

	difference between the Japanese form and the document disclosed in the home country Japanese authority (Paragraphs 6 and 7 of Article 5 of the FIEA). ⑵ Drawing up / Delivery of the prospectus When engaging in Public Offering, the fund issuer is required to draw up a prospectus that contains the name of the fund, the characteristics/features of the fund, investment risks, investment track record and other information that has a highly important impact on investor's investment decisions ("Delivery Prospectus"), as well as a prospectus that contains detailed accounting information about the fund, its investment status and other information that have an important impact on investor's investment decisions ("Request Prospectus") (Paragraphs 1 and 2 of Article 13 of the FIEA). In cases where the fund issuer and the financial instruments business operator, etc. have the investor acquire securities of the fund through Public Offering, they shall deliver the Delivery Prospectus to the investor in advance of, or at the same time as, having the securities (Paragraph 2 of Article 15 of the FIEA). Furthermore, when the investor requests the Request Prospectus, the fund issuer and the financial instruments business operator, etc. shall deliver the Request Prospectus to the investor immediately. (Paragraph 3 of Article 15 of the FIEA). ⑶ Effective date of notification of the SRS Notifications of the SRS concerning Public Offering of funds take effect on the day on which 15 days have elapsed since the date on which the SRS is accepted by the Japanese authority (Paragraph 1 of Article 8 of the FIEA). 2. Continuous disclosure The fund issuer who has submitted the SRS is required to submit an Annual Securities Report ("ASR") for each calculation period of the fund, and to submit a Semi-annual Securities Report ("Semi-ASR") once every six months. In addition, when an event that has an important impact on the investor's investment decision arises, the fund issuer is also required to submit an Extraordinary Report. The fund issuer may utilize the English-language disclosure system and submit English-language documents disclosed in a home country, instead of the abovementioned documents. ⑴ Submission of ASR The fund issuer who has submitted the SRS is required to submit to the Japanese authority, within six months after the lapse of the calculation period (within four months in the case of submitting a foreign company report using the English-language disclosure system), an ASR containing information pertaining to the investment of the fund assets, the accounting status for assets related to other similar businesses, important items related to the contents of other assets, and other matters, for each trust period of the Beneficiary Certificates of the foreign investment trust or each fiscal year of the issuer of the foreign investment trust (hereinafter, "calculation period") (Paragraph 1 of Article 24 of the FIEA). ⑵ Submission of Semi-ASR In cases where the calculation period exceeds six months, the fund issuer who is required to submit the ASR is required to submit to the Japanese authority, within three months after the lapse of the period in question, a Semi-ASR containing information pertaining to the investment of the fund assets, the accounting status for assets related to other similar businesses, important items related to the contents of

	other assets, and other matters arising in the six-month period from the beginning of the period, for each calculation period (Paragraph 1 of Article 24(5) of the FIEA). ⑶ Submission of Extraordinary Report When material changes arise in the basic policy or management structure for fund investment, and/or when other events that have an important impact on the investor's investment decisions arise, those who are required to submit the ASR are required to submit to the Japanese authority, immediately and without delay, an Extraordinary Report containing the details of it (Paragraph 4 of Article 24(5) of the FIEA). ⑷ English-language disclosure system The fund issuer who is required to submit the ASR, the Semi-ASR, and the Extraordinary Report may, instead of the abovementioned documents written in Japanese, submit documents written in English which have been already disclosed in a home country, based on the laws and regulations of that country subject to an approval by the Japanese authority; provided, however, that the fund issuer must attach a summary of the disclosure document in Japanese, description of disclosure items that are required to be included in the SRS but which are not included in the documents disclosed in the home country, and a comparison table showing the difference between the Japanese form and the document disclosed in the home country (Paragraph 8 of Article 24 of the FIEA, etc.). 3. Financial documents The SRS, ASR, and Semi-ASR must contain financial documents that have been audited by a Certified Public Accountant as a part of the items pertaining to the accounting status, etc. The financial documents must be drawn up based on accounting standards of the home country of the fund issuer in cases where the Japanese authority has allowed the fund issuer to use the home country's standards, or accounting standards specified by the Japanese authority in cases where the Japanese authority has not allowed the fund issuer to use the home country's standards. In cases where the financial documents are audited by a Certified Public Accountant outside of Japan (including an accounting firm; the same applies hereafter), the Certified Public Accountant is required to notify the Japanese authority beforehand. ⑴ Scope of financial documents that should be disclosed With regard to Beneficiary Certificates of foreign investment trusts, financial documents pertaining to the trust assets and management company (non-consolidated) must be disclosed; with regard to Foreign Investment Securities, financial documents pertaining to the investment corporation must be disclosed. ⑵ Accounting standards for drawing up the financial documents The financial documents submitted by the fund issuer must be drawn up based on accounting standards of the home country of the fund issuer in cases where the Japanese authority has allowed the fund issuer to use the home country's standards, or accounting standards specified by the Japanese authority in cases where the Japanese authority has not allowed the fund issuer to use the home country's standards (Paragraph 5 of Article 131 of the Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc.). ⑶ Scope of financial documents for which an audit attestation is required The fund issuer is required to provide an audit attestation for financial documents to be submitted for the funds (including financial documents related to the management

company of a foreign investment trust), provided by a Certified Public Accountant from Japan or outside of Japan with no special interest in the funds (Paragraph 1 of Article 193(2) of the FIEA).

⑷ Notification by a foreign audit firm, etc.

When the Certified Public Accountant in a country outside of Japan carries out audit attestation work for financial documents to be submitted by the fund issuer to the Japanese authority, the Certified Public Accountant is required to notify the Japanese authority beforehand on matters including the overview of the audit work, and the name of the fund to be audited (Paragraph 1 of Article 34 (35) of the Certified Public Accountants Act).

In addition, when submitting the abovementioned notification, it is required to appoint an agent with an address in Japan, and who has the rights to act on behalf of the notifier with regard to all the actions pertaining to the notification (Article 3 of the Cabinet Office Ordinance on Foreign Audit Firms).

4. Other

The disclosure documents must be electronically submitted. When submitting the documents, it is also mandatory to appoint an agent residing in Japan.

⑴ Procedures through an electronic data processing system for disclosure

The fund issuer who is required to submit the disclosure documents need to submit to the Japanese authority the information that should be contained in the documents through the Electronic Data Processing System for Disclosure (Electronic Disclosure for Investors' NETwork, EDINET) (Paragraph 1 of Article 27(30)(3) of the FIEA).

⑵ Appointment of agent

When submitting the disclosure documents, the fund issuer is required to appoint an agent with an address in Japan, and who has the rights to act on behalf of the issuer with regard to all the actions pertaining to the submission of notifications on the Public Offering and Secondary Distribution of the funds as well as the submission of the various reports (Paragraph 1 of Article 9, Paragraph 2 of Article 22, Paragraph 2 of Article 27(3), Paragraph 2 of Article 28, Paragraph 3 of Article 29 of the Cabinet Office Ordinance on Disclosure of Information, etc. on Regulated Securities).

※ FIEA (English)
http://www.fsa.go.jp/common/law/fie01.pdf

※ Cabinet Office Ordinance on Disclosure of Information, etc. on Regulated Securities (English)
http://www.japaneselawtranslation.go.jp/law/detail/?printID=&ft=1&re=02&dn=1&co=01&ia=03&x=53&y=14&ky=regulated+securities&page=13&vm=02

※ Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc. (English)
http://www.japaneselawtranslation.go.jp/law/detail/?printID=&ft=1&re=02&dn=1&co=01&ia=03&x=53&y=14&ky=regulated+securities&page=9&vm=02

※ Certified Public Accountants Act (English)
http://www.fsa.go.jp/common/law/02.pdf

※ Cabinet Office Ordinance on Foreign Audit Firms (English)
http://www.japaneselawtranslation.go.jp/law/detail/?printID=&re=02&dn=1&x=0&y=0&co=1&ia=03&yo=&gn=&sy=&ht=&no=&bu=&ta=&ky=audit&page=7&vm=02

[Disclosure based on the Act on Investment Trusts and Investment Corporations]

⑴ The issuers of Beneficiary Certificates of foreign investment trusts (hereinafter, "issuers"), in principle, are required to draw up an investment report on the trust asset of the foreign investment trust in question (hereinafter, "investment trust assets") on the last day of each calculation period of the investment trust assets in question, and deliver this report to the known beneficiaries of the investment trust assets in question (Article 14 that shall be applicable mutatis mutandis pursuant to Article 59 of the Act on Investment Trusts and Investment Corporations).

⑵ The investment report must comprise two documents: (1) an investment report containing detailed information on the investment status, etc. (comprehensive edition); (2) an investment report to be delivered, containing information on highly important items pertaining to the investment status.

① Investment report (comprehensive edition)

- The items* to be contained in the investment report on foreign investment trusts (comprehensive edition) are set forth in Paragraph 1 of Article 63 of the Ordinance on Accountings of Investment Trust Property (hereinafter, Investment Trust Property Accounting Ordinance) , as well as VI-3-2-6 (1) of the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. (hereinafter, "Guidelines for Supervision").
- * The items are; a structure of a foreign investment trust including investment policy, status of transition on asset management of the foreign investment trust in the accounting period, a balance sheet on the last day of each accounting period, profit and loss statement and surplus statement in the accounting period and notes to these financial statements and category of investment assets, etc.
- In principle, the investment report (comprehensive edition) must be drawn up on the last day of each calculation period of the investment trust assets in question, and be delivered.(Note)
- In the terms and conditions of foreign investment trusts, in cases where it is stipulated that the items to be contained in the investment report (comprehensive edition) are to be provided through a method involving the use of information communications technology, these items may be provided through such methods. In such cases, the issuer in question is regarded as having delivered the investment report (comprehensive edition) (Paragraph 2 of Article 14 that shall be applicable mutatis mutandis pursuant to Article 59 of the Act on Investment Trusts and Investment Corporations). Here, methods that involve the use of information communication technology include methods such as posting on a website and sending through e-mail (refer to Article 25(2) of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations; the same applies to "② Investment report to be delivered" below). However, in cases where the beneficiary requests for the delivery of the written documents, the issuer is required to deliver the report in the form of a written document.

Note: There are exceptions, such as in cases where it is acceptable to draw up/deliver reports every six months for investment trust assets with calculation period of fewer than six months (Article 59 of the Investment Trust Property Accounting Ordinance).

② Investment report to be delivered

- The items to be contained in the investment report to be delivered, pertaining to foreign investment trusts, are set forth in Paragraph 3 of Article 63 of the Investment Trust Property Accounting Ordinance. In addition, as VI-3-2-6(2) of the Guidelines for Supervision call for the inclusion of the same degree of information with the investment report to

	be delivered, pertaining to domestic investment trusts, as far as possible, it is necessary to refer to the guidelines on the drawing up of the report and the items to be contained in the investment report to be delivered, pertaining to domestic investment trusts (Article 58(2) of the Investment Trust Property Accounting Ordinance, VI-3-2-3 (3) of the Guidelines for Supervision, rules established by the Investment Trusts Association, Japan). • The drawing up of the investment report to be delivered has to be done on the last day of each calculation period of the investment trust assets in question, and be delivered (Article 25(3) of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations). • If the consent of known beneficiaries has been obtained, methods involving the use of information communication technology may also be used (Paragraph 2 of Article 5 that shall be applicable mutatis mutandis pursuant to Paragraph 5 of Article 14 of the Act on Investment Trusts and Investment Corporations). ⑶ The issuer is required to submit to the Japanese authority, immediately and without delay, the investment report (comprehensive edition) and the investment report to be delivered, after these reports have been drawn up (Paragraph 6 of Article 14 that shall be applicable mutatis mutandis pursuant to Article 59 of the Act on Investment Trusts and Investment Corporations). ⑷ The investment report (comprehensive edition) and the investment report to be delivered must be drawn up in the Japanese language. ※ Act on Investment Trusts and Investment Corporations (English) http://www.japaneselawtranslation.go.jp/law/detail/?printID=&id=1903&re=01&vm=02 ※ Order for Enforcement of the Act on Investment Trusts and Investment Corporations (English) http://www.japaneselawtranslation.go.jp/law/detail/?printID=&ft=1&re=01&dn=1&co=01&ia=03&x=0&y=0&ky=%E6%8A%95%E8%B3%87%E4%BF%A1%E8%A8%97%E5%8F%8A%E3%81%B3%E6%8A%95%E8%B3%87%E6%B3%95%E4%BA%BA%E3%81%AB%E9%96%A2%E3%81%99%E3%82%8B%E6%B3%95%E5%BE%8B%E6%96%BD%E8%A1%8C%E8%A6%8F%E5%89%87&page=3&vm=02 ※ Ordinance on Accountings of Investment Trust Property (Japanese) http://law.e-gov.go.jp/htmldata/H12/H12F03101000133.html ※ Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. (English) http://www.fsa.go.jp/en/refer/guide/instruments.pdf ※ "Rules on Investment Reports Pertaining to Investment Trusts and Investment Corporations" (The Investment Trusts Association, Japan) (Japanese) https://www.toushin.or.jp/profile/article/
Australia	A copy of the Corporations Act 2001 (Corporations Act) and Corporations Regulations 2001 can be obtained from www.comlaw.gov.au. Copies of ASIC Class Orders and other regulatory guidance can be obtained from www.asic.gov.au.

Point of sale disclosure[1]

For the issue or sale of interests in an ARFP fund seeking to make offers on that basis, the operator (as the issuer or seller) must give a retail client a product disclosure statement (PDS) prior to the issue or sale. There are a small number of exceptions to this requirement, for example a fundraising through personal offers of not more than $2 million over a 12 month period with not more than 20 investors, however in any event the application for entry to Australia will need to contain a complying PDS. The PDS will be required to be prepared by the issuer (for an issue or sale).

A PDS must have the following information:

- It must be titled "Product Disclosure Statement" and dated. It can be comprised of multiple documents given at the same time if each part identifies that is a part of the PDS and identifies the other parts.

- The information must be worded and presented in a clear, concise and effective manner.

- It must include prescribed information, which is broadly - the name and contact details of the issuer or seller, information about significant benefits an investor may be entitled to, information about significant risks, information about the cost of the product and amounts payable by the holder of the product, information about the amounts that may be deducted from the fund, information about any commission (or similar) that may impact on the amount of return to an investor, information about the dispute resolution system that covers complaints by investors, information about tax implications, if the issuer or seller makes other information about the product available – how that information can be accessed, and the extent to which labour standards or environmental, social and ethical considerations are taken into account in the selection of investments.

- Prescribed details about fees and costs including presentation in Australian dollars,[2] summarised as:

  - The information must be in the prescribed form, which identifies establishment fees (fee to open an investment), contribution fees (fee on each amount contributed), withdrawal fees (fee on each amount taken out), exit fees (fee to close an investment), management costs (fees and costs for the management of an investment) and service fees – switching fees (fees for changing investment options). Information on transactional and operational costs must also be included.

  - The information must be in dollar amounts or percentage.

  - The information must set out how and when a fee or cost will be recovered.

  - There must be an example of annual fees and costs in the prescribed format.

[1] Division 2 of Part 7.9 of the Corporations Act, in particular Subdivision C
[2] Corporations Regulation, Regulation 7.9.16L

	The example must be for a balance of $50,000 with a $5,000 contribution, if there is no minimum balance requirement. If there is a minimum balance requirement, the example must be based on an amount that is the lowest multiple of $50,000 that exceeds the minimum entry balance. – There must be a consumer advisory warning in the prescribed format – on the basis that differences in performance and fees and costs can have a substantial impact. The warning must be located at the beginning of the fees section. • If the interest will be traded on a financial market, the PDS must state that the product is able to be traded, an application has been made for the product to be able to be traded, or an application will be made within 7 days of the date of the PDS. The operator will not be able to issue interests in the fund if an application has not been made and after 3 months after the issue of the PDS, the interests are able to be traded. For a PDS of an ARFP fund that will be traded on a financial market, the PDS must either inform investors of their right to obtain a copy of - the annual financial report (most recently lodged with ASIC) including the directors' report (referred to below) and any continuous disclosure notices, or the PDS must include those documents. Particular statements would be required in a PDS for an ARFP fund, including that it is an ARFP fund that is primarily regulated by its home regulator, that it will be regulated under the laws of that jurisdiction which are not the same as Australian laws, and information that any different taxation provisions apply for the fund from Australian funds. A PDS must also generally contain 'any other information that might reasonably be expected to have a material influence on the decision of a reasonable person, as a retail client, whether to acquire the product'. Material information in this instance might be, for example how the registered CIS works, the scheme's structure and significant characteristics/features. Information must be included in a PDS to the extent known to the issuer, and its directors and certain other associated persons. If not known, fees and costs must be estimated. There are requirements that apply to the inclusion in a PDS of statements by a person, or statements based on a statement by a person. In these circumstances, generally the person must have consented to the statement in the PDS and the PDS must state that the person has consented and the person has not withdrawn their consent before the date of the PDS. The PDS must be up to date at the time it is given. A supplementary PDS or new PDS can be used to correct misleading or deceptive statements, correct an omission, update or add to the information in the PDS or change a minimum fundraising amount, minimum application amount or statement regarding quotation of interests. Information which changes in a non-materially adverse manner need not result in a new or supplementary PDS provided the information is updated on the internet and the PDS explains updating information will be available there. An application must be made on an application form that accompanied the PDS that was current when the application is made. ASIC has given some relief to allow distributors to issue tailored forms so long as they ensure the PDS is given. If there is a change to the

	PDS after it was given but before application was made a new PDS must be given and a new application made. If there is a material adverse change after the PDS is given and an application made but before issue, then to proceed, the operator has to give updated disclosure and an opportunity to withdraw within 30 days. The operator will be required to give the PDS to a person or the person's agent, personally, or send it to an address nominated by either. The PDS may be given electronically. There are limitations on who is considered an agent, in particular generally a financial services licensee or authorised representative of the licensee are not able to be agents. ASIC has given relief to allow a PDS to be made available on a website and for a notice (in printed or electronic form) to be given that the PDS is available on the website if the offeree agrees.[3] ASIC has also given relief to permit a PDS to be given to a financial services licensee or authorised representative acting as the agent of the investor if the investor is not holding the financial product directly but rather directing a platform provider to acquire it on their behalf, provided the agent promptly gives or sends the PDS to the person.[4] The operator will be required to lodge the PDS with ASIC. This includes any supplementary PDS or new PDS. The PDS must state a copy has been lodged but that ASIC takes no responsibility for the document. There is a shorter PDS regime, but this will not apply to ARFP funds in Australia. The PDS provisions are intended to apply even if the offering of interests in ARFP fund is securities. There is provision for ASIC to order that no issues be made under a PDS if it considered the PDS is defective: s1021E. These stop orders can be made on an interim or ongoing basis. **Continuous disclosure[5]** Generally the operator will be required to comply with the continuous disclosure provisions. Broadly, the provisions will apply where interests are in a listed fund or issuer. They will also apply when interests in a class in a fund where there are at least 100 members of the class that were issued interests where a PDS was required. The provisions require the issuer to generally immediately publicly disclose a matter that a reasonable person would expect, if it were publicly available, to have a material effect on the price or value of an interest in a fund. If the continuous disclosure provisions apply, the PDS will be expected to include statements about the ARFP fund or sub-fund being subject to a requirement to lodge with ASIC continuous disclosure notices and financial reports. The issuer must provide copies on request of recent disclosures. If the continuous disclosure provisions do not apply, then the operator will be required to comply with the material change or significant event disclosure provisions. The provisions require the operator to notify retail clients of a matter or change to a matter, being a matter that would have been required to be specified in a PDS. Notification must usually be given as soon as practicable, for increases to fees and costs there are circumstances where notification must be given at least 30 days prior to the change.

[3] Class Order 10/1219
[4] Class Order 13/797
[5] 1017B, 674, 675 of the Corporations Act

	Directors' report[6] An operator will be required to provide a directors' report for the ARFP fund, to the members of the fund at least once a year. The report must include – • a review of the operations of the fund during the year and the results of the operations (per the annual financial reports); • give details of any significant changes in the fund's state of affairs during the year, state the fund's principal activities during the year and any significant changes in the nature of those activities, give details of matters or circumstances that have arisen since the previous year - that significantly affect, or may significantly affect, the fund's operations, results or state of affairs in future financial years, and refer to likely developments in the fund's operations in future financial years; and • details of distributions recommended, or declared but not paid, names of directors and officers through the year, options granted over unissued interests to any directors or any of the 5 other most highly remunerated officers as part of their remuneration, and options current at the time of the report over unissued interests and indemnities given and insurance premiums paid given to officers or auditors. If the fund is listed, there will be additional disclosure obligations for remuneration of key management – including its nature and relationship with performance. The report will be required to be reported to members and lodged with ASIC at the same time as the annual financial reports and auditor report for the ARFP fund. **Periodic reports to members**[7] An operator will be required to give a person who has acquired an interest in the fund as a retail client a written or electronic periodic statement at least once a year within 6 months after the end of the financial year or the member ceasing to be a member. The statement must contain information the issuer reasonably believes the holder needs to understand their investment in the financial product, including the opening and closing balance, the termination value, details of transactions in relation to the product, any increases in contributions, the return on the investment and details of any change in circumstances affecting the investment. For the information on details of transactions in relation to the product, the statement must also contain the prescribed information on fees and costs, including indirect costs – that the specified amount (as applicable) has been deducted and includes amounts that have reduced the return but not charged directly, total fees paid in a dollar amount, details of incidental fees and service fees if not included elsewhere and whether the benefit of any tax deduction has been passed on the investor in the form of reduced fee or cost.[8] Amounts must be stated in Australian dollars. A periodic statement must be provided as soon as practicable and within 6 months of the end of the reporting period.

[6] Chapter 2M of the Corporations Act
[7] 1017D of the Corporations Act
[8] Corporations Regulation, Regulation 7.9.16O

	Misleading or deceptive conduct[9] All information used to market interests in an ARFP fund or providing information about interests in an ARFP fund including advertising and reports must not be presented in a manner which is misleading or deceptive or is likely to mislead or deceive. **Obligation to give additional information on request**[10] Where the operator is the issuer or seller of interests in the fund, it will be required to provide further information about the fund (outlined below) when requested by, in particular, a person who either • has been given a PDS or should have been given a PDS and is not the holder of an interest in the fund; or • an Australia financial services licensee or authorised representative of a licensee. The further information is information that the operator has previously made generally available to the public and which might reasonably influence a person's decisions as a retail client, whether to acquire the financial product, or where it is reasonably practicable for the information to be given. Internal working documents, trade secrets, confidential material or information contained in a PDS are not required to be provided. The information is only required to be given if it is reasonably practicable to do so and the person requesting the information pays any reasonable cost (charge) that the operator incurs that are reasonably related to giving the information. The information must be given as soon as practicable after receiving the request and within 1 month of receiving the request. **Confirmation of transactions**[11] An operator will also be required to provide written or electronic confirmation of transactions for the acquisition of an interest in the ARFP fund, e.g. by issue or sale (if the seller), and for transactions that occur while a member holds the interest, e.g. a redemption or surrender of an interest in an ARFP fund. This applies to retail clients. The confirmation must identify the issuer and the member (holder), give details of the transaction including date and description and amount paid or payable and give details of any taxes or stamp duties payable in relation to the transaction. The confirmation may be provided directly or through another person (such as a financial services licensee) although the agreement of the member is required if the facility is not operated by or on behalf of the operator. Confirmation must be given as soon as is reasonably practicable after the transaction has occurred.
Korea	**1.1 The point of registration** A foreign CIS operator that seeks to offer ARFP funds to investors in Korea must first register the funds with the Financial Services Commission/Financial Supervisory Service (FSC/FSS) pursuant to article 182 of the Financial Investment Services and Capital

[9] 1041H of the Corporations Act
[10] 1017A of the Corporations Act
[11] 1017F of the Corporations Act

	Markets Act ("FSCMA"). As required under article 119 of the FSCMA, the operator must also file a registration statement for the public offering with the FSC/FSS, and no interests of a CIS can be publicly offered or sold unless and until the registration statement is accepted by the FSC/FSS. The FSC/FSS does not refuse to accept a registration statement unless it is not prepared in conformity with the prescribed form of the registration statement, there is any false description or representation in the registration statement concerning a material fact, or any description or representation of a material fact is omitted. Generally, a registration statement for foreign CIS becomes effective 15 days after it is accepted by the FSC/FSS. ***The Registration Statement*** As required under article 129 of the Enforcement Decree of the FSCMA and article 2-11 of the Regulations on Issuance, Public disclosure, etc. of Securities, a registration statement filed by a foreign CIS must provide the following information: 1. Signatures of a representative director and a director responsible for filing registr ation under article 119(5) of the FSCMA on matters under any subparagraph of ar ticle 124 of the FSCMA; 2. The following matters concerning public offering or sale: • General matters concerning public offering or sale; • Details of rights to CIS publicly offered or sold; • Investment risks ensuing from acquisition of CIS publicly offered or sold; • The underwriter's opinion on CIS publicly offered or sold (applicable only to cases where there is an underwriter); and • An attorney-at-law's legal views and opinions. 3. The following matters concerning the CIS: • Name of the CIS; • Matters concerning the purpose, policy and strategy of investment; • Matters concerning management remuneration, sales commission, sales remuneration, and other expenses; • Matters concerning contributions (excluding cases where an investment trust (trust form) is involved); • Matters concerning financial status (excluding cases where the registration statement is filed for the first time); • Matters concerning the operator (including those concerning promoters and supervisory directors in cases of an investment company); • Matters concerning fund managers; • Matters concerning management of CIS assets; • Matters concerning sale and redemption of CIS interests or shares; • Matters concerning assessment and public disclosure of CIS assets; • Matters concerning distributions of profits and losses and taxation; • Matters concerning custodians and the general administration company: the entity that provides fund administration services (applicable only to cases where there is a general administration company); and • Matters concerning delegations of the CIS under article 42 of the FSCMA (applicable only to cases where business affairs of the CIS are delegated to a third party) • Matters concerning the organization of the CIS; • History of the CIS;

	• Matters concerning management performance; • Matters concerning comparative indices for calculation of performance of management; • Other matters necessary for the protection of investors; • Matters concerning the legal system related to the CIS; • Matters concerning the accounting standards applicable to the CIS; and • Matters concerning taxation and management of foreign exchange. Additionally, each registration statement filed by a foreign CIS must be accompanied by the following documents as required under article 129 of the Enforcement Decree of the FSCMA and article 2-11 of the Regulations on Issuance, Public disclosure, etc. of Securities: • The collective investment agreement (including attached documents); • A copy of a delegation agreement (including documents attached thereto executed with the following persons: (a) The operator (excluding cases where an investment trust (unit trust) or an undisclosed investment association is involved); (b) The custodian; (c) The general administration company (applicable only to cases where some functions of the CIS was delegated to the general administration company); or (d) The delegatee (applicable only to cases where a CIS entered into a delegation agreement); • A copy of an underwriting contract, where an underwriting contract was concluded with respect to the collective investment interests; • A document proving equity capital, such as an audit report; • An investment prospectus filed in a foreign country for a public offering or sale of the CIS; • A certificate issued by a foreign financial investment supervisory authority to certify that the foreign operator has no record of having been punished by an administrative disposition, equivalent to or heavier than the suspension of business operation, imposed by the supervisory authority in its home economy or in Korea, or punished by a fine or any heavier criminal punishment, in connection with its operation of financial business or similar business during the latest three years or any other similar document; • A document proving that the scale of assets in management at the end of the latest business year amount to not less than one trillion Korean won; • A document proving the fact that the CIS is authorized pursuant to Acts and subordinate statutes of the home economy; • A document concerning a liaison officer (local agent), such as a contract for appointment of a domestic agent; • A preliminary prospectus, if it is intended to use a preliminary prospectus; and • A simplified prospectus, if it is intended to use a simplified prospectus. **1.2 The point of sales** A registered CIS may be offered only through locally licensed distributors with one of the following FSC/FSS-registered prospectus pursuant to article 280 of the FSCMA. A CIS operator that seeks to publicly offer a registered CIS must provide a simplified prospectus to investors unless the investors separately request a prospectus.

Additionally, the operator may also use a preliminary prospectus when publicly offering CIS interests/shares before its relevant registration statement becomes effective.

Prospectus

A CIS operator must file a prospectus on the effective date of the relevant registration statement. Generally, as the registration of foreign CIS becomes effective 15 days after it is accepted by the FSC/FSS, a prospectus is filed with the FSC/FSS 15 days after the relevant registration statement is submitted. In addition, information provided in the prospectus must be identical to the information provided in the registration statement for the CIS.

Preliminary Prospectus

A CIS distributor may also use a preliminary prospectus in order to publicly offer foreign CIS interests/shares to investors prior to its relevant registration statement becomes effective. The preliminary prospectus refers to a prospectus that has not become effective yet after the registration statement was accepted pursuant to article 120(1) of the FSCMA. As required under article 133 of the Enforcement Decree of the FSCMA, the section of title of a preliminary prospectus must contain statements as to the fact that the relevant registration statement has been filed with the FSC/FSS, but that the registration is not yet effective and that part of the descriptions thereof may be changed until the effective date.

Simplified Prospectus

A CIS distributor must use and deliver a simplified prospectus in order to publicly offer foreign CIS interests/shares to investors. The simplified prospectus refers to a document that has an abstract of important descriptions of the prospectus set out under article 124(2)(3) of the FSCMA. The distributor must inform investors of the fact that they are able to separately request a prospectus. In cases where any investors separately request to receive a prospectus, the distributor must furnish the prospectus to the investors instead of simplified one.

1.3 On-going disclosure

A foreign CIS is exempt from a variety of mandatory disclosure rules that apply to a domestic CIS such as ad-hoc disclosure prescribed under article 90 of the FSCMA. Yet the obligation to provide an asset management report to investors also equally applies to a foreign CIS as provided under article 280 of the FSCMA.

Asset Management Report

A foreign CIS operator must prepare an asset management report at least once every three months and furnish it to the investors after obtaining confirmation its custodian. The CIS operator is required to deliver the report to investors in person or through such means as the operators' email, Internet website and mail. Additionally, the delivery can be omitted in cases where there is no possibility of undermining investors' interests such as cases that fall under the following categories:

- An investor expresses in writing, by telephone, telegraph, fax, e-mail, or by any other means of electronic communication similar thereto, his/her intent not to receive an asset management report;
- An operator creates or establishes and manages a money market fund (MMF) and discloses an asset management report to the public at least once a month in a manner prescribed and publicly notified by the FSC; or
- An operator creates or establishes and manages a closed-end fund (limited to cases where the CIS interests are listed in accordance with article 230(3) of the FSCMA) and discloses an asset management report to the public at least once every three months in a manner prescribed and publicly notified

	by the FSC. The asset management report must contain information on how the CIS assets have been managed. Article 88(2) of the FSCMA provides the following information to be included in the asset management report. However, notwithstanding article 88 of the FSCMA, a foreign CIS operator may prepare and furnish an asset management report, as set out under the relevant foreign collective investment agreement: • Assets, liabilities and NAV per interest/unit of the CIS as of any of the following days ("reference date"): (e) The date on which three months has elapsed from the commencement date of the fiscal term; (f) The last day of the fiscal term; (g) The last day of the contract term or the expiry date of the existence term; or (h) The date of termination or dissolution. • A summary of management progress during the time period from the immediately preceding reference date (referring to the date of original creation or formation of the relevant CIS, if there is no immediately preceding reference date available) to the pertinent reference date ("pertinent management period") and the matters concerning profit and loss during the pertinent management period; • The ratio of the assessed value of each type of asset that belongs to the CIS property to the total value of the CIS property as of the reference date; • The total number of shares traded, total trading volume of shares, and turnover rate prescribed under article 92(2) of the Enforcement Decree of the FSCMA during the pertinent management period; • Details of investment assets that belong to the CIS as of the reference date; • Matters concerning fund managers of the CIS; • The investment environment and management plans of the CIS; • Details of investment by type of business or country; • Details of dividends in the settlement of accounts of the CIS (limited to the first asset management report to be prepared after the settlement of accounts); • Top ten items within the scope for investment of the CIS; • Structure of the CIS; and • Where the CIS trades derivatives for the purpose of avoiding foreign exchange risks, the details of such transaction.
New Zealand	A copy of the Financial Markets Conduct Act 2013 (**FMC Act**) can be obtained from www.legislation.govt.nz/act/public/2013/0069/latest/whole.html and a copy of the Financial Markets Conduct Regulations 2014 (**FMC Regulations**) can be obtained from http://www.legislation.govt.nz/regulation/public/2014/0326/41.0/DLM6292901.html. For domestic offers, funds are required to lodge a product disclosure statement on the online register. Product disclosure statements are subject to prescriptive requirements regarding form, content (covering mandatory topics such as fees, risk of investment) and length (see schedules 4 and 5 of the FMC Regulations for further details). The intention is to provide sufficient information and to present it in a manner that would allow a prudent but non-expert person to understand the risks, benefits and costs and key terms associated with the investment. All material information relating to the offer that is not contained in the PDS must be included in the online register entry. In addition, domestic funds are required to provide periodic and event based disclosure on the

online register using prescribed forms.

For overseas funds, the starting point is that overseas funds will be subject to the same rules as New Zealand funds but, the FMC Act provides:

- General exemption powers that would be used to provide relief from New Zealand regulatory obligation to certain kinds of overseas offeror or transaction in order to resolve instances where it would be disproportionate to require compliance with New Zealand obligations, and where there is sufficient comfort that overseas requirements would adequately mitigate risks to New Zealand investors e.g. though the exemption being subject to conditions; and

- More importantly, the FMC Act provides a framework in sections 573- 582 to establish recognition of overseas regimes by way of regulations either generally or for classes or categories of transaction. We will invoke this mechanism for giving effect to the ARFP funds scheme, given its scale.

Section 577 states:

Matters that must be stated in regulations implementing recognition regime

(1) The regulations made under section 576 must state—

(a) the country to which the recognition regime applies; and

(b) the classes of financial products to which the recognition regime applies (whether by reference to type of issuer, offeror, offer, or any other matter); and

(c) the exemptions from provisions of this Act and the regulations for those products; and

(d) the preconditions that must be met for the recognition regime to apply, for example (without limitation), requiring specified information relating to the offer or financial products to be provided to the FMA or Registrar; and

(e) the terms and conditions that must be complied with under the recognition regime, for example (without limitation), requiring—

(i) the offer of the financial products to be made in accordance with specified provisions of the designated country's laws:

(ii) warnings to be given to investors so as to inform them that the offer of the financial products is regulated under the designated country's laws and that New Zealand laws relating to the offer of financial products do not apply to the offer:

(iii) specified information relating to the offer or financial products to be provided to the FMA or Registrar.

(2) Regulations may provide different exemptions, preconditions, and terms and conditions for different classes of financial products, offers, persons, or circumstances.

To date we have used the FMC Act mutual recognition framework to recognise Australian offer documents in Part 9 of the Financial Markets Conduct Regulations 2014 and schedule 25 of the Financial Markets Conduct Regulations 2014, subject to various

	conditions. In essence the requirements can be summarised as: • Requiring that an Australian offer is compliant with Australian law; • Requiring a number of different warning statements to be provided to New Zealand investors (as relevant). These are set out in schedule 25 and cover matters such as , warning investors that the laws governing such products are different to those that would normally apply to NZ products, warning of potential currency risks if investments are made in Australian dollars and warning investors if dispute resolution processes must be accessed via Australia; • Requiring investor access to core documentation such as the constitutional documents of a scheme; • Requiring that the directors, owners, and senior managers of the Australian owner would not be "disqualified persons" for the purposes of NZ law; and • Requiring that there is a person in New Zealand authorised to accept service of documents on behalf of the offeror. In the context of ARFP funds, we cannot guarantee that our requirements for p ARFP funds will be exactly the same as for Australian offers generally at this stage. However the information provided above should provide a useful signal as to how we are likely to approach the issue. Examples of matters that may drive differences in treatment are: a. Language requirements (which is not an issue as between New Zealand and Australia); b. Requirements necessary to implement aspects of the ARFP rules; c. Different kinds of risk to investors, for example enforcement and ability to access overseas disputes resolution processes may be more difficult outside of Australasia; d. The need to set our requirements so that they achieve appropriate level of reciprocity with respect to the other fund ARFP members.
Thailand	The offer of the ASEAN CIS in Thailand must be accompanied by a prospectus and Fund Fact Sheet which comply with the requirement stipulated under the SEC Notification No. SorOr. 62/2559 and TorThor 7/2557. It is likely that the disclosure requirement for ARFP funds will be similar to those adopted for ASEAN CIS, however the notification is currently under the drafting process. **Prospectus:** The prospectus could be prepared as i) the latest version of prospectus as approved by, registered, or filed with the Home Regulator together with a wrapper, which contains the additional information required to be disclosed to investors under the aforementioned Notification, or as ii) a new set of prospectus that complies with the standard set by the aforementioned Notification. The examples of information required to be disclosed in the prospectus of CIS include, but not limited to: • Type of CIS and investment policy of CIS • Key risk factors of CIS

	• Investment limits of CIS • Fees and expenses • Key warnings • Information regarding subscription and redemption of unit of CIS, including distribution channel • Information regarding dispute resolution, including the channel for investors' complaints • Information regarding the operation of CIS; e.g. name of executives, number of CIS and AUM under management of CIS Operator, name of investment committee of CIS, name and experience of fund manager of CIS, name of distributor, registrar and fund supervisor (trustee) of CIS. **Fund Fact Sheet:** The SEC Notification No. SorNor. 88/2558 sets the format and information required to be disclosed in Fund Fact Sheet. The examples of such information include, but not limited to: • general information regarding the CIS; e.g. type of CIS, date on which CIS is established, name and contact address of CIS operator/ local representative, frequency for subscription and redemption of unit of CIS, dividend payment policy, and total expenses collected from investors; • investment policy; e.g. assets wherein the CIS invests, investment proportion and the top five highest investments, strategies in managing CIS, factors that have impacts on returns of CIS, and benchmark of CIS; • key risk factors of the CIS; • type of investors who might be suitable for the CIS; • past performance; and • fees. **On-going disclosure requirement:** SEC requires the CIS Operator to disclose the documents according to rules specified by the Notification No. SorNor. 87/2558 as follows: • Information regarding the investment by CIS which SEC requires the CIS Operator to disclose to investors on a monthly basis on CIS Operator's website. For example, name of the top 5 securities CIS invested and the weight in which CIS invested in each of the securities. • An annual-report prepared at the end of each accounting year with at least the following contents: 1. Financial Reporting (including Audited Balance Sheet and Profit & Loss Statement); 2. Information on investments, borrowings, and obligations that must be consistent with the fund investment policies; 3. Performance of the CIS that must be prepared in accordance with the rules specified by the Home Jurisdiction; 4. Trading costs; 5. Total expenses; 6. Portfolio turnover ratio; 7. Management Discussion and Analysis; 8. Trustee's opinion concerning the management of assets by the CIS Operator; 9. Information on Related Parties Transactions, if any; 10. Details/information on bad debts in case the issuers of debt securities have defaulted, if any; and 11. Information on payment in kind; 12. Information on proxy voting in the annual meeting on behalf of the CIS in the current calendar year; and 13. Name of the fund manager of the CIS.

	• A semi-annual report with contents as outlined above from 1-8.

2. Capital controls

Japan	Japan does not have capital controls.
Australia	Australia does not have capital controls.
Korea	There is no capital control that restricts foreign investors' ability to withdraw their investment from Korea. Additionally, the Foreign Exchange Transactions Act and the Regulation on Entering Overseas Market of Financial Institution provide that a domestic financial business entity or a fund created and offered in Korea is required to file a prior notification with the FSC/FSS when making an offshore investment in a foreign entity ("investee") that falls under any of the following categories: • Investment in the investee is not less than 10% of the issued share capital (or the total investment), and the investment is to be made with the intent of participating in or influencing the management of the investee; • The domestic financial business entity enters into a long-term contract for commodities or products or sharing of senior managers with the investee even though the share of the domestic financial business entity's share of investment in the investee is less than 10%; • The domestic financial business entity invests in an offshore entity (including offshore funds) through equity, fixed income, and derivatives securities; and • A domestic financial business entity whose main office is located in Korea sets up a branch or an office overseas. Domestic financial business entities are also required to file a report with the FSC/FSS after disposing of or liquidating an offshore investment. Failure to comply with the reporting requirement for overseas investment may lead to administrative and/or criminal penalties including monetary penalties.
New Zealand	There are no capital controls in New Zealand apart from certain countries or circumstances when sanctions apply. Restrictions on the movement of capital may also result from the application of AML/CFT rules (although these do not prevent money being moved if a proper notification process has been carried out).
Thailand	1. Both institutional and retail investors are allowed to invest in ARFP fund without limitation imposed at personnel/ individual level. However, the Bank of Thailand ("BOT") has granted the authorization to the SEC to allocate foreign investment allotment within 75,000 million United States Dollar ("USD"). As a result, CIS Operator shall seek approval from the SEC for foreign investment allotment by specifying the estimated amount of fund to be raised in the offering of ARFP fund to retail investors in Thailand upon filing the application for streamlined authorization in accordance with the ARFP rules. In case of reaching the amount being allotted to them, CIS Operator may seek further approval from the SEC by submitting a letter with supporting documents. Additionally, the local intermediaries are required to report electronically via a real time Foreign Investment Allotment System (FIA) for each of their clients who subscribe or redeem ARFP fund. Please note that the timeframe for the review of the application for entry into Thailand in accordance with the ARFP rules is within 21 calendar days. 2. The CIS Operator may offer the units of ARFP fund in Thailand in either Thai baht ("THB") or foreign currencies. However, the BOT has a strict policy on the transferring of THB to foreign economies. Therefore, if the CIS Operator chooses to offer ARFP fund in THB, the local intermediaries or the corresponding banks holding Foreign Exchange license granted by the BOT shall convert THB to foreign currencies in the amount equivalent to that being raised in Thailand upon remittance. Please note that ARFP fund denominated in THB has to be offered in Thailand only.

3. Taxation

<table>
<tr>
<td>Japan</td>
<td>
<u>Foreign funds managers</u>
• In general, foreign ARFP fund manager will not be taxed unless it has a permanent establishment (“PE”) in Japan.
• A foreign ARFP fund manager may cause a PE to arise where it conducts business through an agent in Japan; however, an <u>independent agent is excluded</u> from the definition of an agent. For an agent to be considered an independent agent, such an agent must be <u>legally</u> and <u>economically</u> <u>independent</u> and must be acting <u>in the ordinary course of its business</u> when providing services as an agent. The FSA Guidance provides reference cases clarifying the meaning of an independent agent in the context of an investment management business. (See. http://www.fsa.go.jp/en/news/2008/20080627-3.html).

<u>Taxation on the resident investors in foreign ARFP fund</u>
• In general, taxation for resident individual investors in publicly offered foreign ARFP fund is described below. Please note that the detailed analysis is required depending on the facts and circumstances.
<table>
<tr><th>Type of Income</th><th>Tax rate *</th></tr>
<tr><td>Profit Distribution</td><td>20.315%</td></tr>
<tr><td>Gains from Redemptions</td><td>20.315%</td></tr>
<tr><td>Gain from Sales</td><td>20.315%</td></tr>
</table>
</td>
</tr>
<tr>
<td>Australia</td>
<td>
<u>Foreign ARFP funds and operators</u>

• Under Australia’s income tax law, non-residents are only taxed on their Australian sourced income. The tax is generally collected through a final withholding tax, based on the non-resident’s earnings in Australia in accordance with the following withholding rates:
<table>
<tr><th>Income</th><th>Tax rate*</th></tr>
<tr><td>Dividends</td><td>30%</td></tr>
<tr><td>Interest</td><td>10%</td></tr>
<tr><td>Royalties</td><td>30%</td></tr>
<tr><td>Managed Investment Trust fund payments
(distributions referable to trust net income excluding dividends, interest, royalties, foreign source income and capital gains on assets that are not taxable Australian property)</td><td>30%
15% for residents of countries that have an effective Information Exchange Agreement with Australia (Australia has an Information Exchange Agreement with the ARFP countries)</td></tr>
</table>
* The withholding tax rates payable by non-resident investors may be reduced under Australia’s tax treaties with other countries.

• In addition, if a foreign fund invests via an Australian fund manager, and provided it meets the appropriate tests, it will be able to disregard certain Australian income tax consequences.
• This is known as an Investment Manager Regime (IMR) concession, and is outlined in more detail below.

Foreign (non-resident) investors in an Australian ARFP fund

• Australian ARFP funds are likely to be offered through either a Managed Investment Trust (MITs) or the new corporate collective investment vehicle (refer
</td>
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</table>

below) once available. Both investment vehicle structures provide flow through taxation and investors will generally be subject to the same tax outcome; that is, investors will be taxed as if they had invested directly.

- Non-residents are generally only subject to tax on Australian sourced income, including dividends, interest, royalties and MIT fund payments (distributions), which they have received or have had attributed to them. A MIT fund payment may include capital gains that relate to taxable Australian property.
- Income relating to foreign source income and capital gains on assets from non-taxable Australian property (including on the sale or redemption of units in the fund) is generally not subject to tax, for non-residents.
- Non-resident investors receive a withholding tax exemption for investments by an Australian fund in foreign assets.
- Higher rates of tax may be payable if the investor is itself a trustee or holds its investment in the ARFP fund through a permanent establishment in Australia.

Australian resident investors in either a foreign or an Australian ARFP fund

- Australian resident investors are generally taxed on distributions of Australian and worldwide sourced income and capital gains at year end (or in the case of trusts, the income attributable to an Australian resident investor).
- Resident investors generally receive a foreign income tax offset where the distribution they received includes foreign sourced income on which tax has been paid.
- Tax is generally payable by the resident investor on capital gains made on sale or redemption of shares/units in an ARFP fund.
- Australia has a progressive tax system, meaning the tax rate applied to individuals is dependent on their taxable income. Higher levels of net taxable income are subject to higher tax rates.
- Investors that are companies are subject to a corporate tax rate: Entities with aggregated turnover less than $25 million are currently subject to a corporate tax rate of 27.5 per cent (from 1 July 2017).
- The corporate tax rate for all other companies is 30 per cent.
- The Australian Government has committed to reducing the corporate tax rate for all companies to 25 per cent and has introduced legislation to do so. From 1 July 2018, entities with a turnover less than $50 million will be subject to a 27.5 per cent tax rate.

<u>Tax changes</u>

Investment Manager Regime (IMR) changes

- The Government's IMR reform provides that, subject to meeting the appropriate tests, foreign funds that invest via an Australian fund manager are eligible to access IMR concessions, in relation to disposal gains and losses
- That is, foreign entities can disregard certain Australian income tax consequences.
- This means that when a foreign investor invests in Australia through a foreign fund or an independent Australian fund manager it will be in the same tax position as if it had invested directly.

New collective investment vehicle

- The Government announced that it will introduce a corporate collective investment vehicle (CIV) that will provide non-resident investors with a vehicle structure that they are more familiar with.
- The corporate CIV will be a flow-through tax vehicle which means that investors will be taxed as if they had invested directly.

Withholding tax rates

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The Government recently undertook a public consultation process on the current CIV and MIT non-resident withholding taxes. At the time of drafting, the Government had not yet announced its response to the review.

MIT tax changes

The Government introduced a new class of MITs in 2016. This new MIT is known as an attribution MIT – the attribution method of tax provides greater certainty for trustees and beneficiaries of MITs by aligning the commercial and tax consequences of the activities of a MIT, while still providing flow-through of income and tax offset amounts with particular tax characteristics.
The tax outcomes for investors remain broadly aligned with MITs.

</td></tr>
<tr><td>Korea</td><td>
Foreign CIS and fund managers
A foreign CIS or its fund manager is not subject to be taxed unless the CIS or the manager has no permanent establishment (“PE”) in Korea.

Korean resident individual Investors
The general tax implications for individual investors in a foreign CIS may vary depending on the type of CIS.

Investment Trust:

A Korean resident individual investor is subject to taxes on foreign sourced income in accordance with the IITA. Generally, income derived from and distributed from a foreign CIS is treated as dividend income subject to withholding tax at 15.4%.
Apart from the aforementioned 15.4% withholding tax, an individual who invested in a trust-form foreign CIS and has greater than KRW 20 million annual incomes from investment in financial instruments at year end is subject to taxation. The amount exceeding KRW 20 million is added to the taxpayer’s other aggregate income and a progressive tax rate applies.

Investment Company:

A Korean resident individual investor is subject to taxes on foreign sourced income like the above. On the other hand, income from the disposal of foreign CIS shares is regarded as capital gain subject to withholding tax at the rate of 22%.

<table>
<tr><th>Type of Income</th><th>Investment Trust</th><th>Investment Company</th></tr>
<tr><td>Dividends</td><td>15.4%</td><td>22.0%</td></tr>
<tr><td>Interest</td><td>15.4%</td><td>22.0%</td></tr>
<tr><td>Capital Gain</td><td>15.4%</td><td>22.0%</td></tr>
<tr><td>FX Profit</td><td>15.4%</td><td>22.0%</td></tr>
</table>
</td></tr>
<tr><td>New Zealand</td><td>
New Zealand residents are taxed under New Zealand rules in relation to income from domestic or foreign sources. Income from foreign sources is taxed differently. This will likely be outlined to New Zealand investors via a disclosure mechanism as set out above so the investor can make an informed choice.

We think it likely that foreign ARFP fund managers will not be required to have a taxable presence in New Zealand.

The same situation should apply to foreign investors in New Zealand funds as they will not be a resident for tax purposes in New Zealand.

Please see the EY Report “Asia region funds passport – the state of tax” for further information.
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</table>

Thailand	1. Foreign CIS operator offering interest in Thailand: • According to Section 76 Bis of the Revenue Code, the Revenue Department will generally conclude that, where a foreign company 1) Appoints an agent (employee, representative, go-between); and 2) Earns income/profit in Thailand the income/profit earned (includes only those generated in Thailand, such as front-end and back-end fees, but excludes management fees) will be taxable in Thailand and its agent will be deemed as a permanent establishment (PE) of the foreign company. • However, where there exists a double tax agreement between Thailand and the country of the foreign company, the Revenue Department may not deem the agent as a PE of the foreign company if the Revenue Department considers the agent to be "independent" from the foreign company • Based on SEC's study of past cases, the Revenue Department had focused on the level of income the agent receives from the foreign company (as a % of the agent's total income) in assessing the independence of the agent. Nevertheless, the Revenue Department stresses that the assessment will be done on a case-by-case basis. 2. Thai local investors investing in a foreign ARFP fund will be taxed accordingly: • **local corporate investor –** dividend income and capital gain are includable in the net profit computation for corporate income tax purposes; and • **local non-corporate investor –** dividend income and capital gain are required to be included in gross income when calculating year-end personal income tax. * Local non-corporate investor also includes those who stays in Thailand for a period aggregating to 180 days or more in a tax year. * Non-resident investor investing in foreign ARFP fund and receiving dividend income or capital gain from the foreign ARFP fund has no duty to pay tax according to the Thai law.

4. Distribution

Japan	(Need for license in the sale of foreign investment trusts/foreign investment corporations) (4.1.) ➢ In Japan, when selling Beneficiary Certificates of foreign investment trusts or Investment corporations, Investment Equity Subscription Right Certificates or securities similar to Investment Corporation Bond Certificates issued by foreign investment corporations (hereinafter, "Foreign Investment Securities"), through qualified distributors holding licenses based on the FIEA (such as financial instruments business operators, etc.), the act of providing disclosure documents to general investors does not require any forms of registration, etc. (however, the act of providing the said documents requires business registration based on the FIEA, in cases where solicitation for acquisition is involved). (4.2) ➢ Similarly, when engaging in the issuance or redemption of such securities through qualified distributors holding licenses based on the FIEA (such as financial instruments business operators, etc.), the act itself does not require any form of registration, etc. (the basic premise is that financial instruments business, such as acts of investment or Public Offering, is not conducted in Japan). （4.3） ➢ Refer to "3. Local agents" below. The following provides a supplementary explanation on the overview of the legal systems of Japan. (Procedures, etc. necessary for the sale of foreign investment trusts/foreign investment corporations)

	➢ When dealing in Public Offering of the Beneficiary Certificates of foreign investment trusts or of Foreign Investment Securities of foreign investment corporations, the issuer of Beneficiary Certificates of foreign investment trusts or foreign investment corporations, or the party planning the establishment of such corporations (hereinafter, "issuer"), is required to submit a notification to the authorities beforehand (Article 58, Article 220 of the Act on Investment Trusts and investment Corporations). Similarly, notifications based on the Act on Investment Trusts and Investment Corporations have to be submitted even in cases where the foreign investment trust or foreign investment corporation in question is an ARFP fund. (Note 1) The items that should be included in the relevant notification documents and the attachments are listed as follows. The notification documents in question must be drawn up in the Japanese language. Furthermore, Japanese translations must be attached to the attachments, except in cases where these documents are drawn up in the English language. Note 1: In cases where legal reasons are applicable (for example, when changes arise in the terms and conditions for foreign investment trusts, or when changes arise in the items included in the notification documents of foreign investment corporations), there are cases where it is necessary to submit notifications on the changes in question (refer to Article 59, Article 221 of the Act on Investment Trusts and Investment Corporations). 1. Foreign investment trusts (1) Items to be included in the notification documents (Paragraph 1 of Article 58 of the Act on Investment Trusts and Investment Corporations, Paragraph 2 of Article 96 of the Order for Enforcement of the same Act) • Items pertaining to the settlor, trustee, and beneficiary • Items pertaining to Beneficiary Certificates • Items pertaining to the management and investment of trusts • Items pertaining to the calculation of trusts and distribution of profits • In addition to the above, matters set forth in each item of Paragraph 2 of Article 96 of the Order for Enforcement. (Note 2) Notification documents are required to be drawn up using Appended Form 1 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, while details on the outline of the contents are set forth in VI-3-2-5 of the Guidelines for Supervisions. Note 2: Although not stipulated under existing laws, there are plans to revise the Order for Enforcement in the future to add, as an item to be included in the notification documents, the fact that the foreign investment trust in question has been created in accordance with ARFP rules, when that is the case (specific text yet to be defined). (2) Attachments (Paragraph 2 of Article 58 of the Act on Investment Trusts and Investment Corporations, Paragraph 3 of Article 96 of the Order for Enforcement of the same Act) • The basic terms and conditions of the foreign investment trust in question, or similar documents • In addition to the above, written documents set forth in each item of Paragraph 3 of Article 96 of the Order for Enforcement. (Note 3) Note 3: Although not stipulated under existing laws, there are plans to revise the Order for Enforcement in the future to add, as an attachment, written documents certifying the non-correspondence with the criteria for rejecting certification in the host country under ARFP rules. 2. Foreign investment corporations (1) Items to be included in the notification documents (Paragraph 1 of Article 220

	of the Act on Investment Trusts and Investment Corporations, Paragraph 2 of Article 261 of the Order for Enforcement of the same Act) • Purpose, trade name, and address • Items pertaining to the organization and executive officers • Items pertaining to the management and investment of assets • Items pertaining to calculation, and the distribution of profits • Items pertaining to rights indicated on Foreign Investment Securities • Items pertaining to the refund or repurchase of Foreign Investment Securities • In addition to the above, matters set forth in each item of Paragraph 2 of Article 261 of the Order for Enforcement.(Note 4) Notification documents are required to be drawn up using Appended Form 20 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, while details on the outline of the contents are set forth in VI-3-2-7 of the Guidelines for Supervisions. Note 4: Although not stipulated under existing laws, there are plans to revise the Order for Enforcement in the future to add, as an item to be included in the notification documents, the fact that the foreign investment corporation in question has been created in accordance with ARFP rules, when that is the case (specific text yet to be defined). (2) Attachments (Paragraph 2 of Article 220 of the Act on Investment Trusts and Investment Corporations, Paragraph 3 of Article 261 of the Order for Enforcement of the same Act) • The certificate of incorporation of the foreign investment corporation or documents equivalent thereto • In addition to the above, written documents set forth in each item of Paragraph 3 of Article 261 of the Order for Enforcement(Note 5) Note 5: Although not stipulated under existing laws, there are plans to revise the Order for Enforcement in the future to add, as an attachment, written documents certifying the non-correspondence with the criteria for rejecting certification in the host country under ARFP rules. 3. Local agents • When submitting the notifications pertaining to foreign investment trusts and foreign investment corporations described in 1. and 2. above (including notifications on changes arising in the notifications in question), it is stipulated that it is mandatory to determine the parties with an address in Japan, and who has the rights to act on behalf of the fund issuer with regard to all the actions pertaining to the submission of the notifications in question (hereinafter, "local agents") (Article 95 and Article 260 of the Order for Enforcement). • When the local agent (assumed to be a lawyer) deals in Public Offering of ARFP funds in Japan, he or she receives cooperation and advice from an Agent Association Member,(Note 6) and carries out the translation/drawing up of documents necessary for carrying out Public Offering in Japan, such as disclosure documents including SRS and ASR, and sale/solicitation documents such as a prospectus, basic terms and conditions of the investment trust, and written documents prior to the conclusion of contracts. At the same time, he or she also liaises and coordinates with the fund issuer in the home country (refer to "5. Local agent" for details). Note 6: An Agent Association Member refers to a member of the Japan Securities Dealers Association who carries out work such as the distribution of the prospectus and publication of net asset value, on behalf of the issuer or local underwriter of Beneficiary Certificates of foreign investment trusts or of Foreign Investment Securities of foreign

	investment corporations, based on contracts with such issuers or local underwriters, concerning the domestic sale of such securities. ➢ There are related stipulations pertaining to the sale of foreign investment trusts/foreign investment corporations in Japan in the voluntarily established regulations "Rules concerning Foreign Securities Transactions" established by the Japan Securities Dealers Association, which is a voluntary regulatory organization with sales business operators in Japan as its members. Article 15 of these Rules stipulates that all of the following criteria must be satisfied in order for a member of the Association (sales company) to engage in solicitation activities toward investors, and that the Association member in question must verify that there are no issues with regard to the protection of the investor. [Criteria to be fulfilled by foreign investment trusts/foreign investment corporations] • To be established based on the laws and regulations of the country or region that satisfies the following established criteria: ✓ To have established laws and regulations for the systems pertaining to the securities in question ✓ To have established laws and regulations for the disclosure of the securities in question ✓ To have a regulatory agency that monitors the issuer of the securities in question, or an equivalent institution ✓ To be able to send and receive moneys pertaining to the securities in question, such as purchase price, sales price, gains from the investment, etc. • In cases that correspond with the dealing of Public Offering or Secondary Distribution, to be compliant with the separately established Selection Criteria*. An overview of the Selection Criteria described above is provided as follows. *RULES CONCERNING FOREIGN SECURITIES TRANSACTIONS (Selection Criteria of Foreign Investment Trust Beneficiary Certificates) Article 16 The selection criteria of Foreign Investment Trust Beneficiary Certificates (limited to open-end types and excluding Foreign ETF; the same shall apply hereinafter in this Article) shall be set forth in each of the following Items: (1) Amount of Minimum Net Asset Value: (a) Net asset value of the Foreign Investment Trust shall be 100 million yen or more (Foreign currencies shall be converted into yen at the basic exchange rate announced by Bank of Japan or a rate similar thereto. The same shall apply in this Article and the following Article.) ; and (b) Net asset value of the management company (issuer of the beneficiary certificate) shall be 50 million yen or more. (2) Designation of Safekeeping Place: The businesses concerning the safekeeping of assets shall be consigned to a bank or trust company. (3) Designation of Agent in Japan: An agent of the management company (an individual or a corporation which is authorized by the management company to conduct any judicial or extrajudicial act in Japan) shall be established in Japan. In such cases, the post of the said agent may be concurrently held by an Agent Association Member prescribed in Item 5 (an Association Member who is the designated company for Foreign Investment Trust Securities (limited to those confirmed by the Association Member that it meets the selection criteria) and who is responsible for

	conducting the business prescribed in Article 21 in Japan on behalf of an issuer of the Foreign Investment Trust Securities under the agreement with the issuer or a local underwriter of the Foreign Investment Trust Securities; the same shall apply hereinafter). (4) Jurisdiction: Any lawsuit related to transactions in Foreign Investment Trust Beneficiary Certificates acquired by a Japanese investor shall be clearly subject to the jurisdiction of Japan. (5) Agent Association Member: The Agent Association Member shall be established in Japan. (6) Limitation on Short Selling: The total Market Price of the securities sold short shall not exceed the net asset value. (7) Limitation on Borrowing: (a) For Foreign Investment Trust Beneficiary Certificates other than Foreign Real Estate Investment Trust Beneficiary Certificates, the amount of borrowing shall not exceed 10% of the net asset value; provided, however, that this shall not apply if such amount temporarily exceeds 10% for a reason such as merger; (b) Concerning Foreign Real Estate Investment Trust Beneficiary Certificates, when borrowing is necessary due to asset management, etc., care should be taken regarding the soundness of the investment trust assets. (8) Limitation on Derivative Transactions, etc.: Concerning Foreign Investment Trust Beneficiary Certificates (excluding Foreign Real Estate Investment Trust Beneficiary Certificates; the same shall apply in the following Item), if the amount calculated in advance with a reasonable method by an administration company or a management company as the amount that is equivalent to risks that possibly arise as a result of changes of interest rate, exchange rate, quotation in the financial instruments markets, and other indicators or other reasons exceeds the amount of net assets, derivative transactions, etc. (derivative transactions prescribed in Article 2, Paragraph 20 of the FIEA (including transactions of Share Option Certificates, Foreign Share Option Certificates, Investment Equity Subscription Right Certificates, or Foreign Investment Equity Subscription Right Certificates, or securities or certificates that represent options prescribed in Article 2, Paragraph 1, Item 19 of the FIEA, sales or purchase of Bonds with Options Rights, and transaction of commodity investment, etc. (those prescribed in Article 3, Item 10 of the Enforcement Order of the Act on Investment Trust and Investment Corporations)); the same shall apply hereinafter) shall not be conducted. (9) Managing Credit Risk: Concerning Foreign Investment Trust Beneficiary Certificates, it is not allowed to conduct a transaction that is against a reasonable method pre-determined by an administration company or a management company for properly managing the credit risk (a risk possibly generated by a default by a counterparty or other reasons in respect of holding securities and other assets; the same shall apply hereinafter). (10) Limitation on Acquisition of Shares of Same Issuing Company: More than 50% of the total number of voting rights (with the meaning of voting rights prescribed in Article 9, Item 1 of the Investment Trust Act; the same shall apply hereinafter) of a single issuing company shall not be owned by a Foreign Investment Trust through Foreign Investment Trust Beneficiary Certificates managed by a management company. In such cases, percentage may be calculated based upon either the price of such shares at the time of acquisition or the market value of such shares. (The same shall apply in this Article and the following Article). (11) Maintaining Price Transparency:

	For privately offered share, non-listed share, and real estate, etc., with less liquidity, there shall be a system in place to maintain price transparency; provided, however, that it shall not apply to the funds that clearly stated policy of not investing more than 15% in less-liquid assets. (12) Prohibition of Improper Transaction: The management company shall be forbidden to conduct transactions for the purpose of its own benefit or for the benefit of third parties other than beneficiaries and other transaction, etc. that go against the protection of the beneficiary or hamper the appropriate management of the investment trust assets. (13) Change in Managers: A change in the officers of the management company shall require the approval, etc. of the relevant authorities, investors or trustees. (14) Clarified Purchase Method: The method of purchasing the securities sold back by investors shall be clarified in the country where the Foreign Investment Trust Beneficiary Certificates are established. (15) Disclosure to Investors: Details of Foreign Investment Trust Beneficiary Certificates shall be disclosed to the investors and relevant authorities in the country where the Foreign Investment Trust Beneficiary Certificates are established; provided, however, that this shall not apply in the event that the disclosure is conducted pursuant to the FIEA. (16) Audit Certificate: Financial statements of Foreign Investment Trust Beneficiary Certificates shall be audited by an independent auditor. (Selection Criteria of Foreign Investment Securities) Article 17 The selection criteria of Foreign Investment Securities (limited to open-end Foreign Investment Securities and excluding Foreign ETF; the same shall apply in this Article) shall be as set forth in each of the following Items: (1) Amount of Minimum Net Assets: (a) Net asset value held by the foreign Investment Corporation shall be 100 million yen or more; (b) Net asset value of the management company shall be 50 million yen or more. (2) Designation of Safekeeping Place: The businesses concerning the safekeeping of assets shall be entrusted to a bank or trust company. (3) Designation of Agent in Japan: An agent of the relevant foreign Investment Corporation (an individual or a corporation which is authorized by the foreign Investment Corporation to conduct any judicial or extrajudicial act in Japan) shall be established in Japan. In such cases, the post of the said agent may be concurrently held by the Agent Association Member. (4) Jurisdiction: Any lawsuit related to transactions in Foreign Investment Securities acquired by a Japanese investor shall be clearly subject to the jurisdiction of Japan. (5) Agent Association Member: The Agent Association Member shall be established in Japan. (6) Limitation on Derivative Transactions, etc.: If the amount calculated in advance with a reasonable method by a foreign investment corporation, an administration company, or a management company as the amount that is equivalent to risks that possibly arise as a result of changes of interest rate, exchange rate, quotation in the financial instruments markets, and other indicators or other reasons exceeds the amount of net assets, derivative transactions, etc. shall not be conducted. (7) Managing Credit Risk:

	It is not allowed to conduct a transaction that is against a reasonable method pre-determined by a foreign investment corporation, an administration company, or a management company for properly managing the credit risk. (8) Limitation on Acquisition of Shares of Same Issuing Company: More than 50% of the total number of voting rights of a single issuing company shall not be owned by a foreign Investment Corporation. (9) Prohibition of Acquisition of Own Securities: The relevant foreign Investment Corporation shall not acquire Foreign Investment Securities issued by itself. (10) Prohibition of Improper Transactions: The management company shall be forbidden to conduct transactions for the purpose of its own benefit or for the benefit of third parties and other transaction, etc. that go against the protection of the investor or hamper the appropriate management of the assets of an Investment Corporation. (11) Change in Managers: A change in the officers of the foreign Investment Corporation shall require the approval, etc. of the relevant authorities, investors or trustees. (12) Clarified Purchase Method: The method of purchasing the securities sold back by investors shall be clarified in the country where Foreign Investment Securities are established. (13) Disclosure to Investors: Details of Foreign Investment Securities shall be disclosed to the investors and relevant authorities in the country where Foreign Investment Securities are established; provided, however, that this shall not apply in the event that the disclosure is conducted pursuant to the FIEA. (14) Audit Certificate: Financial statements of Foreign Investment Securities shall be audited by an independent auditor. In Japan, in order to sell foreign investment trusts/foreign investment corporations, after securing a business operator to conduct the sales in Japan (Agent Association Member), the seller in question has to be subjected to a review on their compliance with the Selection Criteria for the securities in question. Refer to the following “Certification flow for ARFP funds” on the procedures for the certification of ARFP funds. As the target for review based on the abovementioned Selection Criteria is limited to open-ended foreign investment trusts and foreign investment corporations, it is necessary for the foreign fund in question to correspond with either a foreign investment trust or a foreign investment corporation in order for it to be brought into Japan.(Note 7) (Note 8) Note 7: Refer to Paragraphs 24 and 25 of Article 2 of the Act on Investment Trusts and Investment Corporations for the definitions of “foreign investment trusts” and “foreign investment corporations.” Note 8: Since before, it has been possible for funds corresponding with foreign investment trusts/foreign investment corporations to be brought into Japan as regular foreign investment trusts/foreign investment corporations (regular “Regulated CIS”), even in cases where they are registered as ARFP funds in their home countries. Of ETF and close-ended funds, those that fulfill the criteria set forth in the rules of the Japan Securities Dealers Association, such as funds listed in foreign exchanges and financial markets (limited to funds assessed to pose no issues with regard to the protection of investors), may be handled by members of the Association as “foreign equities, etc.” (trading through intermediaries/agencies to foreign financial instruments markets, or over-the-counter trading in Japan, etc.). In such cases, these

instruments have already been subjected to reviews at foreign securities exchanges, and may be sold in Japan through securities companies. Hence, there is little need to regard them as targets for the ARFP.[Note 9] On the other hand, with regard to close-ended funds that are not listed in the markets of the respective countries, it is not easy to calculate the market values and fair value in the same way as private equities, and there is also inadequate disclosure of information to investors. Based on these reasons, they are considered to be unfamiliar instruments to be sold widely in Japan to general investors, and therefore may not be sold in Japan.

Note 9: Reviews of these funds are not carried out based on the abovementioned Selection Criteria (not subjected to the application of the Selection Criteria in line with voluntarily established rules of the Japan Securities Dealer Association), and there are also no legal requirements for the submission of notifications in accordance with the Act on Investment Trusts and Investment Corporations.

※FIEA (English)
http://www.fsa.go.jp/common/law/fie01.pdf

※ Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. (English)

http://www.fsa.go.jp/en/refer/guide/instruments.pdf

※ Act on Investment Trusts and Investment Corporations (English)
http://www.japaneselawtranslation.go.jp/law/detail/?printID=&id=1903&re=01&vm=02

※ Order for the Enforcement of the Act on Investment Trusts and Investment Corporations (English)
http://www.japaneselawtranslation.go.jp/law/detail/?printID=&ft=1&re=01&dn=1&co=01&ia=03&x=0&y=0&ky=%E6%8A%95%E8%B3%87%E4%BF%A1%E8%A8%97%E5%8F%8A%E3%81%B3%E6%8A%95%E8%B3%87%E6%B3%95%E4%BA%BA%E3%81%AB%E9%96%A2%E3%81%99%E3%82%8B%E6%B3%95%E5%BE%8B%E6%96%BD%E8%A1%8C%E8%A6%8F%E5%89%87&page=3&vm=02

※Rules concerning the Trading of Foreign Securities Transactions (Japan Securities Dealers Association) (English)
http://www.jsda.or.jp/en/rules-guidelines/E53.pdf

(Certification flow for ARFP funds)

The following are the procedures for selling ARFP funds in Japan (refer to the appended ● "ARFP Certification Flowchart" and the appended ● "Timeline for the Public Offering, etc. of ARFP funds").

1. Select the local agent (refer to "5. Local agent" below) and the sales company in Japan (Agent Association Member).
2. In line with ARFP rules, prepare the application forms required when carrying out procedures for acquiring certification in the host country, as well as the written documents certifying compliance with the Selection Criteria based on the voluntarily established regulations of the Japan Securities Dealers Association, and deliver the documents to the Agent Association Member through the local agent [Note 10].

Note 10: The format of the documents to be submitted described above and the checklists will be formulated at a later date (P).

3. After the documents in question have been reviewed by the Agent Association Member based on the Selection Criteria that are in line with the voluntarily established regulations of the Japan Securities Dealers Association (used for ARFP funds. Refer to the appended ● for the contents of these Criteria.) as well as

	based on the ARFP checklist, and been assessed to pose no issues, the documents in question are submitted to the Japan Securities Dealers Association, and subjected to a review by the same Association (superficial review on aspects such as whether there are any inadequate documents, etc.) (Note 11). Note 11: In the case of a foreign investment trust, due to reasons related to supervision by the authorities, it is necessary to include the point that the fund "is an ARFP fund" in the terms and conditions for the foreign investment trust. 4. Notification of the foreign investment trust or foreign investment corporation is submitted to the authorities, based on the Act on Investment Trusts and Investment Corporations. The notification in question reaches the authorities, and is checked to ensure that it has fulfilled all the notification criteria (superficial check on aspects such as the items included in the notification and whether there are any inadequate attachments, etc.). After that, the notification is "certified" in accordance with ARFP rules. However, sales cannot be carried out in the period until the SRS submitted after this notification takes effect (15 days after submission). The items to be included in the notification, as well as the attachments, are as described above. There are plans to add the requirement of attaching the same documents as those that are submitted to the Japan Securities Dealers Association to the notification in such cases (Note 12) (P). Note 12: The documents in question correspond with the written documents certifying the non-correspondence with the criteria for rejecting certification in the host country under ARFP rules, which are scheduled to be revised as explained above. 5. After the day of the submission of notification on the foreign investment trust or foreign investment corporation based on the Act on Investment Trusts and Investment Corporations, the SRS is submitted in accordance with the FIEA. 6. Public Offering (sales) is permitted after the SRS comes into effect (15 days after submission if there are no issues). If we were to discuss the Japanese legal system in relation with Annex 1-2(2)(b) of the ARFP rules, business registration would be necessary as the acts of issuing, selling, and solicitation for fund equities (foreign investment trusts) toward Japanese sales business operators (including cases where they are undertaken by Japanese sales business operators), by operators that have not acquired the license to engage in the trading of securities or the dealing of Public Offering overseas, or by ARFP funds (issuing entity), correspond with the financial instruments business described in the FIEA. However, in cases where the investment company in question has acquired the license to engage in the trading of securities or the dealing of Public Offering overseas, it may engage in such acts without registering as a financial instruments business operator in Japan (provision in Article 58(2) of the FIEA).
Australia	In Australia there is no requirement to have a licence or exemption to provide ARFP fund disclosure documents to retail investors. There is no requirement to have a licence or exemption from ASIC to issue and redeem interests in the ARFP fund through a locally licensed distributor. This is because under Section 911A(2)(b) of the Corporations Act, an exemption applies to the issue of an interest in a CIS under an arrangement between the issuer and a financial services licensee under which the licensee offers to arrange for the issue and the issues are made in accordance with that arrangement, so long as the service is covered by the financial services licensee's licence. Section 911A(2)(c) also provides an exemption for an issuer enabling them to process the redemption of interests issued in accordance with such an arrangement. There is generally a requirement to have a licence or exemption to provide advice and otherwise deal with distributors and platforms (as wholesale clients) in order to organise for the issue of ARFP funds. Exemptions may be provided so that such a licence is not

	required by an ARFP fund operator in accordance with Annex 1 of the ARFP Memorandum of Co-operation (MOC). **Application forms** Issues and sales to retail investors must generally occur through applications using the required application form (1016A). The application form must accompany a PDS, and most PDS will include the application form at the end of the PDS. **Minimum subscription and amount** If a PDS states that there will be no issue or sale unless a minimum number of applications are received for interests in a fund of a minimum amount raised, then interests can't be issued until that amount is satisfied. If the PDS condition for a minimum subscription or amount is not achieved within 4 months of the date of the PDS, then the retail investor's money must be refunded or a new PDS given and a 1 month period to allow the investor to withdraw their application. A retail investor also has a right to return the interests in the fund and have their money returned, if no new PDS is given or during the 1 month period to withdraw. **Trading on a financial market** If a PDS states that the interests in the fund will be able to be traded on a financial market, then issue or sale of the interests must only occur if the interests can be traded or an application to trade has been made within 7 days after the date of the PDS. **Product intervention power and issuer obligations** The Government is currently consulting on the introduction of design and distribution obligations which would apply to issuers and distributors of financial products and a product intervention power for the Australian Securities and Investments Commission, which would enable the regulator to intervene where a financial or credit product is identified as creating a risk of significant consumer detriment. Consultation closes 15 March 2017. No final policy decision has yet been made on the scope and specific requirements which may apply.
Korea	A foreign CIS operator looking to offer foreign CIS in Korea may do so only through locally licensed distributors pursuant to article 280 of the FSCMA. The locally licensed distributors are responsible for providing the required disclosures to investors, issuing and redeeming CIS interests on behalf of the foreign CIS operator. Additionally, there is no requirement for a license or an exemption from the FSC/FSS to engage in aforementioned activities. Article 18 of the FSCMA does provide, however, that a foreign CIS operator must obtain an investment advisory business license to provide advisory services on CIS investment to retail investors. Because eligibility requirements for foreign CIS operators and sales requirements for foreign CIS as provided in article 301 of the FSCMA differ from the ARFP rules, the FSC/FSS expects to make appropriate rule changes to ensure consistency and harmony between the two after the ARFP is fully implemented. The following eligibility requirements apply to for foreign CIS operators: • The size of the assets under management (AUM) of the foreign CIS operator under must not be less than KRW 1 trillion; • The amount of capital of the foreign CIS operator must meet the minimum

	capital requirement; • The foreign CIS operator must have no prior record of having been subjected to any sanction or other adverse actions by either the home or the host authorities; and • The foreign CIS operator must have a local agent in Korea. The followings prerequisites apply for the sale of foreign CIS: • Interest in a foreign CIS must be issued in accordance with the laws of OECD member jurisdictions, Hong Kong, or Singapore; • Expenses such as compensations and fees must be explicitly stated and not set at excessively high levels vis-à-vis the prevailing international standards and practices; • Investors must be able to recover the amount invested in either a direct or an indirect manner through redemption or other available means; • Foreign CIS operators must comply with the applicable management restrictions and requirements. (Please refer to Annex 19 of Regulation on the Supervision of Financial Investment Business.)
New Zealand	New Zealand does not impose legal restrictions on business to business engagement. For retail offers, New Zealand requires the manager of the CIS to have a licence to offer the CIS product. We will consider the best way to ensure consistency with the MOC in relation to retail offers. For wholesale offers, New Zealand does not require participants to have a licence for the issue or redemption of interests in a CIS through a locally licensed distributor. However: • FMA requires CIS operators to demonstrate that they can meet minimum standards in relation to disclosure and advertising as part of the general licensing process. Therefore to the extent that other jurisdictions do not cover this off as part of their local licensing requirements for operators the FMA may require operators of ARFP funds to provide comfort on that issue; and • In practice an offshore entity would likely wish to use a local broker to locate customers and to endorse and explain the product anyway. Beyond disclosure, advertising and fair dealing restrictions, New Zealand does not explicitly regulate the distribution of CIS products. However, where the marketing or distribution of a CIS also involves associated financial advice, the advice will be subject to the Financial Advisers Act 2008 (FA Act) (A copy of the FA Act can be obtained from www.legislation.govt.nz/act/public/2008/0091/latest/whole.html). The FA Act places specific restrictions on activities that go beyond distribution or sales and involve the provision of 'financial advice'. 'Financial advice' is provided when a person makes a recommendation or gives an opinion in relation to acquiring or disposing of a financial product. Advisers need to be registered on the financial service providers register to provide a financial adviser service and may also need to be authorised by the FMA to provide a financial adviser service depending on the type of advice that is given and the type of client to whom the advice is given. If advice is provided by a distributor on behalf of the CIS operator (as agent) to retail clients, then the CIS operator will need to be registered and may need to be an authorised financial adviser (if the distributor is providing a personalised service), as if it had provided that advice itself. We will consider the best approach to ensure consistency with the MOC. Participants should also be aware that the FA Act is currently under review and an exposure draft of new legislation is expected to be released early next year. Changes to the FA Act are expected to include a requirement that all persons providing financial advice to retail clients are licensed. We

	will keep this under review as the drafting of the new legislation progresses to ensure consistency with the MOC.
Thailand	There is no licensing requirement imposed on the foreign CIS operator seeking to offer its interest in Thailand. In order to offer its interest in Thailand, the foreign CIS operator is required to appoint a local representative (more information as appended below) as well as a local licensed distributor(s), noting that both the former and latter can be the same entity. SEC requires the disclosure documents, as approved, registered, or filed with the foreign CIS operator's home regulator, together with any additional information required to be disclosed by SEC's Host Laws and Regulations be lodged with the SEC upon filing for streamlined authorization of the ARFP CIS. The issuance and redemption of interest must be done through a local licensed distributor. Prior to selling units of the ARFP CIS, the local distributor must provide the disclosure documents (containing the same material information no different from the version lodged with SEC), which include Fund Fact Sheet and any supplementary information/documents used in offering in the Home economy of the ARFP CIS. Such supplementary information must be kept at the office or on the website of the local distributor and delivered to investors upon request. There is no licensing requirement for foreign CIS operator seeking to engage in a business-to-business dealing with local operators/distributors.

5. Local agent

Japan	➢ When the issuers of Beneficiary Certificates of foreign investment trusts or foreign investment corporations, or parties planning to establish such a corporation (hereinafter, "issuer") deal in Public Offering of Beneficiary Certificates of foreign investment trusts or Investment Securities, Investment Equity Subscription Right Certificates, or securities similar to Investment Corporation Bond Certificates issued by foreign investment corporations (hereinafter, "Foreign Investment Securities"), it is required to submit a notification to the authorities beforehand (Article 58 and Article 220 of the Act on Investment Trust and Investment Corporations). However, in the submission of this notification, the issuer is required to determine a party with an address in Japan, and who has the rights to act on behalf of the issuer for all acts pertaining to this notification (Article 95 and Article 260 of the Order for the Enforcement of the Act on Investment Trusts and Investment Corporations). Typically, a lawyer in Japan is appointed as the representative who carried out notification-related work on behalf of the issuer. ➢ This representative is not required by law to be a lawyer. Hence, the issuer may decide on whom to appoint as his or her representative. However, the representative generally communicates with the Agent Association Member (sales company), and carries out work related to the drawing up/translation of documents based on laws and regulations. As such work calls for a degree of professional expertise, in actual fact, it is considered necessary to conclude some form of agreement with a lawyer in Japan. ➢ Furthermore, when selling Beneficiary Certificates of foreign investment trusts or Foreign Investment Securities in Japan, it is necessary to secure a seller in Japan (Agent Association Member) apart from the abovementioned representative, and for the seller in question to undergo a review of the securities in question for compliance with the Selection Criteria of the voluntarily established regulations of the Japan Securities Dealers Association. Refer to "4. Distribution" for details. ※ Act on Investment Trusts and Investment Corporations (English) http://www.japaneselawtranslation.go.jp/law/detail/?printID=&id=1903&re=01&vm=02 ※ Order for Enforcement of the Act on Investment Trusts and Investment Corporations (English) http://www.japaneselawtranslation.go.jp/law/detail/?printID=&ft=1&re=01&dn=1&co=01&ia=03&x=46&y=18&ky=%E6%8A%95%E8%B3%87%E4%BF%A1%E8%A8%97&page=48&vm=02
Australia	We envisage requiring that the operator of an ARFP fund offered in Australia must become a registered foreign company in Australia, under Chapter 5B of the Corporations Act. For details see http://www.asic.gov.au/asic/asic.nsf/byheadline/Foreign+Companies?opendocument There are currently more than 3,000 registered foreign companies with more than 3,000 local agents. The requirement applies to any foreign company carrying on a business in Australia, although Australia may require an ARFP fund operator to register as a foreign company (and comply with the obligations as a foreign company) regardless of whether they are carrying on business in Australia or not. The application to register as a foreign company must be in the prescribed form, and be accompanied by certain documents such as the constitution of the company in English or accompanied by a complying translation, and the prescribed fee. There are some naming restrictions (e.g., if the name of the foreign company is identical to the name of another registered foreign company).

	Once registered in Australia, foreign companies are required to lodge copies of financial statements (as prepared under the law of its home economy) with ASIC and notify ASIC when some company details change. A registered foreign company must always have a local agent or agents. A key reason for this requirement is to enable a person seeking to bring a court action against the foreign company to serve court documents on the foreign company. A local agent of a registered foreign company: • is answerable for the doing of all acts, matters and things that the foreign company is required by or under the Corporations Act to do; and • is personally liable to a penalty imposed on the foreign company for a contravention of the Corporations Act if a court or tribunal hearing the matter is satisfied that the local agent should be so liable. The local agent may be an individual or an Australian company. There are no requirements about the capacity or financial position of the local agent. Typically companies are established by lawyers or accountants to perform the role of the local agent. If the local agent changes a new one must be appointed and notified.
Korea	As required under article 301 of the Enforcement Decree of the FSCMA, a foreign CIS operator must appoint a local agent in Korea when registering a CIS with the FSC/FSS. This requirement applies only to publicly offered CIS. Therefore, since an ARFP CIS is publicly offered, its operator is required to appoint a local agent. In addition, article 7-53 of the Regulation on the Supervision of Financial Investment Business provides that the appointment of a local agent is restricted to the following persons or entities: • A local CIS operator; • A locally licensed distributor; • Any of the following entities as defined in the Attorney-at-Law Act: (a) A law firm; (b) A law firm with limited liability; (c) A law firm association; (d) An attorney at law who meets the requirements for partnership for a fir m under a law firm and who belongs to a joint office as defined in the Inc ome Tax Act; and • An accounting firm as recognized under the Certified Public Accountant Act. To appoint a local agent, a foreign CIS operator must submit the local agent contract to the FSC/FSS upon the completion of the registration of the foreign CIS with the FSC/FSS. After becoming duly registered, the local agent must file the required disclosure statements and other documents pertaining to the foreign CIS to the FSC/FSS and to the distributors on behalf of the foreign CIS operator. In general, the responsibility of the local agent is limited to aforementioned proxy tasks; the responsibility and liability pertaining to disclosure and document submission falls under the foreign CIS operator.
New Zealand	New Zealand will likely require a local agent for service only. The qualified distributor referred to above will not be an agent. However, for practical purposes an overseas business may wish to use a local agent who would likely be better placed to source customers. ARFP fund operators will remain responsible for overseeing agents sufficiently to ensure compliance with licence conditions and ARFP rules.

Thailand	A foreign CIS operator is required to appoint a licensed local representative who is authorised by SEC. A licensed local representative must be either an entity who holds securities license granted by the Ministry of Finance (upon the recommendation from SEC), such as securities companies, commercial banks, life insurance companies, and other financial institution specified by SEC. Alternatively, the CIS operator may seek direct approval from the SEC to appoint a representative office under Section 93 of the Securities and Exchange Act B.E. 2535. In such case, the representative office must be an entity incorporated under the Thai Law with the sole purpose of acting as the representative office for the CIS operator and therefore the representative's revenue may only come from the CIS operator and not from any other sources of revenue. The local representative will have the following responsibilities: • facilitate the disclosure and dissemination of ARFP fund's disclosure documents and any other information the CIS operator wishes to disclose to the investor in accordance with SEC requirements ; • act as the contact person on behalf of the CIS operator; • verify constitution documents of the ARFP CIS; and • liaise with registrar of the ARFP fund on behalf of Thai investors. There is no requirement for a CIS operator of an ARFP fund offered in Thailand to register as a foreign company.

6. Access to financial markets to sell ETFs

Japan	➢ With regard to Japan's export of ETF, under the current situation, there are no assumptions that investment trusts of Japan are listed at securities exchanges as ETF to be exported to other participating countries as ARFP funds. ➢ With regard to import of ETF created in other participating countries into Japan, as described in "4. Distribution" above, these are instruments that have already been subjected to reviews at foreign exchanges, and may be sold in Japan through securities companies. Hence, there is little need to regard them as ARFP targets.
Australia	To implement the ARFP in Australia, restrictions on marketing and issuing foreign funds (including ETFs) to Australian residents for ARFP funds offered under the ARFP arrangements will need to be modified. Under the modifications, foreign market participants would not need an Australian financial services licence to buy or sell ETFs on a foreign exchange on behalf of an Australian investor so long as: • they do not engage in conduct intended to induce people in Australia to use their financial services or that is likely that effect; • if the client is a wholesale client and the client does not carry on business in Australia (although this provision is under review); or • an Australian licensee on behalf of the client arranges for the foreign market participant to sell: Corporations Regulation 7.6.01(1)(n). Persons in other ARFP economies would not be subject to legal impediments if they wish to sell exchange traded ARFP fund units quoted on a financial market in Australia (apart from any identification requirements under anti money laundering laws that might apply). For example, Australian law does not prohibit Australian market participants from dealing in interests Australian ETFs on behalf of foreign investors if the investor's home jurisdiction permits. A PDS would be required to be lodged to permit offers of sales being made to persons in Australia, but this will have occurred as it is necessary to enable trading in Australia. There are no general restrictions on transferring money to or from Australia as a result of transactions involving persons in Australia (apart from certain countries or circumstances when sanctions apply). **Australian** financial institutions would have to comply with AML/CTF laws.
Korea	Regarding the issuance or sale of interests in a foreign exchange traded fund (ETF) in Korea, an ETF must be registered as a foreign CIS with the FSC/FSS pursuant to article 279 of the FSCMA and meet the listing criteria set by the Korea Exchange (KRX). For registration, the ETF must also comply with the eligibility prerequisites and the sales eligibility requirements applicable to foreign CIS operators as provided under article 301 of the Enforcement Decree of the FSCMA. However, please note that the eligibility requirement and prerequisites for an ARFP CIS will vary from the current ones for a foreign CIS after the ARFP is fully implemented. The following eligibility requirements apply to for foreign CIS operators: • The size of the assets under management (AUM) of the foreign CIS operator under must not be less than KRW 1 trillion; • The amount of capital of the foreign CIS operator must meet the minimum capital requirement; • The foreign CIS operator must have no prior record of having been subjected to any sanction or other adverse actions by either the home or the host

	authorities; and • The foreign CIS operator must have a local agent in Korea. The followings prerequisites apply for the sale of foreign CIS: • Interest in a foreign CIS must be issued in accordance with the laws of OECD member jurisdictions, Hong Kong, or Singapore; • Expenses such as compensations and fees must be explicitly stated and not set at excessively high levels vis-à-vis the prevailing international standards and practices; • Investors must be able to recover the amount invested in either a direct or an indirect manner through redemption or other available means; and • Foreign CIS operators must comply with the applicable management restrictions and requirements. (Please refer to Annex 19 of Regulation on the Supervision of Financial Investment Business.) For listing, foreign ETFs must also satisfy the listing criteria set by the KRX as prescribed in article 42-2 of the Securities Market Listing Regulation. When an ETF is duly registered and becomes listed on the KRX, there are no legal impediments for investors in buying or selling ETFs that are quoted on the market in Korea. Please follow the link below provided below for additional information on KRX listing: http://global.krx.co.kr/contents/GLB/03/0303/0303090100/GLB0303090100.jsp
New Zealand	We do not expect any barriers in either of the scenarios outlined above.
Thailand	In response to 6.1 - In such case a Thai investor must make the transaction through a local licensed intermediary, subject to the applicable foreign investment quota allocated to that particular transaction. This quota is set by the Bank of Thailand (BOT). Please refer to Capital Control for more information. The investor will be able to make such investment abroad up to the currency quota allocated by the BOT. In response to 6.2 - We are not aware of any legal impediments from our side that would apply to this scenario.

7. Privacy and anti-money laundering legislation (AML)

Japan	In Japan, the handling of personal information is mainly regulated by the Act on the Protection of Personal Information. The financial sector is required to comply with this Act, and the Financial Services Agency has formulated Guidelines on the Protection of Personal Information in the Financial Industry. ・Act on the Protection of Personal Information (English) http://www.japaneselawtranslation.go.jp/law/detail/?printID=&ft=1&co=01&ia=03&x=0&y=0&ky=%E5%80%8B%E4%BA%BA%E6%83%85%E5%A0%B1%E4%BF%9D%E8%AD%B7&page=6&re=02&vm=02 ・ Basic Policy on the Protection of Personal Information (Japanese) http://www.ppc.go.jp/files/pdf/280219_personal_basicpolicy.pdf ・Guidelines on the Protection of Personal Information in the Financial Industry (Japanese) http://www.fsa.go.jp/common/law/kj-hogo/01.pdf AML regime in Japan is in line with the FATF Recommendations. Preventive measures set out in the FATF Recommendations are prescribed by the Act on Prevention of Transfer of Criminal Proceeds and its subordinate order and ordinance. A copy of provisional English translation of the Act and its subordinate order and ordinance can be obtained from; https://www.npa.go.jp/sosikihanzai/jafic/en/hourei_e/hotop_e.htm Obligations under the Act are applied to 'specified business operators' including financial institutions which are defined in article 2(2) of the Act. In case conducting 'specified business affair' and 'specified transaction' which prescribed in article 4(1) of the Act and its subordinate order and ordinance, specified business operators are required to comply with the requirements to conduct relevant preventive measures. Such preventive measures include; • **Verification at the Time of Transaction** – When specified business operators carry on specified transaction with customers, it is required specified business operators to conduct customer due diligence (CDD) such as identifying customer identification data, purpose of conducting a transaction, an occupation/contents of business, beneficial ownership, etc. • **Verification Records –** Specified business operators are required to make verification records immediately upon conducting CDD and such records must be kept for a specified period. • **Transaction Records –** Specified business operators are required to make transaction records immediately upon carrying on transaction regarding specified business and such records must be kept for a specified period. • **Suspicious Transaction Reports** – Specified business operators are required to report suspicious transactions promptly to competent authorities when property accepted through specified business affairs is suspected to have been criminal proceeds or a customer is suspected to have been conducting money laundering. Foreign investment business operators (operator) that carry out investment activities on

	ARFP funds are required to sell funds in Japan through business operators that are registered as financial instruments business operators. As such, the acquisition of the personal information of Japanese investors is, in principle, not assumed to take place. However, in cases where the foreign investment business operator fulfills the requirements under the Act on the Protection of Personal Information, it is important to note that there are cases where it is mandatory to comply with the same Act and the abovementioned Guidelines (clearly stipulated in Article 75 of the revised Act on the Protection of Personal Information scheduled to be enforced in the first half of 2017). The main regulations that financial instruments business operators should comply with, as set forth in the Guidelines, are listed as follows. • Business operators that handle personal information in the financial industry shall comply with **Article 15 of the Act**, and in handling personal information, shall specify as far as possible how the personal information is to be provided for business use, and the purposes that the information will be used for that can be reasonably expected by the person to whom the information belongs. **(Paragraph 1 of Article 3 of the Guidelines)** • Business operators that handle personal information in the financial industry shall comply with **Article 16 of the Act**, and shall not handle personal information beyond the scope necessary for achieving the specified purposes for the use of the information as set forth in Article 15 of the Act, without obtaining the prior consent of the person to whom the information belongs. **(Paragraph 1 of Article 5 of the Guidelines)** • The two provisions stated above are not applicable in the following cases: (1) When based on laws and regulations; (2) When it is necessary for the protection of the person's life, body, or property (including corporate assets), and when it is difficult to obtain the consent of the person to whom the information belongs; (3) When it is particularly necessary in order to improve public health or promote healthy child development, and when it is difficult to obtain the consent of the person to whom the information belongs; (4) When it is necessary to cooperate with a governmental institution, local public organization, or a person entrusted to complete a legally stipulated task, and when obtaining the consent of the person to whom the information belongs may obstruct the completion of the said task. **(Paragraph 2 of Article 5 of the Guidelines)** • Business operators that handle personal information in the financial industry shall comply with **Article 23 of the Act**, and shall not provide personal data to a third party without the prior consent of the person to whom the information belongs, with the exception of the following cases: (1) When based on laws and regulations; (2) When it is necessary for the protection of the person's life, body, or property (including corporate assets), and when it is difficult to obtain the consent of the person to whom the information belongs; (3) When it is particularly necessary in order to improve public health or promote healthy child development, and when it is difficult to obtain the consent of the person to whom the information belongs; (4) When it is necessary to cooperate with a governmental institution, local public organization, or a person entrusted to complete a legally stipulated task, and when obtaining the consent of the person to whom the information belongs may obstruct the completion of the said task. **(Paragraph 1 of Article 13 of the Guidelines)** Note that after 2017, Article 24 of the Revised Act on the Protection of Personal Information requires that the prior consent of the person to whom the information belongs shall be obtained to provide information to a third-party outside of Japan, in cases where personal data is to be provided to a third party outside of Japan. • Business operators that handle personal information in the financial industry, in principle, shall obtain written consent from the person to whom the information belongs, in accordance with Articles 16 and 23 of the Act. (**Article 4**

	of the Guidelines) • Business operators that handle personal information in the financial industry shall not acquire, use, or provide to a third party information pertaining to political views, faith (religion, philosophy, and beliefs), participation in labour unions, races and ethnic backgrounds, family origins and legal domiciles, health care and sexual life, and criminal history (hereinafter, "sensitive information"), with the exception of the following cases. (**Paragraph 1 of Article 6 of the Guidelines**) • Business operators that handle personal information in the financial industry shall comply with **Article 25 of the Act**, and shall disclose personal data held to the individual without delay when disclosure of the personal data held that enables the identification of the individual in question is required by the same individual through written document (or a means agreed to by the person requesting disclosure, if any). However, in accordance with each item in Paragraph 1 of the same Article, in one or more of the following cases, it is possible to withhold the disclosure of all or part of the information. ① When it may cause harm to the lives, body, property, or other interests of the person to whom the information belongs or to a third party. ② When it may cause significant obstruction to the proper conduct of the business of the business operator handling the personal information. ③ When it violates other laws and regulations. When business operators handling personal information in the financial industry, pursuant to the stipulations of each item in Paragraph 1 of the Act, decided to withhold disclosure of all or part of the personal data requested, the operators shall notify the individual in question of that decision immediately and without delay. It shall also explain, immediately and without delay, the reasons behind that decision, and provide the facts that the decision is based on as well as the legal provisions that justify the decision. **(Article 15 of the Guidelines)** • Business operators handling personal information in the financial industry shall put in place the necessary and appropriate measures to establish the basic policies and regulations pertaining to secure management, as well as systems for security measures, in order to prevent the leakage, loss, or damage to the personal data that they handle, and to ensure the secure management of personal data. (**Article 20 of the Act, and the Basic Policy on the Protection of Personal Information**) • Business operators that handle personal information in the financial sector shall comply with **Article 21 of the Act**, and build an appropriate internal control system to carry out the necessary and appropriate supervision of their employees, in order to ensure the secure management of personal data. (Employees are persons who are engaged in work in the organization of the business operator handling personal information, under the direct or indirect instructions of the business operator. It includes not only employees of the organization (regular, contract, commissioned, part-time, and temporary employees), but also those who do not have an employment relationship with the business operator (directors, executive officers, board members, auditing officers, auditors, dispatched employees, etc.) **(Paragraph 1 of Article 11 of the Guidelines)** In cases where all or part of the work of handling personal data is entrusted to another business operator, business operators that handle personal information in the financial industry shall comply with **Article 22 of the Act** in order to ensure the secure management of this personal data that is entrusted to them, and carry out appropriate and necessary supervision of the business operator to which this personal data is entrusted. **(Paragraph 1 of Article 12 of the Guidelines)**
Australia	**Privacy**

	A copy of the Privacy Act 1988 (the Act) can be obtained from www.comlaw.gov.au. The Act will only apply to organisations in their dealings with investors if there is an Australian link (s2A and s5B of the Act). In the circumstances where a foreign ARFP fund sells to Australian retail investors through a financial services licensee (refer to the above information on distribution) and relies on that Australian intermediary to collect information for know your client (KYC) reporting purposes, the Act is unlikely to apply to a foreign ARFP fund (s5B(2) and (3)). However, the Act will apply to the Australian intermediary. An Australian intermediary will fall within the definition of an 'APP entity' as an organisation (s6 and s6C) and will therefore be required to comply with the Australian Privacy Principles (APPs) (s6A(1)), which set out rules for collecting, storing and disclosure of personal information. An Australian intermediary will be permitted to collect personal information where it is reasonably necessary for one or more of the organisation's functions or activities (APP 3.2). It would be considered reasonably necessary for an Australian intermediary to collect personal information where it requires the information to be able to effectively pursue a function or activity (see paragraph B.109 of the APP Guidelines). In collecting the information, an Australian intermediary must also take reasonable steps to notify an individual which it has collected information from of information including the fund's contact details, the circumstances and purpose of collecting the individual's information, the consequences if the individual's information is not collected, whether it is likely to disclose that information overseas, and if practicable, the countries where the information will be disclosed (APP 5). Information collected by an Australian intermediary may be used or disclosed for the primary purpose for which it was collected, or for a secondary purpose. In order for an Australian intermediary to disclose personal information it has collected to a person who is overseas, whether for a primary or secondary purpose, it will be required to take reasonable steps to ensure that the overseas recipient does not breach the APPs (APP 8.1) unless: • the Australian intermediary expressly informs the individual (to which the information relates) that if they consent to the disclosure, APP 8.1 will not apply; and • the individual consents to the disclosure (APP 8.2(b)). Where an Australian intermediary is disclosing the personal information to a foreign ARFP fund for a secondary purpose (i.e. the intermediary collected the information for its own uses but is also disclosing the information to a foreign ARFP fund), the Australian intermediary must also obtain the individual's consent to disclose the information for a secondary purpose (APP 6.1(a)). Note that consent may be express or implied (s6(1)). In obtaining consent, an Australian intermediary can obtain an individual's consent to disclose a particular kind of personal information to the same overseas recipient for the same purpose on multiple occasions, as long as it expressly informs the individual of the potential consequences of providing that consent. **AML/CTF** A copy of the Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CTF Act) and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (AML/CTF Rules) can be obtained from www.comlaw.gov.au at

	https://www.legislation.gov.au/Details/C2016C00770 and https://www.legislation.gov.au/Details/F2015C00917 respectively. Australia's AML/CTF regime applies to persons (known as 'reporting entities') who provide any of the 'designated services' listed in section 6 of the AML/CTF Act. Section 6 lists the issuing or selling securities in managed investment schemes, including through an agent. However, reporting entities are only regulated where the services have a geographical link with Australia. A geographical link is established when: • the designated service is provided at or through a permanent establishment of the provider in Australia, or • the provider is a resident of Australia and the designated service is provided at or through a permanent establishment of the provider in a foreign country (foreign branch), or • the provider is a subsidiary of a company that is a resident of Australia and the service is provided at or through a permanent establishment of the subsidiary in a foreign country (foreign subsidiary). For the purposes of the AML/CTF Act, a 'permanent establishment' of a person is a place at or through which the person carries on any activities or business, and includes a place where the person is carrying on activities or business through an agent. This is a different definition from that discussed in relation to taxation. Australia applies a risk based approach to AML/CTF regulation – businesses must meet the minimum obligations set out in the AML/CTF Act and AML/CTF Rules. Beyond the prescribed requirements, each business must assess the risks of potential money laundering or terrorism financing activity when providing a designated service to a customer. For reporting entities that are captured by the AML/CTF Act, five key obligations follow: • Enrolment – enrol with AUSTRAC and provide prescribed enrolment details. • Establish and maintain an AML/CTF program – to help identify, mitigate and manage the money laundering and terrorism financing risks a business faces. • Customer due diligence – identify and verify the customer's identity, and conduct ongoing monitoring of transactions (also known as Know Your Customer (KYC)). • Reporting – notify authorities of suspicious matters, threshold transactions and international funds transfer instructions. • Record keeping – keep records of transactions, customer identification, electronic funds transfer instruct ions and details of AML/CTF programs.
Korea	Pursuant to Credit Information Act and Private Data Protection Act, a person or entity in charge of data processing may engage in the following activities upon approval of data owner and/or when relevant law and regulations permit: • Collecting information; • Using the information for the purpose it was collected for; and • Providing information to a third party In accordance with Act on Reporting and Using Specified Financial Transaction

	Information, when a counterpart is suspected of engaging in money laundering activities under reasonable evidence, financial institution, etc. shall report the case to the Commissioner of Korea FIU. This provision shall preferentially apply to provisions on data protection stipulated in the Act on Real Name Financial Transactions and Confidentiality.
New Zealand	The New Zealand Privacy Act 1993 lays out 12 information privacy principles for the proper handling of personal information of New Zealand citizens: http://privacy.org.nz/information-privacy-principles . The Act and the 12 Principles allow trans-border data flows provided the Principles are preserved. The foreign ARFP fund or intermediary would actively need to consider how this would be achieved. Examples of how the principles work is that personal information: • must collected for lawful purposes only; • should be collected directly from individuals; • is collected in a legal manner; There should be notice of the collection of personal information provided to the investor including the purpose of the collection and that individuals have right to access and correct their data. We note that it is relatively common for businesses operating in New Zealand to hold New Zealand customer data in Australia (the exception being particularly sensitive businesses that are required to retain customer records in New Zealand). However, we also note New Zealand businesses have historically had issues storing customer information offshore, or sending information offshore, to jurisdictions where the information becomes vulnerable to being accessed under a local law that is inconsistent with New Zealand privacy principles. As an example it would be problematic to store information in or send information to jurisdictions where local laws would give local authorities indiscriminate access to that information and no restraint on how that information would then get stored or used. A copy of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (**AML/CTF Act**) can be obtained from http://www.legislation.govt.nz/act/public/2009/0035/latest/DLM2140720.html The AML/CFT Act contains a set of compliance obligations for reporting entities. Reporting entities include financial institutions and casinos, with financial institutions further defined by reference to a list of financial activities carried on. The financial activities must be carried on in New Zealand in the ordinary course of business. This implies a place of business in New Zealand from where the activity is directed. This is likely to include New Zealand staff and / or infrastructure that provide the means to carry on the activity. A financial activity may also be carried on in New Zealand by an overseas entity where the entity is actively and directly advertising or soliciting business from persons in New Zealand to such an extent that requires it to be registered under the Companies Act 1993. Key obligations include: • Preparing a risk assessment • Preparing an AML/CFT programme • Conducting customer due diligence • Reporting suspicious transactions

	• Filing an annual report
Thailand	The foreign ARFP CIS must obtain consent from its Thai clients to be able to collect, retain, and report such information to relevant home regulators and/or other home government authorities in accordance with home economy laws and regulations. Such consent may be prescribed in the contract between the client and the operator having duty to report such information under its home laws and regulations.