	Question	Answer
		ILAS[1] offered to the public in Hong Kong should be subject to the prior authorization of the SFC, unless an exemption applies. Exemptions include, among others, offers made only to as defined under Schedule 1 to the SFO and the Securities and Futures (Professional Investor) Rules - [2] insurance policies falling within the definition of a CIS) exclusively targeting The ILAS Code sets out the basic requirements with which an SFC-authorized ILAS must

	Question	Answer
		please refer to the options below: Option 1: We will accept submission of un-signed copies of the relevant confirmations and Documents , which are required to be completed, as applicable, by an applicant or other parties, provided that the Relevant Documents shall be submitted with an email confirmation or other equivalents (from a person who meets the signatory requirements) that all information and, where applicable, confirmations and undertakings contained in the Relevant Documents (and all documents submitted relating thereto) are true and accurate. Option 2: An applicant may submit scanned copies of the Relevant Documents signed by a person who meets the signatory requirements. *C) <u>Taking up new ILAS application(s) with application fee(s) to follow</u>* The SFC will take up new ILAS applications if they are in good order and the application fee is the only outstanding matter. An applicant is expected to submit the application fee as soon as practicable upon receipt of the Take-up Letter (as defined below) from the SFC, and shall contact its SFC case team to discuss the payment arrangement.

3.

	Question	Answer
Enhanced ILAS Authorization Process (with effect from 1 November 2021)		

	Question	Answer
		iv. the mechanism used to adjust benefit / bonus amount in the event of premium holiday / partial withdrawal is simple (e.g. on a pro-rata basis); v. any additional protection feature (e.g. accidental death benefit) is set as an optional rider and does not form part of the ILAS product features nor affect the return of the ILAS; vi. each investment option available under the ILAS is solely linked to an SFC-authorized fund; and vii. there are no material issues and/or policy implications relating to the application as considered by the SFC.
4C.	What is the expected overall processing stream and -standard	-standard processing time of the applications will be completed and the time limits (see Q4E in Section 1 below) that are imposed on the applicants in providing proper, complete and substantive

	Question	Answer
		The SFC generally expects that:- i. For both Standard Applications and Non-standard Applications, proper, complete and within the relevant Response Time Limits (see Q4E in Section 1 above). As such, the

	Question	Answer
10.	Will I be given any prior notice by the SFC in respect of the impending lapse of my application?	If, for any reason, 4 months have elapsed from the Take-up Date and no authorization has

	Question	Answer
	of an ILAS to comply with the revised ILAS Code?	
14A.	On 13 September 2019, the Insurance Benefit Illustrations for Long Term has taken effect from 23 September 2019 with a 12-month transition period ending on 22 September 2020 with respect to certain requirements as set out in the Guideline (with early adoption encouraged). The specific requirements for illustration documents for ILAS policies are set out in Appendix I to the Guideline. What are the requirements and arrangements in respect of revisions to existing SFC-authorized ILAS illustration document templates that are made solely pursuant to Appendix I to the Guideline?	As from 23 September 2020, ILAS issuers are required to adopt the ILAS illustration document templates in compliance with the requirements set out in Appendix I to the Guideline. Prior approval would not be required from the Commission in respect of revisions to existing SFC-authorized ILAS illustration document templates that are made solely to reflect the requirements set out in Appendix I to the Guideline. Nevertheless, ILAS issuers must file the revised ILAS illustration document templates with the Commission within one week from the date of adoption. A filing letter (which is available via: https://www.sfc.hk/web/EN/files/PCIP/Illustration_document_templates/ILAS_Illustration_Doc_Filing_Letter.pdf), together with all requisite documents as set out therein, must be completed and submitted. Furthermore, each of the revised ILAS illustration document templates must be marked up clearly when filed with the Commission to show all changes made against the latest version authorized by the Commission. The Commission will post-vet the revised ILAS illustration document templates in a vigilant manner to monitor compliance. Where the Commission identifies any issues of non-compliance with Appendix I to the Guideline, appropriate actions will be taken promptly. Issuers are strongly reminded that it is their responsibility to ensure the revised ILAS illustration document templates are in full compliance with the requirements set out in Appendix I to the Guideline, the Handbook (including the ILAS Code) and other applicable requirements that may be published by the Commission from time to time. As a general reminder and for the avoidance of doubt, where there are any changes to the ILAS illustration document templates (in addition to those reflecting solely the requirements set out in Appendix I to the Guideline) dte offrom the

	Question	Answer
		i.

	Question	

	Question	Answer
		page with both surrender value and death benefit shown on the same page. For both options, other than the 0% per annum assumed rate of return, all assumed rates of return are maximum rates and ILAS insurers may choose to illustrate using lower rates which could be determined at the discretion of the ILAS insurer subject to the IA Please refer to the format of illustration document posted on the SFC website.
2.	What are the transitional arrangements for compliance with the ILAS Code effective on the Effective Date (i.e. 1 January 2019)?	

	Question	Answer
	removed.	
7.	This FAQ is obsolete and has been removed.	
8.	Can an ILAS issuer add a new investment option which is linked to an SFC-authorized fund that is no longer offered to the public in Hong Kong to an existing SFC-authorized ILAS or a new ILAS?	No, given that the SFC-authorized fund is no longer offered to the public in Hong Kong, no new investment option linked to such fund

	Question	Answer
		and accurate; there is no indemnification imposed on the ILAS policies and the policyholders as a result of FATCA and/or other applicable laws and regulations relating to tax reporting and withholding; and the revisions to the constitutive documents and/or offering document of the ILAS scheme do not materially prejudice the interests of investors of the ILAS scheme and will not amount to unfair treatment of policyholders. In the event that there are any proposed revisions made to the template wording on additional policy terms in respect of FATCA and/or FATCA disclosures in the ILAS offering documents issued on 13 June 2014 by The Hong Kong Federation of Insurers HKFI , the following additional confirmations, as set out in the Filing Letter, will also be required: where the ILAS issuer may effect termination of an ILAS policy as a result of, or purporting to be in respect of, FATCA and/or other applicable laws and regulations relating to tax reporting and withholding, no surrender charges or any other form of penalty will be applied; and the revised offering document (where applicable) contains the minimum FATCA disclosure information as set out in Q11 in Section 2 below. Where changes to constitutive documents will affect existing policyholders and notice(s) are

	Question	

	Question	Answer
		changes to the COI rates disclosed in the COI Table in the ILAS offering documents, the prior written notification to policyholders in compliance with the requirements under 7.1, 7.2 and 7.11 of the ILAS Code.
13.	What information is required to be disclosed in the ILAS offering documents to investors regarding an investment option available under an SFC-authorized ILAS whose return is determined with reference to an SFC-authorized fund?	Appendix A to the ILAS Code sets out the information necessary to be disclosed in the ILAS offering documents to enable the investors to make an informed judgment when investing in an ILAS. In particular, paragraph (e) therein requires disclosure of certain information regarding the investment options available under an ILAS.

	Question	Answer
		Where an ILAS issuer wishes to include additional information regarding the underlying or reference fund in the ILAS offering documents, it should ensure such disclosure in summary / extract form is necessary and appropriate given that the offering documents of the underlying or reference funds already contain the required disclosure. ILAS issuers are also reminded that they should ensure that disclosure in their ILAS offering documents is accurate and up-to-date.
14.	What are the enhanced compliance requirements for Internal Funds[1] that may be made available under SFC-authorized ILAS?	With effect from 1 January 2019 IFR new Internal Funds that are marketed to the public in Hong Kong must comply with the following enhanced compliance requirements : (A)

	Question	Answer
		b.

	Question	Answer

	Question	Answer
		within one week from the date of issuance with the filing form for revised offering documents http://www.sfc.hk/web/EN/forms/products/forms.html). Furthermore, each of the revised c

	Question	Answer
	documents of existing SFC-authorized ILAS (i.e. policy contracts) in connection with the implementation of AEOI under the Amendment Ordinance?	cha (which is available via: http://www.sfc.hk/web/EN/forms/products/forms.html) together with the confirmation that:

	Question	Answer
	Insurance Authority will start collecting levy on premiums of insurance policies from policyholders through insurance companies on 1 January 2018. If ILAS issuers would like to make changes to the constitutive documents (i.e. policy contracts) and/or offering documents of their SFC-authorized ILAS in connection with the collection of Levy, what are the requirements under the ILAS Code?	before the changes are to take effect. Given that the collection of Levy is a statutory change without affecting the existing features of the ILAS, it does not constitute a change to ILAS falling within 7.1 of the ILAS Code. Accordingly, if the ILAS issuers would like to make any changes to the constitutive documents and/or offering documents of their SFC-authorized ILAS to solely reflect the notice requirement under 7.11 of the ILAS Code does not apply. ILAS issuers must file: such changes to the constitutive documents within one week from the effective date of

	Question	Answer
		f.

	Question	Answer
		<table><tr><td>to the Mar 2019 distribution</td><td></td></tr><tr><td>After the Mar 2019 distribution and prior to the Jun 2019 distribution</td><td>Jun 2018, Sep 2018, Dec 2018, Mar 2019</td></tr><tr><td>After the Jun 2019 distribution and prior to the Sep 2019 distribution</td><td>Sep 2018, Dec 2018, Mar 2019, Jun 2019</td></tr></table> The disclosure mentioned above only represents the minimum requirement. As such, ILAS issuer may continue to make available to investors any historical IO Dividend Related Information that had been previously disclosed from time to time in such manner as the ILAS issuer considers necessary and/or appropriate to enhance the transparency of the Dividend Payout Investment Option
20.	Can an SFC-authorized ILAS highlight or advertise the regular dividend payment / distribution feature of its Dividend Payout Investment Options and/or their corresponding underlying / reference funds in the marketing materials? If so, can the SFC provide some guidance with respect to such marketing materials?	Issuers of marketing materials of SFC-authorized ILAS should comply with all applicable regulatory requirements, including the Advertising Guidelines Applicable to Collective Investment Schemes Authorized under the Product Codes. When issuing marketing materials of the SFC-authorized ILAS which highlight or advertise the regular dividend payment / distribution feature of the Dividend Payout Investment Options and/or their corresponding underlying / reference funds, ILAS issuers must: i. observe the overriding principles set out in Q39 of the Frequently Asked Questions on Advertising Materials of Collective Investment Schemes Authorized under Product Codes[5] and exercise their professional judgment in a prudent manner; ii. ensure compliance of, among other regulatory and legal requirements, the guidance under Q39A to Q39E of the FAQ on Advertising Materials (certain examples are provided in Q39F for illustrative purposes) to the extent applicable; and

[5] Please see the FAQ on Advertising Materials via the following link: https://www.sfc.hk/web/EN/faqs/publicly-offered-investment-product/advertising-materials-of-

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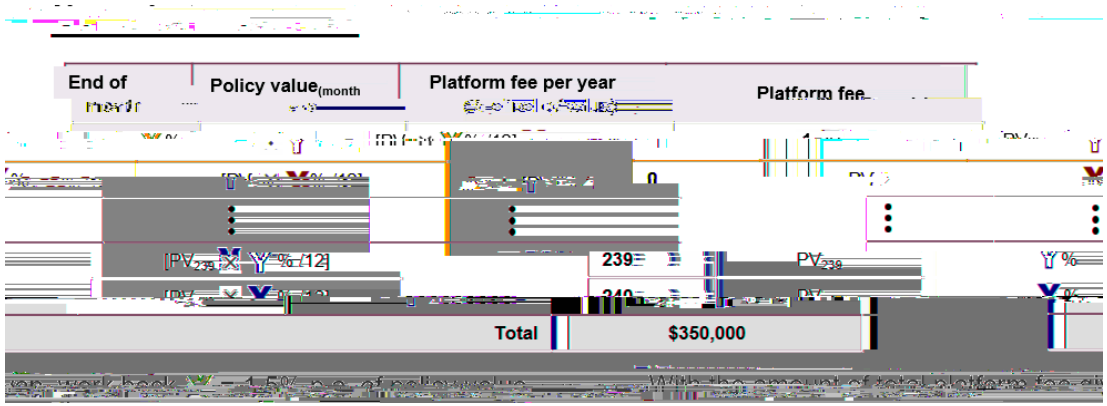
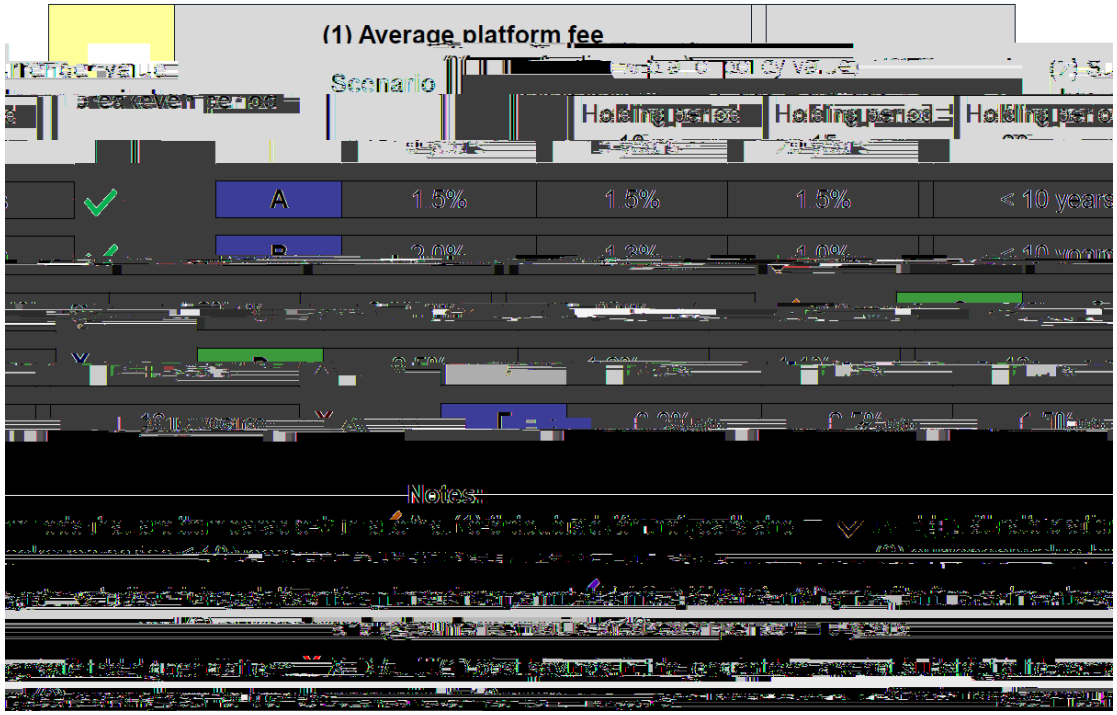
	Question	Answer
24.	Who can sign the application forms relating to the approval of scheme changes pursuant to 7.1 of the ILAS Code and authorization of revised offering documents and filing forms for scheme changes and revised offering documents approval?	The relevant application forms and filing forms should be duly completed and properly executed by the senior ranking executive of the applicant with overall responsibility for the application. However, the senior ranking executive of the applicant may designate an appropriate person to execute and sign the relevant forms on his/her behalf.
25.		

Section 4: Additional Guidance on Internal Product Approval Process [6] **(the "Additional ILAS Guidance")**

	Question	Answer
Fees assessmen t		
2.	The Additional ILAS Guidance requires ILAS platform fee to be comparable to alternative products over the lifetime of the ILAS policy after taking into account any bonuses (or other similar features). What is the expectation on the fee assessment to be conducted by ILAS issuers?s?	

	Question	Answer
		b. Work out the equivalent fee per year (as a percentage of policy value) for this total platform fee based on the same assumptions. Set out below is a numerical illustration of the calculation of platform fee per year from the total platform fees (e.g. $350,000) over the holding period of 20 years: 
3A.	For a regular premium high protection ILAS categorised as Protection Linked Plan (PLP), can an ILAS issuer charge a higher platform fee (net of bonuses) per year (when compared to its comparable alternative product) in early years? What is the expectation on the platform fee level?	The SFC adopts a principles-

	Question	Answer
		In addition, the average platform fee in early years is generally expected not to be higher than (i) the highest industry average charge for the Services of other non-ILAS regular premium high protection insurance products (i.e. 2.4% p.a. of the account value currently) or (ii) similar charges of the ILAS non-ILAS regular premium high protection insurance products if lower. In this connection, ILAS issuers should provide the charge for the Services of their own non-ILAS regular premium high protection insurance products for reference, where applicable. Set out below are some illustrative examples for regular premium PLP with long premium payment term for reference only: 

	Question	Answer
		[redacted]
4A.	The Additional ILAS Guidance requires	

	Question	Answer
		compliance with the principles under the PD Guidance and the Additional ILAS Guidance. Early consultation with the SFC is encouraged. ILAS issuers are generally expected to conduct separate fee assessments isolating cost of insurance and platform fee given the level of life insurance protection offered by different ILAS.
Complex product features		
6.	Can the SFC give some examples of product features of ILAS that are considered to be unduly complex?	ILAS issuers should determine whether a product feature under ILAS is unduly complex or not based on the factors as set out in the Additional ILAS Guidance. Below is a non-exhaustive list of examples (which will be updated from time to time) of ILAS product features that are considered to be unduly complex. Multiple account structure (e.g. initial account and accumulation account); Charges based on committed premiums (e.g. administration charge as a percentage of initial annual premium at policy issuance); Investment option additional charges[7] (e.g. charges deducted and reflected in the net asset value of an investment option); Complex fee calculation including multiple variables or complicated formulas based on information not readily available to investors; Complex bonus calculation and clawback mechanism (e.g. bonus with unnecessary complicated adjustments and conditions); and Unit allocation for rider premiums.

[7] For the avoidance of doubt, where there is any discount of investment option additional charge (e.g. to reflect rebates received from the manager (or other operator

	Question	Answer
		Given that the provision of Advisory Service is not a part of the ILAS product features, the ILAS offering documents should not contain disclosures relating to such service, the related service fee and its payment arrangements. Accordingly, to safeguard the interests of the investing public, issuers of new ILAS authorized under the enhanced requirements in the Additional ILAS Guidance will be required to refrain from engaging in any of the following arrangements in relation to their ILAS: i. providing any service advising on, or choosing or managing, investment options available under the ILAS to any Hong Kong investors (i.e. the Advisory Service) for a fee or other remuneration; ii. introducing, promoting or recommending any Advisory Service provided by any intermediary; and iii. deducting any fees for such Advisory Service payable to any intermediary from the ILAS policies.