EMIR and Dodd-Frank Act

- EU fund (not US person) transacts with EU swap dealer registered with CFTC
  - US
    - Entity-Level Requirements (e.g., risk management, recordkeeping): Apply but non-US swap dealer eligible for substituted compliance, except for Large Trader Reporting.
    - Transactional Requirements (e.g., clearing, trading, and public reporting): Not Apply
  - EU
    - EMIR Applies; Equivalence Not Available
EMIR and Dodd-Frank Act

- EU fund (US person – e.g., UCITS privately selling in US with principal place of business in the US) transacts with EU swap dealer not registered with CFTC
  - US
    - Non-Registrant Requirements (e.g., Reporting, Clearing and Trade Execution Requirements): Apply
    - Substituted Compliance: Not Available
  - EU
    - EMIR Applies
EMIR and Dodd-Frank Act

• US fund transacts with EU swap dealer not registered with CFTC
  
  ▪ US
    
    ▪ Non-Registrant Requirements (e.g., Reporting, Clearing and Trade Execution Requirements): Apply
    
    ▪ Substituted Compliance: Not Available
  
  ▪ EU
    
    ▪ Reporting Requirements: Apply to EU entity
    
    ▪ Clearing and Risk Mitigation Requirements: “Disapplied” if Dodd-Frank Act is determined to be equivalent.
Financial Transaction Tax

- Issuance Principle: The FTT would apply to the sale on the Hong Kong Stock Exchange of the shares of a German company or a derivative referencing the German company’s shares.

- Residence Principle: The FTT would apply if a HK fund sells HK government bonds to a German Financial institution.

- Deemed Establishment Clause of Residence Principle: The FTT would apply if an individual HK fund investor, who lives in HK but has a “permanent address” in Germany, sells shares of the HK fund.