

## Securities and Futures Bill - Part 1 of Schedule 1

Definition	Remarks
<b>Clause 1</b>	
accredited	new, refers to the link between an individual and the licensed corporation of which he is a licensed representative - see clause 121 in Part V
Advisory Committee	to advise the SFC, as referred to in s.10 Securities and Futures Commission Ordinance (Cap.24)
articles	articles of association of company as under s.2(1) Companies Ordinance (Cap.32)
associate	based on definition in s.2 Cap.24 - percentage of voting power decreased from 35% to 33%
associated entity	new - relevant to client assets as dealt with in Part VI, definitions of "controlling entity" and "controlling entity relationship"
auditor	carried over from s.2 Securities Ordinance (Cap.333) & s.2 Commodities Trading Ordinance (Cap.250)
authorized automated trading services	new - relates to Division 7 of Part III
authorized financial institution	same as "authorized institution" in s.2 Cap.333
automated trading services	new - defined in Part 2 of Schedule 6
bank	new - mirrors definition of "authorized financial institution"
bank incorporated outside Hong Kong	similar to definition of authorized institution incorporated outside Hong Kong in s.2 Banking Ordinance (Cap.155)
banker's books	based on similar definition in s.2 Cap.333 updated to embrace electronic records
books	ditto
broadcast	new - relevant in particular to Part IV, XIII and XIV
broadcast live	ditto
broadcaster	ditto
business day	variation on definition of same term in s.2 Cap.333, now includes Saturdays
certificate of deposit	identical in scope to similar definition in s.2 Protection of Investors Ordinance (Cap.335)
charge	same as definition in s.2 Securities and Futures (Clearing Houses) Ordinance (Cap.420)
clearing house	similar to definition in s.2 Cap.420

Definition	Remarks
clearing participant	based on the definition of "participant" in Cap.420 with additional element of inclusion on a list, roll or register
client	new
client assets	new - relevant to Part VI
client collateral	ditto
client money	ditto
client securities	ditto
client securities and collateral	ditto
collective investment scheme	new - based on definition of "investment arrangements" in s.2 Cap.335 but wider in scope - now embraces definitions of "mutual fund corporation" and "unit trust" in Cap.333, and the Financial Secretary is now empowered to prescribe property as "collective investment scheme"
Commission	similar to definition in s.2 Cap.24
company	from Cap.32 - refers to Hong Kong registered companies
compensation fund	new - relevant to Division 5 of Part III and Part XII
computer	new
conduct	new
constitution	new
controlling entity	new - relevant to definition of "associated entity"
controlling entity relationship	ditto
corporation	based on definition in s.2 of Cap.24
court	new
credit union	same as definition in s.2 Cap.335
data material	based on definition in s.2 Cap.24
dealing in futures contracts	substance in Part 2 of Schedule 6, based on definition of "commodity trading" in s.2 Cap.250
dealing in securities	substance in Part 2 of Schedule 6 - expands upon definition in s.2 Cap.333
debenture	based on definition in s.2 Securities (Disclosure of Interests) Ordinance (Cap.396)
defalcation	based on definition in s.2 Cap.333 & s.2 Cap.250
director	variation of definition in s.2 Cap.250 - covers shadow director too
document	similar to definition in s.2 Cap.333
exchange participant	based on definition in s.2 Cap.24
executive director	ditto

Definition	Remarks
executive officer	new - relevant requirements set out in Part V and includes "responsible officer"
exempt person	replaces the definition of "exempt dealer" in s.2 Cap.333
exemption	new - relates to definition of exempt person
fee	same as definition in s.2 Exchanges and Clearing (Merger) Ordinance (Cap.555)
financial accommodation	same as definition in s.2 Cap.333
financial product	new
financial resources rules	based on definition in s.2 Cap.24
financial year	based on the definition in s.2 Cap.333
function	same as definition in s.2 Cap.24
futures contract	based on definition in s.2 Cap.250, the Financial Secretary is now empowered to prescribe property as "futures contract"
Futures Exchange Company	based on definition in Cap.24
futures market	new
group of companies	based on definition in Cap.24 and draws on definition in s.2 Cap.32
hold	new
holding company	based on definition in s.2 Cap.396 which draws on s.2(7) Cap.32
incorporated	based on definition in Cap.335 but wider here
Independent Commission Against Corruption	new
information	based on definition in s.2 Electronic Transactions Ordinance (Cap.553)
information system	ditto
Insurance Authority	same as definition in s.2 Cap.333
insurer	new
intermediary	new - covers the definitions of "dealer", "investment adviser", etc in Cap.250 and Cap.333
judicial or other proceedings	new
legal officer	new
leveraged foreign exchange contract	substance in Part 2 of Schedule 6 - party based on definition of "leveraged foreign exchange trading" in s.2 Leveraged Foreign Exchange Trading Ordinance (Cap.451)
leveraged foreign exchange trading	ditto
licence	new, see Part V
licensed corporation	ditto
licensed or exempt person	new - see Parts V and VI
licensed person	replaces definition of "registered person" in s.2 Cap. 24

<b>Definition</b>	<b>Remarks</b>
licensed representative	based on definition of "representative" in s.2 Cap.333 and s.2 Cap.250
liquidator	new
listed	based on definition in s.2 Cap.396 but made generic
listing	based on definition in s.2 Cap.333 but made generic
Mandatory Provident Fund Schemes Authority	new
market contract	based on definition in s.2 Cap.420
market misconduct	new - has roots in definition of "insider dealing" in the Securities (Insider Dealing) Ordinance (Cap.395) - relates to Part XIII
Market Misconduct Tribunal	replaces the Insider Dealing Tribunal created by Cap.395
member	new but merely a combination of the definitions of executive director and non-executive director
memorandum	based on the definition in s.2 Cap.396 and relies on s.2 Cap.32
minor	new but familiar
misfeasance	new
Monetary Authority	same as definition in s.2 Cap.24
money laundering activities	new - referred to in clauses 99(2)(d) and 163(2)(m)
non-executive director	based on definition in s.2 Cap.24
number	based on definition in s.2 Cap.396
officer	based on definition in s.2 Cap.24 and relies on s.2 Cap.32
Ombudsman	new
opportunity of being heard	new
other collateral	new, relevant to Part VI
overseas company	new - refers to oversea company as defined in s.332 Cap.32
performance	same as definition in s.2 Cap.420
possession	new
Privacy Commissioner for Personal Data	new
professional accountant	new
professional investor	new - relevant to Parts IV and VII, to be further supplemented by subsidiary legislation
property	based on definition in Interpretation and General Clauses Ordinance (Cap.1) and expanded to property elsewhere than in Hong Kong
prospectus	based on definition in s.2 Cap.32
purchase	based on definition in s.2 Cap.333
qualifying credit rating	similar to definition in s.2 Cap.451
recognized clearing house	similar to definition in s.2 Cap.420

Definition	Remarks
recognized counterparty	similar to definition in s.2 Cap.451
recognized exchange company	replaces definition of "Exchange Company" in s.2 Cap.24
recognized exchange controller	based on definition in s.2 Cap.555
recognized futures market	new - relates to Part III
recognized investor compensation company	new - relates to Division 5 of Part III
recognized stock market	new - relates to Part III
record	based on definition of "record or other document" in s.2 Cap.24
Registrar of Companies	cross-refers to s.303 Cap.32
regulated activity	new - substance in Part 2 of Schedule 6
regulated investment agreement	new - related to definition of "collective investment scheme"
relevant provisions	new
relevant share capital	based on definition in s.2 Cap.395 and s.2 Cap.396
remuneration	new
repealed Commodities Trading Ordinance	new - relevant to Part XII and Schedule 9
repealed Exchanges and Clearing Houses (Merger) Ordinance	new - relevant to Schedule 9
repealed Leveraged Foreign Exchange Trading Ordinance	ditto
repealed Protection of Investors Ordinance	ditto
repealed Securities and Futures (Clearing Houses) Ordinance	ditto
repealed Securities and Futures Commission Ordinance	ditto
repealed Securities (Disclosure of Interests) Ordinance	ditto
repealed Securities (Insider Dealing) Ordinance	ditto
repealed Securities Ordinance	new - relevant to Part XII and Schedule 9
repealed Stock Exchanges Unification Ordinance	new - relevant to Schedule 9
responsible officer	new - relevant e.g. to Parts V and IX
Risk Management Committee	similar to definition in s.2 Cap.555
rules	builds on the definitions of "rules" in s.2 of each of Cap.333 and Cap.420, and definition of "rules of the commodity market" in s.2 Cap.250

<b>Definition</b>	<b>Remarks</b>
securities	expanded definition in s.2 Cap.333 e.g. to cover "collective investment scheme" and to take into account recent legislation on MPF Schemes and occupational retirement schemes. The Financial Secretary is empowered to prescribe property as "securities"
Securities and Futures Appeals Tribunal	replaces Securities and Futures Appeals Panel, defined as "Panel" in s.2 of Cap.24
securities and futures industry	new
securities and futures market	new
securities borrowing and lending agreement	based on definition of "securities borrowing and lending" in s.2 Financial Resources Rules Cap.24 sub.leg.J
securities collateral	based on definition in s.2 Cap.333 - relates to Part VI
securities margin financing	substance in Part 2 of Schedule 6, based on definition in s.2 Cap.333
served	new
shadow director	same as definition in s.2 Cap.451
share	based on definition of shares in Cap.396
short selling order	same as definition in s.80A Cap.333
specified debt securities	same as definition in s.2 Cap.451
specified futures exchange	based on definition of "recognized futures exchange" in s.2 Cap.451
specified stock exchange	based on definition of "recognized stock exchange" in s.2 Cap.451
Stock Exchange Company	based on definition in s.2 Cap.24
stock market	same as definition in s.2 Cap.333
take-over offer	new
title	same as definition in s.2 Cap.333
specified stock exchange	based on definition of "recognized stock exchange" in s.2 Cap.451
<b>Clause 2</b>	
references to subsidiary	based on s.2(5)(c) + (e) Cap.451
<b>Clause 3</b>	
references to related corporation	based on s.4 Cap.333 and s.2(5)(a) + (b) Cap.451
<b>Clause 4</b>	
references to controlling the composition of a corporation's board of directors	based on s2(5)(d) Cap.451
<b>Clause 5</b>	
references to wholly owned subsidiary	new but familiar from company law context
<b>Clause 6</b>	
references to substantial shareholder	based on definition of substantial shareholder in s.2 Cap.24 - relevant in Parts III and V

Definition	Remarks
<b>Clause 7</b>	
references to securities of a corporation	new
<b>Clause 8</b>	
references to conditions	new
<b>Clause 9</b>	
references relating to regulated activity	new - related to Part 2 of Schedule 6
<b>Clause 10</b>	
references to contravention	new
<b>Clause 11</b>	
references to Ordinance	drawn from definition of Ordinance in s.3 Cap.1

Securities and Futures Commission  
Financial Services Bureau  
8 December 2000

