

PART VII

BUSINESS CONDUCT, ETC. OF INTERMEDIARIES

167. Requirements to disclose short sales

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¹(2) Subject to subsection (3), a person who, without ~~lawful~~reasonable excuse, contravenes subsection (1) commits an offence and is liable on conviction to a fine at level 5 and to imprisonment for 1 year.

¹(3) A person shall not ~~For the purposes of subsection (2), "lawful excuse" (合法辯解) includes~~ be regarded as committing an offence under subsection (2) if he contravenes subsection (1) by reason only of his inadvertence, carelessness or negligence.

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Financial Services Bureau
Securities and Futures Commission
31 December 2001

¹ In considering Paper No. CSA06/01 dated 17 November 2001 at the Bills Committee meeting on 4 December 2001, a Member expressed the view that "inadvertence, carelessness or negligence" should not be classified as "lawful excuse" in the statute. We accordingly propose to refine further clause 167(2) and (3) to address the comment while preserving the original scope of the "carve-out".