

For discussion on  
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Paper No. 34/02

**Subcommittee on Draft Subsidiary Legislation to be made  
under the Securities and Futures Ordinance**

**Securities and Futures (Keeping of Records) Rules**

Members considered the draft Securities and Futures (Keeping of Records) Rules at the Subcommittee meeting on 9 July 2002. In the light of the comments of the LegCo Legal Adviser and other necessary changes to better reflect policy intention and improve drafting, we submit at **Annex** the **revised draft** of the Rules, with the proposed amendments marked up for easy reference. The reasons for the amendments are explained in the footnotes.

Securities and Futures Commission  
Financial Services and the Treasury Bureau  
17 October 2002

**Revised Draft**

[CF: Sections 151 of the Securities and Futures Ordinance]

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# SECURITIES AND FUTURES (KEEPING OF RECORDS) RULES

(Made by the Securities and Futures Commission under section 151  
of the Securities and Futures Ordinance (~~5 of 2002~~Cap. 571<sup>1</sup>))

## PART 1

### PRELIMINARY

#### 1. Commencement

These Rules shall come into operation on the day ~~on which Part VI of~~  
~~the appointed for the commencement of the Securities and Futures Ordinance (5~~  
~~of 2002~~Cap. 571) comes into operation<sup>2</sup>.

#### 2. Interpretation

In these Rules, unless the context otherwise requires –

“asset management” ( ) has the meaning assigned to it by Part 2 of  
Schedule 5 to the Ordinance;

~~“dealing in futures contracts” ( ) has the meaning assigned to it by Part~~  
~~2 of Schedule 5 to the Ordinance;~~<sup>3</sup>

~~“dealing in securities” ( ) has the meaning assigned to it by Part 2 of~~  
~~Schedule 5 to the Ordinance;~~<sup>4</sup>

~~“keep” ( ), in relation to a record, includes cause to be kept;~~<sup>5</sup>

<sup>6</sup>~~“margined transaction” ( ) means a contract entered into in Hong Kong~~  
~~by an intermediary with or on behalf of a client of the intermediary in the~~  
~~conduct by the intermediary of any of the businesses which constitute of –~~

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<sup>1</sup> Minor drafting amendment.

<sup>2</sup> Drafting amendment to reflect the policy intention to commence concurrently these Rules and the Securities and Futures Ordinance as a whole.

<sup>3</sup> This amendment should be read together with the amendment to the definition of “margined transaction”, which renders a definition of “dealing in futures contracts” unnecessary.

<sup>4</sup> This amendment should be read together with the amendment to the definition of “margined transaction” and clause 5, which renders a definition of “dealing in securities” unnecessary.

<sup>5</sup> This definition is deleted as being otiose, and is consistent with section 151 of the Securities and Futures Ordinance where the term “keep” therein is also not defined.

- ~~(a) any regulated activity for which the intermediary is licensed or registered, that is a contract –~~
- ~~(a)(i) other than a market contract, for the purchase, sale, exchange or other a dealing in securities, including a transaction under a securities borrowing and lending agreement (except a market contract); or~~
- ~~(b)(ii) other than a market contract, for the purchase, sale, exchange or other a dealing in a futures contracts (except a market contract); or~~
- ~~(c)(b) the regulated activity of leveraged foreign exchange trading for which the intermediary is licensed, that is a leveraged foreign exchange contract,~~
- which requires the client to –
- (d) pay a margin to the intermediary; or
- (e) provide security to the intermediary to meet the client’s obligations,

other than under an arrangement where financial accommodation is provided to the client by the intermediary;

<sup>7</sup> “margin value” ( ), in relation to each description of securities collateral deposited with an intermediary, means the maximum amount of money which ~~a the client of an intermediary by whom and on whose behalf the securities collateral is deposited~~ is generally permitted to borrow, (or otherwise secure other forms of financial accommodation), from the intermediary against that particular description of securities collateral;

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<sup>6</sup> Please see footnotes 3 and 4. Drafting amendments mainly for making clear the types of contracts covered.

<sup>7</sup> Minor drafting amendments mainly for consistency with clause 7(2) where the term is used.

~~8~~ “marked to market” ( ) means the method or procedure of adjusting the valuation of open positions to reflect current market values;

~~9~~ “record” ( ) has the same meaning as in Part 1 of Schedule 1 to the Ordinance except that ~~the definition of that expression shall exclude it~~ it does not include any tape or other sound recording of any telephone conversation;

~~10~~ “systems of control” ( ), in relation to an intermediary or an associated entity of ~~the an~~ an intermediary, means ~~the any~~ any internal controls and trading, accounting, settlement and stock holding systems it has implemented to ensure its compliance with ~~the Ordinance and any Rules made under the Ordinance~~ —

(a) sections 4, 5, 6, 8(4), 10 and 11 of the Securities and Futures (Client Money) Rules (L.N. of 2002); and

(b) section 4(4), 5, 10(1) and 12 of the Securities and Futures (Client Securities) Rules (L.N. of 2002).

## PART 2

### KEEPING OF RECORDS

#### Division 1 – General rules

### 3. General record keeping requirements for intermediaries<sup>11</sup>

<sup>8</sup> This amendment should be read together with the amendment to clause 6(b)(i). Drafting amendment to subsume the meaning of “marked to market” in clause 6(b)(i) for clarity.

<sup>9</sup> Drafting amendment mainly to clarify that only sound recordings are excluded.

<sup>10</sup> Drafting amendment mainly for clarity and consistency with clauses 3(1)(vi)© and 4(1)(v)(C).

<sup>11</sup> Drafting amendments, including amendments introduced to improve the structure of the whole set of the draft Rules for greater clarity. The new clause 3(2) is added to reflect the policy intention that the subsequent specific record-keeping requirements imposed on intermediaries, as prescribed in the Schedule, clauses 5, 6, 7(2) and 8, are actually to elaborate the general record-keeping requirements prescribed in clause 3(1). Consequential amendments are also introduced accordingly to the Schedule as well as clauses 5, 6, 7(2) and 8.

(1) An intermediary shall, in relation to the businesses which constitute any regulated activities for which it is licensed or registered –

- (a) ~~keep, where applicable,~~ such accounting, trading and other records as are sufficient, ~~where applicable,~~ to –
- (i) explain, and reflect the financial position and operation of, such businesses;
  - (ii) enable profit and loss accounts and balance sheets ~~which that~~ give a true and fair view of its financial affairs to be prepared from time to time;
  - (iii) account for all client assets that it receives or holds;
  - (iv) enable all movements of such client assets to be traced through its accounting systems and, where applicable, stock holding systems;
  - (v) reconcile ~~each month, on a monthly basis,~~ any differences ~~during that month~~ in its balances or positions with ~~any of its associated entities and other parties~~ persons, including –
    - (A) ~~(A)~~ its associated entities<sup>12</sup>;
    - ~~(A)(B)~~ recognized exchange companies;
    - ~~(B)~~ clearing houses;
    - ~~(C)~~ other intermediaries;
    - ~~(D)~~ custodians; and
    - ~~(E)~~ banks,
 and show how such differences were resolved;
  - (vi) demonstrate –

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<sup>12</sup> This particular drafting amendment is introduced in the light of the comment of the LegCo Legal Adviser as set out in his letter of 5 July 2002.

- (A) compliance by it with sections 4, 5, 6, 8(4), 10 and 11 of the Securities and Futures (Client Money) Rules (L.N. of 2002);
  - (B) compliance by it with sections 4(4), 5, 10(1) and 12 of the Securities and Futures (Client Securities) Rules (L.N. of 2002); and
  - (C) that it ~~had~~ has systems of control in place to ensure compliance with all of the provisions referred to in sub-paragraphs (A) and (B); and
- (vii) enable it readily to establish whether it has complied with the Securities and Futures (Financial Resources) Rules (L.N. of 2002);
- ~~(b) keep, where applicable, the records specified in the Schedule (to the extent that such records are not required to be kept under paragraph (a));~~
- ~~(e) (b) keep those records referred to in paragraphs (a) and (b) in such manner as will enable an audit to be conveniently and properly carried out; and~~
- ~~(d) (c) make entries in those records referred to in paragraphs (a) and (b) in accordance with generally accepted accounting principles.~~

(2) Without limiting the generality of subsection (1)(a), the records referred to in that subsection shall, where applicable, include –

- (a) the records specified in the Schedule; and
- (b) the records specified in section 5, 6, 7(2) or 8.

#### 4. Record keeping requirements for associated entities<sup>13</sup>

(1) An associated entity of an intermediary shall, in respect of client assets of the intermediary that it receives or holds –

(a) keep, ~~where applicable,~~ such accounting and other records as are sufficient, ~~where applicable,~~ to –

- (i) account for the client assets;
- (ii) enable all movements of the client assets to be traced through its accounting systems and, where applicable, stock holding systems;
- (iii) show separately and account for all receipts, payments, deliveries and other uses or applications of the client assets effected by it, or on its behalf, and on whose behalf such receipts, payments, deliveries or other uses or applications of the client assets have been effected;
- (iv) reconcile ~~each month, on a monthly basis,~~ any differences ~~during that month~~ in its balances or positions with ~~the intermediary and other parties~~ persons, including –
  - (A) ~~(A)~~ the intermediary of which it is an associated entity<sup>14</sup>;
  - (B) ~~(A)~~ recognized exchange companies;
  - (C) ~~(B)~~ clearing houses;
  - (D) ~~(C)~~ other intermediaries;
  - (E) ~~(D)~~ custodians; and
  - (F) ~~(E)~~ banks,

<sup>13</sup> Drafting amendments, including amendments introduced to reflect the policy intention that the specific record-keeping requirements prescribed in clause 4(2) are to elaborate the general record-keeping requirements prescribed in clause 4(1).

<sup>14</sup> This particular drafting amendment is introduced in the light of the comment of the LegCo Legal Adviser as set out in his letter of 5 July 2002.

and show how such differences were resolved; and

- (v) demonstrate –
  - (A) compliance by it with sections 4, 5, 6, 8(4), 10 and 11 of the Securities and Futures (Client Money) Rules (L.N. of 2002);
  - (B) compliance by it with sections 4(4), 5, 10(1) and 12 of the Securities and Futures (Client Securities) Rules (L.N. of 2002); and
  - (C) that it ~~had~~ has systems of control in place to ensure compliance with all of the provisions referred to in sub-paragraphs (A) and (B);

(b) keep those records in such manner as will enable an audit to be conveniently and properly carried out; and

(c) make entries in those records in accordance with generally accepted accounting principles.

(b)(2) Without limiting the generality of subsection (1)(a), the records referred to in that subsection shall keep the following records (to the extent that such records are not required to be kept under paragraph (a)), where applicable, include –

(i)(a) contracts entered into by it;

(ii)(b) in respect of clients of the intermediary who are professional investors, in relation to whom the associated entity receives or holds the client assets where the client in question is a professional investor –

(Ai) documents-records showing particulars sufficient to establish that these clients is ~~are~~ professional investors; and

- (Bii) ~~any notification notice given by it to the client or agreement by the client with it~~<sup>15</sup> referred to in section 3(2) of the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (L.N. of 2002);
- ~~(iii)(c) documents-records~~ evidencing any authority given to it by a ~~the client of the intermediary in question~~, including any standing authority referred to in ~~section 4 of the Securities and Futures (Client Securities) Rules (L.N. of 2002) or section 8 of the Securities and Futures (Client Money) Rules (L.N. of 2002)~~ and any renewal of such authority; ~~and~~
- ~~(iv)(d) documents-records~~ evidencing any direction given to it by a ~~the client of the intermediary in question~~ as referred to in ~~section 6 of the Securities and Futures (Client Securities) Rules (L.N. of 2002) or section 7 of the Securities and Futures (Client Money) Rules (L.N. of 2002)~~;
- ~~(e) keep the records referred to in paragraphs (a) and (b) in such manner as will enable an audit in respect of the client assets to be conveniently and properly carried out; and~~
- ~~(d) make entries in the records referred to in paragraph (a) in accordance with generally accepted accounting principles.~~

## Division 2 – Particular rules for intermediaries

### 5. ~~Additional Particular record keeping requirements for dealing in securities~~<sup>16</sup>

<sup>15</sup> This particular drafting amendment is introduced in the light of the comment of the LegCo Legal Adviser as set out in his letter of 5 July 2002.

<sup>16</sup> Drafting amendments, including amendments introduced for the reasons set out in footnotes 4 and 11.

(1) ~~In addition to the requirements~~For the purposes of section 3(2)(b), an intermediary licensed or registered for dealing in securities shall, in relation to the businesses which constitute that regulated activity, keep, where applicable, such records as are sufficient to show separately particulars of all underwriting and sub-underwriting transactions entered into by it, including particulars showing ~~when~~the dates on which it entered into such transactions.

(2) ~~In this section, “dealing in securities” (~~In this section, “dealing in securities” (~~) has the meaning assigned to it by Part 2 of Schedule 5 to the Ordinance.~~

**6. ~~Additional Particular record keeping requirements for carrying on leveraged foreign exchange trading~~<sup>17</sup>**

~~In addition to the requirements~~For the purposes of section 3(2)(b), a licensed corporation licensed for ~~carrying on~~leveraged foreign exchange trading shall, in relation to the businesses which constitute that regulated activity, keep, where applicable, such records as are sufficient to show –

- (a) in relation to each ~~such~~recognized counterparty with which it conducts any transaction in leveraged foreign exchange contracts, –
  - (i) ~~particulars of its recognized counterparties; and~~
  - (ii) ~~compliance with the Securities and Futures (Recognized Counterparty) Rules (L.N. of 2002)~~ particulars sufficient to establish that the recognized counterparty is a recognized counterparty; and
- (b) for each business day –
  - (i) ~~the marked to market value of each open position held~~ at the end of each business~~that~~ day for its

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<sup>17</sup> Drafting amendments, including amendments introduced for the reasons set out in footnotes 8 and 11, as well as for clarifying the policy intention that the relevant records are required to be kept in respect of each recognized counterparty, instead of each transaction.

- own accounts<sup>18</sup> and the accounts of each of its clients and recognized counterparties;
- (ii) for each leveraged foreign exchange contract executed by it –
- (A) the bid and offer prices quoted by it to the client;
  - (B) the price at which the contract is executed; and
  - (C) the bid and offer prices at the time of execution of the contract as quoted and disseminated to the public, or to subscribers, by a reputable financial information services organization; and
- (iii) the interest rate differentials which are charged or paid by it for being long or short, one currency against another.

**7. ~~Additional~~ Particular record keeping requirements for providing securities margin financing and/or other financial accommodation and effecting entering into margined transactions<sup>19</sup>**

~~(2)~~ (1) This section applies to the following ~~persons~~ intermediaries –

- (a) a licensed corporation licensed for ~~providing~~ securities margin financing;
- (b) an intermediary which provides ~~other forms of to its clients~~ financial accommodation other than securities margin financing; and

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<sup>18</sup> Minor drafting amendments.

<sup>19</sup> Drafting amendments, including amendments introduced for the reason set out in footnote 11 and to reflect the interpretation that margin policy already includes margin call policy.

- (c) an intermediary which ~~effects~~enters into margined transactions with or on behalf of its clients.

~~(3)(2) In addition to the requirements~~For the purposes of section 3(2)(b), a ~~person referred to in subsection (1)~~an intermediary to which this section applies shall, in relation to its activities as referred to in subsection (1), keep, where applicable, ~~keep~~ such records as are sufficient to show –

- (a) its margin policy, and lending policy ~~and margin call policy~~;
- (b) all securities and client collateral deposited with ~~any~~ another person under an arrangement that confers on ~~the person referred to in subsection (1)~~ it a collateral interest in the securities or client collateral;
- (c) with whom and on whose behalf ~~such~~ the securities or client collateral referred to in paragraph (b) are deposited, showing separately the quantity and market value of –
- (i) ~~those~~ securities deposited for safe custody; and
- (ii) ~~those~~ securities and client collateral deposited as security for, or to facilitate, the provision by ~~the person referred to in subsection (1)~~ it of securities margin financing or other financial accommodation (as the case may be), ~~securities margin financing~~ or the ~~effecting~~ entering into by it of margined transactions; and
- (d) particulars of clients to whom it provides securities margin financing, or other financial accommodation (as the case may be) or with whom or on whose behalf it ~~effects~~ enters into margined transactions, including particulars in respect of each client showing –

- (i) the market value and margin value of each description of securities collateral deposited with ~~the person referred to in subsection (1) it;~~
- (ii) ~~the total aggregate of the market values and margin value of such securities collateral;~~
- (iii) the aggregate of the margin values of such securities collateral; and
- ~~(iii) (iv)~~ details of margin calls made.

**8. ~~Additional Particular record keeping requirements for carrying on asset management~~<sup>20</sup>**

~~In addition to the requirements~~ For the purposes of section 3(2)(b), an intermediary licensed or registered for carrying on asset management which holds client assets shall, in relation to the businesses which constitute that regulated activity, keep such records as are sufficient to show, in respect of each client for whom it holds client assets, particulars of the client's assets and liabilities, including any financial commitments and contingent liabilities.

## PART 3

### MISCELLANEOUS

**9. Form in which records are to be kept<sup>21</sup>**

(1) An intermediary, or an associated entity of an intermediary, shall keep All all records that it is required by to keep under these Rules shall be kept—

- (a) in writing in the Chinese or English language; or

<sup>20</sup> Drafting amendments, including amendments introduced for the reason set out in footnote 11.

<sup>21</sup> Drafting amendments mainly for greater clarity.

- (b) in such a manner as to enable them to be readily accessible and readily convertible into written form in the Chinese or English language.

(2) An intermediary ~~and each, or an~~ associated entity of an intermediary, shall adopt all reasonably necessary procedures to –

- (a) guard against falsification of any of ~~its~~ the records that it is required to keep under these Rules; and
- (b) facilitate discovery of any such falsification.

#### **10. Record retention period<sup>22</sup>**

~~(1) Subject to subsections (2) and (3)~~ Except as otherwise provided in the Ordinance (including any subsidiary legislation made under it), an intermediary, or an associated entity of an intermediary, shall retain, all –

- ~~(a) subject to paragraph (b), the records referred to in these Rules shall be retained that it is required to keep under these Rules, for a period of not less than 7 years; and~~

~~(2) (b) in the case of Records~~ records documenting showing particulars of any of the orders and instructions referred to in section 1(d)(i) of the Schedule, shall be retained for a period of not less than 2 years.

~~(3) Where the Ordinance or any subsidiary legislation made under the Ordinance (other than these Rules) provides that any record shall be kept for a specified period by an intermediary or an associated entity of an intermediary, subsections (1) and (2) shall not apply to the intermediary or the associated entity in respect of that record.~~

#### **11. Reporting of non-compliance with certain provisions of these Rules<sup>23</sup>**

<sup>22</sup> Amendment for reflecting the policy intention that the records required to be kept under this set of draft Rules should unless otherwise stated, be retained for 7 years; and other drafting amendments mainly for brevity through subsuming the substance of the original clause 10(3) in the hanging paragraph of the new clause 10.

<sup>23</sup> Minor drafting amendment.

If an intermediary, or an associated entity of an intermediary, ~~to which Part 2 applies~~ becomes aware that it does not comply with any provision of ~~that Part 2 that applies to it~~, it shall, within one business day thereafter, give written notice of that fact to the Commission.

## 12. Penalties<sup>24</sup>

(1) ~~\_\_\_\_\_~~ An intermediary, or an associated entity of an intermediary, ~~that~~ which, without reasonable excuse, contravenes section 3, 4, 5, 6, 7(2), 8, 9, 10 or 11,—

~~(a) without reasonable excuse,~~ commits an offence and is liable on conviction to a fine at level 4, ~~or~~

~~(b)(2) \_\_\_\_\_~~ An intermediary, or an associated entity of an intermediary, which, with intent to defraud, contravenes section 3, 4, 9, 10 or 11, commits an offence and is liable –

~~(ia)~~ on conviction on indictment to a fine of \$1,000,000 and to imprisonment for 7 years; or

~~(ib)~~ on summary conviction to a fine of \$500,000 and to imprisonment for 1 year.

## SCHEDULE

[ss. 3 & 10]

### RECORDS TO BE KEPT BY INTERMEDIARIES UNDER SECTION 3(2)(a)<sup>25</sup>

<sup>26</sup>1. Records showing particulars of –

(a) all money =

<sup>24</sup> Drafting amendments for consistency with section 151(5) and (6) of the Ordinance as well as consequential to the amendments to clause 3 introduced for reflecting the policy intention that the specific record-keeping requirements prescribed in clauses 5, 6, 7(2) and 8 are to elaborate the general record-keeping requirements prescribed in clause 3(1). Please see footnote 11.

<sup>25</sup> Drafting amendment to reflect the policy intention that the specific record-keeping requirements itemized in the Schedule are prescribed for the purpose of clause 3(2)(a). Please see footnote 11.

<sup>26</sup> Drafting amendments, including amendments introduced for clarifying the policy intention that intermediaries are not required to keep records tracing particular disbursements of money to the original receipts of the money disbursed.

- (i) \_\_\_\_\_ received by it, whether or not such money –
  - ~~(i)~~(A) \_\_\_\_\_ belongs to it; or
  - ~~(ii)~~(B) \_\_\_\_\_ is paid into accounts ~~kept-maintained~~ by it or on its behalf,  
including particulars of the manner in which such money was applied by the intermediary; and
- (ii) \_\_\_\_\_ disbursed by it;
- (b) all income received by it, whether such income relates to charges made by it for the provision of services, commissions, brokerage, remuneration, interest or otherwise;
- (c) all expenses, commissions and interest incurred or paid by it;
- (d) all orders or instructions concerning securities, futures contracts or leveraged foreign exchange contracts that it receives or initiates, including particulars –
  - (i) of each transaction entered into by it or on its behalf to implement any such order or instruction;
  - (ii) identifying with whom or for ~~which—whose~~ account it has entered into such transaction; and
  - (iii) that enable such transaction to be traced through its accounting, trading, settlement and stock holding systems;
- (e) all disposals of client securities or client collateral initiated by it, showing in the case of each disposal –
  - (i) the name of the client;
  - (ii) ~~when~~ the date on which the disposal was effected;
  - (iii) the name of the intermediary which effected the disposal;
  - (iv) the charges incurred for effecting the disposal; and

- (v) the proceeds of the disposal and how such proceeds were dealt with;
- (f) its assets and liabilities, including financial commitments and contingent liabilities;
- (g) all securities belonging to it, identifying –
  - (i) with whom such securities are deposited;
  - (ii) ~~when the date on which they were~~ became so deposited; and
  - (iii) whether they are held as security for loans or advances or for any other purpose;
- (h) all securities held by it but not belonging to it, ~~separately~~ identifying –
  - (i) for whom such securities are held and with whom they are deposited;
  - (ii) ~~when the date on which they were~~ became so deposited;
  - (iii) ~~those securities~~ which are deposited with ~~a third party~~ another person for safe custody; and
  - (iv) ~~those securities~~ which are deposited with ~~a third party~~ another person as security for loans or advances made to it or for any other purpose;
- (i) all bank accounts held by it, ~~separately identifying~~ including segregated accounts maintained in accordance with section 4 (1) of the Securities and Futures (Client Money) Rules (L.N. of 2002);
- (j) all other accounts held by it; and
- (k) all off-balance sheet transactions or positions.

<sup>27</sup>2. Records of all ~~Contracts~~ contracts (including written ~~client~~ agreements with clients and discretionary account agreements) entered into by it ~~in the course of any of the businesses which constitute~~ the regulated activities for which it is licensed or registered.

<sup>28</sup>3. Documents ~~Records~~ evidencing –

- (a) any authority given to it by a client, including any standing authority referred to section 4 of in the Securities and Futures (Client Securities) Rules (L.N. of 2002) or section 8 of the Securities and Futures (Client Money) Rules (L.N. of 2002) and any renewal of such authority; and
- (b) any direction given to it by a client as referred to in section 6 of the Securities and Futures (Client Securities) Rules (L.N. of 2002) or section 7 of the Securities and Futures (Client Money) Rules (L.N. of 2002).

<sup>29</sup>4. In respect of a clients who is are a professional investors –

- (a) ~~documents~~ records showing particulars sufficient to establish that these clients is are a professional investors; and
- (b) any ~~notification~~ notice given by it to the client or agreement by the client with it<sup>30</sup> referred to in section 3(2) of the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (L.N. of 2002).

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<sup>27</sup> Minor drafting amendment.

<sup>28</sup> Drafting amendments mainly for clarity.

<sup>29</sup> Minor drafting amendment.

<sup>30</sup> This particular drafting amendment is introduced in the light of the comment of the LegCo Legal Adviser as set out in his letter of 5 July 2002.

Chairman,  
Securities and Futures Commission

2002

**Explanatory Note<sup>31</sup>**

These Rules are made by the Securities and Futures Commission under section 151 of the Securities and Futures Ordinance (~~5 of 2002~~Cap. 571) and ~~prescribe.~~ They specify the records that intermediaries and ~~their~~-associated entities of intermediaries shall are required to keep, and the manner in which they ~~shall are to be kept~~ and other matters relating to the keeping of the records.

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<sup>31</sup> Minor drafting amendment.