

HONG KONG SPECIAL ADMINISTRATIVE REGION

ORDINANCE NO. 15 OF 2006



Donald TSANG
Chief Executive
22 June 2006

An Ordinance to amend the Securities and Futures Ordinance—

- (a) so that the chairman of the Securities and Futures Commission is no longer to be regarded as an executive director of the Commission;
- (b) to provide that the number of non-executive directors of the Commission shall exceed the number of executive directors of the Commission;
- (c) so that a non-executive director of the Commission may also be appointed to be the deputy chairman of the Commission or be designated to act as chairman of the Commission;
- (d) to empower the Chief Executive to appoint the chief executive officer of the Commission;
- (e) to provide expressly that the chairman, deputy chairman and chief executive officer of the Commission shall have such functions as are assigned to them by the Commission; and
- (f) to provide for related matters.

[23 June 2006]

Enacted by the Legislative Council.

1. Short title

This Ordinance may be cited as the Securities and Futures (Amendment) Ordinance 2006.

2. Directions to Commission

Section 11(1) of the Securities and Futures Ordinance (Cap. 571) is amended by repealing “chairman” and substituting “chief executive officer”.

3. Accounts and annual report

Section 15(2)(b) is amended by repealing “, and one non-executive director,” and substituting “and the chief executive officer”.

4. Accounts of compensation fund

Section 240(4) is amended by repealing “at least one non-executive director” and substituting “the chief executive officer”.

5. Interpretation and general provisions

Section 1 of Part 1 of Schedule 1 is amended—

- (a) in the definition of “executive director”, by repealing everything after “means” and substituting “the chief executive officer of the Commission or any other person who is appointed as an executive director of the Commission under section 1 of Part 1 of Schedule 2 to this Ordinance (whether or not acting in any other capacity under that Part);”;
- (b) in the definition of “member”, by repealing everything after “means” and substituting—
 - “—
 - (a) the chairman of the Commission; or
 - (b) the chief executive officer or any other executive director or non-executive director of the Commission (whether or not acting in any other capacity under Part 1 of Schedule 2 to this Ordinance);”;
- (c) in the definition of “non-executive director”, by adding “(whether or not acting in any other capacity under that Part)” before the semicolon.

6. Securities and Futures Commission

Part 1 of Schedule 2 is amended—

- (a) in the heading immediately before section 1, by adding “, **chief executive officer**” after “**Chairman**”;
- (b) in section 1, by repealing “and such number of” and substituting “, a chief executive officer and such number of other”;
- (c) by repealing section 1(b) and substituting—
 - “(b) the number of non-executive directors of the Commission shall exceed the number of executive directors of the Commission.”;

- (d) by repealing section 2;
- (e) in section 4, by adding “or non-executive director” after “director”;
- (f) in section 6, by adding “or non-executive director” after “director”;
- (g) in section 7, by adding “or non-executive director” after “director”;
- (h) by repealing section 9 and substituting—

“9. A deputy chairman of the Commission who acts as chairman of the Commission under section 5, or an executive director or non-executive director of the Commission who acts as chairman of the Commission in accordance with a designation under section 6 or 7, shall be deemed for all purposes to be the chairman of the Commission.

9A. Notwithstanding section 9—

- (a) an executive director of the Commission shall not cease to be regarded as such only because of his acting as chairman of the Commission; and
- (b) a non-executive director of the Commission shall not cease to be regarded as such only because of his acting as chairman of the Commission.

**Vacancy in office of chief
executive officer**

9B. The Chief Executive may designate an executive director of the Commission to act as chief executive officer of the Commission for any period during which the chief executive officer of the Commission is unable to act as chief executive officer due to illness, absence from Hong Kong or any other cause, and may at any time revoke any such designation.

9C. An executive director of the Commission who acts as chief executive officer of the Commission shall be deemed for all purposes to be the chief executive officer of the Commission.”;

- (i) in the heading immediately before section 10, by repealing “**Office**” and substituting “**Functions and office**”;
- (j) by adding immediately before section 10—
 - “9D. Subject to the other provisions of this Ordinance, the chairman, deputy chairman and chief executive officer of the Commission shall have such functions as are assigned to them by the Commission.”;
- (k) in section 10, by adding “, chief executive officer” after “deputy chairman”;
- (l) in section 11, by adding “, chief executive officer” after “deputy chairman”;
- (m) in section 12, by adding “, chief executive officer” after “deputy chairman”;
- (n) in section 13, by adding “, chief executive officer” after “deputy chairman”;
- (o) in section 14, by repealing “or the deputy chairman” and substituting “, deputy chairman, chief executive officer”;
- (p) by adding—
 - “16A. For the purpose of forming a quorum under section 16—
 - (a) subject to paragraph (b), the chairman of the Commission shall be counted as a non-executive director of the Commission; and
 - (b) notwithstanding sections 9 and 9A—
 - (i) an executive director of the Commission who acts as chairman of the Commission shall only be counted as an executive director of the Commission; and
 - (ii) a non-executive director of the Commission who acts as chairman of the Commission shall only be counted as a non-executive director of the Commission.”;
- (q) in section 27, by adding—
 - “(aa) the chief executive officer of the Commission;”;
- (r) in section 28(a), by repealing “or”;
- (s) in section 28, by adding—
 - “(aa) the chief executive officer of the Commission; or”.