



立法會秘書處 法律事務部  
LEGAL SERVICE DIVISION  
LEGISLATIVE COUNCIL SECRETARIAT

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By Fax (2529 2075)

11 February 2014

Miss CHAN Man-yan, Ada  
Prin AS for Financial Services &  
the Treasury (Financial Services)2  
Room 2474, 24/F  
Central Government Offices  
2 Tim Mei Avenue  
Tamar  
Hong Kong

Dear Miss CHAN,

### **Securities and Futures (Amendment) Bill 2013**

I am scrutinizing the legal and drafting aspects of Part 3 of the Bill which is pending clause-by-clause examination and would like to seek clarification on the following points -

#### Clauses 56 to 60

Clauses 56 to 60 seek to extend the ambit of insolvency override protections under Part III of the Securities and Futures Ordinance (Cap. 571) (SFO). Please explain how such protections are extended by reference to, for example, a typical client clearing arrangement in relation to OTC derivative transactions.

#### Clause 58

The proposed new subsection (2A) to section 40 of SFO extends the power of a recognized clearing house to make rules to cater for certain circumstances. However, such power is not restricted to OTC derivative

transactions to which the Bill primarily relates. Please clarify the policy intention of the proposed new section 40(2A).

I shall be grateful if you could let me have your response in both Chinese and English to the above points at your earliest convenience, preferably on or before 13 February 2014 to enable members of the Bills Committee to consider the matter before its coming meeting which is to be held on 17 February 2014.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Winnie LO', written in a cursive style.

(Winnie LO)  
Assistant Legal Adviser

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