

**Bills Committee on Securities and Futures (Amendment) Bill 2013**  
**Use of acronyms in the definitions**  
**in Division 1 – Interpretation of the proposed Part IIIA**  
**of the Securities and Futures Ordinance (Cap. 571)**

**Purpose**

This paper sets out the Administration's response to Members' request made at the meeting of 15 October 2013 to review the use of acronyms (e.g. "SIP", "CCP") in the Securities and Futures (Amendment) Bill 2013 ("the Bill") in the definitions in Division 1 – Interpretation of the proposed Part IIIA of the Securities and Futures Ordinance (Cap. 571).

**Rationale for the use of acronyms in legislation**

2. The Department of Justice ("DoJ") has advised that, generally speaking, acronyms are used in legislation as well as ordinary writing to avoid the repetitive use of long and cumbersome titles or expressions. In legislation, if an acronym is used in the substantive provisions on its own, the meaning of the acronym (unless it is a generally well-known term) is always explained in the definition section. However, if an acronym does not appear independently in the substantive provisions, it is not DoJ's current practice to separately define the acronym for the purpose of another definition that contains the acronym.

3. One may understand the rationale from a functional angle of a defined term. In legislation, a defined term serves as a 'label'. By reading the definition of a term, people are able to understand what the term means in the relevant Ordinance. They can associate the meaning of that term with the label whenever they come across it in the Ordinance. Therefore, whether an acronym is used as an independent term or forms part of a compound term, it is still the term as a whole that serves as a label to assist the readers to understand the meaning of the term.

**The use of acronyms in the Bill**

4. In the Bill, we only use the 'long form' expression of *systemically important participants* (系統重要參與者) in the substantive provisions. Its acronym of 'SIP' only appears in the expressions of *registered SIP* (已登記系統重要參與者) and *SIP register* (系統重要參與者登記冊), but

not as an independent term itself. The meanings of *registered SIP* and *SIP register* are clearly defined. We therefore do not consider it appropriate to spell out 'SIP' in long form separately in the definition section of the Bill. Similarly, the acronym of 'CCP' only appears in the expression of *designated CCP* (指定中央對手方). We also consider it not appropriate to spell out 'CCP' in long form separately in the definition section of the Bill.

### Example of the use of acronyms in current legislation

#### *The Stamp Duty Ordinance (Cap. 117)*

5. In section 47H of the Stamp Duty Ordinance (Cap. 117), *alleged specified ABS* is a defined term but *ABS* is not separately defined.

Chapter: 117	Title:	<b>STAMP DUTY ORDINANCE</b>	Gazette Number:	10 of 2013
Section: 47H	Heading:	<b>Relief granted under section 47F or 47G deemed withdrawn</b>	Version Date:	19/07/2013

- (1) This section applies if—
  - (a) a claim for relief from stamp duty has been made under section 47F or 47G for any instrument, alleging that—
    - (i) an arrangement (*alleged qualified investment arrangement*) in a scheme (*alleged specified ABS*) is a qualified investment arrangement in a specified alternative bond scheme; and
    - (ii) particular persons are respectively the originator and bond-issuer under the alleged specified ABS (*alleged originator* and *alleged bond-issuer*); and
  - (b) an IA disqualifying event occurs in relation to the alleged qualified investment arrangement.

**Financial Services and the Treasury Bureau**  
**25 October 2013**