

**立法會**  
***Legislative Council***

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of the Legislative Council  
on 23 June 2000**

**Legal Service Division Report on  
Subsidiary Legislation Gazetted on 20 June 2000**

**Date of Tabling in LegCo** : 21 June 2000

**Amendment to be made by** : The 2<sup>nd</sup> meeting of LegCo in the next session (or the 3<sup>rd</sup> meeting of LegCo in the next session if extended by resolution)

**Securities and Futures Commission Ordinance (Cap. 24) (L.N. 215)**  
**Financial Resources Rules (Exemption) Notice 2000**

This Notice exempts dealers registered under the Securities Ordinance (Cap. 333) from the requirement to comply with section 13(7) and (8) of the Financial Resources Rules (L.N. 103 of 2000) ("the Rules") subject to certain conditions specified in the Notice.

Section 13(7) and (8) of the Rules requires a dealer to include in his liquid assets amounts receivable from a registered securities margin financier and net amount receivable from such financier arising from dealing in securities by their common clients. The Notice provides as part of the conditions for exemption that amounts receivable and net amount receivable from a securities margin financier (whether or not registered under the Securities Ordinance) should be included in the liquid assets of a dealer.

Under section 29AA(4) of the Securities and Futures Commission Ordinance (Cap. 24), the Securities and Futures Commission may not grant an exemption unless it is satisfied that -

- (a) compliance with the Rules or the specified provision of the Rules would be unduly burdensome for the person or class of persons having regard to the benefit which compliance would confer on the investing public; and

- (b) the exercise of this power in the particular case is not contrary to the interest of the investing public.

The Commission confirms that it has exercised its power in accordance with the above requirements. It has also clarified that no enforcement action would be taken in respect of failure to comply with section 13(7) and (8) of the Rules on the part of registered securities dealers for the period from the commencement of the Rules on 12 June 2000 to the publication of this Notice on 20 June 2000.

The exemption shall cease to have effect in relation to a dealer -

- (a) in the case where the securities margin financier concerned has not applied to the Securities and Futures Commission to be registered as a securities margin financier on or before 12 July 2000, on 13 July 2000; and
- (b) in the case where the securities margin financier concerned has applied to the Commission to be registered as a securities margin financier on or before 12 July 2000 -
  - (i) on the date when the securities margin financier concerned becomes so registered; or
  - (ii) 14 days after the Commission has notified the securities margin financier the refusal of its application,

whichever is applicable.

The specified period for the exemption to take effect ties in with the period during which a securities margin financier who has been carrying on business of securities margin financing immediately before the commencement of the Securities (Margin Financing) Amendment Ordinance (20 of 2000) may apply to the Commission for registration.

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