

L.N. 216 of 1999

Securities (Miscellaneous) (Amendment) Rules 1999

(Made by the Securities and Futures Commission under sections 80(4)(d) and 146(1) of the Securities Ordinance (Cap. 333) )

1. Interpretation

Rule 2 of the Securities (Miscellaneous) Rules (Cap. 333 sub. leg.) is amended by adding---

"Exchange Fund Bill" (外匯基金票據) means any instrument described as such which is issued by the Government for the account of the Exchange Fund under the Exchange Fund Ordinance (Cap. 66);

"Exchange Fund Note" (外匯基金債券) means any instrument described as such which is issued by the Government for the account of the Exchange Fund under the Exchange Fund Ordinance (Cap. 66);

"Monetary Authority" (金融管理專員) has the same meaning as in section 2 of the Securities and Futures Commission Ordinance (Cap. 24);

"Monetary Authority-appointed market maker" (金融管理專員委任的市場莊家) means a person appointed as a market maker by the Monetary Authority under a letter of appointment currently in force for the purpose of conducting market making activities in respect of Exchange Fund Bills, Exchange Fund Notes and specified instruments; "specified instrument" (指明文書) means any note issued by the Mass Transit Railway Corporation, the Airport Authority and the Hong Kong Mortgage Corporation Limited under their respective note issuance programmes arranged by the Monetary Authority."

2. Rule added

The following is added---

"17. Prescribed class of transaction for the purpose of section 80(4)(d) of the Ordinance

A sale of any of the following securities, if carried out by a Monetary Authority-appointed market maker, falls within a class of transaction prescribed for the purpose of section 80(4)(d) of the Ordinance---

- (a) Exchange Fund Bills;
- (b) Exchange Fund Notes;
- (c) specified instruments."

Andrew SHENG

Chairman,

Securities and Futures Commission

11 August 1999

Explanatory Note

Section 80(1) of the Securities Ordinance (Cap. 333) prohibits a person from

selling securities at or through the Unified Exchange unless, at the time he sells them, he has or, where he is selling as agent, his principal has a presently exercisable and unconditional right to vest the securities in the purchaser of them, or he reasonably and honestly believes that he has or, where he is selling as agent, that his principal has, that right.

2. Under section 80(4)(d) of the Ordinance, a sale of securities falling within a prescribed class of transaction shall not be governed by the prohibition provided for in section 80(1) of the Ordinance.

3. These Rules prescribe that a sale of Exchange Fund Bills, Exchange Fund Notes or specified instruments, if carried out by Monetary Authority-appointed market makers, shall fall within a class of transaction prescribed for the purpose of section 80(4)(d) of the Ordinance, so that the prohibition in section 80(1) of the Ordinance shall not apply.