

L.N. 199 of 2000

SECURITIES (STOCK LENDING) RULES

(Made by the Securities and Futures Commission under section 146(1)(oa) of the Securities Ordinance (Cap. 333) as amended by the Securities (Margin Financing) (Amendment) Ordinance 2000 (20 of 2000) as amended by the Securities (Amendment) Ordinance 2000 (30 of 2000))

1. Commencement

These Rules shall come into operation on 3 July 2000.

2. Interpretation

In these Rules, unless the context otherwise requires---

"blanket assurance" (概括性保證) means a confirmation from a lender to a borrower that the lender has a sufficient overall supply of a defined group of securities such that for a specific period of time as agreed on by the parties the securities concerned are available to lend to the borrower;

"borrow" (借用安排) means a borrowing of securities pursuant to a securities borrowing and lending agreement, irrespective of whether the borrowed securities have been delivered by the lender to the borrower;

"documentary record" (文件紀錄) includes any tape recording and any form of computer input or output or similar record (whether produced mechanically, electronically, magnetically, optically, manually or by any other means);

"hold" (持有確認) means a confirmation from a lender to a borrower that for a specific period of time as agreed on by the parties specific securities in a specific quantity are available to lend to the borrower;

"lender" (借出人) means a lender of securities under a securities borrowing and lending agreement, provided that securities are being lent under the agreement as agent for clients, the agent and not also its clients shall be regarded as the lender for the purposes of these Rules;

"securities" (證券) means securities as defined in section 2(1) of the Ordinance which are listed on the Unified Exchange;

"securities borrowing and lending agreement" (證券借貸協議) has the same meaning as in section 80A of the Ordinance.

3. Record keeping by lenders

(1) When a lender gives a blanket assurance or a hold to a borrower, or enters into a borrow, the lender shall make a documentary record of this, identifying the following---

(a) name of the borrower;

(b) securities or group of securities borrowed, or available for borrowing and quantity thereof;

(c) whether a blanket assurance or a hold has been given or a borrow has been entered into, and the time it was given or entered into, as the case may be.

(2) The lender shall---

(a) subject to paragraph (b), retain the documentary record referred to in subsection (1) for not less than one year from the date the relevant record was made; and
(b) provide any such record to the Commission upon request made at any time within that year by an employee of the Commission.

Andrew SHENG

Chairman,

Securities and Futures Commission

29 May 2000

Explanatory Note

These Rules provide that a lender under a securities borrowing and lending agreement within the meaning of section 80A of the Securities Ordinance (Cap. 333) shall make such documentary record as prescribed by these Rules and retain such documentary record for not less than one year from the date the relevant record was made and within such time provide any such record to the Securities and Futures Commission at its request.