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L. N. 215 of 2000

Financial Resources Rules (Exemption) Notice 2000

(Made by the Securities and Futures Commission
under section 29AA of the Securities and
Futures Commission Ordinance (Cap. 24))

1. Exemption of dealers

(1) Subject to subsection (2), dealers registered under the Securities Ordinance (Cap. 333) are exempted from section 13(7) and (8) of the Financial Resources Rules (L. N. 103 of 2000).

(2) In relation to such a dealer, the exemption under subsection (1) applies on condition that---

(a) the dealer includes the following in his liquid assets---

(i) net amount receivable from a securities margin financier (whether or not registered under the Securities Ordinance (Cap. 333)) arising from dealing in securities by their common clients, to the extent that such amount represents receivables from dealings which are not yet due for settlement according to their settlement date; and

(ii) amounts receivable from a securities margin financier (whether or not registered under the Securities Ordinance (Cap. 333)), other than the amount referred to in subparagraph (i) which is included in the liquid assets, at the lower of--

(A) the amounts receivable less any provision made for bad and doubtful debts; and

(B) the aggregate of---

(I) the amount of cash deposited as security by the securities margin financier; and

(II) the market value of any collateral provided by the securities margin financier less the applicable haircut amount;

(b) the dealer identifies the securities margin financier (whether or not registered under the Securities Ordinance (Cap. 333)) and reports it to the Commission when the dealer lodges the monthly return as required under section 35 of the Financial Resources Rules (L. N. 103 of 2000); and

(c) the dealer makes reasonable enquiry into the state of the application made by the securities margin financier (whether or not registered under the Securities Ordinance (Cap. 333)) for registration as a securities margin financier.

2. Cessation of exemption notice

The exemption under section 1 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 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.

Andrew SHENG

Chairman,

Securities and Futures Commission

19 June 2000

Explanatory Note

The purpose of this Notice is to exempt dealers 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), subject to them complying with the specified conditions in the exemption.