

L. N. 254 of 2000

FINANCIAL RESOURCES RULES (EXEMPTION)

(NO. 2) 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 and securities  
margin financiers

(1) Subject to subsection (2), dealers or securities margin financiers registered under the Securities Ordinance (Cap. 333) and dealers registered under the Commodities Trading Ordinance (Cap. 250) are exempted from section 5(2)(b) of the Financial Resources Rules (L.N. 103 of 2000) insofar as they hold long positions in shares of Cable and Wireless HKT Limited ("HKT shares") as their house positions or as collateral deposited by their margin clients.

(2) In relation to such a dealer or securities margin financier, the exemption under subsection (1) applies on condition that the long positions in each HKT share shall be valued in accordance with the following bases as stipulated under the Scheme of Arrangement between Cable and Wireless HKT Limited and Pacific Century CyberWorks Limited and related announcements made by the 2 companies---

(a) Share Alternative: each HKT share will receive 1.1 new shares of Pacific Century CyberWorks Limited ("PCCW shares"); or

(b) Combination Alternative: each HKT share will receive 0.7116 new PCCW share and HK\$7.23 (or US\$0.929) in cash.

(3) From 17 August 2000, subject to subsection (4), dealers or securities margin financiers registered under the Securities Ordinance (Cap. 333) and dealers registered under the Commodities Trading Ordinance (Cap. 250) are exempted from section 15(a) of the Financial Resources Rules (L.N. 103 of 2000) insofar as they hold long positions in HKT shares as their house positions or as collateral deposited by their margin clients.

(4) In relation to such a dealer or securities margin financier, the exemption under subsection (3) applies on condition that---

"subject to section 5(10), (11), (13), (14) and (15) of the Financial Resources Rules (L.N. 103 of 2000)---

(a) shares specified in Schedule 1 to those Rules at market value, less the applicable haircut amounts calculated by reference to the haircut percentages specified in either Part I or II, as he elects (there is no obligation to inform the Commission of any such election), and Part III, of Schedule 1 to those Rules; and

(b) HKT shares valued in accordance with subsection (2) (a) or (b), less the haircut amounts calculated by reference to the haircut percentage of 15%, shall be included in the liquid assets of a dealer or securities margin financier provided he is the beneficial owner thereof. ".

2. Cessation of exemption notice

(1) The exemption under section 1(1) shall cease to have effect on 17 August 2000.

(2) The exemption under section 1(3) shall cease to have effect on 22 August 2000.

Andrew SHENG

Chairman,

Securities and Futures Commission

11 August 2000

Explanatory Note

The purpose of this Notice is to exempt dealers and securities margin financiers from the treatment of suspended and unlisted securities as prescribed under the Financial Resources Rules (L. N. 103 of 2000) insofar as they concern shares of Cable and Wireless HKT Limited.