

**L.N. 119 of 2006****SECURITIES AND FUTURES (CONTRACT NOTES,  
STATEMENTS OF ACCOUNT AND RECEIPTS)  
(AMENDMENT) RULES 2006**

(Made by the Securities and Futures Commission under section 152 of the Securities and Futures Ordinance (Cap. 571))

**1. Commencement**

These Rules shall come into operation on 1 October 2006.

**2. Preparation and provision of monthly statements of account**

(1) Section 11(1) of the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Cap. 571 sub. leg. Q) is amended—

(a) by repealing—

“(1) In this section, “monthly accounting period” (按月會計期) means—

(a)”

and substituting—

“(1) In this section—

“monthly accounting period” (按月會計期) means—

(a)”;

(b) in paragraph (b), in the English text, by repealing the full stop at the end and substituting a semicolon;

(c) by adding—

““repledge” (再質押), in relation to an intermediary or an associated entity of an intermediary, means an act by which the intermediary or the associated entity deposits securities collateral of the intermediary as collateral for financial accommodation provided to the intermediary.”.

(2) Section 11(2)(a) is amended by repealing “subsection (3)” and substituting “subsections (3) and (3A)”.

(3) Section 11 is amended by adding—

“(3A) In the case of an intermediary which is licensed for dealing in securities or securities margin financing, where—

- (a) the intermediary or an associated entity of such intermediary has held securities collateral for that account at any time during that monthly accounting period; and
- (b) at any time during that monthly accounting period, the intermediary or an associated entity of such intermediary has repledged securities collateral of the intermediary (whether or not the securities collateral repledged is the same as that referred to in paragraph (a)),

a statement of account referred to in subsection (2) shall also include a statement in a prominent position stating—

- (c) whether the client has provided the intermediary or an associated entity of such intermediary with a standing authority as defined in section 2 of the Securities and Futures (Client Securities) Rules (Cap. 571 sub. leg. H), which has not been revoked, authorizing the intermediary or associated entity to repledge securities collateral provided by him or on his behalf; and
- (d) that the intermediary or an associated entity of such intermediary referred to in paragraph (b) has repledged securities collateral of the intermediary during that monthly accounting period.”.

Martin WHEATLEY  
Chairman,  
Securities and Futures Commission

15 May 2006

### **Explanatory Note**

These Rules amend the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Cap. 571 sub. leg. Q) to impose additional disclosure requirements on any intermediary which is licensed for securities margin financing or dealing in securities where such intermediary or an associated entity of such intermediary has repledged securities collateral.