

Securities and Futures (Amendment) Bill 2015

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A BILL

To

Amend the Securities and Futures Ordinance and its subsidiary legislation to adjust provisions regarding printed licences and certificates of registration; to provide for supervisory assistance to regulators outside Hong Kong; to adjust provisions regarding business operations that may be carried on upon revocation or suspension of licences or registrations; to provide for onward disclosure of information disclosed by a recognized exchange company; to enable the delegation of a function of the Securities and Futures Commission; to provide for the rounding of certain levy amounts; to make minor amendments; to describe voting shares clearly in certain provisions; and to make consequential and related amendments.

Enacted by the Legislative Council.

Part 1

Preliminary

1. Short title

This Ordinance may be cited as the Securities and Futures (Amendment) Ordinance 2015.

2. Enactments amended

- (1) The enactments specified in Parts 2 to 8 are amended as set out in those Parts.
 - (2) A provision of an enactment specified in Part 1 or 2 of the Schedule, that is set out in column 2 of an item in that Schedule, is amended by repealing the words set out in column 3 of that item (wherever appearing in that provision) and substituting the words set out in column 4 of that item.
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Part 2

Amendments Relating to Printed Licences and Certificates of Registration

Division 1—Amendments to Securities and Futures Ordinance (Cap. 571)

3. **Section 116 amended (corporations to be licensed for carrying on regulated activities)**
- (1) Section 116(1)—
Repeal
“as the Commission may specify in the licence”.
- (2) After section 116(1)—
Add
“(1A) The Commission must, on granting a licence under subsection (1), issue to the applicant a printed licence specifying the regulated activity for which the applicant is licensed.”.
- (3) Section 116(8)—
Repeal
“licence”
Substitute
“printed licence”.
4. **Section 117 amended (grant of temporary licences to corporations for carrying on regulated activities)**
- (1) Section 117(1)—
Repeal

“as the Commission may specify in the licence”.

- (2) After section 117(1)—

Add

“(1A) The Commission must, on granting a licence under subsection (1), issue to the applicant a printed licence specifying the regulated activity for which the applicant is licensed.”.

- (3) Section 117(6)—

Repeal

“licence”

Substitute

“printed licence”.

5. Section 120 amended (representatives to be licensed)

- (1) Section 120(1)—

Repeal

“as the Commission may specify in the licence”.

- (2) After section 120(2)—

Add

“(2A) On granting a licence under subsection (1) or (2), the Commission must, by notice in writing served on the applicant, inform the applicant of—

- (a) the grant of the licence; and
- (b) the regulated activity for which the applicant is licensed.

- (2B) Beginning on the day on which Part 2 of the Securities and Futures (Amendment) Ordinance 2015 (of 2015) comes into operation—
- (a) no printed licence is to be issued on granting a licence under subsection (1) or (2); and
 - (b) a printed licence issued by the Commission to a licensed representative before that day ceases to be effective for indicating that an individual is licensed under subsection (1) or (2).”.

- (3) Section 120—

Repeal subsections (11) and (12).

- (4) Section 120(13)—

Repeal

everything after “for which”

Substitute

“the representative is licensed under subsection (1) or (2), use a name other than the name under which the representative is licensed.”.

6. Section 121 amended (temporary licences for representatives)

- (1) Section 121(1)—

Repeal

“as the Commission may specify in the licence”.

- (2) After section 121(1)—

Add

“(1A) On granting a licence under subsection (1), the Commission must, by notice in writing served on the applicant, inform the applicant of—

- (a) the grant of the licence; and

- (b) the regulated activity for which the applicant is licensed.
- (1B) Beginning on the day on which Part 2 of the Securities and Futures (Amendment) Ordinance 2015 (of 2015) comes into operation—
 - (a) no printed licence is to be issued on granting a licence under subsection (1); and
 - (b) a printed licence issued by the Commission to a licensed representative before that day ceases to be effective for indicating that an individual is licensed under subsection (1).”.

- (3) Section 121(7)—

Repeal

everything after “for which”

Substitute

“the representative is licensed under subsection (1), use a name other than the name under which the representative is licensed.”.

7. Section 122 amended (approval and transfer of accreditation)

- (1) Section 122(1)—

Repeal

“and shall specify in the licence, upon such approval, the corporation as his principal”

Substitute

“and on the Commission’s approving the accreditation, the corporation becomes the representative’s principal”.

- (2) Section 122(2)—

Repeal

everything after “(as the case may be),”

Substitute

“and on the Commission’s approving the transfer, the corporation becomes the representative’s principal.”.

- (3) After section 122(2)—

Add

“(2A) On granting an approval under subsection (1) or (2), the Commission must, by notice in writing served on the applicant, inform the applicant of the approval.”.

8. Section 123 amended (Commission to be notified, etc. if licensed representative ceases to act for principal)

- (1) Section 123(1)(a)—

Repeal

“cessation;”

Substitute

“cessation; and”.

- (2) Section 123(1)—

Repeal paragraph (b).

- (3) Section 123—

Repeal subsection (3).

9. Section 124 amended (duplicate licence, etc.)

- (1) Section 124, heading—

Repeal

“licence”

Substitute

“printed licence”.

- (2) Section 124(1)—

Repeal

“licensed person” (wherever appearing)

Substitute

“licensed corporation”.

- (3) Section 124(1)—

Repeal

“his licence”

Substitute

“its printed licence”.

- (4) Section 124(1)—

Repeal

“the licence”

Substitute

“the printed licence”.

- (5) Section 124(2)—

Repeal

“licensed person” (wherever appearing)

Substitute

“licensed corporation”.

- (6) Section 124(2)(a)—

Repeal

“licence”

Substitute

“printed licence”.

10. Section 127 amended (variation of regulated activity specified in licence or certificate of registration)

- (1) Section 127, heading—

Repeal

“specified in licence or certificate of registration”

Substitute

“for which licensed person or registered institution is licensed or registered”.

- (2) Section 127(1)—

Repeal

“specified in the applicant’s licence or certificate of registration”

Substitute

“for which a licensed person or registered institution is licensed or registered”.

- (3) Section 127(1), English text—

Repeal

“so specified”.

- (4) Section 127—

Repeal subsection (2)

Substitute

- “(2) If a person applies for variation under subsection (1) by adding a regulated activity, the application is, for the purposes of this Part, to be regarded as an application for a licence or registration (as the case may be) in relation to that regulated activity.”.

11. Section 397 amended (rules by Commission)

(1) Section 397(1)(a)—

Repeal

“licences”

Substitute

“printed licences”.

(2) Section 397(1)(b)—

Repeal

“licences” (wherever appearing)

Substitute

“printed licences”.

12. Schedule 1 amended (interpretation and general provisions)

Schedule 1, Part 1, section 1—

Add in alphabetical order

“*printed licence* (印副本牌照) means a certificate printed on paper or in any other physical form certifying the grant of a licence (whether issued before, on or after the commencement date of Part 2 of the Securities and Futures (Amendment) Ordinance 2015 (of 2015));”.

13. Schedule 8 amended (Securities and Futures Appeals Tribunal)

Schedule 8, Part 2, Division 1, item 30—

Repeal

“licence”

Substitute

“printed licence”.

**Division 2—Amendments to Securities and Futures
(Licensing and Registration) (Information) Rules
(Cap. 571 sub. leg. S)**

- 14. Section 3 amended (information to be provided with applications to Commission)**
- (1) Section 3(1)(a)(iii)—
Repeal
“specified in its licence or certificate of registration”
Substitute
“for which the intermediary is licensed or registered”.
- (2) Section 3(1)(b)(iv)—
Repeal
“specified in his licence by adding to or reducing the regulated activity so specified”
Substitute
“for which the representative is licensed”.
- 15. Schedule 4 amended (particulars to be contained in register)**
- (1) Schedule 4, Part 1, paragraph (c)(iii)—
Repeal
“holds a licence granted”
Substitute
“is licensed”.
- (2) Schedule 4, Part 1, paragraph (d)(i)—
Repeal
“holds a provisional licence granted”
Substitute

“is licensed”.

- (3) Schedule 4, Part 1, paragraph (d)(ii)—

Repeal

“holds a licence granted”

Substitute

“is licensed”.

Division 3—Amendments to Securities and Futures (Miscellaneous) Rules (Cap. 571 sub. leg. U)

16. Section 3 amended (licence or certificate of registration to be exhibited)

- (1) Section 3, heading—

Repeal

“Licence”

Substitute

“Printed licence”.

- (2) Section 3(1)—

Repeal

“licence” (wherever appearing)

Substitute

“printed licence”.

- (3) Section 3(2)—

Repeal

“licence” (wherever appearing)

Substitute

“printed licence”.

17. Section 4 amended (return of licence or certificate of registration)

(1) Section 4, heading—

Repeal

“licence or certificate of registration”

Substitute

“printed licence or certificate of registration by intermediary”.

(2) Section 4(1)—

Repeal

“or licensed representative”.

(3) Section 4(1)—

Repeal

“he is”

Substitute

“it is”.

(4) Section 4(1)—

Repeal

“he shall return his licence”

Substitute

“it must return its printed licence”.

(5) Section 4(2)—

Repeal

everything after “any regulated activity” and before “to the Commission”

Substitute

“for which an intermediary is licensed or registered is varied under section 127 of the Ordinance, the intermediary must return its printed licence or certificate of registration (as the case may be)”.

- (6) Section 4(3)—

Repeal

“in a licence or certificate of registration”

Substitute

“in the printed licence or certificate of registration of an intermediary”.

- (7) Section 4(3)—

Repeal

“possession of the licence”

Substitute

“possession of the printed licence”.

- (8) Section 4(3)—

Repeal

“shall return the licence”

Substitute

“must return the printed licence”.

**Division 4—Amendments to Securities and Futures (Fees)
Rules (Cap. 571 sub. leg. AF)**

18. **Schedule 1 amended (fees prescribed for purposes of section 395(1)(a)(i), (iii) and (iv) of Ordinance)**

Schedule 1—

Repeal item 9

Substitute

- “9. Fee payable—
- | | |
|---|---------|
| (a) for the issue of a printed licence under section 116 or 117 of the Ordinance if the particulars of a licensed corporation have changed since the issue of the existing printed licence | \$200 |
| (b) for the grant of a certificate of registration under section 119 of the Ordinance if the particulars of a registered institution have changed since the grant of the existing certificate of registration | \$200”. |

19. Schedule 3 amended (fees prescribed for purposes of section 395(1)(b) of Ordinance)

- (1) Schedule 3, item 11—
- Repeal**
“licence”
- Substitute**
“printed licence”.
- (2) Schedule 3, item 13(a)(iii)—
- Repeal**
“specified in the licence”.
- (3) Schedule 3, item 13(b)(iii)—
- Repeal**
“specified in the licence”.
- (4) Schedule 3, item 13(c)(iii)—

Repeal

“specified in the certificate of registration”.

**Division 5—Amendments to Securities and Futures
(Amendment) Ordinance 2014 (6 of 2014)**

20. Section 55 amended (Schedule 11 added)

(1) Section 55, new Schedule 11, section 3(2)—

Repeal

“specified in the person’s licence”

Substitute

“for which the person is licensed”.

(2) Section 55, new Schedule 11, section 4(2)—

Repeal

“specified in the individual’s licence”

Substitute

“for which the individual is licensed”.

(3) Section 55, new Schedule 11, section 6(2)(b)—

Repeal

“specified in the licence”

Substitute

“for which the corporate applicant is licensed”.

(4) Section 55, new Schedule 11, section 6(2)(c)—

Repeal

“specified in the licence”

Substitute

“for which the corporate applicant is licensed”.

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- (5) Section 55, new Schedule 11, section 8(1)(c)(iii)—
Repeal
“specified in the principal’s licence”
Substitute
“for which the principal is licensed”.
- (6) Section 55, new Schedule 11, section 8(2)(b)—
Repeal
“specified in the individual’s licence”
Substitute
“for which the individual is licensed”.
- (7) Section 55, new Schedule 11, section 8(2)(c)(i)—
Repeal
“specified in the individual’s licence”
Substitute
“for which the individual is licensed”.
- (8) Section 55, new Schedule 11, section 8(2)(c)(iii)—
Repeal
“specified in the principal’s licence”
Substitute
“for which the principal is licensed”.
- (9) Section 55, new Schedule 11, section 10(c)—
Repeal
“specified in the individual’s licence”
Substitute
“for which the individual is licensed”.
- (10) Section 55, new Schedule 11, section 10(j)—

Repeal

“specified in the principal’s licence”

Substitute

“for which the principal is licensed”.

- (11) Section 55, new Schedule 11, section 13(3)—

Repeal

“specified in the person’s licence”

Substitute

“for which the person is licensed”.

- (12) Section 55, new Schedule 11, section 14(3)—

Repeal

“specified in the individual’s licence”

Substitute

“for which the individual is licensed”.

- (13) Section 55, new Schedule 11, section 16(2)(b)—

Repeal

“specified in the licence”

Substitute

“for which the corporate applicant is licensed”.

- (14) Section 55, new Schedule 11, section 16(2)(c)—

Repeal

“specified in the licence”

Substitute

“for which the corporate applicant is licensed”.

- (15) Section 55, new Schedule 11, section 18(1)(c)(iii)—

Repeal

“specified in the principal’s licence”

Substitute

“for which the principal is licensed”.

- (16) Section 55, new Schedule 11, section 18(2)(b)—

Repeal

“specified in the individual’s licence”

Substitute

“for which the individual is licensed”.

- (17) Section 55, new Schedule 11, section 18(2)(c)(i)—

Repeal

“specified in the individual’s licence”

Substitute

“for which the individual is licensed”.

- (18) Section 55, new Schedule 11, section 18(2)(c)(iii)—

Repeal

“specified in the principal’s licence”

Substitute

“for which the principal is licensed”.

- (19) Section 55, new Schedule 11, section 20(c)—

Repeal

“specified in the individual’s licence”

Substitute

“for which the individual is licensed”.

- (20) Section 55, new Schedule 11, section 20(j)—

Repeal

“specified in the principal’s licence”

Substitute

“for which the principal is licensed”.

- (21) Section 55, new Schedule 11, section 22(3)—

Repeal

“specified in its certificate of registration”

Substitute

“for which it is registered”.

- (22) Section 55, new Schedule 11, section 24(2)(b)—

Repeal

“specified in the certificate of registration”

Substitute

“for which the authorized financial institution is registered”.

- (23) Section 55, new Schedule 11, section 24(2)(c)—

Repeal

“specified in the certificate of registration”

Substitute

“for which the authorized financial institution is registered”.

- (24) Section 55, new Schedule 11, section 26(f)—

Repeal

“specified in the certificate of registration of the authorized financial institution”

Substitute

“for which the authorized financial institution is registered”.

- (25) Section 55, new Schedule 11, section 33(3)—

Repeal

“specified in the person’s licence”

Substitute

“for which the person is licensed”.

- (26) Section 55, new Schedule 11, section 34(3)—

Repeal

“specified in the individual’s licence”

Substitute

“for which the individual is licensed”.

- (27) Section 55, new Schedule 11, section 36(2)(b)—

Repeal

“specified in the licence”

Substitute

“for which the corporate applicant is licensed”.

- (28) Section 55, new Schedule 11, section 36(2)(c)—

Repeal

“specified in the licence”

Substitute

“for which the corporate applicant is licensed”.

- (29) Section 55, new Schedule 11, section 38(1)(c)(iii)—

Repeal

“specified in the principal’s licence”

Substitute

“for which the principal is licensed”.

- (30) Section 55, new Schedule 11, section 38(2)(b)—

Repeal

“specified in the individual’s licence”

Substitute

“for which the individual is licensed”.

- (31) Section 55, new Schedule 11, section 38(2)(c)(i)—

Repeal

“specified in the individual’s licence”

Substitute

“for which the individual is licensed”.

- (32) Section 55, new Schedule 11, section 38(2)(c)(iii)—

Repeal

“specified in the principal’s licence”

Substitute

“for which the principal is licensed”.

- (33) Section 55, new Schedule 11, section 40(c)—

Repeal

“specified in the individual’s licence”

Substitute

“for which the individual is licensed”.

- (34) Section 55, new Schedule 11, section 40(j)—

Repeal

“specified in the principal’s licence”

Substitute

“for which the principal is licensed”.

- (35) Section 55, new Schedule 11, section 42(3)(a)(iii)—

Repeal

“specified in the licence or certificate of registration”

Substitute

“for which the person or the authorized financial institution is licensed or registered”.

- (36) Section 55, new Schedule 11, section 42(4)(c)—

Repeal

“specified in the licence or certificate of registration”

Substitute

“for which the person or the authorized financial institution is licensed or registered”.

- (37) Section 55, new Schedule 11, after Part 5—

Add

“Part 5A

**Schedule 11 Printed Licences and Schedule 11
Certificates of Registration**

47A. Interpretation of Part 5A of this Schedule

In this Part—

Schedule 11 certificate of registration (附表11註冊證明書) means a certificate printed on paper or in any other physical form certifying that an authorized financial institution is deemed to be registered under section 22(2) or (3) of this Schedule;

Schedule 11 printed licence (附表11印副本牌照) means a certificate printed on paper or in any other physical form certifying that a person is deemed to be licensed under section 3(1) or (2), 13(2) or (3) or 33(2) or (3) of this Schedule.

47B. Schedule 11 printed licences and Schedule 11 certificates of registration

- (1) On the taking effect of a deeming in relation to an applicant under section 3(1) or (2), 13(2) or (3) or 33(2) or (3) of this Schedule, the Commission must issue to the applicant a Schedule 11 printed licence—
 - (a) for a deeming under section 3(1) or (2) of this Schedule, specifying the specified regulated activity which the applicant is deemed to be licensed under section 116(1) to carry on;
 - (b) for a deeming under section 13(2) or (3) of this Schedule, specifying that the applicant is deemed to be licensed under section 116(1) to carry on the expanded Type 9 RA;
 - (c) for a deeming under section 33(2) or (3) of this Schedule, specifying that the applicant is deemed to be licensed under section 116(1) to carry on the expanded Type 7 RA.
- (2) On the taking effect of a deeming in relation to an applicant under section 22(2) or (3) of this Schedule, the Commission must issue to the applicant a Schedule 11 certificate of registration specifying that the applicant is deemed to be registered under section 119(1) to carry on the expanded Type 9 RA.

47C. Application of Ordinance and return of Schedule 11 printed licences and Schedule 11 certificates of registration

- (1) Other than section 4(1) and (2) of the Securities and Futures (Miscellaneous) Rules (Cap. 571 sub. leg. U)—
 - (a) the provisions of this Ordinance that apply to or in relation to a printed licence apply to or in relation to a Schedule 11 printed licence as if it were a printed licence; and
 - (b) the provisions of this Ordinance that apply to or in relation to a certificate of registration granted under section 119(1) apply to or in relation to a Schedule 11 certificate of registration as if it were a certificate of registration granted under that section.
- (2) If a person ceases to be deemed to be licensed for all or any new regulated activities by the operation of section 6(1) or (2), 16(1) or (2) or 36(1) or (2) of this Schedule, the person must return the Schedule 11 printed licence issued for the deeming to the Commission for cancellation or amendment (as the case may be)—
 - (a) within 7 days after the date on which the person ceases to be so deemed; or
 - (b) within a longer period that the Commission may approve in writing.
- (3) A person who, without reasonable excuse, contravenes subsection (2) commits an offence and is liable on conviction to a fine at level 6.

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- (4) If an authorized financial institution ceases to be deemed to be registered for the expanded Type 9 RA by the operation of section 24(1) or (2) of this Schedule, the authorized financial institution must return the Schedule 11 certificate of registration issued for the deeming to the Commission for cancellation—
- (a) within 7 days after the date on which the authorized financial institution ceases to be so deemed; or
 - (b) within a longer period that the Commission may approve in writing.
- (5) An authorized financial institution which, without reasonable excuse, contravenes subsection (4) commits an offence and is liable on conviction to a fine at level 6.”.
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Part 3

Amendments to Securities and Futures Ordinance (Cap. 571) Relating to Supervisory Assistance to Regulators outside Hong Kong

21. Section 179 amended (power to require production of records and documents concerning listed corporations, etc.)

(1) Section 179(1)(f)—

Repeal

“section 186”

Substitute

“section 186(1) or (2)”.

(2) Section 179(6)(b)(ii)(B)—

Repeal

“section 186”

Substitute

“section 186(1) or (2)”.

(3) Section 179(7)(b)(ii)(B)—

Repeal

“section 186”

Substitute

“section 186(1) or (2)”.

(4) Section 179(8)(b)(ii)(B)—

Repeal

“section 186”

Substitute

“section 186(1) or (2)”.

- (5) Section 179(9)(b)—

Repeal

“section 186”

Substitute

“section 186(1) or (2)”.

- (6) Section 179(17), definition of *material time*, paragraph (b)—

Repeal

“section 186”

Substitute

“section 186(1) or (2)”.

22. Section 180 amended (supervision of intermediaries and their associated entities)

After section 180(4)—

Add

“(4A) Subject to subsection (10), if the Commission decides to provide assistance in relation to a licensed corporation under section 186(2A), an authorized person may require the licensed corporation or a related corporation of the licensed corporation to—

- (a) provide to the authorized person, within the time and at the place specified by the authorized person, a copy of any record or document relating to—

- (i) any regulated activity carried on by the licensed corporation; or

- (ii) any transaction or activity which was undertaken in the course of, or which may affect, any regulated activity carried on by the licensed corporation; and
- (b) answer any question raised by the authorized person regarding any record, document, regulated activity, transaction or activity referred to in paragraph (a).”.

23. Section 182 amended (investigations by Commission)

Section 182(1)(g)—

Repeal

“section 186”

Substitute

“section 186(1) or (2)”.

24. Section 186 amended (Commission’s assistance to regulators outside Hong Kong)

(1) Section 186(1)—

Repeal

“by exercising any of its powers under sections 179, 181, 182 and 183”

Substitute

“by directing that any of the powers under sections 179, 181, 182 and 183 be exercised”.

(2) Section 186(2)—

Repeal

“by exercising any of its powers under sections 179, 181, 182 and 183”

Substitute

“by directing that any of the powers under sections 179, 181, 182 and 183 be exercised”.

(3) After section 186(2)—

Add

“(2A) Where the Commission receives, from an authority or regulatory organization outside Hong Kong, a request for assistance in relation to a licensed corporation, the Commission may provide the assistance by directing that the power under section 180(4A) be exercised if—

(a) in the opinion of the Commission—

(i) the authority or regulatory organization satisfies the requirements referred to in subsection (5)(a) and (b); and

(ii) the condition specified in subsection (3) is satisfied; and

(b) the authority or regulatory organization has provided to the Commission a written statement that conforms with subsection (2D) and a written undertaking that conforms with subsection (2E).

(2B) In subsection (2A), a reference to assistance in relation to a licensed corporation is a reference to assistance to ascertain whether a corporation specified in subsection (2C)—

(a) constitutes a risk to, or may affect, the financial stability of the jurisdiction of the authority or regulatory organization; or

(b) is complying or has complied with, or is likely to be able to comply with, legal or regulatory requirements that—

- (i) are administered by the authority or regulatory organization; and
 - (ii) relate to transactions or activities regarding any securities, futures contract, leveraged foreign exchange contract, OTC derivative product, collective investment scheme, or other similar transactions or activities, that are regulated by the authority or regulatory organization.
- (2C) The corporation specified for the purposes of subsection (2B) is one that—
 - (a) is regulated by the authority or regulatory organization; and
 - (b) is a licensed corporation or a related corporation of a licensed corporation.
- (2D) The written statement referred to in subsection (2A)(b) must be to the effect of confirming that the authority or regulatory organization has not been and will not be able to—
 - (a) obtain the information referred to in section 180(4A)(a) or (b) by any other reasonable means; and
 - (b) fully ascertain the matters described in subsection (2B) without the information.
- (2E) The written undertaking referred to in subsection (2A)(b) must be to the effect that the authority or regulatory organization—
 - (a) will use the information obtained from the Commission because of the request for assistance solely for ascertaining the matters described in subsection (2B);

-
- (b) will not use any of the information in any proceedings, in the jurisdiction of the authority or regulatory organization or elsewhere, unless—
- (i) the authority or regulatory organization has made a separate request under subsection (1) (*investigation request*), and the Commission has decided to provide assistance under that subsection; and
 - (ii) the authority or regulatory organization has obtained the same information from the Commission because of the investigation request;
- (c) will treat the information as confidential and will not disclose it to any other person, in the jurisdiction of the authority or regulatory organization or elsewhere, for any purpose without the consent of the Commission;
- (d) will, on receiving a demand legally enforceable under the laws of the jurisdiction of the authority or regulatory organization, for the disclosure of any of the information—
- (i) inform the Commission as soon as reasonably practicable; and
 - (ii) assist in preserving the confidentiality of the information by taking all appropriate measures as may be available (including but not limited to asserting legal exemptions or privileges under the laws of the jurisdiction of the authority or regulatory organization); and

(e) will cooperate with the Commission in any action or proceedings, in the jurisdiction of the authority or regulatory organization or elsewhere, that seek to safeguard the confidentiality of any of the information.”.

(4) Section 186(3)—

Repeal

“subsections (1) and (2)”

Substitute

“subsections (1), (2) and (2A)(a)(ii)”.

(5) Section 186(3)(a)—

Repeal

“subsection (1) or (2)”

Substitute

“subsection (1), (2) or (2A)”.

(6) Section 186(4)(a), after “subsection (1)”—

Add

“or (2A)”.

(7) Section 186(5)—

Repeal

“subsection (1) or (2)”

Substitute

“subsection (1), (2) or (2A)(a)(i)”.

Part 4

Amendments to Securities and Futures Ordinance (Cap. 571) Relating to Carrying on Business Operations upon Revocation or Suspension of Licence or Registration

25. Section 203 amended (permission to carry on business operations upon revocation or suspension of licence or registration)

(1) Section 203—

Repeal subsection (1)

Substitute

- “(1) If the licence or registration of an intermediary is revoked, the Commission may by notice in writing permit the intermediary to carry on business operations connected with a revoked activity that are essential for closing down the business of the revoked activity.
- (1A) An individual named by the Commission in the notice given under subsection (1) may carry on the business operations referred to in that subsection for and on behalf of the intermediary.
- (1B) For the purpose of subsection (1A), the Commission may name in the notice only an individual who is or, immediately before the revocation, was—
- (a) for the revocation of the licence of a licensed corporation—
- (i) a responsible officer of the licensed corporation; or

- (ii) a licensed representative accredited to the licensed corporation;
 - (b) for the revocation of the registration of a registered institution—
 - (i) an executive officer of the registered institution to whom the Monetary Authority has or had given consent under section 71C(1) of the Banking Ordinance (Cap. 155); or
 - (ii) a registered individual engaged by the registered institution.
- (1C) If the licence or registration of an intermediary is suspended, the Commission may by notice in writing permit the intermediary to carry on business operations connected with a suspended activity that are essential for protecting the interests of the clients of the intermediary.
- (1D) An individual named by the Commission in the notice given under subsection (1C) may carry on the business operations referred to in that subsection for and on behalf of the intermediary.
- (1E) For the purpose of subsection (1D), the Commission may name in the notice only an individual who is—
 - (a) for the suspension of the licence of a licensed corporation—
 - (i) a responsible officer of the licensed corporation; or
 - (ii) a licensed representative accredited to the licensed corporation;
 - (b) for the suspension of the registration of a registered institution—

- (i) an executive officer of the registered institution to whom the Monetary Authority has given consent under section 71C(1) of the Banking Ordinance (Cap. 155); or
 - (ii) a registered individual engaged by the registered institution.
- (1F) The Commission may, on granting a permission under subsection (1) or (1C), impose any condition that the Commission thinks fit by specifying the condition in the notice given under that subsection.”.

- (2) Section 203(2)—

Repeal

everything after “a permission to” and before “regarded”

Substitute

“an intermediary under subsection (1) or (1C), the intermediary and the individuals named in the notice given under that subsection are not, because of their carrying on business operations in accordance with the permission,”.

- (3) After section 203(2)—

Add

“(2A) When carrying on business operations in accordance with a permission granted under subsection (1)—

- (a) despite the revocation of the licence or registration of the intermediary—
 - (i) it is deemed that the licence or registration of the intermediary in relation to the revoked activity is not revoked;

-
- (ii) an individual referred to in subsection (1B)(a)(i) is deemed to be a responsible officer of the intermediary approved in relation to the revoked activity;
 - (iii) an individual referred to in subsection (1B)(a)(ii) is deemed to be a licensed representative accredited to, and licensed to carry on the revoked activity for, the intermediary;
 - (iv) an individual referred to in subsection (1B)(b)(i) is deemed to be an executive officer of the intermediary to whom the Monetary Authority has given consent under section 71C(1) of the Banking Ordinance (Cap. 155) in relation to the revoked activity; and
 - (v) an individual referred to in subsection (1B)(b)(ii) is deemed to be a registered individual engaged by the intermediary in relation to the revoked activity; and
- (b) any of the relevant provisions that apply to or in relation to an intermediary, responsible officer, licensed representative, executive officer or registered individual (as the case may be) apply accordingly to or in relation to the intermediary and individuals.
- (2B) When carrying on business operations in accordance with a permission granted under subsection (1C)—
- (a) despite the suspension of the licence or registration of the intermediary—

-
- (i) it is deemed that the licence or registration of the intermediary in relation to the suspended activity is not suspended;
 - (ii) an individual referred to in subsection (1E)(a)(i) continues to act in the capacity of or is deemed to be (as the case requires) a responsible officer of the intermediary approved in relation to the suspended activity;
 - (iii) an individual referred to in subsection (1E)(a)(ii) continues to act in the capacity of or is deemed to be (as the case requires) a licensed representative accredited to, and licensed to carry on the suspended activity for, the intermediary;
 - (iv) an individual referred to in subsection (1E)(b)(i) continues to act in the capacity of or is deemed to be (as the case requires) an executive officer of the intermediary to whom the Monetary Authority has given consent under section 71C(1) of the Banking Ordinance (Cap. 155) in relation to the suspended activity; and
 - (v) an individual referred to in subsection (1E)(b)(ii) continues to act in the capacity of or is deemed to be (as the case requires) a registered individual engaged by the intermediary in relation to the suspended activity; and
- (b) any of the relevant provisions that apply to or in relation to an intermediary, responsible officer, licensed representative, executive officer or registered individual (as the case may be)

apply accordingly to or in relation to the intermediary and individuals.”.

- (4) Section 203(3)—

Repeal

“(1)”

Substitute

“(1) or (1C)”.

- (5) Section 203(3)—

Repeal

“that subsection”

Substitute

“subsection (1F)”.

- (6) After section 203(3)—

Add

“(4) In this section—

intermediary (中介人) includes—

- (a) a corporation the licence of which has been revoked or suspended; and
- (b) an authorized financial institution the registration of which has been revoked or suspended;

registered individual (登記個人), in relation to a registered institution, means an individual whose name is entered in the register maintained by the Monetary Authority under section 20(1)(ea) of the Banking Ordinance (Cap. 155) as that of a person engaged by the registered institution;

revoke (撤銷), in relation to the licence or registration of an intermediary, means revoke under Division 2 or 3, whether in relation to all or any, or any part of all or any, of the regulated activities for which the intermediary is licensed or registered;

revoked activity (撤銷活動), in relation to the revocation of a licence or registration, means any of the regulated activities, or any part of any of the regulated activities, in relation to which the licence or registration has been revoked;

suspend (暫時吊銷、暫時撤銷), in relation to the licence or registration of an intermediary, means suspend under Division 2 or 3, whether in relation to all or any, or any part of all or any, of the regulated activities for which the intermediary is licensed or registered;

suspended activity (暫時吊銷活動、暫時撤銷活動), in relation to the suspension of a licence or registration, means any of the regulated activities, or any part of any of the regulated activities, in relation to which the licence or registration has been suspended.”.

26. Schedule 8 amended (Securities and Futures Appeals Tribunal)

Schedule 8, Part 2, Division 1, item 61—

Repeal

“203(1)”

Substitute

“203(1F)”.

Part 5

Amendments to Securities and Futures Ordinance (Cap. 571) Relating to Disclosure of Information by Recognized Exchange Company

27. Section 378 amended (preservation of secrecy, etc.)

- (1) Section 378(7), before “pursuant to subsection (1)”—

Add

“by a specified person”.

- (2) After section 378(7)(i)—

Add

“(ia) if the specified person is a recognized exchange company, the Commission or the recognized exchange company consents to the disclosure;”.

- (3) Section 378(9), after “(7)(i)”—

Add

“or (ia)”.

- (4) After section 378(9)—

Add

“(9A) A recognized exchange company, in granting a consent pursuant to subsection (7)(ia), may impose any condition that it considers appropriate.”.

- (5) Section 378(11)(a), after “(7)(i),”—

Add

“(ia),”.

Part 6

Amendment to Securities and Futures Ordinance (Cap. 571) Relating to Delegation of Function

- 28. Schedule 2 amended (Securities and Futures Commission)**
Schedule 2, Part 2, section 2—
Repeal paragraph (2).
-

Part 7

Amendments Relating to Rounding of Levy Amounts

Division 1—Amendments to Securities and Futures (Levy) Order (Cap. 571 sub. leg. Z)

29. Section 2A added

Part 1, after section 2—

Add

“2A. Rounding of levy amounts

If, in accordance with any other provision of this Order, the amount of a levy payable under section 394(1) of the Ordinance would, but for this section, include a fraction of a cent, the amount is to be rounded to the nearest cent.”.

30. Section 10 amended (Mini-Hang Seng Index Futures Contracts, Mini-Hang Seng Index Options Contracts and Mini-Hang Seng China Enterprises Index Futures Contracts)

(1) Section 10(b)(i)—

Repeal

“\$0.108”

Substitute

“\$0.10”.

(2) Section 10(b)(ii)—

Repeal

“\$0.108”

Substitute

“\$0.10”.

31. Section 13 amended (stock futures contracts)

(1) Section 13(b)(i)—

Repeal

“\$0.108”

Substitute

“\$0.10”.

(2) Section 13(b)(ii)—

Repeal

“\$0.108”

Substitute

“\$0.10”.

Division 2—Amendment to Securities and Futures (Investor Compensation—Levy) Rules (Cap. 571 sub. leg. AB)

32. Section 2A added

Part 1, after section 2—

Add

“2A. Rounding of levy amounts

If, in accordance with any other provision of these Rules, the amount of a levy would, but for this section, include a fraction of a cent, the amount is to be rounded to the nearest cent.”.

Part 8

Minor Amendments

Division 1—Amendment to Securities and Futures Ordinance (Cap. 571)

33. **Section 307 amended (no further proceedings after Part XIII market misconduct proceedings)**

Section 307(1), Chinese text, after “, 不得”—

Add

“根據本部”.

Division 2—Amendment to Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Cap. 571 sub. leg. Q)

34. **Section 11 amended (preparation and provision of monthly statements of account)**

Section 11(6)—

Repeal

“(5)”

Substitute

“(4)”.

Schedule

[s. 2(2)]

Amendments Relating to Voting Shares**Part 1****Amendments to Securities and Futures Ordinance
(Cap. 571)**

Column 1	Column 2	Column 3	Column 4
Item	Provision	Repeal (wherever appearing)	Substitution
1.	Section 308(1), Chinese text, definition of <i>相關股份</i> , paragraph (a)(i) and (ii)	該等股份	該等有投票權股份
2.	Section 313(10)(a)(i) and (ii)	shares	voting shares
3.	Section 313(11)	shares	voting shares
4.	Section 313(13)(i), English text	shares	voting shares
5.	Section 313(13)(iii)(A) and (B)	shares	voting shares
6.	Section 313(13)(iv)	his shares	those voting shares
7.	Section 313(13)(v), English text	shares	voting shares

Column 1	Column 2	Column 3	Column 4
Item	Provision	Repeal (wherever appearing)	Substitution
8.	Section 316(1)(a) and (b)	shares	voting shares
9.	Section 316(2)(a) and (b)	shares	voting shares
10.	Section 316(5)(a), (b), (i), (ii) and (iii)	shares	voting shares
11.	Section 316(6)	shares	voting shares
12.	Section 317(5)(b)	shares	voting shares
13.	Section 318(2), English text	those shares	those voting shares
14.	Section 319(3), Chinese text	該等股份	該等有投票權股份
15.	Section 319(3), Chinese text	該股份	該有投票權股份
16.	Section 320, heading	interests in shares or short positions	interests or short positions in voting shares
17.	Section 320(1)(a), (b) and (c)	those shares	those voting shares
18.	Section 320(2)(i), (ii) and (iii)	shares	voting shares
19.	Section 320(3)	those shares	those voting shares
20.	Section 320(4)(a) and (b)	shares	voting shares

Column 1	Column 2	Column 3	Column 4
Item	Provision	Repeal (wherever appearing)	Substitution
21.	Section 320(5)	shares	voting shares
22.	Section 321, English text	those shares	those voting shares
23.	Section 322(2)	shares	voting shares
24.	Section 322(3)	shares	voting shares
25.	Section 322(4)	shares	voting shares
26.	Section 322(5)	shares	voting shares
27.	Section 322(6)	shares	voting shares
28.	Section 322(7)	shares	voting shares
29.	Section 322(8)	in shares	in voting shares
30.	Section 322(9)	of shares	of voting shares
31.	Section 322(10)	shares	voting shares
32.	Section 322(11)	of shares	of voting shares
33.	Section 322(12)	of shares	of voting shares
34.	Section 322(13)	shares	voting shares
35.	Section 322(15)	shares	voting shares
36.	Section 323(1)(a), (c), (e), (g), (h) and (i)	shares	voting shares
37.	Section 323(2)	shares	voting shares

Column 1	Column 2	Column 3	Column 4
Item	Provision	Repeal (wherever appearing)	Substitution
38.	Section 323(3)	shares	voting shares
39.	Section 323(4)	shares	voting shares
40.	Section 323(6)	shares	voting shares
41.	Section 323(7)	shares	voting shares
42.	Section 326(1)(a)(ii), Chinese text	該等股份	該等有投票權 股份
43.	Section 326(1)(b), Chinese text	以下股份	以下有投票權 股份
44.	Section 326(1)(b)(i) and (ii)	the shares	the voting shares
45.	Section 326(1)(c), Chinese text	以下股份	以下有投票權 股份
46.	Section 326(1)(c)(i) and (ii)	the shares	the voting shares
47.	Section 326(1)(e)(i), (ii) and (iii), Chinese text	該等股份	該等有投票權 股份
48.	Section 326(1)(f)(i) and (ii)	share	voting share
49.	Section 326(1)(g)	the shares	the voting shares
50.	Section 326(1)(g)	of shares	of voting shares
51.	Section 326(1)(i)(i) and (ii)	shares	voting shares

Column 1	Column 2	Column 3	Column 4
Item	Provision	Repeal (wherever appearing)	Substitution
52.	Section 326(2)	any shares	any voting shares
53.	Section 326(2), Chinese text	以下股份	以下有投票權股份
54.	Section 326(2)(a), (b), (c) and (d)	shares which	voting shares which
55.	Section 326(2)(a), (b), (c) and (d), Chinese text	該等股份	該等有投票權股份
56.	Section 326(3)	shares	voting shares
57.	Section 326(6)(b)(ii) and (c)	shares	voting shares
58.	Section 326(7)	shares	voting shares
59.	Section 326(8)	shares which	voting shares which
60.	Section 329, heading	shares	voting shares
61.	Section 329(1), English text	those shares	those voting shares
62.	Section 329(2)(a)(i)	shares	voting shares
63.	Section 329(2)(a)(ii), English text	shares	voting shares
64.	Section 329(2)(b)(i) and (ii), (c), (d)(i) and (ii) and (e)	shares	voting shares
65.	Section 329(3)(a) and (b)	shares	voting shares

Column 1	Column 2	Column 3	Column 4
Item	Provision	Repeal (wherever appearing)	Substitution
66.	Section 329(7)(a)(i) and (ii)	shares	voting shares
67.	Section 329(7)(b)	in shares	in voting shares
68.	Section 329(7)(b)	those shares	those voting shares
69.	Section 329(8)	in shares	in voting shares
70.	Section 329(8)	to shares	to voting shares
71.	Section 331, heading	shares	voting shares
72.	Section 336(10)(b)(i)(A), Chinese text	該等股份	該等有投票權股份
73.	Section 337(1)	those shares	those voting shares
74.	Section 337(1), Chinese text	有關股本中的股份	有投票權股份
75.	Section 363(1)(d), Chinese text	該等股份	該等有投票權股份
76.	Section 366, heading	shares	voting shares
77.	Section 366(1)(a), Chinese text	該等股份	該等有投票權股份
78.	Section 366(1)	the shares	the voting shares
79.	Section 366(3)	shares	voting shares

Part 2**Amendment to Securities and Futures (Disclosure of
Interests—Exclusions) Regulation
(Cap. 571 sub. leg. AG)**

Column 1 Item	Column 2 Provision	Column 3 Repeal	Column 4 Substitution
1.	Section 5	the shares	the voting shares

Explanatory Memorandum

This Bill amends the Securities and Futures Ordinance (Cap. 571) (*SFO*) and its subsidiary legislation to make miscellaneous amendments.

Part 1—Preliminary

2. Part 1 of the Bill sets out the short title.

Part 2—Amendments relating to printed licences and certificates of registration

3. Division 1 of Part 2 of the Bill amends the SFO to dispense with issuing printed licences to individuals licensed under section 120 or 121 of the SFO. Divisions 2 to 5 of Part 2 of the Bill contain consequential and related amendments to—
 - (a) the Securities and Futures (Licensing and Registration) (Information) Rules (Cap. 571 sub. leg. S);
 - (b) the Securities and Futures (Miscellaneous) Rules (Cap. 571 sub. leg. U);
 - (c) the Securities and Futures (Fees) Rules (Cap. 571 sub. leg. AF); and
 - (d) the Securities and Futures (Amendment) Ordinance 2014 (6 of 2014) (*2014 Ordinance*).
4. Division 5 of Part 2 of the Bill also contains amendments to the new Schedule 11 to the SFO to be added by section 55 of the 2014 Ordinance. That section is not yet in operation. For deemed licensing of corporations and deemed registration of authorized financial institutions under that Schedule, the

amendments add provisions to provide for Schedule 11 printed licences and Schedule 11 certificates of registration.

Part 3—Amendments to SFO relating to supervisory assistance to regulators outside Hong Kong

5. Part 3 of the Bill amends relevant provisions in Part VIII of the SFO to enable the Securities and Futures Commission (*SFC*) to provide certain supervisory assistance to regulators outside Hong Kong.
6. Section 180 of the SFO provides for powers for the supervision of intermediaries and their associated entities. Clause 22 adds a new subsection (4A) to that section to confer powers on authorized persons, in the context of providing assistance to regulators outside Hong Kong, to require licensed corporations or related corporations of licensed corporations to produce certain records or documents and answer certain questions.
7. Clause 24 adds new subsections (2A), (2B), (2C), (2D) and (2E) to section 186 of the SFO to enable the SFC to provide assistance to regulators outside Hong Kong by directing that the power under the new section 180(4A) of the SFO (added by clause 22) be exercised if certain conditions are met. The clause also makes minor textual amendments to section 186(1) and (2) of the SFO.
8. Clauses 21 and 23 contain consequential amendments to sections 179 and 182(1)(g) of the SFO.

Part 4—Amendments to SFO relating to carrying on business operations upon revocation or suspension of licence or registration

9. Clause 25 amends section 203 of the SFO. The provisions empower the SFC to permit an intermediary and an individual named by the SFC to—
- (a) carry on, after the revocation (under Division 2 or 3 of Part IX of the SFO) of the licence or registration of the intermediary, business operations that are essential for closing down the relevant business; or
 - (b) carry on, after the suspension (under Division 2 or 3 of Part IX of the SFO) of the licence or registration of the intermediary, business operations that are essential for protecting the interests of the clients of the intermediary.
10. The amendments make clear that any of the relevant provisions (as defined by section 1 of Part 1 of Schedule 1 to the SFO) that apply to or in relation to an intermediary, responsible officer, licensed representative, executive officer or registered individual (as the case may be) apply accordingly to or in relation to the persons mentioned in the new section 203(2A) and (2B) of the SFO when they carry on the essential business operations.
11. Clause 26 makes a consequential amendment to item 61 in Division 1 of Part 2 of Schedule 8 to the SFO.

Part 5—Amendments to SFO relating to disclosure of information by recognized exchange company

12. Section 378 of the SFO provides for preservation of secrecy, etc.

13. Where information is disclosed by a specified person pursuant to section 378(1) of the SFO, or in any of the circumstances described in section 378(2), (3) or (4) (other than section 378(2)(a), (3)(a), (g)(i) and (k) and (4)(b)) of the SFO, onward disclosure of the information is prohibited unless excepted by section 378(7) of the SFO. Clause 27 amends that section so that if the specified person is a recognized exchange company, the SFC or the company may consent to onward disclosure of the information.

Part 6—Amendment to SFO relating to delegation of function

14. The SFC may, under section 5(4)(e) of the SFO, publish or otherwise make available materials indicating the manner in which it proposes to perform its functions.
15. Currently, the SFC's function under section 5(4)(e) of the SFO is listed as non-delegable in section 2 of Part 2 of Schedule 2 to the SFO. To enable the function to be carried out more effectively, Part 6 of the Bill amends that Schedule to remove the function from the list of non-delegable functions.

Part 7—Amendments relating to rounding of levy amounts

16. Clauses 29 and 32 add new provisions to the following subsidiary legislation to provide for the rounding of levy amounts to the nearest cent—
 - (a) the Securities and Futures (Levy) Order (Cap. 571 sub. leg. Z) (*Order*);
 - (b) the Securities and Futures (Investor Compensation—Levy) Rules (Cap. 571 sub. leg. AB).

17. A fixed levy amount of \$0.108 for a sale and purchase of certain futures contracts is specified in sections 10(b)(i) and (ii) and 13(b)(i) and (ii) of the Order. Clauses 30 and 31 amend the amount to \$0.10.

Part 8—Minor amendments

18. Part 8 of the Bill amends the following provisions to correct minor errors—
- (a) section 307(1) of the SFO;
 - (b) section 11(6) of the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Cap. 571 sub. leg. Q).

Schedule—Amendments relating to voting shares

19. The Schedule to the Bill amends certain references to shares in Part XV of the SFO and the Securities and Futures (Disclosure of Interests—Exclusions) Regulation (Cap. 571 sub. leg. AG). Those references are intended to be references to voting shares as defined by section 308(1) of the SFO.