

**立法會**  
***Legislative Council***

LC Paper No. CB(1)686/18-19  
(These minutes have been seen  
by the Administration)

Ref : CB1/SS/3/18

**Subcommittee on Securities and Futures (Financial Resources)**  
**(Amendment) Rules 2018**

**Minutes of first meeting held on**  
**Tuesday, 13 November 2018, at 10:45 am**  
**in Conference Room 2A of the Legislative Council Complex**

**Members present** : Hon Christopher CHEUNG Wah-fung, SBS, JP (Chairman)  
Hon James TO Kun-sun  
Hon CHAN Kin-por, GBS, JP  
Hon YIU Si-wing, BBS  
Hon Kenneth LEUNG  
Hon Dennis KWOK Wing-hang  
Hon Holden CHOW Ho-ding  
Hon CHAN Chun-ying, JP

**Member absent** : Hon Mrs Regina IP LAU Suk-ye, GBS, JP

**Public Officers attending** : Agenda item II  
Financial Services and the Treasury Bureau

Mr George TSOI  
Principal Assistant Secretary  
(Financial Services)<sup>2</sup>

Miss Joan YAO  
Assistant Secretary (Financial Services)<sup>(2)2</sup>

Securities and Futures Commission

Mr Keith CHOY  
Senior Director (Intermediaries Supervision,  
Intermediaries)

Mr Leo LAM  
Director (Intermediaries Supervision,  
Intermediaries)

Ms Priscilla NGAN  
Senior Manager (Intermediaries Supervision,  
Intermediaries)

Ms Sandra KING  
Senior Legal Consultant (Legal Services Division)

Ms Silvia HUI  
Assistant Counsel (Legal Services Division)

**Clerk in attendance** : Mr Derek LO  
Chief Council Secretary (1)5

**Staff in attendance** : Ms Wendy KAN  
Assistant Legal Adviser 6

Ms Anki NG  
Council Secretary (1)5

Ms Michelle NIEN  
Legislative Assistant (1)5

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## **I. Election of Chairman**

Mr James TO, the member who had the highest precedence in the Council among members of the Subcommittee present at the meeting, presided over the election of Chairman of the Subcommittee. He invited nominations for the chairmanship.

2. Mr CHAN Chun-ying nominated Mr Christopher CHEUNG and the nomination was seconded by Mr CHAN Kin-por. Mr Christopher CHEUNG accepted the nomination. There being no other nominations, Mr James TO declared that Mr Christopher CHEUNG was elected Chairman of the Subcommittee. Mr CHEUNG then took over the chair.

3. Members agreed that there was no need to elect a Deputy Chairman.

## **II. Meeting with the Administration**

(L.N. 196 of 2018 — Securities and Futures  
(Financial Resources)  
(Amendment) Rules 2018

File Ref: SF&C/1/2/11/6/1C(2017)Pt.3 — Legislative Council Brief

LC Paper No. LS5/18-19 — Legal Service Division  
Report

LC Paper No. CB(1)154/18-19(01) — Marked-up copy of the  
Securities and Futures  
(Financial Resources)  
(Amendment) Rules 2018  
prepared by the Legal  
Service Division)

4. The Subcommittee deliberated (index of proceedings in the **Appendix**).

### Follow-up actions to be taken by the Administration

5. The Administration and Securities and Futures Commission ("SFC") were requested to take the following actions:

- (a) regarding Mr James TO's concern about the condition under which a licensed corporation ("LC") could include a "controlled asset" in its liquid assets as provided under subsection (2) of the new section 18A of the amended Securities and Futures (Financial Resources) Rules (Cap. 571N), consider either –

- (i) removing the said subsection (2); or
- (ii) amending that subsection (2) to the effect that the LC should seek prior approval from SFC for inclusion of "controlled assets" in its liquid assets, and that it should be SFC, instead of the LC itself, which reasonably believed that the LC would be able to obtain the required approval from the relevant authority or regulatory organization within one week after applying for the approval to allow such inclusion; and

in case the response to either (i) or (ii) above was negative, the reason; and

- (b) explain whether the Administration/SFC would consider the suggestion by the Chairman that the amount of a standby credit granted by a bank to an LC, on provision of the "non-mortgaged" property as guarantee, could be included as liquid assets of the LC; if not, the reason.

*(Post-meeting note: The Administration's supplementary information was issued to members vide LC Paper No. CB(1)175/18-19(02) on 21 November 2018.)*

#### Invitation of views

6. Members agreed that there was no need to invite public views on the Securities and Futures (Financial Resources) (Amendment) Rules 2018 ("the Amendment Rules").

#### Legislative timetable and extension of scrutiny period

7. The Subcommittee noted that the scrutiny period of the Amendment Rules would expire at the Council meeting of 21 November 2018. To allow more time for the Subcommittee to study the Amendment Rules, members agreed that the Chairman should move a motion at the Council meeting of 21 November 2018 to extend the scrutiny period to the Council meeting of 12 December 2018. Members noted that, upon extension of the scrutiny period, the deadline for giving notice of motion to amend the Amendment Rules would be 5 December 2018. The Chairman would report the deliberations of the Subcommittee to the House Committee at its meeting on 30 November 2018.

*(Post-meeting note: A resolution was passed at the Council meeting of 21 November 2018 to extend the scrutiny period of the Amendment Rules to the Council meeting of 12 December 2018.)*

Date of next meeting

8. The Subcommittee agreed to consider at a later stage whether a further meeting was necessary to study the Amendment Rules.

*(Post-meeting note: The Secretariat had not received any request from members to discuss the Administration's response to the follow-up actions mentioned in paragraph 5 above. The Chairman instructed that no further meeting was necessary to study the Amendment Rules.)*

**III. Any other business**

9. There being no other business, the meeting ended at 12:20 pm.

Council Business Division 1  
Legislative Council Secretariat  
8 March 2019

**Proceedings of first meeting of the  
Subcommittee on Securities and Futures (Financial Resources) (Amendment) Rules 2018  
on Tuesday, 13 November 2018, at 10:45 am  
in Conference Room 2A of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
<b>Agenda item I – Election of Chairman</b>			
000400 – 000608	Mr James TO Mr CHAN Chun-ying Mr CHAN Kin-por Mr Christopher CHEUNG	Election of Chairman	
000609 – 000644	Chairman	Opening remarks	
<b>Agenda item II – Meeting with the Administration</b>			
000645 – 001410	Chairman Administration	Briefing by the Administration on the Legislative Council ("LegCo") Brief (File Ref: SF&C/1/2/11/6/1C(2017)Pt.3) on the Securities and Futures (Financial Resources) (Amendment) Rules 2018 ("the Amendment Rules")	
001411 – 002246	Chairman Mr James TO Administration The Securities and Futures Commission ("SFC")	<p>Mr James TO expressed concern about the new section 18A(2) of the amended Securities and Futures (Financial Resources) Rules (Cap. 571N) ("FRR") which allowed the inclusion in the liquid assets of a licensed corporation ("LC") of foreign currencies and proceeds of assets which were subject to exchange or remittance control if the LC reasonably believed that approval for the remittance of such currency or proceeds to Hong Kong could be obtained from the relevant authority or regulatory organization within one week of application. He enquired about –</p> <p>(a) which Mainland authority could give confirmation that such remittance of controlled assets would take effect within one week of application given that it was difficult to remit Mainland capital and dividends to Hong Kong recently due to the current Mainland policies and market conditions and this was increasingly so as a result of the recent trade dispute between the People's Republic of China and the United States of America; and</p> <p>(b) whether the same amount of capital could be used to satisfy both the capital requirements of LCs in the Mainland and under FRR in Hong Kong.</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>The Administration and the Securities and Futures Commission ("SFC") advised that –</p> <ul style="list-style-type: none"> <li>(a) under subsection (2) of section 18 of the existing FRR, an LC could include in its liquid assets foreign currencies and proceeds of assets which were subject to exchange or remittance control if the LC reasonably believed that approval for the remittance of such currency or proceeds to Hong Kong could be obtained from the relevant authority within one week of application;</li> <li>(b) in considering whether the LC had complied with the requirement in (a) above, SFC would duly take into account a wide range of objective factors (including the timeline as indicated by relevant regulatory authority, existing regulatory policies and prohibition, and past experience of the actual time required to remit such "controlled assets" to Hong Kong);</li> <li>(c) each case would be considered on the basis of its individual facts and circumstances, and the "reasonably belief" requirement in that section was the same as the existing requirement and was in line with the relevant common law principles;</li> <li>(d) dividends which could not be remitted to Hong Kong due to exchange or remittance control could not be included in liquid assets of the LC; and</li> <li>(e) under FRR, an asset that was required to be maintained by an LC to fulfill statutory or regulatory requirement in the Mainland could not be included in the LC's liquid assets to fulfill FRR requirements.</li> </ul>	
002247 – 003018	Chairman Mr CHAN Chun-ying Administration SFC	<p>Mr CHAN Chun-ying enquired about –</p> <ul style="list-style-type: none"> <li>(a) the criteria adopted by SFC in proposing the futures exchanges and stock exchanges to be added to the list of specified exchanges in Schedule 3 to FRR;</li> <li>(b) the stock exchanges to which the new haircut percentages (ranging from 30% to 50%) for shares listed in other emerging markets had made reference; and</li> <li>(c) the rationale for assigning different haircut percentages for different types of funds, i.e. 5% for money market and cash management funds, 30% for real estate investment trusts, and 40% for structured funds and funds that invested in financial derivative instruments.</li> </ul>	

Time marker	Speaker	Subject(s)	Action required
		<p>The Administration and SFC advised that –</p> <ul style="list-style-type: none"> <li>(a) the proposed futures exchanges and stock exchanges to be added to the list of specified exchanges in Schedule 3 to FRR were all subject to comparable regulatory and prudential requirements as those already included in Schedule 3, and that the volatility and liquidity of the markets operated by the newly-added exchanges had also been assessed and they were considered appropriate to be included into the list of specified exchanges;</li> <li>(b) in the public consultation on the proposed amendments to FRR, the industry considered that the addition of the proposed exchanges to Schedule 3 was reasonable;</li> <li>(c) the average number of years since establishment of the exchanges proposed to be added to Schedule 3 to FRR was 43 years and the total number of exchanges in Schedule 3 of the amended FRR would be increased from 52 to 64 after the addition of the proposed exchanges. Also, opportunity was taken to update the list to reflect the mergers of certain exchanges with other exchanges;</li> <li>(d) the haircut percentages proposed for different types of stocks and funds were in line with the existing haircut percentages for those with similar nature. For example, shares being a constituent of the Hang Seng Index had a lower risk and had therefore been assigned a haircut percentage of 15%, and shares not being a constituent of the Hang Seng Index but a constituent of the Hang Seng Composite LargeCap Index would have a haircut percentage of 20%. Structured funds and funds that invested in financial derivative instruments and might involve a higher risk would have a haircut percentage of 40%;</li> <li>(e) in setting the haircut percentages for different types of stocks, SFC had considered their market volatility with reference to that of the major indexes of the relevant exchanges in Schedule 3 of FRR, the haircut percentages applied by major jurisdictions to similar type of stocks, and the operational needs and risk management abilities of the local securities industry;</li> </ul>	



Time marker	Speaker	Subject(s)	Action required
		<p>(f) SFC considered that in general, the haircut percentages proposed for funds of different risk profiles were adequate to reflect their risks as the funds were managed by fund managers, and the funds admitted as liquid assets must be authorized by SFC or similar regulatory bodies in other comparable jurisdictions or traded on a specified exchange; and</p> <p>(g) funds which were not regulated by SFC or similar regulatory bodies in other comparable jurisdictions or traded on a specified exchange would be regarded as illiquid investments under the amended FRR because of their illiquidity or the difficulty in measuring their risks and would be subject to a haircut of 100%.</p>	
003019 – 003537	Chairman Mr Kenneth LEUNG Administration SFC	<p>Mr Kenneth LEUNG sought elaboration on the following –</p> <p>(a) the effect of the new treatment of tenancy agreements in respect of premises used for carrying on the concerned regulated activity by an LC upon the implementation of the new accounting standard on 1 January 2019 (as mentioned in paragraph 23 of the LegCo Brief); and</p> <p>(b) the respective treatments on liabilities arising from the LC's (i) "mortgaged" property, and (ii) "non-mortgaged" property for carrying on regulated activities.</p> <p>The Administration and SFC advised that –</p> <p>(a) the Amendment Rules would allow an LC to exclude from its ranking liabilities the amount of liability arising from a tenancy agreement entered into by it in respect of any premises used for carrying on a regulated activity, up to the amount of assets arising from the same tenancy agreement under the new accounting standard, which was not included in its liquid assets. The Amendment Rules also excluded the same amount from the LC's variable required liquid capital calculation;</p> <p>(b) under section 53(2)(b) of the existing FRR, an LC should not include in its ranking liabilities any liability that would not fall due within the next 12 months and was secured by a first legal charge on immovable property beneficially owned by it, to the extent that the net realizable value of that property equaled such liability. The immovable property must be used in carrying on the regulated activity for which</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>it was licensed. In other words, a significant amount of the mortgage liability arising from the property had therefore been excluded from the LC's ranking liabilities; and</p> <p>(c) a "non-mortgaged" property owned by an LC for carrying on the regulated activity was regarded as a fixed asset, and would not be counted towards the liquid assets of the LC under FRR, as the property would not be able to provide immediate liquidity to the LC.</p>	
003538 – 003627	Chairman SFC	<p>Noting that under the new section 18A(2) of the amended FRR, an LC must include a "controlled asset" in its liquid assets under FRR if it reasonably believed that it would be able to obtain the required approval from the relevant authority or regulatory organization within one week after applying for such approval, the Chairman enquired about –</p> <p>(a) whether the LC was required to remit the relevant amount of controlled assets to Hong Kong within one week after applying for the approval;</p> <p>(b) the implication of the situation where an LC had included a "controlled asset" in its liquid assets under FRR but subsequently after the one-week period, the LC could meet the liquid capital requirement under FRR through other means, for example, an increase in the value of the securities held by the LC; and</p> <p>(c) whether SFC granted "grace periods" to an LC similar to that provided under the new section 18A(2) of the amended FRR in other situations for facilitating the meeting of the liquid capital requirement under FRR.</p> <p>SFC advised that –</p> <p>(a) the new section 18A(2) of the amended FRR required the LC to include in its liquid assets a "controlled asset" owned by it and reasonably believed that approval for the remittance of such currency or proceeds to Hong Kong could be obtained from the relevant authority within one week of application; there was no requirement on the LC to actually remit the amount or proceeds to Hong Kong;</p> <p>(b) whether or not any "controlled assets" meeting the requirements under the new section 18A(2) would eventually be remitted back to Hong Kong had no</p>	

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		<p>direct relevance to the calculation of "liquid assets". For so long as the requirements under the new section 18A(2) could be met, such "controlled assets" could be included as "liquid assets" for the purpose of complying with the liquid capital requirement under FRR; and</p> <p>(c) similar "grace periods" were given in accordance with other provisions of FRR for an LC to include amounts receivable in its liquid assets to meet the liquid capital requirement, including for completing securities transactions (for which amounts receivable within 5 days after settlement date could be counted as liquid assets) and for acting as sponsors in initial public offerings (for which fees receivable within one month of issuing invoices to clients could be counted as liquid assets).</p>	
003628 – 004645	Chairman Mr CHAN Chun-ying SFC	<p>Mr CHAN Chun-ying enquired about –</p> <p>(a) the comparison of the various new haircut percentages in the Amendment Rules with those in other established stock exchanges such as London Stock Exchange plc, New York Stock Exchange LLC, Tokyo Stock Exchange, Inc. and Singapore Exchange Securities Trading Limited, etc.; and</p> <p>(b) whether the Administration/SFC would consider including the amount of a standby credit granted by a bank to an LC, on provision of a "non-mortgaged" property as guarantee, as liquid assets of the LC under the Amendment Rules.</p> <p>SFC advised that –</p> <p>(a) a comparison had been made with other jurisdictions (such as the United Kingdom, the United States of America, Singapore and Australia) on the various haircut percentages specified in the Amendment Rules. Apart from the differences in target markets, there were also differences in index classification between Hong Kong and those other jurisdictions. Some of them might also have a different capital framework as compared to Hong Kong, such as the United Kingdom which adopted Basel Capital Accord, making it difficult to compare;</p>	

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		<p>(b) the various haircut percentages set under the Amendment Rules were based mainly on the Hong Kong market conditions as the LCs were mainly dealing with securities in Hong Kong. There was not much difference in the haircut percentages for high quality securities listed in Hong Kong and similar securities listed on other major markets;</p> <p>(c) FRR prescribed financial resources requirements to regulate both liquidity and capital adequacy of LCs. Although the amount of a standby credit granted by a bank to an LC might provide some forms of liquidity when drawn down, it would not increase its liquid capital because bank loan was a liability; and</p> <p>(d) under subsection (1) of section 146 of the Securities and Futures Ordinance (Cap. 571), if an LC became aware of its inability to maintain, or to ascertain whether it maintained, financial resources in accordance with the specified amount requirements that applied to it, it should notify SFC and immediately cease carrying on any regulated activity for which it was licensed, unless otherwise permitted by SFC. If the LC was in financial difficulty and could not fulfill the minimum liquid capital requirement under FRR or was about to cease operation, the bank would very likely withdraw the standby credit or call any loan. Given such uncertainty in the availability of liquidity under a standby credit line and that bank loans were indeed liabilities, the amount of standby credit granted by a bank to an LC could not be included as liquid assets of the LC.</p>	
004646 – 005355	Chairman SFC	<p>The Chairman expressed concern about not including the amount of a standby credit granted by a bank to an LC as liquid assets under FRR and sought information on –</p> <p>(a) whether the amount of a standby credit granted by a bank to an LC had ever been counted as liquid assets of the LC under previous enactments of FRR;</p> <p>(b) the reasons for the apparent inconsistency under FRR that an LC could not treat the amount of a standby credit granted by a bank to it as liquid assets but could include a "controlled asset" in its liquid assets as provided for under the new section 18A(2) of the amended FRR; and</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>(c) the reasons for not including a standby credit granted by a bank to an LC as liquid assets under FRR for temporary relief of the shortage of liquid assets/capital of the LC, as generally the bank would only grant a credit amount equal to part of the value of a property charged to it as guarantee for the loan.</p> <p>SFC advised that –</p> <p>(a) the amount of a standby credit granted by a bank to an LC had never been counted as liquid assets of the LC under FRR;</p> <p>(b) the "controlled asset" provided for under the new section 18A(2) of the amended FRR would not give rise to a ranking liability of the LC. In contrast, the drawing down of a standby credit line (regardless of whether or not it was collateralized) would give rise to a liability. The situation would be different in the case of an approved subordinated loan provided by the shareholders of the LC, where the LC's liquid assets would increase by the amount of the loan drawn, while the corresponding amount payable to its shareholders should not be included in the LC's ranking liabilities under FRR; and</p> <p>(c) for the sake of prudence, it would be inappropriate to regard a standby credit granted by a bank to an LC as liquid assets under FRR due to the lack of certainty in obtaining the credit from the bank and the liability nature of the loan drawn.</p>	
005356–010218	Chairman Mr James TO SFC	<p>Mr James TO expressed concern about the criterion in which "controlled assets" might be treated as an LC's "liquid assets" as provided under the new section 18A(2) of the amended FRR. He enquired about –</p> <p>(a) the existing mechanism, if any, to identify or verify whether the same capital amount had been used simultaneously to satisfy the capital requirements of LCs in Hong Kong and the Mainland; and</p> <p>(b) the authority, if any, to verify whether the LC had sufficient grounds to "reasonably believe" that all the requirements relating to the treatment of the concerned controlled assets had been fulfilled in calculating the LC's liquid assets, given the recent difficulty in remitting capital from the Mainland to Hong Kong.</p>	

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		<p>SFC advised that –</p> <p>(a) the remittance of "controlled assets" or its proceeds to Hong Kong by LCs for inclusion as liquid assets had already been provided for under section 18(2) of the existing FRR; and</p> <p>(b) it was the duty of LCs to comply with FRR requirements as a whole, and consequently it was their responsibility to ensure that all applicable FRR requirements had been complied with when adopting a particular treatment for an asset or liability in their FRR returns. SFC would challenge the treatment of liquid assets by LCs in the course of the supervision of LCs.</p> <p>Mr TO requested the Administration/SFC to consider either removing section 18A(2) under the amended FRR or amending it to the effect that the LC should seek prior approval from SFC to include such "controlled assets" in its liquid assets, and that it should be SFC, instead of the LC itself, which reasonably believed that the LC would be able to obtain the required approval from the relevant authority or regulatory organization within one week after applying for the approval, in order to allow such inclusion of controlled assets as its liquid assets.</p>	<p>The Administration to follow up as stated in paragraph 5(a) of the minutes</p>
<p>010219 – 010513</p>	<p>Chairman Mr CHAN Chun-ying SFC</p>	<p>The Chairman requested the Administration/SFC to consider the suggestion that the amount of a standby credit granted by a bank to an LC, on provision of a "non-mortgaged" property as guarantee, could be included in the liquid assets of the LC under FRR and give the reason if it did not take on board the suggestion.</p> <p>SFC undertook to consider the Chairman's suggestion in future when conducting further consultation with stakeholders on the draft subsidiary legislation on amending FRR in future.</p> <p>Mr CHAN Chun-ying requested the Administration/SFC to provide a written response to the Chairman's suggestion.</p>	<p>The Administration to follow up as stated in paragraph 5(b) of the minutes</p>

Time marker	Speaker	Subject(s)	Action required
010514 – 011151	Chairman Mr Holden CHOW SFC	<p>Noting that to reflect the inherent nature of illiquid funds, the Amendment Rules had stipulated that funds which were not redeemable within 30 days were excluded from LCs' liquid assets, Mr Holden CHOW enquired about –</p> <p>(a) the definition of illiquid funds; and</p> <p>(b) circumstances, if any, under which the nature of general investment products, for example, due to objective change in circumstances, would turn into illiquid investments and if so, the arrangement under FRR to cater for such changes.</p> <p>SFC advised that –</p> <p>(a) as provided in the Amendment Rules, there were two types of illiquid funds which were treated as "illiquid investment" for the purposes of FRR: first, funds which were not an SFC-authorized fund, a recognized jurisdiction fund or a specified exchange traded fund; and second, an SFC-authorized fund or a recognized jurisdiction fund but was not a specified exchange traded fund and the units or shares were not redeemable within 30 days; and</p> <p>(b) one example of change in circumstances which might turn general investments into illiquid investments would be when the trading of a substantial shares investment within an SFC-authorized or recognized jurisdiction fund was suspended for a long period, which made the determination of the value and realization of such funds impossible. Such event was public market information and fund operators would be well aware of. SFC would also discuss with the operators of the affected funds if they were to suspend the funds' redemption, and require them to inform fund holders.</p> <p>Mr CHOW urged SFC to strengthen communications with LCs to ensure that in the event of such change of circumstances, LCs would be aware that their investments would become illiquid investments for the purposes of FRR.</p>	
<p><b>Examination of the provisions of the Securities and Futures (Financial Resources) (Amendment) Rules 2018 (L.N. 196 of 2018) [LC Paper No. CB(1)154/18-19(01)]</b></p>			
011152 – 011946	Chairman Administration	<p><u>Section 1 – Commencement</u></p> <p><u>Section 2 – Securities and Futures (Financial Resources) Rules amended</u></p>	

Time marker	Speaker	Subject(s)	Action required
		<p><u>Section 3 – Section 2 amended (interpretation)</u></p> <p><u>Section 4 – Sections 2A to 2F added</u></p> <p>Members did not raise any questions on the above provisions.</p>	
011947 – 012503	Chairman Mr Holden CHOW Administration	<p><u>Section 4 – Section 2G added - References to exchange and clearing house</u></p> <p>Mr Holden CHOW enquired about the assessment criteria, if any, in applying subsection (ii) of the new section 2G(b) which provided the manner in which reference should be made to an exchange or clearing house that was specified by name in the amended FRR and, after the day on which it was specified, was succeeded by another exchange or clearing house by reason of merger, amalgamation or otherwise.</p> <p>SFC advised that the new section 2G(b) was to cater for the circumstances where the specified exchange or clearing house had changed its name as a result of a merger or amalgamation. In general, acquisition and merger targets were usually established exchanges which were subject to the monitoring by the relevant regulatory authorities in accordance with international standards.</p>	
012504 – 013700	Chairman Administration	<p><u>Section 5 – Section 3 amended (accounting treatment)</u></p> <p><u>Section 6 – Section 6 amended (liquid capital requirement for licensed corporations)</u></p> <p><u>Section 7 – Section 8 amended (accounting for transactions on trade date basis)</u></p> <p><u>Section 8 – Section 9 substituted</u></p> <p><u>Section 9 – Section 11 amended (no set-off)</u></p> <p><u>Section 10 – Section 12 amended (transactions in margined accounts)</u></p> <p><u>Section 11 – Section 18 amended (exclusions from liquid assets)</u></p> <p><u>Section 12 – Section 18A added</u></p>	



Time marker	Speaker	Subject(s)	Action required
		<p><u>Section 13 – Section 19 amended (assets provided to others as security)</u></p> <p><u>Section 14 – Section 20 amended (cash in hand and at bank)</u></p> <p><u>Section 15 – Section 21 amended (amounts receivable from clients in respect of purchase of and subscription for securities)</u></p> <p><u>Section 16 – Section 22 amended (amounts receivable in respect of providing securities margin financing)</u></p> <p><u>Section 17 – Section 23 amended (amounts receivable from counterparties in respect of dealings in securities)</u></p> <p><u>Section 18 – Section 28 amended (amounts receivable from clearing houses, etc.)</u></p> <p><u>Section 19 – Sections 29 and 30 substituted</u></p> <p><u>Section 20 – Section 31 amended (exchange-traded options contracts trading for own account)</u></p> <p><u>Section 21 – Section 35 amended (miscellaneous assets)</u></p> <p><u>Section 22 – Section 36A added</u></p> <p><u>Section 23 – Section 37 amended (amounts payable to clients, etc.)</u></p> <p><u>Section 24 – Section 40 amended (futures contracts and options contracts dealing, etc.)</u></p> <p><u>Section 25 – Section 43 amended (short positions in securities (other than options contracts) and specified investments)</u></p> <p><u>Section 26 – Section 47 amended (net underwriting commitments)</u></p> <p><u>Section 27 – Section 51 amended (introduction of transactions)</u></p> <p><u>Section 28 – Section 51A added</u></p> <p><u>Section 29 – Section 52 amended (miscellaneous)</u></p> <p><u>Section 30 – Section 53 amended (other liabilities)</u></p>	

Time marker	Speaker	Subject(s)	Action required
		<p><u>Section 31 – Section 55 amended (licensed corporations to notify Commission of circumstances relating to financial resources and trading activities and to submit returns in certain cases)</u></p> <p><u>Section 32 – Section 56 amended (licensed corporations to submit returns to Commission)</u></p> <p><u>Section 33 – Section 58 amended (approvals)</u></p> <p><u>Section 34 – Section 59 amended (withdrawal of elections made under these Rules)</u></p> <p><u>Section 35 – Schedule 2 amended (haircut percentages)</u></p> <p><u>Section 36 – Schedule 3 substituted</u></p> <p><u>Section 37 – "must" substituted for "shall"</u></p> <p>Members did not raise any questions on the above provisions.</p>	
013701 – 013710	Chairman	The Chairman remarked that the Subcommittee had completed examination of the Amendment Rules.	
013711 – 013933	Chairman	<p>Meeting arrangements</p> <p>Legislative timetable and closing remarks</p>	