

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

**List of follow-up actions arising from the discussion
at the meeting on 13 November 2018**

The Administration was requested to provide written response to address members' following concerns/suggestions as raised at the meeting –

- (a) regarding Hon James TO's concern about the condition under which a licensed corporation ("LC") can include a "controlled asset" as its liquid asset as provided under subsection (2) of the new section 18A of the amended Securities and Futures (Financial Resources) Rules, explain whether the Administration/Securities and Futures Commission ("SFC") will consider either –

(i) removing the said subsection (2); or

(ii) amending subsection (2) to the effect that the LC should seek prior approval from the SFC to include such "controlled asset" as its liquid asset, and that it is the SFC, instead of the LC itself, which reasonably believes that the LC will 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 of "controlled asset" as its liquid asset; and

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

- (b) explain whether the Administration/SFC will consider the suggestion by Hon CHEUNG Wah-fung that the amount of a standby credit granted by a bank to an LC, on provision of the "non-mortgaged" property as guarantee, can be included as liquid asset of the LC; if not, the reason.