

**L.N. 132 of 2019**

**Securities and Futures (Investor Compensation—  
Compensation Limits) (Amendment) Rules 2019**

(Made by the Chief Executive in Council under section 244(1) of the  
Securities and Futures Ordinance (Cap. 571))

**1. Commencement**

These Rules come into operation on 1 January 2020.

**2. Securities and Futures (Investor Compensation—Compensation  
Limits) Rules amended**

The Securities and Futures (Investor Compensation—  
Compensation Limits) Rules (Cap. 571 sub. leg. AC) are  
amended as set out in sections 3 and 4.

**3. Section 2 amended (interpretation)**

(1) Section 2—

**Repeal the definition of *associated person, claimant, default,  
related assets and specified person.***

(2) Section 2, definition of *Claims Rules*—

**Repeal**

“sub. leg. T).”

**Substitute**

“sub. leg. T);”.

(3) Section 2—

**Add in alphabetical order**

“*associated person* (相聯者) has the meaning given by  
section 2 of the Claims Rules;

***claimant*** (申索人) has the meaning given by section 2 of the Claims Rules;

***default*** (違責) has the meaning given by section 2 of the Claims Rules;

***default date*** (違責日期), in relation to a default, means—

- (a) the date of the default determined by the Commission under section 7(1)(b) of the Claims Rules;
- (b) if the Tribunal varies or confirms, under Part XI of the Ordinance, the date of the default determined by the Commission—the date as varied or confirmed by the Tribunal; or
- (c) if the Court of Appeal varies, under Part XI of the Ordinance, the date of the default as varied or confirmed by the Tribunal (if any)—the date as varied by the Court of Appeal;

***related assets*** (有連繫資產) has the meaning given by section 2 of the Claims Rules;

***specified person*** (指明人士) has the meaning given by section 2 of the Claims Rules;

***Stock Connect securities*** (互聯互通證券) has the meaning given by section 2 of the Claims Rules;

***Tribunal*** (審裁處) means the Securities and Futures Appeals Tribunal established by section 216 of the Ordinance.”.

#### 4. Section 3 substituted

Section 3—

**Repeal the section**

**Substitute**

**“3. Limits on compensation to be made to claimants**

(1) If a claimant claims compensation in respect of the claimant’s loss sustained as a result of a default committed—

(a) by—

(i) a specified person; or

(ii) any associated person of a specified person; and

(b) in relation to—

(i) any of the following securities—

(A) securities listed or traded, or to be listed or traded, on a recognized stock market;

(B) Stock Connect securities; and

(ii) related assets of the securities,

the total amount of compensation payable under section 9 of the Claims Rules to the claimant must not exceed the sum specified in subsection (3).

(2) If a claimant claims compensation in respect of the claimant’s loss sustained as a result of a default committed—

(a) by—

(i) a specified person; or

(ii) any associated person of a specified person; and

(b) in relation to—

(i) any futures contract traded on a recognized futures market; and

(ii) related assets of the futures contract,

Securities and Futures (Investor Compensation—Compensation Limits)  
(Amendment) Rules 2019

L.N. 132 of 2019  
B3993

Section 4

---

the total amount of compensation payable under section 9 of the Claims Rules to the claimant must not exceed the sum specified in subsection (3).

- (3) The following sum is specified for subsections (1) and (2)—
- (a) if the default date is before 1 January 2020—  
\$150,000;
  - (b) if the default date is after 31 December 2019—  
\$500,000.”.

Wendy LEUNG  
Clerk to the Executive Council

COUNCIL CHAMBER

17 September 2019

---

### Explanatory Note

The main objective of these Rules is to amend the Securities and Futures (Investor Compensation—Compensation Limits) Rules (Cap. 571 sub. leg. AC) (*Limits Rules*)—

- (a) to increase the maximum amount of compensation payable under section 9 of the Securities and Futures (Investor Compensation—Claims) Rules (Cap. 571 sub. leg. T) (*Claims Rules*) from \$150,000 to \$500,000; and
- (b) to amend section 3 of the Limits Rules (consequential to the amendments made by the Securities and Futures (Investor Compensation—Claims) (Amendment) Rules 2019, which extend the compensation scheme under the Claims Rules to cover securities traded under the northbound links of the arrangements commonly known as Stock Connect).