
Associated Entities

Under s.165 (3) of the Securities and Futures Ordinance, an associated entity of an intermediary, other than an authorized financial institution, cannot conduct any business other than that of receiving or holding client assets, whether on behalf of an intermediary or otherwise, unless authorized in writing by the SFC. If an associated entity is also a licensed corporation, does it require a written authorization from the SFC?

Posted on 18.06.2003

16.1 If the licensed corporation concerned notifies the SFC that it has become an associated entity of another intermediary, there is no need to seek additional authorisation under s.165 (3). It may continue to carry out its regulated activity(ies) as a licensed corporation.

For entities belonging to the same group of companies, is it acceptable for a licensed corporation (or registered institution) to make a notification required under the Securities and Futures (Associated Entities - Notice) Rules on its behalf and on behalf of other group entities in respect of the same change in information?

Posted on 25.07.2003

16.2 Yes. In the case of entities belonging to the same group, a licensed corporation (or registered institution) may make a notification required under the Associated Entities - Notice Rules on its behalf and on behalf of other group entities in respect of the same change in any specific information. The notification should state clearly on whose behalf it is made, and the represented entities should be aware of the notification. In addition, the necessary information should be provided. This principle also applies to notifications under the Licensing and Registration Information Rules (please see section 15.4).

Where a licensed corporation (or registered institution) is also an associated entity, can it make only a single notification in respect of obligations under both the Associated Entities - Notice Rules and Licensing and Registration Information Rules for the same change in information?

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16.3 Yes. In the case where the licensed corporation (or registered institution) is also an associated entity, a single notification for the same change in information is acceptable provided that the capacities under which the notification is made is clearly stated in the notification.

Where a licensed corporation is also an associated entity, can the licensed corporation make only a single submission of financial statements and auditor's report under section 156 of the SFO.

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16.4 Yes. A single submission by a licensed corporation that is also an associated entity is acceptable provided that the submission complies with the requirements under the Accounts and Audit Rules for a licensed corporation, and states the capacities of the corporation.