

Capital Investment Entrant Scheme relating to financial intermediaries

Will there be any extra approval process for licensed intermediaries to be financial intermediaries under the Capital Investment Entrant Scheme (“the Scheme”) and what are the criteria required?

Posted on 18.11.2003

2.1 No approval is required. All licensed corporations for Type 1 (dealing in securities), 4 (advising on securities) and/or 9 (asset management) regulated activities under the Securities and Futures Ordinance are qualified.

Will there be any liabilities on the financial intermediary if the Entrant does not comply with any requirements under the Scheme?

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2.2 No, the Director of Immigration will directly deal with the Entrant if the latter fails to comply with any requirements under the Scheme. However, failings of the financial intermediary of its obligations in the client agreement may impugn on its fitness and properness to remain a licensed person, and the SFC may take disciplinary action against the intermediary.

Is margin trading allowed in the designated account of the Entrant?

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2.3 No, none of the investments in the designated account of the Entrant should be traded on margin basis.

If the Entrant wants to increase the investment amount beyond the \$6.5m threshold, should he do so in the designated account or open a separate account?

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2.4 It is not advisable for him to do so. Since the initial amount of \$6.5 million in the designated account will be ringfenced, it will be more flexible for the Entrant if he operates a separate account for the extra investment, in terms of withdrawal or even margin trading. If he uses the same account for the extra investment, the financial intermediary will be required to submit a separate statement to the Immigration Department to account for the amount that has been ringfenced.