



Financial Returns under the Securities and Futures (Financial Resources) Rules

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I. Background and summary of changes of the New Financial Returns



- ❖ To accommodate the Securities and Futures (Financial Resources) Rules under the Securities and Futures Ordinance
- ❖ To facilitate segmental reporting for various types of regulated activities carried on by a licensed corporation
- ❖ More explanatory notes provided as guidance to facilitate licensed corporation in compiling the financial returns



II. Overview of the Financial Returns

❖ Monthly Returns

Form 1: Liquid capital computation

Form 2: Required liquid capital computation * #

Form 3: Credit facility summary

Form 4: Margin client analysis

Form 5: Analysis of securities collateral

Form 6: Rolling balance cash client analysis * #

Form 7: Profit and loss account

Form 8: Analysis of client assets

Form 9: Foreign currency positions of licensed corporation licensed for leveraged foreign exchange trading *

❖ Quarterly Returns

Form 10: Report on proprietary derivative positions

Form 11: List of recognized counterparties *

Form 12: Client profile and aggregate net value of assets under management * #

** 5 New forms*

3 New forms relevant to securities dealer



II. Overview of the Financial Returns (Con't)

❖ Semi-annual Return

Only for licensed corporation licensed for type 4,5,6,9 regulated activities and subject to specified licensing conditions

Form 1: Liquid Capital computation

Form 2: Required liquid capital computation

Form 7: Profit and loss account

Form 12: Client profile and aggregate net value of assets under management



III. New forms

Form 2: Required liquid capital computation

- ❖ To provide guidance to licensed corporation in calculating the required liquid capital

Form 6: Rolling balance cash client analysis

- ❖ For reporting the amounts receivable from rolling balance cash clients

Form 12: Client profile and aggregate net value of assets under management (*on quarterly basis*)

- ❖ Reporting of number of active clients
- ❖ Net value of assets in the discretionary accounts under management of licensed corporation to be reported

IV. Other major changes in the Financial Returns

Form 1: Liquid capital computation

- ❖ Reporting of amounts receivable from rolling balance cash clients
- ❖ Disclosures of :
 - amounts receivable arising from different regulated activities;
 - **amounts receivable from/payable to group companies; and**
 - paid-up share capital, retained profits and other reserves



IV. Other major changes in the Financial Returns (Con't)

Form 4: Margin client analysis by unadjusted balance

- ❖ Reporting of unadjusted and adjusted loan balance of the top 20 margin clients

Form 5: Analysis of securities collateral

- ❖ New section incorporated for reporting of illiquid stocks





IV. Other major changes in the Financial Returns (Con't)

Form 7: Profit and loss account

- ❖ **Disclosures of management fees charged to or by group companies, income arising from underwriting and declaration of dividend**
- ❖ Segmental reporting for income and expenses arising from different regulated activities



IV. Other major changes in the Financial Returns (Con't)

Form 8 - Table 1: Analysis of client securities

- ❖ Reporting the types of CCASS sub-accounts and the respective stock balances in the sub-accounts

Form 8 - Table 2: Analysis of client segregated funds

- ❖ **New items to reflect Client Money Rules and Financial Resources Rules**
- ❖ **New column inserted for reporting segregated funds for the segregation requirement**

V. Support from the Commission

- ❖ Methods of submission unchanged and the licensed corporation may adopt appropriate submission channel
- ❖ e-submission encouraged to enjoy benefits of validation rules and auto-computation functions available in the excel template
- ❖ Welcome to contact our IT Helpdesk at 2842-7779 for enquiries arising from e-submission
- ❖ Welcome to contact the responsible case officers for enquiries regarding the financial returns

