

Securities and Futures Commission
SFO Technical Workshop
Securities and Futures (Accounts and Audit) Rules
Self-assessment test

Answers:

Q1 E

Section 3(1) of the Securities and Futures (Accounts and Audit) Rules requires a licensed corporation to prepare the following documents in respect of each of financial year:

- (a) a set of audited accounts in accordance with generally accepted accounting principles
- (b) additional financial information set out in the Account Disclosure Document
- (c) 8 audited financial returns, where applicable, as referred to in section 56 of the Securities and Futures (Financial Resources) Rules, each made up to the last day of the financial year.
- (d) business and risk management questionnaire for licensed corporation

Q2 D

Section 3(3) of the Securities and Futures (Accounts and Audit) Rules requires an associated entity of an intermediary to prepare the following documents in respect of each of financial year:

- (a) a set of audited accounts in accordance with generally accepted accounting principles
- (b) an analysis of client assets as at the end of the financial year
- (c) business and risk management questionnaire for associated entity

Q3 C

Section 156(1)(b) of the Securities and Futures Ordinance requires that all licensed corporations and associated entities should submit the documents as stated in sections 3(1) and 3(3) of the Securities and Futures (Accounts and Audit)

Rules respectively to the SFC not later than 4 months after the end of the financial year to which they relate.

Q4 A

This is because the reporting requirements set out in the Securities and Futures (Accounts and Audit) Rules will not be effective until 1 April 2003.

Q5 False

XYZ Securities Limited, which is a licensed corporation, is also required to submit the business and risk management questionnaire under section 3(1) of the Securities and Futures (Accounts and Audit) Rules.

Please refer to answer to Q1 above for the documents to be prepared in each financial year by a licensed corporation as required under Section 3(1) of the Securities and Futures (Accounts and Audit) Rules.

Q6 True

XYZ Holdings Limited is regarded as the associated entity of XYZ Securities Limited because:

- (i) there is a controlling entity relationship between XYZ Holdings Limited and XYZ Securities Limited; and
- (ii) XYZ Holdings Ltd holds in Hong Kong client assets of XYZ Securities Limited

as defined in schedule 1 of the SFO.

Please refer to answer to Q2 above for the documents to be prepared in each financial year by an associated entity as required under Section 3(3) of the Securities and Futures (Accounts and Audit) Rules.