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A

Accommodation Charges

HKEx's participants must post margin to cover their outstanding obligations. Where non-cash margin (e.g. Exchange Fund Notes, US Treasury Bills or Notes) is posted, HKEx imposes an accommodation charge on participants based on the value of the margin deposited. The accommodation charges applied by HKCC and SEOCH are 1.2% and 2% respectively.

– p.68

Advisory Committee

– pp.15, 144

Association of Chartered Certified Accountants (ACCA)

An international accountancy body based in UK.

– pp.28, 80

Audit Committee

– pp.15, 150

Australian Securities and Investments Commission (ASIC)

An independent Australian government body responsible for regulating financial markets, securities, futures and corporations. It is also responsible for consumer protection in superannuation, insurance, deposit taking and credit.

– p.79

Automated Trading Services (ATS)

Services provided by means of electronic facilities (except those provided by a recognised exchange company or clearing house) whereby offers to sell or purchase securities or futures contracts are regularly made or accepted in a way that results in a binding transaction in accordance with established methods.

– pp.24, 66

Automatic Order Matching and Execution System, the Third Generation (AMS/3)

A new generation of securities trading infrastructure developed by HKEx that connects investors, Stock Exchange Participants, other market participants and the central market through eCommerce facilities.

– p.68

B

Backup Office, SFC

– pp.25, 70, 76

Boiler Rooms

Frauds in which unscrupulous but plausible salespeople cold call potential investors and use high pressure sales tactics to persuade them to buy real or bogus investments.

– p.82

Budget, SFC

– pp.3, 76

Budget Committee

– pp.16, 151

C

Callable Bull/Bear Contracts

A type of derivative product that tracks the performance of the underlying asset on an almost one to one basis. They expire on a fixed date and must be called (i.e. early terminated) by issuers when the price of the underlying (auto-matched price at any time during trading hours) reaches the call price (i.e. barrier level).

– pp.25, 67

Central Clearing and Settlement System (CCASS)

HKEx's clearing and settlement system for its cash market.

– p.67

Chief Executive, HKSAR

– pp.10, 14

Chief Operating Officer (COO)

– pp.5, 11, 28, 78

China Securities Regulatory Commission (CSRC)

The authorised department under the State Council that governs the securities and futures markets of China.

– pp.65, 79, 90

Closer Economic Partnership Arrangement (CEPA)

An agreement between the Central People's Government and the HKSAR Government to strengthen trade and investment co-operation and promote joint development.

– p.86

Codes of Conduct for Persons Licensed by or Registered with the SFC (Code of Conduct)

– p.49

Codes on Takeovers and Mergers and Share Repurchases

– pp.24, 26, 29, 34, 154

Commercial Crime Bureau (CCB)

A bureau of the Hong Kong Police that investigates serious and complex commercial fraud; computer crime; and the counterfeiting or forgery of currency, coinage, credit cards, other commercial instruments and travel and identity documents.

– p.55

Committee on Payment and Settlement System (CPSS)

A forum for the central banks of the Group of Ten countries (G10) to monitor and analyse developments in domestic payment, settlement and clearing systems as well as in cross-border and multi-currency settlement schemes.

– p.88

Commodity Exchange Compensation Fund (CECF)

The fund that provides compensation to investors who suffered a loss due to the default of an Exchange Participant of the Hong Kong Futures Exchange Limited before implementation of the SFO.

– pp.70, 77

Companies (Amendment) Ordinance 2004

– pp.25, 34

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Complaints Control Committee

– p.83

Companies Ordinance

– pp.25, 26, 36, 154

Conflicts of Interest, Analysts

– pp.25, 44

Consumer Council

– p.37

Continuous Professional Training (CPT)

The systematic maintenance, improvement and broadening of knowledge and skills to enable individual SFC licensees carrying on regulated activities to perform their duties competently and professionally.

– p.47

Corporate Governance

– pp.4, 14, 24, 34

Custody Fee

– p.68

D

Dematerialisation

The conversion of paper certificates to electronic holdings.

– p.69

Derivatives Clearing and Settlement System (DCASS)

The new clearing and settlement system launched by HKEx for its derivatives market.

– pp.25, 66

Director of Audit

– p.18

Directors of the Commission

– p.10

Disciplinary Actions

– p.57

Disclosure of Interests

– pp.24, 27, 29, 52, 66, 72

Dual Filing

The arrangement that came into effect with the SFO, under which all corporate disclosure and listing application materials are filed with both the SEHK and the SFC. The SFC can exercise its enforcement powers against persons issuing false or misleading corporate information.

– pp.4, 24, 28, 34, 52

Dual Filing Advisory Group

The Dual Filing Advisory Group is a standing committee established under section 8 of the SFO to advise the SFC on treatment of cases and policy issues under the Dual Filing regime.

– pp.37, 148

E

Electronic Investor Resources Centre (eIRC)

An SFC operated website to provide investors with educational information on investments and regulations.

– pp.25, 27, 28, 32, 76

Equity-Linked Investments

– p.50

European Union (EU)

A family of democratic European countries. Its Member States have set up common institutions to which they delegate some of their sovereignty so that decisions on specific matters of joint interest can be made democratically at European level.

– p.46

Exchange Traded Fund (ETF)

Basically index funds that are listed and traded on exchanges just like stocks.

– p.50

Executive Directors (EDs)

– pp.10, 14, 28

Extensible Business Reporting Language (XBRL)

A language for the electronic communication of business and financial data.

– p.91

F

Federation of Share Registrars

The Federation approved by the SFC under Section 12 of the Securities and Futures (Stock Market Listing) Rules. Its members are approved share registrars under the Securities and Futures (Stock Market Listing) Rules.

– pp.8, 69

Financial Action Task Force on Money Laundering (FATF)

An inter-governmental body which sets standards, and develops and promotes policies, both at national and international levels, to combat money laundering and terrorist financing.

– p.90

Financial Reporting Council (FRC)

An independent statutory body proposed by the Government to strengthen the regulatory regime for the accounting profession in Hong Kong.

– pp.25, 34

Financial Secretary, HKSAR

– pp.5, 10, 14, 28, 77

Financial Services and the Treasury Bureau (FSTB)

– pp.20, 69, 73

Financial Services Authority (FSA)

An independent organisation responsible for regulating financial services in the UK. It is the single statutory regulator responsible for the authorisation and supervision of deposit taking, insurance and investment business.

– p.79

Financial Services Network (FinNet)

A business-to-business network built to support financial communities in Hong Kong in conducting secure electronic transactions, information delivery and peer-to-peer communication.

– pp.25, 76

Financial Stability Forum

An international Forum that promotes financial stability through information exchange and international co-operation in financial supervision and surveillance.

– p.87

G**Gross Domestic Product (GDP)**

– p.3

Growth Enterprise Market (GEM)

– p.26

H**H-shares Index Futures**

– p.67

H-shares Index Options

– p.66

Hang Seng Index (HSI)

– pp.3, 26

Hay Report

The report by the consultant Hay Group Limited on a study of the remuneration packages of senior executives of selected statutory and other bodies. The study was commissioned by the HKSAR Government in 2002 to provide guidelines to individual organisations for them to adjust or refine their remuneration policies and arrangements.

– p.78

Hedge Funds

No legal definition but may refer to a wide range of investment vehicles, which can vary substantially in terms of size, strategy, business model and organizational structure, among other characteristics.

– p.43

HKFE Clearing Corporation Limited (HKCC)

– p.68

Hong Kong Exchanges and Clearing Limited (HKEx)

– pp. 4, 8, 25, 28, 54, 80

Hong Kong Futures Automatic Trading System (HKATS)

The electronic trading system for HKEx derivatives market.

– p.68

Hong Kong Futures Exchange Limited (HKFE)

– pp.25, 40, 67

Hong Kong Institute of Certified Public Accountants (HKICPA)

The statutory licensing body of accountants responsible for the regulation of accountancy profession in Hong Kong.

– pp.29, 39, 80

Hong Kong Monetary Authority (HKMA)

– pp.42, 79

Hong Kong Mortgage Corporation (HKMC)

– p.80

Hong Kong Securities Clearing Company Limited (HKSCC)

– p.67

Hong Kong Securities Institute (HKSI)

– p.47

Hong Kong Special Administrative Region (HKSAR)

– pp.10, 14, 65, 91

I**Independent Commission Against Corruption (ICAC)**

– pp.19, 55

Independent Financial Advisers (IFAs)

– pp.25, 28, 36, 44

Insider Dealing Tribunal (IDT)

– pp.28, 52

Interest Retention Rates

HKEx's participants must post margin to cover their outstanding obligations. Where the margin posted by participants is cash, HKEx invests the margin. Some of the interest is returned to the participants after deducting the retention rate of 1.2% (HKCC) or 2% (SEOCH) from the respective benchmark interest rate.

– p.68

International Accounting Standards Board (IASB)

An independent, privately-funded accounting standard-setter based in London, UK. It is committed to developing, in the public interest, a single set of high quality, understandable and enforceable global accounting standards that require transparent and comparable information in general purpose financial statements.

– pp.18, 88

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International Organization of Securities Commissions (IOSCO)

The pre-eminent forum for international co-operation among securities regulators. IOSCO is recognised as the international standard setter for the securities sector.
– pp.4, 28, 44, 86

Investment Advisers

– pp.25, 40

Investor Compensation Company Limited (ICC)

An independent investor compensation company established under the SFO to manage the new compensation fund and process claims.
– pp.8, 24, 70

Investor Compensation Fund (ICF)

– pp.29, 66, 77

Investor Participant Account (IP Account)

A depository account for safekeeping investors' stocks, that gives them legal protection and control over their shareholdings. Both individual and corporate investors may open stock accounts in CCASS and become Investor Participants.
– pp.25, 66

L

Legislative Council (LegCo)

– pp.18, 38, 44, 73

Letter of Intent (LOI)

– pp.4, 28, 89

Listing Rules

– pp.24, 34

M

Management Committee

– p.17

Mandatory Provident Fund (MPF)

– p.42

Mandatory Provident Fund Schemes Authority (MPFA)

– p.80

Margin Financing

– pp.4, 25, 28, 40

Market Misconduct

– p.52

Market Misconduct Tribunal (MMT)

– pp.38, 57

Memorandum of Regulatory Co-operation (MORC)

The memorandum signed between the CSRC, Shanghai Stock Exchange, Shenzhen Stock Exchange, SEHK and the SFC to promote mutual assistance and the exchange of information so that the parties may effectively perform their respective duties according to law.
– p.90

Memorandum of Understanding (MOU)

Co-operative arrangements or agreements the SFC signed with other local or international organisations.
– pp.4, 29, 89

Minimum Spread

The minimum allowable change in price of securities traded on SEHK.
– pp.25, 67

Multilateral Memorandum of Understanding (MMOU)

The multilateral MOU that enhances the level of IOSCO members' co-operation and information exchange to combat cross-border frauds and other securities violations, and improve their ability to enforce securities regulation worldwide.
– pp.65, 87

N

Net Asset Value (NAV)

– pp.26, 70, 77

Non-Executive Directors (NEDs)

– pp.5, 10, 14, 28

O

Ombudsman

– p.19

P

Part XV, SFO

– pp.29, 68

Performance Pledges

– p.14

Phishing

The act of sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.
– pp.33, 82

Police

– p.52

Position Limit

– p.67

Process Review Panel (PRP)

An independent body appointed by the Chief Executive to review the SFC's internal operations and procedures to ensure that they are fair and consistently followed.
– pp.19, 152

Prosecutions

– p.55

Public Shareholders Group

A standing committee under section 8 of the SFO to provide investors' views on issues relating to shareholders' rights and interests.

– pp.15, 34, 148

Q**Qualified Foreign Institutional Investors (QFII)**

Foreign fund management institutions, insurance companies, securities firms, and other asset management companies meeting the requirements under the QFII Regulation which have been approved by the CSRC and have obtained an investment quota from the State Administration of Foreign Exchange.

– p.50

R**Radio Television Hong Kong (RTHK)**

– p.81

Real Estate Investment Trusts (REITs)

Collective investment schemes constituted as a trust that invest primarily in real estate with the aim to provide returns to holders derived from the rental income of the real estate.

– pp.4, 25, 29, 40

Remuneration Committee

– p.16

S**Scrip Fee**

The registration and transfer fee, commonly referred to as "scrip fee", is in essence a cost to use HKSCC's depository service. It is based on the increase of the aggregate holdings in board lots of a security in a participant's account since the previous date on which the fee was collected. The fee is a flat rate of \$1.50 per Board Lot for collection on book-close dates and corporate action effective dates and \$0.75 for deemed book close dates.

– p.68

Scripless Market

A scripless securities market provides the enabling environment for straight-through-processing, eliminates the risks associated with paper scrip, reduces the cost of ownership transfer and enhances the processing efficiency of securities transactions.

– pp.25, 66, 74

Securities and Derivatives Network (SDNet)

– p.69

Securities and Exchange Commission, Thailand

– pp.29, 89

Securities and Futures Appeals Panel (SFAP)

The part-time panel that hears appeals against the SFC's decisions concerning licensing and disciplinary matters made before the commencement of the SFO.

– pp.19, 62

Securities and Futures Appeals Tribunal (SFAT)

An independent full-time appeals tribunal established under the SFO to replace the SFAP but with a wider jurisdiction.

– pp.19, 62, 75

Securities and Futures Commission Ordinance (SFCO)

– p.74

Securities and Futures (Financial Resources) Rules (FRR)

The rules that set out the capital requirements with which intermediaries have to comply in order to become and remain licensed by the SFC.

– pp.27, 44, 52

Securities and Futures Ordinance (SFO)

– pp.2, 14, 23, 24, 26, 29, 35, 40, 68

Securities and Futures (Stock Market Listing) Rules (SMLR)

– pp.25, 38, 73, 154

SEHK Options Clearing House Limited (SEOCH)

– p.68

Settlement, Disciplinary Actions

– pp.4, 52

Settlement Instruction (SI) Input Fee

The SI input fee covers the input and moving of scrip (i.e. by book-entries) from one CCASS participant to another (usually a result of trading). The current fee is \$1.

– p.68

Severe Acute Respiratory Syndrome (SARS)

– p.5

Shanghai Stock Exchange

– p.90

Share Registrars

– pp.8, 24, 67

Shenzhen Stock Exchange

– pp.79, 90

Sponsors, Listing

– pp.4, 25, 28, 34, 41, 154

Staffing

– p.78

Steering Committee on the Enhancement of Financial Infrastructure (SCEFI)

The committee set up in 1999 to recommend improvements to the financial infrastructure of Hong Kong's securities and futures industry.

– pp.25, 66

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Stock Exchange of Hong Kong Limited (SEHK)

A subsidiary of HKEx where a wide range of securities including equities, debts, unit trusts, exchange-traded funds and warrants are traded.

– pp.24, 34, 40, 53

Stock Options

– p.66

Stock Settlement Fees for Exchange Trades and Settlement Instructions (SI)

SI transactions are transactions settled in CCASS between two participants as a result of the input of an SI by each participant. SI transactions include broker-custodian, stock borrowing and lending, stock pledging transactions and portfolio movements of securities. Exchange Trades are transactions effected on SEHK. HKSCC charges 0.002% of the gross value of each Settlement Instruction Transaction or Exchange Trade, subject to a minimum of \$2 and a maximum of \$100 for each SI transaction or Exchange Trade.

– p.68

Strike Price Interval

The smallest difference between two consecutive strike prices of an options series.

– p.67

T

Takeovers and Mergers Panel

– pp.35, 144

U

Undertakings for Collective Investment in Transferable Securities III (UCITS III)

A new set of regulations issued by the EU Commission governing funds domiciled in the EU member states. UCITS III comprises a new EU Product Directive and a new Management Directive adopted in 2001 (effective in February 2002) updating the UCITS I directive with a view to enhancing a “European fund passport system”. Key changes include the expansion of the investment powers of funds and the use of financial derivatives for investment purposes.

– pp.25, 40

Unified Exchange Compensation Fund (UECF)

The fund that provides compensation to investors who suffered a loss due to the default of an Exchange Participant of the SEHK before implementation of the SFO.

– pp.70, 77

Unit Trust and Mutual Funds

– p.42

V

Vocational Training Council

– p.47

W

Website, SFC

– pp.25, 28, 67, 76