

# Index

Indices do not include references in the Financial Statements.

## A

### Advisory Committee

– pp. 7-11, 15, 144

### Asian Bond Fund 2 (ABF2) Project

An initiative led by the Executives' Meeting of East Asian and Pacific Central Banks which seeks to promote the development of index bond funds in the regional markets, enhance the domestic as well as regional bond market infrastructure and to develop listed and passively managed bond funds available to retail investors.

– pp. 50, 71

### Audit Committee

– pp. 7, 10, 11, 16, 18, 19, 151

### 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. 6, 28, 72

### 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. 72

### Avian flu

Avian flu (H5N1) is a type of influenza A that mainly infects birds but occasionally affects humans. Avian flu can be transmitted from live birds to people, although transmission between humans is very inefficient. The initial symptoms of avian flu are similar to those of other influenza viruses, including fever, generalized muscle pain, cough and sore throat. However, it is more likely to result in high fever, chest infection, respiratory failure, multi-organ failure, and death.

– pp. 29, 52, 74

## B

### 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.

– pp. 82, 85

### Budget Committee

– pp. 7, 17, 151

### Budget Speech

– p. 80

## 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. 4, 29, 71

### Central Clearing and Settlement System (CCASS)

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

– p. 31

### Chief Executive, HKSAR

– pp. 2, 8, 14, 16, 20, 21, 28, 36, 80

### Chief Executive Officer (CEO)

– pp. 5, 14

### Chief Operating Officer (COO)

– pp. 7, 9

### China Securities Regulatory Commission (CSRC)

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

– pp. 37, 69, 87

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

– pp. 6, 15, 17, 54, 67

### Codes on Takeovers and Mergers and Share Repurchases

– pp. 6, 26, 36, 41, 81, 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. 58

### 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.

– p. 74

### Companies Ordinance

– pp. 6, 27, 36, 41, 42, 154

### Complaints Control Committee

– p. 83

### Consumer Council

– p. 44

### 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.

– pp. 50, 148

### Corporate Governance

– pp. 3, 5, 14-23, 26, 29, 75, 84, 85

## Index

## D

**De minimis exception**

The exception to exclude disclosures by substantial shareholders under Part XV of the SFO for small changes (0.5%) around a whole percentage level.

– p. 72

**Derivatives Clearing and Settlement System (DCASS)**

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

– p. 72

**Director of Audit**

– p. 18

**Directors of the Commission**

– p. 8

**Disciplinary Actions**

– pp. 67, 68

**Disclosure of Interests**

– pp. 3, 28, 36, 50, 62, 63, 72, 73, 83, 154

**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. 6, 26, 32, 42

**Dual Filing Advisory Group**

– pp. 42, 149

## E

**Electronic Investor Resources Centre (eIRC)**

An SFC operated website to provide investors with educational information on investments and regulations. The website has been renamed InvestEd.

– p. 82

**Exchange Traded Fund (ETF)**

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

– pp. 4, 27, 36, 50, 71, 73

**Executive Directors (EDs)**

– pp. 8, 9, 14, 80

**Extensible Business Reporting Language (XBRL)**

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

– pp. 29, 81

## 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.

– p. 6

**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. 51

**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. 27, 43

**Financial Secretary, HKSAR**

– pp. 8, 14, 16, 18, 21, 28, 36, 37, 43, 60, 80

**Financial Services Agency of Japan**

The capital market regulator responsible for ensuring the stability of the financial system in Japan, protection of depositors, insurance policy-holders and securities investors, and smooth finance function.

– pp. 36, 86

**Financial Services and the Treasury Bureau (FSTB)**

– pp. 20, 21, 37, 74

**Financial Services Authority (FSA), UK**

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.

– pp. 8, 13

**Financial Services Commission of Guernsey**

A regulatory body responsible for the supervision of the finance sector and the countering of financial crime and terrorist financing in the Bailiwick of Guernsey.

– pp. 36, 86

**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. 29, 81

## G

**Gross Domestic Product (GDP)**

– p. 4

**Group of Thirty (G30)**

A private and non-profit international group on key economic and monetary affairs.

– p. 87

**Growth Enterprise Market (GEM)**

– pp. 67, 149

## H

**H-shares Index Futures**

– p. 72

**Hang Seng FTSE/Xinhua China 25 ETF**

– p. 71

**Hang Seng Index (HSI)**

– pp. 4, 71

**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. 80

**Hedge Funds**

– pp. 49, 51, 54, 85

**Hong Kong Exchanges and Clearing Limited (HKEx)**

– pp. 4, 6, 8, 9, 29, 37, 43, 57-59, 62, 63, 65, 71-74, 81, 87, 149, 150

**Hong Kong Futures Automatic Trading System (HKATS)**

The electronic trading system for HKEx derivatives market.

– p. 72

**Hong Kong Futures Exchange Limited (HKFE)**

– p. 47

**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. 43, 58, 84

**Hong Kong Institute of Surveyors**

– p. 44

**Hong Kong Management Association**

– p. 84

**Hong Kong Monetary Authority (HKMA)**

– pp. 8, 11, 81, 87

**Hong Kong Securities Clearing Company Limited (HKSCC)**

– p. 72

**Hong Kong Securities Institute (HKSI)**

– pp. 50, 74

**Hong Kong Society of Financial Analysts**

– p. 44

**Hong Kong Special Administrative Region (HKSAR)**

– pp. 2, 5, 8, 11, 14, 16, 20, 36, 69, 80

## I

**Independent Commission Against Corruption (ICAC)**

– pp. 4, 10, 20, 21, 29, 37, 58, 69

**Independent Financial Advisers (IFAs)**

– p. 44

**Insider Dealing Tribunal (IDT)**

– pp. 3, 58-60, 65

**Insurance Authority**

The Insurance Authority is appointed pursuant to, and is responsible for administering, the Insurance Companies Ordinance. It is responsible for authorising and regulating insurers, approving and administering a self-regulatory regime for the regulation of insurance intermediaries, to oversee the monitoring, disciplinary and enforcement functions carried out by the self-regulatory bodies.

– pp. 27, 37, 51

**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, 85

**International Auditing and Assurance Standards Board**

– p. 85

**International Financial Report Standards (IFRS)**

– pp. 14, 85

**International Organization of Securities Commissions (IOSCO)**

– pp. 3, 5, 36, 84, 86, 87

**Internet Professional Association**

– p. 22

**InvestED**

Formerly known as eIRC, an SFC operated portal to provide investors with educational information on investments and regulations.

– pp. 4, 33, 82

**Investment Advisers**

– pp. 27, 29, 48, 65, 66, 68

**Investor Compensation Company Limited (ICC)**

– pp. 17, 74

**Investor Compensation Fund (ICF)**

– pp. 74, 75

**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.

– p. 72

**Israel Securities Authority**

The Israel Securities Authority is Israel's capital markets regulator.

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## J

**Jersey Financial Services Commission**

A statutory body responsible for the supervision of the financial services sector in Jersey, including banking, collective investment funds, insurance business, investment business and trust and company service providers.

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**Joint Forum**

– pp. 29, 87

## L

**Legislative Council (LegCo)**

– pp. 5, 10, 14, 18, 27, 48

**Letter of Intent (LOI)**

– pp. 36, 86

**Listing Rules**

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## M

**Management Committee**

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**Mandatory Provident Fund (MPF)**

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**Margin Financing**

– pp. 3, 6, 27, 48

**Market Misconduct**

– pp. 6, 28, 57, 58, 60, 83

**Market Misconduct Tribunal (MMT)**

– pp. 29, 60

**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. 87

**Memorandum of Understanding (MOU)**

Co-operative arrangements or agreements the SFC signed with other local or international organisations.

– pp. 27, 37, 43, 46, 51, 84, 86

**Monetary Authority of Macau**

A statutory body responsible for policy development and regulation in relation to the monetary, financial, foreign exchange, and insurance markets of Macau.

– pp. 36, 86

**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.

– p. 84

## N

**Non-Executive Directors (NEDs)**

– pp. 5, 8, 10, 11, 14-17, 20, 36, 80

## O

**Ombudsman**

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## P

**Performance Pledges**

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**Police**

– pp. 4, 10, 29, 58, 69

**Position Limits**

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**Process Review Panel (PRP)**

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**Prosecutions**

– pp. 4, 28, 29, 33, 37, 57, 60-64, 77

**Public Perception Survey**

– p. 83

**Public Shareholders Group**

– pp. 9, 15, 44, 149

## R

**Radio Television Hong Kong (RTHK)**

– pp. 36, 82

**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. 9, 27, 36, 49-51, 82, 146

**Remuneration Committee**

– pp. 5, 7, 10, 11, 14, 16, 17, 152

**Royal Institution of Chartered Surveyors**

An international organisation for professionals involved in land, property, construction and environmental issues.

– p. 44

## S

**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.

– p. 73

**Securities and Derivatives Network (SDNet)**

– pp. 29, 72

**Securities and Exchange Board of India**

A regulatory body responsible for the formulation of the securities market policies, regulations and guidelines and implementation, administration and enforcement of the mandate of SEBI Act and rules and regulations in India.

– pp. 36, 86

**Securities and Exchange Commission of Sri Lanka**

A regulatory body for the securities market in Sri Lanka responsible for ensuring proper disclosure of information in the public offering of securities, financial stability and proper conduct of securities companies, proper performance of various self-regulatory agencies and other institutions related to securities businesses, public compliance with takeover codes, as well as integrity and fairness of the Sri Lankan securities market.

– pp. 36, 86

**Securities and Futures Appeals Panel (SFAP)**

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**Securities and Futures Appeals Tribunal (SFAT)**

– pp. 11, 20, 65, 67, 68, 153

**Securities and Futures Commission Ordinance (SFCO)**

– pp. inside front cover, 20

**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. 43, 49, 64, 67

**Securities and Futures Ordinance (SFO)**

– pp. inside front cover, 3, 8, 14, 26, 41-44, 49-51, 54, 58, 60, 61, 63, 66, 69, 72, 77, 78, 81, 154

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

– pp. 27, 43, 73

**Securities Commission, Malaysia**

The central authority responsible for the regulation and development of the securities and futures industries in Malaysia.

– pp. 36, 86

**Settlement, Disciplinary Actions**

– pp. 20, 67-69

**Share Registrars**

– pp. 6, 28, 74

**Social Responsibility**

– pp. 5, 14, 21

**SPAM**

Unsolicited e-mail, often of a commercial nature, sent indiscriminately to multiple mailing lists, individuals, or newsgroups.

– p. 81

**Sponsors, Listing**

– pp. 3, 6, 26, 27, 36, 42, 44, 65, 71, 154

**Staff**

– pp. 4, 5, 12, 13, 15-22, 29, 33, 36, 79-81

**Steering Committee on the Enhancement of Financial Infrastructure**

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

– p. 73

**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. 26, 47, 73

**Stock Options**

– p. 72

## T

**Takeovers and Mergers Panel**

– pp. 41, 45, 144

**Takeovers Executive**

– pp. 28, 41, 76

**Trading spread**

The minimum allowable change in price of securities traded on the SEHK.

– pp. 29, 72

**Index****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. 27, 51

**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. 33, 74, 147

**Unit Trusts and Mutual Funds**

– pp. 5, 32, 49, 51, 55, 154

**US Securities and Exchange Commission (SEC)**

The SEC is a United States government agency having primary responsibility for enforcing the Federal securities laws and regulating the security industry.

– p. 13

**W****Website, SFC**

– pp. 15, 18, 19, 22, 29, 33, 44, 49, 72, 75

**World Trade Organization’s 6th Ministerial Conference (MC6)**

– pp. 29, 52, 74