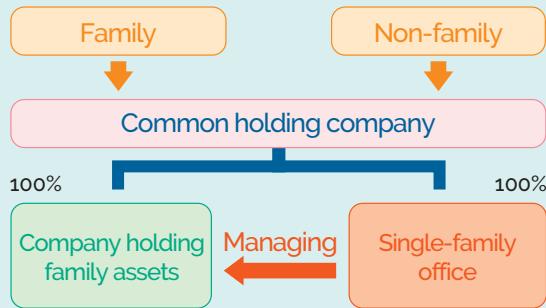


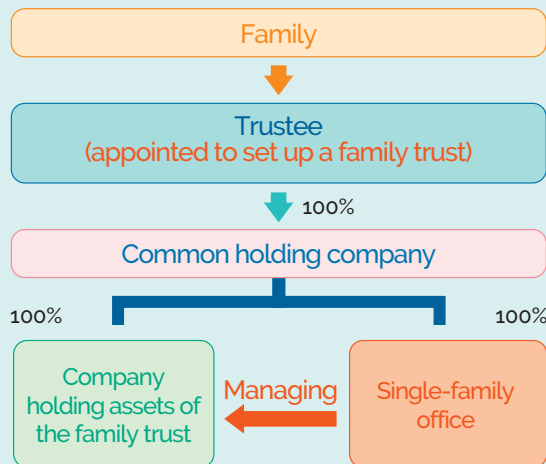
## Ownership structure

Below are examples of ownership structures of single-family offices which do not require a licence under the SFO.

1. A company wholly owned by another company which is held by family and non-family members



2. A company wholly owned by another company which is wholly owned by a trustee appointed by the family to set up a family trust



The SFC strives to perform its gatekeeping role in the Hong Kong financial markets in an efficient, transparent and consistent manner.

In general, a single-family office is not required to apply for a licence under the SFO if it does not carry on a business of regulated activity in Hong Kong.

For example, the family office

- runs on a cost recovery basis (ie, no income other than reimbursements of operating costs); or
- does not pursue profit as its objective.

It is not the SFC's intent to extend its regulatory oversight to these single-family offices.

However, a multi-family office is more likely to need a licence under the SFO as it usually operates as a commercial entity. The type of licence required depends on the services provided in Hong Kong.

For more details,



Licensing Handbook



Quick Reference Guide Series

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SECURITIES AND  
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## Family Offices

### Quick Reference Guide to Licensing Requirements





## Does your family office need a licence under the SFO?

Whether a family office is required to be licensed under the Securities and Futures Ordinance (SFO) is determined by reference to three key factors, all of which must be present to give rise to a licensing obligation:

- the services provided by the family office constitute one or more types of regulated activity;
- the family office is carrying on as a business; and
- the business is conducted in Hong Kong.

There are two relevant carve-outs from the licensing requirements for asset management under the SFO:

- services provided solely to the group company (on a wholly owned basis) in respect of the group's assets; and
- activities incidental to the trust service of a registered trust company under the Trustee Ordinance.

## Single-family office

A single-family office arrangement, established to serve the investment needs of members of a single family, which is not being run as a business (for example, it only receives reimbursements of operating costs from the family) or pursuing profit as its business objective, should not be considered in ordinary circumstances as carrying on a business from a licensing perspective.

For regulatory purpose, the SFO has not defined family, family office and what relationships of blood or of law would constitute family membership. Thus, a single-family office:

- may serve non-family members without the need to be licensed; and
- can have more flexibility in determining its legal form and operational structure with respect to the services it provides.

See examples of ownership structures of family offices set out in this leaflet.



The sharing of office premises and administrative infrastructure by two or more family offices would not automatically trigger a licensing obligation.

## Multi-family office

A multi-family office, by definition, serves more than one high net-worth family. It is typically established and run as a commercial venture. Thus, it is likely required to obtain a licence under the SFO before providing services in Hong Kong.

It is common for a multi-family office to obtain the following types of licences under the SFO:

- Type 1 (dealing in securities)
- Type 4 (advising on securities)
- Type 9 (asset management)

If the family assets include futures or option contracts, it may also need licences for:

- Type 2 (dealing in futures contracts)
- Type 5 (advising on futures contracts)

