

**SECURITIES AND FUTURES
(TRANSFER OF FUNCTIONS – INVESTOR COMPENSATION COMPANY) ORDER**

(Made by the Chief Executive in Council under
section 80(1) of the Securities and Futures
Ordinance (No. 5 of 2002)

1. Commencement

This Order comes into operation on the day appointed for the commencement of Part III of the Ordinance.

2. Interpretation

In this Order, unless the context otherwise requires –
"compensation" (賠償) shall have the meaning assigned to it by section 235 of the Ordinance;
and
"Investor Compensation Company" (投資者賠償公司) means the Investor Compensation Company Limited recognized as an investor compensation company under section 79 of the Ordinance.

3. Transfer of functions of the Commission

The functions conferred upon the Commission that are listed in the Schedule hereto are transferred to the Investor Compensation Company subject to –

- (a) the conditions set out in column 3 of the Schedule; and
- (b) the reservation that the Commission is to perform the functions concurrently with the Investor Compensation Company.

Schedule

Item	Provision	Short description of function
1.	<u>Section 236</u> of the Ordinance	To maintain the compensation fund established by the Commission under <u>section 236</u> .
2.	<u>Section 237(2)</u> of the Ordinance	With the consent of the Financial secretary, for the purposes of the compensation fund to borrow money and charge investments acquired under <u>section 241</u> of the Ordinance.
3.	<u>Section 238</u> of the Ordinance	To be responsible for the management and administration of the compensation fund including the determination of a claim for compensation.
4.	<u>Section 239</u> of the Ordinance	To open at one or more authorized financial institutions one or more accounts and to pay into or transfer to such account or accounts all amounts, received by the Investor

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| | Compensation Company, forming part of the compensation fund. |
| 5. <u>Section 240(1)</u> of the Ordinance | To keep proper accounts of the compensation fund (to the extent that any amount forming part of the compensation fund is received by the Investor Compensation Company). |
| 6. <u>Section 240(2)</u> of the Ordinance | To maintain separate accounts and sub-accounts in the manner specified in <u>section 240(2)</u> of the Ordinance if the Commission or the Investor Compensation Company considers it necessary to do so. |
| 7. <u>Section 240(5) and (6)</u> of the Ordinance | To appoint an auditor to audit the accounts of the compensation fund (to the extent that any amount forming part of the compensation fund is received by the Investor Compensation Company) and submit a report to the Commission. |
| 8. <u>Section 241</u> of the Ordinance | To invest money which forms part of the compensation fund and apply any return or profit in the manner specified in <u>section 241</u> of the Ordinance. |
| 9. <u>Section 242(1)</u> of the Ordinance | To pay one or more of the amounts specified in <u>section 242(1)</u> out of the compensation fund as required and to determine the order of such payments |
| 10. Securities and Futures (Investor Compensation – Miscellaneous) Rules (<i>insert appropriate cross-reference</i>) | The functions of the Commission set out in the Securities and Futures (Investor Compensation – Miscellaneous) Rules (LN of 2002) |

Clerk to the Executive Council

COUNCIL CHAMBER

2002

Explanatory Note

This Order is made by the Chief Executive in Council under section 80(1) of the Securities and Futures Ordinance (No. 5 of 2002). It transfers certain functions of the Securities and Futures Commission in relation to the compensation fund established under Part XII of the Ordinance and Securities and Futures (Investor Compensation – Miscellaneous) Rules to the Investor Compensation Company .