

**L.N. 225 of 2002****SECURITIES AND FUTURES (TRANSFER OF FUNCTIONS—  
INVESTOR COMPENSATION COMPANY) ORDER**

(Made by the Chief Executive in Council at  
the request of the Securities and Futures  
Commission under section 80 of the  
Securities and Futures Ordinance  
(Cap. 571))

**1. Commencement**

This Order shall come into operation on the day appointed for the commencement of the Securities and Futures Ordinance (Cap. 571).

**2. Interpretation**

In this Order, unless the context otherwise requires, “Investor Compensation Company” (投資者賠償公司) means the company incorporated under the Companies Ordinance (Cap. 32) and registered under that Ordinance by the name “Investor Compensation Company Limited” in English and “投資者賠償有限公司” in Chinese.

**3. Transfer of functions of  
the Commission**

(1) Subject to subsections (2), (3), (4) and (5), the functions conferred upon the Commission by the provisions set out in column 2 of the Schedule are transferred to the Investor Compensation Company.

(2) The transfer of functions under subsection (1) is subject to the reservation that the Commission is to perform the functions concurrently with the Investor Compensation Company.

(3) The function specified in item 1 of the Schedule is transferred only to the extent that the function relates to the maintenance of the compensation fund.

(4) The functions specified in items 3 and 6 of the Schedule are transferred subject to such directions in writing as the Commission may from time to time give to the Investor Compensation Company.

(5) The functions specified in items 4, 5, 7, and 8 of the Schedule are transferred to the Investor Compensation Company only to the extent that the functions relate to the part of the compensation fund that is managed and administered by the Company.

(6) A description in column 3 of the Schedule indicates for convenience of reference only the general nature of the function under the provision specified opposite to that description in column 2 of the Schedule.

## SCHEDULE

[s. 3]

## TRANSFER OF FUNCTIONS

| Item   | Provision      | Description   |
|--|----------------|---|
| <b>Securities and Futures Ordinance (Cap. 571)</b>   |                |   |
| 1.   | Section 236(1) | Maintaining the compensation fund.  |
| 2.   | Section 237(2) | Borrowing money for the purpose of the compensation fund.   |
| 3.   | Section 238(1) | Management and administration of the compensation fund, including the determination of a claim for compensation.  |
| 4.   | Section 239    | Opening accounts at authorized financial institutions and paying into or transferring to such accounts all amounts received by the Investor Compensation Company forming part of the compensation fund. |
| 5.   | Section 240(1) | Keeping proper accounts of the compensation fund.   |
| 6.   | Section 240(2) | Maintaining separate accounts and sub-accounts.   |
| 7.   | Section 240(5) | Appointing an auditor to audit the accounts of the compensation fund.   |
| 8.   | Section 241    | Investing money which forms part of the compensation fund.  |
| 9.   | Section 242(1) | Making payments out of the compensation fund and determining the order of such payments.  |
| <b>Securities and Futures (Investor Compensation—<br/>Claims) Rules (L.N. 215 of 2002)</b> |                |   |
| 10.  | Section 3      | Publishing a notice inviting claims.  |
| 11.  | Section 4(4)   | Determining whether a claim not lodged within the time limit provided in section 4(3) is barred.  |
| 12.  | Section 5(2)   | Accepting a claim lodged otherwise than in accordance with section 5(1).  |
| 13.  | Section 6      | Requiring records to be produced.   |
| 14.  | Section 7      | Making a determination.   |
| 15.  | Section 8      | Issuing a notice of determination.  |
| 16.  | Section 9      | Paying compensation.  |
| 17.  | Section 10     | Arranging for insurance, surety, guarantee or other financial arrangements.   |

CHENG Mei-sze, Maisie  
Clerk to the Executive Council

COUNCIL CHAMBER  
10 December 2002

### **Explanatory Note**

The purpose of this Order is to transfer to the Investor Compensation Company certain functions of the Securities and Futures Commission in relation to the compensation fund established under Part XII of the Securities and Futures Ordinance (Cap. 571).