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## **Closer Economic Partnership Arrangement - Arrangements relating to Qualifications of Securities and Futures Industry Practitioners**

### **General Questions**

What is Mainland's commitment under the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA") concerning securities and futures professionals?

Posted on 1.12.2003

3.1 Mainland has committed to simplify the relevant procedures for Hong Kong professionals applying in the Mainland for securities and futures industry qualifications with effect from 1 January 2004. Hong Kong professionals applying to obtain securities and futures industry qualifications of the Mainland need only to pass examination on Mainland laws and regulations; and examination on professional knowledge is not required.

Will the Securities and Futures Commission (“SFC”) also recognise Mainland’s qualifications to facilitate Mainland’s securities and futures professionals to enter the Hong Kong market?

Posted on 1.12.2003

3.2 CEPA also contemplated further liberalization of Hong Kong’s service sectors for the Mainland. The China Securities Regulatory Commission (“CSRC”) and the SFC had through consultation agreed that reciprocal arrangement be offered to Mainland’s professionals.

How will securities and futures professionals benefit from CEPA?

Posted on 1.12.2003

3.3 Hong Kong professionals having passed the examination on relevant Mainland laws and regulations may be granted industry qualifications by Mainland’s Securities Association of China (“SAC”) or China Futures Association (“CFA”) —

For Hong Kong professionals having so obtained the industry qualifications, where they are licensed and have been approved as a Responsible Officer in Hong Kong, such licence status will be equivalent to having satisfied the required qualifications for being employed as senior management personnel in the Mainland. Where they are licensed as a representative in Hong Kong, such licence status will be equivalent to having obtained the general industry qualifications in the Mainland.

Mainland professionals may be deemed by the SFC as having satisfied the requirements for industry qualifications in Hong Kong —

For Mainland professionals having so obtained the industry qualifications, where they possess the practising qualifications for senior management personnel in the Mainland, they will be deemed as having satisfied the industry qualifications for Responsible Officer in Hong Kong. Where they possess general practising qualifications in the Mainland, they will be deemed as having attained the industry qualifications for Representative in Hong Kong.

What are the differences between industry qualifications and practising qualifications in the Mainland?

Posted on 1.12.2003

3.4 To practise in Mainland, an individual must have been awarded the **industry qualification** (從業資格) before he can apply for the **practising qualification** (執業資格). Practising qualification will only be granted to professionals who are under the employment of an intermediary in the Mainland and have satisfied other regulatory requirements such as those concerning experience and conduct.

SAC and CFA are responsible for administering the industry qualification and they will award the qualification to any individual who has passed the industry qualification examinations. CSRC has also delegated the authority to grant practising qualification to individuals engaging in the securities and futures industries to SAC and CFA respectively. However, individuals intending to take up a senior management role in an intermediary are required to apply for the practising qualification from CSRC.

How will the qualifications be mapped?

Posted on 1.12.2003

3.5 The following table mapped the corresponding practising qualifications in the Mainland and the Hong Kong licences for the various types of activities which may be carried out by the practitioners of both jurisdictions:

<b>Practising Qualifications in the Mainland</b>	<b>Regulated Activities specified in Hong Kong Licences</b>	<b>Licences under the Old Regime in Hong Kong</b>
Securities Practising Qualification (having passed the Special Paper on Securities Dealing)	Dealing in Securities (Type 1 regulated activity)	Securities Dealer
Securities Practising Qualification (having passed the Special Paper on Securities Investment Analysis)	Advising on Securities (Type 4 regulated activity)	Securities Dealer, Investment Adviser
Securities Practising Qualification (having passed the Special Paper on Securities Issuance and Underwriting)	Advising on Corporate Finance (Type 6 regulated activity)	Securities Dealer, Investment Adviser
Futures Practising Qualification (having passed the Special Paper on Futures)	Dealing in Futures Contracts (Type 2 regulated activity)	Commodity Dealer
Futures Practising Qualification (having passed the Special Paper on Futures)	Advising on Futures Contracts (Type 5 regulated activity)	Commodity Dealer, Commodity Trading Adviser
Securities Practising Qualification (having passed the Special Paper on Securities Investment Funds)	Asset Management (Type 9 regulated activity)	Securities Dealer, Investment Adviser

Mainland professionals applying for Hong Kong licence or Hong Kong professionals applying for practising qualifications in the Mainland will be deemed as having possessed the industry qualifications corresponding to their existing

qualifications pursuant to the above mapping table only.

Can I immediately practise after obtaining the industry qualification?

Posted on 1.12.2003

3.6 After obtaining the industry qualification, you should file an application in accordance with the respective procedures in the Mainland or Hong Kong for the practising qualification or licence. Before lodging such application, you must still meet other qualifications or licensing requirements. For instance, your experience and qualifications must be relevant to the practising qualification or licence being applied for.

Is CEPA extended to corporate participants in the securities and futures industry?

Posted on 1.12.2003

3.7 No, CEPA only covers individual participants in the securities and futures industry.

## For Hong Kong professionals intending to practise in the Mainland

How is Hong Kong professionals defined?

Posted on 1.12.2003

3.8 “Hong Kong professionals” means permanent residents of The Hong Kong Special Administrative Region holding (or having held within the past three years) relevant licences issued by the SFC.

Why do I have to pass the examination on Mainland laws and regulations?

Posted on 1.12.2003

3.9 In light of the differences in the regulatory framework governing the securities and futures markets in Mainland and Hong Kong, you need to pass the examination on Mainland laws and regulations to ensure that you are conversant with the legal and regulatory requirements concerning the market(s) you intend to engage in.

Whether waiver from taking the examination on Mainland laws and regulations will be granted?

Posted on 1.12.2003

3.10 Waivers may be granted by CSRC to applicant intending to act as senior management personnel of a Mainland intermediary in special circumstances on a case-by-case basis in light of its own merits.

In applying for Mainland's industry qualifications, will I be required to undertake any training course in addition to taking the examinations on laws and regulations?

Posted on 1.12.2003

3.11 No, you only need to take the examinations.

Where and how to apply for the Mainland's industry qualifications?

Posted on 1.12.2003

3.12 Mainland's SAC and CFA are responsible for administering the industry qualifications and examinations for Mainland's securities and futures industry respectively. Interested Hong Kong professionals should apply to SAC and/or CFA for the qualifications.

In lodging the application, you are required to provide SAC and/or CFA a list of all the SFC licence(s) held by you during the last three years. You are also required to provide a copy of your identification document of natural person as attested by an attesting officer recognized by the Mainland. Identification document of natural person refers to the identification of the applicant's Hong Kong permanent resident status, and for Chinese citizens, they should also provide their Home Visit Permit for



Hong Kong and Macau Residents or Hong Kong  
Special Administrative Region Passport.

Contact details of the two associations are:

The Securities Association of China

Address : 10/F, Building B  
Tongtai Plaza  
33 Jinrong Street  
Xicheng District  
Beijing 100032  
P.R. China  
Tel : (8610) 88061541 / 88061292  
Fax : (8610) 88061915  
Website : www.sac.net.cn  
E-mail : qad@sac.net.cn

China Futures Association

Address : 7/F, Taiyang Building  
No 34 Fuwai Street  
Beijing 100037  
P.R. China  
Tel : (8610) 68573109  
Fax : (8610) 68571529  
Website : www.cfachina.org  
E-mail : cfa@cfachina.org

Who are the attesting  
officers recognized by  
the Mainland?

Posted on 1.12.2003

3.13 Attesting officers recognized by the Mainland refer to practising lawyers in Hong Kong registered under the Legal Practitioners Ordinance (Cap 159) of the Hong Kong Special Administrative Region, who are recognized by the Ministry of Justice of the People's Republic of China. The relevant list is available at the website of the Association of China-Appointed Attesting Officers Ltd. ([www.cao.org.hk](http://www.cao.org.hk))

or the Law Society of Hong Kong's website ([www.hklawsoc.org.hk](http://www.hklawsoc.org.hk)).

What if the Mainland authority holds a different view on whether I could be afforded the treatment under CEPA?

Posted on 1.12.2003

3.14 The Mainland authority will deal with any difference in view pursuant to the established procedures spelt out under CEPA, i.e. it should inform you within a stipulated period, and notify Mainland's Ministry of Commerce ("MOC"). The MOC will in turn inform the Trade and Industry Department of the Hong Kong Special Administrative Region ("TID"), giving the reasons for the divergent views. You may, through TID and with written justification, request the MOC to reconsider. The MOC should give a written reply to TID within a stipulated period.

How to enrol for the examinations on Mainland laws and regulations?

Posted on 1.12.2003

3.15 The SAC has appointed the Hong Kong Securities Institute (“HKSI”) to make arrangements for the enrolment by Hong Kong professionals.

HKSI can also arrange enrolment for Hong Kong professionals for taking the examination if they do not wish to apply directly to the CFA online.

Contact details of the HKSI are:

Hong Kong Securities Institute

Address : 24/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

Tel : (852) 31206220

Fax : (852) 28992611

Website : [www.hksi.org](http://www.hksi.org)

E-mail : [exam@hksi.org](mailto:exam@hksi.org)

Can I take the current standard examinations offered by SAC and CFA?

Posted on 1.12.2003

3.16 CEPA offers an alternative to you for attaining Mainland industry qualifications. You are still entitled to apply to the SAC and CFA for the qualifications under the normal procedures by taking the current standard examinations.

When will details about the examinations on laws and regulations be made available?

Posted on 1.12.2003

3.17 Details about the examinations on laws and regulations (such as the application procedures, date and venue of the examinations, and announcement of examination results) will be announced by SAC, CFA and/or HKSI in due course. Syllabus, format, study guides and materials will be available at least 8 weeks before the date of the examinations.

How many examination papers do I have to take before applying for the industry qualification?

Posted on 1.12.2003

3.18 You will have to take one examination paper on laws and regulations for each of the securities and futures industries.

Will there be a validity period for the examinations on laws and regulations?

Posted on 1.12.2003

3.19 There is no validity period for the securities examination. However, Hong Kong professionals having passed the futures examination should apply for the industry qualification within two years, and such industry qualification will be valid for three years.

When and where will the first examination on laws and regulations be held after CEPA became effective?

Posted on 1.12.2003

3.20 It is anticipated that the first examination on laws and regulations for both the securities and futures industries will be held before the end of June 2004 in Shenzhen.

Will the SAC or the CFA be offering revision courses?

Posted on 1.12.2003

3.21 As SAC and CFA are the two authorities responsible for developing the examinations, they will not offer revision course. However, the HKSI may offer revision courses to assist Hong Kong professionals in understanding the relevant Mainland requirements and/or markets. Further announcement will be made by the HKSI on information about revision courses.

After obtaining the industry qualification, what else do I have to do before I can practise in the Mainland

Posted on 1.12.2003

3.22 After obtaining the industry qualification, you will enjoy the same status as any Mainland individuals who have passed the relevant Mainland industry qualification examinations. Before you can carry out the activities in Mainland, you need to secure an employment with a Mainland intermediary firm and apply to SAC or CFA for the practising qualification. If your role is that of a senior management personnel of the Mainland intermediary, you have to apply for the practising qualification from the CSRC. You will be required to authorize the CSRC, SAC, and/or CFA in writing to inquire of the SFC about your compliance records. Other details about the application requirements and procedures are available from CSRC, SAC and CFA.

Contact details of the CSRC are:

China Securities Regulatory Commission

Address : Jin Yang Plaza  
16 Jinrong Street  
Xicheng District  
Beijing 100032  
P.R. China

Website : [www.csrc.gov.cn](http://www.csrc.gov.cn)

Can I be accredited to the Mainland representative office of a Hong Kong licensed corporation for the purpose of getting the practising qualification?

Posted on 1.12.2003

3.23 As representative office is not allowed to conduct business activities, you can only be accredited to a Mainland intermediary firm for getting the practising qualification.

Can I be accredited to both a Mainland intermediary firm and a Hong Kong licensed corporation simultaneously?

Posted on 1.12.2003

3.24 Pursuant to the current Mainland requirements, you can be accredited to both a Mainland intermediary firm and a Hong Kong licensed corporation simultaneously only if the two firms are within the same group or one firm has more than 50% shareholding in the other firm.

Can I retain my SFC licence if I work full time in the Mainland?

Posted on 1.12.2003

3.25 No, your licence will be revoked in accordance with the relevant provisions of the Securities and Futures Ordinance once you ceased to act for your accredited principal in Hong Kong. However, if you reapply for licence in the future, you are not required to demonstrate competence on industry qualification if you are holding a valid and relevant practising qualification gained in the Mainland at the time of your application.

Will my experience gained in Hong Kong be recognized by the Mainland for the purpose of applying for the practising qualification?

Posted on 1.12.2003

3.26 Yes, your experience will be recognized as relevant.

Will my university degree be counted as relevant for the purpose of applying for the practising qualification?

Posted on 1.12.2003

3.27 If your university degree can be accepted by the SFC for licensing purpose, the CSRC, SAC and CFA are prepared to accept the university degree as satisfying the Mainland's requirement on academic qualification.



## For Mainland professionals intending to practise in Hong Kong

How is Mainland professionals defined?

Posted on 1.12.2003

3.28 “Mainland professionals” means PRC nationals possessing valid and relevant practising qualifications in the Mainland.

Do I have to pass any examination on Hong Kong regulations?

Posted on 1.12.2003

3.29 In light of the differences in the regulatory framework governing the securities and futures markets in Mainland and Hong Kong, you need to pass the examinations on Hong Kong regulations to ensure that you are conversant with the legal and regulatory requirements concerning the market(s) you intend to engage in.

Whether waiver from taking the examination on Hong Kong regulations will be granted?

Posted on 1.12.2003

3.30 Waivers may be granted by the SFC if you satisfy the criteria for granting of exemption as stipulated in the Guidelines on Competence, which is available from the SFC website.

Where and how to apply  
for Hong Kong's industry  
qualifications?

Posted on 1.12.2003

3.31 Different from Mainland, Hong Kong does not maintain a two-tier system in terms of the qualifications. Anyone who is able to satisfy the fit and proper requirements can apply for a representative licence and/or approval as a responsible officer in Hong Kong. The assessment includes a test of whether the applicant possesses one of the recognized industry qualifications. If you wish to be afforded the treatment under CEPA, you are required to provide the SFC with a full list of the valid and relevant practising qualification you are holding at the time of lodging the licence application. You are also required to authorise the SFC in writing to verify your compliance records with the CSRC, SAC and/or CFA.

Contact details of the SFC are:

Securities and Futures Commission

Address : 8th Floor, Chater House  
8 Connaught Road Central  
Hong Kong  
Tel : (852) 28409393  
Fax : (852) 25010375  
Website : [www.hksfc.org.hk](http://www.hksfc.org.hk)  
E-mail : [licensing@hksfc.org.hk](mailto:licensing@hksfc.org.hk)

How to enrol for the examinations on Hong Kong regulations?

Posted on 1.12.2003

3.32 The HKSI is responsible for administering the examinations.

Contact details of the HKSI are:

Hong Kong Securities Institute

Address : 24/F, Wing On Centre  
111 Connaught Road Central  
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Tel : (852) 31206220

Fax : (852) 28992611

Website : [www.hksi.org](http://www.hksi.org)

E-mail : [exam@hksi.org](mailto:exam@hksi.org)

When will details about the examinations be made available?

Posted on 1.12.2003

3.33 Details about the examinations (such as syllabus, format, study guides and materials, enrolment procedures, fees, date and venue of the examinations, and announcement of the examination results) are already available on HKSI's website.

How many examination papers do I have to take before applying for a licence to carry on regulated activities in Hong Kong?

Posted on 1.12.2003

3.34 The number of papers depends on your role and the types of regulated activities you intend to carry on in Hong Kong. A summary is provided below. You may refer to the Guidelines on Competence or the HKSI's website for more information.

<b>Role</b>	<b>Regulated Activities</b>	<b>HKSI Licensing Examination #</b>
Responsible officer	Dealing in securities Advising on securities	Papers 1 & 2
Responsible officer	Dealing in futures contracts Advising on futures contracts	Papers 1 & 3
Responsible officer	Advising on corporate finance	Papers 1 & 5
Responsible officer	Asset management	Papers 1 & 6
Representative	Dealing in securities Advising on securities	Paper 1
Representative	Dealing in futures contracts Advising on futures contracts	Paper 1
Representative	Advising on corporate finance	Paper 1
Representative	Asset management	Paper 1

# Paper 1 (Fundamentals of securities and futures regulation)

Paper 2 (Regulation of securities)

Paper 3 (Regulation of derivatives)

Paper 5 (Regulation of corporate finance)

Paper 6 (Regulation of asset management)

Will there be a validity period for the regulatory examinations?

Posted on 1.12.2003

3.35 For the purpose of licensing, the examination results are valid for three years. However, if you have been licensed under the Securities and Futures Ordinance within the past 3 years, you may be exempted from taking the examinations again if you apply to carry on a regulated activity with the same competence requirement and in the same role as previously licensed.

When and where will the examinations be held?

Posted on 1.12.2003

3.36 The examinations are held every month in Hong Kong. Examination timetable is available on HKSI's website.

Will the HKSI be offering revision courses?

Posted on 1.12.2003

3.37 The HKSI does not offer revision courses. However, revision courses are being offered by other course organisers such as tertiary or vocational training institutes in Hong Kong.

Apart from the industry qualification, what are the other requirements that I have to satisfy before practising in Hong Kong?

Posted on 1.12.2003

3.38 The relevant requirements are set out in the Fit and Proper Guidelines. In essence, the SFC shall have regard to a number of matters in assessing whether you are fit and proper to be licensed, which include your:

- (a) financial status or solvency;
- (b) educational or other qualifications or experience having regard to the nature of the functions to be performed;
- (c) ability to carry on the regulated activity competently, honestly and fairly; and
- (d) reputation, character, reliability and financial integrity.

The assessment includes a test of competence on knowledge (which includes industry qualification) and experience. Please refer to the Fit and Proper Guidelines and the Guidelines on Competence that are available from the SFC's website for further details.

Can I be accredited to the Hong Kong office of a Mainland intermediary firm for the purpose of getting the licence?

Posted on 1.12.2003

3.39 You can be accredited to the Hong Kong office provided the Hong Kong office is already licensed by the SFC.

Can I be accredited to both a Mainland intermediary firm and a Hong Kong licensed corporation simultaneously?

Posted on 1.12.2003

3.40 Pursuant to the current Mainland requirements, you can be accredited to both a Mainland intermediary firm and a Hong Kong licensed corporation simultaneously only if the two firms are within the same group or one firm has more than 50% shareholding in the other firm.

Can I retain my Mainland practising qualification if I work full time in Hong Kong?

Posted on 1.12.2003

3.41 No special arrangement has been made in this regard. Once you ceased to act for your principal in the Mainland, your Mainland practising qualification will be dealt with in accordance with the standard procedures by the Mainland authorities.

Will my experience or university degree gained in the Mainland be recognized by Hong Kong for the purpose of applying for a licence

Posted on 1.12.2003

3.42 Hong Kong operates as an open market. We do not set restrictions on where the qualification or industry experience is obtained. The competence tests apply to all applicants, regardless of whether they are from Mainland or other jurisdiction.