Licensing Information Booklet

November 2012
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Important note

This Booklet provides general information of licensing and registration matters under the Securities and Futures Ordinance (“SFO”) (Chapter 571) administered by the Securities and Futures Commission (“SFC”).

Whilst it is believed that this Booklet provides an accurate overview of the licensing and registration requirements, it is not intended to deal with all situations. Some technical details have been omitted in the interest of ensuring that this Booklet remains of a manageable size. For more precise guidance, you should consult your own professional advisers and refer to the SFO.

Licensing information is also available at the SFC’s web site at http://www.sfc.hk. Answers to some Frequently Asked Questions on licensing related matters as updated from time to time are posted on the web site.

Enquiries on licensing related matters can be forwarded to the SFC:-

- By post:
  Licensing Department
  Securities and Futures Commission
  8th Floor, Chater House
  8 Connaught Road Central
  Hong Kong

- By fax: 2501-0375

- By e-mail: licensing@sfc.hk

- Via the SFC Infoline (24 hours): 2840-9393
  To record your message, press 1119 after connecting to the Infoline.

Authorized financial institutions¹ having any query concerning registration related matters should first contact the responsible case officer in the Banking Supervision Department of the Hong Kong Monetary Authority (“HKMA”).

¹ “Authorized financial institution” means an authorized institution as defined in section 2(1) of the Banking Ordinance (i.e. a bank, a restricted licence bank or a deposit-taking company).
Part 1 Introduction

1.1 The SFC administers the SFO which governs the securities and futures markets and the non-bank retail leveraged foreign exchange market in Hong Kong. Part V of the SFO particularly deals with licensing and registration matters.

1.2 Any person carrying on regulated activities has to be licensed or registered with the SFC unless specific exemption (see Part 5) is provided. It is a serious offence to carry out regulated activity in Hong Kong or actively market to the investing public of Hong Kong any services which constitute a regulated activity without the required licence or registration.

1.3 The SFO promulgates a single licensing regime where a person only needs one licence or registration to carry on different types of regulated activity as defined in Schedule 5 to the SFO (see Part 2) provided that he is fit and proper to do so.

1.4 This Booklet sets out the basic approval criteria (see Part 6) and application procedures for corporations and individuals who wish to carry out regulated activities (see Part 7). It also provides information on other licensing related matters such as on-going obligations of intermediaries (see Part 10) and possible disciplinary sanctions against improper acts of an intermediary (see Part 12).
Part 2  Types of regulated activity

2.1 Persons conducting business in regulated activities are generally required to be licensed or registered with the SFC (see Parts 3 and 5 for more information). The regulated activities that they are permitted to carry out are specified on their licences or certificates of registration.

2.2 Schedule 5 to the SFO stipulates 10 types of regulated activity and provides detailed definition for each of them. These activities include:-

- Type 1  Dealing in securities
- Type 2  Dealing in futures contracts
- Type 3  Leveraged foreign exchange trading
- Type 4  Advising on securities
- Type 5  Advising on futures contracts
- Type 6  Advising on corporate finance
- Type 7  Providing automated trading services
- Type 8  Securities margin financing
- Type 9  Asset management
- Type 10 Providing credit rating services

2.3 A corporation licensed for Type 8 regulated activity is subject to a sole-business condition whereby the corporation normally shall not carry on business other than securities margin financing (section 118(1)(d)(i) of the SFO).

2.4 The definition of each type of regulated activity under the SFO is available at http://www.legislation.gov.hk/eng/home.htm. Please refer to Schedule 5 to the SFO.
Part 3  Do you need a licence or registration?

3.1 Broadly speaking, you need a **licence** if you are **not** an authorized financial institution\(^1\) and:-

- you carry on a business in a regulated activity in Hong Kong. In this case, you have to be a *licensed corporation*\(^2\) (section 114(1) and (2) of the SFO);

- you actively market, whether by yourself or another person on your behalf and whether in Hong Kong or from a place outside Hong Kong, to the public any services that you provide, which would constitute a regulated activity if provided in Hong Kong. In this case, you have to be a *licensed corporation*\(^2\) (section 115 of the SFO); or

- you are an individual performing a regulated function\(^3\) for your principal which is a licensed corporation in relation to a regulated activity carried on as a business. In that case, you have to be a *licensed representative* accredited to your principal (section 114(3) and (4) of the SFO). In addition, if you are an executive director\(^4\) of that corporation, you also need to be approved as a *responsible officer* (section 125(1)(a) of the SFO).

\(^2\) Sole proprietorship or partnership is not an acceptable form of business structure for the purposes of licensing.

\(^3\) “Regulated function”, in relation to a regulated activity carried on as a business by any person, means any function performed for or on behalf of or by arrangement with the person relating to the regulated activity, other than work ordinarily performed by an accountant, clerk or cashier.

\(^4\) As defined in section 113(1) of the SFO, “executive director”, in relation to a licensed corporation, means a director of the corporation who –

(a) actively participates in; or

(b) is responsible for directly supervising, the business of a regulated activity for which the corporation is licensed.
3.2 You need a **registration** if you are an authorized financial institution\(^1\) and:-

- you carry on a business of regulated activity\(^5\). In that case, you have to be a *registered institution* (section 114(1) and (2)); or
- you actively market, whether by yourself or another person on your behalf and whether in Hong Kong or from a place outside Hong Kong, to the public any services that you provide, which would constitute a regulated activity if provided in Hong Kong. In this case, you have to be a *registered institution* (section 115 of the SFO).

**Notes for attention**

**Relevant individuals of registered institutions**

3.3 Relevant individuals who perform regulated functions in relation to regulated activities for registered institutions (e.g. bank staff working in the securities dealing department) are not required to be licensed or registered with the SFC. However, their names have to be entered in the register maintained by the HKMA if they are to perform regulated activities\(^5\). That register is available on the HKMA’s web site (see paragraph 11.3).

3.4 It is a statutory condition of registration for every registered institution that its relevant individuals are fit and proper. To that end, all relevant individuals are required, among other things, to fulfil the same competence requirements as licensed representatives or responsible officers (as the case may be) of licensed corporations (see paragraphs 6.10.6 and 6.10.7 for more information).

\(^5\) Other than Type 3 (leveraged foreign exchange trading) and Type 8 (securities margin financing) regulated activities for which authorized financial institutions are not required to be registered to carry out those activities.
Provision of financial information on the Internet or on-line trading services

3.5 If you intend to provide financial information on the Internet or any on-line trading services, please refer to Appendix A for more information on related licensing requirements.

Promotional schemes

3.6 Intermediaries offering promotional schemes organized in conjunction with their affiliates should pay special attention to the licensing requirements. In particular, care should be taken to ensure that the marketing activities do not cause the affiliates (which may not be licensed or registered) to engage in dealing in securities, dealing in futures contracts or other regulated activities.

Incentive schemes

3.7 The implementation of incentive schemes, whereby any member of the public (as conducting a business himself) would be remunerated in the form of commission, rebate, etc. after successfully introducing clients to a licensed person or a registered institution, is generally unacceptable. Such practice could potentially result in the introducing party engaging in unlicensed regulated activities. The licensed person or registered institution concerned could also be liable for aiding and abetting the offence. It is of concern that the clients so introduced may not receive the appropriate protection afforded by the regulatory regime. In addition, the introducing party may not be fit and proper to carry out that function.
Part 4  Types of intermediary

4.1  Licensed corporation

It is a corporation (not being an authorized financial institution) which is granted a licence to carry on one or more than one regulated activity under section 116 of the SFO.

Please see paragraph 6.4 for more information.

4.2  Temporary licensed corporation

It is a corporation (not being an authorized financial institution) which is granted a temporary licence to carry on, for a period not exceeding 3 months, one or more than one regulated activity under section 117 of the SFO.

Please see paragraph 6.5 for more information.

4.3  Responsible officer

He is a licensed representative (see paragraph 4.4) who is also approved as a responsible officer under section 126 of the SFO to supervise the regulated activity of the licensed corporation to which he is accredited.

Please see paragraph 6.6 for more information.

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6 For simplicity, the term “intermediary” in this Part broadly refers to any person licensed by or registered with the SFC. This coverage is wider than the relevant provisions under Part 1 of Schedule 1 to the SFO where “intermediary” is defined to mean a licensed corporation or a registered institution only.

7 Other than Type 3 (leveraged foreign exchange trading), Type 7 (providing automated trading services), Type 8 (securities margin financing) and Type 9 (asset management) which a temporary licence holder is not permitted to carry out.
4.4 **Licensed representative**

He is an individual who is granted a licence under section 120(1) of the SFO to carry on one or more than one regulated activity for a licensed corporation to which he is accredited.

Please see paragraph 6.7 for more information.

4.5 **Provisional licensed representative**

He is an individual who is granted a provisional licence under section 120(2) of the SFO to carry on one or more than one regulated activity for a licensed corporation to which he is accredited (prior to the grant of his licence under section 120(1) of the SFO).

Please see paragraph 6.8 for more information.

4.6 **Temporary licensed representative**

He is an individual who is granted a temporary licence under section 121 of the SFO to carry on, for a period not exceeding 3 months, one or more than one regulated activity for a corporation licensed under section 116 or 117 to which he is accredited.

Please see paragraph 6.9 for more information.

4.7 **Registered institution**

It is an authorized financial institution which is registered to carry on one or more than one regulated activity under section 119 of the SFO.

Please see paragraph 6.10 for more information.
Part 5    Exemption from licensing requirements

5.1 This Part gives an overview of certain common situations in which exemption from the licensing requirements may apply under the SFO. This information is provided with a view to assisting prospective applicants in considering the appropriate types of regulated activity necessary for their proposed businesses. The information contained in this Part is by no means exhaustive. You should refer to the SFO or consult your professional advisers if you need guidance specific to your case.

5.2 For simplicity, the terms “licence” and “licensed” in this Part bear the same meaning as “registration” and “registered” respectively unless otherwise specified.

Incidental exemption

5.3 You may not be required to be licensed for certain regulated activities if such activities are performed wholly incidental to your carrying out of another regulated activity for which you are already licensed. Incidental exemption may apply in the following circumstances:-

Licensed for Type 1 regulated activity and carry out certain other regulated activities

5.3.1 You are licensed for Type 1 regulated activity (dealing in securities) and you wish to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and/or Type 9 (asset management) regulated activity. You do not need to be licensed for Types 4, 6 and 9 provided that these activities are carried out wholly incidental to your securities dealing business. This exemption normally applies to stockbrokers who provide investment advice or manage discretionary accounts for their securities clients.
Licensed for Type 2 regulated activity and carry out certain other regulated activities

5.3.2 You are licensed for Type 2 regulated activity (dealing in futures contracts) and you wish to carry out Type 5 (advising on futures contracts) and/or Type 9 (asset management) regulated activity. You do not need to be licensed for Types 5 and 9 provided that these activities are carried out wholly incidental to your futures dealing business. This exemption normally applies to futures brokers who provide investment advice or manage discretionary accounts for their futures clients.

Licensed for Type 9 regulated activity and carry out certain other regulated activities

5.3.3 You are licensed for Type 9 regulated activity (asset management) and you wish to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and/or Type 5 (advising on futures contracts) regulated activity. You do not need to be licensed for these regulated activities provided that they are carried out solely for the purposes of your asset management business (for Types 4 and 5, such asset management business must involve the management of a portfolio under a collective investment scheme). This exemption normally applies to fund managers who place trade orders to dealers or provide investment advice/research reports in the course of managing their clients’ portfolios of securities and/or futures contracts.

Securities dealer - margin financier exemption

5.4 If you are licensed for Type 1 regulated activity (dealing in securities), you need not separately be licensed for Type 8 regulated activity (securities margin financing) to carry out securities margin financing activities for your clients. However, you would need to satisfy a more stringent financial resources requirement in terms of paid-up capital in order to do so (see paragraph 6.4.10). This exemption normally applies to stockbrokers who also provide margin financing facilities to their securities clients.
5.5 Please note that in any event, authorized financial institutions are not required to be registered for Type 8 regulated activity to carry out securities margin financing activities.

Dealing with professional investor exemption

5.6 You may not be required to be licensed for futures or securities dealing activity if you act as principal and deal with professional investors⁸ only. This exemption will apply if:-

In relation to dealing in futures contracts

- you as principal carry out the dealing activity concerned in relation to a futures contract traded otherwise than on a recognized futures market by way of dealing with a person who is a professional investor⁸ (whether acting as principal or agent); or

In relation to dealing in securities

- you as principal carry out the dealing activity concerned by way of dealing with a person who is a professional investor⁸ (whether acting as principal or agent).

Advising group company exemption

5.7 You are not required to be licensed for Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) or Type 9 (asset management) regulated activity if you provide the relevant advice or services solely to your wholly owned subsidiaries, your holding company which holds all your issued shares, or other wholly owned subsidiaries of that holding company.

⁸ “Professional investor” is specifically defined in Part 1 of Schedule 1 to the SFO. However, please note that the definition of “professional investor” in the Securities and Futures (Professional Investor) Rules does not apply in this exemption.
Professional exemption

5.8 If you are a solicitor, a counsel or a professional accountant, you are not required to be licensed for Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) or Type 9 (asset management) regulated activity if you provide such advice or services wholly incidental to your practice as a solicitor, a counsel or a professional accountant.

Broadcaster/Journalist exemption

5.9 If you give advice on securities, futures contracts or corporate finance or issue related analyses or reports through:

- a newspaper, magazine, book or other publication which is made generally available to the public; or

- television broadcast or radio broadcast for reception by the public, whether on subscription or otherwise,

you are not required to be licensed for Type 4, Type 5 or Type 6 regulated activity (as the case may be).

Trust company exemption

In relation to dealing in securities

5.10 If you are a trust company registered under Part VIII of the Trustee Ordinance, you are not required to be licensed for Type 1 regulated activity (dealing in securities) if you act as an agent for a collective investment scheme to distribute application forms, redemption notices, conversion notices and contract notes, and/or receive money and issue receipts on behalf of your principal.

In relation to investment advisory activities

5.11 As a trust company, you are not required to be licensed for Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) or Type 9 (asset management) regulated activity if you provide such investment advice or services wholly incidental to your discharge of your duty as a trustee.
**Leveraged foreign exchange trading exemption**

5.12 Schedule 5 to the SFO provides a number of exclusions in the definition of “leveraged foreign exchange trading”. For example, if you are an authorized financial institution, you are not required to be registered for Type 3 regulated activity (leveraged foreign exchange trading) in order to carry out such activity.

5.13 The *Securities and Futures (Leveraged Foreign Exchange Trading – Exemption) Rules* set out the requirements and conditions in applying the exemption provided in paragraph (xiii) of the definition of “leveraged foreign exchange trading” of Schedule 5 to the SFO. Please refer to the relevant provisions for details.
Part 6 Basic approval criteria

Fit and proper

6.1 The SFC is obliged to refuse to grant a licence or registration if the applicant fails to satisfy the SFC that he is fit and proper. Pursuant to section 129 of the SFO, in considering whether a person is fit and proper for the purposes of licensing or registration, the SFC shall, in addition to any other matter that the SFC may consider relevant, have regard to the following:-

- financial status or solvency,
- educational or other qualifications or experience having regard to the nature of the functions to be performed,
- ability to carry on the regulated activity concerned competently, honestly and fairly, and
- reputation, character, reliability and financial integrity

of the applicant and other relevant persons as appropriate.

6.2 The above criteria serve as the fundamental basis when the SFC considers each licence or registration application. For further elaboration of these attributes, you may wish to refer to the Fit and Proper Guidelines and the Guidelines on Competence published by the SFC.

6.3 As a general overview, we set out below the aspects that an applicant normally needs to satisfy so as to get a licence or registration.
6.4 If you apply to be a licensed corporation ....

Incorporated

6.4.1 You must be a company incorporated\(^2\) in Hong Kong or a non-Hong Kong company registered with the Companies Registry of Hong Kong.

Competence

6.4.2 You have to satisfy the SFC that you have proper business structure, good internal control systems and qualified personnel to ensure the proper management of risks that you will encounter in carrying on your proposed business as detailed in your business plan. Please refer to the following publications of the SFC for more information:

- Guidelines on Competence;
- Code of Conduct for Persons Licensed by or Registered with the SFC; and
- Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the SFC.

Responsible officers

6.4.3 You should appoint not less than two responsible officers to directly supervise the conduct of each regulated activity you apply.

6.4.4 For each regulated activity you apply, you should have at least one responsible officer available at all times to supervise the business. The same individual may be appointed to be a responsible officer for more than one regulated activity provided that he is fit and proper to be so appointed and there is no conflict in the roles assumed.

6.4.5 At least one of your proposed responsible officers must be an executive director\(^4\) as defined under the SFO.

6.4.6 All your executive directors\(^4\) must seek the SFC’s approval as responsible officers accredited to your corporation.

6.4.7 All applications for approval as responsible officers should be lodged with the SFC for consideration together with your licence application.
Substantial shareholders, etc. to be fit and proper

6.4.8 Your substantial shareholders (see paragraph 9.13), officers⁹ and any other person who is or is to be employed by, or associated with, you for the purposes of the regulated activity for which the application is made shall be fit and proper. Please refer to section 129 of the SFO for details.

Financial resources

6.4.9 Depending on the type(s) of regulated activity that you apply for, you have to maintain at all times paid-up share capital and liquid capital not less than the specified amounts according to the Securities and Futures (Financial Resources) Rules. If you apply for more than one type of regulated activity, the minimum paid-up share capital and liquid capital that you should maintain shall be the higher or the highest amount required amongst those regulated activities you apply for.

6.4.10 Table 1 summarizes the minimum paid-up capital and liquid capital that a licensed corporation is required to maintain for each type of regulated activity.

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⁹ “Officer”, in relation to a corporation, means a director, manager or secretary of, or any other person involved in the management of, the corporation.

As defined in Part 1 of Schedule 1 to the SFO, “director” includes a shadow director and any person occupying the position of director by whatever name called. “Shadow director” means a person in accordance with whose directions or instructions the directors of a corporation are accustomed or obliged to act, but a person shall not be regarded as a shadow director by reason only of the fact that the directors act on advice given by him in a professional capacity.
Table 1 – Minimum paid-up share capital and liquid capital requirements

<table>
<thead>
<tr>
<th>Regulated activity</th>
<th>Minimum paid-up share capital</th>
<th>Minimum liquid capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type 1 –</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) in the case where the corporation is an approved introducing agent(^{10}) or a trader(^{11})</td>
<td>Not applicable</td>
<td>$500,000</td>
</tr>
<tr>
<td>(b) in the case where the corporation provides securities margin financing</td>
<td>$10,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>(c) in any other case</td>
<td>$5,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td><strong>Type 2 –</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) in the case where the corporation is an approved introducing agent(^{10}), a trader(^{11}) or a futures non-clearing dealer(^{12})</td>
<td>Not applicable</td>
<td>$500,000</td>
</tr>
<tr>
<td>(b) in any other case</td>
<td>$5,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td><strong>Type 3 –</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) in the case where the corporation is an approved introducing agent(^{10})</td>
<td>$5,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>(b) in any other case</td>
<td>$30,000,000</td>
<td>$15,000,000</td>
</tr>
<tr>
<td><strong>Type 4 –</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) in the case where in relation to Type 4 regulated activity, the corporation is subject to the licensing condition that it shall not hold client assets</td>
<td>Not applicable</td>
<td>$100,000</td>
</tr>
<tr>
<td>(b) in any other case</td>
<td>$5,000,000</td>
<td>$3,000,000</td>
</tr>
</tbody>
</table>

\(^{10}\) “Approved introducing agent” means a licensed corporation approved as such under section 58(4) of the Securities and Futures (Financial Resources) Rules.

\(^{11}\) “Trader” means a licensed corporation licensed for Type 1 or Type 2 regulated activity which does not hold client assets or handle client orders and, in carrying on the regulated activity for which it is licensed, conducts no business other than effecting, or offering to effect, dealings in securities, futures contracts or options contracts for its own account.

\(^{12}\) “Futures non-clearing dealer” means a licensed corporation licensed for Type 2 regulated activity which is an exchange participant of a recognized futures market, but is not a clearing participant of a recognized clearing house.
<table>
<thead>
<tr>
<th>Regulated activity</th>
<th>Minimum paid-up share capital</th>
<th>Minimum liquid capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type 5 –</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) in the case where in relation to Type 5 regulated activity, the corporation is subject to the licensing condition that it shall not hold client assets</td>
<td>Not applicable</td>
<td>$100,000</td>
</tr>
<tr>
<td>(b) in any other case</td>
<td>$5,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td><strong>Type 6 –</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) in the case where in relation to Type 6 regulated activity, the corporation is subject to the licensing condition that it shall not hold client assets</td>
<td>Not applicable</td>
<td>$100,000</td>
</tr>
<tr>
<td>(b) in the case where the corporation acts as a sponsor</td>
<td>$10,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>(c) in any other case</td>
<td>$5,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td><strong>Type 7</strong></td>
<td>$5,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td><strong>Type 8</strong></td>
<td>$10,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td><strong>Type 9 –</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) in the case where in relation to Type 9 regulated activity, the corporation is subject to the licensing condition that it shall not hold client assets</td>
<td>Not applicable</td>
<td>$100,000</td>
</tr>
<tr>
<td>(b) in any other case</td>
<td>$5,000,000</td>
<td>$3,000,000</td>
</tr>
<tr>
<td><strong>Type 10 –</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) in the case where in relation to Type 10 regulated activity, the corporation is subject to the licensing condition that it shall not hold client assets</td>
<td>Not applicable</td>
<td>$100,000</td>
</tr>
<tr>
<td>(b) in any other case</td>
<td>$5,000,000</td>
<td>$3,000,000</td>
</tr>
</tbody>
</table>

6.4.11 Please refer to the *Securities and Futures (Financial Resources) Rules* for more information on financial resources requirements, e.g. the computation of liquid capital.
Insurance

6.4.12 The Securities and Futures (Insurance) Rules set out the insurance requirements applicable to licensed corporations. If you wish to apply for Type 1 (dealing in securities) and/or Type 2 (dealing in futures contracts) regulated activity and intend to be an exchange participant, you should be prepared to take out insurance under the approved master policy. Related administrative matters are being dealt with by the appointed insurance broker. Further information is available on the SFC’s web site under Frequently Asked Questions on “insurance requirements applicable to certain licensed corporations” (http://www.sfc.hk/sfc/doc/EN/faqs/licensing/faq-lic-17.pdf).

6.4.13 Please refer to the Securities and Futures (Insurance) Rules for more information.

6.5 If you apply to be a temporary licensed corporation ....

Similar role overseas

6.5.1 You should be carrying on a business principally outside Hong Kong in an activity which, if carried on in Hong Kong, would constitute a regulated activity. You seek to be licensed for the regulated activity solely for carrying on in Hong Kong such business in the activity. In addition, you are authorized by a relevant regulatory organization in your home jurisdiction to carry on such business in that place.

Restriction on types of regulated activity

6.5.2 A temporary licence holder may carry on one or more than one of the following regulated activities only:-

- Type 1 (dealing in securities)
- Type 2 (dealing in futures contracts)
- Type 4 (advising on securities)
- Type 5 (advising on futures contracts)
- Type 6 (advising on corporate finance)
- Type 10 (providing credit rating services)
Cannot hold client assets

6.5.3 You cannot hold any client assets in carrying on the regulated activity you apply to be licensed.

Licensed period

6.5.4 Your temporary licence, if granted, will be for a duration of not more than 3 months at any one time.

6.5.5 You will not be granted temporary licences for more than 6 months in total within any period of 24 months.

Supervision of business

6.5.6 You are required to nominate at least one individual for approval by the SFC for the purposes of section 117(5)(a). That individual shall be available at all times to supervise the business of regulated activity for which you apply to be licensed.

Substantial shareholders, etc. to be fit and proper

6.5.7 The same requirements as mentioned in paragraph 6.4.8 apply to you.

6.6 If you apply to be a licensed representative and approved as a responsible officer ....

Sufficient authority

6.6.1 You should have sufficient authority to supervise the business of regulated activity within the licensed corporation that you will be accredited to.

6.6.2 You may or may not be a director of the licensed corporation. However, if you are a director of the corporation and actively participate or directly supervise the business of regulated activity, you must apply to become a responsible officer of that corporation in respect of the regulated activity concerned (see paragraphs 6.4.3 to 6.4.7).
Competence

6.6.3 You should possess appropriate ability, skills, knowledge and experience to properly manage and supervise the corporation’s business of regulated activities. Basically, you have to fulfil four elements mentioned in Table 2 to be approved as a responsible officer.

Table 2 – Test of competence for responsible officers

<table>
<thead>
<tr>
<th>Basic elements</th>
<th>Can be compensated by</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Academic / industry qualification</td>
<td>Passed one of the recognized industry qualifications</td>
</tr>
<tr>
<td>(2) Industry experience</td>
<td>Possesses 3 years of relevant industry experience over the 6 years immediately prior to the date of application</td>
</tr>
</tbody>
</table>

\(^\text{13}\) Internationally recognized professional qualifications in Finance include Chartered Financial Analyst, Certified International Investment Analyst and Certified Financial Planner.

\(^\text{14}\) All high school public examinations (such as university entry examinations) will be recognized as equivalent to HKCEE.

\(^\text{15}\) In assessing the relevance of an applicant’s experience, the SFC will consider the role and functions to be undertaken by the applicant and whether the applicant possesses the recognized industry qualifications. Experience gained in Hong Kong or elsewhere that is closely related to the functions to be performed will be recognized.
<table>
<thead>
<tr>
<th>Basic elements</th>
<th>Can be compensated by</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) Management experience</td>
<td>Has a minimum of 2 years' proven management skill and experience</td>
</tr>
<tr>
<td></td>
<td>Not applicable</td>
</tr>
<tr>
<td>(4) Regulatory knowledge</td>
<td>Passed one of the recognized local regulatory framework papers</td>
</tr>
<tr>
<td></td>
<td>Applicant may apply for exemption from taking the recognized local regulatory framework paper if he satisfies the exemption criteria as set out in Appendix E of the Guidelines on Competence.</td>
</tr>
</tbody>
</table>

6.6.4 If you intend to conduct regulated activities in relation to matters falling within the ambit of a particular code issued by the SFC, e.g. the Codes on Takeovers and Mergers and Share Repurchases, the Code on Real Estate Investment Trusts, additional competence requirements specific to that field would apply.

6.6.5 Please refer to the Guidelines on Competence issued by the SFC and related Frequently Asked Questions posted on the SFC’s web site for more information.

6.7 If you apply to be a licensed representative (other than a responsible officer) ....

**Competence**

6.7.1 You have to establish that you have the requisite basic understanding of the market in which you are to work as well as the laws and regulatory requirements applicable to the industry. In assessing your competence to be licensed as a representative, the SFC will have regard to three basic elements mentioned in Table 3.
Table 3 – Test of competence for representatives

<table>
<thead>
<tr>
<th>Basic elements</th>
<th>Can be compensated by</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Academic qualification</td>
<td>• Degree in Accounting, Business Administration, Economics, Finance or Law; or other degree (with passes in at least two courses in the above disciplines); or</td>
</tr>
<tr>
<td></td>
<td>• Internationally recognized professional qualifications in Law, Accounting or Finance; or</td>
</tr>
<tr>
<td></td>
<td>• An additional 2 years of relevant industry experience for lacking either (1) or (2); or</td>
</tr>
<tr>
<td></td>
<td>• An additional 5 years of relevant industry experience for lacking both (1) and (2).</td>
</tr>
<tr>
<td>(2) Industry qualification</td>
<td>Passed one of the recognized industry qualifications</td>
</tr>
<tr>
<td>(3) Regulatory knowledge</td>
<td>Applicant may apply for exemption from taking the recognized local regulatory framework paper if he satisfies the exemption criteria as set out in Appendix E of the Guidelines on Competence.</td>
</tr>
</tbody>
</table>

Note: A representative licensed for Type 3 regulated activity (leveraged foreign exchange trading) who handles discretionary account activities has to obtain an additional 3 years of direct foreign exchange trading experience in the inter-bank foreign exchange market or currency futures market, or its equivalent over the past 6 years.

6.7.2 Please refer to the Guidelines on Competence issued by the SFC and related Frequently Asked Questions posted on the SFC’s web site for more information.

6.8 If you apply to be a provisional licensed representative….

6.8.1 You should have submitted your application to be a normal licensed representative. The same requirements for licensed representatives as described in paragraph 6.7.1 apply to you.

6.8.2 The SFC may grant you a provisional licence to carry on regulated activity as a representative if it is satisfied that you are fit and proper and that the grant of the provisional licence will not prejudice the interest of the investing public.

6.8.3 An additional fee of $800 for the provisional licence is required.
6.8.4 Your provisional licence, if granted, will be deemed to have been revoked when your application to be a normal licensed representative is approved or refused, whichever first occurs.

6.9 If you apply to be a temporary licensed representative…

Similar role overseas

6.9.1 You should carry on in a place outside Hong Kong an activity which, if carried on in Hong Kong, would constitute carrying on a regulated activity, under an authorization by a regulatory organization in that place.

Accreditation to a licensed corporation

6.9.2 You must be accredited to a licensed corporation described in paragraph 6.4 or a temporary licensed corporation described in paragraph 6.5. If you intend to be accredited to a corporation licensed under section 116 of the SFO (i.e. a licensed corporation described in paragraph 6.4), that licensed corporation needs to be of the same group of companies as your principal in your home jurisdiction. Where you intend to be accredited to a corporation licensed under section 117 of the SFO (i.e. a temporary licensed corporation described in paragraph 6.5), you seek to be licensed as a temporary representative solely for the conduct of your principal’s business in the activity referred to in its licence application.

Restriction on types of regulated activity

6.9.3 A temporary licence holder may carry on one or more than one of the following regulated activities only:-

- Type 1 (dealing in securities)
- Type 2 (dealing in futures contracts)
- Type 4 (advising on securities)
- Type 5 (advising on futures contracts)
- Type 6 (advising on corporate finance)
- Type 10 (providing credit rating services)
Cannot hold client assets

6.9.4 You cannot hold any client assets in carrying on the regulated activity you apply to be licensed.

Licensed period

6.9.5 Your temporary licence, if granted, will be for a duration of not more than 3 months at any one time.

6.9.6 You will not be granted temporary licences for more than 6 months in total within any period of 24 months.

6.10 If you apply to be a registered institution ....

Authorized institution

6.10.1 You must be an authorized financial institution\(^1\). It is desirable that you notify the HKMA before submitting an application for registration to the SFC.

Executive officers

6.10.2 You should appoint not less than two executive officers responsible for directly supervising the conduct of each regulated activity you apply.

6.10.3 For each regulated activity you apply, you should have at least one executive officer available at all times to supervise the business. The same individual may be appointed to be an executive officer for more than one regulated activity provided that he is fit and proper to be so appointed and there is no conflict in the roles assumed.

6.10.4 An executive officer is a person who has obtained the consent of the HKMA to act in such capacity under the Banking Ordinance. The HKMA is obliged to refuse to give that consent unless it is satisfied that the individual is a fit and proper person and has sufficient authority to be an executive officer of the registered institution concerned.

6.10.5 Executive officers are expected to meet the same competence requirements as responsible officers of licensed corporations described in paragraphs 6.6.3 and 6.6.4.
Relevant individuals

6.10.6 Individuals engaged to carry on regulated activity on your behalf are regarded as relevant individuals. They are not required to be registered or licensed with the SFC, but their names and certain particulars have to be entered in the register maintained by the HKMA.

6.10.7 It is a statutory condition of registration for every registered institution that its relevant individuals are fit and proper. In relation to competence requirements, executive officers are expected to meet the same requirements as responsible officers of licensed corporations (as mentioned in paragraph 6.10.5) while other relevant individuals are expected to meet the same competence requirements as licensed representatives (see paragraph 6.7.1).

Substantial shareholders, etc. to be fit and proper

6.10.8 Your substantial shareholders, directors, chief executive, managers (as defined in section 2(1) of the Banking Ordinance), executive officers and any other person who will be acting for or on behalf of you in relation to the regulated activity for which the application is made shall be fit and proper. Please refer to section 129 of the SFO for details.

16 "Relevant individual", in relation to a registered institution, means an individual who performs for or on behalf of or by an arrangement with the institution any regulated function in a regulated activity. Please refer to Footnote 3 for the definition of "regulated function".
Part 7 Application procedures

Completing the application form

7.1 If you wish to apply for a licence or registration, you should complete the appropriate application form and supplements, if any. You are strongly encouraged to submit your application through the SFC Online Portal (https://portal.sfc.hk), which will minimize postal and/or delivery delays and is likely to expedite the application process. User guide, online demo and FAQs are available online to provide guidance on usage.

7.2 Alternatively, if you wish to submit an application in paper form, application forms\(^{17}\) (in pdf format) can be downloaded from the SFC’s web site under the section of Licensing: application & notification forms.

Submitting the application

7.3 Before submitting your application online (or in paper form), please check that you have provided everything that we need to process your application. In particular, you should have:

\- answered every question in the application form and supplement(s) unless directed otherwise; and
\- provided all supporting documents as required in the application form and supplement(s) (preferably by attachment of electronic copies for submission through the SFC Online Portal).

If submitted online, you will receive a portal message requesting payment of the required application fee upon our acceptance of your application, and online payment facility is provided on the SFC Online Portal. In case of paper submission, please enclose (together with the application documents) a cheque payable to “Securities and Futures Commission” for the required application fee (see Appendix C for the application fee amount).

\(^{17}\) Please refer to Appendix B for a detailed list.
7.4 An application made to the SFC by an individual seeking to be licensed as a representative and/or approved as a responsible officer, is made to the SFC jointly by the individual and the licensed corporation to which he/she is, or is proposing to become, accredited. The reason for this is that although an individual applicant has responsibility to ensure that the information provided in support of his/her application is neither false nor misleading, responsibility for formally verifying this, and endorsing the application, rests with the licensed corporation.

7.5 Because an application to be licensed as a representative or approved as a responsible officer is made jointly, with the licensed corporation being responsible for verifying the accuracy of the supporting information, the SFC requires that communications concerning any such application are conducted directly between the SFC and the licensed corporation. The reasons for this are to ensure that the information provided to the SFC comes from a single and constant source and to avoid situations in which an individual applicant provides information that the licensed corporation is not aware of and has not had the opportunity to verify or endorse. It necessarily follows that licensed corporations have an obligation to keep individual applicants fully informed concerning all aspects of their applications, and to do so in a timely manner. This means that licensed corporations must work closely with individual applicants to ensure that they are fully aware of all communications from the SFC and that any information that is provided to the SFC in support of such applications is neither false nor misleading.

7.6 It is only in exceptional circumstances that the SFC will enter into direct communication with individual applicants, notably, for example, where this concerns a matter of a criminal or regulatory nature in relation to which an individual has a legal obligation or entitlement to maintain confidentiality to the exclusion of the licensed corporation to which he/she is, or is proposing to become, accredited.

7.7 For paper submission, you may submit your application package:-
- in person to the SFC’s office; or
- by post to the Licensing Department of the SFC.
Returned application

7.8 Your application may be returned to you if you have not:
   - answered all questions or marked “N/A” on submitted forms where appropriate;
   - signed and dated the relevant forms (e.g. declaration form for online submission and application form for paper submission);
   - submitted all supporting documents as required; or
   - paid the application fee in full (for online submission, the total fee amount and the breakdown thereof will be available on the SFC Online Portal for payment upon our acceptance of your application; for paper submission, please ensure that the fee amount is calculated correctly, since fee discrepancy may result in a return of your application).

Withdrawal of application

7.9 You may choose to withdraw your application prior to the approval or refusal of the application by the SFC. In such circumstances, the application fee will not be refunded.

Processing time

7.10 The processing of an application submitted to the SFC by a new industry participant normally takes approximately:
   - 7 business days (for provisional licensed representative application);
   - 8 weeks (for normal licensed representative application);
   - 10 weeks (for responsible officer application); or
   - 15 weeks (for licensed corporation application).

7.11 The time it takes to process an application may vary depending on a number of factors such as:
   - whether submission has been made through the SFC Online Portal;
   - types of service or product you propose to provide;
   - quality of your application;
   - quality of the supporting documents you provided;
   - time taken for other regulatory bodies to respond to our vetting requests on you, where applicable;
   - your response time to provide any further information requested during the assessment process; and
• volume of applications we received.

7.12 The processing time mentioned in paragraph 7.10 may change from time to time. For updated information, please refer to Performance pledges posted on the SFC’s web site under the section About the SFC.

Refusal of application

7.13 We will refuse your application if you fail to meet the statutory requirements or you fail to satisfy us that you are a fit and proper person to be licensed or registered. Before we refuse your application, you will be given an opportunity of being heard (section 140 of the SFO) and any representations that you might care to make will be carefully considered before we reach our final decision. In the event that we refuse your application, you may, within 21 days, apply to the Securities and Futures Appeals Tribunal for a review of our decision (section 217 of the SFO).

Please address your correspondence relating to the review to:-

The Secretary to the Securities and Futures Appeals Tribunal
38th Floor, Immigration Tower
7 Gloucester Road
Wanchai
Hong Kong

Approval of application

7.14 Please refer to Part 8 on grant of licence or registration and related matters requiring your attention.
Part 8  Grant of licence or registration

Approval of application

8.1 Once all requirements are met and the SFC is satisfied that you are fit and proper, we may grant you a licence or registration (as the case may be). You will be notified of the approval in writing and a licence or a certificate of registration will be posted to you by registered mail.

8.2 Your licence or certificate of registration will show:-

- your name;
- your central entity number (also known as CE number\textsuperscript{18});
- effective date of your licence or registration;
- type(s) of regulated activity that you are licensed or registered to carry on; and
- the condition(s) imposed on your licence or registration, if any.

8.3 You may refer to the public register maintained by the SFC and available on its web site (see paragraphs 11.1 and 11.2) to check whether your licence/registration status and related particulars are correctly reflected. Please notify the SFC immediately if there is any discrepancy.

\textsuperscript{18} The CE number is a unique identification number assigned to you by the SFC. Please quote your CE number in all future correspondence with the SFC.
Notes to licensed corporations

Notification of financial year end

8.4 As a licensed corporation, you are required to notify the SFC of your financial year end within one month upon the grant of your licence (section 155(1)(a) of the SFO).

Exhibition of licence

8.5 You should exhibit your licence in a prominent place at your principal place of business. If you have more than one place of business, a certified copy of your licence must be exhibited in a prominent place at each of your other places of business (section 3 of the Securities and Futures (Miscellaneous) Rules).

Cessation of business

8.6 If you (or any of your licensed representatives) intend to cease to carry on any licensed regulated activity, you (or that representative) should notify the SFC through the SFC Online Portal (or by completing Form 5) of the intended cessation as soon as reasonably practicable and in any event not later than 7 business days before such intended cessation (section 135(1) of the SFO).

8.7 After you (or any of your licensed representatives) have ceased to carry on all or any licensed regulated activities for more than one month, you (or that representative) should return the licence to the SFC for cancellation or amendment (as the case may be) within 37 days after the cessation unless the SFC has approved a longer period for such purpose (section 4 of the Securities and Futures (Miscellaneous) Rules).

8.8 If you cease to carry on all regulated activities, you are also required to submit audited accounts to the SFC within 4 months after the date of cessation (see paragraph 10.4).
Notes to licensed representatives

Accreditation to specified principal(s)

8.9 If you are a licensed representative, apart from the items mentioned in paragraph 8.2, your licence will also specify the licensed corporation(s) that you are accredited to as your principal(s). You can only act for such corporation(s) in carrying out your licensed regulated activity or activities for which each of the corporations is also licensed.

Cessation of accreditation

8.10 When you cease to act for your principal(s), your licence is considered to be invalid. You should return your licence to the SFC within 7 business days after the cessation of accreditation. In addition, your principal(s) should, within 7 business days after such cessation, notify the SFC of the cessation (section 123(1)(a) and (b) of the SFO) through the SFC Online Portal (or by submitting Form 5).

Transfer of accreditation

8.11 Upon your ceasing to act for your principal(s), you may apply for a transfer of accreditation through the SFC Online Portal (or by submitting Form 4) within 180 days after the cessation in order to act for another licensed corporation. It takes approximately 7 business days to process an application for transfer of accreditation to carry on the same type(s) of regulated activity for which you were licensed immediately prior to your cessation, and the required application fee is $200 per regulated activity19.

8.12 Please also pay attention to paragraphs 8.6 and 8.7 which are also applicable to you as a licensed representative.

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19 Except for Type 7 regulated activity (providing automated trading services) which is free of charge provided that the applicant’s proposed carrying on of Type 7 regulated activity is incidental to the proposed carrying on of Type 1 (dealing on securities) or Type 2 (dealing in futures contracts) regulated activity.
Notes to registered institutions

Exhibition of certificate of registration

8.13 You should exhibit your certificate of registration in a prominent place at your principal place of business. If you have more than one place of business, a certified copy of your certificate must be exhibited in a prominent place at each of your other places of business (section 3 of the Securities and Futures (Miscellaneous) Rules).

Cessation of business

8.14 If you intend to cease to carry on any registered regulated activity, you should notify the SFC through the SFC Online Portal (or by submitting Form 5) of the intended cessation as soon as reasonably practicable and in any event not later than 7 business days before such intended cessation. You should also notify the same to the HKMA in writing within that time limit (section 135(1) of the SFO).

8.15 After you cease to carry on all or any of your registered regulated activities for more than one month, you should return your certificate of registration to the SFC for cancellation or amendment (as the case may be) within 37 days after the cessation unless the SFC has approved a longer period for such purpose (section 4 of the Securities and Futures (Miscellaneous) Rules).

Penalties on failure to exhibit or return licence / certificate as required

8.16 If you, without reasonable excuse, fail to comply with the requirements referred to in paragraphs 8.5 and 8.13 (exhibition of licence or certificate of registration), you are liable on conviction to a fine at level 5 ($50,000 as currently prescribed by the Criminal Procedure Ordinance). Similarly, failure to comply, without reasonable excuse, with the requirements mentioned in paragraphs 8.7, 8.10 and 8.15 (return of licence or certificate of registration) will render you liable on conviction to a fine at level 6 ($100,000 as currently prescribed).
Other requirements and on-going obligations

8.17 In addition to the above requirements concerning exhibition and return of licence or certificate of registration, etc, licensed corporations, licensed representatives and registered institutions have to comply with other requirements on an ongoing basis (see Parts 9 and 10).

Duplicate licence or certificate of registration

8.18 If your licence or certificate of registration is lost, defaced or destroyed, you may apply to the SFC for the issuance of a duplicate licence or certificate of registration (section 124 of the SFO). The application fee is $200. For the purpose of such application, you are required to submit to the SFC a statutory declaration made by you stating the ground of your application and any such other particulars to verify the loss, defacement or destruction of your licence or certification of registration (as the case may be) and any such other information the SFC may reasonably require.
Part 9  Notification of changes and other applications

Notification by licensed corporations, licensed representatives and registered institutions

9.1 In relation to licensing and registration matters, section 135 of the SFO sets out the events for which notification by licensed persons and registered institutions is required. Apart from notifying any intended cessation of business as mentioned in paragraphs 8.6 and 8.14, licensed persons and registered institutions are required to notify the SFC of certain changes in the information that they have provided to the SFC in their initial applications. In the case of registered institutions, the notification should be made to both the SFC and the HKMA. The changes requiring notification are specified in section 135 of the SFO and Parts 1 to 3 of Schedule 3 to the Securities and Futures (Licensing and Registration) (Information) Rules. Some examples are described in Table 4 below. It is preferable for notifications to be submitted to the SFC through the SFC Online Portal.

Notification by directors and substantial shareholders of licensed corporations

9.2 A director of a licensed corporation should notify the SFC of his becoming or ceasing to be a director of the corporation within 7 business days after the event takes place (section 135(6) of the SFO).

9.3 A substantial shareholder of a licensed corporation is required to notify the SFC of changes in his particulars as detailed in Part 4 of Schedule 3 to the Securities and Futures (Licensing and Registration) (Information) Rules.
Notification by associated entities of intermediaries

9.4 An associated entity\(^{20}\) of an intermediary is required to notify the SFC within 7 business days of its becoming an associated entity and ceasing to be an associated entity (section 165 of the SFO). The particulars required for notification are set out in sections 3 and 4 of the Securities and Futures (Associated Entities – Notice) Rules. Where there is any change in the particulars notified, the associated entity shall within 7 business days thereafter notify the SFC of such change through the SFC Online Portal (or by completing Form 6).

9.5 Furthermore, section 155(1)(b) of the SFO requires that an associated entity shall notify the SFC of its financial year end within one month after it becomes such an associated entity. This requirement however does not apply to an associated entity which is an authorized financial institution.

Examples of changes that require notification

9.6 Some of the more common change events that require notification are shown in Table 4. For details of the notification requirements, you should refer to relevant provisions of the SFO and the Securities and Futures (Licensing and Registration) (Information) Rules.

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\(^{20}\) “Associated entity”, in relation to an intermediary, means a company, or an overseas company complying with the provisions of Part XI of the Companies Ordinance relating to the registration of documents, which –

(a) is in a controlling entity relationship with the intermediary; and

(b) receives or holds in Hong Kong client assets of the intermediary.

Please refer to Part 1 of Schedule 1 to the SFO for the definitions of “controlling entity”, “controlling entity relationship” and other associated terms.
Table 4 – Certain changes that require notification
(It is preferable for notifications to be submitted through the SFC Online Portal.)

<table>
<thead>
<tr>
<th>Types of change / events</th>
<th>Applicable to</th>
<th>Notification time limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cessation of business</td>
<td>LC, LR, RI</td>
<td>At least 7 business days in advance for intended cessation of business</td>
</tr>
<tr>
<td>Ceased to act as a licensed representative</td>
<td>LC, LR</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Ceased to act as a responsible officer</td>
<td>LC, RO</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Change in name(^{21})</td>
<td>LC, LR, RI, SS</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td></td>
<td>AE</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Change in business address</td>
<td>LC(^{22}), RI</td>
<td>At least 7 business days in advance for intended change in business address</td>
</tr>
<tr>
<td></td>
<td>AE</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Change in director or his particulars</td>
<td>LC, RI</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td></td>
<td>AE</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Change in complaints officer or his particulars</td>
<td>LC, RI</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Change in emergency contact person or his particulars</td>
<td>LC, RI</td>
<td>Within 7 business days</td>
</tr>
</tbody>
</table>

\(^{21}\) In the case of a licensed corporation, a licensed representative or a registered institution, an application fee of $200 is payable for the grant of a new licence or certificate of registration as a result of the change in name. However, this fee would be **waived** if the relevant notification is made through the SFC Online Portal.

\(^{22}\) Please note that an intended change in business address will inevitably trigger an application under section 130 of the SFO by a licensed corporation for approval of its new premises for keeping records or documents. An application fee of $1,000 is required.
<table>
<thead>
<tr>
<th>Types of change / events</th>
<th>Applicable to</th>
<th>Notification time limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in share capital or shareholding structure</td>
<td>LC, RI, SS, AE</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Change in contact information</td>
<td>LC, LR, RI, SS, AE</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Significant changes in nature of business carried on and types of services provided</td>
<td>LC, RI</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Significant changes in business plan</td>
<td>LC, RI</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Change in bank accounts</td>
<td>LC, AE</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Change in associated entity or its particulars</td>
<td>LC, RI, AE</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Change in insurance policy maintained under the Securities and Futures (Insurance) Rules</td>
<td>LC</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Change in auditor’s name</td>
<td>LC, RI</td>
<td>Within 7 business days</td>
</tr>
<tr>
<td>Give notice of a motion to change auditor in a general meeting, etc (see section 154 of the SFO)</td>
<td>LC, AE&lt;sup&gt;23&lt;/sup&gt;</td>
<td>Within 1 business day</td>
</tr>
<tr>
<td>Change in executive officer or his particulars</td>
<td>RI, AE</td>
<td>Within 7 business days</td>
</tr>
</tbody>
</table>

(LC: Licensed corporation; LR: Licensed representative; RO: Responsible officer; RI: Registered institution; SS: Substantial shareholder; AE: Associated entity)

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<sup>23</sup> This requirement is not applicable to an associated entity which is an authorized financial institution.
Changes that require prior approval

9.7 Table 5 contains certain changes that require the prior approval of the SFC. If you are a licensed person or a registered institution and intend to make any such changes, you or the person concerned (e.g. proposed substantial shareholder of a licensed corporation) should lodge an application with the SFC via the SFC Online Portal (or by completing Form 4 and relevant Supplement(s)).

Table 5 – Certain changes that require prior approval of the SFC  
(It is preferable for applications to be submitted through the SFC Online Portal.)

<table>
<thead>
<tr>
<th>Type of change</th>
<th>Applicable to</th>
<th>Fee required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addition of regulated activity</td>
<td>LC, LR, RI</td>
<td>Yes</td>
</tr>
<tr>
<td>Reduction of regulated activity</td>
<td>LC, LR, RI</td>
<td>Yes$^{25}$</td>
</tr>
<tr>
<td>Modification or waiver of licensing or registration condition</td>
<td>LC, LR, RI</td>
<td>Yes</td>
</tr>
<tr>
<td>Change of financial year end</td>
<td>LC, AE$^{23}$</td>
<td>Yes</td>
</tr>
<tr>
<td>Adoption of period exceeding 12 months as financial year</td>
<td>LC, AE$^{23}$</td>
<td>Yes</td>
</tr>
<tr>
<td>Extension of deadline for submission of audited accounts</td>
<td>LC, AE$^{23}$</td>
<td>Yes</td>
</tr>
<tr>
<td>New premises to be used for keeping records or documents</td>
<td>LC</td>
<td>Yes</td>
</tr>
<tr>
<td>Becoming a substantial shareholder of a licensed corporation</td>
<td>SS</td>
<td>Yes</td>
</tr>
<tr>
<td>Transfer or addition of accreditation</td>
<td>LR</td>
<td>Yes</td>
</tr>
<tr>
<td>Licensed representative becoming responsible officer</td>
<td>LR</td>
<td>Yes</td>
</tr>
</tbody>
</table>

$^{24}$ Please refer to Appendix C for the required application fee amount.

$^{25}$ If you intend to reduce the last regulated activity for which you are licensed or registered, you are only required to notify the SFC of the intended change. No application fee is payable.
Addition or reduction of regulated activity

9.8 A licensed corporation, a licensed representative or a registered institution may apply to the SFC to vary the regulated activity specified in his licence or certificate of registration (section 127(1) of the SFO). If the application is approved, he should return his old licence or certificate of registration to the SFC for amendment or cancellation (as the case may be).

Modification or waiver of licensing conditions or certain other requirements

9.9 A licensed corporation, a licensed representative or a registered institution may apply for modification or waiver of the licensing conditions imposed or certain other requirements (section 134 of the SFO). If the application is approved, he would have to return his old licence or certificate to us for amendment where necessary.

Change of financial year end and/or adoption of a financial period exceeding 12 months

9.10 A licensed corporation or an associated entity of an intermediary may apply for an alternation of financial year end previously notified to the SFC and/or adoption of a period exceeding 12 months as its financial year (section 155(3) of the SFO).

Extension of deadline to submit audited accounts

9.11 A licensed corporation or an associated entity of an intermediary may apply for an extension of time to lodge its audited accounts (section 156(4) of the SFO) and the SFC may grant an extension if it is satisfied that there are special reasons for doing so. If a licensed corporation or an associated entity anticipates that an extension of the submission deadline may be required, it should submit its application to extend the submission period well before the deadline.

New premises to be used for keeping records or documents

9.12 A licensed corporation needs to apply for the SFC’s approval for each new premises to be used for keeping records or documents (section 130 of the SFO). An intended new business address will inevitably trigger this application.
Becoming substantial shareholder of licensed corporation

9.13 A person (including a corporation) is required to apply for the SFC’s approval before he can become or continue to be a substantial shareholder\(^{26}\) of a licensed corporation (section 132 of the SFO).

9.14 A person, being aware that he became a substantial shareholder of a licensed corporation without the SFC’s prior approval should as soon as reasonably practicable and in any event within 3 business days after he became so aware, apply to the SFC for approval to continue to be a substantial shareholder of the corporation.

9.15 A group chart depicting the relevant change in shareholding structure including the respective number of shares and percentage of shareholdings shall be submitted together with the application.

Transfer or addition of accreditation of licensed representative

9.16 A licensed representative may apply for transfer or addition of accreditation (section 122 of the SFO). When submitting such application, the licensed representative is required to return his licence concurrent with his application to the SFC for necessary amendment if he has not already done so.

Licensed representative becoming responsible officer

9.17 A licensed representative may apply to become a responsible officer of his principal(s) in respect of all or any regulated activities for which he is licensed. If the application is approved, the representative should return his old licence to the SFC for amendment.

\(^{26}\) A person shall, in relation to a corporation, be regarded as a “substantial shareholder” of the corporation, if he, either alone or with any of his associates—

(a) has an interest in shares in the corporation—

(i) the nominal value of which shares is equal to more than the nominal value of 10% of the issued share capital of the corporation; or

(ii) which entitles the person, either alone or with any of his associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at general meetings of the corporation; or

(b) holds shares in any other corporation which entitles him, either alone or with any of his associates and either directly or indirectly, to exercise or control the exercise of more than 35% or more of the voting power at the general meetings of the other corporation, or of a further corporation, which is itself entitled, either alone or with any of its associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at the general meetings of the corporation.

Please refer to Part 1 of Schedule 1 to the SFO for the definition of “associate”, “hold” and other related terms.
Part 10 On-going obligations

Remaining fit and proper

10.1 Licensed corporations, licensed representatives and registered institutions must remain fit and proper at all times. They have to comply with all applicable provisions of the SFO and its subsidiary legislation as well as the codes and guidelines issued by the SFC.

Notification of certain events and changes

10.2 As mentioned in Part 9, licensed corporations, licensed representatives and registered institutions are required to notify the SFC of certain events and changes in their particulars within the specified time limit.

Submission of audited accounts, etc.

10.3 Licensed corporations and associated entities of intermediaries (except for those which are authorized financial institutions) are required to submit their audited accounts and other required documents within 4 months after the end of each financial year (section 156(1) of the SFO).

10.4 Furthermore, if a licensed corporation ceases carrying on all of the regulated activities for which it is licensed, it should submit to the SFC its audited accounts and other required documents, made up to the date of cessation, not later than 4 months after the date of the cessation. The same submission requirement applies to an associated entity (which is not an authorized financial institution) of an intermediary upon its ceasing to be such an associated entity (section 156(2) of the SFO).

Submission of financial resources returns

10.5 Licensed corporations are required to submit monthly financial resources returns to the SFC except for those corporations licensed for only Type 4, Type 5, Type 6, Type 9 and/or Type 10 regulated activities and their licences are subject to the condition that they shall not hold client assets. In such latter case, the corporations concerned shall submit semi-annual financial resources returns to the SFC (section 56 of the Securities and Futures (Financial Resources) Rules).
Payment of annual fees

10.6 All licensed persons and registered institutions should pay annual fees within one month after each anniversary date of their licences or registrations (section 138(2) of the SFO). Appendix C details the annual fee amounts payable.

10.7 Failure to make full payment of the annual fee before the due date will attract surcharge on the outstanding amount and possible suspension and revocation of a licence or registration (sections 138(3) and 195(4)(a) and (6) of the SFO). Details are depicted in Table 6.

Table 6 – Penalty for late or non-payment of annual fees

<table>
<thead>
<tr>
<th>Overdue period</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 month</td>
<td>10% surcharge</td>
</tr>
<tr>
<td>Over 1 month but less than 2 months</td>
<td>30% surcharge</td>
</tr>
<tr>
<td>Over 2 months but less than 3 months</td>
<td>50% surcharge</td>
</tr>
<tr>
<td>Over 3 months but less than 4 months</td>
<td>Suspension(^{27}) of licence or registration</td>
</tr>
<tr>
<td>Over 4 months</td>
<td>Revocation of licence or registration</td>
</tr>
</tbody>
</table>

\(^{27}\) Subject to the SFC giving 10 business days notice.
Submission of annual returns

10.8 Licensed corporations and licensed representatives are required to submit annual returns to the SFC within one month after each anniversary date of their licences (section 138(4) of the SFO). It is preferable for annual returns to be submitted through the SFC Online Portal (alternatively, Form 7 or Form 8 may be used).

10.9 Failure to submit annual return before the due date could result in suspension and revocation of the licence concerned as described in Table 7 (section 195(4)(b) and (6) of the SFO).

Table 7 – Penalty for late or non-submission of annual returns

<table>
<thead>
<tr>
<th>Overdue period</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 3 months but less than 4 months</td>
<td>Suspension(^{27}) of licence</td>
</tr>
<tr>
<td>Over 4 months</td>
<td>Revocation of licence</td>
</tr>
</tbody>
</table>

Continuous professional training (“CPT”)

10.10 Licensed corporations and registered institutions are held primarily responsible for designing and implementing a continuous education programme best suited to the training needs of the licensed representatives or relevant individuals they engaged. Such programmes should be able to enhance the individuals’ industry knowledge, skills and professionalism. Sufficient records on the programmes and the CPT activities undertaken by the individuals should be kept for a minimum of 3 years and be made available for inspection upon request by the SFC or the HKMA.

10.11 Licensed individuals and relevant individuals of registered institutions are generally required to complete 5 CPT hours per calendar year for each regulated activity which they may carry out except for Type 7 regulated activity (providing automated trading services). They should also retain their own CPT compliance records for a minimum of 3 years.

10.12 Please refer to the Guidelines on Continuous Professional Training issued by the SFC for more information.
Part 11 Public register

11.1 Under section 136(1) of the SFO, the SFC maintains a register that contains certain particulars of licensed persons and registered institutions. Members of the public may access to the register through the SFC’s web site.

Particulars contained in the register

11.2 The particulars contained in the register are set out in section 136(2) of the SFO and Schedule 4 to the Securities and Futures (Licensing and Registration) (Information) Rules. They include:-

For both licensed corporation and licensed representative

- Licensee’s name and CE number
- Date of the licence granted
- Business address
- Licensing condition(s) if any and its effective date
- Type(s) of regulated activity licensed and its effective date
- Licence status (whether the licence is suspended)
- Record of each public disciplinary action taken by the SFC against the licensee in the past 5 years
- Modification or waiver granted (if any) and related particulars
- Licence record of the licensee

For licensed corporation only

- Licence category (whether it is a normal licence or temporary licence)
- E-mail address (if any)
- Web site address (if any)
- Contact details of its complaints officer
- List of its accredited representatives

28 The SFC’s public register can also be accessed directly at the following address:- http://www.sfc.hk/web/EN/regulatory-functions/intermediaries/licensing/register-of-licensees-and-registered-institutions.html
For licensed representatives only

- Licence category (whether it is a normal licence, a provisional licence or a temporary licence)
- Licensee’s role (whether he is also approved as an responsible officer)
- Name of the licensee’s accredited principal(s) and the date of accreditation

For registered institutions

- Registered institution’s name and CE number
- Date of registration granted
- Business address
- E-mail address (if any)
- Web site address (if any)
- Contact details of its complaints officer
- Details of registration condition(s) if any and its effective date
- Type(s) of regulated activity registered and its effective date
- Registration status (whether the registration is suspended)
- Record of each public disciplinary action taken by the SFC against the registered institution in the past 5 years
- Modification or waiver granted (if any) and related particulars
- Registration record of the registered institution

11.3 Under section 20 of the Banking Ordinance, the HKMA maintains a register containing certain particulars of relevant individuals engaged by registered institutions in carrying out regulated activities. This register can be accessed through the HKMA’s web site at http://www.hkma.gov.hk.
Part 12  Disciplinary actions

12.1 The SFC may take disciplinary action against a regulated person (including a licensed person or a registered institution) if that person is found to be guilty of misconduct or not fit and proper to be or remain the same type of regulated person (sections 194 and 196 of the SFO).

12.2 Section 194 of the SFO deals with disciplinary actions in respect of licensed persons, etc. For the purposes of that section, a “regulated person” means a person who is or at the relevant time was any of the following types of person:-
(a) a licensed person;
(b) a responsible officer of a licensed corporation; or
(c) a person involved in the management of the business of a licensed corporation.

12.3 Section 196 of the SFO deals with disciplinary actions in respect of registered institutions, etc. For the purposes of that section, a regulated person means a person who is or at the relevant time was any of the following types of person:-
(a) a registered institution;
(b) an executive officer of a registered institution;
(c) a person involved in the management of the business constituting any regulated activity for which a registered institution is or was (as the case may be) registered; or
(d) an individual whose name is or was (as the case may be) entered in the register maintained by the HKMA under section 20 of the Banking Ordinance as that of a person engaged by a registered institution in respect of a regulated activity.
Subject to the due process for exercising disciplinary powers laid down in section 198 of the SFO, the SFC may exercise any of the following disciplinary actions against a regulated person:-

- Revocation or suspension of a licence or a registration;
- Revocation or suspension of part of a licence or registration in relation to any of the regulated activities for which a regulated person is licensed or registered;
- Revocation or suspension of the approval granted to a responsible officer;
- Public or private reprimand on a regulated person;
- Prohibition of a regulated person from applying to be licensed or registered or to be approved as a responsible officer, etc; and
- Pecuniary penalty of up to $10,000,000 or 3 times the profit gained or loss avoided as a result of the conduct in question.
Appendix A

Provision of financial information on the Internet or on-line trading services

1. **Periodical publication exemption**

   The definitions of “advising on corporate finance”, “advising on securities”, and “advising on futures contracts” in Schedule 5 to the SFO provide a specific exclusion for a person giving advice through a newspaper, magazine, book or other publication which is made generally available to the public (see paragraph 5.9 of this Booklet). Internet publications may rely on this licensing exemption if they are able to satisfy the requirements of the provisions.

2. **Providing generic factual market information**

   The ambit of “advising on securities” or “advising on futures contracts” as defined in Schedule 5 to the SFO is broad. In the present context, the licensing requirement should not generally be extended to cover activities concerned solely with the provision of generic factual market information (whether or not through the Internet) where no recommendation on specific securities/futures contracts or investment advice has been made, or to cover the reproduction of the entire research reports of persons licensed by or registered with the SFC.

3. **Hyperlinks to other financial web sites**

   The mere presence of hyperlinks, notwithstanding the links may be with a licensed or registered person, does not of itself trigger a licensing requirement. However, the presence of any inducement, or invitation, to visit the related sites through the links concerned may mean a licence or registration is required. It should be noted that effecting an introduction of a client to a securities/futures/leveraged foreign exchange dealer or his representative in return for a commission, rebate or other remuneration may constitute a regulated activity, for which a licence or registration may be required.
4. **Providing analytical tools**

Analytical tools facilitating the making of investment decisions are often available from financial information web sites. In general, where the tools are able to identify a variety of investment possibilities or recommendations presenting different choices to users, the providers of such tools would be regarded as “advising on securities” or “advising on futures contracts”. An example would be an analytical tool able to make specific recommendations on the basis of the investment profile (such as risk aversion, age or projected cash flow) as determined by the user. However, the mere provision of analytical tools which solely filter publicly available data in a transparent process does not constitute an advisory activity. For example, the provision of a computer programme that identifies stocks of a particular industry sector having price earning ratios below a predetermined level, or that identifies investment funds having past annual returns above a predetermined level, should not trigger a licensing requirement.

5. **Providing automated trading services (“ATS”)**

A corporation that provides ATS as defined in Schedule 5 to the SFO shall either be authorized to provide ATS under Part III of the SFO, or licensed or registered under Part V of the SFO. As a general practice, if that corporation is already an intermediary in respect of other type(s) of regulated activity, it would need to be licensed or registered for Type 7 under Part V of the SFO. An intermediary wishing to submit such application should first read the *Guidelines for the Regulation of Automated Trading Services* and consult its professional advisors on related business proposal where necessary.
**Order routing facilities**

It should be noted that the provision of electronic order routing facilities generally would **not** be regarded as Type 7 regulated activity. If an intermediary intends to conduct dealing activities in the form of pure order routing via the Internet, it is required to:-

1. complete and submit a Questionnaire for Providing Electronic Trading Services which can be downloaded from the SFC’s website (http://www.sfc.hk/web/EN/forms/intermediaries/licensing-questionnaire/electronic-trading-services.html); and

2. notify the SFC in writing the effective date of launching such Internet services and the address of the web site.

An intermediary is responsible for ensuring that the order routing services or other electronic services that it wishes to provide do not fall within the definition of “providing ATS” under Schedule 5 to the SFO. If the services do fall within the definition, the intermediary would need to be licensed or registered for Type 7 regulated activity (as the case may be).
## Application forms and supplements

(It is preferable for licensing applications to be made via the SFC Online Portal.)

### 1. Licensed corporation application

<table>
<thead>
<tr>
<th>Forms required</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form 1 and Supplements 1, 6, 7 and 8</td>
<td>-</td>
</tr>
<tr>
<td>+ Form 1(s)</td>
<td>if applicant proposes to act as a sponsor</td>
</tr>
<tr>
<td>+ Form 6</td>
<td>if applicant proposes to have any associated entity</td>
</tr>
<tr>
<td>+ Supplement 2</td>
<td>if applicant has any corporate substantial shareholder</td>
</tr>
<tr>
<td>+ Supplement 3</td>
<td>if applicant has any individual substantial shareholder or individual director who is not applying for a licence</td>
</tr>
<tr>
<td>+ Supplement 4</td>
<td>if applicant has any corporate director</td>
</tr>
<tr>
<td>+ Supplements 5 and 13</td>
<td>if applicant proposes to have any associated entity which is not a licensed corporation or registered institution</td>
</tr>
<tr>
<td>+ Supplement 9</td>
<td>if applicant has been licensed by or registered with the SFC and/or other regulatory body in Hong Kong or overseas to engage in any regulated or similar regulated activity</td>
</tr>
<tr>
<td>+ Supplement 14</td>
<td>if applicant proposes to carry on Type 7 regulated activity (providing automated trading services)</td>
</tr>
</tbody>
</table>
### 2. Temporary licensed corporation application

<table>
<thead>
<tr>
<th>Forms Required</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form 1A and Supplements 1, 6, 7 and 8</td>
<td>-</td>
</tr>
<tr>
<td>+ Supplement 2</td>
<td>if applicant has any corporate substantial shareholder</td>
</tr>
<tr>
<td>+ Supplement 3</td>
<td>for each individual proposed to supervise the corporation’s regulated activities, each individual substantial shareholder and each individual director</td>
</tr>
<tr>
<td>+ Supplement 4</td>
<td>if applicant has any corporate director</td>
</tr>
<tr>
<td>+ Supplement 9</td>
<td>if applicant has been licensed by or registered with the SFC and/or other regulatory body in Hong Kong or overseas to engage in any regulated or similar regulated activity</td>
</tr>
</tbody>
</table>
3. **Licensed representative application / Temporary licensed representative application**

<table>
<thead>
<tr>
<th>Forms required</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form 3</td>
<td>applicable to normal licensed representative application</td>
</tr>
<tr>
<td>Form 3A</td>
<td>applicable to temporary licensed representative application</td>
</tr>
<tr>
<td>+ Supplement 9</td>
<td>if applicant has been licensed by or registered with the SFC and/or other regulatory body in Hong Kong or overseas to engage in any regulated or similar regulated activity</td>
</tr>
<tr>
<td>+ Supplement 10</td>
<td>if applicant proposes to be a responsible officer</td>
</tr>
<tr>
<td>+ Supplement 10(s)</td>
<td>If applicant proposes to act as a sponsor principal</td>
</tr>
<tr>
<td>+ Supplement 11</td>
<td>if applicant proposes to be a responsible officer supervising Type 6 regulated activity (advising on corporate finance) and the applicant will undertake activities in connection with the Hong Kong Codes on Takeovers and Mergers and Share Repurchases</td>
</tr>
<tr>
<td>+ Supplement 12</td>
<td>if applicant is currently a director, partner or proprietor of any firm except the principal(s) proposed in the application</td>
</tr>
</tbody>
</table>
4. Registered institution application

<table>
<thead>
<tr>
<th>Forms required</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form 2 and Supplements 1 and 8</td>
<td>-</td>
</tr>
<tr>
<td>+ Form 6</td>
<td>if applicant proposes to have any associated entity</td>
</tr>
<tr>
<td>+ Supplement 5 and 13</td>
<td>if applicant proposes to have any associated entity which is not a licensed corporation or registered institution</td>
</tr>
<tr>
<td>+ Supplement 9</td>
<td>if applicant has been licensed by or registered with the SFC and/or other regulatory body in Hong Kong or overseas to engage in any regulated or similar regulated activity</td>
</tr>
<tr>
<td>+ Supplement 14</td>
<td>if applicant intends to carry on Type 7 regulated activity (providing automated trading services)</td>
</tr>
</tbody>
</table>
Licensing fees

1. Licence or registration application fees

<table>
<thead>
<tr>
<th>Type of application</th>
<th>Type of regulated activity (“RA”)</th>
<th>Application fee amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed corporation</td>
<td>Types 1, 2, 4, 5, 6, 7, 8, 9, 10</td>
<td>$4,740 per RA</td>
</tr>
<tr>
<td></td>
<td>Type 3</td>
<td>$129,730</td>
</tr>
<tr>
<td>Temporary licensed corporation</td>
<td>Types 1, 2, 4, 5, 6, 10</td>
<td>$4,900 per RA</td>
</tr>
<tr>
<td>Registered institution</td>
<td>Types 1, 2, 4, 5, 6, 7, 9, 10</td>
<td>$23,500 per RA</td>
</tr>
<tr>
<td>Licensed representative</td>
<td>Types 1, 2, 4, 5, 6, 7, 8, 9, 10</td>
<td>$1,790 per RA</td>
</tr>
<tr>
<td></td>
<td>Type 3</td>
<td>$2,420</td>
</tr>
<tr>
<td>Provisional licensed representative</td>
<td>Not applicable</td>
<td>$800 per application</td>
</tr>
<tr>
<td>Temporary licensed representative</td>
<td>Types 1, 2, 4, 5, 6, 10</td>
<td>$1,850 per RA</td>
</tr>
<tr>
<td>Approval to become responsible officer</td>
<td>Types 1 through 10</td>
<td>$2,950 per RA</td>
</tr>
</tbody>
</table>

29 The application fee payable for Type 7 regulated activity is waived if the applicant’s proposed carrying on of Type 7 regulated activity is incidental to the carrying on, or proposed carrying on, of Type 1 or Type 2 regulated activity by that applicant.

30 This fee is payable on top of the application fee for becoming a normal licensed representative.
# Annual fees

<table>
<thead>
<tr>
<th>Types of intermediary</th>
<th>Types of regulated activity (“RA”)</th>
<th>Annual fee amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed corporation</td>
<td>Types 1, 2, 4, 5, 6, 7, 8, 9, 10</td>
<td>$4,740 per RA(^\text{31})</td>
</tr>
<tr>
<td></td>
<td>Type 3</td>
<td>$129,730</td>
</tr>
<tr>
<td>Licensed representative (not approved as responsible officer)</td>
<td>Types 1, 2, 4, 5, 6, 7, 8, 9, 10</td>
<td>$1,790 per RA(^\text{31})</td>
</tr>
<tr>
<td></td>
<td>Type 3</td>
<td>$2,420</td>
</tr>
<tr>
<td>Licensed representative (approved as responsible officer)</td>
<td>Types 1, 2, 4, 5, 6, 7, 8, 9, 10</td>
<td>$4,740 per RA(^\text{31})</td>
</tr>
<tr>
<td></td>
<td>Type 3</td>
<td>$5,370</td>
</tr>
<tr>
<td>Registered institution</td>
<td>Types 1, 2, 4, 5, 6, 7, 9, 10</td>
<td>$35,000 per RA(^\text{31})</td>
</tr>
</tbody>
</table>

\(^\text{31}\) The annual fee payable for Type 7 regulated activity is waived if the person’s carrying on of Type 7 regulated activity is incidental to the person’s carrying on of Type 1 or Type 2 regulated activity for which the person is licensed or registered.
### 3. Miscellaneous applications

**For licensed corporations**

<table>
<thead>
<tr>
<th>Types of application</th>
<th>Application fee amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addition of regulated activities other than Type 3</td>
<td>$4,740 per RA</td>
</tr>
<tr>
<td>Addition of Type 3 regulated activity</td>
<td>$129,730</td>
</tr>
<tr>
<td>Reduction of regulated activity</td>
<td>$200 per RA(^{32})</td>
</tr>
<tr>
<td>Issuance of duplicate licence</td>
<td>$200</td>
</tr>
<tr>
<td>Modification or waiver of licensing condition</td>
<td>$2,000</td>
</tr>
<tr>
<td>Modification or waiver of “fit and proper” requirements under section 129 of the SFO</td>
<td>$4,000</td>
</tr>
<tr>
<td>Change of financial year end</td>
<td>$2,000(^{33})</td>
</tr>
<tr>
<td>Adoption of a period exceeding 12 months as a financial year</td>
<td>$2,000(^{33})</td>
</tr>
<tr>
<td>Apply for both “change of financial year end” and “adoption of a period exceeding 12 months as a financial year” at the same time</td>
<td>$2,000(^{33})</td>
</tr>
<tr>
<td>Extension of deadline for submission of audited accounts</td>
<td>$2,000(^{33})</td>
</tr>
<tr>
<td>Approval of premises for keeping of records or documents</td>
<td>$1,000(^{34})</td>
</tr>
<tr>
<td>Addition of substantial shareholder</td>
<td>$3,000(^{35})</td>
</tr>
<tr>
<td>Substantial change in particulars which necessitates the grant of a new licence (e.g. change in name)</td>
<td>$200(^{36})</td>
</tr>
</tbody>
</table>

---

\(^{32}\) No fee is required for removing all regulated activities specified in the licence.

\(^{33}\) This fee is also applicable to associated entities of intermediaries lodging related applications.

\(^{34}\) Payable on a per application basis regardless of the number of premises proposed in an application.

\(^{35}\) Payable on a per application basis regardless of the number of substantial shareholders proposed and the number of licensed corporations concerned in an application.

\(^{36}\) This fee is waived if the change event is related to another application which requires a separate application fee payable to the SFC (e.g. application for variation of regulated activities, application for modification or waiver of licensing conditions) or if the relevant notification is submitted through the SFC Online Portal.
For licensed representatives

<table>
<thead>
<tr>
<th>Types of application</th>
<th>Application fee amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addition of regulated activities other than Type 3</td>
<td>$1,790 per RA</td>
</tr>
<tr>
<td>Addition of Type 3 regulated activity</td>
<td>$2,420</td>
</tr>
<tr>
<td>Reduction of regulated activity</td>
<td>$200 per RA</td>
</tr>
<tr>
<td>Approval of additional accreditation</td>
<td>$200</td>
</tr>
<tr>
<td>Transfer of accreditation</td>
<td>$200 per RA</td>
</tr>
<tr>
<td>Modification or waiver of licensing condition</td>
<td>$2,000</td>
</tr>
<tr>
<td>Modification or waiver of “fit and proper” requirements under section 129 of the SFO</td>
<td>$4,000</td>
</tr>
<tr>
<td>Issuance of duplicate licence</td>
<td>$200</td>
</tr>
<tr>
<td>Approval as responsible officer</td>
<td>$2,950 per RA</td>
</tr>
<tr>
<td>Substantial change in particulars which necessitates the grant of a new licence (e.g. change in name)</td>
<td>$200</td>
</tr>
</tbody>
</table>

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37 Payable on a per application basis regardless of the number of new principals proposed in an application.

38 This fee is waived if the change event is related to another application which requires a separate application fee payable to the SFC (e.g. application for variation of regulated activities, application for transfer or addition of accreditation, application for modification or waiver of licensing conditions) or if the relevant notification is submitted through the SFC Online Portal.
For registered institutions

<table>
<thead>
<tr>
<th>Types of application</th>
<th>Application fee amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addition of regulated activity</td>
<td>$23,500 per RA</td>
</tr>
<tr>
<td>Reduction of regulated activity</td>
<td>$200 per RA</td>
</tr>
<tr>
<td>Issuance of duplicate certificate of registration</td>
<td>$200</td>
</tr>
<tr>
<td>Modification or waiver of registration condition</td>
<td>$2,000</td>
</tr>
<tr>
<td>Modification or waiver of “fit and proper” requirements under section 129 of the SFO</td>
<td>$4,000</td>
</tr>
<tr>
<td>Substantial change in particulars which necessitates the grant of a new certificate of registration (e.g. change in name)</td>
<td>$200</td>
</tr>
</tbody>
</table>

39 No fee is required for removing all regulated activities specified in the certificate of registration.

40 This fee is waived if the change event is related to another application which requires a separate application fee payable to the SFC (e.g. application for variation of regulated activities, application for modification or waiver of registration conditions) or if the relevant notification is submitted through the SFC Online Portal.