



SECURITIES AND
FUTURES COMMISSION
證券及期貨事務監察委員會

A Consultation Paper on the Securities and Futures (Contracts Limits and Reportable Positions) Rules

《證券及期貨(合約限額及須申報的持倉量)規則》
諮詢文件

Hong Kong
March 2002

香港
2002年3月

Consultation

This consultation document invites public comments on the draft **Securities and Futures (Contracts Limits and Reportable Positions) Rules** (“the draft Rules”) which the Securities and Futures Commission (“SFC”) proposes to make under section 35(1) of the Securities and Futures Ordinance (No. 5 of 2002) when it commences.

Introduction

1. The draft Rules are based on the Securities (Exchange – Traded Stock Options) Rules and the Commodities Trading (Trading Limits) Rules (together referred to as the “existing Rules”), which have been made under the Securities Ordinance (Cap.333) and the Commodities Trading Ordinance (Cap.250), respectively. Like the Securities Ordinance and the Commodities Trading Ordinance, the Securities and Futures Ordinance does not contain detailed provisions prescribing limits on futures and stock options contracts and the related reporting requirements. It merely gives the SFC the necessary rule-making power, under section 35(1), to prescribe requirements in subsidiary legislation. This provides the flexibility to address changing market conditions by quickly amending the Rules rather than the primary legislation.

2. There are controls built into the legislative system, whereby any rules made by the SFC must be subject to negative vetting by the Legislative Council. In addition, a mandatory consultation requirement is stipulated in section 398 of the Securities and Futures Ordinance. Therefore, the SFC now releases the draft Rules (see Attachment 1) for public consultation.

3. It is the intention of the SFC that the draft Rules should be user-friendly and they have been drafted in plain English with this objective in mind. Also, having both futures contracts and stock options contracts under the same set of rules should make compliance easier for the industry. The SFC would welcome suggestions from industry participants on any specific improvements that could be made to make compliance with the requirements of the draft Rules easier for participants.

4. The public may obtain copies of the consultation document and the attachments free of charge at the SFC’s office and on the SFC’s Internet website at <http://www.hksfc.org.hk>.

5. The SFC invites interested parties to submit written comments on the draft Rules or to comment on related matters that might have a significant impact upon the draft Rules no later than 11 April 2002. Any person wishing to comment should provide details of any organization whose views they represent. In addition, persons suggesting alternative approaches are encouraged to submit proposed text to amend the draft Rules.

Background to the draft Rules

6. A copy of the draft Rules is attached. They prescribe the limits on the number of specified futures contracts and specified stock options contracts which may be held or controlled by any person in any one contract month or expiry month. The draft Rules

provide that the limits apply unless that person has an express authorization from a recognized exchange company and require a person holding or controlling a reportable position in such contracts to notify a recognized exchange company under its rules.

7. The draft Rules have been prepared having regard to the existing Rules. The draft Rules are structured into three parts – the rules themselves prescribing the relevant limits and reporting requirements, Schedule 1, which sets out the prescribed limits and reportable positions for futures contracts and Schedule 2, which sets out the prescribed limits and reportable positions for stock options contracts.

New Policy Initiatives

8. No new policy changes have been incorporated into the draft Rules, which on the whole amalgamate the existing Rules. One minor difference with respect to the Securities (Exchange – Traded Stock Options) Rules is that the reference to short selling has been removed as this will be dealt with in the Short Selling Exemption Rules.

Other matters

9. Please note that the names of the commentators and the contents of their submissions may be published on the SFC web site and in other documents to be published by the SFC. In this connection, please read the Personal Information Collection Statement attached to this consultation paper.

10. You may not wish your name and/or submission to be published by the SFC. If this is the case, please state that you wish your name and/or submission to be withheld from publication when you make your submission.

11. Written comments may be sent

By mail to: SFC (Contracts Limits and Reportable Positions Rules)
12/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

Attn: Supervision of Markets Division

By fax to: (852) 25217917

By on-line submission at: <http://www/hksfc.org.hk>

By e-mail to: contract.limits_rules@hksfc.org.hk

12. The draft Rules should be read in conjunction with the Securities and Futures Ordinance itself.

Personal Information Collection Statement

1. This Personal Information Collection Statement (“PICS”) is made in accordance with the guidelines issued by the Privacy Commissioner for Personal Data. The PICS sets out the purposes for which your Personal Data¹ will be used following collection, what you are agreeing to with respect to the SFC’s use of your Personal Data and your rights under the PDPO.

Purpose of Collection

2. The Personal Data provided in your submission to the SFC in response to this Consultation Paper may be used by the SFC for one or more of the following purposes:
 - to administer the relevant Ordinances, rules, regulations, codes and guidelines
 - made or promulgated pursuant to the powers vested in the SFC
 - for the purposes of performing the SFC’s statutory functions under the relevant Ordinances
 - for research and statistical purposes
 - other purposes permitted by law

Transfer of Personal Data

3. Personal Data may be disclosed by the SFC to the members of the public in Hong Kong and elsewhere, as part of the public consultation on the Consultation Paper. The names of persons who submit comments on the Consultation Paper together with the whole or part of their submission may be disclosed to members of the public. This will be done by publishing this information on the SFC web site and in documents to be published by the SFC throughout and at the conclusion of the consultation period.

Access to Data

4. You have the right to request access to and correction of your Personal Data in accordance with the provisions of the PDPO. Your right of access includes the right to obtain a copy of your Personal Data provided in your submission on the Consultation Paper. The SFC has the right to charge a reasonable fee for processing any data access request.

Enquiries

5. Any enquiries regarding the Personal Data provided in your submission on the Consultation Paper, or requests for access to Personal Data or correction of Personal Data, should be addressed in writing to:

The Data Privacy Officer
The Securities and Futures Commission
12/F, Edinburgh Tower, The Landmark
15 Queen’s Road Central, Hong Kong

A copy of the Privacy Policy Statement adopted by the SFC is available upon request.

¹ Personal Data means personal data as defined in the Personal Data (Privacy) Ordinance, Cap 486 (“PDPO”)