

Summary of Licensing Information

1. Regulated Activities

- ▶ The Securities and Futures Ordinance stipulates 10 types of regulated activities (“RA”)

- ! 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

- ▶ Application fees:

Type of application	Type of RA	Application fee (HKD)
Licensed Corporation	1, 2, 4, 5, 6, 7, 8, 9, 10	4,740 per RA
	3	129,730
Licensed Representative	1, 2, 4, 5, 6, 7, 8, 9, 10	1,790 per RA
	3	2,420
Provisional Licensed Representative	Not applicable	800 per application, payable on top of the application fee
Temporary Licensed Representative	1,2,4,5,6,10	1,850 per RA
Approval to become Responsible Officer	1 through 10	2,950 per RA

- ▶ Annual fees:

Type of application	Type of RA	Annual fee (HKD)
Licensed Corporation	1, 2, 4, 5, 6, 7, 8, 9, 10	4,740 per RA
	3	129,730
Licensed Representative	1, 2, 4, 5, 6, 7, 8, 9, 10	1,790 per RA
	3	2,420
Responsible Officer	1, 2, 4, 5, 6, 7, 8, 9, 10	4,740 per RA
	3	5,370

2. General Fit and Proper Criteria

- ▶ Financial status;
- ▶ Educational or other qualifications or experience having regard to the nature of the functions to be performed;
- ▶ Ability to perform such functions efficiently, honestly and fairly; and
- ▶ Reputation, character, financial integrity and reliability.

3. Company

- ▶ The Company must be a company incorporated in Hong Kong or overseas company.
- ▶ Sole proprietorship or partnership is not an acceptable form of business structure for the purposes of licensing.
- ▶ The Company must appoint a complaints officer and emergency contact person.
- ▶ Licensed corporations engaged in RA Type 1, 2 or 8 are required to take out and maintain a master insurance policy against specific risks for a specified amount.
- ▶ The Company must prepare a business plan, detailing the nature and scope of business and types and sources of customers.

- ▶ The Company must maintain an operational manual and internal control procedures manual.

4. Financial Resources

- ▶ The Company must maintain the minimum paid-in share capital and minimum liquid capital requirement at all times.
- ▶ If the Company is engaged in more than one regulated activity, the higher/highest amount shall be maintained.
- ▶ The minimum paid-up capital and minimum liquid capital amounts are listed as follows:

Regulated Activity	Minimum Paid-Up Share Capital (HKD)	Minimum Liquid Capital (HKD)
Type 1	5,000,000	3,000,000
In the case where the corporation provides securities margin financing	10,000,000	3,000,000
In the case where the corporation is an approved introducing agent or trader	Not Applicable	500,000
Type 2	5,000,000	3,000,000
In the case where the corporation is an approved introducing agent, futures non-clearing dealer or trader	Not Applicable	500,000
Type 3	30,000,000	15,000,000
In the case where the corporation is an approved introducing agent	5,000,000	3,000,000
Type 4	5,000,000	3,000,000
If the corporation is subject to the licensing condition that it shall not hold client assets	Not Applicable	100,000
Type 5	5,000,000	3,000,000
If the corporation is subject to the licensing condition that it shall not hold client assets	Not Applicable	100,000
Type 6		
If the corporation does <u>not</u> act as sponsor and:		
<ul style="list-style-type: none"> • Is <u>not</u> subject to the licensing condition that it shall not hold client assets 	5,000,000	3,000,000
<ul style="list-style-type: none"> • Is subject to the licensing condition that it shall not hold client assets 	Not Applicable	100,000
If the corporation acts as a sponsor and:		
<ul style="list-style-type: none"> • Is <u>not</u> subject to the licensing condition that it shall not hold client assets 	10,000,000	3,000,000
<ul style="list-style-type: none"> • Is subject to the licensing condition that it shall not hold client assets 	10,000,000	100,000
Type 7	5,000,000	3,000,000
Type 8	10,000,000	3,000,000
Type 9	5,000,000	3,000,000
If the corporation is subject to the licensing condition that it shall not hold client assets	Not Applicable	100,000
Type 10	5,000,000	3,000,000
If the corporation is subject to the licensing condition that it shall not hold client assets	Not Applicable	100,000

5. Responsible Officers

- ▶ At least 2 responsible officers must be appointed to directly supervise the conduct of each regulated activity.
- ▶ At least one of responsible officers must be an executive director and available at all times to supervise the business.
- ▶ The responsible officer must meet one of the three options of the competence test which is defined as follows:

	Option A	Option B	Option C	
Academic or Professional Qualifications	<ul style="list-style-type: none"> • Degree¹ in the designated fields²; • Other degree (with passes in at least two courses in the designated fields); or • Professional Qualifications³ 	<ul style="list-style-type: none"> • Other degree (without passes in two courses in the designated fields) 	<ul style="list-style-type: none"> • Attained Level 2 in either English or Chinese as well as in Mathematics in the HKDSE or equivalent⁵ 	
Relevant Industry Experience	At least 3 years over past 6 years	At least 3 years over past 6 years	At least 3 years over past 6 years	At least 5 years over past 8 years
Recognised Industry Qualification (“RIQ”) or Extra CPT⁴	-	Obtained relevant RIQ or completed relevant Extra CPT	Obtained relevant RIQ	Completed relevant Extra CPT
Management Experience	2 years	2 years	2 years	
Local Regulatory Framework Paper (“LRP”)	Pass	Pass	Pass	

Notes to Table:

- (1) If an applicant who is a degree holder has attained a post-graduate diploma or certificate which is (a) issued by a university or other similar tertiary institution in Hong Kong or elsewhere; or (b) recognised as Level 6 or above under the Qualifications Framework in Hong Kong, then the post-graduate diploma or certificate will also be taken into account in assessing the applicant's competence. For further details about the Qualifications Framework in Hong Kong, please visit www.hkqf.gov.hk.
- (2) “Designated fields” refer to accounting, business administration, economics, finance and law.
- (3) Internationally-recognised professional qualifications in law, accounting or finance. Internationally-recognised professional qualifications in finance include Chartered Financial Analyst (CFA), Certified International Investment Analyst (CIIA) and Certified Financial Planner (CFP).
- (4) Continuous Professional Training (“CPT”) refers to the required annual Continuous Professional Training hours of a licensed person. “Extra CPT” means that the individual must complete five CPT hours for each RA he or she applies for, which is a one-off requirement. The additional CPT hours should be taken within six months preceding the submission of the application.
- (5) The SFC also recognises (a) the attainment of grade E or above in either English or Chinese as well as in Mathematics in the Hong Kong Certificate of Education Examination (HKCEE) and (b) passes in the same subjects in other high school public examinations (such as university entry examinations) in Hong Kong or elsewhere as equivalent to HKDSE.

6. Licensed Representatives

► The licensed representative must meet one of the three options of the competence test which is defined as follows:

	Option A	Option B		Option C	
Academic or Professional Qualifications	<ul style="list-style-type: none"> • Degree¹ in the designated fields²; • Other degree (with passes in at least two courses in the designated fields); or • Professional Qualifications³ 	<ul style="list-style-type: none"> • Other degree (without passes in two courses in the designated fields) 		<ul style="list-style-type: none"> • Attained Level 2 in either English or Chinese as well as in Mathematics in the HKDSE or equivalent⁵ 	
Relevant Industry Experience	-	At least 2 years over past 5 years	-	At least 2 years over past 5 years	-
RIQ or Extra CPT⁴	-	-	Obtained relevant RIQ or completed relevant Extra CPT	Completed relevant Extra CPT	Obtained relevant RIQ
LRP	Pass	Pass		Pass	

Notes to Table:

- (1) If an applicant who is a degree holder has attained a post-graduate diploma or certificate which is (a) issued by a university or other similar tertiary institution in Hong Kong or elsewhere; or (b) recognised as Level 6 or above under the Qualifications Framework in Hong Kong, then the post-graduate diploma or certificate will also be taken into account in assessing the applicant's competence. For further details about the Qualifications Framework in Hong Kong, please visit www.hkqf.gov.hk.
- (2) "Designated fields" refer to accounting, business administration, economics, finance and law.
- (3) Internationally-recognised professional qualifications in law, accounting or finance. Internationally-recognised professional qualifications in finance include Chartered Financial Analyst (CFA), Certified International Investment Analyst (CIIA) and Certified Financial Planner (CFP).
- (4) Continuous Professional Training ("CPT") refers to the required annual Continuous Professional Training hours of a licensed person. "Extra CPT" means that the individual must complete five CPT hours for each RA he or she applies for, which is a one-off requirement. The additional CPT hours should be taken within six months preceding the submission of the application.
- (5) The SFC also recognises (a) the attainment of grade E or above in either English or Chinese as well as in Mathematics in the Hong Kong Certificate of Education Examination (HKCEE) and (b) passes in the same subjects in other high school public examinations (such as university entry examinations) in Hong Kong or elsewhere as equivalent to HKDSE.

► A person can apply for a provisional licence to carry on regulated activity as a representative if it is satisfied the fit and proper test and that the grant of the provisional licence will not prejudice the interest of the investing public. The provisional licence would be revoked once the application to be a normal licensed representative is approved or refused, whichever first occurs.

7. Licensed Examination for Securities and Futures Intermediaries (LE)

► The Exam has been recognized by the SFC for registration as Representatives and/or Responsible Officers. The following tables outline the papers approved by the SFC as recognised industry qualifications and local regulatory framework papers:

Responsible Officers – RIQ

RA	RIQ
1, 4 & 8	HKSI LE Papers 7 & 8
2 & 5	HKSI LE Papers 7 & 9
3	Vocational Training Council (“VTC”) Leveraged Foreign Exchange Trader’s Responsible Officer Examination Paper 2
6	HKSI LE Papers 7 & 11
7	No RIQ requirement
9	HKSI LE Papers 7 & 12
10	HKSI LE Papers 7 & 10

- ▶ The SFC will still accept the industry qualifications as listed in Appendix C of the previous guideline, which can be found here: [Competence Guidelines \(sfc.hk\)](#).

Responsible Officers – LRP

RA	LRP
1, 4 & 8	HKSI LE Papers 1 & 2
2 & 5	HKSI LE Papers 1 & 3
3	VTC Leveraged Foreign Exchange Trader’s Responsible Officer Examination Paper 1
6	HKSI LE Papers 1 & 5
7	No LRP requirement
9	HKSI LE Papers 1 & 6
10	HKSI LE Papers 1 & 4

Licensed Representative – RIQ

RA	RIQ
1, 4 & 8	HKSI LE Papers 7 & 8
2 & 5	HKSI LE Papers 7 & 9
3	VTC Leveraged Foreign Exchange Trader’s Responsible Officer Examination Paper 2 or Representative Examination Paper 2
6	HKSI LE Papers 7 & 11
7	No RIQ requirement
9	HKSI LE Papers 7 & 12
10	HKSI LE Papers 7 & 10

- ▶ The SFC will still accept the industry qualifications as listed in Appendix C of the previous guideline, which can be found here: [Competence Guidelines \(sfc.hk\)](#).

Licensed Representative – LRP

RA	LRP
1 – 10 (except 3 and 7)	HKSI LE Papers 1
3	VTC Leveraged Foreign Exchange Trader’s Responsible Officer Examination Paper 1 or Representative Examination Paper 1
7	No RIQ requirement

- ▶ All examination papers will be offered in both English and Chinese.
- ▶ All questions are compulsory and will be set in multiple-choice (MC) format.
- ▶ For further details on licensing exams, please visit the [HKSI website](#).