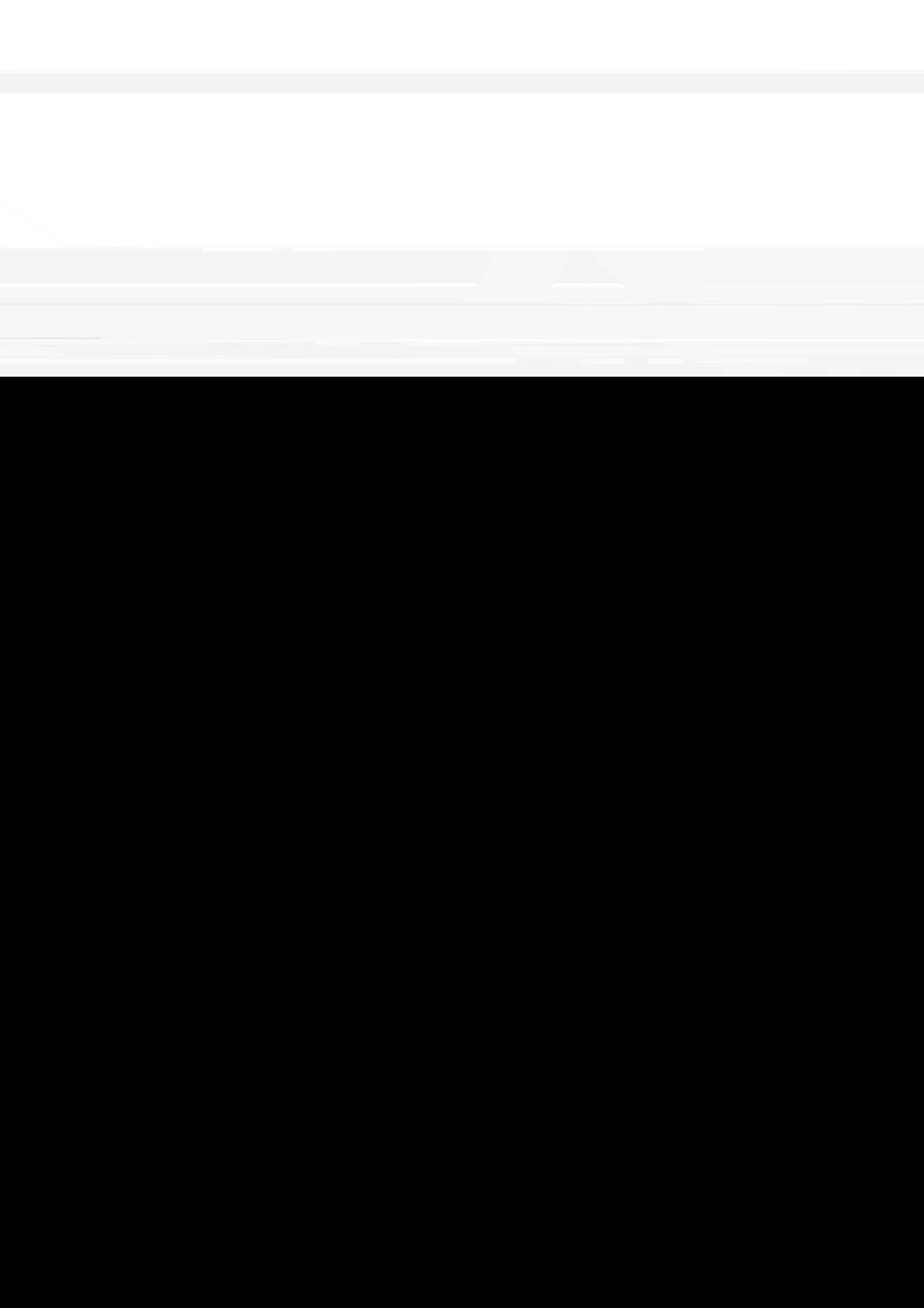




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Foreword

1. This Handbook 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).
2. Any person carrying on regulated activities in the securities and futures markets and the non-bank retail leveraged foreign exchange market in Hong Kong has to be



Part I

Do you need a licence or registration?

Chapter 1 Introduction

1.1 Types of regulated activity

1.1.1 Schedule 5 to the SFO stipulates 13 types of regulated activity and provides a detailed definition for each of them. These activities are:

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



you are an individual performing a regulated function⁴ 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 director⁵ of that corporation, you also need to be approved as a *responsible officer* (section 125(1)(a) of the SFO).

1.2.2 You need a **registration** if you are an authorized financial institution¹ and:

you carry on a business of regulated activity other than Type 3 (leveraged foreign exchange trading) and Type 8 (securities margin financing) regulated activities. In that case, you have to be a *registered institution* (section 114(1) and (2) of the SFO); 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).

1.2.3 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

(<https://apps.hkma.gov.hk/eng/index.php>).

1.2.4 Licensed corporations and registered institutions are referred to as form of business structure for the purposes of licensing.



Incidental exemption

- 1.3.3 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. Various factors are relevant in determining whether an incidental exemption is applicable to certain activity, for example whether the activity is subordinate to the carrying on of the other regulated activity for which the licensed corporation is or will be licensed, whether discrete fees are charged for the activity, and whether the activity constitutes a major part

apply in the following circumstances:

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

- 1.3.4 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

- 1.3.5 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

- 1.3.6 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



Securities dealer - margin financier exemption

- 1.3.7 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 3.2.17). This exemption normally applies to stockbrokers who also provide margin financing facilities to their securities clients.
- 1.3.8 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.

Credit rating services

- 1.3.9 If you intend to prepare credit ratings for dissemination to the public or for distribution by subscription in Hong Kong or elsewhere, you are required to be licensed for Type 10 regulated activity.
- 1.3.10 However, if a firm prepares credit ratings only for its internal use, such



In relation to dealing in futures contracts

you as principal carry out the dealing activity concerned in relation to a futures contract traded other than on a recognized futures market as defined in Schedule 1 of the SFO by way of dealing with a person who is a professional investor (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 investor (whether acting as principal or agent).

Group company exemption

- 1.3.13 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.



Broadcaster/Journalist exemption

- 1.3.17 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

- 1.3.18 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

- 1.3.19 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.

In relation to asset management activities

- 1.3.20 If a trustee company acting as trustee of a discretionary trust has appointed an appropriate person to manage the portfolio or in practice acts on professional advice in carrying out its duties as trustee, it would not be required to be licensed. However, if the provision of portfolio management services becomes a separate or distinct business of the trustee company, it is unlikely that the trustee company could rely on the wholly incidental exemption and it would have to apply for a licence for Type 9 regulated activity.

Leveraged foreign exchange trading exemption

- 1.3.21 Schedule 5 to the SFO provides a number of exclusions in the definition

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.



1.3.22 The Securities and Futures (Leveraged Foreign Exchange Trading Exemption) Rules



Virtual asset fund distributors

- 1.4.4 Firms which distribute funds that invest (solely or partially) in virtual assets in Hong Kong are required to be licenced for Type 1 regulated activity (dealing in securities). Given the significant risks posed to investors, guidance on the expected standards and practices when distributing virtual asset funds is provided in the ["Circular to](#)



Providing generic factual market information

1.4.9

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.

Providing analytical tools

1.4.10

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

specific recommendations on the basis of the investment profile (such



consult its professional advisers on related business proposal where necessary.

Order routing facilities

- 1.4.13 It should be noted that the provision of electronic order routing facilities and online facilities that simply allows clients to register for monthly subscription plans of authorized collective investment schemes or transmit regular subscription and redemption orders generally would not be regarded as Type 7 regulated activity. If an intermediary intends to conduct dealing activities in the form of the above facilities via the Internet, it is required to:

complete and submit a Questionnaire for Providing Electronic Trading Services in Questionnaire 2; and

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

- 1.4.14 An intermediary is responsible for ensuring that the order routing services or other electronic services that it wishes to provide do not fall 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).

Financial training

- 1.4.15 An SFC licence is generally not required for providing financial training or sharing general investment knowledge (e.g. in a classroom setting or through the internet). However, if the instructor or website digresses from imparting general investment knowledge to recommending specific stocks to students/viewers or inducing them to trade securities, the training institution, instructor and/or website content provider may be required to hold SFC licences.

Promotional or incentive schemes

- 1.4.16 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.
- 1.4.17 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



the appropriate protection afforded by the regulatory regime. In addition, the introducing party may not be fit and proper to carry out that function.



Chapter 2 Types of intermediary and licensed individual

2.1 Licensed corporations

Full licensed corporation

- 2.1.1 A corporation (that is not an authorized financial institution) which is granted a licence to carry on one or more regulated activities under section 116 of the SFO.

Please see paragraphs 3.2.1 to 3.2.22 for more information.

Temporary licensed corporation

- 2.1.2 A corporation (that is not an authorized financial institution) which is granted a temporary licence to carry on, for a period not exceeding three months, one or more regulated activities (other than Type 3 (leveraged foreign exchange trading), Type 7 (providing automated trading services), Type 8 (securities margin financing) and Type 9 (asset management)) under section 117 of the SFO.



Temporary licensed representative

- 2.3.3 An individual who is granted a temporary licence under section 121 of the SFO to carry on, for a period not exceeding three months, one or more regulated activities for a corporation licensed under section 116 or 117 of the SFO to which s/he is accredited.

Please see paragraphs 5.3.6 to 5.3.7 for more information.

2.4 Registered institutions

Registered institutions

- 2.4.1 An authorized financial institution which is registered to carry on one or more than one regulated activity, other than Type 3 (leveraged foreign exchange trading) and Type 8 (securities margin financing) regulated

the Banking Ordinance (i.e. a bank, a restricted licence bank or a deposit-taking company).

Please see Chapter 6 for more information.



Responsible officers

- 3.2.3 You should appoint not less than two responsible officers to directly supervise the conduct of each regulated activity you apply for.
- 3.2.4 For each regulated activity you apply for, 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 s/he is fit and proper to be so appointed and there is no conflict in the roles assumed.
- 3.2.5 At least one of your proposed responsible officers must be an executive director⁷ as defined under the SFO.
- 3.2.6 The SFC generally expects that the Managers-In-Charge of the Overall Management Oversight function and the Key Business Line function
pter should
regulated activities they oversee. For details, please refer to the
[ed corporations regarding measures for augmenting](#)
[and FAQ \(Measures for](#)
[augmenting senior management accountability in licensed corporations\)](#).
- 3.2.7 responsible officers accredited to your corporation.
- 3.2.8 All applications for approval as responsible officers should be lodged with the SFC for consideration together with your licence application.

Senior Management

- 3.2.9 The senior management of your corporation should bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures by you.
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responsible officers of the corporation, and individuals whom we call the Managers-In-Charge of Core Functions (MICs).

- 3.2.10 These three categories are not mutually exclusive. For instance, an individual can simultaneously be a director, responsible officer and MIC of a licensed corporation.



3.2.19



Cannot hold client assets

3.3.3 You cannot hold any client assets in carrying on the regulated activity.

Licensed period

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

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

Supervision of business

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

Substantial shareholders, officers and other related parties to be fit and proper

3.3.7 The same requirements as mentioned in paragraph 3.2.15 apply to you.

3.4 Further guidance

Exchange participants

3.4.1 Given the broader clientele coverage, the complexity of the business activities undertaken, and the need to have day-to-day dealings and communications with the exchanges, the SFC generally expects that an exchange participant of The Stock Exchange of Hong Kong



Chapter 4 Responsible officers

4.1 General fit and proper requirement

4.1.1 You need to satisfy the SFC that you have fulfilled the fit and proper requirement, having regard to:

- 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



Financial technology



- 4.4.13 Itinerant professionals should not be responsible officers because responsible officers are required to be responsible for overseeing the regulated activity for which their principal is licensed. Itinerant professionals spend only short periods in Hong Kong from time to time and for specific purposes. This is generally incompatible with the performance of the obligations that are imposed on responsible officers.

Sponsors

- 4.4.14 The Sponsor Guidelines (Appendix A to [*the Guidelines on Competence*](#)) set out eligibility requirements for being a sponsor principal of a licensed corporation of Type 6 regulated activity that engages in sponsor work. In particular, to qualify as a sponsor principal under Options 2 or 3 (see paragraph 3.2.3 of the Sponsor Guidelines), you may have to pass the Licensing Examination



officer has fully met the eligibility criteria under paragraph 2.2.1 of the TC Adviser Guidelines, a licensing condition may be imposed on the
nother
responsible officer whose licence is not subject to any condition in
relation to undertaking activities in connection with matters regulated by
-
professionals are not eligible to act as TCROs.

Real Estate Investment Trust (REIT) managers

- 4.4.17 Fund managers applying to be a responsible officer for Type 9 regulated activity to be accredited to a Real Estate Investment Trust management company are required to demonstrate a track record of at least five years in investment management and/or property portfolio management, in addition to the general competence requirements for responsible officers as stipulated in the Guidelines on Competence.

See also [FAQ \(Companies entering the industry for the purposes of managing real estate investment trusts\)](#).



Chapter 5



- 5.3.3 If you submit an application to be a licensed representative, you can also apply for a provisional licence. The fit and proper requirement described in paragraphs 5.1 to 5.2 is applicable. An application fee of \$800 for the provisional licence is required, in addition to the application fee to become a normal licensed representative.
- 5.3.4 Generally, the SFC expects to make a determination with respect to a provisional licence application within seven business days upon receipt of a properly completed application.
- 5.3.5 There is no specific expiry date imposed on provisional licences. Your provisional licence, if granted, will be deemed to be revoked when your application to be a normal licensed representative is approved or refused.

Temporary representative licence

- 5.3.6 Under section 121 of the SFO, the SFC may grant a temporary licence to an individual who is regulated by a relevant overseas regulatory body to carry on regulated activities in Hong Kong for a period not exceeding three months.
- 5.3.7 If you apply to be a temporary licensed representative, you are expected to fulfil the following additional requirements:

Similar role overseas

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. You should carry on the activity under an authorisation by a regulatory organisation in that place which, in performs a function similar to the functions of the SFC. That regulatory organisation should be empowered under the law of that place to investigate and (where applicable) take disciplinary action for your conduct in Hong Kong.

If the regulator in your jurisdiction does not directly authorise you, you will need to satisfy the SFC that:

the overseas regulator has put in place relevant codes or guidelines that set out the entry requirements applicable to individuals joining the industry under its jurisdiction, e.g. education, training, examination, experience and/or other competence requirements;

you are obliged to comply with relevant rules and/or codes or guidelines issued by the overseas regulator that govern your



the overseas regulator has the power to remove and prohibit unsuitable individuals from carrying out regulated activities under its jurisdiction, e.g. revoking an authorisation, or issuing a banning order from entering the industry.

The [*list of Acceptable Inspection Regimes*](#) serves as a useful reference for considering whether the regulator in your jurisdiction performs a function similar to the functions of the SFC. It is not an exhaustive list. Consideration will be given to the above factors on case by case basis.

Accreditation²¹ to a licensed corporation

As well as having a similar role overseas, you must be accredited to a corporation licensed under section 117 of the SFO (i.e., (l)5(ar)-1 0 0 1 251.33 611.98 7



Conditions

The SFC may impose conditions on the licence of itinerant professionals to the effect that they (i) shall not carry out the regulated activity(ies) in Hong Kong for more than 30 days in each calendar year; and (ii) shall at all times be accompanied by a licensed/registered person in performing regulated activities in Hong Kong.



TC Advisers

- 5.4.2 If you intend to be a representative of a licensed corporation of Type 6 regulated activity and undertake activities in connection with matters regulated by the Codes on Takeovers, you are required to satisfy additional competence requirement set out in the TC Adviser Guidelines (Appendix B to [the Guidelines on Competence](#)). Under paragraph 3.1 of the TC Adviser Guidelines, you may have to pass the Licensing Examination Paper 17 administered by the Hong Kong Securities and Investment Institute.





Substantial shareholders, etc. to be fit and proper

- 6.1.8 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.

6.2





of the individual to ensure that the information provided in support of his/her application is neither false nor misleading, and the responsibility of the licensed corporation to verify this and to endorse the application.

7.4.2

Because the licensed corporation is 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 or its professional services provider, if any. This ensures that the information comes from a single source and avoids situations in which an individual applicant provides information that the licensed corporation is unaware of and has

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take into account in your application, please provide us with further information.)

- (e) You indicated that you are required to have an employment visa in Hong Kong to carry out the proposed regulated activities but you have not applied for it.
- (f) You are a director (as defined under Schedule 1 to the SFO) of your proposed accredited principal and only apply to be its licensed representative but not responsible officer.
- (g) You have not provided sufficient information on your proposed business and operational workflow.
- (h) You do not have at least two proposed responsible officers who appear to have met the competence requirements (with one of



the number of applications we are processing at any particular time.

7.8 Refusal of application

- 7.8.1 We will refuse your application if you do not meet the statutory licensing 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 to be heard (section 140 of the SFO). Any representations that you make will be carefully considered before we reach our final decision. If 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



Notification of financial year end

7.10.2



If you	Please submit
Are an <u>authorized institution</u> and would like to apply for registration to become a <u>registered institution</u>	• Form 3 • Copies of application forms for approval to become an executive officer submitted to the HKMA (at least two executive officers should be nominated)



Part IV

After being licensed or registered

Chapter 8 Applications to change existing licences or registrations

8.1 General

- 8.1.1 This chapter sets out certain changes that require the prior approval of the SFC. If you are a licensed corporation or a registered institution and intend to make any such changes, you or the person concerned (e.g. the proposed substantial shareholder of a licensed corporation), as well as individual licensees, should lodge an application with the SFC via WINGS-LIC.

8.2 Licensed corporations

- 8.2.1 Changes to the licences of licensed corporations that require prior approval are listed below. Form 2 is generally required for these applications. However, for applications concerning substantial shareholders, Form 7 should be submitted.

Type of change (relevant SFO section)	Application fee	Remarks
Addition of regulated activity (Section 127(1))	Type 3: \$129,730 Regulated activity other than Type 3: \$4,740 per RA	If the application is approved, the licensed corporation should return its old licence to the SFC for amendment or cancellation (as the case may be). Submission of Forms 5 and 6; and Supplement 3 may be required.
Submission to act as Sponsor	Nil	Submission of Forms 5 and 6; and Supplement 3 may be required.



Type of change (relevant SFO section)	Application fee	Remarks
--	-----------------	---------

Change of financial year end
and/or



Type of change (relevant SFO section)	Application fee	Remarks
Transfer of accreditation (Section 122)	\$200 per RA	If a licensed representative ceases to be accredited to her/his principal, s/he has 180 days to apply for transfer of accreditation to another corporation before revocation of her/his licence. The SFC has no power to extend this period. However, where the representative re-applies for a licence in respect of the regulated activities for which s/he had been licensed within 3 years after resigning from her/his previous position, s/he will not be required to sit the relevant entry examinations.
Licensed representative becoming responsible officer (Section 126)	\$2,950 per RA	Please refer to Chapter 4 (Responsible officers). The application fee payable for Type 7 regulated activity is waived if the 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.

8.4 Registered institutions

8.4.1 Post-registration applications concerning registered institutions are listed below. Form 4 should be submitted.

Type of change (relevant SFO section)	Application fee	Remarks
--	-----------------	---------



Type of change (relevant SFO section)	Application fee	Remarks
--	-----------------	---------



Chapter 9 Ongoing obligations

9.1 General

9.1.1



9.4 Cessation of business

Licensed corporations

- 9.4.1 The SFC has the power to revoke or suspend your licence (in related to all or certain



9.5 Notification by licensed corporations, licensed individuals and registered institutions³²

- 9.5.1 Apart from notifying the SFC of any intended cessation of business, licensed persons and registered institutions are required to notify the SFC through WINGS-LIC 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.
- 9.5.2 The changes requiring notification by licensed persons and registered institutions are specified in section 135 of the SFO and Parts 1 to 3 of Schedule 3 to the





Types of change / events	Applicable to ³⁴	Notification time limit
Change in insurance policy maintained under the Securities and Futures (Insurance) Rules	LC	Within 7 business days
Change in	LC, RI	Within 7 business days

Give notice of a motion to change auditor in a general meeting, etc. (see section 154 of the SFO)



9.11 Payment of annual fees

- 9.11.1 Except if the SFC has announced a waiver of the annual licensing fees for a particular period, 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). The annual fee amounts are shown in the table below.

Types of intermediary	Types of regulated activity (RA)	Annual fee amount
LC	RA other than Type 3	\$4,740 per RA ⁴¹
	Type 3	\$129,730
LR (not approved as RO)	RA other than Type 3	\$1,790 per RA ⁴¹
	Type 3	\$2,420
LR (approved as RO)	RA other than Type 3	\$4,740 per RA ⁴¹
	Type 3	\$5,370
RI	RA other than Type 3 and Type 8 ⁴²	



9.12 Submission of annual returns

9.12.1 Licensed corporations and licensed individuals are required to submit annual returns to the SFC through WING-LICS within one month after each anniversary date of their licences (section 138(4) of the SFO).

9.12.2 Failure to submit annual return before the due date could result in suspension and revocation of the licence (sections 195(4)(b) and (6) of the SFO). Details are set out in the table below.

Overdue period	Penalty
Over 3 months but less than 4 months	Suspension ⁴³ of licence
Over 4 months	Revocation of licence

9.13 Continuous professional training (CPT)

9.13.1 Licensed corporations and registered institutions are primarily responsible for planning and implementing a continuous education programme best suited to the training needs of the licensed representatives or relevant individuals they engage. Such programmes

professionalism. The firms should perform due diligence to ensure CPT compliance by the individuals they engage.

9.13.2 Licensed individuals and relevant individuals of registered institutions are required to complete 10 CPT hours per calendar year, regardless of the number and types of regulated activities he or she engages in. Five of these 10 CPT hours must be on topics directly relevant to the regulated activities for which he or she is licensed at the time the CPT hours are undertaken.

9.13.3 Individuals who engage in the sponsor work or Codes on Takeovers transaction work for a firm are required to attend 2.5 CPT hours per calendar year



- 9.13.7 In terms of the content, please refer to paragraphs 7.1 and 7.2 of the _____ for examples. The important point to note is that the training topics must be relevant to the functions to be performed by the person.
- 9.13.8 Further to paragraph 6.2 of the _____ [Trai](#), the taking of online courses will be considered as self-study. Provided that there are independent assessments, such as evaluation or test results, and sufficient records to demonstrate fulfilment and duration of training, they can be counted towards acceptable CPT activities.
- 9.13.9 Licensed corporations and registered institutions should keep sufficient records on the programmes and the CPT activities undertaken by the individuals for a minimum of three years and be made available for inspection upon request by the SFC or the HKMA. Individuals should also retain their own CPT compliance records for a minimum of three years.
- For details, please refer to paragraph 4 of the _____.
- 9.13.10 Licensed corporations and individuals are required to confirm (when submitting their annual returns through WINGS-LIC) whether they have complied with the relevant CPT requirements for the previous calendar year.

9.14 Provision of services involving virtual assets and robo-advisors

- 9.14.1 Intermediaries are required to notify the SFC of its engagement in trading and asset management services involving virtual assets as well as robo-advisory financial services. Also, intermediaries are advised to discuss such activities with the SFC before the relevant business is conducted in Hong Kong by the intermediaries or their group entities. Please refer to paragraphs 1.4.5 to 1.4.7 above for further information.

See also [Circular to intermediaries on compliance with notification requirements](#)

9.15 Management Accountability at Registered Institutions

- 9.15.1 Further to paragraph 6.2.6 above and according to Q14 of the [frequently asked questions](#)

relevant information and the organisation chart to the HKMA and the SFC within 14 days of the relevant change taking effect.