



I am aware of the diversity of financial services firms, which in Hong Kong range from a boutique hedge fund manager with fewer than 10 employees to a subsidiary of a global



have no intention to require localisation of Managers-In-Charge, or to change anyone's reporting lines or governance structure.

But I was pleased to learn that some firms, in considering whom to appoint as Managers-In-Charge, are taking advantage of the opportunity to clarify their management responsibility and governance structure. In some cases, it may mean reviewing the composition of the local firm's board to take into account the responsibility to own up to the decisions made. In other cases, it may mean a change in reporting line to require some senior executives who reside overseas to report to the board. And in yet other cases, the local managerial team may have to step up to take overall corporate responsibility and be held accountable for the decisions they take.

We fully appreciate that for some global organisations, implementing this initiative may take time, particularly if it involves a change in governance structure. But we expect it to be bedded down over the course of this year. The board of each licensed firm is expected to allocate responsibility, to identify and appoint fit and proper individuals to act as Managers-In-Charge and to provide management structure information to us on or before 17 July. Those managers in charge of regulated activities are expected to have obtained or applied for RO status on or before 16 October.

On our part, we are ready to work closely with our licensed firms to guide them through the implementation phase. Today, we will issue another circular to all licensed firms, inviting them to send representatives to our workshops to be held in February and March. I would encourage you to enrol your responsible personnel to attend.

## **Closing remarks**