

Points to note when applying for SFC Type 10 License (Information as of Sept 2017):

This points to note serves as general guidance only and should not be construed as our legal opinion. Licensing requirements often vary on a case by case basis.

Type 10 Regulated Activity - Providing Credit Rating Services

- Preparing reports on the credit worthiness of companies, bonds and sovereigns

(1) Scopes of Type 10 Regulated Activities

Type 10 license means preparing credit ratings for dissemination to the public, whether in Hong Kong or elsewhere; or with a reasonable expectation that they will be so disseminated; or preparing credit ratings for distribution by subscription, whether in Hong Kong or elsewhere; or with a reasonable expectation that they will be so distributed.

Please however note that following activities may not require a Type 10 license:

- Preparing, pursuant to an individual order, a credit rating which is exclusively prepared for, and provided to, the person who placed the order and which is neither intended for dissemination to the public or distribution by subscription, whether in Hong Kong or elsewhere, nor reasonably expected to be so disseminated or distributed
- Gathering, collating, disseminating or distributing information concerning the indebtedness or credit history of commercial enterprises
- Internal credit rating activities (e.g. banks' internal systems for assessing counterparty risk)
- Sharing or analyzing of consumer or commercial credit data (such as through consumer or commercial credit agencies)

(2) Minimum Paid Up Share Capital and Minimum Liquid Capital for Type 10 License

Business Scope	Minimum Paid-Up Share Capital (in HKD)	Minimum Liquid Capital (in HKD)
(a) In the case where in relation to Type 10 RA, the corporation is subject to the licensing condition that it shall not hold client assets	N/A	\$100,000
(b) In any other case	\$5,000,000	\$3,000,000

(3) Responsible Officer

- The applicant should appoint not less than 2 Responsible Officers (“RO”s) to directly supervise the conduct of Type 10 regulated activity in application.
- For Type 10 regulated activity, it is required to have at least one RO available at all times to supervise the business, but we recommend that two ROs should be based in Hong Kong as the processing time may be longer with an offshore RO to obtain a license.
- At least one of the proposed ROs must be an executive director as defined under the SFO.
- The same individual may be appointed to be a RO for more than one regulated activity provided that he is fit and proper to be appointed and there is no conflict of interest in the roles assumed.
- If an offshore RO or a RO without a Hong Kong working permit is to be one of the responsible officers, the employment visa application for the individual must be submitted to the Hong Kong Immigration Department before the submission of the license application to the SFC.
- The proposed ROs should have obtained a degree in designated fields or obtained professional qualifications in Law, Accounting or Finance.
- The proposed ROs should possess 3 years of relevant industry experience over the past 6 years.
- The proposed ROs should possess a minimum of 2 years proven management skills and experience.
- At least one RO (with sufficient relevant experience and will be based in Hong Kong) has passed both HKSI LE Papers 1 and 4 before submission of the application. The other RO can pass the exams within 6 months upon granting of SFC license.

(4) Ability to Comply with Relevant Regulatory Requirements

A Type 10 license applicant must satisfy the SFC that it has the ability to comply with all relevant regulatory requirements. For example, a licensed credit rating agency (CRA) is required to ensure compliance with the industry specific Code of Conduct, i.e. The Code of Conduct for Persons Providing Credit Rating Services (CRA Code), which set out specific requirements applying to the way in which a CRA engages in Type 10 activities.

For inquiries and a licensing fee proposal, please contact:

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