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Brief Information on licensing requirements in Hong Kong for:

Type 1 – Dealing in Securities

Type 4 - Advising on Securities

Type 9 – Asset Management

SFC Application Procedures

Application Forms can be found in SFC website below:

[http://www.sfc.hk/web/EN/forms/intermediaries/licensing-application-and-notification-forms/forms-1,-1a,-1\(s\),-2,-3,-3a,-4-to-8.html](http://www.sfc.hk/web/EN/forms/intermediaries/licensing-application-and-notification-forms/forms-1,-1a,-1(s),-2,-3,-3a,-4-to-8.html)

Business Plan and supporting documents

The applicant as a corporate must be a company incorporated in Hong Kong or an overseas company registered with the Companies Registry of Hong Kong. Normally, in a SFC application package, it should contain a completed application form and supporting documents related to the application such as business plan explaining the reasons why license is needed to conduct the business activities so that SFC can assess the application with more information.

SFC is also interested in knowing target clients, source of funding, marketing activities, and new financial products for the new business activities.

To support the application, submission of compliance plan and related risk policies and procedures may also be needed as the applicant needs to satisfy the SFC that they have proper business structure, good internal control systems and qualified personnel to ensure the proper management of risks that the applicant will encounter in carrying on the proposed business as detailed in the business plan in the submission.

SFC is open to meet with potential applicants prior to the submission of application so that they can understand the nature and the complexity of the application.

Responsible Officers

The applicant should appoint not less than 2 responsible officers to directly supervise the conduct of each regulated activity in application. For each regulated activity, there is 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 that he is fit and proper to be so appointed and there is no conflict in the roles assumed.

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Competence of Responsible Officer

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---------------------------------|
| Academic / industry qualification | Degree in the designated fields (such as Accounting, Business Administration, Economics, Finance and Law); or Other degree (with passes in at least two courses in the designated fields); or Professional qualifications (such as CFA, CIA, CFP, professional qualifications in law, finance, accounting etc.); or Recognized industry qualification (taken within 3 years of the date of application). | Passes in Chin/ Eng + Maths in HKCEE or equivalent (high school public exams such as university entry exams counted) | — |
| Relevant industry experience | At least 3 yrs over past 6 yrs | At least 5 yrs over past 8 yrs | At least 8 yrs over past 11 yrs |
| Management experience | 2 yrs | 2 yrs | 2 yrs |
| Local regulatory framework paper* (must not be completed more than 3 years prior to the date of application) | Pass | Pass | Pass |

***conditional exemption may be granted**

An individual may obtain conditional exemption from taking the local regulatory framework paper if he can demonstrate of the following:

The individual has proven substantial related experience but simply lacks the required level of local regulatory exposure. "Substantial" means having at least:

- (i) 8 years related experience in recognized markets (with reference to Parts 2 and 3 of Schedule 1 to the SFO); or
- (ii) 6 years related experience with at least 2 years licensed or being an executive officer or relevant individual of a registered institution in Hong Kong;

with some part of it gained in the recent 3 years.

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Application Fee for Regulated Activities

| | |
|---------------------|---|
| Type of application | activity (“RA”) |
| Application fee | Types 1, 2, 4, 5, 6, 7, 8, 9 - HK\$4,740 per RA |

Capital and other Financial Requirements

| Regulated activity | Minimum paid-up share capital (in HK\$) | Minimum liquid capital (in HK\$) |
|--|---|----------------------------------|
| Type 1 – | | |
| (a) in the case where the corporation is an approved introducing agent or trader | Not applicable | \$500,000 |
| (b) in the case where the corporation provides securities margin financing | \$10,000,000 | \$3,000,000 |
| (c) in any other case | \$5,000,000 | \$3,000,000 |
| Type 4 – | | |
| (a) where the corporation is subject to the licensing condition that it shall not hold client assets | Not applicable | \$100,000 |
| (b) in any other case | \$5,000,000 | \$3,000,000 |
| Type 9 – | | |
| (a) where the corporation is subject to the licensing condition that it shall not hold client assets | Not applicable | \$100,000 |
| (b) in any other case | \$5,000,000 | \$3,000,000 |

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CompliancePlus is an independent consulting firm focused on providing a complete range of proven and reliable compliance solutions to fund management companies and hedge fund managers in Asia. Our dedicated team of compliance officers has years of professional experience equipped with in-depth knowledge of both functional and compliance experience in managing and minimizing regulatory, operational and reputational risks.

We have been providing real time compliance support and proactive recommendations to start-up hedge funds, fund of hedge funds and multi-strategies hedge funds with our solid compliance knowledge.

By partnering with **CompliancePlus**, our clients gain access to compliance solutions that they can trust and the latest knowledge of regulatory policies and procedures. Through building up strong relationships with our clients and by ensuring our availability to them, we are trusted advisors helping clients to navigate a challenging and changing regulatory environment.

Contact:

Josephine Chung is Director of CompliancePlus Consulting Limited specializing in compliance matters for hedge fund managers and mutual fund management companies with over 10 years of industry experience. Before joining CompliancePlus Consulting, she was the Head of Legal and Compliance for a major asset management company in Hong Kong.

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