

Points to note when applying for SFC Type 6 License:

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 6 Regulated Activity - Advising on Corporate Finance

- Acting as sponsor for listing applicant in an initial public offering (“IPO”)
- Advising on the Codes on Takeovers and Mergers and Shares Repurchases
- Advising listed companies on compliance of Listing Rules

(1) Scopes of Type 6 Regulated Activities

Type 6 license means giving advice concerning compliance with or in respect of the Listing Rules of the Stock Exchange of Hong Kong Limited (“SEHK”) or the Codes on Takeovers and Mergers and Share Repurchases; or any offer, acceptance to dispose of securities to the public or to acquire securities from the public; any corporate restructuring involving securities of a listed corporation or public company or to the related individuals including its officers and shareholders or firms.

Please however note that Type 6 license may not be required if:

- a corporation solely provides such services to any of its wholly owned subsidiaries, its holding company which holds all its issued shares, or other wholly owned subsidiaries of that holding company;
- a person who is licensed for Type 1 Regulated Activity (“RA”) who gives such advice wholly incidental to the carrying on of that regulated activity;
- an authorized financial institution which is registered for Type 1 RA which gives such advice wholly incidental to the carrying on of that RA;
- an individual whose name is entered in the register maintained by the Monetary Authority under section 20 of the Banking Ordinance (Cap. 155) as engaged in respect of Type 1 RA by an authorized financial institution registered for that RA and gives such advice wholly incidental to the carrying on of that regulated RA.

(2) Minimum Paid Up Share Capital and Minimum Liquid Capital Requirements for Type 6 License

Business Scope	Minimum Paid-Up Share Capital (in HKD)	Minimum Liquid Capital (in HKD)
(a) In the case where in relation to Type 6 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) Exam Requirement

- At least one RO (with sufficient relevant experience and will be based in Hong Kong) has passed both HKSI LE Papers 1 and 5 before submission of the application. The other RO can pass the exams within 6 months upon granting of SFC license.
- HKSI LE Paper 7 and 11 can be exempted by obtaining recognized industry qualifications from US, Australia, UK, Canada, and Japan. (please refer to Appendix C of Guidelines on Competence)

(4) 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.
- The application bundle should contain completed application forms and supplements, 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 the target clients, source of funding, marketing activities, and new financial products for the new business activities.

(5) Responsible Officer

- The applicant should appoint not less than 2 Responsible Officers (“RO”s) to directly supervise the conduct of each regulated activity in application.
- For each 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.
- 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.
- For Type 6 licensee that plans to act as sponsor for IPO in Hong Kong, the applicant must have TWO principals who have related IPO experience as required under the SFC Sponsor Guidelines.

(6) Staffing Resources

- The applicant should appoint 1 compliance officer and/or operations manager with some finance, accounting, compliance or risk management background.
- A RO should not take up the compliance function of the firm as the SFC now expects for segregation of duties.
- The compliance officer and/or operations manager does not need to be on board at the date of submission of the license application. However, the SFC may pose questions on the hiring

process of a compliance officer and/or operations manager (job advertisements, samples of resumes received, etc.)

(7) Office

- Serviced office can be used with a room for the firm to operate by itself. The applicant must be segregated from other companies (i.e. have their own room) but sharing the receptionist is generally allowed.
- At the time of submission of the application, the firm should be in the process of finding an office.

(8) Conflict of Interests

- Proposed ROs must disclose all directorships and business interests in Form 1 to the SFC at the time of submission of the license application.
- The SFC will demand for an explanation as to how the applicant is going to address the conflict of interest that will arise from a RO's multiple capacities and how the RO will allocate his or her time amongst the RO's other directorships and business interests.
- As such, if a RO has many directorships and business interests, the SFC will demand for further explanations and this may require a longer processing time for the license application.
- If the RO's explanation does not satisfy the SFC's requirement regarding the potential conflict of interests, the SFC may return the application or may only grant the license if the RO resigns from his or her conflicting directorships.

(9) Processing Time

- It normally takes about 4 - 6 weeks to compile the license application bundle including the forms, supplements, cover letter, proposed shareholding structure, board resolution, compliance manual, business plan and its supporting documents.
- From the date of submission, it normally takes an additional 4 to 8 months for the SFC to process the application depending on the complexity of the case. For example, where a RO was previously licensed in another jurisdiction, the SFC may take longer to process the case as they will need to conduct vetting with overseas regulators. It may take longer than 8 months to process the application if there are other complexities such as unresolved conflicts of interests or visa not timely granted etc.

For inquiries and a licensing fee proposal, please contact:

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