File Ref: B&M/4/1/41C

# LEGISLATIVE COUNCIL BRIEF

Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615)

Banking Ordinance (Chapter 155)

Payment Systems and Stored Value Facilities Ordinance (Chapter 584)

## VIRTUAL ASSET SERVICES LEGISLATION (AMENDMENT) BILL 2026

## INTRODUCTION

At the meeting of the Executive Council on 17 Novemeber 2026, the Council **ADVISED** and the Chief Executive **ORDERED** that the Virtual Asset Services Legislation (Amendment) Bill 2026 ("the Bill"), at **Annex A**, should be introduced into the Legislative Council ("LegCo"). The Bill seeks to amend the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) ("AMLO"), the Banking Ordinance (Cap. 155) ("BO"), the Payment Systems and Stored Value Facilities Ordinance (Cap. 584) ("PSSVFO") as well as other relevant legislation, with a view to expanding the regulatory regime for virtual asset ("VA") services to cover additional types of services (including dealing, advisory, management and custody services).

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## JUSTIFICATIONS

2. Hong Kong's First Five-Year Plan states that, as guided by the principle of "same activity, same risks, same regulation", Hong Kong will establish a world-leading licensing and regulatory regime for digital assets[1], thereby improving their

[1] "Digital asset" is a general term with a broad scope, covering, among others, (a) "virtual asset" (which is a legally defined term under the AMLO) and (b) tokenised real-world assets. Under the AMLO, subject to any specified exclusions, "virtual asset" is defined as –

(a) a cryptographically secured digital representation of value that—
  (i) is expressed as a unit of account or a store of economic value;
  (ii) either—
    (A) is used, or is intended to be used, as a medium of exchange accepted by the public, for any one or more of the following purposes—
      (I) payment for goods or services;

liquidity and promoting market innovation. This objective aligns with the Policy Statement 2.0 on the Development of Digital Assets in Hong Kong published in June 2025, in which the Government reinforced its commitment to promoting the development of a trusted and innovative digital asset ecosystem that prioritises risk management and investor protection, while delivering concrete benefits to the real economy and financial markets.

3. To achieve the above vision, one of the key focuses is to enhance the legal and regulatory framework. Along this direction, since the implementation of the licensing regime for VA trading platforms ("VATPs") in June 2023[2] and stablecoin issuers in August 2025, the Government and financial regulators have kept in view the changing market landscape, risks and international regulatory discussion, in considering necessary changes to the scope of regulation of VA services.

4. In particular, we observe diverse modes of VA dealing activities in the market, including coin shops, ATM networks, broker-dealer-type establishments, payment service providers, etc., in Hong Kong. Bringing such activities within the statutory regulatory regime for VA services would enhance investor protection, market integrity and regulatory clarity. Meanwhile, with the proposed expansion of the regulatory scope to cover VA dealing services, as well as the growth of various VA-related services and products (notably VA funds such as spot VA exchange-traded funds authorized by the SFC) in Hong Kong, it is expected that there will be increasing demand for VA custody services. Considering the key role of custody service in the safekeeping of clients' VAs, as well as the highly technical expertise required and potential cybersecurity risks involved, we see the need to also bring VA custody services under the statutory regulatory scope.

5. Furthermore, drawing on the regulatory framework applicable to the conventional securities market, we propose including VA advisory services and VA management services under the scope of the statutory regulatory regime, with a view to ensuring that persons providing advisory or investment management activities in relation to VAs are subject to appropriate conduct, governance and investment protection requirements comparable to those applicable in the conventional financial market.

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(II) discharge of a debt;
(III) investment; or
(B) provides rights, eligibility or access to vote on the management, administration or governance of the affairs in connection with, or to vote on any change of the terms of any arrangement applicable to, any cryptographically secured digital representation of value;
(iii) can be transferred, stored or traded electronically; and
(iv) satisfies other characteristics prescribed by the Securities and Futures Commission ("SFC") by notice published in the Gazette; or
(b) a digital representation of value prescribed as a virtual asset by the Secretary for Financial Services and the Treasury by notice published in the Gazette.

[2] As of 31 October 2026, the SFC has formally licensed 13 VATPs, and is processing another five licence applications.

6. The proposed expansion of the scope of regulation to cover VA dealing, advisory, management and custody services will put in place suitable guardrails to foster the steady and sustainable development of the VA sector. Most notably, it will strengthen safeguards for investors in VAs and enhance the effectiveness of Hong Kong's framework for combating VA-related money laundering and terrorist financing ("ML/TF") activities.

## KEY PROPOSALS OF THE BILL

### (a) Expansion of regulatory scope

7. At present, the AMLO establishes a regulatory regime for VATPs in Hong Kong. Under the regime, any person carrying on a business of operating a VA exchange in Hong Kong or actively marketing such service to the public of Hong Kong must be licensed by the SFC. Licensed VATPs are required to fulfil a fit-and-proper test, anti-money laundering and counter-financing of terrorism and investor protection requirements, among others. The SFC is equipped with supervisory, investigative and intervention powers. Persons not complying with the requirements concerned are liable to administrative and criminal sanctions.

8. To enhance our regulatory framework, we propose to amend the AMLO to expand the scope of the regime, such that any person who carries on a business of providing any VA dealing, advisory, management or custody services in Hong Kong will be required to be licensed by or registered with the SFC, unless an exemption applies, subject to a fit-and-proper test and other factors deemed relevant by the SFC. Authorized institutions ("AIs") and stored value facility ("SVF") licensees[3] wishing to provide any VA services in Hong Kong will also be required to be registered with the SFC, and the SFC will consult the Monetary Authority when vetting such applications for registration. The proposed regulatory scopes and exemptions for the four new types of VA services are set out below.

*VA dealing service providers*

9. The proposed definition of "dealing in virtual assets" makes reference to the relevant scope of Type 1 regulated activity (i.e. dealing in securities) under the Securities and Futures Ordinance (Cap. 571) ("SFO"), and will cover any person, making or offering to make an agreement with another person, or inducing or attempting to induce another person to enter into or offer to enter into an agreement, for or with a view to acquiring, disposing of, subscribing for or underwriting any VAs.

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[3] An AI under the BO may register with the SFC to provide one or more types of VA services. As for SVF licensees under the PSSVFO that are not AIs, the Monetary Authority anticipates that they may only provide dealing and/or custody services in relation to specified stablecoins issued by stablecoin licensees under the Stablecoins Ordinance (Cap. 656) ("SO"), and will not provide advisory or management services in respect of VAs.

10. The proposed regulatory framework adopts an activity-based approach, regardless of transaction purpose. Therefore, payment service providers that facilitate transactions involving VAs may be required to obtain a licence or registration if their activities fall within the definition of dealing in VAs, such as offering conversion services, which would amount to the making of, or offering to make, agreements with others for the purpose of acquiring or disposing of VAs.

11. To ensure that the proposed regulatory regime is proportionate and risk-based, we propose a number of exemptions from the licensing or registration requirement for VA dealing activities that are subject to other regulatory regimes. These include transactions (e.g. issuance of VA) conducted through SFC-regulated VA dealers; transactions entered into by a person as principal subject to some conditions; and the acceptance or use of VAs as a means of payment for goods or services or as a means of payment for a transaction in any securities, futures contract, leveraged foreign exchange contract or OTC derivative product. An exemption is also proposed for SFC-regulated VA managers which perform the act of dealing solely for the purposes of providing VA management services (i.e. incidental exemption) for which it is licensed or registered. In addition, VA dealing by Monetary Authority-regulated stablecoin licensees[4] in specified stablecoins which they have issued would also be exempted if the dealing is for the purposes of carrying on their regulated stablecoin activities[5]. An exemption is proposed for persons licensed or registered under the SFO where the VA dealing activity is limited to specified stablecoins issued by Monetary Authority-regulated stablecoin licensees.

*VA advisory service providers*

12. The proposed definition and scope of "advising on virtual assets" will capture the provision of advice on the acquisition or disposal of VAs; or issuing analyses or reports, for the purpose of facilitating the recipients of the analyses or reports to make decisions on the acquisition or disposal of VAs. They are not intended to cover activities only involving the provision of generic factual information about VAs or the VA market. As with the licensing or registration regime for Type 4 regulated activity (advising on securities) ("RA4") under the SFO, the regulatory regime for VA advisory service providers will apply to the activity of providing advice on VAs in any form, whether oral or written, and through any channel, whether physical or electronic.

13. We propose providing for exemptions similar to those applicable to RA4 under the SFO, such as provision of advice solely to wholly-owned group

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4 This refers to a licensee as defined under section 2(1) of the SO.

5 This exemption is based on the fact that the relevant stablecoin licensees and their regulated stablecoin activities are already subject to regulation and on-going supervision by the Monetary Authority.

companies[6]; conducting acts which are wholly incidental to licensed or registered VA dealing or solely for the purposes of licensed or registered VA fund management, etc. An exemption is also proposed for persons licensed or registered under the SFO where the VA advisory activity is limited to specified stablecoins issued by Monetary Authority-regulated stablecoin licensees.

*VA management service providers*

14. "Virtual asset management" is proposed to mean providing a service of managing a portfolio of VAs for another person. Similar to Type 9 regulated activity (asset management) ("RA9") under the SFO, the proposed regulatory regime for VA management services will apply to the management of a portfolio of VAs where the manager has discretionary power to make investment decisions in respect of the VAs in the portfolio for another person, including the management of funds as well as discretionary accounts in the form of an investment mandate or pre-defined model portfolio. Aligned with the approach under the asset management licensing or registration regime of the SFO, there will not be a de minimis threshold based on the value of the portfolio managed. In other words, a person would need to obtain a licence so long as the portfolio under the person's management includes VA, regardless of the value of the VA.

15. We propose providing for exemptions similar to those applicable to RA9 under the SFO, such as providing services to wholly-owned group companies; conducting acts which are wholly incidental to VA dealing services of a licensed or registered VA dealing service provider, etc. Similarly, we also propose to exempt relevant persons licensed or registered under the SFO if the relevant VAs under the portfolio being managed consists only of specified stablecoins issued by Monetary Authority-regulated stablecoin licensees.

*VA custody service providers*

16. "Virtual asset custody" will cover safekeeping for another person an instrument that enables the transfer of the VAs of that person. The proposed regulatory regime will target entities safekeeping private keys (or similar instruments), as this represents the core risk area in VA custody. The entities which safeguard private keys are subject to operational and technical risks intrinsic to VA custody such as risks to cryptographic keys, cybersecurity risks, and technology failures that could result in loss or unauthorised transfer of VAs.

17. We propose giving exemption for companies that hold VAs in custody for their wholly-owned group companies, as well as for legal and accounting professionals whose VA custody activities are wholly incidental to their professional practice, as well as executors, administrators, liquidators and receivers

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[6] Wholly-owned group companies include (a) a wholly owned subsidiary of the corporation; (b) a holding company of the corporation that holds all the corporation's issued shares; and (c) a wholly owned subsidiary of that holding company.

who perform the subject act for the purposes of, or in connection with, the performance of such subject persons' functions. In addition, we propose that any Monetary Authority-regulated stablecoin licensee which provides custody services in respect of the specified stablecoins it issued will be exempted. Further, we propose to exempt persons that do not hold themselves out as being engaged in a business of providing a service in relation to VAs (e.g. operators of bank vaults), as they only provide physical storage space and do not maintain operational access or control over the private keys. We also propose to exclude VA custody services provided by a corporation operated by or on behalf of the Government[7].

18. The expanded regulatory regime will cover VA as defined under the AMLO, which currently expressly excludes securities and futures contracts, with an additional carve-out of OTC derivative products proposed under the Bill. These products are already regulated under the SFO, and activities relating to the tokenised version of such products will remain subject to the regulation of the SFO. Similarly, in line with the principle of "same activity, same risks, same regulation", we also propose a new carve-out for the tokenised representation of (i) deposits taken by AIs and (ii) deposits taken by banking institutions outside Hong Kong that are authorised to take deposits in their home jurisdictions[8].

**(b) Powers of regulatory authorities**

19. Under the expanded regulatory regime, the SFC will be the standard setter responsible for formulating the regulatory requirements applicable to licensed and registered providers of VA dealing service, VA advisory service, VA management service and VA custody service, as well as the frontline regulator for licensed providers. Meanwhile, the Monetary Authority will be the frontline regulator for registered providers, supervising Monetary Authority-regulated AIs and SVF licensees registered to provide the relevant services. This is consistent with the current regulatory approach applicable to AIs conducting securities business.

20. To implement the regime in accordance with the statutory requirements, the SFC and the Monetary Authority will be equipped with relevant powers under the AMLO, including the power to enter business premises for conducting routine inspections and to request the production of documents and other records in relation to VA activities. Meanwhile, the Bill will empower the SFC, as the standard setter

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[7] Among the four additional types of services covered by the expanded regulatory regime, VA custody is an area that corporations operated by or on behalf of the Government are likely to be involved in (e.g. during the operation of a digital asset platform by a corporation operated by or on behalf of the Government). For VA dealing, advisory and management services, we propose to align with the approach for the corresponding regulated activities under the SFO, i.e. providing no exemption for corporations operated by or on behalf of the Government.

[8] In light of the evolving developments of tokenised products relating to deposits, we are carefully considering the detailed scope and appropriate legislative means of introducing the carve-out of tokenised deposits, balancing the needs for consistency and flexibility to adapt to evolving market developments.

for the expanded regulatory regime, to investigate non-compliance and impose disciplinary sanctions (including suspension or revocation of licence or registration) against non-compliance by licensed or registered VA service providers for the four additional types of services.

21. Amendments to the BO and the PSSVFO are also proposed to set out requirements relating to AIs and SVF licensees to be registered for providing VA services, and provide the Monetary Authority with the necessary powers to perform its functions as their frontline regulator under the regulatory regime for VA services, such as imposing the requirement on a registered provider to appoint at least two VA service executive officers; taking disciplinary action if a VA service executive officer or relevant individual is found guilty of misconduct, etc.

**(c) Regulatory requirements**

22. In line with the existing regulatory regime for VATPs, the providers of the aforementioned four types of VA services will be required to comply with the following requirements in order to be eligible for a licence issued by or a registration with the SFC –

(i) **Financial resources**: A licensed provider should have adequate financial resources for operating its VA business, including the relevant minimum paid-up share capital and minimum required liquid capital (with the exact amount depending on the type of service and the business model). The SFC may also impose additional financial resources requirements (e.g. excess liquid capital equivalent to at least 12 months of its actual operating expenses). Meanwhile, registered providers (as AIs and SVF licensees regulated by the Monetary Authority) must comply with the financial resources requirements prescribed by the Monetary Authority;

(ii) **Knowledge and experience**: A licensed or registered provider is required to have a proper corporate governance structure staffed by personnel with the necessary knowledge and experience (e.g. having passed a paper on regulatory knowledge) to enable the effective discharge of responsibilities;

(iii) **Risk management**: A licensed or registered provider is required to have in place appropriate risk management policies and procedures for managing ML/TF and other risks arising from its activities that are commensurate with the scale and complexity of its business;

(iv) **Financial reporting and disclosure**: a licensed provider should observe prescribed auditing and disclosure requirements, and submit audited accounts. Meanwhile, registered providers (as AIs and SVF licensees regulated by the Monetary Authority) must comply with the

financial reporting and disclosure requirements prescribed by applicable laws;

(v) **Conduct of business**: A licensed or registered provider is required to act honestly and fairly, with due skill, care and diligence, in the best interests of its clients and the integrity of the market, as well as comply with all statutory and regulatory requirements applicable to the conduct of its business activities;

(vi) **Information and notifications**: A licensed or registered provider is required to submit a wide range of information (for example, the details in respect of wallet addresses used in their course of business, the scope and nature of the business carried on or to be carried on, and the types of services provided or to be provided), as well as to ensure that the submitted information remains up-to-date;

(vii) **Record keeping**: A licensed or registered provider is required to maintain proper records in relation to its business activities, which will be accessible as part of the SFC's or the Monetary Authority's ongoing monitoring;

(viii) **Proper protection of client assets**: Client assets of a licensed or registered provider should be properly protected, and additional measures, including proper segregation of client assets and, if applicable, safekeeping client assets with a licensed or registered VA custodian in Hong Kong[9], should be implemented; and

(ix) **Other investor protection safeguards**: Measures should be put in place to ensure investor protection, such as those to assess clients' VA knowledge, to conduct client risk assessments and risk profiling, to set client exposure limits (where appropriate), to ensure clients' suitability and to prevent, avoid and disclose actual or potential conflicts of interest.

23. The AMLO as to be amended by the Bill will provide the SFC with the power to impose licensing and registration conditions, as well as the power to issue codes and guidelines that will specify the regulatory requirements in detail. Upon completion of the relevant legislative work, the SFC will consult the public on the proposed regulatory requirements as appropriate before issuing the codes and guidelines, in order to ensure that stakeholders have an opportunity to provide input on the detailed operational and compliance framework. In formulating the relevant

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[9] This requirement will apply to licensed or registered VA dealing service providers. For VA management service providers including private funds (e.g. private equity/venture capital), considering that they often require access to a range of custodians for tokens coverage, integrated cross-border settlement and reduction of counterparty concentration risks, restricting their choice of custodians may disproportionately impact their operation and strategies. Private funds may appoint globally qualified custodians under the proposed regulatory regime. This approach mirrors the current SFO treatment for RA9 managers, maintaining regulatory parity between traditional and VA fund management.

regulatory requirements, the SFC will build upon the relevant requirements currently applicable to licensed or registered intermediaries conducting VA-related activities, as well as the relevant requirements currently applicable to VATPs (such as the Guidelines for Virtual Asset Trading Platform Operators), while taking market feedback into account.

**(d) Offences and sanctions**

24. There will be sanctions to deter various unlawful and non-compliant acts with reference to the existing regulatory regime for VATPs to maintain regulatory parity and ensure deterrence. In particular, we propose to prohibit any person from (i) carrying on a business of providing a VA dealing, custody, advisory or management service without a licence or registration; and (ii) actively marketing any VA service, whether in Hong Kong or elsewhere, to the public of Hong Kong, unless the person is licensed by or registered with the SFC for providing that type of VA service. The proposed sanctions will align with those under the existing regime for VATPs, i.e. punishable on conviction on indictment to a fine of HK$5 million and to imprisonment for seven years; and, in the case of a continuing offence, to a further fine of HK$100,000 for every day during which the offence continues. In addition, we propose imposing sanctions on any person who, in connection with an application for the grant of a licence or registration, makes a false or misleading statement in a material particular. Committing such act will constitute an offence, which is to be punishable on conviction on indictment to a fine of HK$1 million and to imprisonment for two years.

25. With a view to ensuring market integrity and investor protection, we also propose under the Bill to –

(i) introduce an offence to prohibit persons who are neither licensed nor registered from the use of titles relating to SFC-regulated VA service providers, such as "crypto dealer", "cryptocurrency adviser", "virtual asset custodian", etc. (punishable on conviction to a fine at level 6 (currently at HK$100,000); and, in the case of a continuing offence, to a further fine of HK$2,000 for every day during which the offence continues); and

(ii) introduce an offence to target a person who is not an applicant for a licence but falsely claims to be an applicant (punishable on conviction on indictment to a fine of HK$400,000 and to imprisonment for 2 years; and, in the case of a continuing offence, to a further fine of HK$10,000 for every day during which the offence continues).

**(e) Transitional arrangement**

26. We propose not granting a deeming arrangement to existing VA service providers as it could create confusion over their regulatory status and may not be optimal for investor protection. The licensing and registration regime for the four

new types of VA services will take full effect on the commencement date of the relevant statutory provisions, which will be appointed by the Secretary for Financial Services and the Treasury by notice published in the Gazette.

27. Noting the implications to existing VA service providers operating in Hong Kong arising from a "hard" commencement date, we will consider the appropriate commencement date for the proposed licensing and registration regime to take effect, taking into account the time market participants need to adjust their business models. In the interim, all industry stakeholders already engaged in or interested in providing VA dealing, VA advisory, VA management or VA custodian services are encouraged to reach out to the SFC (or the Monetary Authority) to initiate pre-application processes. Through early engagement, the SFC (or the Monetary Authority) will walk pre-applicants through the licensing or registration process, while gathering invaluable feedback on the applicable regulatory requirements.

**(f) Amendments to the SO**

28. As described in paragraph 9 above, the proposed expanded regulatory regime under the AMLO will cover dealing in VAs (including acquiring or disposing of VAs, which include specified stablecoins). Under the proposed VA dealing regime, carrying on a business of providing a VA dealing service in Hong Kong without a licence or registration for such service would amount to an offence under the AMLO (unless an exemption applies). Against this backdrop, we propose making amendments to the SO to repeal provisions related to the offering of specified stablecoins[10]. This approach would enable intermediaries holding a VA dealing service provider licence or registration to deal in VAs, including specified stablecoins, under a single regulatory framework. Meanwhile, issuance of specified stablecoin will remain a regulated stablecoin activity under the SO, and it is an offence to carry on, or hold out as carrying on, a regulated stablecoin activity without a licence under the SO. This would preserve the separate regulation and ongoing supervision by the Monetary Authority of stablecoin licensees and their regulated stablecoin activities.

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[10] Under the existing SO, subject to certain exceptions, only "permitted offerors" may "offer" or "hold out as offering" a specified stablecoin to another person. The term "offering" a specified stablecoin has the meaning given by section 6 of the SO. It covers a communication to another person, made in the course of business and in any form or by any means, that presents sufficient information on the stablecoin to be offered, the terms on which it will be offered, and the channels through which it will be offered, so as to enable another person to decide whether to acquire that stablecoin from the communicator. Without limiting any other meaning of "holding out", a person is regarded as "holding out as offering" a specified stablecoin if the person actively markets, whether in Hong Kong or elsewhere, to the public that the person carries on, or purports to carry on, an activity which, if carried on in Hong Kong, would constitute the offering of a specified stablecoin. At present, the SO specifies five types of "permitted offerors", namely (1) licensed stablecoin issuers; (2) VATPs licensed by the SFC; (3) SVF licensees; (4) corporations licensed by the SFC to conduct Type 1 regulated activity; and (5) AIs.

## OTHER OPTIONS

29. In order for the regulatory regime for VA services to cover dealing, advisory, management and custody services, we must amend the AMLO and the other relevant legislation. Non-legislative measures alone would not achieve the proposed statutory licensing and registration framework. There is no other option.

## THE BILL

30. The Bill is divided into six parts and contains the following provisions –

(i) **Part 1** sets out preliminary provisions such as the short title and provides for the commencement of the Bill;

(ii) **Part 2** sets out the amendments to the AMLO, with the main provisions set out below –

(a) **Clause 13** adds new sections 13AB and 13AC to provide that a relevant authorized person may require the provision of information relating to the holding of or transactions in VAs, and that failing to comply with such requirements constitutes an offence;

(b) **Clause 33** amends section 53ZRA to provide that certain digital representations of value are not VAs;

(c) **Clauses 37 and 126** respectively add a new section 53ZRDA and a new Schedule 3BA to prohibit the use of certain titles relating to the provision of VA services. **Clause 37** also adds a new section 53ZRDB to prohibit any person who is not an applicant for a VA licence or registration to falsely claim themself to be such an applicant;

(d) **Clause 41** adds new sections 53ZRGA and 53ZRGB to impose civil liability on persons who induce others to invest in VAs by making fraudulent misrepresentation, reckless misrepresentation, negligent misrepresentation or misleading public communications;

(e) **Clause 49** adds new sections 53ZRMA and 53ZRMB to introduce a registration mechanism for AIs and SVF licensees to register as registered VA service providers;

(f) **Clause 80** adds a new section 53ZSQA to empower the SFC to take disciplinary actions in respect of registered VA service providers and their relevant officers, and a new section 53ZSQB to provide for other circumstances in which the SFC may revoke or suspend a registered VAS provider's registration;

(g) **Clause 96** amends section 53ZTK to ensure that the SFC is empowered to publish codes and guidelines in respect of all provisions in the AMLO that relate to virtual assets;

(h) **Clause 125** amends Schedule 3B to extend the coverage of the regulatory regime to VA dealing services, VA advisory services, VA management services and VA custody services, and to provide for the regulatory scopes of each of these services;

(i) **Clause 127** amends Schedule 3C to provide for the prescribed fees related to the provision of the four additional types of VA services;

(iii) **Parts 3 and 4** respectively amend the BO and the PSSVFO to provide for the regulation of the VA service executive officers and relevant individuals of registered VA services providers, with the main provisions set out below –

(a) **Clause 136** adds new sections 58B and 58C to the BO to empower the Monetary Authority to take disciplinary action in respect of current and former VA service relevant individuals of AIs;

(b) **Clause 139** adds new sections 71G to 71L to the BO to require AIs registered as VA service providers to appoint VA service executive officers subject to the Monetary Authority's consent, and empower the Monetary Authority to withdraw or suspend such consent and to prohibit former VA service executive officers of AIs from taking certain actions;

(c) **Clause 140** amends section 72A of the BO to empower the Monetary Authority to require prospective and current VA service executive officers and relevant individuals of AIs to submit information;

(d) **Clause 141** adds a new section 72AD to the BO to empower the Monetary Authority to require former VA service executive officers and relevant individuals of AIs to submit information;

(e) **Clause 154** adds new sections 8ZZXA to 8ZZXD to the PSSVFO to require SVF licensees registered as VA service providers to appoint VA service executive officers subject to the Monetary Authority's consent;

(f) **Clause 163** adds new sections 12D to 12F to the PSSVFO to empower the Monetary Authority to require prospective, current and former VA service executive officers and relevant individuals of SVF licensees to submit information;

(g) **Clause 166** adds new sections 14A to 14D to the PSSVFO to empower the Monetary Authority to take disciplinary action in

respect of current and former VA service relevant individuals of SVF licensees, to withdraw or suspend Monetary Authority's consent given to VA service executive officers of SVF licensees and to prohibit former VA service executive officers of SVF licensees from taking certain actions; and

(iv) **Part 5** contains the related and consequential amendments to other relevant items of legislation, including the SO.

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31. The existing provisions being amended are at **Annex B**.

## LEGISLATIVE TIMETABLE

32. The legislative timetable is as follows -

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| Publication in the Gazette | 20 November 2026 |
| First Reading and commencement of Second Reading debate | 2 December 2026 |
| Resumption of Second Reading debate, committee stage and Third Reading | To be notified |

## IMPLICATIONS OF THE PROPOSAL

33. The Bill is in conformity with the Basic Law, including the provisions concerning human rights. At present, by virtue of section 3 of the AMLO, Part 5B of the AMLO (relating to the regulation of activities involving VAs) applies to and binds the Government.[11] In view of the rapid development and expanding application of VAs (including use of stablecoins for payment), the Bill proposes to introduce a new section 53ZRCC in Part 5B of the AMLO to expressly provide that Part 5B does not apply to the Government, so as to enable the Government's potential future involvement in VA activities under the expanded regulatory regime (for example, providing custody services for stablecoins arising from payment

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[11] Under section 66 of the Interpretation and General Clauses Ordinance (Cap. 1), no Ordinance shall be binding on the State (defined in section 3 of Cap. 1 as including the "Government of the Hong Kong Special Administrative Region") unless it is expressly provided in the Ordinance or it appears by necessary implication that the State is bound by the Ordinance. According to section 2(1) of Cap. 1, the application of section 66 is subject to any contrary intention appearing from the context of any other Ordinance.

Section 3 of the AMLO expressly provides that "[t]his Ordinance applies to the Government, except as otherwise expressly provided". This displaces the general rule in section 66 of Cap. 1. Accordingly, every provision of the AMLO binds the Government unless an express exception is made. As the AMLO contains no express provision disapplying Part 5B of the AMLO to the Government, the existing provisions in Part 5B currently apply to and bind the Government.

activities), and thereby ensure a future-proof regulatory framework. The disapplication will take effect on the commencement date of the new section. From that date, the existing provisions of Part 5B will cease to bind the Government. Therefore, the Bill will change the binding effect of the AMLO in respect of the existing provisions of Part 5B. This change aligns Part 5B with the approach currently adopted for the other regulatory regimes in the AMLO[12]. The Bill will not otherwise affect the binding effect of the AMLO, and will not affect the current binding effect of the BO, the PSSVFO and other relevant legislation.

34. The Bill has no financial, civil service, productivity, environmental, family or gender implications. It has no sustainability implications other than those set out in the economic implications paragraph.

**Economic Implications**

35. The proposed amendments will provide regulatory clarity regarding the provision of VA services in Hong Kong, which will drive responsible innovation and foster the sustainable and responsible development of our digital asset ecosystem. In addition, by putting in place an appropriate regulatory regime to combat VA-related ML/TF activities with reference to international standards and to enhance investor protection, the proposed amendments will reinforce Hong Kong's status as an international financial centre.

**PUBLIC CONSULTATION**

36. The Financial Services and the Treasury Bureau ("FSTB") and the SFC jointly conducted a public consultation on the legislative proposals for establishing the regulatory regimes for VA dealing and custodian service providers from June to August 2025. As part of these efforts, the FSTB and the SFC also conducted a further public consultation on establishing the regulatory regime for VA advisory and management service providers from December 2025 to January 2026. The relevant consultation conclusions were published in December 2025 and May 2026 respectively.

37. A total of 245 submissions were received during the two rounds of public consultations. The majority of respondents, including market participants, industry associations, business and professional organisations, expressed clear support for expanding the scope of the regulatory regime to cover VA dealing, VA advisory, VA management and VA custody services. They also generally supported the proposed regulatory scope and exemptions. The LegCo Panel on Financial

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[12] Section 25 provides that Part 5 (relating to the regulation of operation of money service) does not apply to the Government; section 53B provides that Part 5A (relating to the regulation of trust or company service providers) does not apply to the Government; and section 53ZUA provides that Part 5C (relating to the regulation of dealings in precious metals and stones) does not apply to the Government.

Affairs was briefed on 1 June 2026 and indicated general support towards the proposal.

## PUBLICITY

38. We will issue a press release upon the gazettal of the Bill, and arrange a spokesperson to answer media enquiries.

## ENQUIRIES

39. Enquiries relating to this brief can be directed to Mr Timothy Wong, Principal Assistant Secretary for Financial Services and the Treasury (Financial Services), at 2810 2067.

**Financial Services and the Treasury Bureau**
**18 November 2026**

# Virtual Asset Services Legislation (Amendment) Bill 2026

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# A BILL

## To

Amend the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Banking Ordinance and the Payment Systems and Stored Value Facilities Ordinance to expand the regulatory regime for virtual asset services to cover additional types of services; to establish a registration mechanism under the regulatory regime for authorized institutions and stored value facility licensees to become registered virtual asset service providers; to provide for the regulation of such registered providers and their relevant officers; to better align the regulatory regime under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance for virtual assets and the regulatory regime under the Securities and Futures Ordinance for other financial products; to revise the operation of those Ordinances; and to make related amendments.

Enacted by the Legislative Council.

## Part 1

## Preliminary

**1. Short title and commencement**

(1) This Ordinance may be cited as the Virtual Asset Services Legislation (Amendment) Ordinance 2026.

(2) This Ordinance comes into operation on a day to be appointed by the Secretary for Financial Services and the Treasury by notice published in the Gazette.



**2. Enactments amended**

The enactments specified in Parts 2 to 5 are amended as set out in those Parts.

# Part 2

## Amendments to Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)

**3. Long title amended**

The long title—

**Repeal**

"assets and the licensing"

**Substitute**

"assets, the protection of investors in virtual assets and the licensing and registration".

**4. Section 7 amended (guidelines for operation of Schedule 2)**

(1) Section 7(5A)—

**Repeal**

"relevant Ordinance in relation to the Law Society"

**Substitute**

"Legal Practitioners Ordinance (Cap. 159)".

(2) Section 7(7), definition of ***relevant Ordinance***—

**Repeal paragraphs (b) and (c)**

**Substitute**

"(b) in relation to the Monetary Authority, means—

(i) the Banking Ordinance (Cap. 155);

(ii) the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); or

(iii) the Stablecoins Ordinance (Cap. 656);



(c) in relation to the Securities and Futures Commission, means—

(i) Part 5B;

(ii) the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32); or

(iii) the Securities and Futures Ordinance (Cap. 571);".

**5. Section 8 amended (interpretation of Part 3)**

(1) Section 8, definition of ***non-Part 5B prescribed person***—

**Repeal**

"licensed VAS provider or an associated entity of a licensed"

**Substitute**

"regulated VAS provider or an associated entity of a regulated".

(2) Section 8, definition of ***prescribed person***, paragraphs (b) and (c)—

**Repeal**

"licensed"

**Substitute**

"regulated".

(3) Section 8, definition of ***prescribed requirement***, after paragraph (a)(i)—

**Add**

"(ia) any provision in a guideline published under any provision of this Ordinance;".

(4) Section 8, definition of ***prescribed requirement***, paragraph (a)—

**Repeal subparagraph (ii)**

**Substitute**

"(ii) any notice, prohibition or requirement given or imposed under or pursuant to any provision of this Ordinance;".

(5) Section 8, definition of ***prescribed requirement***, paragraph (a)(v), after "under"—

**Add**

"or pursuant to any provision of".

(6) Section 8, definition of ***prescribed requirement***, paragraph (b)—

**Repeal**

"licensed" (wherever appearing)

**Substitute**

"regulated".

(7) Section 8, definition of ***prescribed requirement***, paragraph (b)(iv), after "licence"—

**Add**

"or registration".

(8) Section 8, definition of ***prescribed requirement***, paragraph (b)(v)—

**Repeal**

"by the Securities and Futures Commission".

(9) Section 8, English text, definition of ***related corporation***—

**Repeal**

"53ZRC."

**Substitute**

"53ZRC;".

(10) Section 8, Chinese text, definition of ***調查員***—



**Repeal**

"的人；"

**Substitute**

"的人。".

(11) Section 8—

**Repeal the definition of *authorized person*.**

(12) Section 8—

**Add in alphabetical order**

"***controller*** (控權人) means an indirect controller or a majority shareholder controller;

***hold*** (持有) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***indirect controller*** (間接控權人)—

(a) in relation to an authorized institution—has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155);

(b) in relation to an SVF licensee—has the meaning given by section 8ZZA of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); or

(c) in relation to a stablecoin licensee—has the meaning given by section 2(1) of the Stablecoins Ordinance (Cap. 656);

***majority shareholder controller*** (大股東控權人)—

(a) in relation to an authorized institution—has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155);

(b) in relation to an SVF licensee—has the meaning given by section 8ZZA of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); or

(c) in relation to a stablecoin licensee—has the meaning given by section 2(1) of the Stablecoins Ordinance (Cap. 656);

***officer*** (高級人員) has the meaning given by section 53ZR;

***possession*** (管有) has the meaning given by section 53ZR;

***section 9 authorized person*** (第 9 條獲授權人) means an authorized person as defined by section 9(15);

***section 13AB authorized person*** (第 13AB 條獲授權人) means an authorized person as defined by section 13AB(9);

***specified officer*** (指明人員) means—

(a) a section 9 authorized person;

(b) a section 13AB authorized person; or

(c) a section 13C officer within the meaning of section 13C(3)(a).".

**6. Section 9 amended (power to enter business premises etc. for routine inspection)**

(1) Section 9(1), English text—

**Repeal**

"a prescribed requirement"

**Substitute**

"the prescribed requirement".

(2) Section 9(1B)—

**Repeal**

"In"



**Substitute**

"Subject to subsections (5A) and (5B), in".

(3) Section 9(1B)—

**Repeal**

"licensed" (wherever appearing)

**Substitute**

"regulated".

(4) Section 9(3)—

**Repeal**

"section 9A"

**Substitute**

"sections 9A and 9B".

(5) Section 9(3)(a)(ii)—

**Repeal**

"licensed" (wherever appearing)

**Substitute**

"regulated".

(6) Section 9(5)—

**Repeal**

"section 9A"

**Substitute**

"sections 9A and 9B".

(7) After section 9(5)—

**Add**

"(5A) Subsection (5B) applies in relation to the exercise of a power under this section where the inspection subject is a

regulated VAS provider or an associated entity of a regulated VAS provider.

(5B) Before an authorized person exercises any of the powers under this section (other than the powers under subsections (1B)(c)(ii) and (3)(b)) in respect of a corporation—

(a) the authorized person (if being a person authorized under subsection (12) by the Monetary Authority) must consult the Securities and Futures Commission if the corporation is a licensed VAS provider licensed for Type E VA service;

(b) the authorized person (if being a person authorized under subsection (12) by the Securities and Futures Commission) must consult the Monetary Authority if the corporation is—

(i) an HKMA regulatee; or

(ii) a corporation that, to the knowledge of the authorized person—

(A) is a controller of an HKMA regulatee;

(B) has as its controller an HKMA regulatee; or

(C) has a controller that is also a controller of an HKMA regulatee; and

(c) the authorized person must consult the Insurance Authority if the corporation is an authorized insurer.".

(8) Section 9(15), definition of ***business premises***, after paragraph (j)—

**Add**



"(ja) in relation to a registered VAS provider, means any premises used by the provider in connection with its business;".

(9) Section 9(15), definition of ***business premises***, paragraph (k)—

**Repeal**

"licensed"

**Substitute**

"regulated".

(10) Section 9(15), definition of ***business premises***, paragraph (k)—

**Repeal**

"and".

(11) Section 9(15), definition of ***business premises***, paragraph (l)(iv), after "records;"—

**Add**

"and".

(12) Section 9(15), definition of ***business premises***, after paragraph (l)—

**Add**

"(m) in relation to a stablecoin licensee, means any premises used by the licensee in connection with its business;".

(13) Section 9(15), definition of ***information holder***, paragraph (b)—

**Repeal**

"licensed" (wherever appearing)

**Substitute**

"regulated".

(14) Section 9(15), Chinese text, definition of ***資料持有人***, paragraph (b)(ii)—

**Repeal**

"紀錄。"

**Substitute**

"紀錄；".

(15) Section 9(15)—

**Add in alphabetical order**

"***authorized person*** (獲授權人) means a person authorized under subsection (12);".

(16) Section 9(17)—

**Repeal**

"licensed" (wherever appearing)

**Substitute**

"regulated".

**7. Section 9A amended (when power under section 9 invoked by other regulatory authority)**

(1) Section 9A(1)(a)—

**Repeal**

"an authorized person"

**Substitute**

"a section 9 authorized person".

(2) Section 9A(1)(b)—

**Repeal**

"and".

(3) Section 9A(1)(c)—

**Repeal**

"person."



**Substitute**

"person; and".

(4) After section 9A(1)(c)—

**Add**

"(d) the inspection subject (within the meaning of section 9(1)) in relation to whom the authorized person is authorized under section 9(12) is a non-Part 5B prescribed person.".

(5) Section 9A(2)—

**Repeal**

"authorized person"

**Substitute**

"section 9 authorized person".

(6) Section 9A(3), definition of ***specified business record***—

**Repeal**

"same meaning as in section 9(16)(a) and (17)(a)"

**Substitute**

"meaning given by section 9(16)(a)".

**8. Section 9B added**

After section 9A—

**Add**

"**9B. Exercise of power under section 9 in relation to regulated VAS providers etc.**

In so far as the exercise of a power under section 9 relates to an inspection subject (within the meaning of subsection (1) of that section) that is a regulated VAS provider or an associated entity of a regulated VAS provider, that section is not to be construed as requiring an HKMA regulatee, not being that inspection

subject or a related corporation of that inspection subject, to disclose any information, or produce any record or document, relating to the affairs of a customer unless the relevant authority by whom the section 9 authorized person is authorized under subsection (12) of that section is satisfied, and certifies in writing that it is satisfied, that the disclosure or production is necessary for the purposes of that section.".

**9. Section 11 amended (relevant authorities may appoint investigators)**

(1) Section 11(1)(a), after "Ordinance"—

**Add**

"(other than one under a VA-related provision)".

(2) Section 11(1)(b)—

**Repeal**

"(other than a licensed VAS provider)".

(3) Section 11(1)(c), after "in relation to"—

**Add**

"a prescribed person that is".

(4) Section 11(1)(c)—

**Repeal**

"(b);"

**Substitute**

"(b); or".

(5) Section 11(1)—

**Repeal paragraph (d).**

(6) Section 11(1)(e), after "in relation to"—

**Add**



"a prescribed person that is".

(7) After section 11(2)—

**Add**

"(2A) The Securities and Futures Commission may, in writing, direct any of its employees or, with the consent of the Financial Secretary, appoint any other person to conduct an investigation if it—

(a) has reasonable cause to believe that an offence under a VA-related provision may have been committed;

(b) has reasonable cause to believe that a person may have engaged in defalcation, fraud, misfeasance or other misconduct in connection with—

(i) dealing in any virtual asset;

(ii) managing investment in any virtual asset;

(iii) giving advice in relation to the acquisition or disposal of, or investment in, any virtual asset or an interest in any virtual asset; or

(iv) the custody of any virtual asset;

(c) has reasonable cause to believe that the manner in which a person has engaged or is engaging in—

(i) dealing in any virtual asset;

(ii) managing investment in any virtual asset;

(iii) giving advice in relation to the acquisition or disposal of, or investment in, any virtual asset or an interest in any virtual asset; or

(iv) the custody of any virtual asset,

is not in the interest of the investing public or in the public interest;

(d) has reason to inquire, for the purpose of considering whether to exercise a power under section 53ZSP(1) or 53ZSQA(1)—

(i) whether any person is, or was at any time, a regulated person guilty of misconduct for the purposes of section 53ZSP or 53ZSQA; or

(ii) whether any person is not a fit and proper person for the purposes of section 53ZSP or 53ZSQA;

(e) has reason to inquire, for the purpose of assisting the Monetary Authority to consider whether to exercise a power under section 58B(3) or 71J(3) of the Banking Ordinance (Cap. 155)—

(i) whether any person is or was guilty of misconduct for the purposes of section 58B or 71J of that Ordinance; or

(ii) whether any person is not a fit and proper person for the purposes of section 58B or 71J of that Ordinance; or

(f) has reason to inquire, for the purpose of assisting the Monetary Authority to consider whether to exercise a power under section 14A(3) or 14C(3) of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584)—

(i) whether any person is or was guilty of misconduct for the purposes of section 14A or 14C of that Ordinance; or

(ii) whether any person is not a fit and proper person for the purposes of section 14A or 14C of that Ordinance.".

(8) Section 11—



**Repeal subsection (3)**

**Substitute**

"(3) The costs and expenses incurred by an investigator who is appointed under subsection (1) or (2A) with the consent of the Financial Secretary may be paid out of moneys provided by the Legislative Council.".

(9) After section 11(5)—

**Add**

"(5A) The Securities and Futures Commission must consult the Monetary Authority before directing any of its employees, or appointing any person, to investigate—

(a) a matter mentioned in subsection (2A)(d) (in so far as it relates to the exercise of a power under section 53ZSQA(1)); or

(b) a matter mentioned in subsection (2A)(e) or (f).".

(10) Section 11—

**Repeal subsection (6)**

**Substitute**

"(6) In this section—

***dealing*** (交易) has the meaning given by section 53ZR;

***VA-related provision*** (虛擬資產相關條文) has the meaning given by section 53ZR.".

**10. Section 12A amended (when power under section 12 invoked by other regulatory authority)**

Section 12A(1)(c)—

**Repeal**

everything after "***authority***)"

**Substitute**

"—

(i) is not the relevant authority in relation to the subject person; and

(ii) is not the Securities and Futures Commission.".

**11. Section 12B added**

After section 12A—

**Add**

"**12B. Exercise of power under section 12 by Securities and Futures Commission's investigators in relation to HKMA regulatees**

In so far as the exercise of a power under section 12 by an investigator directed or appointed by the Securities and Futures Commission is concerned, that section is not to be construed as requiring an HKMA regulatee to disclose any information, or produce any record or document, relating to the affairs of a customer to the investigator unless—

(a) the investigator has reasonable cause to believe that the customer may be able to give information relevant to the investigation; and

(b) the Securities and Futures Commission is satisfied, and certifies in writing that it is satisfied, that the disclosure or production is necessary for the purposes of the investigation.".

**12. Part 3, Division 3 heading amended (regulatory assistance to non-Hong Kong regulator concerning VA activities)**

Part 3, Division 3, heading—

**Repeal**

**"Regulatory Assistance to Non-Hong Kong Regulator"**



**Substitute**

**"Other Powers".**

**13. Sections 13AB and 13AC added**

After section 13A—

**Add**

"**13AB. Information relating to virtual asset transactions**

(1) An authorized person may, for the purpose of enabling or assisting the Commission to perform a function under any provision of this Ordinance, require a person (***subject person***) to provide to the authorized person any of the information specified in subsection (2) within the time and in the form specified by the authorized person if—

(a) the authorized person has reasonable cause to believe that the subject person holds any virtual asset or an interest in any virtual asset;

(b) the authorized person has reasonable cause to believe that the subject person has acquired or disposed of any virtual asset or an interest in any virtual asset, whether directly or through a nominee, trustee or agent, and whether as beneficial owner, nominee, trustee, agent or otherwise; or

(c) the subject person is a licensed person or registered VAS provider through whom or which the authorized person has reasonable cause to believe any virtual asset or an interest in any virtual asset has been acquired, disposed of, dealt with, traded or arranged.

(2) The information specified for the purposes of subsection (1) is—

(a) the particulars that are reasonably capable of establishing the identity of any person involved in relation to the virtual asset or interest concerned, including—

(i) in so far as applicable, the name and aliases, address, telephone and facsimile numbers, electronic mail address, occupation and particulars of any document of identity of that person; and

(ii) if that person is not an individual—any document evidencing the incorporation or registration of that person;

(b) the particulars (including the quantity) of and, in the case of acquisition or disposal, the consideration (if any) for the virtual asset or interest concerned; and

(c) the instructions (if any) given to or by the subject person, or any officer, employee or agent of the subject person, in relation to the holding, acquisition, disposal, dealing, trading, arrangement of or in respect of the virtual asset or interest concerned.

(3) An authorized person may, by written notice, require a person who provides any information in accordance with a requirement under this section to verify the information by statutory declaration within a reasonable period specified in the notice.

(4) If a person does not provide any information in accordance with a requirement under this section for the reason that the information is not within the person's knowledge or in the person's possession, an authorized person may, by written notice, require the person to verify by statutory declaration, within a reasonable period



specified in the notice, that the person was unable to comply or fully comply (as the case requires) with the requirement for that reason.

(5) A statutory declaration under subsection (3) or (4) may be taken by the authorized person requiring it.

(6) The Commission may authorize in writing any person as an authorized person for the purposes of this section.

(7) The Commission must provide an authorized person with a copy of the Commission's authorization.

(8) An authorized person, when exercising any power under this section, must, on request by the person in respect of whom the power is exercised, produce a copy of the authorization for inspection.

(9) In this section—

***authorized person*** (獲授權人) means a person authorized under subsection (6);

***interest*** (權益) includes an interest of any nature, whether legal, equitable, proprietary or otherwise.

(10) In this section, a reference to any person involved in relation to any virtual asset or an interest in any virtual asset is a reference to any person—

(a) on behalf of, by, from or through whom the virtual asset or interest is held, acquired, disposed of, dealt with, traded or arranged; or

(b) to whom the virtual asset or interest is disposed of.

**13AC. Offences for non-compliance with requirements under section 13AB**

(1) A person commits an offence if the person, without reasonable excuse, fails to comply with a requirement under section 13AB(1), (3) or (4).

(2) A person who commits an offence under subsection (1) is liable—

(a) on summary conviction—to a fine at level 5 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $200,000 and to imprisonment for 1 year.

(3) A person commits an offence if the person—

(a) in purported compliance with a requirement under section 13AB(1), provides any information that is false or misleading in a material particular; and

(b) knows that, or is reckless as to whether, the information is false or misleading in a material particular.

(4) A person who commits an offence under subsection (3) is liable—

(a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $1,000,000 and to imprisonment for 2 years.

(5) A person commits an offence if the person, with intent to defraud, fails to comply with a requirement under section 13AB(1), (3) or (4).

(6) A person commits an offence if the person, with intent to defraud, provides any information that is false or misleading in a material particular in purported compliance with a requirement under section 13AB(1).



(7) A person commits an offence if—

(a) the person is a related person of a person (in this subsection referred to as an ***obligated person***) on whom a requirement is imposed under section 13AB(1), (3) or (4); and

(b) the person, with intent to defraud, causes or allows the obligated person to fail to comply with the requirement.

(8) A person commits an offence if—

(a) the person is a related person of a person (in this subsection referred to as an ***obligated person***) on whom a requirement is imposed under section 13AB(1); and

(b) the person, with intent to defraud, causes or allows the obligated person, in purported compliance with the requirement, to provide any information that is false or misleading in a material particular.

(9) A person who commits an offence under subsection (5), (6), (7) or (8) is liable—

(a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $1,000,000 and to imprisonment for 7 years.

(10) Despite anything in this Ordinance, no criminal proceedings may be instituted against a person under subsection (1), (3), (5), (6), (7) or (8) in respect of any conduct if—

(a) proceedings have previously been instituted against the person for the purposes of section 14(2)(b) in respect of the same conduct; and

(b) those proceedings remain pending or, because of the previous institution of those proceedings, no proceedings may again be lawfully instituted against the person for the purposes of that section in respect of the same conduct.

(11) In this section—

***related person*** (相關人士) has the meaning given by section 10(11).".

**14. Section 13B amended (international enforcement cooperation)**

(1) Section 13B, heading, after "**cooperation**"—

**Add**

"**using section 11**".

(2) Section 13B(1)—

**Repeal**

"section 11(1)(a) or (d)"

**Substitute**

"section 11(1)(a) or (2A)(a), (b), (c), (d), (e) or (f)".

(3) Section 13B(3)—

**Repeal**

"subsection (1)(a) or (d)"

**Substitute**

"subsection (1)(a) or (2A)(a), (b), (c), (d), (e) or (f)".

(4) Section 13B—

**Repeal subsections (4) and (5).**



**15. Section 13BA added**

After section 13B—

**Add**

"**13BA. International enforcement cooperation using section 13AB**

(1) If the conditions specified in subsection (2) are met, the Commission may, at the request of a regulator of a jurisdiction outside Hong Kong, provide assistance to the regulator, by way of exercising the power under subsection (3), to investigate an issue of whether a person has contravened or is contravening any VA requirements of that jurisdiction that are enforced or administered by the regulator.

(2) The conditions are—

(a) that, in the opinion of the Commission, the regulator meets the regulator-related requirements under section 13D(1); and

(b) that, in the opinion of the Commission, the investors' and public interest condition described in section 13E is satisfied in relation to the request.

(3) For the purpose of providing the assistance, the Commission may authorize a person under section 13AB(6) as a section 13AB authorized person to exercise a power under section 13AB.".

**16. Section 13C amended (international supervisory cooperation)**

(1) Section 13C(6)(b)(i)—

**Repeal**

"13B"

**Substitute**

"13B or 13BA".

(2) Section 13C—

**Repeal subsections (7) and (8).**

(3) At the end of section 13C—

**Add**

"(9) Before a section 13C officer exercises any of the powers under this section in respect of a corporation—

(a) the section 13C officer must consult the Monetary Authority if the corporation is—

(i) an HKMA regulatee; or

(ii) a corporation that, to the knowledge of the section 13C officer—

(A) is a controller of an HKMA regulatee;

(B) has as its controller an HKMA regulatee; or

(C) has a controller that is also a controller of an HKMA regulatee; and

(b) the section 13C officer must consult the Insurance Authority if the corporation is an authorized insurer.

(10) If a person gives an answer in accordance with a requirement under subsection (3)(b), the section 13C officer may in writing require the person to verify, within the time specified in the requirement, the answer by statutory declaration.

(11) If a person does not give an answer in accordance with a requirement under subsection (3)(b) for the reason that the information concerned is not within the person's knowledge, the section 13C officer may in writing require the person to verify, within the time specified in the requirement, that fact and reason by statutory declaration.



(12) A statutory declaration under subsection (10) or (11) may be taken by the section 13C officer.

(13) The Commission must provide a section 13C officer with a copy of the Commission's authorization.

(14) A section 13C officer, when exercising any power under this section, must, on request by the person in respect of whom the power is exercised, produce a copy of the authorization for inspection.".

**17. Section 13CA added**

After section 13C—

**Add**

"**13CA. Offences for non-compliance with requirements under section 13C**

(1) A person commits an offence if the person, without reasonable excuse, fails to comply with a requirement under section 13C(3), (10) or (11).

(2) A person who commits an offence under subsection (1) is liable—

(a) on summary conviction—to a fine at level 5 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $200,000 and to imprisonment for 1 year.

(3) A person commits an offence if the person—

(a) in purported compliance with a requirement under section 13C(3), produces any record or document or gives any answer that is false or misleading in a material particular; and

(b) knows that, or is reckless as to whether, the record or document or the answer is false or misleading in a material particular.

(4) A person who commits an offence under subsection (3) is liable—

(a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $1,000,000 and to imprisonment for 2 years.

(5) A person commits an offence if the person, with intent to defraud, fails to comply with a requirement under section 13C(3), (10) or (11).

(6) A person commits an offence if the person, with intent to defraud, produces any record or document or gives any answer that is false or misleading in a material particular in purported compliance with a requirement under section 13C(3).

(7) A person commits an offence if—

(a) the person is a related person of a person (in this subsection referred to as an ***obligated person***) on whom a requirement is imposed under section 13C(3), (10) or (11); and

(b) the person, with intent to defraud, causes or allows the obligated person to fail to comply with the requirement.

(8) A person commits an offence if—

(a) the person is a related person of a person (in this subsection referred to as an ***obligated person***) on whom a requirement is imposed under section 13C(3); and



(b) the person, with intent to defraud, causes or allows the obligated person, in purported compliance with the requirement—

(i) to produce any record or document that is false or misleading in a material particular; or

(ii) to give any answer that is false or misleading in a material particular.

(9) A person who commits an offence under subsection (5), (6), (7) or (8) is liable—

(a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $1,000,000 and to imprisonment for 7 years.

(10) Despite anything in this Ordinance, no criminal proceedings may be instituted against a person under subsection (1), (3), (5), (6), (7) or (8) in respect of any conduct if—

(a) proceedings have previously been instituted against the person for the purposes of section 14(2)(b) in respect of the same conduct; and

(b) those proceedings remain pending or, because of the previous institution of those proceedings, no proceedings may again be lawfully instituted against the person for the purposes of that section in respect of the same conduct.

(11) In this section—

***related person*** (相關人士) means has the meaning given by section 10(11).".

**18. Section 13D amended (regulator-related requirements)**

Section 13D(1)—

**Repeal**

"13B"

**Substitute**

"13B, 13BA".

**19. Section 13E amended (investors' and public interest condition)**

Section 13E(1), (2) and (3)(a)—

**Repeal**

"13B"

**Substitute**

"13B, 13BA".

**20. Section 14 amended (application to Court of First Instance relating to non-compliance with requirements imposed under section 9 or 12)**

(1) Section 14, heading—

**Repeal**

**"9 or 12"**

**Substitute**

**"9, 12, 13AB or 13C".**

(2) Section 14(1)—

**Repeal**

"an authorized person under section 9(3), (5), (9) or (10)"

**Substitute**

"a specified officer under section 9(3), (5), (9) or (10), 13AB(1), (3) or (4) or 13C(3), (10) or (11)".

(3) Section 14(1)—

**Repeal**



"the authorized person"

**Substitute**

"the specified officer".

(4) Section 14(4)(a)—

**Repeal**

"(8) or 13(1), (3), (5), (6), (7) or (8)"

**Substitute**

"(8), 13(1), (3), (5), (6), (7) or (8), 13AC(1), (3), (5), (6), (7) or (8) or 13CA(1), (3), (5), (6), (7) or (8)".

**21. Section 17 amended (magistrate's warrants)**

Section 17(1)—

**Repeal**

"person authorized under section 9(12)"

**Substitute**

"specified officer".

**22. Section 19 amended (inspection of records and documents seized etc.)**

(1) Section 19(1)—

**Repeal**

"an authorized person"

**Substitute**

"a specified officer".

(2) Section 19(1)—

**Repeal**

"the authorized person" (wherever appearing)

**Substitute**

"the specified officer".

**23. Section 20 amended (destruction of documents etc.)**

(1) Section 20(1)—

**Repeal**

"an authorized person"

**Substitute**

"a specified officer".

(2) Section 20(1)—

**Repeal**

"the authorized person"

**Substitute**

"the specified officer".

**24. Section 20A repealed (Part 4 does not apply to licensed VAS provider)**

Section 20A—

**Repeal the section.**

**25. Section 25 amended (persons to whom this Part does not apply)**

After section 25(b)—

**Add**

"(ba) a licensed VAS provider that operates a money service that is ancillary to the provider's principal business;".

**26. Section 30 amended (grant of licence)**

Section 30(3)(b)(ii), before "authorized person"—

**Add**

"section 9".



**27. Section 34 amended (revocation or suspension of licence)**

Section 34(1)(b)(i), before "authorized person"—

**Add**

"section 9".

**28. Section 38 amended (adding new business premises)**

Section 38(4)(b), before "authorized person"—

**Add**

"section 9".

**29. Section 39 amended (application to operate at particular premises)**

Section 39(4)(b), before "authorized person"—

**Add**

"section 9".

**30. Section 53B amended (disapplication)**

After section 53B(1)(c)—

**Add**

"(ca) a licensed VAS provider that operates a trust or company service business that is ancillary to the provider's principal business;".

**31. Part 5B, Division 1 heading amended (interpretation)**

Part 5B, Division 1, heading, after "**Interpretation**"—

**Add**

"**and Disapplication of this Part**".

**32. Section 53ZR amended (interpretation of Part 5B)**

(1) Section 53ZR—

**Repeal the definition of *associated entity***

**Substitute**

"***associated entity*** (有聯繫實體)—see section 53ZRCA;".

(2) Section 53ZR—

**Repeal the definition of *auditor***

**Substitute**

"***auditor*** (核數師) means—

(a) a certified public accountant (practising); or

(b) any other person who—

(i) subject to subparagraph (ii), is prescribed by rules made under section 397 of the Securities and Futures Ordinance (Cap. 571) for the purposes of the definition of ***auditor*** in section 1 of Part 1 of Schedule 1 to that Ordinance where the prescription applies for the purposes of the whole of that Ordinance; or

(ii) if any person is prescribed by rules made for the purposes of this definition as an auditor (whether generally or only to the extent prescribed)—is such a person as so prescribed;".

(3) Section 53ZR—

**Repeal the definition of *client***

**Substitute**

"***client*** (客戶), in relation to a regulated provider (***subject provider***)—



(a) means a person for whom the subject provider provides a service that constitutes a VA service; and

(b) includes another regulated provider that deposits with the subject provider—

(i) any virtual asset;

(ii) any money; or

(iii) any property as collateral;".

(4) Section 53ZR—

**Repeal the definition of *client asset***

**Substitute**

"***client asset*** (客戶資產) means—

(a) client virtual asset;

(b) client collateral; or

(c) client money;".

(5) Section 53ZR—

**Repeal the definition of *client money***

**Substitute**

"***client money*** (客戶款項)—

(a) in relation to a licensed provider—

(i) means any money—

(A) received or held by or on behalf of the provider; or

(B) received or held by or on behalf of a corporation that is in a controlling entity relationship with the provider,

that is so received or held on behalf of a client of the provider, or in which a client of the provider has a legal or equitable interest; and

(ii) includes any accretions to any money falling within subparagraph (i), whether as capital or income; or

(b) in relation to a registered provider—

(i) means any money—

(A) received or held by or on behalf of the provider in the course of the provision of any of the provider's registered services; or

(B) received or held by or on behalf of a corporation that is in a controlling entity relationship with the provider in relation to the provision of any of the provider's registered services,

that is so received or held on behalf of a client of the provider, or in which a client of the provider has a legal or equitable interest; and

(ii) includes any accretions to any money falling within subparagraph (i), whether as capital or income;".

(6) Section 53ZR—

**Repeal the definition of *client virtual asset***

**Substitute**

"***client virtual asset*** (客戶虛擬資產)—

(a) in relation to a licensed provider—means any virtual asset (other than VA collateral)—

(i) received or held by or on behalf of the provider; or



(ii) received or held by or on behalf of any corporation that is in a controlling entity relationship with the provider,

that is so received or held on behalf of a client of the provider, or in which a client of the provider has a legal or equitable interest; or

(b) in relation to a registered provider—means any virtual asset (other than VA collateral)—

(i) received or held by or on behalf of the provider in the course of the provision of any of the provider's registered services; or

(ii) received or held by or on behalf of any corporation that is in a controlling entity relationship with the provider in relation to the provision of any of the provider's registered services,

that is so received or held on behalf of a client of the provider, or in which a client of the provider has a legal or equitable interest;".

(7) Section 53ZR, definition of ***securities***—

**Repeal**

"(Cap. 571)"

**Substitute**

"(Cap. 571), and a reference to securities (however described) as those of a corporation is to be construed in accordance with section 7 of that Part".

(8) Section 53ZR, definition of ***specified requirement***, paragraph (d), after "licence"—

**Add**

"or registration".

(9) Section 53ZR, definition of ***specified requirement***, paragraph (d)—

**Repeal**

"this Ordinance"

**Substitute**

"this Part".

(10) Section 53ZR, definition of ***specified requirement***, paragraph (e)—

**Repeal**

"by the Commission".

(11) Section 53ZR, definition of ***VA service***, after "specified in"—

**Add**

"column 2 of Part 1 of".

(12) Section 53ZR—

**Repeal the definition of *information*.**

(13) Section 53ZR—

**Add in alphabetical order**

"***accredited*** (隸屬) means accredited to a licensed provider with the Commission's approval under section 53ZRM;

***AML-related provision*** (打擊洗錢相關條文) means—

(a) any provision of Part 2; or

(b) any other provision of this Ordinance that has effect in respect of any provision of that Part;

***associate*** (有聯繫者), in relation to a person, means—

(a) the spouse, or any minor child (natural or adopted) or minor step-child, of the person;

(b) any corporation of which the person is a director;



(c) any employee or partner of the person;

(d) the trustee of a trust of which the person, or the person's spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or a discretionary object;

(e) another person in accordance with whose directions or instructions the person is accustomed or obliged to act;

(f) another person accustomed or obliged to act in accordance with the directions or instructions of the person;

(g) a corporation in accordance with the directions or instructions of which, or the directions or instructions of the directors of which, the person is accustomed or obliged to act;

(h) a corporation that is, or the directors of which are, accustomed or obliged to act in accordance with the directions or instructions of the person;

(i) a corporation at the general meetings of which the person, either alone or together with another, is directly or indirectly entitled to exercise or control the exercise of 33% or more of the voting power;

(j) a corporation of which the person controls the composition of the board of directors;

(k) if the person is a corporation—

(i) any of its directors or any of its related corporations or any director or employee of any of its related corporations; and

(ii) a pension fund, provident fund or employee share scheme of the corporation or of a related corporation of the corporation; or

(l) without limiting the circumstances in which paragraphs (a), (b), (c), (d), (e), (f), (g), (h), (i), (j) and (k) apply, in circumstances concerning the securities of or other interest in a corporation, or rights arising out of the holding of such securities or such interest, any other person with whom the person has an agreement or arrangement—

(i) with respect to the holding, acquisition or disposal of such securities or such interest; or

(ii) under which they undertake to act together in exercising their voting power at the general meetings of the corporation;

***broadcast*** (廣播) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***broadcaster*** (廣播業者) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***charge*** (押記) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***client collateral*** (客户抵押品) means—

(a) VA collateral; or

(b) other collateral;

***company*** (公司) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622);

***controlling entity*** (控權實體), in relation to a corporation, means a person who, either alone or with any of the associates of the person—



(a) is entitled to exercise or control the exercise of not less than—

(i) subject to subparagraphs (ii) and (iii), 20%;

(ii) subject to subparagraph (iii), if a percentage is prescribed by rules made under section 397 of the Securities and Futures Ordinance (Cap. 571) for the purposes of the definition of ***controlling entity*** in section 1 of Part 1 of Schedule 1 to that Ordinance and the percentage applies for the purposes of the whole of that Ordinance—that percentage; or

(iii) if a percentage is prescribed by rules made for the purposes of this definition (whether generally or only to the extent prescribed)—that percentage as so prescribed,

of the voting power at the general meetings of the corporation;

(b) has the right to nominate any of the directors of the corporation; or

(c) has an interest in shares carrying the right to—

(i) veto any resolution; or

(ii) amend, modify, limit or add conditions to any resolution,

at the general meetings of the corporation;

***controlling entity relationship*** (控權實體關係), in relation to a corporation, means its relationship with a regulated provider by virtue of—

(a) the provider being a controlling entity of the corporation;

(b) the corporation being a controlling entity of the provider; or

(c) another person, who is a controlling entity of the corporation, being also a controlling entity of the provider;

***corporation*** (法團)—

(a) subject to paragraph (b), does not include any company or other body corporate that is prescribed by rules made under section 397 of the Securities and Futures Ordinance (Cap. 571) for the purposes of the definition of ***corporation*** in section 1 of Part 1 of Schedule 1 to that Ordinance as being exempted from the whole of that Ordinance; or

(b) if any company or other body corporate is prescribed by rules made for the purposes of this definition as being excluded from this definition (whether generally or only to the extent prescribed)—does not include such a company or body corporate as so prescribed;

***dealing*** (交易), in relation to a virtual asset, means, whether as principal or agent, making or offering to make an agreement with another person, or inducing or attempting to induce another person, to enter into or to offer to enter into an agreement for or with a view to acquiring, disposing of, subscribing for or underwriting the virtual asset;

***debenture*** (債權證) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***financial accommodation*** (財務通融)—



(a) means a loan or other arrangement under which a person is or is to be provided with credit, whether directly or through a third party (including in particular an overdraft, a discounted negotiable instrument, a guarantee or a forbearance from enforcing any debt that in substance is a loan); and

(b) includes an agreement to secure the payment or repayment of any accommodation falling within paragraph (a);

***financial year*** (財政年度), in relation to an auditable entity (as defined by section 53ZRZ)—

(a) if the entity has given notification to the Commission under section 53ZSB(1) or (2) of the date on which its financial year ends—subject to paragraph (b), means that financial year;

(b) if approval is granted under section 53ZSB(5)(a) to the entity—means the financial year in respect of which the approval is granted; or

(c) in any other case—means a period of 12 consecutive months ending on 31 March in a calendar year;

***fraudulent misrepresentation*** (欺詐的失實陳述) means—

(a) any statement that, at the time when it is made, is to the knowledge of its maker false, misleading or deceptive;

(b) any promise that, at the time when it is made—

(i) its maker has no intention of fulfilling; or

(ii) is to the knowledge of its maker not capable of being fulfilled;

(c) any forecast that, at the time when it is made, is to the knowledge of its maker not justified on the facts then known to its maker;

(d) any statement from which, at the time when it is made, its maker intentionally omits a material fact, with the result that the statement is rendered false, misleading or deceptive; or

(e) any forecast from which, at the time when it is made, its maker intentionally omits a material fact, with the result that the forecast is rendered misleading or deceptive;

***licence*** (牌照) means a licence granted under section 53ZRK or 53ZRL, and ***licensed*** (獲發牌、持牌) is to be construed accordingly;

***licensed service*** (持牌服務), in relation to a licensed person, means any VA service that the person is licensed to provide;

***live broadcast*** (直播) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***member*** (成員), in relation to the Commission, has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***negligent misrepresentation*** (疏忽的失實陳述) means—

(a) any statement that, at the time when it is made, is false, misleading or deceptive and is made without reasonable care having been taken to ensure its accuracy;

(b) any promise that, at the time when it is made, is not capable of being fulfilled and is made without



reasonable care having been taken to ensure that it can be fulfilled;

(c) any forecast that, at the time when it is made, is not justified on the facts then known to its maker and is made without reasonable care having been taken to ensure the accuracy of those facts;

(d) any statement from which, at the time when it is made, its maker negligently omits a material fact, with the result that the statement is rendered false, misleading or deceptive; or

(e) any forecast from which, at the time when it is made, its maker negligently omits a material fact, with the result that the forecast is rendered misleading or deceptive;

***OTC derivative product*** (場外衍生工具產品) has the meaning given by section 1B of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***other collateral*** (其他抵押品)—

(a) in relation to a licensed provider—means any property (other than a virtual asset or money) deposited with, or otherwise provided by or on behalf of a client of the licensed provider to, the licensed provider, another regulated provider or another person—

(i) as security for the provision by the licensed provider of financial accommodation; or

(ii) to facilitate the provision by the licensed provider of financial accommodation under an arrangement that confers on the licensed provider a collateral interest in the property; or

(b) in relation to a registered provider—means any property (other than a virtual asset or money)—

(i) deposited with, or otherwise provided by or on behalf of a client of the registered provider to, the registered provider in the course of the provision of any of the registered provider's registered services—

(A) as security for the provision by the registered provider of financial accommodation; or

(B) to facilitate the provision by the registered provider of financial accommodation under an arrangement that confers on the registered provider a collateral interest in the property; or

(ii) deposited with, or otherwise provided by or on behalf of a client of the registered provider to, another regulated provider or another person in relation to the provision of any of the registered provider's registered services—

(A) as security for the provision by the registered provider of financial accommodation; or

(B) to facilitate the provision by the registered provider of financial accommodation under an arrangement that confers on the registered provider a collateral interest in the property;

***reckless misrepresentation*** (罔顧實情的失實陳述) means—



(a) any statement that, at the time when it is made, is false, misleading or deceptive and is made recklessly;

(b) any promise that, at the time when it is made, is not capable of being fulfilled and is made recklessly;

(c) any forecast that, at the time when it is made, is not justified on the facts then known to its maker and is made recklessly;

(d) any statement from which, at the time when it is made, its maker recklessly omits a material fact, with the result that the statement is rendered false, misleading or deceptive; or

(e) any forecast from which, at the time when it is made, its maker recklessly omits a material fact, with the result that the forecast is rendered misleading or deceptive;

***register of authorized institutions*** (認可機構的紀錄冊) means the register maintained by the Monetary Authority under section 20 of the Banking Ordinance (Cap. 155);

***register of SVF licensees*** (工具持牌人的紀錄冊) means the register established and kept by the Monetary Authority under section 8ZZZF of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

***registered provider*** (註冊提供者) means an authorized institution, or an SVF licensee, that is registered under section 53ZRMB;

***registered service*** (註冊服務), in relation to a registered provider, means any VA service for which the provider is registered;

***registration*** (註冊) means a registration granted under section 53ZRMB, and ***registered*** (獲註冊) is to be construed accordingly;

***regulated provider*** (受規管提供者) means a licensed provider or registered provider;

***share*** (股份) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***specified stablecoin*** (指明穩定幣) has the meaning given by section 4 of the Stablecoins Ordinance (Cap. 656);

***VA agreement*** (虛擬資產協議) means an agreement to acquire, dispose of, subscribe for or underwrite any virtual asset;

***VA collateral*** (虛擬資產抵押品)—

(a) in relation to a licensed provider—means any virtual asset deposited with, or otherwise provided by or on behalf of a client of the licensed provider to, the licensed provider, another regulated provider or another person—

(i) as security for the provision by the licensed provider of financial accommodation; or

(ii) to facilitate the provision by the licensed provider of financial accommodation under an arrangement that confers on the licensed provider a collateral interest in the virtual asset; or

(b) in relation to a registered provider—means any virtual asset—

(i) deposited with, or otherwise provided by or on behalf of a client of the registered provider to, the registered provider in the course of the



provision of any of the registered provider's registered services—

(A) as security for the provision by the registered provider of financial accommodation; or

(B) to facilitate the provision by the registered provider of financial accommodation under an arrangement that confers on the registered provider a collateral interest in the virtual asset; or

(ii) deposited with, or otherwise provided by or on behalf of a client of the registered provider to, another regulated provider or another person in relation to the provision of any of the registered provider's registered services—

(A) as security for the provision by the registered provider of financial accommodation; or

(B) to facilitate the provision by the registered provider of financial accommodation under an arrangement that confers on the registered provider a collateral interest in the virtual asset;

***VA-related provision*** (虛擬資產相關條文) means—

(a) any provision of this Part;

(b) any provision of Division 3 of Part 3; or

(c) any other provision of this Ordinance that has effect in respect of any provision of this Part or Division 3 of Part 3;".

**33. Section 53ZRA amended (meaning of *VA* or *virtual asset*)**

(1) After section 53ZRA(2)(a)(iii)—

**Add**

"(iiia) constitutes a leveraged foreign exchange contract as defined by Part 2 of Schedule 5 to the Securities and Futures Ordinance (Cap. 571);

(iiib) constitutes an OTC derivative product;".

(2) Section 53ZRA(2)(a)(iv)—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

**34. Section 53ZRB amended (meaning of providing VA service and performing regulated function)**

Section 53ZRB(2)(b)—

**Repeal**

"licensed" (wherever appearing)

**Substitute**

"regulated".

**35. Sections 53ZRCA, 53ZRCB and 53ZRCC added**

Part 5B, Division 1, after section 53ZRC—

**Add**

**"53ZRCA. Meaning of *associated entity***

(1) For the purposes of this Part, a company or registered non-Hong Kong company is an associated entity of a regulated provider if it—



(a) is in a controlling entity relationship with the provider; and

(b) receives or holds in Hong Kong client assets (as limited by subsections (2) and (3)) of the provider.

(2) For the purposes of subsection (1)(b), the reference to client assets in that subsection is, where it refers to any client virtual asset or client money of a licensed provider, limited to such asset or money that is—

(a) if it is received or held by or on behalf of the licensed provider—received or held in the course of the provision of any of the licensed provider's licensed services; or

(b) if it is received or held by or on behalf of a corporation that is in a controlling entity relationship with the licensed provider—received or held in relation to the provision of any of the licensed provider's licensed services.

(3) For the purposes of subsection (1)(b), the reference to client assets in that subsection is, where it refers to any VA collateral or other collateral of a licensed provider, limited to any asset or other property that is—

(a) if it is any virtual asset or any property (other than virtual asset or money) deposited with, or otherwise provided by or on behalf of a client of the licensed provider to, the licensed provider—deposited with, or otherwise provided in the course of the provision of any of the licensed provider's licensed services; or

(b) if it is any virtual asset or any property (other than virtual asset or money) deposited with, or otherwise provided by or on behalf of a client of the licensed provider to, another regulated provider or another

person—deposited with, or otherwise provided in relation to the provision of any of the licensed provider's licensed services.

**53ZRCB. Meaning of controlling composition of corporation's board of directors**

(1) For the purposes of this Part, the composition of the board of directors of a corporation (***corporation A***) is to be regarded as being controlled by another corporation (***corporation B***) if corporation B is, by the exercise of any power exercisable by it, able to appoint or remove, without the consent or concurrence of any other person, all or a majority of the directors of corporation A.

(2) For the purposes of subsection (1), corporation B is to be regarded as being able to appoint or remove a director of corporation A if—

(a) the appointment or removal cannot occur without corporation B exercising a power; or

(b) the appointment of a person as a director of corporation A follows necessarily from the person's being a director or other officer of corporation B.

(3) For the purposes of this Part, the composition of the board of directors of a corporation (***corporation C***) is to be regarded as being controlled by an individual if the individual is, by the exercise of any power exercisable by the individual, able to appoint or remove, without the consent or concurrence of any other person, all or a majority of the directors of corporation C.

(4) For the purposes of subsection (3), the individual is to be regarded as being able to appoint or remove a director of corporation C if—



(a) the appointment or removal cannot occur without the individual exercising a power; or

(b) the appointment of a person as a director of corporation C follows necessarily from the person's being a director or other officer of another corporation (***corporation D***), and the person's appointment as a director or other officer of corporation D cannot occur without the individual exercising a power.

**53ZRCC. Disapplication of this Part**

This Part does not apply to the Government.".

**36. Section 53ZRD amended (licence required for carrying on VA service business)**

(1) Section 53ZRD, heading—

**Repeal**

**"Licence required for"**

**Substitute**

**"Restriction on".**

(2) Section 53ZRD(2)—

**Repeal**

"licensed"

**Substitute**

"regulated".

(3) Section 53ZRD—

**Repeal subsection (4)**

**Substitute**

"(4) Subsection (3) does not apply to—

(a) a licensed representative who provides on behalf of the representative's principal any of the representative's licensed services; or

(b) an individual—

(i) who provides on behalf of a registered provider any of the provider's registered services; and

(ii) whose name is entered in the register of authorized institutions, or in the register of SVF licensees, as that of a person engaged by the provider in respect of the VA service.".

**37. Sections 53ZRDA and 53ZRDB added**

After section 53ZRD—

**Add**

**"53ZRDA. Prohibition of use of certain titles**

(1) A person must not take or use a title formed by a combination of—

(a) any expression specified in column 2 or 3 of Part 1 of Schedule 3BA; and

(b) any expression specified in column 3 or 4 of Part 2 of that Schedule opposite any VA service specified in column 2 of that Part,

unless the person meets any of the criteria specified in subsection (4).

(2) To avoid doubt, for the purposes of subsection (1), it does not matter whether the title concerned contains any letters, characters, numbers or symbols in addition to the expressions mentioned in paragraphs (a) and (b) of that subsection.



(3) A person must not take or use any title, other than a title mentioned in subsection (1), that suggests that—

(a) the person carries on a business of providing any VA service specified in column 2 of Part 2 of Schedule 3BA; or

(b) the person performs any regulated function in relation to the provision of any VA service specified in that column that is carried on as a business,

unless the person meets any of the criteria specified in subsection (4).

(4) The criteria are—

(a) the person is licensed or registered for the VA service concerned;

(b) the person's name is entered in the register of authorized institutions, or in the register of SVF licensees, as that of a person engaged in respect of the VA service concerned by a registered provider registered for that service, and the person takes or uses the title concerned while acting in that capacity.

(5) A person who contravenes subsection (1) or (3) commits an offence and is liable on conviction—

(a) to a fine at level 6; and

(b) in the case of a continuing offence, to a further fine of $2,000 for every day during which the offence continues.

(6) In this section—

***title*** (稱銜) includes name and description.

**53ZRDB. False claim to be applicant for licence or registration**

(1) A person who is not an applicant for a licence or registration must not—

(a) describe themself, in whatever way, as such an applicant; or

(b) behave, or otherwise hold themself out, in a way that indicates, or that is reasonably likely to be understood as indicating, that they are such an applicant.

(2) A person who contravenes subsection (1) commits an offence and is liable—

(a) on summary conviction—

(i) to a fine at level 6 and to imprisonment for 6 months; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues; or

(b) on conviction on indictment—

(i) to a fine of $400,000 and to imprisonment for 2 years; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues.".

**38. Section 53ZRE amended (offence to issue advertisements relating to unlicensed person's provision of VA service)**

(1) Section 53ZRE, heading, after "**unlicensed**"—

**Add**

"**and unregistered**".

(2) Section 53ZRE(1)(b)—



**Repeal**

"not licensed"

**Substitute**

"neither licensed nor registered".

(3) Section 53ZRE(7), definition of ***document***, after "prospectus"—

**Add**

"as defined by section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32)".

**39. Section 53ZRF amended (offence involving fraudulent or deceptive devices etc. in transactions in virtual assets)**

(1) Section 53ZRF(4)—

**Repeal**

"virtual assets"

**Substitute**

"virtual asset or an interest in any virtual asset".

(2) Section 53ZRF(6)—

**Repeal**

"licensed provider"

**Substitute**

"licensed person or registered provider".

(3) Section 53ZRF(8)—

**Repeal paragraph (a).**

**40. Section 53ZRG amended (offence to fraudulently or recklessly induce others to invest in virtual assets)**

(1) Section 53ZRG(1)—

**Repeal**

everything after "offer to enter into,"

**Substitute**

"a VA agreement.".

(2) Section 53ZRG—

**Repeal subsection (3).**

**41. Sections 53ZRGA and 53ZRGB added**

Part 5B, Division 2, after section 53ZRG—

**Add**

**"53ZRGA. Civil liability for inducing others to invest in virtual assets in certain cases**

(1) If—

(a) a person (***representor***) makes any fraudulent misrepresentation, reckless misrepresentation or negligent misrepresentation; and

(b) another person (***representee***) is induced by the misrepresentation to enter into, or offer to enter into, a VA agreement,

the representor is, whether or not the representor also incurs any other liability (whether under this Part or otherwise), liable to pay compensation by way of damages to the representee for any pecuniary loss sustained by the representee as a result of the representee's reliance on the misrepresentation.

(2) For the purposes of this section, if—

(a) a company or other body corporate has made any fraudulent misrepresentation, reckless misrepresentation or negligent misrepresentation; and



(b) another person is induced by the misrepresentation to enter into, or offer to enter into, a VA agreement,

any person who was a director of the company or body corporate at the time when the misrepresentation was made (***director***) is presumed to have also made the misrepresentation, unless it is proved that the director did not authorize the making of the misrepresentation.

(3) To avoid doubt, if—

(a) a court has jurisdiction to determine an action brought under subsection (1); and

(b) it is, apart from this section, within its jurisdiction to entertain an application for an injunction,

it may grant, on the terms and conditions it considers appropriate, an injunction in addition to, or in substitution for, damages.

(4) A person may bring an action under subsection (1) even though the person against whom the action is brought has not been charged with or convicted of an offence for a contravention of any provision of this Part.

(5) Nothing in this section affects, limits or diminishes any rights conferred on a person, or any liabilities a person may incur, under the common law or any other enactment.

**53ZRGB. Civil liability for false or misleading public communications concerning virtual assets**

(1) Subject to subsections (3), (4), (5), (6) and (7), if—

(a) a person (***subject person***) is responsible for any communication being made or issued to the public,

or to a group of persons comprising members of the public;

(b) the communication concerns virtual assets, or may affect the price of virtual assets or the price for dealings in virtual assets;

(c) the communication is false or misleading in a material particular; and

(d) the subject person knows that, or is reckless or negligent as to whether, the communication is false or misleading in a material particular,

the subject person is, whether or not the subject person also incurs any other liability (whether under this Part or otherwise), liable to pay compensation by way of damages to any other person for any pecuniary loss sustained by that other person as a result of that other person's acting, or refraining from acting in a manner in which that other person would otherwise have acted, in reliance on the communication.

(2) For the purposes of subsection (1), a person responsible for any communication being made or issued includes—

(a) any person making or issuing it; and

(b) any person who in a material manner participated in, or approved, the making or issuing of it.

(3) A subject person is not liable to pay compensation under subsection (1) to any other person in respect of any communication unless it is fair, just and reasonable in the circumstances of the case that the subject person should be so liable.

(4) A subject person is not liable to pay compensation under subsection (1) to any other person by reason only of the issue or reproduction of any communication if—



(a) the issue or reproduction of the communication took place in the ordinary course of a business (whether or not carried on by the subject person), the principal purpose of which was issuing or reproducing materials provided by others;

(b) the contents of the communication were not, wholly or partly, devised—

(i) where the business was carried on by the subject person—by the subject person or any officer, employee or agent of the subject person; or

(ii) where the business was not carried on by the subject person—by the subject person;

(c) for the purposes of the issue or reproduction—

(i) where the business was carried on by the subject person—the subject person or any officer, employee or agent of the subject person; or

(ii) where the business was not carried on by the subject person—the subject person,

did not select, add to, modify or otherwise exercise control over the contents of the communication; and

(d) at the time of the issue or reproduction, the subject person did not know that the communication was false or misleading in a material particular.

(5) A subject person is not liable to pay compensation under subsection (1) to any other person by reason only of the retransmission of any communication if—

(a) the retransmission of the communication took place in the ordinary course of a business (whether or not carried on by the subject person), the normal

conduct of which involved the retransmission of information to other persons within an information system or from one information system to another information system (wherever situated), whether directly or by facilitating the establishment of links between such other persons and third parties;

(b) the contents of the communication were not, wholly or partly, devised—

(i) where the business was carried on by the subject person—by the subject person or any officer, employee or agent of the subject person; or

(ii) where the business was not carried on by the subject person—by the subject person;

(c) for the purposes of the retransmission—

(i) where the business was carried on by the subject person—the subject person or any officer, employee or agent of the subject person; or

(ii) where the business was not carried on by the subject person—the subject person,

did not select, add to, modify or otherwise exercise control over the contents of the communication;

(d) the retransmission of the communication was accompanied by a message to the effect, or was effected following acknowledgment by the persons to whom it was retransmitted of their understanding, that—

(i) where the business was carried on by the subject person—the subject person or any



officer, employee or agent of the subject person; or

(ii) where the business was not carried on by the subject person—the person who carried on the business or any officer, employee or agent of that person,

did not devise the contents of the communication, and neither took responsibility for it nor endorsed its accuracy; and

(e) at the time of the retransmission—

(i) the subject person did not know that the communication was false or misleading in a material particular; or

(ii) the subject person knew that the communication was false or misleading in a material particular, but—

(A) where the business was carried on by the subject person—in the circumstances of the case the subject person could not reasonably be expected to prevent the retransmission; or

(B) where the business was not carried on by the subject person—in the circumstances of the case the subject person had taken all reasonable steps to bring the fact that the communication was so false or misleading to the attention of a person in a position to take steps to cause the retransmission to be prevented (even if the retransmission in fact took place).

(6) A subject person is not liable to pay compensation under subsection (1) to any other person by reason only of the live broadcast of a communication if—

(a) the broadcast of the communication took place in the ordinary course of the business of a broadcaster (whether or not the subject person was the broadcaster);

(b) the contents of the communication were not, wholly or partly, devised—

(i) where the subject person was the broadcaster—by the subject person or any officer, employee or agent of the subject person; or

(ii) where the subject person was not the broadcaster—by the subject person;

(c) for the purposes of the broadcast—

(i) where the subject person was the broadcaster—the subject person or any officer, employee or agent of the subject person; or

(ii) where the subject person was not the broadcaster—the subject person,

did not select, add to, modify or otherwise exercise control over the contents of the communication;

(d) in relation to the broadcast—

(i) where the subject person was the broadcaster—the subject person; or

(ii) where the subject person was not the broadcaster—the subject person believed and had reasonable grounds to believe that the broadcaster,



acted in accordance with the terms and conditions of the licence (if any) by which the subject person or the broadcaster (as the case requires) became entitled to broadcast as a broadcaster and with any code of practice or guidelines (however described) issued under or pursuant to the Telecommunications Ordinance (Cap. 106) or the Broadcasting Ordinance (Cap. 562) and applicable to the subject person or the broadcaster (as the case requires) as a broadcaster; and

(e) at the time of the broadcast—

(i) the subject person did not know that the communication was false or misleading in a material particular; or

(ii) the subject person knew that the communication was false or misleading in a material particular, but—

(A) where the subject person was the broadcaster—in the circumstances of the case the subject person could not reasonably be expected to prevent the broadcast; or

(B) where the subject person was not the broadcaster—in the circumstances of the case the subject person had taken all reasonable steps to bring the fact that the communication was so false or misleading to the attention of a person in a position to take steps to cause the broadcast to be prevented (even if the broadcast in fact took place).

(7) If an action is brought against a subject person under subsection (1) by reference to subsection (2)(b) in respect of any communication, it is a defence for the subject person to prove—

(a) that the subject person only participated in, or approved, the making or issuing of a part of the communication and that the part was not false or misleading in a material particular; or

(b) where the action is brought on the basis that the subject person participated in the making or issuing of the communication—that at the time when it was made or issued, the subject person opposed the making or issuing of it because it was false or misleading in a material particular.

(8) To avoid doubt, if—

(a) a court has jurisdiction to determine an action brought under subsection (1); and

(b) it is, apart from this section, within its jurisdiction to entertain an application for an injunction,

it may grant, on the terms and conditions it considers appropriate, an injunction in addition to, or in substitution for, damages.

(9) This section does not confer a right of action in any case to which section 53ZRGA applies.

(10) Nothing in this section affects, limits or diminishes any rights conferred on a person, or any liabilities a person may incur, under the common law or any other enactment.

(11) In this section—

***communication*** (通訊) means any communication, including any announcement, disclosure and statement, and any combination of them;



***issue*** (發出), in relation to any material (including any communication), includes publishing, circulating, distributing or otherwise disseminating the material or the contents of the material, whether—

(a) by any visit in person;

(b) in a newspaper, magazine, journal or other publication;

(c) by the display of posters or notices;

(d) by means of circulars, brochures, pamphlets or handbills;

(e) by an exhibition of photographs or cinematograph films;

(f) by way of sound or television broadcasting;

(g) by way of social media;

(h) by any information system or other electronic device; or

(i) by any other means, whether mechanically, electronically, optically, manually or by any other medium, or by way of production or transmission of light, image or sound or any other medium,

and also includes causing or authorizing the material to be issued.".

**42. Section 53ZRH amended (register of licensed persons)**

(1) Section 53ZRH, heading, after "**persons**"—

**Add**

"**and registered providers**".

(2) Section 53ZRH(1), after "persons"—

**Add**

"and registered providers".

(3) Section 53ZRH(2)(a), after "each licensed person"—

**Add**

"and registered provider (***regulated person***)".

(4) Section 53ZRH(2)(a)(i)—

**Repeal**

"licensed"

**Substitute**

"regulated".

(5) Section 53ZRH(2)(a)(ii), after "licence"—

**Add**

"or registration of the regulated person".

(6) Section 53ZRH(2)(a)(iii)—

**Repeal**

"licensed"

**Substitute**

"regulated".

(7) Section 53ZRH(2)(a)(iv), after "licence"—

**Add**

"to, or registration of, the regulated person".

(8) Section 53ZRH(2)(a)(v)—

**Repeal**

everything after "for which the"

**Substitute**

"regulated person is licensed or registered and the date on which the licence or registration takes effect;".



(9) Section 53ZRH(2)(a)(vi), after "licence"—

**Add**

"or registration".

(10) Section 53ZRH(2)(a)(vi)—

**Repeal**

"and".

(11) Section 53ZRH(2)(a)(vii)—

**Repeal**

"53ZSP or 53ZSQ entered in accordance with section 53ZTJ;"

**Substitute**

"53ZSP, 53ZSQ, 53ZSQA or 53ZSQB entered in accordance with section 53ZTJ; and".

(12) After section 53ZRH(2)(a)(vii)—

**Add**

"(viii) the modification or waiver granted (if any), together with any particulars the Commission considers appropriate in relation to any condition imposed, and the corresponding effective date;".

(13) Section 53ZRH(2)(b)(i)—

**Repeal**

"responsible officer"

**Substitute**

"of its responsible officers".

(14) Section 53ZRH(2)(b)(iv)—

**Repeal**

"and".

(15) Section 53ZRH(2)(c)(iii)—

**Repeal**

"principal."

**Substitute**

"principal; and".

(16) After section 53ZRH(2)(c)—

**Add**

"(d) in the case of a registered provider—

(i) the name of each of its VAS executive officers;

(ii) its electronic mail address and website address; and

(iii) its contact details, including contact details of its complaints officer.".

(17) Section 53ZRH(4)(a)—

**Repeal**

"licensed"

**Substitute**

"regulated".

(18) Section 53ZRH(4)(b)—

**Repeal**

"licence."

**Substitute**

"licence or registration of the regulated person.".

(19) Section 53ZRH(6), definition of ***complaints officer***—

**Repeal**

"licensed" (wherever appearing)

**Substitute**

"regulated".



**43. Section 53ZRHA added**

After section 53ZRH—

**Add**

"**53ZRHA. Withholding particulars in register from public inspection**

(1) Despite section 53ZRH, the Commission may, on application by a licensed person licensed for Type E VA service or a registered provider registered for Type E VA service in the specified manner, withhold from public inspection any particulars in the register in relation to the licensed person or registered provider for any period the Commission considers appropriate.

(2) To avoid doubt, subsection (1) does not operate to prevent any particulars withheld under that subsection from being disclosed under Part 6A.

(3) The Court of First Instance may, on application by any person appearing to the Court of First Instance to have a sufficient interest, make an order for the disclosure by the Commission of any particulars withheld under subsection (1) if the Court of First Instance is satisfied that it is appropriate to make the order.

(4) An order under subsection (3) must specify the persons to whom, and purposes for which, the disclosure is authorized to be made.".

**44. Section 53ZRI amended (certified copy of register)**

(1) Before section 53ZRI(1)—

**Add**

"(1AA) This section applies to the register maintained under section 53ZRH (***register***) but, unless an order under

section 53ZRHA(3) applies, does not apply to any particulars withheld under section 53ZRHA(1).".

(2) Section 53ZRI(1)(a)—

**Repeal**

"maintained under section 53ZRH (***register***)".

(3) Section 53ZRI(3), after "appear"—

**Add**

"as a licensed person or registered provider (***regulated person***)".

(4) Section 53ZRI(3)—

**Repeal**

"a licensed person."

**Substitute**

"such a regulated person.".

**45. Section 53ZRJ amended (fit and proper test)**

(1) Section 53ZRJ(1)—

**Repeal**

"must, in addition to any other matter that the Commission considers relevant,"

**Substitute**

"or the Monetary Authority must, in addition to any other matter that the Commission or the Monetary Authority (as the case requires) considers relevant, but subject to section 53ZRRA,".

(2) Section 53ZRJ(1)(b)—

**Repeal**

everything after "person,"



**Substitute**

"having regard to the nature of the functions that the person applies to be, or is, licensed, registered or approved to perform;".

(3) Section 53ZRJ(2)—

**Repeal**

"Commission may"

**Substitute**

"Commission or the Monetary Authority (as the case requires) may".

(4) Section 53ZRJ(2)(a)—

**Repeal subparagraph (i)**

**Substitute**

"(i) by (for a determination by the Commission) the Monetary Authority or (for a determination by the Monetary Authority) the Commission;

(ia) by the Insurance Authority;

(ib) by the MPF Schemes Authority; or".

(5) Section 53ZRJ(2)(b)—

**Repeal**

"Commission,"

**Substitute**

"Commission or the Monetary Authority (as the case requires),".

(6) Section 53ZRJ(2)(b)(i), before "any"—

**Add**

"if the determination relates to a licence under section 53ZRK to provide a VA service or an application for such a licence—".

(7) Section 53ZRJ(2)(b)(i)—

**Repeal**

"a VA service;"

**Substitute**

"the VA service;".

(8) Section 53ZRJ(2)(b)(ii), before "any"—

**Add**

"if the determination relates to a licence under section 53ZRK to provide a VA service, a registration for a VA service or an application for such a licence or registration—".

(9) Section 53ZRJ(2)(b)(ii)—

**Repeal**

"a VA service;"

**Substitute**

"the VA service;".

(10) Section 53ZRJ(2)(c), before "whether"—

**Add**

"if the determination relates to a licence under section 53ZRK to provide a VA service, a registration for a VA service or an application for such a licence or registration—".

(11) Section 53ZRJ(3), after "a corporation"—

**Add**

"other than an authorized institution or SVF licensee".

(12) After section 53ZRJ(3)—

**Add**



"(3A) If subsections (1) and (2) apply to a person that is an authorized institution, a reference to the person in any paragraph of those subsections includes—

(a) any director (as defined by section 2(1) of the Banking Ordinance (Cap. 155)) of the institution;

(b) any chief executive (as defined by that section) of the institution;

(c) any manager (as defined by that section) of the institution; and

(d) any VAS executive officer of the institution.

(3B) If subsections (1) and (2) apply to a person that is an SVF licensee, a reference to the person in any paragraph of those subsections includes—

(a) any director (as defined by section 2(1) of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584)) of the licensee;

(b) any chief executive (as defined by section 8A(1) of that Ordinance) of the licensee;

(c) any manager (as defined by section 8A(1) of that Ordinance) of the licensee; and

(d) any VAS executive officer of the licensee.".

**46. Section 53ZRK amended (application for and grant of licence)**

(1) Section 53ZRK(1)—

**Repeal**

"a VA service"

**Substitute**

"one or more VA services".

(2) Section 53ZRK(3)(a)(i)—

**Repeal**

"as defined by section 2(1) of the Companies Ordinance (Cap. 622)".

(3) Section 53ZRK(5)—

**Repeal**

"subsection (4), the Commission may impose on a licence"

**Substitute**

"subsections (4) and (8), the conditions that may be imposed on a licence include".

(4) Section 53ZRK(5)(n)—

**Repeal**

"their licensed representatives"

**Substitute**

"licensed representatives accredited to them".

(5) Section 53ZRK(6)—

**Repeal**

", (5)".

(6) Section 53ZRK(8)—

**Repeal**

"of a person"

**Substitute**

"under this section".

(7) Section 53ZRK—

**Repeal subsection (9).**



**47. Section 53ZRL amended (application to be licensed representatives)**

(1) Section 53ZRL(5)—

**Repeal**

"of a licensed representative"

**Substitute**

"under this section".

(2) Section 53ZRL—

**Repeal subsection (6).**

**48. Section 53ZRM amended (approval and transfer of accreditation)**

Section 53ZRM—

**Repeal subsection (7).**

**49. Part 5B, Division 3, Subdivision 4A added**

Part 5B, Division 3, after Subdivision 4—

**Add**

## "Subdivision 4A—Registered Provider

**53ZRMA. Application for registration**

(1) An authorized institution may apply to the Commission to be registered under section 53ZRMB for one or more VA services.

(2) An SVF licensee may apply to the Commission to be registered under section 53ZRMB for either or both of the following VA services—

(a) Type A VA service;

(b) Type E VA service.

(3) An application under this section must be—

(a) made to the Commission in the specified manner; and

(b) accompanied by the prescribed fee.

**53ZRMB. Grant of registration**

(1) The Commission may, on application made under section 53ZRMA, register the applicant for the VA service applied for.

(2) The Commission must refer to the Monetary Authority any application made under section 53ZRMA.

(3) On receiving an application for registration for a VA service referred under subsection (2), the Monetary Authority must—

(a) consider the application;

(b) consult the Commission on the merits of the application; and

(c) advise the Commission whether the Monetary Authority is satisfied that the applicant is a fit and proper person to be registered for that VA service.

(4) In deciding whether to register or refuse to register an applicant under subsection (1), the Commission—

(a) must have regard to any advice given to it by the Monetary Authority under subsection (3)(c); and

(b) may rely wholly or partly on that advice.

(5) On granting a registration under this section, the Commission may impose any condition on the registration.



(6) Without limiting subsections (5) and (7), it is a condition of a registration under this section for a VA service that—

(a) in relation to the VA service, there is at least one VAS executive officer available at all times to supervise the business of the VA service;

(b) any individual whose name is entered in the register of authorized institutions, or in the register of SVF licensees, as that of a person engaged by the registered provider in respect of the VA service is a fit and proper person to be so engaged; and

(c) if the registered provider is an SVF licensee—the provider may only provide the VA service in respect of a specified stablecoin issued by a stablecoin licensee.

(7) In relation to a registration under this section, the Commission may, at any time, if satisfied that it is reasonable to do so in the circumstances—

(a) impose any new conditions;

(b) amend any previously imposed conditions; or

(c) remove any previously imposed conditions.

(8) The Commission must not exercise its power under subsection (5) or (7) unless the Commission has first consulted the Monetary Authority.

(9) The imposition, amendment or removal of a condition under subsection (7) takes effect at the time of the service of the notice given under section 53ZRS(3) or at the time specified in the notice, whichever is the later.".

**50. Part 5B, Division 3, Subdivision 5 heading amended (variation of licensed VA service)**

Part 5B, Division 3, Subdivision 5, heading—

**Repeal**

**"Licensed".**

**51. Section 53ZRN amended (variation of licensed VA service)**

(1) Section 53ZRN, heading—

**Repeal**

**"licensed".**

(2) Section 53ZRN(1)—

**Repeal**

"provider or licensed representative is licensed."

**Substitute**

"person is licensed or a registered provider is registered.".

(3) Section 53ZRN(2)(a)—

**Repeal**

"provider or licensed representative"

**Substitute**

"person or registered provider".

(4) Section 53ZRN(3), after "licence"—

**Add**

"or registration (as the case requires)".

**52. Section 53ZRO amended (requirements for responsible officers)**

(1) Section 53ZRO, heading, after "**officers**"—

**Add**

"**and VAS executive officers**".

(2) Section 53ZRO(1)—

**Repeal**



"any VA service"

**Substitute**

"any of its licensed services".

(3) Section 53ZRO(1)(a) and (b)—

**Repeal**

"the VA service"

**Substitute**

"the licensed service".

(4) After section 53ZRO(1)—

**Add**

"(1A) A registered provider that is an authorized institution must not provide any of its registered services unless—

(a) it has complied with section 71G of the Banking Ordinance (Cap. 155) in respect of the appointment of the VAS executive officers; and

(b) the VAS executive officers are in compliance with section 71H of that Ordinance (including that section as read with section 71L of that Ordinance).

(1B) A registered provider that is an SVF licensee must not provide any of its registered services unless—

(a) it has complied with section 8ZZXA of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584) in respect of the appointment of the VAS executive officers; and

(b) the VAS executive officers are in compliance with section 8ZZXB of that Ordinance (including that section as read with section 8ZZXD of that Ordinance).".

(5) Section 53ZRO(2)—

**Repeal**

"licensed provider"

**Substitute**

"person".

(6) Section 53ZRO(2)—

**Repeal**

"subsection (1)"

**Substitute**

"subsection (1), (1A) or (1B)".

**53. Section 53ZRP amended (approval of responsible officers)**

Section 53ZRP—

**Repeal subsection (5).**

**54. Section 53ZRQ amended (ultimate ownership)**

Section 53ZRQ—

**Repeal subsection (6).**

**55. Section 53ZRR amended (premises for keeping records or documents)**

Section 53ZRR—

**Repeal subsection (5).**

**56. Section 53ZRRA added**

Part 5B, Division 4, after section 53ZRR—

**Add**



"**53ZRRA. Modification or waiver of requirements**

(1) On application in the specified manner and payment of the prescribed fee by an eligible person, the Commission may, by written notice, grant a modification or waiver, in relation to the eligible person, in respect of—

(a) a condition imposed or amended under section 53ZRK, 53ZRL, 53ZRM, 53ZRMB, 53ZRP or 53ZRQ;

(b) the condition specified in section 53ZRK(6);

(c) section 53ZRJ, 53ZRK(3)(b)(ii) or (v), 53ZRO(1), (1A) or (1B) or 53ZRR; or

(d) any provision of rules made by the Commission under this Part.

(2) The Commission must refuse to grant a modification or waiver under subsection (1) unless the Commission is satisfied by the eligible person that granting the modification or waiver will not prejudice—

(a) for a modification or waiver granted in respect of a condition imposed or amended under section 53ZRK or 53ZRMB—the interests of any client of the eligible person; or

(b) for a modification or waiver granted in respect of any other matter—the interest of the investing public.

(3) On granting a modification or waiver under subsection (1), the Commission may impose any condition on the modification or waiver.

(4) In relation to a modification or waiver granted under subsection (1) to an eligible person, the Commission may, at any time by written notice served on the eligible person

or a person specified in subsection (7), if satisfied that it is reasonable to do so in the circumstances—

(a) amend the modification or waiver;

(b) impose any new conditions;

(c) amend any previously imposed conditions; or

(d) remove any previously imposed conditions.

(5) When granting or amending a modification or waiver under subsection (1) or (4), the Commission may specify, in the notice mentioned in that subsection, a period during which the modification or waiver is valid (***validity period***).

(6) A modification or waiver granted under subsection (1) to an eligible person remains in force—

(a) if a validity period is specified for the modification or waiver—until the end of the period; or

(b) if no validity period is specified—until revoked by the Commission by written notice served on the eligible person or a person specified under subsection (7).

(7) The following persons are specified for the purposes of subsections (4) and (6)—

(a) if the eligible person is a licensed provider—a responsible officer of the provider;

(b) if the eligible person is a licensed representative accredited to a licensed provider, an applicant for a licence under section 53ZRL or a responsible officer of a licensed provider—the provider to which the person is accredited;

(c) if the eligible person is a registered provider—a VAS executive officer of the provider; or



(d) if the eligible person is an associated entity of a regulated provider—a director of the entity who is responsible for directly supervising the receiving or holding by the entity of client assets of the provider.

(8) In relation to a modification or waiver granted under subsection (1) to an eligible person, the Commission must—

(a) on the grant of the modification or waiver;

(b) on its amendment or an amendment or removal of its conditions or the imposition of any new conditions on it under subsection (3) or (4); or

(c) on its revocation under subsection (6)(b),

subject to subsection (10), publish on the Internet a notice containing the information specified in subsection (9).

(9) The information is—

(a) the name of the eligible person;

(b) the event mentioned in subsection (8)(a), (b) or (c) (as the case requires) and the reasons for the event;

(c) any condition imposed on the modification or waiver on its grant, or the condition amended or removed or newly imposed subsequently under subsection (3) or (4) (as the case requires); and

(d) (if applicable) the period for which the modification or waiver so granted or amended or the condition so imposed or amended is valid.

(10) If the eligible person concerned satisfies the Commission that publishing a notice of any condition mentioned in subsection (9)(c) would prejudice, to an unreasonable degree, the commercial interests of the person, the Commission may, instead of publishing notice of the

condition, include in the notice mentioned in subsection (8)—

(a) a brief account of the reasons for not publishing a notice of the condition; and

(b) such appropriate information on the condition as the Commission considers incapable of prejudicing, to an unreasonable degree, the commercial interests of the person.

(11) The Commission may by rules grant a modification or waiver, in relation to a class of licensed persons or registered providers or associated entities, in respect of any of the requirements of the rules mentioned in subsection (1)(d).

(12) The Commission must not make any rules under subsection (11) to grant a modification or waiver mentioned in that subsection unless the Commission is satisfied that granting the modification or waiver will not prejudice the interest of the investing public.

(13) The Commission may specify in the rules made under subsection (11) the conditions subject to which the modification or waiver is granted, and the rules may provide that a person who fails to comply with such a condition commits an offence and is liable on conviction to a fine not exceeding level 6.

(14) The Commission may at any time by rules—

(a) revoke a modification or waiver granted under subsection (11); or

(b) amend, remove or add to, any condition subject to which such modification or waiver is granted.

(15) The Commission must not exercise its power under subsection (1), (3), (4), (11), (13) or (14) in relation to any



registered provider or any associated entity that is an HKMA regulatee unless the Commission has first consulted the Monetary Authority.

(16) A person who fails to comply with a condition imposed under subsection (3) or (4) commits an offence and is liable on conviction to a fine at level 6.

(17) In this section—

***eligible person*** (合資格人士) means—

(a) a licensed provider;

(b) an applicant for a licence under section 53ZRK;

(c) a licensed representative;

(d) an applicant for a licence under section 53ZRL;

(e) a responsible officer of a licensed provider;

(f) a registered provider;

(g) an applicant for registration under section 53ZRMB;

(h) an ultimate owner approved under section 53ZRQ;

(i) an applicant for approval under section 53ZRQ to become an ultimate owner; or

(j) an associated entity of a regulated provider.".

**57. Section 53ZRS amended (procedural requirements)**

(1) After section 53ZRS(1)(f)—

**Add**

"(fa) to refuse to grant a registration under section 53ZRMB;

(fb) to impose a condition on, or amend or remove a condition of, a registration under section 53ZRMB;".

(2) Section 53ZRS(1)(g)—

**Repeal**

"provider or licensed representative is licensed"

**Substitute**

"person is licensed or a registered provider is registered".

(3) Section 53ZRS(1)(k)—

**Repeal**

"53ZRR."

**Substitute**

"53ZRR;".

(4) After section 53ZRS(1)(k)—

**Add**

"(l) to refuse to grant a modification or waiver under section 53ZRRA(1);

(m) to impose a condition on, or amend or remove a condition of, such a modification or waiver under section 53ZRRA(3) or (4).".

**58. Section 53ZRSA added**

Part 5B, Division 6, before section 53ZRT—

**Add**

"**53ZRSA. Client virtual assets and client collateral held by regulated providers and their associated entities**

(1) Client virtual assets and client collateral (***client VA and collateral***) of a regulated provider are not liable to be taken in execution against the provider or an associated entity of the provider under an order or process of a court.

(2) However—

(a) subsection (1) applies to client VA and collateral received or held by a registered provider only if the client VA and collateral are so received or held in the course of the business that constitutes any of the provider's registered services; and



(b) if an associated entity of a regulated provider is an HKMA regulatee, subsection (1) applies to client VA and collateral received or held by the associated entity only if the client VA and collateral are so received or held in the course of its business of receiving or holding client VA and collateral of the provider.".

**59. Section 53ZRT amended (client assets held by licensed providers and their associated entities)**

(1) Section 53ZRT, heading—

**Repeal**

"**assets**"

**Substitute**

"**money**".

(2) Section 53ZRT(1)—

**Repeal**

"assets of a licensed provider are"

**Substitute**

"money of a licensed provider is".

(3) Section 53ZRT—

**Repeal subsection (2)**

**Substitute**

"(2) However, if an associated entity of a licensed provider is an authorized institution, subsection (1) does not operate to prevent client money of the provider that is received or

held by the associated entity from being taken in execution against the associated entity under an order or process of a court.".

(4) Section 53ZRT—

**Repeal subsection (3).**

**60. Section 53ZRTA added**

Part 5B, Division 6, after section 53ZRT—

**Add**

**"53ZRTA. Claims and liens not affected**

(1) This Division is not to be construed as taking away or affecting a lawful claim or lien that any person has in respect of client assets of a regulated provider (whether received or held by the provider or an associated entity of the provider).

(2) However, the existence of any claim or lien mentioned in subsection (1) does not relieve a regulated provider or an associated entity of a regulated provider of the duty to comply with the requirements of any codes or guidelines published under any provision of this Ordinance that apply to it.".

**61. Part 5B, Division 7 heading amended (licensed persons' obligations regarding notification, annual fees and annual returns)**

Part 5B, Division 7, heading—

**Repeal**

**"Licensed Persons"**.



**62. Section 53ZRU amended (notification of change in particulars)**

Section 53ZRU—

**Repeal subsection (1)**

**Substitute**

"(1) If—

(a) a person has provided any information to the Commission under section 53ZTI or any provision of this Division or Division 3, 4 or 5; and

(b) a change in the information occurs,

then the person must, in the circumstances prescribed under any specified requirement, notify the Commission and (if the information relates to a registered provider) the Monetary Authority in writing of the change within 7 business days after the change setting out a full description of the change.".

**63. Section 53ZRV amended (notification of intended cessation of business etc.)**

(1) Section 53ZRV(1)—

**Repeal**

"VA service for which it is licensed"

**Substitute**

"of the person's licensed services".

(2) After section 53ZRV(3)—

**Add**

"(3A) A registered provider that intends to cease to provide any of its registered services must notify the Commission and the Monetary Authority in writing of the intention as soon

as reasonably practicable and in any event not later than 7 business days before the intended cessation.

(3B) A registered provider that intends to change the address at which it proposes to provide any VA service must notify the Commission and the Monetary Authority in writing of the intention not later than 7 business days before the intended change.".

(3) Section 53ZRV(4)—

**Repeal**

"(2) or (3)"

**Substitute**

"(2), (3), (3A) or (3B)".

**64. Section 53ZRW amended (associated entities: notification and restriction on business)**

(1) Section 53ZRW(1)—

**Repeal**

"licensed"

**Substitute**

"regulated".

(2) After section 53ZRW(1)—

**Add**

"(1A) If the associated entity is an HKMA regulatee, the requirement under subsection (1) is not to be construed as a requirement to notify particulars relating to its business other than that of receiving or holding client assets of any regulated providers of which it is an associated entity.".

(3) Section 53ZRW(2)—

**Repeal**



"licensed"

**Substitute**

"regulated".

(4) Section 53ZRW(3)—

**Repeal**

everything after "Commission,"

**Substitute**

"a regulated provider's associated entity that is neither an HKMA regulatee nor a licensed provider for Type E VA service must not, at any time after becoming such an entity, conduct any business other than that of—

(a) receiving or holding client assets of the regulated provider, whether on behalf of the regulated provider or otherwise; or

(b) if it is also an associated entity of an intermediary within the meaning of the Securities and Futures Ordinance (Cap. 571)—receiving or holding client assets (within the meaning of that Ordinance) as allowed under section 165(3)(a) of that Ordinance.".

(5) Section 53ZRW(4), (5), (6), (7) and (8)—

**Repeal**

"licensed"

**Substitute**

"regulated".

**65. Section 53ZRY amended (annual fee and annual return)**

(1) Section 53ZRY(1)—

**Repeal**

"licensed person"

**Substitute**

"person who is a licensed person or registered provider".

(2) Section 53ZRY(1)(a)—

**Repeal**

"licence"

**Substitute**

"person's licence or registration".

**66. Part 5B, Division 8 heading amended (licensed provider and its associated entities required to submit audited accounts etc.)**

Part 5B, Division 8, heading—

**Repeal**

**"Provider and its Associated Entities"**

**Substitute**

**"Providers and Associated Entities of Regulated Providers".**

**67. Section 53ZRZ amended (interpretation of Division 8)**

(1) Section 53ZRZ, definition of ***auditable entity***—

**Repeal paragraph (b)**

**Substitute**

"(b) an auditable associated entity;".

(2) Section 53ZRZ, English text, definition of ***section 53ZSH auditor***—

**Repeal**

"53ZSH."

**Substitute**

"53ZSH;".



(3) Section 53ZRZ—

**Add in alphabetical order**

"***auditable associated entity*** (須予審計有聯繫實體) means a regulated provider's associated entity that is not an HKMA regulatee;

***specified auditor*** (指明核數師), in relation to a regulated provider's associated entity that is an HKMA regulatee—

(a) if the entity is an authorized institution—means an auditor appointed in relation to the institution for the purposes of the Banking Ordinance (Cap. 155);

(b) if the entity is an SVF licensee—means an auditor appointed in relation to the licensee for the purposes of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584) or the Companies Ordinance (Cap. 622); or

(c) if the entity is a stablecoin licensee—means an auditor appointed in relation to the licensee for the purposes of the Stablecoins Ordinance (Cap. 656) or the Companies Ordinance (Cap. 622).".

**68. Section 53ZS amended (auditable entity to appoint prescribed auditor)**

(1) Section 53ZS(3)—

**Repeal**

"associated entity of a licensed provider must, within 1 month after the associated entity becomes such an associated entity,"

**Substitute**

"auditable associated entity of a regulated provider must, within 1 month after it becomes an associated entity of the provider,".

(2) Section 53ZS(4)—

**Repeal**

"associated entity of a licensed provider"

**Substitute**

"auditable associated entity".

**69. Section 53ZSA amended (eligibility of auditor for appointment)**

(1) Section 53ZSA(1)—

**Repeal**

"a licensed provider or any of its associated entities"

**Substitute**

"an auditable entity under section 53ZS".

(2) Section 53ZSA(1)(a)—

**Repeal**

"licensed provider or any of its associated entities;"

**Substitute**

"entity;".

(3) Section 53ZSA(1)(c)—

**Repeal**

everything after "belongs to"

**Substitute**

"—

(i) subject to subparagraph (ii), a class of persons prescribed by rules made under section 397 of the Securities and Futures Ordinance (Cap. 571) for the purposes of section 153(4)(a)(ii) of that Ordinance; or



(ii) if any class of persons is prescribed by rules made for the purposes of this subparagraph (whether generally or only to the extent prescribed)—such a class of persons as so prescribed.".

(4) Section 53ZSA(2)—

**Repeal**

"a licensed provider or any of its associated entities, even if the person is, apart from that appointment, already an auditor appointed by the licensed provider or the associated entity the accounts of which are to be audited,"

**Substitute**

"an auditable entity under section 53ZS, even if the person is, apart from that appointment, already an auditor appointed by the entity,".

**70. Section 53ZSB amended (auditable entity to notify financial year)**

(1) Section 53ZSB(2)—

**Repeal**

"associated entity of a licensed"

**Substitute**

"auditable associated entity of a regulated".

(2) Section 53ZSB(2)—

**Repeal**

"such an associated entity"

**Substitute**

"an associated entity of the provider".

(3) Section 53ZSB(3)—

**Repeal**

everything after "subsection (5)(b)"

**Substitute**

", an auditable entity must not alter the date on which its financial year ends.".

(4) Section 53ZSB(4)—

**Repeal**

everything after "subsection (5)(b)"

**Substitute**

", an auditable entity must not adopt a period that exceeds 12 months as its financial year.".

(5) Section 53ZSB(5), before "by"—

**Add**

"and payment of the prescribed fee".

**71. Section 53ZSC amended (auditable entity to submit audited accounts etc.)**

(1) Section 53ZSC(2)—

**Repeal**

everything before "must—"

**Substitute**

"(2) If a licensed provider ceases, in the prescribed circumstances, to provide all of its licensed services, or if an auditable associated entity of a regulated provider ceases to be an associated entity of the regulated provider, then the licensed provider or the entity (as the case requires)".

(2) Section 53ZSC(4), before "by the"—

**Add**



"and payment of the prescribed fee".

(3) Section 53ZSC(8), after "prescribed auditor"—

**Add**

"or prescribed fee".

**72. Section 53ZSD amended (prescribed auditor of auditable entity to report on reportable matter etc.)**

(1) Section 53ZSD, heading—

**Repeal**

"**Prescribed auditor of auditable entity**"

**Substitute**

"**Auditor**".

(2) Section 53ZSD—

**Repeal subsections (1), (2) and (3)**

**Substitute**

"(1) If a person becomes aware of a reportable matter in the course of performing the person's functions as an auditable entity's prescribed auditor, the person must, as soon as reasonably practicable after the person becomes aware of the reportable matter, lodge with the Commission a written report on the reportable matter.

(2) If a person, in the course of performing the person's functions as an auditable entity's prescribed auditor, proposes to include any qualification or adverse statement in any report prepared by the person on the prescribed financial statements or other prescribed documents of the entity that are required to be submitted to the Commission under section 53ZSC, the person must, as soon as reasonably practicable after the person first proposes including the qualification or adverse statement, lodge

with the Commission a written report on the qualification or adverse statement.

(3) If—

(a) a regulated provider's associated entity is an HKMA regulatee; and

(b) a person becomes aware of a reportable matter in the course of performing the person's functions as the entity's specified auditor,

the person must, as soon as reasonably practicable after the person becomes aware of the reportable matter, lodge with the Commission and the Monetary Authority a written report on the reportable matter.".

(3) Section 53ZSD(4), definition of ***reportable matter***, paragraph (a)(i)—

**Repeal**

everything after "any of the" and before "; or"

**Substitute**

"applicable requirements".

(4) Section 53ZSD(4), definition of ***reportable matter***, paragraph (a)(ii)—

**Repeal**

"entities; or"

**Substitute**

"entities;".

(5) Section 53ZSD(4), definition of ***reportable matter***, paragraph (b)—

**Repeal**

"associated entity of a licensed provider"



**Substitute**

"auditable associated entity".

(6) Section 53ZSD(4), definition of ***reportable matter***, paragraph (b)(i)—

**Repeal**

everything after "any of the" and before "; or"

**Substitute**

"applicable requirements".

(7) Section 53ZSD(4), definition of ***reportable matter***, paragraph (b)(ii)—

**Repeal**

"entity."

**Substitute**

"entity; or".

(8) Section 53ZSD(4), definition of ***reportable matter***, after paragraph (b)—

**Add**

"(c) in relation to a person acting as a specified auditor of a regulated provider's associated entity that is an HKMA regulatee, means a matter that, in the person's opinion, constitutes, on the part of the entity, a failure to comply with any of the applicable requirements.".

(9) Section 53ZSD(4)—

**Add in alphabetical order**

"***applicable requirements*** (適用規定) means any requirements specified by the Commission for the purposes of this definition in the codes or guidelines published under section 53ZTK;".

**73. Section 53ZSH amended (power of Commission to appoint auditor for auditable entity)**

(1) Section 53ZSH, heading—

**Repeal**

**"auditable entity"**

**Substitute**

**"licensed provider and its associated entities".**

(2) Section 53ZSH(1)(b)—

**Repeal**

"auditor"

**Substitute**

"auditor or specified auditor".

(3) After section 53ZSH(1)—

**Add**

"(1A) If an associated entity of a licensed provider is an HKMA regulatee, the Commission must not appoint a section 53ZSH auditor to examine and audit the accounts and records of the associated entity unless the Commission has first consulted the Monetary Authority in respect of the appointment and the scope of the examination and audit to be carried out.".

(4) Section 53ZSH(2)—

**Repeal**

"may"

**Substitute**

"may, for the purpose of carrying out the examination and audit,".

(5) Section 53ZSH(3)—



**Repeal**

"entities—"

**Substitute**

"entities (***audited subject***)—".

(6) Section 53ZSH(3)(a) and (b) and (4)—

**Repeal**

"subject provider"

**Substitute**

"audited subject".

(7) Section 53ZSH(5)—

**Repeal**

"subject provider" (wherever appearing)

**Substitute**

"audited subject".

**74. Section 53ZSI amended (powers of section 53ZSH auditors)**

(1) Section 53ZSI(3)(a)(ii)—

**Repeal**

"and".

(2) After section 53ZSI(3)(a)(ii)—

**Add**

"(iia) for each covered person that is an associated entity of the subject provider and an HKMA regulatee, a specified auditor of the covered person; and".

(3) Section 53ZSI(3)(c)—

**Repeal**

everything after "require any" and before "to—"

**Substitute**

"auditor of a covered person, being an auditor mentioned in paragraph (a)(ii), (iia) or (iii) for that covered person,".

(4) Section 53ZSI(3)(c)(i)—

**Repeal**

"prescribed auditor or".

(5) Section 53ZSI(3)(d)—

**Repeal**

everything after "subject provider" and before ", to"

**Substitute**

", associated entity or specified related corporation mentioned in subsection (4)(c)(i) or (iii) (as the case requires)".

(6) Section 53ZSI(4)(c)(i)—

**Repeal**

"provider;"

**Substitute**

"provider or associated entity for which the section 53ZSH auditor is appointed; or".

(7) Section 53ZSI(4)(c)—

**Repeal subparagraph (ii).**

**75. Section 53ZSK amended (section 53ZSH auditor to report to Commission)**

Section 53ZSK(3)—

**Repeal**

"auditable entity"

**Substitute**



"licensed provider or associated entity".

**76. Section 53ZSM amended (immunity in respect of communication with Commission by prescribed auditor)**

(1) Section 53ZSM, heading—

**Repeal**

**"by prescribed auditor"**

**Substitute**

**"and Monetary Authority by auditors".**

(2) Section 53ZSM(1)—

**Repeal**

"prescribed auditor"

**Substitute**

"prescribed auditor or specified auditor".

(3) Section 53ZSM(1)—

**Repeal**

"Commission,"

**Substitute**

"Commission or the Monetary Authority,".

(4) Section 53ZSM(1)(b)—

**Repeal**

"Commission"

**Substitute**

"Commission or the Monetary Authority".

(5) Section 53ZSM(2)—

**Repeal**

"prescribed auditor"

**Substitute**

"prescribed auditor or specified auditor".

(6) Section 53ZSM(3)—

**Repeal**

"a prescribed auditor appointed by a former auditable entity,"

**Substitute**

"an auditor appointed by a former relevant entity (whether or not a prescribed auditor or specified auditor),".

(7) Section 53ZSM(4)—

**Repeal**

"a prescribed auditor by a former auditable entity,"

**Substitute**

"an auditor by a former relevant entity (whether or not a prescribed auditor or specified auditor),".

(8) Section 53ZSM—

**Repeal subsection (5)**

**Substitute**

"(5) In this section—

***former relevant entity*** (前有關實體) means a corporation that was formerly—

(a) a licensed provider; or

(b) an associated entity of a regulated provider.".

**77. Section 53ZSO amended (interpretation of Subdivision 1)**

(1) Section 53ZSO—

**Repeal subsection (1).**

(2) Section 53ZSO(2)(a)(ii)—



**Repeal**

"and".

(3) Section 53ZSO(2)(b)(ii)—

**Repeal**

"officer."

**Substitute**

"officer; and".

(4) After section 53ZSO(2)(b)—

**Add**

"(c) a reference to revoking or suspending a registration of a registered provider means—

(i) to revoke or suspend the registration; or

(ii) to revoke or suspend the registration in relation to any VA service, or any part of any VA service, for which the provider is registered.".

**78. Section 53ZSP amended (disciplinary action by Commission)**

(1) Section 53ZSP, heading—

**Repeal**

**"by Commission"**

**Substitute**

**"in respect of licensed persons etc.".**

(2) Section 53ZSP(1)—

**Repeal**

"Subject to sections 53ZSR, 53ZSS, 53ZST, 53ZSU, 53ZSV and 53ZSW, the"

**Substitute**

"The".

(3) Section 53ZSP(1)—

**Repeal**

"occurred,"

**Substitute**

"occurred (***subject finding***),".

(4) Section 53ZSP(2)—

**Repeal paragraph (b)**

**Substitute**

"(b) the Commission is of the opinion that—

(i) for a person who is a regulated person—the person is not a fit and proper person to remain that type of regulated person; or

(ii) for a person who was formerly a regulated person—the person, because of any matter occurring while the person was a regulated person (whether or not together with any other matter), is not a fit and proper person to be that type of regulated person.".

(5) Section 53ZSP(2)—

**Repeal paragraph (c).**

(6) Section 53ZSP(3)(b)—

**Repeal**

"finding referred to in subsection (2)"

**Substitute**

"subject finding".

(7) Section 53ZSP(3)(c)(ii)—

**Repeal**



"or (c) (as the case requires)".

(8) Section 53ZSP(3)(f)(i)—

**Repeal**

"licensed;"

**Substitute**

"licensed or registered;".

(9) Section 53ZSP(3)(f)(ii)—

**Repeal**

"provider."

**Substitute**

"provider;".

(10) After section 53ZSP(3)(f)(ii)—

**Add**

"(iii) applying for a consent to act, or continue to act, as a VAS executive officer of a registered provider under—

(A) section 71I(1) of the Banking Ordinance (Cap. 155); or

(B) section 8ZZXC(1) of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

(iv) seeking through a registered provider to have the person's name entered in the register of authorized institutions, or in the register of SVF licensees, as that of a person engaged by the provider in respect of a VA service.".

(11) Section 53ZSP(4)—

**Repeal**

"this section"

**Substitute**

"subsection (3)(c) or (5)".

(12) After section 53ZSP(7)—

**Add**

"(8) In this section—

***regulated person*** (受規管人士) means—

(a) a licensed person;

(b) a responsible officer of a licensed provider; or

(c) a person involved in the management of the business of a licensed provider.".

**79. Section 53ZSQ amended (other circumstances for revocation or suspension in respect of licensed persons etc.)**

(1) Section 53ZSQ, Chinese text, heading, after "持牌人"—

**Add**

"等".

(2) Section 53ZSQ(1)—

**Repeal**

"Subject to sections 53ZSU, 53ZSV and 53ZSW, the"

**Substitute**

"The".

(3) Section 53ZSQ(2)(a)(iii), English text—

**Repeal**

"arises that in the opinion of the Commission impugns"

**Substitute**

"arise and the circumstances, in the opinion of the Commission, impugn".

(4) Section 53ZSQ(2)(a)(iii)(A)—



**Repeal**

"this Ordinance"

**Substitute**

"an AML-related provision or VA-related provision".

(5) Section 53ZSQ(2)(b)(v), English text—

**Repeal**

"arises that in the opinion of the Commission impugns"

**Substitute**

"arise and the circumstances, in the opinion of the Commission, impugn".

(6) Section 53ZSQ(2)(b)(v)(A) and (B)—

**Repeal**

"this Ordinance"

**Substitute**

"an AML-related provision or VA-related provision".

(7) Section 53ZSQ(2)(c)—

**Repeal**

"a VA service"

**Substitute**

"the VA service, or the part of the VA service, to which the revocation or suspension (as the case requires) relates".

(8) Section 53ZSQ(4), after "Companies Register"—

**Add**

"(as defined by section 2(1) of the Companies Ordinance (Cap. 622))".

(9) Section 53ZSQ(5)—

**Repeal paragraph (a)**

**Substitute**

"(a) the licensed person fails to make full payment of—

(i) any annual fee payable by the licensed person under section 53ZRY(1); or

(ii) any additional sum payable by the licensed person under section 53ZRY(2) as a result of any default in making full payment of the annual fee,

within 3 months after the due date for payment of the annual fee under section 53ZRY(1); or".

(10) Section 53ZSQ(9)—

**Repeal**

"Subject to sections 53ZSU, 53ZSV and 53ZSW, if"

**Substitute**

"If".

(11) Section 53ZSQ(9)—

**Repeal**

"this Ordinance"

**Substitute**

"an AML-related provision or VA-related provision".

(12) Section 53ZSQ(9), English text—

**Repeal**

"that in the opinion of the Commission"

**Substitute**

"and the conviction, in the opinion of the Commission,".

**80. Sections 53ZSQA and 53ZSQB added**

After section 53ZSQ—



**Add**

**"53ZSQA. Disciplinary action in respect of registered providers etc.**

(1) The Commission may, on finding any of the circumstances specified in subsection (2) occurring or having occurred (***subject finding***), exercise, in respect of the person, one or more of the powers specified in subsection (3).

(2) The circumstances are that—

(a) a person is, or was at any time, a regulated person guilty of misconduct;

(b) the Commission is of the opinion that—

(i) for a person who is a regulated person—the person is not a fit and proper person to remain that type of regulated person; or

(ii) for a person who was formerly a regulated person—the person, because of any matter occurring while the person was a regulated person (whether or not together with any other matter), is not a fit and proper person to be that type of regulated person.

(3) The powers are—

(a) to publicly or privately reprimand the person;

(b) to order the person to take, by a date specified by the Commission (***compliance deadline***), any action specified by the Commission for the purpose of remedying any contravention, act or omission that led to the subject finding (***remedial action***);

(c) to order the person to pay a pecuniary penalty not exceeding the amount that is the greater of—

(i) $10,000,000; or

(ii) 3 times the amount of the profit gained or loss avoided by the person as a result of the person's misconduct or of the person's conduct that led to the Commission forming the opinion mentioned in subsection (2)(b);

(d) if the person is a registered provider—

(i) to revoke the person's registration; or

(ii) to suspend the person's registration for a period, or until the occurrence of an event, specified in the notice mentioned in section 53ZSU;

(e) to prohibit the person from doing all or any of the following in relation to any VA service for a period, or until the occurrence of an event, specified in the notice mentioned in section 53ZSU—

(i) applying to be licensed or registered;

(ii) applying to be approved as a responsible officer of a licensed provider;

(iii) applying for a consent to act, or continue to act, as a VAS executive officer of a registered provider under—

(A) section 71I(1) of the Banking Ordinance (Cap. 155); or

(B) section 8ZZXC(1) of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

(iv) seeking through a registered provider to have the person's name entered in the register of authorized institutions, or in the register of SVF licensees, as that of a person engaged by the provider in respect of a VA service.



(4) A person who is ordered to pay a pecuniary penalty under subsection (3)(c) or (5) must pay the penalty to the Commission within—

(a) 30 days; or

(b) a longer period specified in the notice mentioned in section 53ZSU,

after the order takes effect as a specified decision under section 75.

(5) If a person fails to comply with an order to take remedial action, the Commission may further order the person to pay a daily pecuniary penalty not exceeding $100,000 for each day on which the failure continues after the compliance deadline.

(6) If the Commission exercises its power under subsection (3) against a person, the Commission may disclose to the public details of the decision including the reasons for it and any material facts relating to the case.

(7) Any pecuniary penalty paid to or recovered by the Commission pursuant to an order made under subsection (3)(c) or (5) must be paid by the Commission into the general revenue.

(8) Without limiting the exercise by the Monetary Authority of any powers under the Banking Ordinance (Cap. 155), the Commission may make such recommendations to the Monetary Authority in respect of the exercise by the Monetary Authority of any of the Monetary Authority's powers under sections 58B(3) and 71J(3) of that Ordinance as the Commission considers appropriate.

(9) Without limiting the exercise by the Monetary Authority of any powers under the Payment Systems and Stored Value Facilities Ordinance (Cap. 584), the Commission

may make such recommendations to the Monetary Authority in respect of the exercise by the Monetary Authority of any of the Monetary Authority's powers under sections 14A(3) and 14C(3) of that Ordinance as the Commission considers appropriate.

(10) In this section—

***regulated person*** (受規管人士) means—

(a) a registered provider;

(b) a VAS executive officer of a registered provider;

(c) a person involved in the management of the business constituting any registered service of a registered provider; or

(d) an individual whose name is entered in the register of authorized institutions, or in the register of SVF licensees, as that of a person engaged by a registered provider in respect of a VA service.

**53ZSQB. Other circumstances for revocation or suspension in respect of registered providers**

(1) The Commission may in any of the situations specified in subsection (2)—

(a) revoke a registered provider's registration; or

(b) suspend a registered provider's registration for a period, or until the occurrence of an event, specified in a notice mentioned in section 53ZSU.

(2) The situations are that—

(a) a receiver or manager of the property or business of the registered provider is appointed;

(b) the registered provider fails to satisfy a levy of execution;



(c) the registered provider enters into a compromise or scheme of arrangement with its creditors;

(d) the registered provider has commenced, or is deemed to have commenced, winding up or has applied for deregistration under the Companies Ordinance (Cap. 622);

(e) the registered provider is convicted of an offence (other than an offence under an AML-related provision or VA-related provision) in Hong Kong or elsewhere and the conviction, in the opinion of the Commission, impugns the fitness and properness of the registered provider to remain registered;

(f) the registered provider does not provide the VA service, or the part of the VA service, to which the revocation or suspension (as the case requires) relates;

(g) the registered provider requests the Commission to so revoke or suspend the registration.

(3) A registered provider's registration is deemed to be revoked if the provider ceases to be an authorized institution or an SVF licensee.

(4) A registered provider's registration is deemed to be revoked if the provider is wound up, or is deregistered as a company or struck off the Companies Register (as defined by section 2(1) of the Companies Ordinance (Cap. 622)) or is otherwise dissolved.

(5) Subject to subsection (6), a registered provider's registration is deemed to be suspended if the provider fails to make full payment of—

(a) any annual fee payable by the provider under section 53ZRY(1); or

(b) any additional sum payable by the provider under section 53ZRY(2) as a result of any default in making full payment of the annual fee,

within 3 months after the due date for payment of the annual fee under section 53ZRY(1).

(6) A registration of a registered provider is not suspended under subsection (5) until the Commission has, by written notice given not less than 10 business days before the suspension is to take effect, informed the provider—

(a) of the requirement to make full payment of the annual fee or additional sum concerned; and

(b) of the consequence of the failure to comply with the requirement under this section.

(7) Subject to subsection (8), the suspension under subsection (5) remains in force until the time the Commission—

(a) considers it appropriate that the registration should no longer be suspended; and

(b) informs the registered provider to that effect by written notice.

(8) A registration that is deemed to be suspended under subsection (5) is deemed to be revoked if full payment of the annual fee or additional sum concerned is not made within—

(a) 30 days after the day on which the suspension takes effect under that subsection; or

(b) a further period that the Commission specifies by written notice to the registered provider.".

**81. Section 53ZSR amended (determination concerning misconduct and fit and proper person)**

(1) Section 53ZSR(1)—



**Repeal**

"53ZSP"

**Substitute**

"53ZSP or 53ZSQA".

(2) Section 53ZSR(1)(b)(i)—

**Repeal**

"contravenes"

**Substitute**

", while being a regulated person, contravenes or contravened".

(3) Section 53ZSR(1)(b)(ii)—

**Repeal**

everything after "person" and before "prejudicial"

**Substitute**

", while being a regulated person, does or did an act, or omits or omitted to do an act, in relation to the provision of any VA service, and the act or omission, in the opinion of the Commission, is or is likely to be, or was or was likely to be,".

(4) Section 53ZSR(2)—

**Repeal**

"53ZSP"

**Substitute**

"53ZSP or 53ZSQA".

(5) Section 53ZSR(2)(b)(i), English text—

**Repeal**

"such regulated person"

**Substitute**

"a regulated person".

(6) Section 53ZSR(2)(b)(ii)—

**Repeal**

"such regulated person, did or omitted to do an act in relation to the provision of any VA service which"

**Substitute**

"a regulated person, did or omitted to do an act in relation to the provision of any VA service, and the".

(7) Section 53ZSR—

**Repeal subsection (5)**

**Substitute**

"(5) If—

(a) a person (***offender***) is, or was at any time, a regulated person guilty of misconduct within the meaning of subsection (1) or (2) as a result of being a regulated provider and having committed any conduct occurring with the consent or connivance of, or attributable to any neglect on the part of, another person (***that other person***); and

(b) that other person is, or was at the time of occurrence of the conduct—

(i) if the offender is, or was at that time, a licensed provider—

(A) a responsible officer of the provider; or

(B) a person involved in the management of the business of the provider; or

(ii) if the offender is, or was at that time, a registered provider—

(A) a VAS executive officer of the provider; or



(B) a person involved in the management of the business constituting any VA service for which the provider is, or was at that time, registered,

that other person also is or was (as the case requires) a regulated person guilty of misconduct for the purposes of section 53ZSP or 53ZSQA (as the case requires).".

(8) Section 53ZSR(6)—

**Repeal**

everything after "The Commission" and before "the Commission considers"

**Substitute**

"may, in determining whether a person is a fit and proper person for the purposes of section 53ZSP or 53ZSQA, take into account, among other matters (including those specified in section 53ZRJ), any present or past conduct of the person that".

(9) Section 53ZSR(7), definition of ***material requirement***—

**Repeal paragraphs (a) and (b)**

**Substitute**

"(a) any AML-related provision or VA-related provision;

(b) any condition of a licence or registration or any other condition imposed under or pursuant to any provision of this Part;

(c) any condition attached or amended under section 71I or 71L of the Banking Ordinance (Cap. 155); or

(d) any condition attached or amended under section 8ZZXC or 8ZZXD of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);".

(10) Section 53ZSR(7)—

**Add in alphabetical order**

"***regulated person*** (受規管人士)—

(a) in relation to section 53ZSP—has the meaning given by subsection (8) of that section; or

(b) in relation to section 53ZSQA—has the meaning given by subsection (10) of that section.".

**82. Section 53ZSS amended (guidelines for imposing pecuniary penalty)**

(1) Section 53ZSS(1)—

**Repeal**

"the disciplinary power"

**Substitute**

"a power specified in section 53ZSP(3)(c) or 53ZSQA(3)(c)".

(2) Section 53ZSS(2)(a)—

**Repeal**

"disciplinary power"

**Substitute**

"power specified in section 53ZSP(3)(c) or 53ZSQA(3)(c)".

(3) Section 53ZSS(3)—

**Repeal**

"the disciplinary power"

**Substitute**

"a power specified in section 53ZSP(3)(c) or 53ZSQA(3)(c)".

**83. Section 53ZST amended (registration of pecuniary penalty order)**

Section 53ZST(4), definition of ***pecuniary penalty***—



**Repeal**

"or (5)"

**Substitute**

"or (5) or 53ZSQA(3)(c) or (5)".

**84. Section 53ZSU amended (procedural requirements for exercising disciplinary powers or powers under section 53ZSQ)**

(1) Section 53ZSU, heading—

**Repeal**

everything after "**exercising**"

**Substitute**

"**powers under sections 53ZSP, 53ZSQ, 53ZSQA and 53ZSQB**".

(2) Section 53ZSU(1)—

**Repeal**

everything after "Commission"

**Substitute**

"must not exercise a power under section 53ZSP(1) or (5), 53ZSQ(1) or (9), 53ZSQA(1) or (5) or 53ZSQB(1) in respect of a person without first giving the person a reasonable opportunity to be heard, except for—

(a) a power under section 53ZSQ(1) exercisable in a situation specified in section 53ZSQ(2)(d); and

(b) a power under section 53ZSQB(1) exercisable in a situation specified in section 53ZSQB(2)(g).".

(3) After section 53ZSU(1)—

**Add**

"(1A) In addition, the Commission must not exercise a power under section 53ZSQA(1) or (5) or 53ZSQB(1) unless the Commission has first consulted the Monetary Authority.".

(4) Section 53ZSU(2)—

**Repeal**

"53ZSP or 53ZSQ"

**Substitute**

"53ZSP, 53ZSQ, 53ZSQA or 53ZSQB".

(5) Section 53ZSU(3)—

**Repeal**

"53ZSP(3) or 53ZSQ(1) or (9) in respect of a person who is or was a regulated person"

**Substitute**

"53ZSP(1) or (5), 53ZSQ(1) or (9), 53ZSQA(1) or (5) or 53ZSQB(1) in respect of a person".

(6) Section 53ZSU(3)(e)(ii)—

**Repeal**

"53ZSP(4)(a)"

**Substitute**

"53ZSP(4)(a) or 53ZSQA(4)(a)".

(7) Section 53ZSU(3)(f)—

**Repeal**

"or to prohibit an application"

**Substitute**

"or registration or to impose a prohibition".

(8) Section 53ZSU(3)(g)—

**Repeal**



"53ZSQ(2)(d)"

**Substitute**

"53ZSQ(2)(d) or 53ZSQB(2)(g)".

**85. Section 53ZSV amended (general provisions relating to exercise of disciplinary powers or powers under section 53ZSQ)**

(1) Section 53ZSV, heading—

**Repeal**

everything after "**exercise of**"

**Substitute**

"**powers under this Subdivision**".

(2) Section 53ZSV(1)—

**Repeal**

"under section 53ZSP or 53ZSQ"

**Substitute**

"or registration under this Subdivision".

(3) Section 53ZSV(1)(a), after "person"—

**Add**

"or registered provider concerned".

(4) Section 53ZSV(2)—

**Repeal**

"53ZSP or 53ZSQ in respect of a person who is or was a regulated person"

**Substitute**

"53ZSP, 53ZSQ, 53ZSQA or 53ZSQB in respect of a person".

(5) Section 53ZSV(3)(a)—

**Repeal**

"53ZSP or 53ZSQ"

**Substitute**

"53ZSP, 53ZSQ, 53ZSQA or 53ZSQB".

(6) Section 53ZSV(4)—

**Repeal**

"53ZSQ(2)(d)"

**Substitute**

"53ZSQ(2)(d) or 53ZSQB(2)(g)".

**86. Section 53ZSW amended (licensed person or responsible officer remains subject to obligations as such, despite suspension of licence or approval)**

(1) Section 53ZSW, heading—

**Repeal**

"**Licensed person or responsible officer remains subject to obligations as such, despite suspension of licence or approval**"

**Substitute**

"**Effect of suspension under this Subdivision**".

(2) Section 53ZSW(1)—

**Repeal**

"in relation to all or any, or any part of all or any, of the VA service provided by the licensed person".

(3) Section 53ZSW(1)(a)—

**Repeal**

"VA service or" (wherever appearing).

(4) After section 53ZSW(2)—

**Add**



"(2A) If a registration of a registered provider is suspended under section 53ZSQA or 53ZSQB, then during the period of the suspension, the provider—

(a) continues to be regarded for the purposes of the provisions of this Ordinance, but not section 53ZRD, as registered for the VA services, or the part of the VA services, to which the suspension relates; and

(b) without limiting paragraph (a), continues to be required to comply with any provision of this Ordinance relating to a registered provider that would apply to the provider were the registration not so suspended.".

(5) Section 53ZSW(3)—

**Repeal**

", whether in relation to all or any, or any part of all or any, of the VA service provided by the person,".

(6) After section 53ZSW(4)—

**Add**

"(4A) A registration of a registered provider may be revoked under section 53ZSQA or 53ZSQB even if, at the time of revocation, the registration is suspended under any provision of this Part.".

**87. Sections 53ZSWA and 53ZSWB added**

Part 5B, Division 9, Subdivision 1, after section 53ZSW—

**Add**

"**53ZSWA. Requirement to transfer records on revocation or suspension of licence or registration**

(1) If the licence or registration of a regulated provider (***subject person***) is revoked or suspended under this Subdivision, the Commission may, by written notice, require the subject person to transfer, in the specified manner, any relevant records of any relevant client of the subject person—

(a) to that client; or

(b) to the order of that client.

(2) A subject person who, without reasonable excuse, fails to comply with a requirement imposed under subsection (1) commits an offence and is liable on conviction to a fine of $200,000 and to imprisonment for 2 years.

(3) In this section—

***relevant client*** (相關客戶), in relation to a subject person, means any person who was a client of the subject person at any time when the subject person was a regulated provider;

***relevant records*** (相關紀錄), in relation to a relevant client, means—

(a) any records relating to client assets held at any time for that client; or

(b) any records relating to the affairs of the client held at any time for that client.

**53ZSWB. Permission to carry on business operations on revocation or suspension of licence or registration**

(1) If the licence or registration of a regulated provider is revoked under this Subdivision, the Commission may, by written notice, permit the provider to carry on business



operations connected with a revoked VA service that are essential for closing down the business of the revoked VA service.

(2) An individual named by the Commission in the notice given under subsection (1) may carry on the business operations mentioned in that subsection for and on behalf of the regulated provider.

(3) For the purposes of subsection (2), the Commission may name in the notice only an individual who is or, immediately before the revocation, was—

(a) for the revocation of the licence of a licensed provider—

(i) a responsible officer of the provider; or

(ii) a licensed representative accredited to the provider; or

(b) for the revocation of the registration of a registered provider—

(i) a VAS executive officer of the provider to whom the Monetary Authority has or had given consent under the Banking Ordinance (Cap. 155) or the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); or

(ii) a registered individual of the provider.

(4) If the licence or registration of a regulated provider is suspended, the Commission may, by written notice, permit the provider to carry on business operations connected with a suspended VA service that are essential for protecting the interests of the clients of the provider.

(5) An individual named by the Commission in the notice given under subsection (4) may carry on the business

operations mentioned in that subsection for and on behalf of the regulated provider.

(6) For the purposes of subsection (5), the Commission may name in the notice only an individual who is—

(a) for the suspension of the licence of a licensed provider—

(i) a responsible officer of the provider; or

(ii) a licensed representative accredited to the provider; or

(b) for the suspension of the registration of a registered provider—

(i) a VAS executive officer of the provider to whom the Monetary Authority has given consent under the Banking Ordinance (Cap. 155) or the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); or

(ii) a registered individual of the provider.

(7) The Commission may, on granting a permission under subsection (1) or (4), impose any condition that the Commission considers appropriate by specifying the condition in the notice given under that subsection.

(8) Despite section 53ZSW, if the Commission has granted a permission to a regulated provider under subsection (1) or (4), the provider and the individuals named in the notice given under that subsection are not, because of their carrying on of business operations in accordance with the permission, to be regarded as having contravened section 53ZRD.

(9) When carrying on business operations in accordance with a permission granted under subsection (1)—



(a) despite the revocation of the licence or registration of the regulated provider—

(i) it is deemed that the licence or registration of the provider in relation to the revoked VA service is not revoked;

(ii) an individual mentioned in subsection (3)(a)(i) is deemed to be a responsible officer of the provider approved in relation to the revoked VA service;

(iii) an individual mentioned in subsection (3)(a)(ii) is deemed to be a licensed representative accredited to, and licensed to carry on the revoked VA service for, the provider;

(iv) an individual mentioned in subsection (3)(b)(i) is deemed to be a VAS executive officer of the provider to whom the Monetary Authority has given consent under the Banking Ordinance (Cap. 155) or the Payment Systems and Stored Value Facilities Ordinance (Cap. 584) in relation to the revoked VA service; and

(v) an individual mentioned in subsection (3)(b)(ii) is deemed to be a registered individual engaged by the provider in relation to the revoked VA service; and

(b) any of the provisions of this Ordinance that apply to or in relation to a regulated provider, responsible officer, licensed representative, VAS executive officer or registered individual (as the case requires) apply accordingly to or in relation to the provider and individuals.

(10) When carrying on business operations in accordance with a permission granted under subsection (4)—

(a) despite the suspension of the licence or registration of the regulated provider—

(i) it is deemed that the licence or registration of the provider in relation to the suspended VA service is not suspended;

(ii) an individual mentioned in subsection (6)(a)(i) continues to act in the capacity of or is deemed to be (as the case requires) a responsible officer of the provider approved in relation to the suspended VA service;

(iii) an individual mentioned in subsection (6)(a)(ii) continues to act in the capacity of or is deemed to be (as the case requires) a licensed representative accredited to, and licensed to carry on the suspended VA service for, the provider;

(iv) an individual mentioned in subsection (6)(b)(i) continues to act in the capacity of or is deemed to be (as the case requires) a VAS executive officer of the provider to whom the Monetary Authority has given consent under the Banking Ordinance (Cap. 155) or the Payment Systems and Stored Value Facilities Ordinance (Cap. 584) in relation to the suspended VA service; and

(v) an individual mentioned in subsection (6)(b)(ii) continues to act in the capacity of or is deemed to be (as the case requires) a registered individual engaged by the provider in relation to the suspended VA service; and

(b) any of the provisions of this Ordinance that apply to or in relation to a regulated provider, responsible officer, licensed representative, VAS executive officer or registered individual (as the case requires) apply accordingly to or in relation to the provider and individuals.



(11) A permission granted under subsection (1) or (4), and the imposition of a condition under subsection (7), take effect at the time of the service of the notice given under subsection (1) or (4) (as the case requires) in respect of that permission or imposition or at the time specified in the notice, whichever is the later.

(12) In this section—

***registered individual*** (登記個人), in relation to a registered provider, means an individual whose name is entered in the register of authorized institutions, or in the register of SVF licensees, as that of a person engaged by the provider;

***regulated provider*** (受規管提供者) includes—

(a) a corporation the licence of which has been revoked or suspended; and

(b) an authorized institution or SVF licensee the registration of which has been revoked or suspended;

***revoked VA service*** (被撤銷的虛擬資產服務), in relation to the revocation of a licence or registration, means any of the VA services, or any part of any of the VA services, in relation to which the licence or registration has been revoked;

***suspended VA service*** (暫時吊銷的虛擬資產服務), in relation to the suspension of a licence or registration, means any of the VA services, or any part of any of the

VA services, in relation to which the licence or registration has been suspended.".

**88. Section 53ZSY amended (grounds for imposing prohibition or requirement under section 53ZSZ, 53ZT or 53ZTA)**

(1) Section 53ZSY(b)—

**Repeal**

"VA service for which it is licensed"

**Substitute**

"of its licensed services".

(2) Section 53ZSY(c)(i) and (ii)—

**Repeal**

"a requirement under section 9(3)"

**Substitute**

"the prescribed requirement as defined by section 8".

(3) Section 53ZSY(d)—

**Repeal**

"53ZSQ"

**Substitute**

"53ZSQ(2)".

**89. Section 53ZTC amended (exercise of Subdivision 2 power—procedural requirements and effect on agreement)**

Section 53ZTC(4)—

**Repeal**

"the person receives the notice given"

**Substitute**



"of the service of the notice given".

**90. Section 53ZTD amended (power to impose prohibition or requirement not affected by revocation or suspension of licence)**

(1) Section 53ZTD(9)(a)—

**Repeal**

everything after "provider being revoked"

**Substitute**

"is a reference to the licence being revoked under section 53ZSP or 53ZSQ; and".

(2) Section 53ZTD(9)(b)—

**Repeal**

everything after "provider being suspended"

**Substitute**

"is a reference to the licence being suspended under section 53ZSP or 53ZSQ.".

**91. Section 53ZTF amended (winding up orders)**

Section 53ZTF(1)—

**Repeal**

"an associated entity of a licensed provider"

**Substitute**

"a regulated provider's associated entity that is not an HKMA regulatee".

**92. Section 53ZTH amended (injunctions and other orders)**

Section 53ZTH(2)(e)—

**Repeal**

"assets"

**Substitute**

"asset or an interest in any virtual asset".

**93. Section 53ZTI amended (applicant to provide information)**

(1) After section 53ZTI(1)(b)—

**Add**

"(ba) for a registration under section 53ZRMB;".

(2) After section 53ZTI(1)(e)—

**Add**

"(ea) for a modification or waiver under section 53ZRRA;".

**94. Section 53ZTJ amended (particulars of disciplinary actions to be entered on register)**

(1) Section 53ZTJ(1)—

**Repeal**

"53ZSP or 53ZSQ (***decision***) against a licensed person"

**Substitute**

"53ZSP, 53ZSQ, 53ZSQA or 53ZSQB (***decision***) against a licensed person or registered provider".

(2) Section 53ZTJ(1)(b)(i) and (ii), before "Tribunal's"—

**Add**

"Review".

(3) Section 53ZTJ(2)(b), before "Tribunal"—

**Add**

"Review".

(4) Section 53ZTJ(3)—

**Repeal**

"under section 53ZSP(3)(a)"



**Substitute**

"specified in section 53ZSP(3)(a) or 53ZSQA(3)(a)".

**95. Sections 53ZTJA and 53ZTJB added**

After section 53ZTJ—

**Add**

"**53ZTJA. Liability of officers of corporations**

If a corporation commits an offence under a VA-related provision, and it is proved that the offence—

(a) was aided, abetted, counselled, procured or induced by an officer of the corporation or a person purporting to act in such a capacity;

(b) was committed with the consent or connivance of an officer of the corporation or a person purporting to act in such a capacity; or

(c) is attributable to any recklessness on the part of an officer of the corporation or a person purporting to act in such a capacity,

the officer or person also commits the offence.

**53ZTJB. Liability of partners, office holders, etc. of unincorporated bodies**

(1) If a partner in a partnership commits an offence under a VA-related provision, and it is proved that the offence—

(a) was aided, abetted, counselled, procured or induced by a person specified in subsection (2);

(b) was committed with the consent or connivance of a person specified in subsection (2); or

(c) is attributable to any recklessness on the part of a person specified in subsection (2),

the person also commits the offence.

(2) The person mentioned in subsection (1) is—

(a) another partner in the partnership;

(b) a person concerned in the management of the partnership;

(c) an office holder in the partnership; or

(d) a person purporting to act in the capacity of a person mentioned in paragraph (a), (b) or (c).

(3) If a member of an unincorporated body other than a partnership commits an offence under a VA-related provision, and it is proved that the offence—

(a) was aided, abetted, counselled, procured or induced by a person specified in subsection (4);

(b) was committed with the consent or connivance of a person specified in subsection (4); or

(c) is attributable to any recklessness on the part of a person specified in subsection (4),

the person also commits the offence.

(4) The person mentioned in subsection (3) is—

(a) a person concerned in the management of the body;

(b) an office holder of the body; or

(c) a person purporting to act in the capacity of a person mentioned in paragraph (a) or (b).".

**96. Section 53ZTK amended (codes or guidelines on matters under Part 5B)**

(1) Section 53ZTK, heading—



**Repeal**

**"on matters under Part 5B"**

**Substitute**

**"by Commission".**

(2) Section 53ZTK(1)—

**Repeal**

everything after "in relation to"

**Substitute**

"—

(a) any matter relating to any of the functions of the Commission under any AML-related provision or VA-related provision; or

(b) the operation of any VA-related provision.".

(3) After section 53ZTK(4)—

**Add**

"(4A) Despite anything in this section—

(a) in so far as any codes or guidelines published under this section relate to registered providers, such codes or guidelines may only provide guidance for their business to the extent that the business constitutes any of their registered services; and

(b) in so far as any codes or guidelines published under this section relate to associated entities that are HKMA regulatees, such codes or guidelines may only provide guidance for their business of receiving or holding client assets of the regulated providers of which they are such associated entities.

(4B) The Commission must consult the Monetary Authority regarding—

(a) any codes or guidelines the Commission proposes to publish under this section; or

(b) any amendments to such codes or guidelines the Commission proposes to make under this section,

in so far as such codes, guidelines or amendments apply to HKMA regulatees by reason of their being registered providers or associated entities of regulated providers.".

(4) Section 53ZTK(6)(a)—

**Repeal**

everything after "this"

**Substitute**

"Ordinance, the Banking Ordinance (Cap. 155) and the Payment Systems and Stored Value Facilities Ordinance (Cap. 584), whether a person is a fit and proper person—

(i) to be, or to remain, licensed or registered; or

(ii) to be, or to remain, a person whose name is entered in the register of authorized institutions, or in the register of SVF licensees, as that of a person engaged by a registered provider in respect of a VA service; and".

**97. Section 53ZTL amended (rules on matters under Part 5B)**

(1) Section 53ZTL, heading, after "**Part 5B**"—

**Add**

"**etc.**".

(2) Section 53ZTL(1)—

**Repeal**

"for the better carrying out of the provisions and purposes of this Part"



**Substitute**

"for the better carrying out of the VA-related provisions and for their purposes".

(3) Section 53ZTL(2)(b)—

**Repeal**

"this Part"

**Substitute**

"a VA-related provision".

(4) After section 53ZTL(6)—

**Add**

"(6A) Despite any other provisions of this Ordinance, the Commission must consult the Monetary Authority regarding rules the Commission proposes to make under this section, in so far as such rules apply to HKMA regulatees by reason of their being registered providers, or associated entities of regulated providers.".

(5) Section 53ZTL(7)—

**Repeal**

"(5) and (6)"

**Substitute**

"(5), (6) and (6A)".

**98. Section 53ZTM amended (amendment of Schedules 3B to 3F)**

(1) Section 53ZTM, heading—

**Repeal**

"**3B to 3F**"

**Substitute**

"**3B, 3BA, 3C, 3D, 3E and 3F**".

(2) Section 53ZTM(2)—

**Repeal**

"Schedule"

**Substitute**

"Schedules 3BA and".

**99. Section 53ZTNA added**

After section 53ZTN—

**Add**

"**53ZTNA. Payment by Commission to Monetary Authority in relation to expenditure or costs for services etc.**

The Commission may pay to the Monetary Authority such part of a prescribed fee paid to it that, in the opinion of the Commission, represents the expenditure or costs incurred, or likely to be incurred, by the Monetary Authority in providing the services or performing the functions to which the fee relates.".

**100. Section 53ZTR amended (certain representations prohibited)**

(1) Section 53ZTR(1)—

**Repeal**

"licensed provider or a licensed representative"

**Substitute**

"regulated provider, or a representative of a regulated provider".

(2) Section 53ZTR(1)(a)—

**Repeal**

"licensed provider or the licensed"

**Substitute**



"provider or".

(3) Section 53ZTR(2), after "licensed"—

**Add**

"or registered".

(4) Section 53ZTR(3)—

**Repeal**

"licensed provider or a licensed representative"

**Substitute**

"regulated provider or a representative of a regulated provider".

(5) Section 53ZTR(3)—

**Repeal**

"licensed provider or the licensed"

**Substitute**

"provider or".

(6) Section 53ZTR(4), English text, definition of ***represent***—

**Repeal**

"implication."

**Substitute**

"implication;".

(7) Section 53ZTR(4)—

**Add in alphabetical order**

"***representative*** (代表)—

(a) in relation to a licensed provider, means a licensed representative accredited to the provider; or

(b) in relation to a registered provider, means an individual whose name is entered in the register of authorized institutions, or in the register of SVF

licensees, as that of a person engaged by the provider in respect of a VA service.".

**101. Section 53ZTS amended (offence for obstructing person in performance of functions)**

Section 53ZTS(2), definition of ***specified person***, paragraph (c), after "person"—

**Add**

"directed or".

**102. Section 53ZTUA added**

After section 53ZTU—

**Add**

**"53ZTUA. Proceedings not to be stayed**

(1) The existence of any judicial or other proceedings, or circumstances that disclose the commission of an offence, does not by itself constitute justification for any other proceedings or action under any VA-related provision being stayed or deferred.

(2) To avoid doubt, subsection (1)—

(a) does not affect any other law requiring or providing for a stay of any proceedings or action under any VA-related provision; and

(b) does not prevent a court of competent jurisdiction from ordering that any proceedings or action under any VA-related provision be stayed or deferred.".

**103. Section 53ZTW amended (conflict of interest)**

(1) Section 53ZTW(1)—

**Repeal**



"function under this Ordinance"

**Substitute**

"function under this Ordinance or the Securities and Futures Ordinance (Cap. 571)".

(2) Section 53ZTW(1)—

**Repeal**

"assets"

**Substitute**

"asset or an interest in any virtual asset".

(3) Section 53ZTW(1)(a)—

**Repeal**

"under this Ordinance"

**Substitute**

"under this Ordinance or the Securities and Futures Ordinance (Cap. 571)".

(4) Section 53ZTW(3)—

**Repeal**

"this Part"

**Substitute**

"a specified provision".

(5) Section 53ZTW(3)(a)—

**Repeal**

"any virtual assets"

**Substitute**

"any virtual asset or an interest in any virtual asset".

(6) Section 53ZTW—

**Repeal subsection (5)**

**Substitute**

"(5) In this section—

***specified provision*** (指明條文) means—

(a) any VA-related provision; or

(b) any provision of the Securities and Futures Ordinance (Cap. 571).".

**104. Section 53ZTX amended (evidence regarding Commission's records or documents)**

Section 53ZTX(1)(b)—

**Repeal**

"provision of this Ordinance"

**Substitute**

"VA-related provision".

**105. Section 53ZTXA added**

After section 53ZTX—

**Add**

**"53ZTXA. General requirements for documents lodged with Commission**

(1) The Commission—

(a) may specify, on the Internet, any form in respect of any application, statement, notice, return or other document (however described) required to be lodged, filed or submitted with or to the Commission for the purposes of any provision of this Ordinance, either generally or in any particular case; and



(b) without limiting paragraph (a), may in the form—

(i) include directions and instructions relating to the compilation of the application, statement, notice, return or other document (as the case requires);

(ii) include directions and instructions relating to the inclusion of statutory declarations made in respect of the particulars in it; and

(iii) specify documents by which it is to be accompanied.

(2) For the purposes of subsection (1), the Commission may specify that different forms are to be used in different circumstances.

(3) Subject to subsections (5) and (6), subsection (4) applies if—

(a) there is any requirement for any application, statement, notice, return or other document (however described) to be lodged, filed or submitted with or to the Commission for the purposes of any provision of this Ordinance; and

(b) the Commission has specified any form in respect of it under subsection (1).

(4) The requirement is not to be regarded as having been complied with unless the application, statement, notice, return or other document (as the case requires)—

(a) is in the form specified;

(b) is compiled in accordance with such directions and instructions as are included in the form;

(c) contains statutory declarations in accordance with such directions and instructions as are included in the form; and

(d) is accompanied by such documents as are specified in the form.

(5) An application, statement, notice, return or other document does not, by reason of any deviation from a form specified in respect of it under subsection (1), cease to be regarded as being in that form if the deviation does not affect the substance of the form.

(6) If the Commission is satisfied that a person has substantial practical difficulties in complying with any of the requirements mentioned in subsection (4)(a), (b), (c) and (d), it may in its discretion dispense with the requirements in the case of the person to such extent as it considers necessary.".

**106. Section 53ZUA amended (disapplication of Part 5C)**

(1) Section 53ZUA(1)(d)—

**Repeal**

"(as defined by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571)) carried out by the corporation for which the corporation is licensed under that Ordinance;"

**Substitute**

"carried out by the corporation for which the corporation is licensed under the Securities and Futures Ordinance (Cap. 571);".

(2) After section 53ZUA(1)(d)—

**Add**

"(da) a licensed VAS provider that carries on a precious metals and stones business that is ancillary to the provision of any of its licensed services;".



**107. Section 53ZUF amended (application for and grant of registration)**

Section 53ZUF(6), before "authorized person"—

**Add**

"section 9".

**108. Section 53ZUL amended (cancellation or suspension of registration)**

Section 53ZUL(2)(h)(i), before "authorized person"—

**Add**

"section 9".

**109. Section 53ZUO amended (application for and grant of registration)**

Section 53ZUO(4), before "authorized person"—

**Add**

"section 9".

**110. Section 53ZUU amended (cancellation or suspension of registration)**

Section 53ZUU(2)(g)(i), before "authorized person"—

**Add**

"section 9".

**111. Section 54 amended (interpretation of Part 6)**

(1) Section 54, definition of ***specified authority***, paragraph (a)—

**Repeal**

"paragraph (a)"

**Substitute**

"paragraph (a) or (h)".

(2) Section 54, definition of ***specified decision***, after paragraph (f)(vi)—

**Add**

"(via) to refuse to grant a registration under section 53ZRMB;

(vib) to impose a condition on, or amend or remove a condition of, a registration under section 53ZRMB;".

(3) Section 54, definition of ***specified decision***, paragraph (f)(vii)—

**Repeal**

"that is licensed to be provided under a licence".

(4) Section 54, definition of ***specified decision***, after paragraph (f)(xi)—

**Add**

"(xia) to refuse to grant a modification or waiver under section 53ZRRA(1);

(xib) to amend a modification or waiver, or to impose a condition on, or amend or remove a condition of, such a modification or waiver under section 53ZRRA(3) or (4);".

(5) Section 54, definition of ***specified decision***, paragraph (f)(xiii)—

**Repeal**

everything after "under section"

**Substitute**

"53ZSP(1) or (5) or 53ZSQA(1) or (5);".

(6) Section 54, definition of ***specified decision***, paragraph (f)(xiv)—

**Repeal**



everything after "licence"

**Substitute**

"or registration, or the approval of a person as a responsible officer, under section 53ZSQ (section 53ZSQ(2)(d) excepted) or 53ZSQB (section 53ZSQB(2)(g) excepted);".

(7) Section 54, definition of ***specified decision***, after paragraph (f)(xiv)—

**Add**

"(xiva) to impose a requirement under section 53ZSWA(1);

(xivb) to impose a condition under section 53ZSWB(7); or".

(8) Section 54, definition of ***specified decision***, paragraph (f)(xv)—

**Repeal**

"53ZTB; or"

**Substitute**

"53ZTB;".

(9) Section 54, definition of ***specified decision***, paragraph (g)(viii), after "53ZVF;"—

**Add**

"or".

(10) Section 54, definition of ***specified decision***, after paragraph (g)—

**Add**

"(h) a decision of the Monetary Authority—

(i) to exercise a power under section 58B(3) or 71J(3) of the Banking Ordinance (Cap. 155);

(ii) to refuse to give a consent under section 71I(1) of that Ordinance;

(iii) to attach a condition to, or to amend a condition of, a consent under section 71I(5) or (6) of that Ordinance;

(iv) to attach a condition to, or to amend a condition of, a consent under section 71L(5) or (6) of that Ordinance;

(v) to exercise a power under section 14A(3) or 14C(3) of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

(vi) to refuse to give a consent under section 8ZZXC(1) of that Ordinance;

(vii) to attach a condition to, or to amend a condition of, a consent under section 8ZZXC(5) or (6) of that Ordinance; or

(viii) to attach a condition to, or to amend a condition of, a consent under section 8ZZXD(5) or (6) of that Ordinance;".

**112. Section 60 amended (determination of review by Tribunal)**

(1) After section 60(2)—

**Add**

"(2A) Without limiting subsections (1)(a) and (2) but subject to subsection (3A)—

(a) the decision that the Tribunal may substitute under subsection (1)(a) for a specified decision made by an authority may also include any corresponding decision that may be made by the other authority in respect of the person making the application for review in question; and

(b) this subsection applies whether or not the Tribunal substitutes under subsection (1)(a) for the specified



decision any decision other than the corresponding decision.".

(2) After section 60(3)—

**Add**

"(3A) Without limiting subsection (3), the Tribunal must not exercise any power pursuant to subsection (2A) without first giving a reasonable opportunity to be heard to the other authority.".

(3) After section 60(4)—

**Add**

"(5) In this section—

(a) a reference to a specified decision made by an authority is a reference to—

(i) a specified decision described in column 2 of Part 1 of the Table below that is made by the Commission; or

(ii) a specified decision described in column 2 of Part 2 of the Table below that is made by the Monetary Authority;

(b) a reference to a corresponding decision that may be made by the other authority is a reference to—

(i) for a specified decision mentioned in paragraph (a)(i)—a decision that may be made by the Monetary Authority under or pursuant to any of the provisions set out, opposite that specified decision, in column 3 of the Table below; or

(ii) for a specified decision mentioned in paragraph (a)(ii)—a decision that may be made by the Commission under or pursuant to

any of the provisions set out, opposite that specified decision, in column 3 of the Table below; and

(c) a reference to the other authority is to be construed accordingly.

**Table**

| Column 1 | Column 2 | Column 3 |
|---|---|---|
| Item | Description of specified decisions | Provisions under which corresponding decision may be made |
| **Part 1** | | |
| **Specified Decision Made by Commission that may be Substituted by Corresponding Decision that may be Made by Monetary Authority** | | |
| 1. | A specified decision to exercise a power under section 53ZSQA(1) | (a) Sections 58B(3) and 71J(3) of the Banking Ordinance (Cap. 155)<br>(b) Sections 14A(3) and 14C(3) of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584) |
| **Part 2** | | |
| **Specified Decisions Made by Monetary Authority that may be Substituted by Corresponding Decision that may be Made by Commission** | | |
| 2. | A specified decision to exercise a power under section 58B(3) or 71J(3) of the Banking Ordinance (Cap. 155) | Section 53ZSQA(1) |
| 3. | A specified decision to exercise a power under section 14A(3) or 14C(3) of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584) | Section 53ZSQA(1)". |



**113. Section 71 amended (appeal to Court of Appeal with leave)**

(1) Section 71(1), after "a review"—

**Add**

"of a specified decision (other than a Part 5B-related decision)".

(2) After section 71(1)—

**Add**

"(1A) A party to a review of a Part 5B-related decision who is dissatisfied with the determination of the review may appeal to the Court of Appeal against the determination on a question of law.".

(3) After section 71(4)—

**Add**

"(5) In this section—

***Part 5B-related decision*** (第5B部相關決定) means a decision falling within paragraph (f) or (h) of the definition of ***specified decision*** in section 54.".

**114. Section 72 amended (powers of the Court of Appeal)**

Section 72(1)(d)—

**Repeal**

"or"

**Substitute**

"or, except for a determination in relation to a Part 5B-related decision as defined by section 71(5),".

**115. Section 74A added**

Part 6, Division 3, after section 74—

**Add**



"**74A. Transitional arrangements for Virtual Asset Services Legislation (Amendment) Ordinance 2026 in respect of pre-existing Tribunal determinations**

"(1) If a review of a Part 5B-related decision has been determined by the Tribunal before the amendment date, sections 71 and 72 as in force immediately before the amendment date continue to apply in relation to the determination on and after that date as if the Amendment Ordinance had not been enacted.

(2) In this section—

***amendment date*** (修訂日期) means the day on which section 113 of the Amendment Ordinance comes into operation;

***Amendment Ordinance*** (《修訂條例》) means the Virtual Asset Services Legislation (Amendment) Ordinance 2026 ( of 2026);

***Part 5B-related decision*** (第5B部相關決定) means a decision falling within paragraph (f) of the definition of ***specified decision*** in section 54 as in force immediately before the amendment date.".

**116. Section 76C amended (permitted disclosures by specified person)**

(1) Section 76C(1)(f)—

**Repeal**

"and".

(2) Section 76C(1)(g)—

**Repeal**

"Kong."

**Substitute**

"Kong;".

(3) After section 76C(1)(g)—

**Add**

"(h) disclose information, being information to which section 120 of the Banking Ordinance (Cap. 155) applies, in any circumstances permitted by that section or section 121 of that Ordinance;

(i) disclose information, being information to which section 378 of the Securities and Futures Ordinance (Cap. 571) applies, in any circumstances permitted by that section;

(j) disclose information, being information to which section 50 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584) applies, in any circumstances permitted by that section; and

(k) disclose information, being information to which section 156 of the Stablecoins Ordinance (Cap. 656) applies, in any circumstances permitted by that section.".

**117. Section 76D amended (permitted disclosures by relevant authority)**

(1) Section 76D(1)(g)(xvii)—

**Repeal**

"Society; or"

**Substitute**

"Society;".

(2) Section 76D(1)(g)(xviii)—

**Repeal**

"Authority;"

**Substitute**

"Authority; or".

(3) After section 76D(1)(g)(xviii)—



**Add**

"(xix) the MPF Schemes Authority;".

(4) Section 76D(1)(h)—

**Repeal**

"an authorized person under section 9"

**Substitute**

"a specified officer (as defined by section 8) under section 9, 13AB or 13C".

**118. Section 76E amended (person subject to inspection, investigation or disciplinary action must not disclose information)**

(1) Section 76E(1)(a)—

**Repeal**

"9 or 12 has been imposed by an authorized person"

**Substitute**

"9, 12, 13AB or 13C has been imposed by a specified officer (as defined by section 8)".

(2) Section 76E(7), Chinese text, definition of ***調查員***—

**Repeal**

"涵義；"

**Substitute**

"涵義。".

(3) Section 76E(7)—

**Repeal the definition of *authorized person*.**

**119. Section 76F amended (recipient of information disclosed under section 76C, 76D or 76E must not disclose it onwards)**

Section 76F(2)(c)(i)—

**Repeal**

"section 9(12)"

**Substitute**

"section 9(12), 13AB(6) or 13C(3)(a)".

**120. Section 76G amended (other enactments on disclosure of information not affected)**

After section 76G(1)(d)—

**Add**

"(da) Part 9 of the Stablecoins Ordinance (Cap. 656);".

**121. Section 78 amended (standard of proof)**

Section 78(a)(iii), after "licence"—

**Add**

"or registration".

**122. Section 80 amended (giving of notices by relevant authorities)**

Section 80(6), definition of ***licensed VAS person***—

**Repeal**

"within the meaning of Part 5B"

**Substitute**

"as defined by section 53ZR".

**123. Schedule 1 amended (interpretation)**

(1) Schedule 1, Part 1, section 1, definition of ***designated retail payment system***—

**Repeal**

"section 2"

**Substitute**



"section 2(1)".

(2) Schedule 1, Part 2, section 1, definition of ***accounting professional***—

**Repeal paragraph (a)**

**Substitute**

"(a) a certified public accountant or a certified public accountant (practising);".

(3) Schedule 1, Part 2, section 1, definition of ***business day***—

**Repeal**

everything after "means"

**Substitute**

"—

(a) subject to paragraph (b), any day other than—

(i) a public holiday;

(ii) a gale warning day; and

(iii) a black rainstorm warning day; or

(b) for the purposes of Part 5B—any day other than—

(i) a public holiday;

(ii) a Saturday;

(iii) a gale warning day; and

(iv) a black rainstorm warning day;".

(4) Schedule 1, Part 2, section 1, definition of ***customer***—

**Repeal**

"(客户)—"

**Substitute**

"(客户), in relation to a financial institution or DNFBP—".

(5) Schedule 1, Part 2, section 1, definition of ***financial institution***, paragraph (i)—

**Repeal**

"subject to section 20A,".

(6) Schedule 1, Part 2, section 1, definition of ***licensed VAS provider***—

**Repeal**

"within the meaning of Part 5B"

**Substitute**

"as defined by section 53ZR".

(7) Schedule 1, Part 2, section 1—

**Repeal the definition of *relevant authority***

**Substitute**

"***relevant authority*** (有關當局)—see section 3 of this Part;".

(8) Schedule 1, Part 2, section 1, definition of ***settlement institution***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(9) Schedule 1, Part 2, section 1, definition of ***SVF licensee***—

**Repeal**

everything after "means"

**Substitute**

"a licensee (as defined by section 2(1) of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584)) that is not an authorized institution;".



(10) Schedule 1, Part 2, section 1, definition of ***system operator***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(11) Schedule 1, Part 2, section 1—

**Add in alphabetical order**

"***black rainstorm warning day*** (黑色暴雨警告日) has the meaning given by section 71(2) of the Interpretation and General Clauses Ordinance (Cap. 1);

***certified public accountant*** (會計師) has the meaning given by section 2(1) of the Professional Accountants Ordinance (Cap. 50);

***certified public accountant (practising)*** (執業會計師) has the meaning given by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588);

***court*** (法庭、法院) includes a magistrate and a tribunal;

***defalcation*** (虧空) means misapplication, including misappropriation, of any property;

***fee*** (費用) includes a charge;

***gale warning day*** (烈風警告日) has the meaning given by section 71(2) of the Interpretation and General Clauses Ordinance (Cap. 1);

***HKMA regulatee*** (受金管局規管者) means an authorized institution, SVF licensee or stablecoin licensee;

***information*** (資料) includes data, text, images, sound codes, computer programmes, software and databases, and any combination of them;

***judicial or other proceedings*** (司法或其他法律程序) means any legal proceedings, whether in the nature of judicial proceedings or otherwise;

***liquidator*** (清盤人) includes a provisional liquidator;

***misfeasance*** (不當行為) means the performance of an otherwise lawful act in a wrongful manner;

***MPF Schemes Authority*** (積金局) means the Mandatory Provident Fund Schemes Authority established under section 6 of the Mandatory Provident Fund Schemes Ordinance (Cap. 485);

***registered VAS provider*** (註冊虛擬資產服務提供者) means a registered provider as defined by section 53ZR;

***regulated activity*** (受規管活動) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***regulated VAS provider*** (受規管虛擬資產服務提供者) means a regulated provider as defined by section 53ZR;

***VA service*** (虛擬資產服務) has the meaning given by—

(a) except in Schedule 3G—section 53ZR; or

(b) in Schedule 3G—section 1 of that Schedule;

***VAS executive officer*** (虛擬資產服務主管人員)—

(a) in relation to a registered VAS provider that is an authorized institution—has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155); or

(b) in relation to a registered VAS provider that is an SVF licensee—has the meaning given by section 2(1) of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);".

(12) Schedule 1, Part 2, after section 1—



**Add**

"2. In this Ordinance, a reference to a type of VA service by letter is a reference to the VA service specified in column 2 of Part 1 of Schedule 3B opposite that letter in column 1 of that Part.

3. In this Ordinance—

(a) a general reference to a relevant authority is a reference to—

(i) the Monetary Authority;

(ii) the Securities and Futures Commission;

(iii) the Insurance Authority;

(iv) the Commissioner; or

(v) the Registrar; and

(b) a reference to the relevant authority in relation to a financial institution, DNFBP or prescribed person as defined by section 8 (each a ***regulatee***) is a reference to—

(i) if the regulatee is an HKMA regulatee, a registered VAS provider or a registered VAS provider's associated entity (within the meaning of section 53ZRCA)—the Monetary Authority;

(ii) if the regulatee is a licensed corporation, a licensed VAS provider or a licensed VAS provider's associated entity (within the meaning of section 53ZRCA)—the Securities and Futures Commission;

(iii) if the regulatee is an authorized insurer, a licensed individual insurance agent, a licensed

insurance agency or a licensed insurance broker company—the Insurance Authority;

(iv) if the regulatee is a licensed money service operator, the Postmaster General or a PMS registrant—the Commissioner; or

(v) if the regulatee is a TCSP licensee—the Registrar.

4. In this Ordinance, a reference to any condition imposed under or pursuant to any provision of this Ordinance includes such a condition that is amended under or pursuant to any provision of this Ordinance.".

**124. Schedule 2 amended (requirements relating to customer due diligence and record-keeping)**

(1) Schedule 2, section 1(1)—

**Repeal the definition of *pre-existing customer***

**Substitute**

"***pre-existing customer*** (先前客戶)—

(a) in relation to a financial institution, means a customer with whom the financial institution has established a business relationship before—

(i) subject to subparagraphs (ii) and (iii)—1 April 2012;

(ii) if it first became a financial institution by virtue of becoming a licensed VAS provider for Type C VA service (whether also by virtue of any other capacity)—1 June 2023; or

(iii) if it first became a financial institution by virtue of becoming a licensed VAS provider for a VA service other than Type C VA service



(whether also by virtue of any other capacity)—the day on which section 125 of the Virtual Asset Services Legislation (Amendment) Ordinance 2026 ( of 2026) comes into operation for the purposes of section 53ZRD; or

(b) in relation to a DNFBP, means a customer with whom the DNFBP has established a business relationship before—

(i) subject to subparagraph (ii)—1 March 2018; or

(ii) if it first became a DNFBP by virtue of becoming a Category B PMS registrant (whether also by virtue of any other capacity)—1 April 2023;".

(2) Schedule 2, section 3(1B), after "a licensed VAS provider"—

**Add**

"(other than one that is also a licensed corporation)".

**125. Schedule 3B amended (VA service)**

(1) Schedule 3B, English text, heading—

**Repeal**

**"Service"**

**Substitute**

**"Services".**

(2) Schedule 3B—

**Repeal**

"Sch. 3G]"

**Substitute**

"Schs. 1 & 3G]".

(3) Schedule 3B—

**Repeal Part 1**

**Substitute**

## "Part 1

## VA Services

| Column 1 | Column 2 |
|---|---|
| Type | VA services |
| A | Dealing in virtual assets |
| B | Advising on virtual assets |
| C | Operating a VA exchange |
| D | Virtual asset management |
| E | Virtual asset custody". |

(4) Schedule 3B, Part 2—

**Renumber section 1 as section 1(1).**

(5) Schedule 3B, Part 2, after section 1(1)—

**Add**

"(2) In this Schedule—

***advising on virtual assets*** (就虛擬資產提供意見)—see section 3 of this Part;



***Cap. 159*** (《第 159 章》) means the Legal Practitioners Ordinance (Cap. 159);

***Cap. 571*** (《第 571 章》) means the Securities and Futures Ordinance (Cap. 571);

***Cap. 656*** (《第 656 章》) means the Stablecoins Ordinance (Cap. 656);

***dealing in virtual assets*** (虛擬資產交易)—see section 2 of this Part;

***distributed ledger*** (分布式分類帳) has the meaning given by section 3(3) of Cap. 656;

***foreign firm*** (外地律師行) has the meaning given by section 2(1) of Cap. 159;

***Hong Kong firm*** (香港律師行) has the meaning given by section 2(1) of Cap. 159;

***operating a VA exchange*** (經營虛擬資產交易所)—see section 4 of this Part;

***practice unit*** (執業單位) has the meaning given by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588);

***purchase*** (買、購買), in relation to a virtual asset, includes acquiring or subscribing for the virtual asset, in whatever form the consideration may be;

***remuneration*** (報酬) has the meaning given by section 1 of Part 1 of Schedule 1 to Cap. 571;

***virtual asset custody*** (虛擬資產託管)—see section 6 of this Part;

***virtual asset management*** (虛擬資產管理)—see section 5 of this Part.

(3) In this Schedule, a reference to a licensed stablecoin activity of a stablecoin licensee is to be construed in accordance with section 7 of Cap. 656.".

(6) Schedule 3B, Part 2, after section 1—

**Add**

"**2. Dealing in virtual assets**

(1) Subject to subsection (2), dealing in virtual assets means—

(a) making or offering to make with another person; or

(b) inducing or attempting to induce another person to enter into or to offer to enter into,

an agreement (***subject agreement***) for or with a view to acquiring, disposing of, subscribing for or underwriting any virtual asset (***subject virtual asset***).

(2) Dealing in virtual assets does not include an act falling within subsection (1) (***subject act***) performed by a person (***subject person***) if—

(a) subject to subsection (3), the subject person performs the subject act through a VA dealer;

(b) the subject person, as principal, performs the subject act by way of dealing with a professional investor (whether the investor is acting as principal or agent);

(c) the subject act is acquiring, disposing of, subscribing for or underwriting the subject virtual asset as principal;

(d) the subject person is licensed or registered for Type D VA service and performs the subject act solely for the purpose of providing that VA service;

(e) the subject person is a stablecoin licensee, and—



(i) the subject virtual asset is a specified stablecoin issued by the subject person in accordance with its stablecoin licence; and

(ii) the subject person, as principal, performs the subject act for the purpose of carrying on the person's licensed stablecoin activities;

(f) the subject person is an issuer of the subject virtual asset, and—

(i) subject to subsection (3), the subject person performs the subject act in respect of the subject virtual asset through a VA dealer;

(ii) the subject person, as principal, performs the subject act in respect of the subject virtual asset by way of dealing with a professional investor (whether the investor is acting as principal or agent); or

(iii) the subject act is issuing an information document in respect of the subject virtual asset, and—

(A) the subscription or purchase to which the information document relates is, according to the information document, to be effected by the subject person's performing an act described in subparagraph (i) or (ii); and

(B) no such subscription or purchase is effected otherwise;

(g) the subject person performs the subject act as part of a distribution of the subject virtual asset (whether as a person distributing or receiving) following its automatic creation as a reward for the maintenance

of a distributed ledger or the validation of transactions;

(h) subject to subsection (4), the subject person performs the subject act solely for or with a view to using, or accepting the use of, the subject virtual asset (whether by the subject person or any other person) as a means of payment for—

(i) the provision of goods or services; or

(ii) a transaction in any securities, futures contract, leveraged foreign exchange contract or OTC derivative product that satisfies the conditions specified in subsection (5); or

(i) the subject virtual asset is a specified stablecoin issued in accordance with a stablecoin licence, and the subject person—

(i) is licensed or registered under Part V of Cap. 571 for a regulated activity; and

(ii) performs the subject act in connection with carrying on that regulated activity.

(3) Even if the subject person falls within subsection (2)(a) or (f)(i), the subject person is to be regarded as dealing in the subject virtual asset if the subject person, in return for a commission, rebate or other remuneration—

(a) receives from a third person an offer or invitation to enter into the subject agreement and communicates it, either in the name of the subject person or in the name of the third person, to the VA dealer;

(b) effects an introduction between the VA dealer (or the dealer's representative) and a third person, so that the third person may enter into, or offer or invite



to enter into, the subject agreement with the VA dealer;

(c) effects the subject agreement on behalf of a third person through the VA dealer;

(d) makes an offer to the VA dealer on behalf of a third person to acquire or dispose of the subject virtual asset; or

(e) accepts for the VA dealer an offer by a third person to enter into the subject agreement.

(4) Subsection (2)(h)—

(a) does not apply to any part of the subject virtual asset the value of which is not applied to the payment mentioned in that subsection; and

(b) applies only if the payment does not involve any conversion of the subject virtual asset from or into money or another form of virtual asset by or on behalf of the person mentioned in that subsection.

(5) The conditions specified for subsection (2)(h)(ii) are that—

(a) for a transaction in securities—the transaction is effected as a result of—

(i) an act that—

(A) constitutes Type 1 regulated activity; and

(B) is carried out by a person licensed or registered under Part V of Cap. 571 for that regulated activity; or

(ii) an act that is excluded from being a Type 1 regulated activity under any paragraph of the definition of ***dealing in securities*** in Part 2 of Schedule 5 to Cap. 571;

(b) for a transaction in a futures contract—the transaction is effected as a result of—

(i) an act that—

(A) constitutes Type 2 regulated activity; and

(B) is carried out by a person licensed or registered under Part V of Cap. 571 for that regulated activity; or

(ii) an act that is excluded from being a Type 2 regulated activity under any paragraph of the definition of ***dealing in futures contracts*** in Part 2 of Schedule 5 to Cap. 571;

(c) for a transaction in a leveraged foreign exchange contract—the transaction is effected as a result of—

(i) an act that—

(A) constitutes Type 3 regulated activity; and

(B) is carried out by a person licensed or registered under Part V of Cap. 571 for that regulated activity; or

(ii) an act that is excluded from being a Type 3 regulated activity under any paragraph of the definition of ***leveraged foreign exchange trading*** in Part 2 of Schedule 5 to Cap. 571; and

(d) for a transaction in an OTC derivative product—the transaction is effected as a result of—

(i) an act that—

(A) falls within the definition of ***dealing in OTC derivative products*** in Part 2 of Schedule 5 to Cap. 571; and



(B) is carried out by a person licensed or registered under Part V of Cap. 571 for Type 11 regulated activity in accordance with the licence or registration; or

(ii) an act that is excluded from the definition of ***dealing in OTC derivative products*** in Part 2 of Schedule 5 to Cap. 571 under any paragraph of section 2 of Part 2A of that Schedule.

(6) In this section—

***information document*** (資料文件), in relation to a virtual asset, means any notice, circular, brochure, advertisement or other document—

(a) offering the virtual asset for subscription or purchase for cash or other consideration; or

(b) calculated to invite offers to subscribe for or purchase for cash or other consideration the virtual asset;

***issuer*** (發行人), in relation to a virtual asset, means a person—

(a) by whom, or on whose behalf, the virtual asset is created and minted; and

(b) who issues an information document in respect of the virtual asset;

***leveraged foreign exchange contract*** (槓桿式外匯交易合約) has the meaning given by Part 2 of Schedule 5 to Cap. 571;

***professional investor*** (專業投資者)—

(a) subject to paragraph (b), has the meaning given by section 1 of Part 1 of Schedule 1 to Cap. 571 for the purposes of Schedule 5 to Cap. 571; or

(b) if any person is prescribed by rules made for the purposes of this definition as a professional investor (whether generally or only to the extent prescribed)—means such a person as so prescribed;

***VA dealer*** (虛擬資產交易商) means a person—

(a) who is licensed or registered for Type A VA service; or

(b) whose name is entered in the register of authorized institutions, or in the register of SVF licensees, as that of a person engaged in respect of Type A VA service by a registered provider registered for that service.

**3. Advising on virtual assets**

(1) Subject to subsection (2), advising on virtual assets means—

(a) giving advice on—

(i) whether;

(ii) which;

(iii) the time at which; or

(iv) the terms or conditions on which,

any virtual asset should be acquired or disposed of; or

(b) issuing analyses or reports, for the purpose of facilitating the recipients of the analyses or reports to make decisions on—

(i) whether;

(ii) which;

(iii) the time at which; or



(iv) the terms or conditions on which,

any virtual asset should be acquired or disposed of.

(2) Advising on virtual assets does not include an act falling within subsection (1) performed by a person if—

(a) the person—

(i) is a corporation; and

(ii) gives the advice or issues the analyses or reports solely to—

(A) a wholly owned subsidiary of the corporation;

(B) a holding company of the corporation that holds all the corporation's issued shares; or

(C) a wholly owned subsidiary of that holding company;

(b) the person—

(i) is licensed or registered for Type A VA service; and

(ii) gives the advice or issues the analyses or reports wholly incidentally to the provision of that VA service;

(c) the person—

(i) is an individual whose name is entered in the register of authorized institutions, or in the register of SVF licensees, as that of a person engaged in respect of Type A VA service by a registered provider registered for that VA service; and

(ii) gives the advice or issues the analyses or reports wholly incidentally to the provision of that VA service;

(d) the person—

(i) is licensed or registered for Type D VA service;

(ii) provides, as permitted under that licence or registration, a service of managing a portfolio of virtual assets under a collective investment scheme (***management service***) for another person; and

(iii) gives the advice or issues the analyses or reports solely for the purpose of providing the management service;

(e) the person—

(i) is a solicitor; and

(ii) gives the advice, or issues the analyses or reports as part of a piece of advice given, wholly incidentally to the person's practice as such a solicitor in a Hong Kong firm or foreign firm;

(f) the person—

(i) is a counsel; and

(ii) gives the advice, or issues the analyses or reports as part of a piece of advice given, wholly incidentally to the person's practice as such a counsel;

(g) the person—

(i) is a certified public accountant; and



(ii) gives the advice, or issues the analyses or reports as part of a piece of advice given, wholly incidentally to the person's practice as such a certified public accountant in a practice unit;

(h) the person—

(i) is a trust company registered under Part 8 of the Trustee Ordinance (Cap. 29); and

(ii) gives the advice or issues the analyses or reports wholly incidentally to the discharge of the person's duty as such a trust company;

(i) the person gives the advice or issues the analyses or reports through—

(i) a newspaper, magazine, book or other publication that is made generally available to the public; or

(ii) television broadcast or radio broadcast for reception by the public, whether on subscription or otherwise; or

(j) the virtual asset concerned is a specified stablecoin issued in accordance with a stablecoin licence, and the person—

(i) is licensed or registered under Part V of Cap. 571 for a regulated activity; and

(ii) gives the advice or issues the analyses or reports in connection with carrying on that regulated activity.

(3) In this section—

***collective investment scheme*** (集體投資計劃) has the meaning given by section 1 of Part 1 of Schedule 1 to Cap. 571.

**4. Operating a VA exchange**

(1) Subject to subsection (2), operating a VA exchange means providing services through means of electronic facilities by which—

(a) offers to sell or purchase virtual assets are regularly made or accepted in a way that forms or results in a binding transaction in accordance with established methods; or

(b) persons are regularly introduced, or identified to other persons—

(i) in order that they may negotiate or conclude; or

(ii) with the reasonable expectation that they will negotiate or conclude,

sales or purchases of virtual assets in a way that forms or results in a binding transaction in accordance with established methods.

(2) Operating a VA exchange does not include such services provided by a corporation operated by or on behalf of the Government.

**5. Virtual asset management**

(1) Subject to subsection (2), virtual asset management means providing a service of managing a portfolio of virtual assets for another person.

(2) Virtual asset management does not include an act falling within subsection (1) performed by a person if—



(a) the person—

(i) is a corporation; and

(ii) provides the service solely to—

(A) a wholly owned subsidiary of the corporation;

(B) a holding company of the corporation that holds all the corporation's issued shares; or

(C) a wholly owned subsidiary of that holding company;

(b) the person—

(i) is licensed or registered for Type A VA service; and

(ii) provides the service wholly incidentally to the provision of that VA service;

(c) the person—

(i) is an individual whose name is entered in the register of authorized institutions, or in the register of SVF licensees, as that of a person engaged in respect of Type A VA service by a registered provider registered for that VA service; and

(ii) provides the service wholly incidentally to the provision of that VA service;

(d) the person—

(i) is a solicitor; and

(ii) provides the service wholly incidentally to the person's practice as such a solicitor in a Hong Kong firm or foreign firm;

(e) the person—

(i) is a counsel; and

(ii) provides the service wholly incidentally to the person's practice as such a counsel;

(f) the person—

(i) is a certified public accountant; and

(ii) provides the service wholly incidentally to the person's practice as such a certified public accountant in a practice unit;

(g) the person—

(i) is a trust company registered under Part 8 of the Trustee Ordinance (Cap. 29); and

(ii) provides the service wholly incidentally to the discharge of the person's duty as such a trust company; or

(h) the virtual asset concerned is a specified stablecoin issued in accordance with a stablecoin licence, and—

(i) the person is licensed or registered under Part V of Cap. 571 for Type 1, Type 2, Type 3, Type 9 or Type 11 regulated activity;

(ii) the person provides the service in connection with carrying on that regulated activity; and

(iii) the portfolio of virtual assets being managed consists only of the specified stablecoin.

**6. Virtual asset custody**

(1) Subject to subsections (2) and (3), virtual asset custody means safekeeping for another person (***principal***) an



instrument that enables the transfer of the virtual asset (***subject instrument***).

(2) Virtual asset custody does not include an act falling within subsection (1) (***subject act***) performed by a person (***subject person***) if—

(a) the subject person does not hold themself out as being engaged in a business of providing a service in relation to virtual assets;

(b) the subject person—

(i) is a corporation; and

(ii) performs the subject act solely for—

(A) a wholly owned subsidiary of the corporation;

(B) a holding company of the corporation that holds all the corporation's issued shares; or

(C) a wholly owned subsidiary of that holding company;

(c) the subject person is a stablecoin licensee, and the virtual asset is a specified stablecoin issued by the subject person in accordance with its stablecoin licence;

(d) the subject person—

(i) is a legal professional; and

(ii) performs the subject act wholly incidentally to the subject person's practice as such a legal professional;

(e) the subject person—

(i) is an accounting professional; and

(ii) performs the subject act wholly incidentally to the subject person's practice as such an accounting professional;

(f) the subject person—

(i) is an executor, an administrator, a liquidator, a receiver, or a trustee or assignee of a bankrupt; and

(ii) performs the subject act for the purposes of, or in connection with, the performance of the subject person's functions as such an executor, administrator, liquidator, receiver, trustee or assignee; or

(g) the subject person is a corporation operated by or on behalf of the Government.

(3) For the purposes of this section, a person (***person A***) is to be regarded as safekeeping an instrument that enables the transfer of a virtual asset if, through the instrument, person A is capable of the following acts (whether alone or jointly with one or more other persons) (***specified acts***)—

(a) transferring the virtual asset to any person; and

(b) excluding one or more other persons from transferring the virtual asset to any person.

(4) For the purposes of subsection (3), in determining whether person A is capable of the specified acts—

(a) it does not matter even if person A is capable of the acts only with the cooperation of one or more other persons; but

(b) if any of those other persons is unilaterally capable of those acts, person A is not to be regarded as safekeeping the instrument.



(5) For the purposes of subsections (3) and (4), in determining whether a person is capable of the specified acts—

(a) it only matters what the person is capable of as a matter of fact; and

(b) any legal right or obligation involved is irrelevant.

(6) For the purposes of this section, in determining whether a person (***person B***) is safekeeping for another person (***person C***) an instrument that enables the transfer of a virtual asset, it does not matter whether person C has—

(a) both the legal title and beneficial title to the virtual asset;

(b) only the beneficial title to the virtual asset; or

(c) only a right against person B for the return of the virtual asset.

(7) For the purposes of this section, a reference to an instrument that enables the transfer of a virtual asset is a reference to—

(a) a private cryptographic key to the virtual asset;

(b) one or more parts of such a private cryptographic key; or

(c) any password, code, authentication credential, encrypted seed or other instrument (whether tangible or intangible) that enables a person—

(i) to control access to the virtual asset; or

(ii) to execute a transaction involving the virtual asset.".

**126. Schedule 3BA added**

After Schedule 3B—

**Add**

"Schedule 3BA

[ss. 53ZRDA & 53ZTM]

## Prohibited Titles

## Part 1

## Expressions relating to Virtual Assets

| Column 1 | Column 2 | Column 3 |
|---|---|---|
| Item | English expressions | Chinese expressions |
| 1. | crypto | 加密 |
| 2. | crypto coin | 加密幣 |
| 3. | cryptoasset | 加密資產 |
| 4. | cryptocurrency | 加密貨幣 |
| 5. | virtual asset | 虛擬資產 |
| 6. | virtual coin | 虛擬幣 |
| 7. | virtual currency | 虛擬貨幣 |



## Part 2

## Expressions relating to Specific Types of VA Services

| Column 1 | Column 2 | Column 3 | Column 4 |
|---|---|---|---|
| Item | VA services | English expressions | Chinese expressions |
| 1. | Type A | (a) broker<br>(b) dealer | (a) 經紀<br>(b) 交易商、交易人、交易員 |
| 2. | Type B | adviser, consultant | 顧問 |
| 3. | Type E | custodian | 託管人". |

**127. Schedule 3C amended (fees in relation to Part 5B)**

(1) Schedule 3C, Part 1—

**Repeal items 3 and 4**

**Substitute**

"3. Prescribed fee payable under section 53ZRK on an application for the grant of a licence for a licensed provider—

| | | |
|---|---|---|
| (a) | for each VA service other than Type E VA service | $4,740 |
| (b) | for Type E VA service | $129,730 |

4. Prescribed fee payable under section 53ZRL on an application for the grant of a licence for a licensed representative—

| | | |
|---|---|---|
| (a) | for each VA service other than Type E VA service | $1,790 |
| (b) | for Type E VA service | $2,420". |

(2) Schedule 3C, Part 1, after item 6—

**Add**

"6A. Prescribed fee payable under section 53ZRMA on an application for registration as a registered provider—

| | | |
|---|---|---|
| (a) | for each VA service other than Type E VA service | $23,500 |
| (b) | for Type E VA service | $129,730". |

(3) Schedule 3C, Part 1, item 7(a)—

**Repeal subparagraph (i)**

**Substitute**

"(i) for adding any VA service—

| | | |
|---|---|---|
| (A) | for each VA service other than Type E VA service | $4,740 |



| | | |
|---|---|---|
| (B) | for Type E VA service | $129,730". |

(4) Schedule 3C, Part 1, item 7(b)—

**Repeal subparagraph (i)**

**Substitute**

"(i) for adding any VA service—

| | | |
|---|---|---|
| (A) | for each VA service other than Type E VA service | $1,790 |
| (B) | for Type E VA service | $2,420". |

(5) Schedule 3C, Part 1, after item 7(b)—

**Add**

"(c) in the case of a registered provider—

| | | |
|---|---|---|
| (i) | for adding any VA service— | |
| (A) | for each VA service other than Type E VA service | $23,500 |
| (B) | for Type E VA service | $129,730 |
| (ii) | for removing any VA service (subject to subparagraph (iii)) | $200 for each VA service |
| (iii) | for removing all VA services | Nil". |

(6) Schedule 3C, Part 1, after item 10—

**Add**

"10A. Prescribed fee payable under section 53ZRRA(1) on an application for a modification or waiver in respect of—

| | | |
|---|---|---|
| (a) | a matter other than the ones mentioned in paragraphs (b) and (c) | $2,000 |

| | | |
|---|---|---|
| (b) | section 53ZRJ | $4,000 |
| (c) | any provision of rules made by the Commission under Part 5B— | |
| (i) | for a new modification or waiver | $6,000 |
| (ii) | for a modification or waiver that renews an existing modification or waiver | $4,000". |

(7) Schedule 3C, Part 1, item 11—

**Repeal paragraph (a)**

**Substitute**

"(a) in the case of a licensed provider—

| | | |
|---|---|---|
| (i) | for each VA service other than Type E VA service | $4,740 |
| (ii) | for Type E VA service | $129,730". |

(8) Schedule 3C, Part 1, item 11(b)—

**Repeal subparagraphs (i) and (ii)**

**Substitute**

"(i) who is not approved as a responsible officer of the provider on whose behalf the representative provides a VA service—

| | | |
|---|---|---|
| (A) | for each VA service other than Type E VA service | $1,790 |



| | | |
|---|---|---|
| (B) | for Type E VA service | $2,420 |
| (ii) | who is approved as a responsible officer of the provider on whose behalf the representative provides a VA service— | |
| (A) | for each VA service other than Type E VA service | $4,740 |
| (B) | for Type E VA service | $5,370". |

(9) Schedule 3C, Part 1, after item 11(b)—

**Add**

"(c) in the case of a registered provider—

| | | |
|---|---|---|
| (i) | for each VA service other than Type E VA service | $35,000 |
| (ii) | for Type E VA service | $193,340". |

(10) Schedule 3C, Part 1, after item 11—

**Add**

"12. Prescribed fee payable under section 53ZSB(5)—

| | | |
|---|---|---|
| (a) | (subject to paragraph (c)) on an application for approval in respect of an alteration of the date on which financial year ends under section 53ZSB(5)(a)(i) | $2,000 |
| (b) | (subject to paragraph (c)) on an application for approval in respect of the adoption of a period | $2,000 |

| | | |
|---|---|---|
| | which exceeds 12 months as the financial year under section 53ZSB(5)(a)(ii) | |
| | (c) on an application for approval in respect of both of the matters mentioned in paragraphs (a) and (b) | $2,000 |
| 13. | Prescribed fee payable under section 53ZSC(4) on an application for extension of the period within which the financial statements and other documents, and the report of the prescribed auditor, are required to be submitted under section 53ZSC(1) or (2) | $2,000 |
| 14. | Prescribed fee payable under section 7(2)(a) of Schedule 3F on an application for an approval | |
| | (a) for a new approval | $6,000 |
| | (b) for an approval that renews an existing approval | $4,000". |

**128. Schedule 3D amended (associated entities—prescribed particulars)**

(1) Schedule 3D—

**Renumber section 1 as section 1(1).**



(2) Schedule 3D, after section 1(1)—

**Add**

"(2) In this Schedule—

***books*** (簿冊) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***CE number*** (中央編號), in relation to a regulated provider, means the central entity identification number assigned by the Commission to the provider and shown, in relation to the provider's licence or registration, on the register maintained under section 53ZRH;

***executive officer*** (行政人員), in relation to an associated entity of a regulated provider, means any director of the associated entity who is responsible for directly supervising the receiving or holding by the associated entity of client assets of the regulated provider.".

(3) Schedule 3D—

**Renumber section 2 as section 2(2).**

(4) Schedule 3D, before section 2(2)—

**Add**

"(1) For the purposes of section 53ZRW(1), if an associated entity of a regulated provider (***provider A***) is a regulated provider itself, the particulars required to be provided to the Commission after it becomes such an associated entity are—

(a) its name and business name (if different);

(b) its CE number;

(c) the date on which it became such an associated entity; and

(d) the name of provider A.".

(5) Schedule 3D, section 2(2)—

**Repeal**

everything after "53ZRW(1)," and before the dash

**Substitute**

"if an associated entity of a regulated provider (***provider B***) is not a regulated provider itself, the particulars required to be provided to the Commission after it becomes such an associated entity are, subject to subsection (3)".

(6) Schedule 3D, section 2(2)(a), (f)(iv) and (g)—

**Repeal**

"the licensed provider"

**Substitute**

"provider B".

(7) Schedule 3D, section 2(2)(j)—

**Repeal**

"who are its directors responsible for directly supervising the receiving or holding of the client assets of the licensed provider".

(8) Schedule 3D, after section 2(2)—

**Add**

"(3) Subsection (2)(g) and (h) does not apply to an associated entity that is an HKMA regulatee.".

(9) Schedule 3D—

**Renumber section 3 as section 3(2).**

(10) Schedule 3D, before section 3(2)—

**Add**

"(1) For the purposes of section 53ZRW(1), if an associated entity of a regulated provider (***provider A***) is a regulated



provider itself, the particulars required to be provided to the Commission after it ceases to be such an associated entity are—

(a) its name and business name (if different);

(b) its CE number;

(c) the date on which it ceased to be such an associated entity; and

(d) the name of provider A.".

(11) Schedule 3D, section 3(2)—

**Repeal**

everything after "53ZRW(1)," and before the dash

**Substitute**

"if an associated entity of a regulated provider (***provider B***) is not a regulated provider itself, the particulars required to be provided to the Commission after it ceases to be such an associated entity are, subject to subsection (3)".

(12) Schedule 3D, section 3(2)(b) and (c)—

**Repeal**

"the licensed provider"

**Substitute**

"provider B".

(13) Schedule 3D, after section 3(2)—

**Add**

"(3) Subsection (2)(c) does not apply to an associated entity that is an HKMA regulatee.".

**129. Schedule 3E amended (annual return—information)**

Schedule 3E, section 2(2), definition of ***prescribed information***—

**Repeal**

"under Divisions 3, 4 or 7 of Part 5B"

**Substitute**

"under section 53ZTI or any provision of Division 3, 4, 5 or 7 of Part 5B".

**130. Schedule 3F amended (auditable entities—prescribed financial statements and other prescribed documents)**

(1) Schedule 3F—

**Repeal**

"53ZTM]"

**Substitute**

"53ZTM & Sch. 3C]".

(2) Schedule 3F, section 2(1)(b)—

**Repeal**

"year—"

**Substitute**

"year and signed in the manner specified in section 7 of this Schedule—".

(3) Schedule 3F, section 3, heading, before "**associated entity**"—

**Add**

"**auditable**".

(4) Schedule 3F, section 3—

**Repeal**

"associated entity of a licensed provider"

**Substitute**

"auditable associated entity".



(5) Schedule 3F, section 4—

**Repeal**

"the VA service for which it is licensed to provide"

**Substitute**

"all of its licensed services".

(6) Schedule 3F, section 5, heading—

**Repeal**

"**associated entity on ceasing to**"

**Substitute**

"**auditable associated entity on ceasing to be**".

(7) Schedule 3F, sections 5 and 6(1) and (2)—

**Repeal**

"associated entity of a licensed provider"

**Substitute**

"auditable associated entity".

(8) Schedule 3F, after section 6—

**Add**

"**7. Signing of return**

(1) For the purposes of section 2(1)(b) of this Schedule, a return mentioned in that section must be signed on behalf of the licensed provider concerned by—

(a) a responsible officer of the licensed provider; or

(b) another officer of the licensed provider approved by the Commission under subsection (2) for the purposes of this subsection,

by way of attachment to the return of the digital signature or electronic signature of the responsible officer or other officer.

(2) For the purposes of subsection (1)(b)—

(a) the Commission may, on application in writing and payment of the prescribed fee by a licensed provider, approve an officer of the licensed provider to sign a return; and

(b) the signature mentioned in that subsection must—

(i) in the case of a digital signature, be supported by a recognized certificate, generated within the validity of that certificate and used in accordance with the terms of that certificate; or

(ii) in the case of an electronic signature, be authenticated in the specified manner.

(3) On granting an approval under subsection (2), the Commission may impose any condition on the approval.

(4) In relation to an approval under subsection (2), the Commission may, at any time, if satisfied that it is reasonable to do so in the circumstances—

(a) revoke the approval;

(b) impose any new conditions;

(c) amend any previously imposed conditions; or

(d) remove any previously imposed conditions.

(5) An approval granted under subsection (2) remains in force until the earlier of the following—

(a) the expiry of the validity period (if any) specified in the notice of approval;

(b) the time at which the approval is revoked.



(6) For the purposes of subsection (2)(b)(i), a digital signature is taken to be supported by a recognized certificate if it is taken to be supported by that certificate under section 2(2) of the Electronic Transactions Ordinance (Cap. 553).

(7) In this section—

***digital signature*** (數碼簽署) has the meaning given by section 2(1) of the Electronic Transactions Ordinance (Cap. 553);

***electronic signature*** (電子簽署) has the meaning given by section 2(1) of the Electronic Transactions Ordinance (Cap. 553);

***recognized certificate*** (認可證書) has the meaning given by section 2(1) of the Electronic Transactions Ordinance (Cap. 553);

***within the validity of that certificate*** (在該證書的有效期內) has the meaning given by section 6(2) of the Electronic Transactions Ordinance (Cap. 553).".

**131. Schedule 3G amended (transitional arrangements for Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Ordinance 2022)**

(1) Schedule 3G—

**Repeal**

"53ZTY]"

**Substitute**

"53ZTY & Sch. 1]".

(2) Schedule 3G, after section 1(1)—

**Add**

"(1A) Subsection (1) does not apply to the expression "VA service".".

(3) Schedule 3G, section 1(2), definition of *VA service*—

**Repeal**

"Schedule 3B"

**Substitute**

"Schedule 3B as in force on 1 June 2023".



# Part 3

# Amendments to Banking Ordinance (Cap. 155)

**132. Section 2 amended (interpretation)**

(1) Section 2(1), definition of ***banking business***, paragraph (a)—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(2) Section 2(1), definition of ***deposit***, paragraph (b)(iv)—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(3) Section 2(1)—

**Add in alphabetical order**

"***Cap. 615*** (《第 615 章》) means the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

***registered VA service*** (註冊虛擬資產服務) means a registered service as defined by section 53ZR of Cap. 615;

***registered VAS provider*** (註冊虛擬資產服務提供者) has the meaning given by section 1 of Part 2 of Schedule 1 to Cap. 615;

***regulated VAS function*** (受規管虛擬資產服務職能) means a regulated function as defined by section 53ZRB(1) of Cap. 615;

***VA service*** (虛擬資產服務) has the meaning given by section 53ZR of Cap. 615;

***VAS executive officer*** (虛擬資產服務主管人員), in relation to a VAS registered institution, means a VAS executive officer appointed under section 71G in respect of the institution;

***VAS registered institution*** (虛擬資產服務註冊機構) means a company that is both an authorized institution and a registered VAS provider;

***VAS relevant individual*** (虛擬資產服務有關人士), in relation to a VAS registered institution, means an individual who performs for or on behalf of, or by an arrangement with, the institution any regulated VAS function in a registered VA service;".

(4) After section 2(20)—

**Add**

"(21) In this Ordinance, a reference to a type of VA service by letter is to be construed in accordance with section 2 of Part 2 of Schedule 1 to Cap. 615.".

**133. Section 3 amended (application)**

(1) Section 3(1)(l)—

**Repeal**

"section; or"

**Substitute**

"section;".

(2) Section 3(1)(m)—

**Repeal**

"(Cap. 66)."



**Substitute**

"(Cap. 66);".

(3) After section 3(1)(m)—

**Add**

"(n) a licensed VAS provider (as defined by section 1 of Part 2 of Schedule 1 to Cap. 615) licensed for Type A, C, D or E VA service under Cap. 615, where—

(i) such deposit is taken in the ordinary course of providing that service; and

(ii) (if rules are made under section 53ZTL of Cap. 615 in relation to client money (as defined by section 53ZR of Cap. 615)) such rules apply to such deposit; or

(o) a registered VAS provider registered for Type A or E VA service under Cap. 615 that is not an authorized institution, where—

(i) such deposit is taken in the ordinary course of providing that service in respect of specified stablecoins issued by a stablecoin licensee; and

(ii) (if rules are made under section 53ZTL of Cap. 615 in relation to client money (as defined by section 53ZR of Cap. 615)) such rules apply to such deposit.".

**134. Section 20 amended (register of authorized institutions, etc.)**

(1) Section 20(1)(ea)(iv)—

**Repeal**

"Ordinance; and"

**Substitute**

"Ordinance;".

(2) After section 20(1)(ea)—

**Add**

"(eb) in the case of a VAS registered institution—

(i) the name and business address of every VAS relevant individual;

(ii) the capacity in which every VAS relevant individual is engaged in relation to a regulated VAS function in a registered VA service;

(iii) the date on which every VAS relevant individual was first so engaged; and

(iv) such other particulars as the Monetary Authority considers appropriate; and".

(3) Section 20(3)—

**Repeal**

"registered institution"

**Substitute**

"registered institution or registered VAS provider".

(4) Section 20(4)(b), after "subsection (1)(ea)"—

**Add**

"or (eb)".

(5) After section 20(4A)—

**Add**

"(4AB) Subject to section 20A, the information contained in the register for the purposes of subsection (1)(eb) must be made available to public inspection under subsection (5) to enable any member of the public to ascertain—



(a) whether a person that the member is dealing with is a VAS relevant individual in relation to a VAS registered institution; and

(b) if the person is such a VAS relevant individual—

(i) the capacity in which the VAS relevant individual is engaged in relation to a regulated VAS function in a registered VA service; and

(ii) the date on which the VAS relevant individual was first so engaged.".

(6) Section 20(4B), after "subsection (1)(ea)"—

**Add**

"or (eb)".

**135. Section 20A added**

After section 20—

**Add**

"**20A. Withholding particulars in register in relation to VAS registered institutions from public inspection**

(1) Despite section 20, the Monetary Authority may, on application by a VAS registered institution registered for Type E VA service under Cap. 615 in the form and way specified by the Monetary Authority, withhold from public inspection any particulars in the register in relation to the institution for any period the Monetary Authority considers appropriate.

(2) To avoid doubt, subsection (1) does not operate to prevent any particulars withheld under that subsection from being disclosed under section 120 or 121.

(3) The Court of First Instance may, on application by any person appearing to the Court of First Instance to have a

sufficient interest, make an order for the disclosure by the Monetary Authority of any particulars withheld under subsection (1) if the Court of First Instance is satisfied that it is appropriate to make the order.

(4) An order under subsection (3) must specify the persons to whom, and purposes for which, the disclosure is authorized to be made.".

**136. Sections 58B and 58C added**

Part X, after section 58A—

**Add**

**"58B. Disciplinary action in respect of VAS relevant individuals**

(1) Subsection (3)(a) applies if—

(a) a person who is a VAS relevant individual is or was guilty of misconduct; or

(b) the Monetary Authority is of the opinion that a VAS relevant individual is not a fit and proper person to remain that type of VAS relevant individual.

(2) Subsection (3)(b) applies if—

(a) a person who was a VAS relevant individual is or was guilty of misconduct; or

(b) the Monetary Authority is of the opinion that, because of any matter occurring while a person was a VAS relevant individual (whether or not together with any other matter), the person is not a fit and proper person to be that type of VAS relevant individual.

(3) The Monetary Authority—

(a) may—



(i) remove all or part of the person's relevant particulars from the register; or

(ii) suspend all or part of the person's relevant particulars from the register for a period, or until the occurrence of an event, that the Monetary Authority specifies; and

(b) may prohibit the person from doing either or both of the following in relation to a registered VA service of a VAS registered institution, for a period, or until the occurrence of an event, that the Monetary Authority specifies—

(i) applying for a consent under section 71I(1) to act as a VAS executive officer;

(ii) seeking through a VAS registered institution to have the person's name entered in the register.

(4) The Monetary Authority may only exercise a power under subsection (3) after consulting the Securities and Futures Commission.

(5) Without limiting subsection (3) or any other provisions of this Ordinance, to avoid doubt, the Monetary Authority may exercise a power under that subsection wholly or partly on the basis of information disclosed to the Monetary Authority by the Securities and Futures Commission, whether or not the information arises from an investigation under section 11 of Cap. 615.

(6) The Monetary Authority must not exercise a power under subsection (3) against a person without first giving the person an opportunity of being heard.

(7) If the Monetary Authority decides to exercise a power under subsection (3) against a person, the Monetary

Authority must give a written notice to the person stating—

(a) the decision;

(b) the reasons for the decision;

(c) the time at which the decision is to take effect;

(d) in so far as applicable, the duration and terms of the removal or suspension of particulars from the register to be imposed under the decision;

(e) in so far as applicable, the duration and terms of any prohibition to be imposed under the decision; and

(f) that the person may apply for a review of the decision to the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal established under section 55 of Cap. 615.

(8) If the Monetary Authority has exercised a power under subsection (3) against a person, the Monetary Authority may disclose to the public—

(a) details of the decision made under that subsection;

(b) the reasons for the decision; and

(c) any material facts relating to the case.

(9) Without limiting the exercise of any powers by the Securities and Futures Commission under Cap. 615, the Monetary Authority may make any recommendations to the Securities and Futures Commission concerning a person who is or was a VAS relevant individual in respect of the exercise of a power under section 53ZSQA or 53ZSQB of Cap. 615, as the Monetary Authority considers appropriate.

(10) In this section—



***relevant particulars*** (有關資料), in relation to a person who is a VAS relevant individual, means the information contained in the register maintained under section 20(1)(eb) in relation to the person.

**58C. Determination under section 58B concerning misconduct and fit and proper person**

(1) For the purposes of section 58B, a person who is a VAS relevant individual is or was guilty of misconduct if—

(a) the person, while being a VAS relevant individual, contravenes or contravened a material requirement (as defined by section 53ZSR(7) of Cap. 615);

(b) the person, while being a VAS relevant individual, fails or failed to comply with a requirement under section 72A(2); or

(c) the person, while being a VAS relevant individual, does or did an act, or omits or omitted to do an act, in relation to the provision of any VA service, and the act or omission, in the opinion of the Monetary Authority, is or is likely to be, or was or was likely to be, prejudicial—

(i) to the interest of the investing public; or

(ii) to the public interest.

(2) For the purposes of section 58B, a person who was a VAS relevant individual is or was guilty of misconduct if—

(a) the person, while being a VAS relevant individual, contravened a material requirement (as defined by section 53ZSR(7) of Cap. 615);

(b) the person, while being a VAS relevant individual, failed to comply with a requirement under section 72A(2);

(c) the person, while being a VAS relevant individual, did or omitted to do an act in relation to the provision of any VA service, and the act or omission, in the opinion of the Monetary Authority, was or was likely to be prejudicial—

(i) to the interest of the investing public; or

(ii) to the public interest; or

(d) the person fails or failed to comply with a requirement under section 72AC(1) or 72AD(2).

(3) The Monetary Authority may form an opinion that a person's act or omission mentioned in subsection (1)(c) or (2)(c) is or is likely to be, or was or was likely to be, prejudicial as mentioned in that subsection only if the Monetary Authority has had regard to the provisions—

(a) set out in the guidelines or codes published under section 7 or 53ZTK of Cap. 615; and

(b) in force at the time of occurrence of, and applicable in relation to, the act or omission.

(4) The Monetary Authority may, in determining whether a person is a fit and proper person for the purposes of section 58B, take into account, among other matters (including those specified in section 53ZRJ of Cap. 615 and those specified in any relevant codes and guidelines published under Cap. 615), any present or past conduct of the person that the Monetary Authority considers appropriate in the circumstances of the case.".

**137. Section 63BA added**

After section 63B—

**Add**



"**63BA. Auditors of VAS registered institutions to submit report to Monetary Authority in certain cases**

(1) If a person—

(a) is appointed as an auditor in relation to a VAS registered institution under—

(i) section 59(2) or 63(3) or (3A); or

(ii) section 395, 396, 397 or 398 of the Companies Ordinance (Cap. 622); and

(b) becomes aware of a reportable matter in the course of performing the person's functions as such an auditor,

then the person must, as soon as reasonably practicable after the person becomes aware of the matter, submit to the Monetary Authority a report in writing on the matter.

(2) In this section—

***reportable matter*** (須報告事項), in relation to a person mentioned in subsection (1), means a matter that, in the person's opinion, constitutes, on the part of the VAS registered institution concerned, a failure to comply with any applicable requirements as defined by section 53ZSD(4) of Cap. 615 that are, according to the codes or guidelines by which such requirements are specified, applicable to the institution as a VAS registered institution.".

**138. Section 68AA amended (interpretation of Part XIIAA)**

Section 68AA—

**Repeal the definition of *Cap. 615*.**

**139. Sections 71G to 71L added**

After section 71F—

**Add**

**"71G. Appointment of VAS executive officers**

(1) A VAS registered institution must appoint at least 2 individuals to be its VAS executive officers responsible for directly supervising—

(a) if the institution is an authorized institution incorporated in Hong Kong—the provision of each registered VA service by the institution; or

(b) if the institution is an authorized institution incorporated outside Hong Kong—the provision of each registered VA service by the institution in Hong Kong.

(2) The VAS registered institution must ensure that at least one VAS executive officer of the institution ordinarily resides in Hong Kong.

**71H. Monetary Authority's consent required for becoming VAS executive officers**

(1) A person must not become a VAS executive officer of a VAS registered institution without the Monetary Authority's consent.

(2) If a person has become a VAS executive officer of a VAS registered institution without the Monetary Authority's consent, the person must not act, or continue to act, as such a VAS executive officer without the Monetary Authority's consent.

(3) A VAS executive officer to whom the Monetary Authority's consent is given must comply with any condition attached to the consent (including such a condition as amended from time to time).



(4) A VAS executive officer must not act, or continue to act, as a VAS executive officer after the Monetary Authority's consent given to the officer has been withdrawn or suspended.

(5) For the purposes of this section, a person is not to be regarded as becoming a VAS executive officer of a VAS registered institution if the person is appointed to serve as such a VAS executive officer—

(a) immediately on the expiry of a previous term of the person as such a VAS executive officer; and

(b) in relation to the same registered VA service in respect of which the person was such a VAS executive officer in that previous term.

(6) A person who contravenes subsection (1), (2), (3) or (4) commits an offence and is liable—

(a) on summary conviction—

(i) to a fine at tier 5 and to imprisonment for 6 months; and

(ii) in the case of a continuing offence, to a further fine at tier 2 for every day during which the offence continues; or

(b) on conviction on indictment—

(i) to a fine at tier 7 and to imprisonment for 2 years; and

(ii) in the case of a continuing offence, to a further fine at tier 2 for every day during which the offence continues.

(7) In this section—

***Monetary Authority's consent*** (金融管理專員的同意) means—

(a) a consent given by the Monetary Authority under section 71I(1); or

(b) a provisional consent given by the Monetary Authority under section 71L(2).

**71I. Monetary Authority may give consent to become VAS executive officer**

(1) The Monetary Authority may, on application, give a consent to a person for the purposes of section 71H.

(2) However, the Monetary Authority must refuse to give the consent unless the Monetary Authority is satisfied that the person—

(a) is a fit and proper person to be a VAS executive officer; and

(b) has sufficient authority within the authorized institution concerned to be a VAS executive officer.

(3) The Monetary Authority may require the person—

(a) to provide the Monetary Authority with any information that the Monetary Authority requires for determining the application; and

(b) to provide the information within the period, and in the manner, required by the Monetary Authority.

(4) The Monetary Authority may, in determining whether a person is a fit and proper person for the purposes of subsection (2), take into account, among other matters (including those specified in section 53ZRJ of Cap. 615 and those specified in any relevant codes and guidelines published under Cap. 615), any present or past conduct of the person that the Monetary Authority considers appropriate in the circumstances of the case.



(5) In giving a consent under subsection (1), the Monetary Authority may attach to the consent any condition that the Monetary Authority considers appropriate.

(6) After giving a consent under subsection (1), the Monetary Authority may—

(a) attach to the consent any new conditions that the Monetary Authority considers appropriate;

(b) amend any condition attached to the consent that the Monetary Authority considers appropriate; or

(c) cancel any condition attached to the consent.

(7) If the Monetary Authority intends to attach or amend a condition under subsection (5) or (6), the Monetary Authority must—

(a) give a written notice to the person concerned stating—

(i) the intention;

(ii) details about the condition to be attached or amended; and

(iii) the reasons for doing so;

(b) state in the notice that the person may, within 7 days after the notice is given, make written representations to the Monetary Authority as to why the reasons have not been made out; and

(c) attach to the notice a copy of this section and section 71H.

(8) The Monetary Authority must, before making a decision to attach or amend a condition under subsection (5) or (6), take into consideration any representation made in the manner mentioned in subsection (7)(b).

(9) The Monetary Authority must, as soon as practicable after making a decision under this section, give a written notice of the decision to the person and the VAS registered institution concerned.

(10) A written notice given under subsection (9) must state—

(a) for a decision to give a consent—

(i) the decision; and

(ii) any condition attached under subsection (5);

(b) for a decision to refuse to give a consent—

(i) the decision; and

(ii) the reasons for the decision; or

(c) for a decision to attach, amend or cancel a condition under subsection (6)—the decision.

**71J. Withdrawal and suspension of consent for VAS executive officers etc.**

(1) Subsection (3)(a) applies if—

(a) a person who is a VAS executive officer is or was guilty of misconduct; or

(b) the Monetary Authority has ceased to be satisfied that a VAS executive officer—

(i) is a fit and proper person to be a VAS executive officer; or

(ii) has sufficient authority within the VAS registered institution concerned to be a VAS executive officer.

(2) Subsection (3)(b) applies if—

(a) a person who was a VAS executive officer is or was guilty of misconduct; or



(b) the Monetary Authority is of the opinion that, because of any matter occurring while a person was a VAS executive officer (whether or not together with any other matter), the person is not a fit and proper person to be a VAS executive officer.

(3) The Monetary Authority—

(a) may, by written notice served on the VAS executive officer and the VAS registered institution concerned—

(i) withdraw the consent given under section 71I(1) to the officer; or

(ii) suspend the consent given under section 71I(1) to the officer for the period, or until the occurrence of an event, that the Monetary Authority specifies; and

(b) may, by written notice served on the person, prohibit the person from doing either or both of the following in relation to a registered VA service of a VAS registered institution, for the period, or until the occurrence of an event, that the Monetary Authority specifies—

(i) applying for a consent under section 71I(1) to act as a VAS executive officer;

(ii) seeking through a VAS registered institution to have the person's name entered in the register.

(4) The Monetary Authority may only exercise a power under subsection (3) after consulting the Securities and Futures Commission.

(5) Without limiting subsection (3) or any other provisions of this Ordinance, to avoid doubt, the Monetary Authority may exercise a power under that subsection wholly or

partly on the basis of information disclosed to the Monetary Authority by the Securities and Futures Commission, whether or not the information arises from an investigation under section 11 of Cap. 615.

(6) The Monetary Authority must not exercise a power under subsection (3) against a person without first giving the person an opportunity of being heard.

(7) If the Monetary Authority decides to exercise a power under subsection (3) against a person, the Monetary Authority must give a written notice to the person stating—

(a) the decision;

(b) the reasons for the decision;

(c) the time at which the decision is to take effect;

(d) in so far as applicable, the duration and terms of the withdrawal or suspension of the consent to be imposed under the decision;

(e) in so far as applicable, the duration and terms of any prohibition to be imposed under the decision; and

(f) that the person may apply for a review of the decision to the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal established under section 55 of Cap. 615.

(8) If the Monetary Authority has exercised a power under subsection (3) against a person, the Monetary Authority may disclose to the public—

(a) details of the decision made under that subsection;

(b) the reasons for the decision; and

(c) any material facts relating to the case.



(9) Without limiting the exercise of any powers by the Securities and Futures Commission under Cap. 615, the Monetary Authority may make any recommendations to the Securities and Futures Commission concerning a person who is or was a VAS executive officer in respect of the exercise of a power under section 53ZSQA or 53ZSQB of Cap. 615, as the Monetary Authority considers appropriate.

**71K. Determination under section 71J concerning misconduct and fit and proper person**

(1) For the purposes of section 71J, a person who is a VAS executive officer is or was guilty of misconduct if—

(a) the person, while being a VAS executive officer, contravenes or contravened a material requirement (as defined by section 53ZSR(7) of Cap. 615);

(b) the person, while being a VAS executive officer, fails or failed to comply with a requirement under section 72A(2); or

(c) the person, while being a VAS executive officer, does or did an act, or omits or omitted to do an act, in relation to the provision of any VA service, and the act or omission, in the opinion of the Monetary Authority, is or is likely to be, or was or was likely to be, prejudicial—

(i) to the interest of the investing public; or

(ii) to the public interest.

(2) For the purposes of section 71J, a person who was a VAS executive officer is or was guilty of misconduct if—

(a) the person, while being a VAS executive officer, contravened a material requirement (as defined by section 53ZSR(7) of Cap. 615);

(b) the person, while being a VAS executive officer, failed to comply with a requirement under section 72A(2);

(c) the person, while being a VAS executive officer, did or omitted to do an act in relation to the provision of any VA service, and the act or omission, in the opinion of the Monetary Authority, was or was likely to be prejudicial—

(i) to the interest of the investing public; or

(ii) to the public interest; or

(d) the person fails or failed to comply with a requirement under section 72AC(1) or 72AD(2).

(3) The Monetary Authority may form an opinion that a person's act or omission mentioned in subsection (1)(c) or (2)(c) is or is likely to be, or was or was likely to be, prejudicial as mentioned in that subsection only if the Monetary Authority has had regard to the provisions—

(a) set out in the guidelines or codes published under section 7 or 53ZTK of Cap. 615; and

(b) in force at the time of occurrence of, and applicable in relation to, the act or omission.

(4) If—

(a) an authorized institution is or was a registered VAS provider guilty of misconduct within the meaning of section 53ZSR(1) or (2) of Cap. 615 as a result of being a registered VAS provider and having committed any conduct occurring with the consent



or connivance of, or attributable to any neglect on the part of, another person (***that other person***); and

(b) that other person is, or was at the time of occurrence of the conduct, a VAS executive officer of the authorized institution,

that other person is or was guilty of misconduct for the purposes of section 71J.

(5) The Monetary Authority may, in determining whether a person is a fit and proper person for the purposes of section 71J, take into account, among other matters (including those specified in section 53ZRJ of Cap. 615 and those specified in any relevant codes and guidelines published under Cap. 615), any present or past conduct of the person that the Monetary Authority considers appropriate in the circumstances of the case.

**71L. Monetary Authority may give provisional consent to become VAS executive officer**

(1) If a person applies for a consent under section 71I(1) to become a VAS executive officer of a VAS registered institution, the person may also request the Monetary Authority to give to the person a provisional consent to become such a VAS executive officer.

(2) The Monetary Authority may, in the Monetary Authority's absolute discretion, give a provisional consent to the person to become such a VAS executive officer.

(3) However, the Monetary Authority must refuse to give the provisional consent unless the Monetary Authority is satisfied that giving such a consent will not prejudice the interests of—

(a) the depositors or potential depositors of the VAS registered institution; and

(b) the investing public.

(4) The Monetary Authority may require the person—

(a) to provide the Monetary Authority with any information that the Monetary Authority requires for determining the request; and

(b) to provide the information within the period, and in the manner, required by the Monetary Authority.

(5) In giving a provisional consent under subsection (2), the Monetary Authority may attach to the consent any condition that the Monetary Authority considers appropriate.

(6) After giving a provisional consent under subsection (2), the Monetary Authority may—

(a) attach to the consent any new conditions that the Monetary Authority considers appropriate;

(b) amend any condition attached to the consent that the Monetary Authority considers appropriate; or

(c) cancel any condition attached to the consent.

(7) The Monetary Authority must, as soon as practicable after making a decision under this section, give a written notice of the decision to the person and the VAS registered institution concerned.

(8) A written notice given under subsection (7) must state—

(a) for a decision to give a provisional consent—

(i) the decision; and

(ii) any condition attached under subsection (5);



(b) for a decision to refuse to give a provisional consent—the decision; or

(c) for a decision to attach, amend or cancel a condition under subsection (6)—the decision.

(9) The attachment of a condition under subsection (5) takes effect at the time of giving the provisional consent concerned.

(10) The attachment or amendment of a condition under subsection (6) takes effect—

(a) subject to paragraph (b), at the time the notice under subsection (7) is given; or

(b) if the notice under subsection (7) states that the attachment or amendment is to take effect at a certain time—at that time.

(11) A provisional consent given under subsection (2) to a person is deemed to be revoked when the person and the VAS registered institution concerned are given notice under section 71I(9) of the Monetary Authority's decision to give, or refuse to give, a consent under section 71I(1) for the person to be a VAS executive officer of the institution.

(12) The Monetary Authority may, having regard to the interests of the depositors or potential depositors of the VAS registered institution concerned or the interests of the investing public, withdraw, in the Monetary Authority's absolute discretion, a provisional consent given under subsection (2) to a person—

(a) by giving written notice to the person and the institution;

(b) with effect from the date specified in the notice, being a date not earlier than 7 days after the notice is so given.".

**140. Section 72A amended (Monetary Authority may require specified persons to submit information)**

(1) Section 72A(1), definition of ***specified person***, paragraph (a)(i)—

**Repeal**

"officer, or"

**Substitute**

"officer, a VAS executive officer,".

(2) Section 72A(1), definition of ***specified person***, paragraph (a)(i), after "section 20(10),"—

**Add**

"or a VAS relevant individual,".

(3) Section 72A(1), definition of ***specified person***, paragraph (a)(iii)—

**Repeal**

"section 71(1) or 71C(1)"

**Substitute**

"section 71(1), 71C(1) or 71H".

(4) Section 72A(1), definition of ***specified person***, paragraph (a)(iv)—

**Repeal**

"section 20(1)(ea)"

**Substitute**

"section 20(1)(ea) or (eb)".



(5) Section 72A(1), definition of ***specified person***, paragraph (b)(i)—

**Repeal**

"officer, or"

**Substitute**

"officer, a VAS executive officer,".

(6) Section 72A(1), definition of ***specified person***, paragraph (b)(i), after "section 20(10),"—

**Add**

"or a VAS relevant individual,".

(7) Section 72A(1), definition of ***specified person***, paragraph (b)(ii)—

**Repeal**

"section 71(1) or 71C(1)"

**Substitute**

"section 71(1), 71C(1) or 71H".

(8) Section 72A(1), definition of ***specified person***, paragraph (b)(iii)—

**Repeal**

"section 20(1)(ea)"

**Substitute**

"section 20(1)(ea) or (eb)".

**141. Section 72AD added**

Before section 72B—

**Add**

"72AD. **Monetary Authority may require former VAS relevant individuals or former VAS executive officers to submit information**

(1) This section applies to any of the following persons (***subject person***)—

(a) a person who was a VAS relevant individual of a VAS registered institution;

(b) a person who was a VAS executive officer of a VAS registered institution.

(2) The Monetary Authority may, by written notice served on a subject person, require the person to submit any information that the Monetary Authority reasonably requires for the exercise of the Monetary Authority's functions under this Ordinance.

(3) A subject person on whom a requirement is imposed under subsection (2) must submit the information required within the period, and in the manner, required by the Monetary Authority.

(4) The Monetary Authority may not impose a requirement under subsection (2) unless—

(a) the Monetary Authority has reason to inquire into either or both of the following for considering whether to exercise a power under section 58B(3) or 71J(3) against the subject person—

(i) whether the person is or was guilty of misconduct as described in section 58B(2)(a) or 71J(2)(a);

(ii) whether the person is not a fit and proper person to be a VAS relevant individual as described in section 58B(2)(b), or a VAS executive officer as described in section 71J(2)(b); and



(b) the information required by the Monetary Authority is relevant to the inquiry.

(5) A subject person who, without reasonable excuse, fails to comply with any requirement under subsection (2) commits an offence and is liable—

(a) on summary conviction—

(i) to a fine at tier 5 and to imprisonment for 6 months; and

(ii) in the case of a continuing offence, to a further fine at tier 2 for every day during which the offence continues; or

(b) on conviction on indictment—

(i) to a fine at tier 7 and to imprisonment for 2 years; and

(ii) in the case of a continuing offence, to a further fine at tier 3 for every day during which the offence continues.

(6) A subject person who, in purported compliance with a requirement under subsection (2), signs any document that the person knows or reasonably ought to know to be false in a material particular commits an offence and is liable—

(a) on summary conviction—to a fine at tier 5 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine at tier 8 and to imprisonment for 2 years.

(7) A subject person who, in purported compliance with a requirement under subsection (2), produces any book,

account, document, security or information that is false in a material particular commits an offence and is liable—

(a) on summary conviction—to a fine at tier 5 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine at tier 8 and to imprisonment for 2 years.".

**142. Section 118G amended (interpretation of Part XXB)**

(1) Section 118G(1), definition of ***misconduct***, paragraph (d)—

**Repeal**

"the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)"

**Substitute**

"Cap. 615".

(2) Section 118G(1), definition of ***misconduct***, paragraph (e)—

**Repeal**

"activity"

**Substitute**

"activity or registered VA service".

(3) Section 118G(1), definition of ***misconduct***, paragraph (f)—

**Repeal**

"activity"

**Substitute**

"activity or licensed VA service".

(4) Section 118G(1)—

**Add in alphabetical order**

"***licensed VA service*** (持牌虛擬資產服務) means a licensed service as defined by section 53ZR of Cap. 615;".



**143. Section 118H amended (Monetary Authority may direct or appoint investigators)**

(1) Section 118H(1)(b)(i)—

**Repeal**

"activity"

**Substitute**

"activity or registered VA service".

(2) Section 118H(1)(b)(ii)—

**Repeal**

"activity"

**Substitute**

"activity or licensed VA service".

(3) Section 118H(1)(e)—

**Repeal**

"the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)"

**Substitute**

"Cap. 615".

**144. Section 120 amended (official secrecy)**

(1) Section 120(5)(db)—

**Repeal**

"the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)"

**Substitute**

"Cap. 615".

(2) Section 120(5)(fa)(i)—

**Repeal**

"institution; or"

**Substitute**

"institution;".

(3) After section 120(5)(fa)(ii)—

**Add**

"(iii) the provision of a registered VA service by a VAS registered institution; or

(iv) the carrying on by an authorized institution of the business of receiving or holding client assets (as defined by section 53ZR of Cap. 615) of a regulated VAS provider (as defined by section 1 of Part 2 of Schedule 1 to Cap. 615) of which the institution is an associated entity (as defined by section 53ZR of Cap. 615);".

**145. Section 121A amended (certain persons must not disclose information)**

Section 121A(1)(b)—

**Repeal**

"70A(3) or (4), 71(4), 71C(4)"

**Substitute**

"58B(7), 70A(3) or (4), 71(4), 71C(4), 71J(3)".

**146. Section 126 amended (defence where director or manager, etc. prosecuted)**

Section 126(2), before "73(2)"—

**Add**

"72AD(6),".



**147. Section 132A amended (appeals)**

(1) After section 132A(9)—

**Add**

"(9A) A person aggrieved by a specified VAS decision of the Monetary Authority made in respect of the person may apply to the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal established under section 55 of Cap. 615 for a review of the decision in accordance with Part 6 of Cap. 615.

(9B) Section 75 of Cap. 615 applies to the taking effect of a specified VAS decision.".

(2) Section 132A(10), definition of ***specified decision***, paragraph (c)—

**Repeal**

"conditions."

**Substitute**

"conditions;".

(3) Section 132A(10)—

**Add in alphabetical order**

"***specified VAS decision*** (指明虛擬資產服務決定) means a decision of the Monetary Authority—

(a) to exercise a power under section 58B(3) or 71J(3);

(b) to refuse to give a consent under section 71I(1);

(c) to attach a condition to, or to amend a condition of, a consent under section 71I(5) or (6); or

(d) to attach a condition to, or to amend a condition of, a consent under section 71L(5) or (6).".

**148. Seventh Schedule amended (minimum criteria for authorization)**

(1) Seventh Schedule, paragraph 4—

**Repeal**

"or executive officer"

**Substitute**

", executive officer or VAS executive officer".

(2) Seventh Schedule, paragraph 5(a)—

**Repeal**

"or executive officer,"

**Substitute**

"executive officer or VAS executive officer".

**149. Eighth Schedule amended (grounds for revocation of authorization)**

Eighth Schedule, before paragraph 16—

**Add**

"15C. A person has become or continues to be a VAS executive officer of the authorized institution in contravention of section 71H.".



# Part 4

## Amendments to Payment Systems and Stored Value Facilities Ordinance (Cap. 584)

**150. Long title amended**

The long title, after "facilities"—

**Add**

"and licensees".

**151. Section 2 amended (interpretation)**

(1) Section 2—

**Renumber the section as section 2(1).**

(2) Section 2(1), English text, definition of ***user***—

**Repeal**

"(b)."

**Substitute**

"(b);".

(3) Section 2(1)—

**Add in alphabetical order**

"***Cap. 615*** (《第 615 章》) means the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

***register of licensees*** (持牌人紀錄冊) means the register kept under section 8ZZZF;

***registered VA service*** (註冊虛擬資產服務) means a registered service as defined by section 53ZR of Cap. 615;

***registered VAS provider*** (註冊虛擬資產服務提供者) has the meaning given by section 1 of Part 2 of Schedule 1 to Cap. 615;

***regulated VAS function*** (受規管虛擬資產服務職能) means a regulated function as defined by section 53ZRB(1) of Cap. 615;

***VA service*** (虛擬資產服務) has the meaning given by section 53ZR of Cap. 615;

***VAS executive officer*** (虛擬資產服務主管人員), in relation to a VAS registered licensee, means a VAS executive officer appointed under section 8ZZXA in respect of the licensee;

***VAS registered licensee*** (虛擬資產服務註冊持牌人) means a licensee—

(a) that is not an authorized institution as defined by section 2(1) of the Banking Ordinance (Cap. 155); and

(b) that is a registered VAS provider;

***VAS relevant individual*** (虛擬資產服務有關人士), in relation to a VAS registered licensee, means an individual who performs for or on behalf of, or by an arrangement with, the licensee any regulated VAS function in a registered VA service.".

(4) After section 2(1)—

**Add**

"(2) In this Ordinance, a reference to a type of VA service by letter is to be construed in accordance with section 2 of Part 2 of Schedule 1 to Cap. 615.".

**152. Part 2A, Division 4 heading amended (obligation of licensee)**

Part 2A, Division 4, heading—



**Repeal**

**"Obligation of Licensee"**

**Substitute**

**"Obligations".**

**153. Sections 8TA and 8TB added**

Part 2A, Division 4, after section 8T—

**Add**

**"8TA. Obligation to notify Monetary Authority of entry and exit of VAS relevant individuals and VAS executive officers**

(1) If a VAS registered licensee becomes aware that a person has become, or has ceased to be, a VAS relevant individual or VAS executive officer of the licensee, the licensee must, within 14 days after the date on which the licensee becomes aware of that fact, notify the Monetary Authority of that fact in writing.

(2) A VAS registered licensee who, without reasonable excuse, fails to comply with subsection (1) commits an offence and is liable—

(a) on summary conviction—

(i) to a fine at level 6 and to imprisonment for 6 months; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues; or

(b) on conviction on indictment—

(i) to a fine of $400,000 and to imprisonment for 2 years; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues.

**8TB. Auditors of VAS registered licensees to submit report to Monetary Authority in certain cases**

(1) If a person—

(a) is appointed as an auditor in relation to a VAS registered licensee under—

(i) section 12B; or

(ii) section 395, 396, 397 or 398 of the Companies Ordinance (Cap. 622); and

(b) becomes aware of a reportable matter in the course of performing the person's functions as such an auditor,

then the person must, as soon as reasonably practicable after the person becomes aware of the matter, submit to the Monetary Authority a report in writing on the matter.

(2) In this section—

***reportable matter*** (須報告事項), in relation to a person mentioned in subsection (1), means a matter that, in the person's opinion, constitutes, on the part of the VAS registered licensee concerned, a failure to comply with any applicable requirements as defined by section 53ZSD(4) of Cap. 615 that are, according to the codes or guidelines by which such requirements are specified, applicable to the licensee as a VAS registered licensee.".

**154. Sections 8ZZXA to 8ZZXD added**

After section 8ZZX—

**Add**



"**8ZZXA. Appointment of VAS executive officers**

(1) A VAS registered licensee must appoint at least 2 individuals to be its VAS executive officers responsible for directly supervising the provision of each registered VA service by the licensee.

(2) The VAS registered licensee must ensure that at least one VAS executive officer of the licensee ordinarily resides in Hong Kong.

**8ZZXB. Monetary Authority's consent required for becoming VAS executive officers**

(1) A person must not become a VAS executive officer of a VAS registered licensee without the Monetary Authority's consent.

(2) If a person has become a VAS executive officer of a VAS registered licensee without the Monetary Authority's consent, the person must not act, or continue to act, as such a VAS executive officer without the Monetary Authority's consent.

(3) A VAS executive officer to whom the Monetary Authority's consent is given must comply with any condition attached to the consent (including such a condition as amended from time to time).

(4) A VAS executive officer must not act, or continue to act, as a VAS executive officer after the Monetary Authority's consent given to the officer has been withdrawn or suspended.

(5) For the purposes of this section, a person is not to be regarded as becoming a VAS executive officer of a VAS registered licensee if the person is appointed to serve as such a VAS executive officer—

(a) immediately on the expiry of a previous term of the person as such a VAS executive officer; and

(b) in relation to the same registered VA service in respect of which the person was such a VAS executive officer in that previous term.

(6) A person who contravenes subsection (1), (2), (3) or (4) commits an offence and is liable—

(a) on summary conviction—

(i) to a fine at level 6 and to imprisonment for 6 months; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues; or

(b) on conviction on indictment—

(i) to a fine of $400,000 and to imprisonment for 2 years; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues.

(7) In this section—

***Monetary Authority's consent*** (金融管理專員的同意) means—

(a) a consent given by the Monetary Authority under section 8ZZXC(1); or

(b) a provisional consent given by the Monetary Authority under section 8ZZXD(2).



**8ZZXC. Monetary Authority may give consent to become VAS executive officer**

(1) The Monetary Authority may, on application, give a consent to a person for the purposes of section 8ZZXB.

(2) However, the Monetary Authority must refuse to give the consent unless the Monetary Authority is satisfied that the person—

(a) is a fit and proper person to be a VAS executive officer; and

(b) has sufficient authority within the licensee concerned to be a VAS executive officer.

(3) The Monetary Authority may require the person—

(a) to provide the Monetary Authority with any information that the Monetary Authority requires for determining the application; and

(b) to provide the information within the period, and in the manner, required by the Monetary Authority.

(4) The Monetary Authority may, in determining whether a person is a fit and proper person for the purposes of subsection (2), take into account, among other matters (including those specified in section 53ZRJ of Cap. 615 and those specified in any relevant codes and guidelines published under Cap. 615), any present or past conduct of the person that the Monetary Authority considers appropriate in the circumstances of the case.

(5) In giving a consent under subsection (1), the Monetary Authority may attach to the consent any condition that the Monetary Authority considers appropriate.

(6) After giving a consent under subsection (1), the Monetary Authority may—

(a) attach to the consent any new conditions that the Monetary Authority considers appropriate;

(b) amend any condition attached to the consent that the Monetary Authority considers appropriate; or

(c) cancel any condition attached to the consent.

(7) If the Monetary Authority intends to attach or amend a condition under subsection (5) or (6), the Monetary Authority must—

(a) give a written notice to the person concerned stating—

(i) the intention;

(ii) details about the condition to be attached or amended; and

(iii) the reasons for doing so;

(b) state in the notice that the person may, within 7 days after the notice is given, make written representations to the Monetary Authority as to why the reasons have not been made out; and

(c) attach to the notice a copy of this section and section 8ZZXB.

(8) The Monetary Authority must, before making a decision to attach or amend a condition under subsection (5) or (6), take into consideration any representation made in the manner mentioned in subsection (7)(b).

(9) The Monetary Authority must, as soon as practicable after making a decision under this section, give a written notice of the decision to the person and the VAS registered licensee concerned.

(10) A written notice given under subsection (9) must state—

(a) for a decision to give a consent—



(i) the decision; and

(ii) any condition attached under subsection (5);

(b) for a decision to refuse to give a consent—

(i) the decision; and

(ii) the reasons for the decision; or

(c) for a decision to attach, amend or cancel a condition under subsection (6)—the decision.

**8ZZXD. Monetary Authority may give provisional consent to become VAS executive officer**

(1) If a person applies for a consent under section 8ZZXC(1) to become a VAS executive officer of a VAS registered licensee, the person may also request the Monetary Authority to give to the person a provisional consent to become such a VAS executive officer.

(2) The Monetary Authority may, in the Monetary Authority's absolute discretion, give a provisional consent to the person to become such a VAS executive officer.

(3) However, the Monetary Authority must refuse to give the provisional consent unless the Monetary Authority is satisfied that giving such a consent will not prejudice the interests of—

(a) the users or potential users of any stored value facility issued, or the issue of which is facilitated, under the licence of the VAS registered licensee; and

(b) the investing public.

(4) The Monetary Authority may require the person—

(a) to provide the Monetary Authority with any information that the Monetary Authority requires for determining the request; and

(b) to provide the information within the period, and in the manner, required by the Monetary Authority.

(5) In giving a provisional consent under subsection (2), the Monetary Authority may attach to the consent any condition that the Monetary Authority considers appropriate.

(6) After giving a provisional consent under subsection (2), the Monetary Authority may—

(a) attach to the consent any new conditions that the Monetary Authority considers appropriate;

(b) amend any condition attached to the consent that the Monetary Authority considers appropriate; or

(c) cancel any condition attached to the consent.

(7) The Monetary Authority must, as soon as practicable after making a decision under this section, give a written notice of the decision to the person and VAS registered licensee concerned.

(8) A written notice given under subsection (7) must state—

(a) for a decision to give a provisional consent—

(i) the decision; and

(ii) any condition attached under subsection (5);

(b) for a decision to refuse to give a provisional consent—the decision; or

(c) for a decision to attach, amend or cancel a condition under subsection (6)—the decision.



(9) The attachment of a condition under subsection (5) takes effect at the time of giving the provisional consent concerned.

(10) The attachment or amendment of a condition under subsection (6) takes effect—

(a) subject to paragraph (b), at the time the notice under subsection (7) is given; or

(b) if the notice under subsection (7) states that the attachment or amendment is to take effect at a certain time—at that time.

(11) A provisional consent given under subsection (2) to a person is deemed to be revoked when the person and the VAS registered licensee concerned are given notice under section 8ZZXC(9) of the Monetary Authority's decision to give, or refuse to give, a consent under section 8ZZXC(1) for the person to be a VAS executive officer of the licensee.

(12) The Monetary Authority may, having regard to the interests of the users or potential users of any stored value facility issued, or the issue of which is facilitated, under the licence of the VAS registered licensee concerned or the interests of the investing public, withdraw, in the Monetary Authority's absolute discretion, a provisional consent given under subsection (2) to a person—

(a) by giving written notice to the person and the licensee;

(b) with effect from the date specified in the notice, being a date not earlier than 7 days after the notice is so given.".

**155. Section 8ZZZF amended (Monetary Authority to keep register of licensees)**

(1) Section 8ZZZF(2)(b)—

**Repeal**

"licensee; and"

**Substitute**

"licensee;".

(2) Section 8ZZZF(2)(c)—

**Repeal**

"licensee."

**Substitute**

"licensee; and".

(3) After section 8ZZZF(2)(c)—

**Add**

"(d) in the case of a VAS registered licensee—

(i) the name and business address of every VAS relevant individual;

(ii) the capacity in which every VAS relevant individual is engaged in relation to a regulated VAS function in a registered VA service;

(iii) the date on which every VAS relevant individual was first so engaged; and

(iv) such other particulars as the Monetary Authority considers appropriate.".

**156. Section 8ZZZG amended (use of copy, etc. of register of licensees as evidence)**

Section 8ZZZG(1)—



**Repeal**

"a register kept under section 8ZZZF"

**Substitute**

"the register of licensees".

**157. Section 8ZZZGA added**

After section 8ZZZG—

**Add**

"**8ZZZGA. Withholding particulars in register of licensees in relation to VAS registered licensees from public inspection**

(1) Despite section 8ZZZF, the Monetary Authority may, on application by a VAS registered licensee registered for Type E VA service under Cap. 615 in the form and way specified by the Monetary Authority, withhold from public inspection any particulars in the register of licensees in relation to the licensee for any period the Monetary Authority considers appropriate.

(2) To avoid doubt, subsection (1) does not operate to prevent any particulars withheld under that subsection from being disclosed under section 50.

(3) The Court of First Instance may, on application by any person appearing to the Court of First Instance to have a sufficient interest, make an order for the disclosure by the Monetary Authority of any particulars withheld under subsection (1) if the Court of First Instance is satisfied that it is appropriate to make the order.

(4) An order under subsection (3) must specify the persons to whom, and purposes for which, the disclosure is authorized to be made.".

**158. Part 2B, Division 1 heading added**

Before section 9—

**Add**

**"Division 1—Functions".**

**159. Section 9 amended (functions of Monetary Authority)**

(1) Section 9(1)(a)(ii)—

**Repeal**

"facilities; and"

**Substitute**

"facilities;".

(2) After section 9(1)(a)—

**Add**

"(ab) to monitor compliance with the obligations imposed under this Ordinance on licensees and on the provision of registered VA services by VAS registered licensees; and".

(3) Section 9(2)(a)—

**Repeal**

"himself"

**Substitute**

"the Monetary Authority".

(4) After section 9(2)(a)—

**Add**

"(ab) to take reasonable steps to satisfy the Monetary Authority that any business carried on by a licensee is carried on—

(i) with integrity, prudence and the appropriate degree of professional competence; and



(ii) in a way that is not detrimental, or likely to be detrimental, to the interests of users or potential users;".

(5) Section 9(2)(b) and (c)—

**Repeal**

"systems and stored value facilities"

**Substitute**

"systems, stored value facilities and licensees' business".

(6) Section 9(2)(d)(ii)—

**Repeal**

"systems and stored value facilities"

**Substitute**

"systems, stored value facilities and licensees' business".

**160. Part 2B, Division 2 heading added**

Before section 11—

**Add**

**"Division 2—Powers relating to Information Gathering".**

**161. Section 12 amended (Monetary Authority may request information or documents from system operator, settlement institution, participant or licensee)**

(1) Section 12(1)(a)—

**Repeal**

"notice; or"

**Substitute**

"notice;".

(2) Section 12(1)(b)—

**Repeal**

"notice."

**Substitute**

"notice; or".

(3) After section 12(1)(b)—

**Add**

"(c) by giving written notice to a licensee, request the licensee to give the Monetary Authority information or documents relating to the licensee's business that is specified in the notice.".

(4) Section 12(3)(a)—

**Repeal**

"system or stored value facility"

**Substitute**

"system, a stored value facility or a licensee's business".

(5) Section 12(3)(a)—

**Repeal**

"system or facility"

**Substitute**

"system, facility or business".

(6) Section 12(3)(b)—

**Repeal**

"system or facility"

**Substitute**

"system, facility or business".

(7) Section 12(5)(a)—



**Repeal**

"system or stored value facility"

**Substitute**

"system, stored value facility or business".

**162. Section 12C amended (licensee and subsidiary to produce books, etc. for examination)**

(1) Section 12C(3), after "who"—

**Add**

", without reasonable excuse,".

(2) After section 12C(3)—

**Add**

"(4) A person commits an offence if the person—

(a) in purported compliance with a requirement under subsection (1), produces any book, account, document, security or information that is false or misleading in a material particular; and

(b) knows or ought to know that the book, account, document, security or information is false or misleading in a material particular.

(5) A person who commits an offence under subsection (4) is liable—

(a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $1,000,000 and to imprisonment for 2 years.".

**163. Sections 12D, 12E and 12F added**

After section 12C—

**Add**

**"12D. Monetary Authority may require VAS relevant individuals or VAS executive officers to submit information**

(1) This section applies to any of the following persons (***subject person***)—

(a) a VAS relevant individual of a VAS registered licensee;

(b) a VAS executive officer of a VAS registered licensee;

(c) a person who is seeking the consent of the Monetary Authority under section 8ZZXB;

(d) a person whose name has been submitted to the Monetary Authority for the purposes of section 8ZZZF(2)(d), but is not yet contained in the register of licensees.

(2) The Monetary Authority may require a subject person to submit any information that the Monetary Authority reasonably requires for the exercise of the Monetary Authority's functions under this Ordinance.

(3) A subject person on whom a requirement is imposed under subsection (2) must submit the information required within the period, and in the manner, required by the Monetary Authority.

(4) A person mentioned in subsection (1)(a) or (b) who, without reasonable excuse, fails to comply with any requirement under subsection (2) commits an offence and is liable—

(a) on summary conviction—

(i) to a fine at level 6 and to imprisonment for 6 months; and



(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues; or

(b) on conviction on indictment—

(i) to a fine of $400,000 and to imprisonment for 2 years; and

(ii) in the case of a continuing offence, to a further fine of $20,000 for every day during which the offence continues.

(5) A subject person who, in purported compliance with a requirement under subsection (2), signs, or authorizes the signing of, any document that the person knows or reasonably ought to know to be false in a material particular commits an offence and is liable—

(a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $1,000,000 and to imprisonment for 2 years.

(6) A subject person who, in purported compliance with a requirement under subsection (2), produces any book, account, document, security or information that is false in a material particular commits an offence and is liable—

(a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $1,000,000 and to imprisonment for 2 years.

**12E. Monetary Authority may require former specified persons to submit information**

(1) The Monetary Authority may, by giving written notice to a person who has ceased to be a specified person, require

the person to submit any information that the Monetary Authority reasonably requires for the exercise of the Monetary Authority's functions under this Ordinance.

(2) A notice under subsection (1)—

(a) may only require submission of information relating to matters that occurred or arose while the person was such a specified person; and

(b) must be served within 2 years after the date on which the person ceased to be such a specified person.

(3) A person on whom a requirement is imposed under subsection (1) must submit the information required within the period, and in the manner, required by the Monetary Authority.

(4) A person (other than a person required under subsection (1) to submit information relating to matters that occurred or arose while the person was a specified person mentioned in paragraph (c), (d) or (e) of the definition of ***specified person*** in subsection (7)) who, without reasonable excuse, fails to comply with any requirement under subsection (1) commits an offence and is liable—

(a) on summary conviction—

(i) to a fine at level 6 and to imprisonment for 6 months; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues; or

(b) on conviction on indictment—

(i) to a fine of $400,000 and to imprisonment for 2 years; and



(ii) in the case of a continuing offence, to a further fine of $20,000 for every day during which the offence continues.

(5) A person who signs, or authorizes the signing of, any document for complying with any requirement under subsection (1) that the person knows or reasonably ought to know to be false in a material particular commits an offence and is liable—

(a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $1,000,000 and to imprisonment for 2 years.

(6) A person who, in purported compliance with a requirement under subsection (1), produces any book, account, document, security or information that is false in a material particular commits an offence and is liable—

(a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $1,000,000 and to imprisonment for 2 years.

(7) In this section—

***specified person*** (指明人士), in relation to a VAS registered licensee, means—

(a) any person who is a chief executive, VAS executive officer or VAS relevant individual of the licensee;

(b) any person who is a director, an indirect controller or a majority shareholder controller of the licensee;

(c) any person who is seeking the consent of the Monetary Authority under section 8ZZV or 8ZZXB in relation to the licensee;

(d) any person whose name has been submitted to the Monetary Authority in relation to the licensee for the purposes of section 8ZZZF(2)(d), but is not yet contained in the register of licensees; or

(e) any person who proposes to become an indirect controller or a majority shareholder controller of the licensee.

**12F. Monetary Authority may require former VAS relevant individuals or former VAS executive officers to submit information**

(1) This section applies to any of the following persons (***subject person***)—

(a) a person who was a VAS relevant individual of a VAS registered licensee;

(b) a person who was a VAS executive officer of a VAS registered licensee.

(2) The Monetary Authority may, by giving written notice to a subject person, require the person to submit any information that the Monetary Authority reasonably requires for the exercise of the Monetary Authority's functions under this Ordinance.

(3) A subject person on whom a requirement is imposed under subsection (2) must submit the information required within the period, and in the manner, required by the Monetary Authority.

(4) The Monetary Authority may not impose a requirement under subsection (2) unless—

(a) the Monetary Authority has reason to inquire into either or both of the following for considering



whether to exercise a power under section 14A(3) or 14C(3) against the subject person—

(i) whether the person is or was guilty of misconduct as described in section 14A(2)(a) or 14C(2)(a);

(ii) whether the person is not a fit and proper person to be a VAS relevant individual as described in section 14A(2)(b), or a VAS executive officer as described in section 14C(2)(b); and

(b) the information required by the Monetary Authority is relevant to the inquiry.

(5) A subject person who, without reasonable excuse, fails to comply with any requirement under subsection (2) commits an offence and is liable—

(a) on summary conviction—

(i) to a fine at level 6 and to imprisonment for 6 months; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues; or

(b) on conviction on indictment—

(i) to a fine of $400,000 and to imprisonment for 2 years; and

(ii) in the case of a continuing offence, to a further fine of $20,000 for every day during which the offence continues.

(6) A subject person who, in purported compliance with a requirement under subsection (2), signs, or authorizes the signing of, any document that the person knows or

reasonably ought to know to be false in a material particular commits an offence and is liable—

(a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $1,000,000 and to imprisonment for 2 years.

(7) A subject person who, in purported compliance with a requirement under subsection (2), produces any book, account, document, security or information that is false in a material particular commits an offence and is liable—

(a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

(b) on conviction on indictment—to a fine of $1,000,000 and to imprisonment for 2 years.".

**164. Part 2B, Division 3 heading added**

Before section 13—

**Add**

**"Division 3—Powers to Give Directions and Impose Operating Rules".**

**165. Section 13 amended (Monetary Authority may give directions)**

(1) Section 13(1)(a)—

**Repeal**

"(d); or"

**Substitute**

"(d);".

(2) Section 13(1)(b)—



**Repeal**

"8O(1)."

**Substitute**

"8O(1); or".

(3) After section 13(1)(b)—

**Add**

"(c) direct a licensee to take any action in relation to the licensee's affairs, business and property that the Monetary Authority considers necessary for bringing any of the licensee's business (***subject business***) in compliance with the requirements under this Ordinance.".

(4) Section 13(2)—

**Repeal paragraph (b)**

**Substitute**

"(b) must include a statement of the respect in which the Monetary Authority considers—

(i) for subsection (1)(a)—the designated system not to be in compliance with a requirement set out in section 7(1)(a), (b), (c) or (d);

(ii) for subsection (1)(b)—the stored value facility not to be in compliance with a requirement set out in section 8O(1); or

(iii) for subsection (1)(c)—the subject business not to be in compliance with a requirement under this Ordinance; and".

(5) Section 13(2)—

**Repeal paragraph (ba).**

(6) Section 13(4)(a)—

**Repeal**

"system or stored value facility"

**Substitute**

"system, stored value facility or subject business".

**166. Part 2B, Division 4 added**

Part 2B, after section 14—

**Add**

## "Division 4—Disciplinary Powers against VAS Relevant Individuals and VAS Executive Officers

**14A. Disciplinary action in respect of VAS relevant individuals**

(1) Subsection (3)(a) applies if—

(a) a person who is a VAS relevant individual is or was guilty of misconduct; or

(b) the Monetary Authority is of the opinion that a VAS relevant individual is not a fit and proper person to remain that type of VAS relevant individual.

(2) Subsection (3)(b) applies if—

(a) a person who was a VAS relevant individual is or was guilty of misconduct; or

(b) the Monetary Authority is of the opinion that, because of any matter occurring while a person was a VAS relevant individual (whether or not together with any other matter), the person is not a fit and proper person to be that type of VAS relevant individual.

(3) The Monetary Authority—

(a) may—



(i) remove all or part of the person's relevant particulars from the register of licensees; or

(ii) suspend all or part of the person's relevant particulars from the register of licensees for a period, or until the occurrence of an event, that the Monetary Authority specifies; and

(b) may prohibit the person from doing either or both of the following in relation to a registered VA service of a VAS registered licensee, for a period, or until the occurrence of an event, that the Monetary Authority specifies—

(i) applying for a consent under section 8ZZXC(1) to act as a VAS executive officer;

(ii) seeking through a VAS registered licensee to have the person's name entered in the register of licensees.

(4) The Monetary Authority may only exercise a power under subsection (3) after consulting the Securities and Futures Commission.

(5) Without limiting subsection (3) or any other provisions of this Ordinance, to avoid doubt, the Monetary Authority may exercise a power under that subsection wholly or partly on the basis of information disclosed to the Monetary Authority by the Securities and Futures Commission, whether or not the information arises from an investigation under section 11 of Cap. 615.

(6) The Monetary Authority must not exercise a power under subsection (3) against a person without first giving the person a reasonable opportunity of being heard.

(7) If the Monetary Authority decides to exercise a power under subsection (3) against a person, the Monetary

Authority must give a written notice to the person stating—

(a) the decision;

(b) the reasons for the decision;

(c) the time at which the decision is to take effect;

(d) in so far as applicable, the duration and terms of the removal or suspension of particulars from the register of licensees to be imposed under the decision;

(e) in so far as applicable, the duration and terms of any prohibition to be imposed under the decision; and

(f) that the person may apply for a review of the decision to the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal established under section 55 of Cap. 615.

(8) If the Monetary Authority has exercised a power under subsection (3) against a person, the Monetary Authority may disclose to the public—

(a) details of the decision made under that subsection;

(b) the reasons for the decision; and

(c) any material facts relating to the case.

(9) Without limiting the exercise of any powers by the Securities and Futures Commission under Cap. 615, the Monetary Authority may make any recommendations to the Securities and Futures Commission concerning a person who is or was a VAS relevant individual in respect of the exercise of a power under section 53ZSQA or 53ZSQB of Cap. 615, as the Monetary Authority considers appropriate.

(10) In this section—



***relevant particulars*** (有關資料), in relation to a person who is a VAS relevant individual, means the information contained in the register of licensees for the purposes of section 8ZZZF(2)(d) in relation to the person.

**14B. Determination under section 14A concerning misconduct and fit and proper person**

(1) For the purposes of section 14A, a person who is a VAS relevant individual is or was guilty of misconduct if—

(a) the person, while being a VAS relevant individual, contravenes or contravened a material requirement (as defined by section 53ZSR(7) of Cap. 615);

(b) the person, while being a VAS relevant individual, fails or failed to comply with a requirement under section 12D(2); or

(c) the person, while being a VAS relevant individual, does or did an act, or omits or omitted to do an act, in relation to the provision of any VA service, and the act or omission, in the opinion of the Monetary Authority, is or is likely to be, or was or was likely to be, prejudicial—

(i) to the interest of the investing public; or

(ii) to the public interest.

(2) For the purposes of section 14A, a person who was a VAS relevant individual is or was guilty of misconduct if—

(a) the person, while being a VAS relevant individual, contravened a material requirement (as defined by section 53ZSR(7) of Cap. 615);

(b) the person, while being a VAS relevant individual, failed to comply with a requirement under section 12D(2);

(c) the person, while being a VAS relevant individual, did or omitted to do an act in relation to the provision of any VA service, and the act or omission, in the opinion of the Monetary Authority, was or was likely to be prejudicial—

(i) to the interest of the investing public; or

(ii) to the public interest; or

(d) the person fails or failed to comply with a requirement under section 12E(1) or 12F(2).

(3) The Monetary Authority may form an opinion that a person's act or omission mentioned in subsection (1)(c) or (2)(c) is or is likely to be, or was or was likely to be, prejudicial as mentioned in that subsection only if the Monetary Authority has had regard to the provisions—

(a) set out in the guidelines or codes published under section 7 or 53ZTK of Cap. 615; and

(b) in force at the time of occurrence of, and applicable in relation to, the act or omission.

(4) The Monetary Authority may, in determining whether a person is a fit and proper person for the purposes of section 14A, take into account, among other matters (including those specified in section 53ZRJ of Cap. 615 and those specified in any relevant codes and guidelines published under Cap. 615), any present or past conduct of the person that the Monetary Authority considers appropriate in the circumstances of the case.

**14C. Withdrawal and suspension of consent for VAS executive officers etc.**

(1) Subsection (3)(a) applies if—



(a) a person who is a VAS executive officer is or was guilty of misconduct; or

(b) the Monetary Authority has ceased to be satisfied that a VAS executive officer—

(i) is a fit and proper person to be a VAS executive officer; or

(ii) has sufficient authority within the VAS registered licensee concerned to be a VAS executive officer.

(2) Subsection (3)(b) applies if—

(a) a person who was a VAS executive officer is or was guilty of misconduct; or

(b) the Monetary Authority is of the opinion that, because of any matter occurring while a person was a VAS executive officer (whether or not together with any other matter), the person is not a fit and proper person to be a VAS executive officer.

(3) The Monetary Authority—

(a) may, by giving written notice to the VAS executive officer and the VAS registered licensee concerned—

(i) withdraw the consent given under section 8ZZXC(1) to the officer; or

(ii) suspend the consent given under section 8ZZXC(1) to the officer for the period, or until the occurrence of an event, that the Monetary Authority specifies; and

(b) may, by giving written notice to the person, prohibit the person from doing either or both of the following in relation to a registered VA service of a VAS registered licensee, for the period, or until the

occurrence of an event, that the Monetary Authority specifies—

(i) applying for a consent under section 8ZZXC(1) to act as a VAS executive officer;

(ii) seeking through a VAS registered licensee to have the person's name entered in the register of licensees.

(4) The Monetary Authority may only exercise a power under subsection (3) after consulting the Securities and Futures Commission.

(5) Without limiting subsection (3) or any other provisions of this Ordinance, to avoid doubt, the Monetary Authority may exercise a power under that subsection wholly or partly on the basis of information disclosed to the Monetary Authority by the Securities and Futures Commission, whether or not the information arises from an investigation under section 11 of Cap. 615.

(6) The Monetary Authority must not exercise a power under subsection (3) against a person without first giving the person a reasonable opportunity of being heard.

(7) If the Monetary Authority decides to exercise a power under subsection (3) against a person, the Monetary Authority must give a written notice to the person stating—

(a) the decision;

(b) the reasons for the decision;

(c) the time at which the decision is to take effect;

(d) in so far as applicable, the duration and terms of the withdrawal or suspension of the consent to be imposed under the decision;



(e) in so far as applicable, the duration and terms of any prohibition to be imposed under the decision; and

(f) that the person may apply for a review of the decision to the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal established under section 55 of Cap. 615.

(8) If the Monetary Authority has exercised a power under subsection (3) against a person, the Monetary Authority may disclose to the public—

(a) details of the decision made under that subsection;

(b) the reasons for the decision; and

(c) any material facts relating to the case.

(9) Without limiting the exercise of any powers by the Securities and Futures Commission under Cap. 615, the Monetary Authority may make any recommendations to the Securities and Futures Commission concerning a person who is or was a VAS executive officer in respect of the exercise of a power under section 53ZSQA or 53ZSQB of Cap. 615, as the Monetary Authority considers appropriate.

**14D. Determination under section 14C concerning misconduct and fit and proper person**

(1) For the purposes of section 14C, a person who is a VAS executive officer is or was guilty of misconduct if—

(a) the person, while being a VAS executive officer, contravenes or contravened a material requirement (as defined by section 53ZSR(7) of Cap. 615);

(b) the person, while being a VAS executive officer, fails or failed to comply with a requirement under section 12D(2); or

(c) the person, while being a VAS executive officer, does or did an act, or omits or omitted to do an act, in relation to the provision of any VA service, and the act or omission, in the opinion of the Monetary Authority, is or is likely to be, or was or was likely to be, prejudicial—

(i) to the interest of the investing public; or

(ii) to the public interest.

(2) For the purposes of section 14C, a person who was a VAS executive officer is or was guilty of misconduct if—

(a) the person, while being a VAS executive officer, contravened a material requirement (as defined by section 53ZSR(7) of Cap. 615);

(b) the person, while being a VAS executive officer, failed to comply with a requirement under section 12D(2);

(c) the person, while being a VAS executive officer, did or omitted to do an act in relation to the provision of any VA service, and the act or omission, in the opinion of the Monetary Authority, was or was likely to be prejudicial—

(i) to the interest of the investing public; or

(ii) to the public interest; or

(d) the person fails or failed to comply with a requirement under section 12E(1) or 12F(2).

(3) The Monetary Authority may form an opinion that a person's act or omission mentioned in subsection (1)(c) or (2)(c) is or is likely to be, or was or was likely to be, prejudicial as mentioned in that subsection only if the Monetary Authority has had regard to the provisions—



(a) set out in the guidelines or codes published under section 7 or 53ZTK of Cap. 615; and

(b) in force at the time of occurrence of, and applicable in relation to, the act or omission.

(4) If—

(a) a licensee that is not an authorized institution (as defined by section 2(1) of the Banking Ordinance (Cap. 155)) is or was a registered VAS provider guilty of misconduct within the meaning of section 53ZSR(1) or (2) of Cap. 615 as a result of being a registered VAS provider and having committed any conduct occurring with the consent or connivance of, or attributable to any neglect on the part of, another person (***that other person***); and

(b) that other person is, or was at the time of occurrence of the conduct, a VAS executive officer of the licensee,

that other person is or was guilty of misconduct for the purposes of section 14C.

(5) The Monetary Authority may, in determining whether a person is a fit and proper person for the purposes of section 14C, take into account, among other matters (including those specified in section 53ZRJ of Cap. 615 and those specified in any relevant codes and guidelines published under Cap. 615), any present or past conduct of the person that the Monetary Authority considers appropriate in the circumstances of the case.".

**167. Section 33T amended (Monetary Authority's power to take further action)**

Section 33T(3)(a), before "the"—

**Add**

"the interest of the investing public or".

**168. Section 35 amended (review of decisions by Tribunal)**

Section 35(7)(a)—

**Repeal**

"an"

**Substitute**

"a reasonable".

**169. Part 4A added**

After Part 4—

**Add**

## "Part 4A

## Review of Specified VAS Decisions by Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal

**40A. Appeal to Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal**

(1) A person aggrieved by a specified VAS decision of the Monetary Authority made in respect of the person may apply to the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal established under section 55 of Cap. 615 for a review of the decision in accordance with Part 6 of Cap. 615.

(2) Section 75 of Cap. 615 applies to the taking effect of a specified VAS decision.



(3) In this section—

***specified VAS decision*** (指明虛擬資產服務決定) means a decision of the Monetary Authority—

(a) to exercise a power under section 14A(3) or 14C(3);

(b) to refuse to give a consent under section 8ZZXC(1);

(c) to attach a condition to, or to amend a condition of, a consent under section 8ZZXC(5) or (6); or

(d) to attach a condition to, or to amend a condition of, a consent under section 8ZZXD(5) or (6).".

**170. Section 45 amended (giving false information to Monetary Authority)**

(1) Section 45(1)(b), Chinese text—

**Repeal**

"理應知道"

**Substitute**

"應知道".

(2) Section 45(2)(a)—

**Repeal**

"$400,000"

**Substitute**

"$1,000,000".

**171. Section 47 amended (false entry in document)**

(1) Section 47(2)(a)—

**Repeal**

"system or stored value facility"

**Substitute**

"system, a stored value facility or a licensee's business (***specified matter***)".

(2) Section 47(2)(b) and (c)—

**Repeal**

"designated system or stored value facility"

**Substitute**

"specified matter".

(3) Section 47(4), definition of ***relevant document***—

**Repeal**

"designated system or stored value facility"

**Substitute**

"specified matter".

(4) Section 47(4), definition of ***relevant document***—

**Repeal**

"system or facility"

**Substitute**

"system, facility or licensee concerned".

**172. Section 49 amended (power of Monetary Authority to make regulations)**

(1) Section 49(1)(b)(ii)—

**Repeal**

"facilities."

**Substitute**

"facilities; or".

(2) After section 49(1)(b)—

**Add**



"(c) in so far as the regulations relate to VAS registered licensees—

(i) the Financial Secretary; and

(ii) VAS registered licensees.".

(3) Section 49(2)—

**Repeal**

"In particular, regulations made under subsection (1)"

**Substitute**

"Without limiting subsection (1), regulations made under that subsection".

(4) After section 49(2)(d)—

**Add**

"(da) any matter necessary or desirable for promoting and encouraging proper standards of operation and sound and prudent practices amongst licensees;".

**173. Section 50 amended (confidentiality)**

Section 50(3)(j)—

**Repeal**

"the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)"

**Substitute**

"Cap. 615".

**174. Section 54 amended (guidelines)**

(1) Section 54(1)(b)(i)—

**Repeal**

"facilities"

**Substitute**

"facilities or licensees".

(2) Section 54(1A)(a)—

**Repeal**

"systems; or"

**Substitute**

"systems;".

(3) Section 54(1A)(b)—

**Repeal**

"facilities."

**Substitute**

"facilities; or".

(4) After section 54(1A)(b)—

**Add**

"(c) assist licensees to comply with the provisions of this Ordinance.".

(5) Section 54(1B)—

**Repeal**

"subsection (1A)(b)"

**Substitute**

"subsection (1A)(b) and (c)".

**175. Section 55B added**

After section 55A—

**Add**



"**55B. Defence**

(1) Subject to subsection (2), in proceedings for an offence under section 8ZZXB, 12D, 12E or 12F, it is a defence for the person charged to provide that they took reasonable precautions and exercised due diligence to avoid the commission of such an offence by themself or any person under their control.

(2) Subsection (1) does not apply to an offence under section 12D(5), 12E(5) or 12F(6).".

**176. Schedule 3 amended (minimum criteria)**

(1) Schedule 3, Part 1—

**Renumber section 2 as section 2(1).**

(2) Schedule 3, Part 1, after section 2(1)—

**Add**

"(2) If, in addition to the principal business set out in section 1(1) of Part 2 of this Schedule, an applicable company that is not a bank carries on any other business, the criteria set out in sections 2(1), 4, 5, 6 and 10 of that Part apply, with necessary modifications, to that other business as they apply to the operation of the company's SVF scheme.".

(3) Schedule 3, Part 2, section 3(2)—

**Repeal**

"director or controller"

**Substitute**

"director, controller or VAS executive officer".

(4) Schedule 3, Part 2, section 6(2)(a)—

**Repeal**

"the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)"

**Substitute**

"Cap. 615".

**177. Schedule 5 amended (grounds for revocation of licence)**

Schedule 5, after section 15—

**Add**

"15A. A person has become or continues to be a VAS executive officer of the licensee in contravention of section 8ZZXB.".



# Part 5

# Related Amendments

## Division 1—Amendment to Money Lenders Ordinance (Cap. 163)

**178. Schedule 1 amended**

Schedule 1, Part 1, after paragraph 11—

**Add**

"12. A regulated provider (as defined by section 53ZR of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)) that—

(a) is licensed or registered for Type A VA service under Part 5B of that Ordinance; and

(b) engages in virtual asset margin financing in order to facilitate acquisitions or holdings of virtual assets (as defined by section 53ZRA of that Ordinance) by the provider for its client.".

## Division 2—Amendment to Trade Descriptions Ordinance (Cap. 362)

**179. Schedule 4 amended (excluded products)**

Schedule 4, item 1—

**Repeal**

"or the Securities and Futures Ordinance (Cap. 571)"

**Substitute**

", the Securities and Futures Ordinance (Cap. 571) or the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)".

## Division 3—Amendments to Securities and Futures Ordinance (Cap. 571)

**180. Section 4 amended (regulatory objectives of Commission)**

Section 4(a), (b), (d), (e) and (f)—

**Repeal**

"securities and futures"

**Substitute**

"SFC-regulated financial".

**181. Section 5 amended (functions and powers of Commission)**

(1) Section 5(1)(a)—

**Repeal**

"securities and futures"

**Substitute**

"SFC-regulated financial".

(2) Section 5(1)(b)(i) and (ii)—

**Repeal**

"registered institutions"

**Substitute**

"registered institutions and registered VAS providers".

(3) Section 5(1)(c), (g) and (i)(i)—

**Repeal**

"securities and futures"



**Substitute**

"SFC-regulated financial".

(4) Section 5(1)(m)(i) and (ii)—

**Repeal**

"registered institutions"

**Substitute**

"registered institutions and registered VAS providers".

(5) Section 5(1)(n), (o), (p) and (q)—

**Repeal**

"securities and futures"

**Substitute**

"SFC-regulated financial".

(6) Section 5(3)(a)—

**Repeal**

"registered institution"

**Substitute**

"registered institution or registered VAS provider".

(7) Section 5(3)(a)—

**Repeal**

"intermediary; or"

**Substitute**

"intermediary or regulated VAS provider;".

(8) Section 5(3)(b)—

**Repeal**

"registered institution,"

**Substitute**

"registered institution or registered VAS provider;".

(9) After section 5(3)(b)—

**Add**

"(c) any SVF licensee as a registered VAS provider or as an associated entity of a regulated VAS provider; or

(d) any person as an associated entity of an SVF licensee that is a registered VAS provider,".

(10) Section 5(3)—

**Repeal**

"institution or person"

**Substitute**

"institution, SVF licensee or person".

(11) Section 5(4)—

**Repeal**

"For the purposes of this Ordinance, the"

**Substitute**

"The".

(12) After section 5(5)—

**Add**

"(6) In this section—

***associated entity*** (有聯繫實體), in relation to a regulated VAS provider, has the meaning given by section 53ZRCA of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).".

**182. Section 6 amended (general duties of Commission)**

Section 6(2)(a)—

**Repeal**



"securities and futures"

**Substitute**

"SFC-regulated financial".

**183. Section 20 amended (transactions that may be conducted on recognized stock market and recognized futures market)**

Section 20(1)(b) and (2)(b)—

**Repeal**

"financial"

**Substitute**

"securities and futures".

**184. Section 139 amended (prohibition of use of certain titles)**

(1) Section 139, Chinese text, heading—

**Repeal**

"若干"

**Substitute**

"某些".

(2) After section 139(8)—

**Add**

"(8A) To avoid doubt, for the purposes of subsections (1), (2), (3), (4), (5), (6), (7) and (8), in determining whether a title (***subject title***) is a specified title, it does not matter whether the subject title contains any letters, characters, numbers or symbols in addition to the words forming the specified title.".

**185. Section 165 amended (associated entities)**

Section 165(3)—

**Repeal**

everything after "that of"

**Substitute**

"—

(a) receiving or holding client assets, whether on behalf of the intermediary or otherwise; or

(b) if it is also an associated entity of a regulated provider within the meaning of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)—receiving or holding client assets (as defined by section 53ZR of that Ordinance) as allowed under section 53ZRW(3)(a) of that Ordinance.".

**186. Section 168 amended (business conduct of intermediaries and their representatives)**

(1) Section 168(2)(e)—

**Repeal**

"financial products"

**Substitute**

"securities and futures products".

(2) Section 168(2)(f), (g) and (h)—

**Repeal**

"financial product" (wherever appearing)

**Substitute**

"securities and futures product".

**187. Section 180 amended (supervision of intermediaries and their associated entities)**

(1) Section 180(2)(ba)—



**Repeal**

"(except section 6)".

(2) Section 180(2)(ba)—

**Repeal**

"(Cap. 615);"

**Substitute**

"(Cap. 615), including any other provisions of that Ordinance that have effect in respect of any provision of that Part;".

**188. Section 378 amended (preservation of secrecy, etc.)**

(1) After section 378(2)(ea)—

**Add**

"(eb) the disclosure of information, being information to which Part 6A of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) applies, in any circumstances permitted by that Part;".

(2) Section 378(3)(e)(i)(A)—

**Repeal**

"or".

(3) Section 378(3)(e)(i)(B), English text—

**Repeal**

"of an associated entity"

**Substitute**

"of an intermediary's associated entity".

(4) Section 378(3)(e)(i)(B)—

**Repeal**

"intermediary of which the associated entity is an associated entity; or"

**Substitute**

"intermediary;".

(5) After section 378(3)(e)(i)(B)—

**Add**

"(C) any business of a registered VAS provider that constitutes a VA service for which the registered VAS provider is registered; or

(D) any business of a regulated VAS provider's associated entity that is an HKMA regulatee, which is that of receiving or holding client assets of the regulated VAS provider; or".

(6) Section 378(15)—

**Add in alphabetical order**

"***associated entity*** (有聯繫實體), in relation to a regulated VAS provider, has the meaning given by section 53ZRCA of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

***client asset*** (客戶資產), in relation to a regulated VAS provider, has the meaning given by section 53ZR of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

***HKMA regulatee*** (受金管局規管者) has the meaning given by section 1 of Part 2 of Schedule 1 to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);".

**189. Section 403 amended (general provisions for approvals by Commission)**

(1) Section 403—

**Repeal**

"Where under any provision of this Ordinance"



**Substitute**

"Where under any of the relevant provisions".

(2) Section 403(a)—

**Repeal**

"this Ordinance"

**Substitute**

"any of the relevant provisions".

(3) Section 403(b)—

**Repeal**

"provision of this Ordinance"

**Substitute**

"of the relevant provisions".

**190. Schedule 1 amended (interpretation and general provisions)**

(1) Schedule 1, Part 1, section 1, definition of ***financial product***, paragraph (e), after "product;"—

**Add**

"or".

(2) Schedule 1, Part 1, section 1, definition of ***financial product***, after paragraph (e)—

**Add**

"(f) any virtual asset;".

(3) Schedule 1, Part 1, section 1, definition of ***professional investor***, after paragraph (b)—

**Add**

"(ba) any regulated VAS provider, or any other person carrying on the business of the provision of services related to

virtual assets and regulated under the law of any place outside Hong Kong;".

(4) Schedule 1, Part 1, section 1, definition of ***relevant provisions***—

**Repeal paragraph (d)**

**Substitute**

"(d) the following provisions of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (***those provisions***), including any other provisions of that Ordinance that have effect in respect of any of those provisions—

(i) Part 2; and

(ii) for the purposes only of Parts II and XVI of this Ordinance—

(A) Division 3 of Part 3; and

(B) Part 5B;".

(5) Schedule 1, Part 1, section 1, definition of ***securities and futures industry***—

**Repeal**

"financial"

**Substitute**

"securities and futures".

(6) Schedule 1, Part 1, section 1, definition of ***securities and futures market***—

**Repeal**

"financial"

**Substitute**

"securities and futures".

(7) Schedule 1, Part 1, section 1—



**Add in alphabetical order**

"***registered VAS provider*** (註冊虛擬資產服務提供者) means a registered provider as defined by section 53ZR of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

***regulated VAS provider*** (受規管虛擬資產服務提供者) means a regulated provider as defined by section 53ZR of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

***securities and futures product*** (證券期貨產品) means a matter mentioned in paragraph (a), (b), (c), (d) or (e) of the definition of ***financial product*** in this section;

***SFC-regulated financial industry*** (證監會規管的金融業) means—

(a) the securities and futures industry; and

(b) the virtual assets industry;

***SVF licensee*** (工具持牌人) has the meaning given by section 1 of Part 2 of Schedule 1 to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

***VA service*** (虛擬資產服務) has the meaning given by section 53ZR of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

***virtual asset*** (虛擬資產) has the meaning given by section 53ZRA of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

***virtual assets industry*** (虛擬資產業) means—

(a) any market, exchange, place or service that facilitates the bringing together, on a regular basis, of persons who are parties to transactions related to virtual assets (***virtual assets market***);

(b) participants (other than investors) in a virtual assets market (including persons providing VA services) (***virtual assets participants***); and

(c) any activities related to virtual assets that are carried on in a virtual assets market or by virtual assets participants;".

(8) Schedule 1, Part 1, after section 12—

**Add**

"**12A. References to types of VA service**

In this Ordinance, a reference to a type of VA service by letter is to be construed in accordance with section 2 of Part 2 of Schedule 1 to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).".

**191. Schedule 5 amended (regulated activities)**

(1) Schedule 5, Part 2, definition of ***dealing in securities***, paragraph (xiv)—

**Repeal**

"activity; or"

**Substitute**

"activity;".

(2) Schedule 5, Part 2, definition of ***dealing in securities***, after paragraph (xiv)—

**Add**

"(xiva) is licensed or registered under Part 5B of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) for Type D VA service and performs the act solely for the purpose of providing that VA service; or".



## Division 4—Amendment to Securities and Futures (Fees) Rules (Cap. 571 sub. leg. AF)

**192. Schedule 1 amended (fees prescribed for purposes of section 395(1)(a)(i), (iii) and (iv) of Ordinance)**

Schedule 1, item 22, after "relevant provisions"—

**Add**

"(including any provisions of Division 3 of Part 3, and Part 5B, of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (***those provisions***), and any other provisions of that Ordinance that have effect in respect of any of those provisions)".

## Division 5—Amendments to Deposit Protection Scheme Ordinance (Cap. 581)

**193. Schedule 1 amended (deposits specified for purposes of definitions of *protected deposit* and *relevant deposit* in section 2(1) of this Ordinance)**

(1) Schedule 1, section 3, definition of ***float***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(2) Schedule 1, section 3, definition of ***SVF deposit***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

## Division 6—Amendments to Financial Institutions (Resolution) Ordinance (Cap. 628)

**194. Section 2 amended (interpretation)**

(1) Section 2(1), definition of ***banking sector entity***, paragraphs (c) and (d)—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(2) Section 2(1), definition of ***designated clearing and settlement system***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(3) Section 2(5)—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".



## Division 7—Amendments to Financial Institutions (Resolution) (Protected Arrangements) Regulation (Cap. 628 sub. leg. A)

**195. Section 3 amended (interpretation: protected clearing and settlement systems arrangement)**

(1) Section 3(2), definition of ***collateral security***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(2) Section 3(2), definition of ***default arrangements***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(3) Section 3(2), definition of ***disposition of property***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(4) Section 3(2), definition of ***operating rules***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(5) Section 3(2), definition of ***transfer order***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

## Division 8—Amendments to Protection of Critical Infrastructures (Computer Systems) Ordinance (Cap. 653)

**196. Schedule 2 amended (designated authorities and regulated organizations)**

(1) Schedule 2, Part 1, section 1, definition of ***designated system***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(2) Schedule 2, Part 1, section 1, definition of ***settlement institution***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(3) Schedule 2, Part 1, section 1, definition of ***system operator***—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

(4) Schedule 2, Part 2, item 1, column 4, paragraph (b)—

**Repeal**



"section 2"

**Substitute**

"section 2(1)".

## Division 9—Amendments to Stablecoins Ordinance (Cap. 656)

**197. Section 3 amended (meaning of *stablecoin*)**

(1) After section 3(2)(c)—

**Add**

"(ca) it constitutes a leveraged foreign exchange contract as defined by Part 2 of Schedule 5 to the Securities and Futures Ordinance (Cap. 571);

(cb) it constitutes an OTC derivative product as defined by section 1B of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);".

(2) Section 3(2)(d)—

**Repeal**

"section 2"

**Substitute**

"section 2(1)".

**198. Section 6 repealed (meanings of offering specified stablecoin and related expressions)**

Section 6—

**Repeal the section.**

**199. Section 9 repealed (offence related to offering specified stablecoin)**

Section 9—

**Repeal the section.**

**200. Section 10 amended (offence related to advertising regulated stablecoin activity and advertising offering of specified stablecoin)**

(1) Section 10, heading—

**Repeal**

**"and advertising offering of specified stablecoin".**

(2) Section 10—

**Repeal subsection (2).**

(3) Section 10(3), (4), (5) and (6)—

**Repeal**

"or (2)".

**201. Section 13 amended (power to grant exemption from sections 8, 9 and 10)**

(1) Section 13, heading—

**Repeal**

**"sections 8, 9"**

**Substitute**

**"sections 8".**

(2) Section 13—

**Repeal subsections (3) and (4).**

(3) Section 13(5) and (6)(a)—

**Repeal**

"or (3)".



**202. Section 174 amended (status of notice and guideline)**

Section 174(1)—

**Repeal**

"5(4), 9(3)"

**Substitute**

"5(4)".

**203. Part 11 repealed (transitional provisions and consequential amendments)**

Part 11—

**Repeal the Part.**

**204. Schedule 7 repealed (transitional provisions)**

Schedule 7—

**Repeal the Schedule.**

## Division 10—Repeal of Stablecoins Ordinance (Specification of Persons for Section 9(2)(b)(iii)) Notice (Cap. 656 sub. leg. A)

**205. Stablecoins Ordinance (Specification of Persons for Section 9(2)(b)(iii)) Notice repealed**

Stablecoins Ordinance (Specification of Persons for Section 9(2)(b)(iii)) Notice—

**Repeal the Notice.**

## Explanatory Memorandum

The main purpose of this Bill is to amend the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (***Cap. 615***), the Banking Ordinance (Cap. 155) (***Cap. 155***), the Payment Systems and Stored Value Facilities Ordinance (Cap. 584) (***Cap. 584***) and other enactments—

(a) to expand the regulatory regime under Cap. 615 for virtual asset services, which includes the regulation of virtual asset service providers, (***VA regulatory regime***) to cover additional types of VA services ("VA" stands for "virtual asset");

(b) to establish a registration mechanism under the VA regulatory regime for authorized institutions and SVF licensees ("SVF" stands for "stored value facility") to become registered VAS providers ("VAS" stands for "virtual asset service");

(c) to provide for the regulation of registered VAS providers and their relevant officers;

(d) to better align the VA regulatory regime and the regulatory regime under the Securities and Futures Ordinance (Cap. 571) (***Cap. 571***) for other financial products such as securities and futures contracts;

(e) to revise the operation of Cap. 615, Cap. 155, Cap. 584 and Cap. 571; and

(f) to make related amendments.

2. The Bill contains 5 Parts.

### Part 1—Preliminary

3. Clause 1 sets out the short title and provides for commencement.



### Part 2—Amendments to Anti-Money Laundering and Counter-Terrorist Financing Ordinance

4. Part 2 sets out the amendments to Cap. 615.

5. Clause 3 amends the long title of Cap. 615 so as to align it with the expanded VA regulatory regime, which will also cover, among other matters, the registration of virtual asset service providers and the protection of investors in virtual assets.

6. Clause 4 amends section 7 of Cap. 615 to add references to Part 5B of Cap. 615 and various Ordinances to the definition of ***relevant Ordinance*** so that guidelines published under that section may refer to a guideline or document published under that Part or those Ordinances.

7. Clause 5 amends section 8 of Cap. 615 to update the list of definitions contained in that section for the interpretation of Part 3 of Cap. 615.

8. Clause 6 amends section 9 of Cap. 615 so that the power to enter business premises etc. for routine inspection may also be exercised in respect of registered VAS providers.

9. Clauses 7 and 8 extract the certification requirement under section 9A of Cap. 615, in so far as it relates to an inspection conducted for the VA regulatory regime, into a new section 9B to be added to Cap. 615, for better alignment with section 180(9) of Cap. 571.

10. Clause 9 amends section 11 of Cap. 615 to clarify the powers of investigation of relevant authorities. In addition, the investigatory powers of the Securities and Futures Commission (***SFC***) are expanded to cover registered VAS providers and their relevant officers, as well as irregularities in activities concerning virtual assets.

11. Clauses 10 and 11 extract the certification requirement under section 12A of Cap. 615, in so far as it relates to an investigation conducted

by the SFC, into a new section 12B to be added to Cap. 615, for better alignment with section 183(4) of Cap. 571.

12. Clause 12 updates the heading of Division 3 of Part 3 of Cap. 615.

13. Clause 13 adds new sections 13AB and 13AC to Cap. 615 to provide that a person authorized under the new section 13AB may require the provision of information relating to transactions in virtual assets, and to provide for offences relating to non-compliance with such requirements.

14. Clause 14 updates section 13B of Cap. 615 in view of the amendments made to section 11 of Cap. 615.

15. Clause 15 adds a new section 13BA to Cap. 615 to provide for international enforcement cooperation using the new section 13AB.

16. Clause 16 amends section 13C of Cap. 615, and clause 17 adds a new section 13CA to Cap. 615, to transpose the supplementary provisions applicable to international supervision cooperation under section 13C of Cap. 615 (currently borrowed from other sections by virtue of section 13C(7) and (8) of Cap. 615) into express standalone provisions designated for section 13C of Cap. 615.

17. Clauses 18 to 23 make consequential amendments to sections 13D, 13E, 14, 17, 19 and 20 of Cap. 615.

18. Clause 24 repeals section 20A of Cap. 615 so that licensed VAS providers are also subject to disciplinary actions under Part 4 of Cap. 615.

19. Clause 25 amends section 25 of Cap. 615 so that Part 5 of Cap. 615 does not apply to a licensed VAS provider that operates a money service that is ancillary to the provider's principal business.

20. Clauses 26 to 29 make consequential amendments to sections 30, 34, 38 and 39 of Cap. 615.



21. Clause 30 amends section 53B of Cap. 615 so that Part 5A of Cap. 615 does not apply to a licensed VAS provider that operates a trust or company service business that is ancillary to the provider's principal business.

22. Clause 31 makes a consequential amendment to the heading of Division 1 of Part 5B of Cap. 615.

23. Clause 32 amends section 53ZR of Cap. 615 to update the list of definitions contained in that section for the interpretation of Part 5B of Cap. 615.

24. Clause 33 amends section 53ZRA of Cap. 615 to expand the list of digital representations of value that are excluded from being virtual assets under section 53ZRA(2).

25. Clause 34 makes a consequential amendment to section 53ZRB of Cap. 615.

26. Clause 35 adds new sections 53ZRCA, 53ZRCB and 53ZRCC to Cap. 615. The new section 53ZRCA explains the meaning of ***associated entity***, whereas the new section 53ZRCB explains the meaning of controlling the composition of a corporation's board of directors. The new section 53ZRCC provides that Part 5B of Cap. 615 does not apply to the Government.

27. Clause 36 amends the restriction on carrying on a business of providing any VA service under section 53ZRD of Cap. 615 in view of the introduction of registered VAS providers.

28. Clause 37 adds new sections 53ZRDA and 53ZRDB to Cap. 615. The new section 53ZRDA, together with the new Schedule 3BA to be added to Cap. 615 by clause 126, prohibits the use of certain titles relating to the provision of VA services. The new section 53ZRDB prohibits any person who is not an applicant for a licence or registration under Part 5B of Cap. 615 from falsely claiming themself to be such an applicant.

29. Clauses 38, 39 and 40 make consequential and other related amendments to sections 53ZRE, 53ZRF and 53ZRG of Cap. 615.

30. Clause 41 adds new sections 53ZRGA and 53ZRGB to Cap. 615. These new sections provide for civil liability for inducing others to invest in virtual assets and for false or misleading public communications concerning virtual assets.

31. Clause 42 amends section 53ZRH of Cap. 615 to provide that the register maintained under that section is also to contain information about registered VAS providers.

32. Clause 43 adds a new section 53ZRHA to Cap. 615 to empower the SFC to withhold from public inspection certain particulars in the register maintained under section 53ZRH of Cap. 615.

33. Clause 44 amends section 53ZRI of Cap. 615 to clarify its effect in view of the introduction of registered VAS providers.

34. Clause 45 amends the fit and proper test under section 53ZRJ of Cap. 615 in view of the introduction of registered VAS providers.

35. Clause 46 makes consequential and other related amendments to section 53ZRK of Cap. 615.

36. Clauses 47 and 48 make related amendments to sections 53ZRL and 53ZRM of Cap. 615.

37. Clause 49 adds a new Subdivision 4A to Division 3 of Part 5B of Cap. 615. The new Subdivision 4A contains new sections 53ZRMA and 53ZRMB. The new section 53ZRMA provides that authorized institutions may apply to the SFC to be registered for any one or more VA services, and SVF licensees that are not authorized institutions (***specified SVF licensees***) may apply to the SFC to be registered for Type A or E VA service, or both. The new section 53ZRMB provides for the grant of such registrations.

38. Clause 50 updates the heading of Subdivision 5 of Division 3 of Part 5B of Cap. 615.



39. Clause 51 amends section 53ZRN of Cap. 615 so that registered VAS providers may apply for variation of their registered VA services under that section.

40. Clause 52 amends section 53ZRO of Cap. 615 so that registered VAS providers must not provide any of their registered VA services unless certain conditions are met.

41. Clauses 53 and 54 make related amendments to sections 53ZRP and 53ZRQ of Cap. 615.

42. Clause 55 amends section 53ZRR of Cap. 615 to remove the requirement for the SFC to update the register maintained under section 53ZRH of Cap. 615 after granting an application by a licensed VAS provider to use premises to keep records or documents.

43. Clause 56 adds a new section 53ZRRA to Cap. 615 to provide that the SFC may, on application, grant a modification or waiver in respect of certain conditions, provisions and rules relating to Part 5B of Cap. 615.

44. Clause 57 amends section 53ZRS of Cap. 615 to expand the application of its notification requirements to cover decisions to refuse to grant a registration under the new section 53ZRMB, to refuse to grant a modification or waiver under the new section 53ZRRA and to impose a condition, amend or remove conditions under those new sections.

45. Clauses 58, 59 and 60 redistribute the current provisions under section 53ZRT of Cap. 615 about "client assets" (which covers "client virtual assets" and "client money") of a licensed VAS provider into 3 separate sections, i.e. a new section 53ZRSA dealing with "client virtual assets" and "client collateral", the amended section 53ZRT dealing with "client money", and a new section 53ZRTA dealing with the effect of sections 53ZRSA and 53ZRT on claims and liens. This is in view of the introduction of the concept of

"client collateral" as a type of "client assets". Sections 53ZRSA and 53ZRTA also cover client assets of a registered VAS provider.

46. Clause 61 updates the heading of Division 7 of Part 5B of Cap. 615.

47. Clause 62 amends section 53ZRU of Cap. 615 so that the notification requirement under that section will apply to all persons who have provided information to the SFC under section 53ZTI of Cap. 615 or Division 3, 4, 5 or 7 of Part 5B of Cap. 615.

48. Clause 63 amends section 53ZRV of Cap. 615 to provide that a registered VAS provider must notify the SFC and the Monetary Authority if it intends to cease to provide any of its registered VA services or to change the address at which it proposes to provide any VA service.

49. Clause 64 amends section 53ZRW of Cap. 615 to impose a notification requirement on an entity that becomes, or ceases to be, an associated entity of a registered VAS provider.

50. Clause 65 amends section 53ZRY of Cap. 615 to require registered VAS providers to pay an annual fee to the SFC.

51. Clause 66 updates the heading of Division 8 of Part 5B of Cap. 615.

52. Clause 67 amends section 53ZRZ of Cap. 615 to update the list of definitions contained in that section for the interpretation of Division 8 of Part 5B of Cap. 615.

53. Clauses 68 to 71 amend sections 53ZS, 53ZSA, 53ZSB and 53ZSC of Cap. 615 so that the requirements relating to audit under those sections also apply to a registered VAS provider's associated entity that is not an authorized institution, specified SVF licensee or stablecoin licensee (collectively ***HKMA regulatee***).

54. Clause 72 amends section 53ZSD of Cap. 615 to provide that if an associated entity of a regulated VAS provider is an HKMA regulatee and a person becomes aware of a reportable matter as defined by that section in the course of performing the person's functions as a



relevant auditor, then the person must lodge a written report with the SFC and the Monetary Authority.

55. Clause 73 amends section 53ZSH of Cap. 615 to provide that, if an associated entity of a licensed VAS provider is an HKMA regulatee, the SFC must not appoint an auditor under that section to examine and audit the accounts and records of the associated entity unless the SFC has first consulted the Monetary Authority in respect of the appointment and the scope of the examination and audit to be carried out.

56. Clause 74 amends section 53ZSI of Cap. 615 to provide for the powers of auditors appointed under section 53ZSH of Cap. 615 in respect of covered persons (within the meaning of that section) that are HKMA regulatees.

57. Clause 75 amends section 53ZSK of Cap. 615 to clarify that the section will continue to apply in relation to licensed VAS providers and their associated entities only.

58. Clause 76 amends section 53ZSM of Cap. 615 to provide for the immunity of auditors in respect of communication with the Monetary Authority.

59. Clause 77 makes consequential amendments to section 53ZSO of Cap. 615.

60. Clauses 78 and 79 make related amendments to sections 53ZSP and 53ZSQ of Cap. 615.

61. Clause 80 adds new sections 53ZSQA and 53ZSQB to Cap. 615. The new section 53ZSQA empowers the SFC to take disciplinary actions against registered VAS providers and their relevant officers. The new section 53ZSQB provides for other situations in which a registered VAS provider's registration may be revoked or suspended.

62. Clauses 81 to 86 make consequential amendments to sections 53ZSR to 53ZSW of Cap. 615.

63. Clause 87 adds new sections 53ZSWA and 53ZSWB to Cap. 615. These new sections provide for the SFC's powers to require transfer of relevant records, and to permit the carrying on of essential business operations for closing down, if the licence or registration of a registered or licensed VAS provider (collectively ***regulated VAS provider***) is revoked or suspended.

64. Clause 88 amends section 53ZSY of Cap. 615 to better align it with section 207 of Cap. 571.

65. Clauses 89 and 90 make related amendments to sections 53ZTC and 53ZTD of Cap. 615.

66. Clause 91 amends section 53ZTF of Cap. 615 to provide that the SFC may also present a petition for a registered VAS provider's associated entity that is not an HKMA regulatee to be wound up on the ground that it is just and equitable that the associated entity should be so wound up.

67. Clause 92 makes a related amendment to section 53ZTH of Cap. 615.

68. Clause 93 amends section 53ZTI of Cap. 615 so that the SFC may also require under that section any person who applies for registration under the new section 53ZRMB or a modification or waiver under the new section 53ZRRA to provide information.

69. Clause 94 amends section 53ZTJ of Cap. 615 to provide that the SFC must also enter particulars of disciplinary actions taken under the new sections 53ZSQA and 53ZSQB on the register maintained under section 53ZRH of Cap. 615.

70. Clause 95 adds new sections 53ZTJA and 53ZTJB to Cap. 615 to provide for the criminal liability of officers of corporations and partners of partnerships, etc. in respect of offences committed by the corporations, partnerships, etc.

71. Clause 96 amends section 53ZTK of Cap. 615 to refine the SFC's power to publish codes and guidelines under that section, for better



alignment with section 399(1) of Cap. 571, into a power to publish codes and guidelines for providing guidance in relation to—

(a) any matter relating to any of the functions of the SFC under any provisions related to anti-money laundering, i.e. Part 2, and other relevant provisions, of Cap. 615, or any provisions related to virtual assets, i.e. Parts 3 (Division 3) and 5B, and other relevant provisions, of Cap. 615 (***VA-related provisions***); or

(b) the operation of any VA-related provisions.

72. Clause 97 amends section 53ZTL of Cap. 615 to require the SFC to consult the Monetary Authority regarding rules it proposes to make under that section, in so far as such rules apply to HKMA regulatees by reason of their being registered VAS providers, or associated entities of regulated VAS providers.

73. Clause 98 amends section 53ZTM of Cap. 615 to empower the SFC to amend the new Schedule 3BA.

74. Clause 99 adds a new section 53ZTNA to Cap. 615 to provide that the SFC may pay to the Monetary Authority such part of a prescribed fee paid to it that represents the expenditure or costs incurred, or likely to be incurred, by the Monetary Authority in providing the services or performing the functions to which the fee relates.

75. Clause 100 amends section 53ZTR of Cap. 615 to also prohibit registered VAS providers and their representatives from representing that their abilities and qualifications have been endorsed or warranted by the Government or the SFC.

76. Clause 101 makes a textual amendment to section 53ZTS of Cap. 615.

77. Clause 102 adds a new section 53ZTUA to Cap. 615 to provide that the existence of any judicial or other proceedings, or circumstances that disclose the commission of an offence, does not by itself

constitute justification for any other proceedings or action under any VA-related provisions being stayed or deferred.

78. Clause 103 amends section 53ZTW of Cap. 615 to expand the provisions about avoiding conflict of interest to cover (where appropriate) a person performing a function under Cap. 571 and transactions in an interest in a virtual asset.

79. Clause 104 amends section 53ZTX of Cap. 615 so that it applies to records and documents purporting to be signed or initialed by, among others, persons performing any function under a VA-related provision.

80. Clause 105 adds a new section 53ZTXA to Cap. 615 to empower the SFC to specify any form in respect of any application, statement, notice, return or other document required to be lodged, filed or submitted with or to the SFC for the purposes of any provision of Cap. 615.

81. Clause 106 amends section 53ZUA of Cap. 615 so that Part 5C of Cap. 615 does not apply to licensed VAS providers that carry on a precious metals and stones business that is ancillary to the provision of any of their licensed VA services.

82. Clauses 107 to 110 make consequential amendments to sections 53ZUF, 53ZUL, 53ZUO and 53ZUU of Cap. 615.

83. Clause 111 amends section 54 of Cap. 615 to update the list of definitions contained in that section for the interpretation of Part 6 of Cap. 615. In particular, the definition of ***specified decision*** is updated to cover decisions made in relation to registered VAS providers, so that these decisions can be reviewed under that Part.

84. Clause 112 amends section 60 of Cap. 615 to provide that the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal, in determining a review, may substitute a specified decision to exercise a power under the new section 53ZSQA with a corresponding decision under Cap. 155 or Cap. 584, and vice versa.



85. Clause 113 amends section 71 of Cap. 615 so that a party to a review of a decision made in relation to the VA regulatory regime who is dissatisfied with the determination of the review may appeal to the Court of Appeal against the determination only on a question of law.

86. Clause 114 amends section 72 of Cap. 615 so that the power of the Court of Appeal to remit a matter back to the decision-making authority does not apply to a decision made in relation to the VA regulatory regime.

87. Clause 115 adds a new section 74A to Cap. 615 to provide for a transitional arrangement for the amendments made to sections 71 and 72 of Cap. 615. In gist, the amendments will not apply to any determination that is already made before the amendments take effect.

88. Clause 116 amends section 76C of Cap. 615 to expand the scope of permitted disclosure of information to include information that may be disclosed under section 120 or 121 of Cap. 155, section 378 of Cap. 571, section 50 of Cap. 584 or section 156 of the Stablecoins Ordinance (Cap. 656) (***Cap. 656***).

89. Clause 117 amends section 76D of Cap. 615 to allow the disclosure of information to the MPF Schemes Authority in certain circumstances etc.

90. Clauses 118 to 122 make consequential and other related amendments to sections 76E, 76F, 76G, 78 and 80 of Cap. 615.

91. Clause 123 amends Schedule 1 to Cap. 615 to update the list of definitions contained in that Schedule for the interpretation of Cap. 615.

92. Clause 124 amends Schedule 2 to Cap. 615 to update the definition of ***pre-existing customer*** in view of amendments proposed in this Bill.

93. Clause 125 amends Schedule 3B to Cap. 615 to introduce additional types of VA services, namely dealing in virtual assets, advising on virtual assets, virtual asset management and virtual asset custody.

94. Clause 127 amends Schedule 3C to Cap. 615 to set out fees relating to the new types of VA services and registered VAS providers, etc.

95. Clause 128 amends Schedule 3D to Cap. 615 to provide for the particulars that have to be notified under section 53ZRW of Cap. 615 in respect of the associated entities of regulated VAS providers.

96. Clause 129 amends Schedule 3E to Cap. 615 so that a full description of any change in any information provided to the SFC under section 53ZTI, or any provision of Division 7 of Part 5B, of Cap. 615 must also be included in an annual return submitted under section 53ZRY(4) of Cap. 615.

97. Clause 130 amends Schedule 3F to Cap. 615 to make consequential and other related amendments to that Schedule, and to provide for the signing of returns.

98. Clause 131 amends Schedule 3G to Cap. 615 to make consequential amendments to that Schedule.

**Part 3—Amendments to Banking Ordinance**

99. Part 3 sets out the amendments to Cap. 155.

100. Clause 132 amends section 2 of Cap. 155 to update the list of definitions contained in that section for the interpretation of Cap. 155.

101. Clause 133 amends section 3 of Cap. 155 to provide that Part III of Cap. 155 does not apply to the taking of deposits by licensed VAS providers and certain registered VAS providers if certain conditions are met.

102. Clause 134 amends section 20 of Cap. 155 to provide that the register maintained under that section must contain certain information about



companies that are both an authorized institution and a registered VAS provider (***VAS registered institutions***).

103. Clause 135 adds a new section 20A to Cap. 155 to empower the Monetary Authority to withhold from public inspection certain particulars in the register maintained under section 20 of Cap. 155.

104. Clause 136 adds new sections 58B and 58C to Cap. 155 to provide for disciplinary actions in respect of virtual asset services relevant individuals (***VAS relevant individuals***) and former VAS relevant individuals of VAS registered institutions.

105. Clause 137 adds a new section 63BA to Cap. 155 to provide that the auditors of VAS registered institutions must report to the Monetary Authority if they become aware of any reportable matters.

106. Clause 138 makes a consequential amendment to section 68AA of Cap. 155.

107. Clause 139 adds new sections 71G to 71L to Cap. 155 to provide for the appointment of VAS executive officers by VAS registered institutions, and the giving, withdrawing and suspending of consent for such appointments.

108. Clause 140 amends section 72A of Cap. 155 to empower the Monetary Authority to require current and prospective VAS executive officers and VAS relevant individuals of VAS registered institutions to submit information.

109. Clause 141 adds a new section 72AD to Cap. 155 to empower the Monetary Authority to require former VAS executive officers and VAS relevant individuals of VAS registered institutions to submit information.

110. Clause 142 amends section 118G of Cap. 155 so that the definition of ***misconduct*** in that section does not include acts and omissions relating to VA services.

111. Clause 143 amends section 118H of Cap. 155 so that the Monetary Authority's power to institute an investigation under that section does not cover any defalcation, fraud or misfeasance in relation to VA services.

112. Clause 144 amends section 120 of Cap. 155 to allow the disclosure of information by the Monetary Authority to the SFC relating to the provision of registered VA services by VAS registered institutions, or the carrying on by authorized institutions of certain business relating to virtual assets.

113. Clause 145 amends section 121A of Cap. 155 so that the prohibition on the disclosure of information imposed by that section applies to persons who have been given notice under the new section 58B(7) or 71J(3).

114. Clause 146 amends section 126 of Cap. 155 so that the defence of due diligence under that section does not apply to the offence under the new section 72AD(6).

115. Clause 147 amends section 132A of Cap. 155 to provide for the review of decisions made under Cap. 155 in relation to VAS executive officers and VAS relevant individuals of VAS registered institutions.

116. Clause 148 amends the Seventh Schedule to Cap. 155 so that the minimum criteria for authorization set out in that Schedule includes the fitness and properness of VAS executive officers.

117. Clause 149 amends the Eighth Schedule to Cap. 155 to provide that a person becoming, or continuing to be, a VAS executive officer of an authorized institution in contravention of the new section 71H constitutes a ground for revoking the authorization of the institution.

**Part 4—Amendments to Payment Systems and Stored Value Facilities Ordinance**

118. Part 4 sets out the amendments to Cap. 584.



119. Clause 150 amends the long title of Cap. 584 to expressly cover the supervision of SVF licensees by the Monetary Authority.

120. Clause 151 amends section 2 of Cap. 584 to update the list of definitions contained in that section for the interpretation of Cap. 584.

121. Clause 152 amends the heading of Division 4 of Part 2A of Cap. 584.

122. Clause 153 adds new sections 8TA and 8TB to Cap. 584. The new section 8TA imposes an obligation to notify the Monetary Authority of entries and exits of VAS relevant individuals and VAS executive officers of specified SVF licensees that are registered VAS providers (***VAS registered licensees***). The new section 8TB provides that the auditors of VAS registered licensees must report to the Monetary Authority if they become aware of any reportable matters.

123. Clause 154 adds new sections 8ZZXA to 8ZZXD to Cap. 584 to provide for the appointment of VAS executive officers by VAS registered licensees, and the giving of consent for such appointments.

124. Clause 155 amends section 8ZZZF of Cap. 584 to provide that the register kept under that section must contain certain information about VAS registered licensees.

125. Clause 156 makes a consequential amendment to section 8ZZZG of Cap. 584.

126. Clause 157 adds a new section 8ZZZGA to Cap. 584 to empower the Monetary Authority to withhold from public inspection certain particulars in the register maintained under section 8ZZZF of Cap. 584.

127. Clauses 158, 160 and 164 add new Division headings to Part 2B of Cap. 584.

128. Clause 159 amends section 9 of Cap. 584 to provide that the Monetary Authority's functions include monitoring compliance with

the obligations imposed under Cap. 584 on SVF licensees and on the provision of VA services by VAS registered licensees.

129. Clause 161 amends section 12 of Cap. 584 to empower the Monetary Authority to request SVF licensees to give the Monetary Authority information or documents relating to the licensees' business.

130. Clause 162 amends section 12C of Cap. 584 to provide for an offence of producing any book, account, document, security or information that is false or misleading in a material particular.

131. Clause 163 adds new sections 12D, 12E and 12F to Cap. 584 to empower the Monetary Authority to require former, current and prospective VAS executive officers and VAS relevant individuals of VAS registered licensees to submit information.

132. Clause 165 amends section 13 of Cap. 584 to empower the Monetary Authority to direct an SVF licensee to take any action in relation to the licensee's affairs, business and property that the Monetary Authority considers necessary for bringing any of the licensee's business in compliance with the requirements under Cap. 584.

133. Clause 166 adds a new Division 4 to Part 2B of Cap. 584. The new Division 4 contains new sections 14A to 14D. They provide for disciplinary actions in respect of current and former VAS relevant individuals of VAS registered licensees, and for the withdrawing and suspending of consent given under the new section 8ZZXC(1).

134. Clause 167 amends section 33T of Cap. 584 to provide that the Monetary Authority may have regard to the interest of the investing public when considering whether to take further action under that section.

135. Clause 168 makes a related amendment to section 35 of Cap. 584.

136. Clause 169 adds a new Part 4A to Cap. 584. The new Part 4A contains a new section 40A, which provides for the review of



decisions made under Cap. 584 in relation to VAS executive officers and VAS relevant individuals of VAS registered licensees.

137. Clause 170 amends section 45 of Cap. 584 to raise the penalty for the offence of giving false information to the Monetary Authority.

138. Clause 171 amends section 47 of Cap. 584 to expand the existing offence relating to false entry in document to cover false entries of information contained in any book of record or relevant document relating to an SVF licensee's business.

139. Clause 172 amends section 49 of Cap. 584 to provide for a consultation requirement for the making of regulations relating to VAS registered licensees, and to provide that regulations may be made under that section for any matter necessary or desirable for promoting and encouraging proper standards of operation and sound and prudent practices amongst SVF licensees.

140. Clause 173 makes a consequential amendment to section 50 of Cap. 584.

141. Clause 174 amends section 54 of Cap. 584 to clarify that guidelines made under that section may relate to SVF licensees.

142. Clause 175 adds a new section 55B to Cap. 584 to provide for a defence for certain offences.

143. Clause 176 amends Schedule 3 to Cap. 584 to provide that, if an SVF licensee that is not a bank carries on any other business, certain minimum criteria contained in that Schedule apply to that business with necessary modifications.

144. Clause 177 amends Schedule 5 to Cap. 584 to provide that a person becoming, or continuing to be, a VAS executive officer of a specified SVF licensee in contravention of the new section 8ZZXB constitutes a ground for revoking the licence of the licensee.

**Part 5—Related Amendments**

145. Part 5 sets out related amendments to the Money Lenders Ordinance (Cap. 163), the Trade Descriptions Ordinance (Cap. 362), Cap. 571, the Securities and Futures (Fees) Rules (Cap. 571 sub. leg. AF), the Deposit Protection Scheme Ordinance (Cap. 581), the Financial Institutions (Resolution) Ordinance (Cap. 628), the Financial Institutions (Resolution) (Protected Arrangements) Regulation (Cap. 628 sub. leg. A), the Protection of Critical Infrastructures (Computer Systems) Ordinance (Cap. 653), Cap. 656 and the Stablecoins Ordinance (Specification of Persons for Section 9(2)(b)(iii)) Notice (Cap. 656 sub. leg. A) (***Cap. 656A***). In particular—

(a) the amendments to Cap. 571 reflect the SFC's expanded role in the virtual assets industry;

(b) the amendments to Cap. 656 remove provisions relating to the offering of specified stablecoins and the relevant offences; and

(c) Cap. 656A, which relates to the offering of specified stablecoins, is repealed.

An Ordinance to provide for the imposition of requirements relating to customer due diligence and record-keeping on specified financial institutions and designated non-financial businesses and professions; to provide for the powers of the relevant authorities and regulatory bodies to supervise compliance with those requirements and other requirements under this Ordinance; to provide for the regulation of the operation of a money service and the licensing of money service operators; to provide for the regulation of the operation of a trust or company service and the licensing of trust or company service providers; to provide for the regulation of activities involving virtual assets and the licensing of virtual asset service providers and their representatives; to provide for the regulation of dealings in precious metals and stones and the registration of dealers in precious metals and stones; to establish a review tribunal to review certain decisions made by the relevant authorities under this Ordinance; and to provide for incidental and related matters.

*(Amended 4 of 2018 s. 3; 15 of 2022 s. 3)*

[8 July 2011]

*(Enacting provision omitted—E.R. 2 of 2012)*

*(Format changes—E.R. 2 of 2012)*

## 7. Guidelines for operation of Schedule 2

*(Replaced 4 of 2018 s. 8)*

(1) A relevant authority or a regulatory body may publish in the Gazette any guideline that it considers appropriate for providing guidance in relation to the operation of any provision of Schedule 2.

(2) A guideline published by the Monetary Authority, Securities and Futures Commission, Insurance Authority or a regulatory body may incorporate or refer to a guideline or document, or any part of a guideline or document, from time to time issued or published by the Monetary Authority, Securities and Futures Commission, Insurance Authority or the regulatory body under the relevant Ordinance.

(3) A relevant authority or a regulatory body may from time to time amend the whole or any part of any guideline published under this section in a manner consistent with the power to publish the guideline under this section, and— *(Amended 4 of 2018 s. 8)*

(a) the other provisions of this section apply, with necessary modifications, to the amendments to the guideline as they apply to the guideline; and

(b) any reference in this or any other Ordinance to the guideline (however expressed) is, unless the context otherwise requires, to be construed as a reference to the guideline as so amended.

(4) A failure by any person to comply with a provision in any guideline published under this section does not by itself render the person liable to any judicial or other proceedings but, in any proceedings under this Ordinance before any court, the guideline is admissible in evidence; and if any provision set out in the guideline appears to the court to be relevant to any question arising in the proceedings, the provision must be taken into account in determining that question.

(5) In considering whether a person has contravened a provision of Schedule 2, a relevant authority or a regulatory body must have regard to any provision in the guideline published under this section that is relevant to the requirement.

(5A) To avoid doubt, in relation to a legal professional, the power to publish guidelines under this section does not affect the sole discretion of the Law Society to determine the content of Practice Direction P as defined by section 9A(3) of the relevant Ordinance in relation to the Law Society. *(Added 4 of 2018 s. 8)*

(6) A guideline published under this section is not subsidiary legislation.

(7) In this section—

***relevant Ordinance*** (有關條例)—

(a) in relation to the Insurance Authority, means the Insurance Ordinance (Cap. 41); *(Amended 12 of 2015 s. 155)*

(b) in relation to the Monetary Authority, means the Banking Ordinance (Cap. 155);

(c) in relation to the Securities and Futures Commission, means the Securities and Futures Ordinance (Cap. 571);

(d) in relation to the HKICPA, means the Professional Accountants Ordinance (Cap. 50); *(Added 4 of 2018 s. 8)*

(e) in relation to the Law Society, means the Legal Practitioners Ordinance (Cap. 159); and *(Added 4 of 2018 s. 8)*

(f) in relation to the Estate Agents Authority, means the Estate Agents Ordinance (Cap. 511). *(Added 4 of 2018 s. 8)*

*(Amended 4 of 2018 s. 8)*

**8. Interpretation of Part 3**

In this Part—

***associated entity*** (有聯繫實體) has the meaning given by section 53ZR; *(Added 15 of 2022 s. 9)*

***authorized person*** (獲授權人), except in section 17, means a person authorized under section 9(12);

***investigator*** (調查員) means a person directed or appointed to investigate any matter under section 11; *(Amended 15 of 2022 s. 9)*

***non-Part 5B prescribed person*** (非第5B部訂明人士) means a person who is any of the following (whether or not the person is also a licensed VAS provider or an associated entity of a licensed VAS provider)—

(a) an authorized institution;

(b) a licensed corporation;

(c) an authorized insurer;

(d) a licensed individual insurance agent;

(e) a licensed insurance agency;

(f) a licensed insurance broker company;

(g) a licensed money service operator;

(h) the Postmaster General;

(i) an SVF licensee;

(j) a TCSP licensee;

(k) a PMS registrant; *(Added 15 of 2022 s. 9)*

(l) a stablecoin licensee; *(Added 17 of 2025 s. 176)*

***prescribed person*** (訂明人士) means—

(a) a non-Part 5B prescribed person;

(b) a licensed VAS provider; or

(c) an associated entity of a licensed VAS provider; *(Added 15 of 2022 s. 9)*

***prescribed requirement*** (訂明規定) means—

(a) in relation to a non-Part 5B prescribed person, the requirement not to contravene—

(i) any provision of this Ordinance;

(ii) any notice or requirement given or imposed under this Ordinance;

(iii) any of the conditions of any licence under this Ordinance;

(iv) any of the conditions of any registration under this Ordinance; or

(v) any other condition imposed under this Ordinance; or

(b) in relation to a licensed VAS provider or an associated entity of a licensed VAS provider, the requirement not to contravene—

(i) any provision of this Ordinance;

(ii) any provision in a code or guideline published under any provision of this Ordinance;

(iii) any notice, prohibition or requirement given or imposed under or pursuant to any provision of this Ordinance;

(iv) any conditions of any licence imposed by the Securities and Futures Commission under or pursuant to any provision in Part 5B; or

(v) any other condition imposed by the Securities and Futures Commission under or pursuant to any provision of this Ordinance; *(Added 15 of 2022 s. 9)*

***related corporation*** (有連繫法團)—see section 53ZRC. *(Added 15 of 2022 s. 9)*

**9. Power to enter business premises etc. for routine inspection**

(1) For the purpose of ascertaining whether a prescribed person (***inspection subject***) is complying or has complied with, or is likely to be able to comply with, a prescribed requirement, an authorized person has the powers specified in subsection (1A) or (1B). *(Replaced 15 of 2022 s. 11)*

(1A) In relation to an inspection subject who is a non-Part 5B prescribed person (***non-Part 5B inspection subject***), an authorized person may at any reasonable time—

(a) enter the business premises of the inspection subject;

(b) inspect, and make copies or otherwise record details of, any specified business record; and

(c) make inquiries—

(i) of the inspection subject; or

(ii) subject to subsection (6), of any information holder,

concerning any specified business record, or concerning any specified transaction. *(Added 15 of 2022 s. 11)*

(1B) In relation to an inspection subject who is a licensed VAS provider or an associated entity of a licensed VAS provider, an authorized person may at any reasonable time—

(a) enter the business premises of the licensed VAS provider or an associated entity of the licensed VAS provider;

(b) inspect, and make copies or otherwise record details of, any specified business record; and

(c) make inquiries—

(i) of—

(A) the licensed VAS provider;

(B) an associated entity of the licensed VAS provider;

(C) a related corporation of the licensed VAS provider; or

(D) a related corporation of an associated entity of the licensed VAS provider; or

(ii) subject to subsection (6), of any information holder,

concerning any specified business record, or concerning any specified transaction or activity. *(Added 15 of 2022 s. 11)*

(2) *(Repealed 15 of 2022 s. 11)*

(3) Subject to section 9A, an authorized person in exercising any power under subsection (1A)(b) or (1B)(b) may—

(a) require any of the following persons to do any of the acts specified in subsection (4)—

(i) if the power is exercised in respect of a non-Part 5B inspection subject—the inspection subject;

(ii) if the power is exercised in respect of an inspection subject who is a licensed VAS provider or an associated entity of a licensed VAS provider—

(A) the licensed VAS provider;

(B) an associated entity of the licensed VAS provider;

(C) a related corporation of the licensed VAS provider; or

(D) a related corporation of an associated entity of the licensed VAS provider; and

(b) subject to subsection (7), require any information holder to do any of the acts specified in subsection (4). *(Replaced 15 of 2022 s. 11)*

(4) The specified acts are—

(a) to give the authorized person access to any specified business record, and produce the record within the time and at the place specified by the authorized person; and

(b) to answer any question regarding the record. *(Replaced 15 of 2022 s. 11)*

(5) Subject to section 9A, an authorized person in exercising any power under subsection (1A)(c) or (1B)(c) in respect of a person specified in that subsection may require the person—

(a) to give the authorized person access to any specified business record, and produce the record within the time and at the place specified by the authorized person; and

(b) to answer any question raised for the purposes of that subsection. *(Replaced 15 of 2022 s. 11)*

(6) An authorized person may only exercise the power under subsection (1A)(c)(ii) or (1B)(c)(ii) if the authorized person has reasonable cause to believe that the information sought cannot be obtained by the exercise of the power under subsection (1A)(c)(i) or (1B)(c)(i). *(Amended 15 of 2022 s. 11)*

(7) An authorized person may only exercise the power under subsection (3)(b) if the authorized person has reasonable cause to believe that the specified business record or the information sought cannot be obtained by the exercise of the power under subsection (3)(a). *(Amended 15 of 2022 s. 11)*

(8) *(Repealed 15 of 2022 s. 11)*

(9) If a person gives an answer in accordance with a requirement imposed under subsection (3) or (5), the authorized person may in writing require the person to verify, within the time specified in the requirement, the answer by statutory declaration.

(10) If a person does not give an answer in accordance with a requirement imposed under subsection (3) or (5) for the reason that the information concerned is not within the person's knowledge, the authorized person may in writing require the person to verify, within the time specified in the requirement, that fact and reason by statutory declaration.

(11) A statutory declaration under subsection (9) or (10) may be taken by the authorized person.

(12) A relevant authority may authorize in writing any person, or any person belonging to a class of persons, as an authorized person for the purposes of this section.

(13) A relevant authority must provide an authorized person authorized by it with a copy of its authorization.

(14) When exercising a power under this section, an authorized person must as soon as reasonably practicable produce a copy of the relevant authority's authorization for inspection.

(15) In this section—

***business premises*** (業務處所)—

(a) in relation to an authorized institution, means any premises used by the institution in connection with its business, including—

(i) the institution's principal place of business in Hong Kong;

(ii) a local branch or local office established or maintained by the institution;

(iii) a place of business of the institution used solely for the purposes of—

(A) the administration of the affairs or business of the institution;

(B) the processing of transactions; or

(C) the storage of documents, data or records; and

(iv) a place of business of the institution, or a place of business of the institution belonging to a class of places of business, declared in a notice under section 2(14)(ca) of the Banking Ordinance (Cap. 155) not to be a place of business, or a class of places of business, for the purposes of the definition of ***local office*** in section 2(1) of that Ordinance;

(b) in relation to a licensed corporation, means its premises as approved by the Securities and Futures Commission under section 130(1) of the Securities and Futures Ordinance (Cap. 571);

(c) in relation to an authorized insurer, means any premises used by the insurer in connection with its business; *(Replaced 12 of 2015 s. 156)*

(d) in relation to a licensed individual insurance agent, means any premises at which the person by whom the agent is appointed as an agent carries on business; *(Replaced 12 of 2015 s. 156)*

(e) in relation to a licensed insurance agency, means any premises at which—

(i) the agency carries on business; or

(ii) the person by whom the agency is appointed as an agent carries on business; *(Replaced 12 of 2015 s. 156)*

(ea) in relation to a licensed insurance broker company, means any premises at which the company carries on business; *(Added 12 of 2015 s. 156)*

(f) in relation to a licensed money service operator, means any premises at which the licensed money service operator may operate a money service as shown in the register maintained under section 27; *(Amended 18 of 2015 s. 69)*

(g) in relation to the Postmaster General, means—

(i) any premises at which the Postmaster General operates a remittance service; and

(ii) any premises at which the remittance service operated by the Postmaster General is managed; *(Amended 18 of 2015 s. 69; 4 of 2018 s. 9)*

(h) in relation to an SVF licensee, means any premises of the licensee that is used by the licensee in connection with its business; *(Added 18 of 2015 s. 69. Amended 4 of 2018 s. 9; 15 of 2022 s. 11)*

(i) in relation to a TCSP licensee, means any premises at which the TCSP licensee carries on business, including a place of business used for the purpose of—

(i) the administration of the affairs or business of the TCSP licensee;

(ii) the processing of transactions; or

(iii) the storage of documents, data or records; *(Added 4 of 2018 s. 9)*

(j) in relation to a licensed VAS provider, means its premises as approved by the Securities and Futures Commission under section 53ZRR; *(Added 15 of 2022 s. 11)*

(k) in relation to an associated entity of a licensed VAS provider, means any premises of the associated entity; and *(Added 15 of 2022 s. 11)*

(l) in relation to a PMS registrant, means, subject to section 53ZVP, any premises at which the registrant carries on a precious metals and stones business, including any premises used by the registrant for the purpose of—

(i) the carrying out of face-to-face transactions with customers;

(ii) the administration of the affairs or business of the registrant;

(iii) the processing of transactions; or

(iv) the storage of documents, data or records; *(Added 15 of 2022 s. 11)*

***information holder*** (資料持有人) means—

(a) in relation to an authorized person exercising a power in respect of a non-Part 5B inspection subject—a person (other than the inspection subject) whom the authorized person has reasonable cause to believe to have information relating to any specified business record or any specified transaction, or to be in possession of any specified business record, in relation to the inspection subject (whether or not the person is connected with the inspection subject); and

(b) in relation to an authorized person exercising a power in respect of an inspection subject who is a licensed VAS provider or an associated entity of a licensed VAS provider—a person—

(i) who is none of the following (but may or may not be connected with any of the following)—

(A) the licensed VAS provider;

(B) an associated entity of the licensed VAS provider;

(C) a related corporation of the licensed VAS provider;

(D) a related corporation of an associated entity of the licensed VAS provider; and

(ii) whom the authorized person has reasonable cause to believe to have information relating to any specified business record or any specified transaction or activity, or to be in possession of any specified business record, in relation to the inspection subject; *(Added 15 of 2022 s. 11)*

***local branch*** (本地分行), in relation to an authorized institution, has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155);

***local office*** (本地辦事處), in relation to an authorized institution, has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155).

(16) In this section, in relation to a non-Part 5B inspection subject —

(a) ***specified business record*** (指明業務紀錄) means any record or document relating to the business carried on, or any transaction carried out, by the inspection subject; and

(b) ***specified transaction*** (指明交易) means a transaction referred to in paragraph (a), whether or not there is any record or document relating to the transaction. *(Added 15 of 2022 s. 11)*

(17) In this section, in relation to an inspection subject that is a licensed VAS provider or an associated entity of a licensed VAS provider—

(a) ***specified business record*** (指明業務紀錄) means any record or document relating to—

(i) the business carried on by the licensed VAS provider or any associated entity of the licensed VAS provider;

(ii) any transaction or activity that was carried out in the course of any such a business or that may affect any such a business; or

(iii) any transaction carried out by—

(A) a related corporation of the licensed VAS provider; or

(B) a related corporation of an associated entity of the licensed VAS provider; and

(b) ***specified transaction or activity*** (指明交易或活動) means any transaction or activity referred to in paragraph (a)(ii) or (iii), whether or not there is any record or document relating to the transaction or activity. *(Added 15 of 2022 s. 11)*

**9A. When power under section 9 invoked by other regulatory authority**

(1) This section applies if—

(a) a person (***subject person***) is required by an authorized person under section 9 to disclose information or produce a specified business record;

(b) the subject person is a prescribed person; and

(c) the person by whom the authorized person is authorized under section 9(12) (***other regulatory authority***) is not the relevant authority in relation to the subject person.

(2) Section 9 is not to be construed as requiring the subject person to disclose any information or produce any specified business record relating to the affairs of any of its customers to the authorized person, unless the other regulatory authority is of the opinion, and certifies in writing that it is of the opinion, that the disclosure or production is necessary for the purposes of that section.

(3) In this section—

***specified business record*** (指明業務紀錄) has the same meaning as in section 9(16)(a) and (17)(a).

*(Added 15 of 2022 s. 12)*

**11. Relevant authorities may appoint investigators**

(1) If a relevant authority—

(a) has reasonable cause to believe that an offence under this Ordinance may have been committed;

(b) in relation to a financial institution (other than a licensed VAS provider), for the purpose of considering whether to exercise any power under section 21 or 43, has reason to inquire whether the financial institution has contravened a specified provision as defined by section 5(11) or a provision specified in section 43(1);

(c) in relation to a TCSP licensee, for the purpose of considering whether to exercise a power under section 53Z or 53ZD, has reason to inquire whether there has been a contravention referred to in section 53Z(2)(a) or (b); *(Added 4 of 2018 s. 11)*

(d) in relation to a VASP regulated person, for the purpose of considering whether to exercise a power under section 53ZSP(3), has reason to inquire—

(i) whether the person is, or was at any time, guilty of misconduct for the purposes of section 53ZSP; or

(ii) whether the person is not or was not a fit and proper person for the purposes of section 53ZSP; or *(Added 15 of 2022 s. 14)*

(e) in relation to a PMS registrant, for the purpose of considering whether to exercise any power under section 53ZVE(3), 53ZVF(3) or 53ZVJ(2), has reason to inquire whether there has been a contravention referred to in section 53ZVE(2)(a) or (b) or 53ZVF(2)(a) or (b), *(Added 15 of 2022 s. 14)*

the relevant authority may in writing direct one or more of the persons specified in subsection (2) or, with the consent of the Financial Secretary, appoint one or more other persons, to investigate the matter. *(Amended 4 of 2018 s. 11; 15 of 2022 s. 14)*

(2) The specified persons are—

(a) in relation to the Monetary Authority, persons appointed by the Financial Secretary under section 5A(3) of the Exchange Fund Ordinance (Cap. 66);

(b) in relation to the Securities and Futures Commission, its employees;

(c) in relation to the Insurance Authority, its employees; *(Replaced 12 of 2015 s. 157. Amended 4 of 2018 s. 11)*

(d) in relation to the Commissioner, public officers employed in the Customs and Excise Department; and *(Amended 4 of 2018 s. 11)*

(e) in relation to the Registrar, a public officer employed in the Companies Registry. *(Added 4 of 2018 s. 11)*

(3) The costs and expenses incurred by an investigator who—

(a) is appointed under subsection (1) with the consent of the Financial Secretary; and

(b) is not a person specified in subsection (2),

may be paid out of moneys provided by the Legislative Council.

(4) A relevant authority must provide an investigator with a copy of its direction or appointment.

(5) Before first imposing any requirement on a person under section 12(2), (3), (4) or (5), an investigator must produce a copy of the relevant authority's direction or appointment to that person for inspection.

(6) In this section—

***VASP regulated person*** (虛擬資產服務提供者受規管人士) means a person who is or was a regulated person as defined by section 53ZSO(1). *(Added 15 of 2022 s. 14)*

**12A. When power under section 12 invoked by other regulatory authority**

(1) This section applies if—

(a) a person (***subject person***) is required by an investigator under section 12 to disclose information or produce a record or document;

(b) the subject person is a prescribed person; and

(c) the person by whom the investigator is appointed or directed under section 11(1) (***other regulatory authority***) is not the relevant authority in relation to the subject person.

(2) Neither section 11 nor 12 is to be construed as requiring the subject person to disclose any information or produce any record or document relating to the affairs of any of its customers to the investigator unless—

(a) the customer is a person whom the investigator has reasonable cause to believe may be able to give information relevant to the investigation; and

(b) the other regulatory authority is of the opinion, and certifies in writing that it is of the opinion, that the disclosure or production is necessary for the purposes of the investigation.

*(Added 15 of 2022 s. 16)*

## Division 3—Regulatory Assistance to Non-Hong Kong Regulator Concerning VA Activities

*(Division 3 added 15 of 2022 s. 18)*

### 13B. International enforcement cooperation

(1) For the purposes of this section, an issue of whether a person has contravened or is contravening any VA requirements of a jurisdiction outside Hong Kong (***other jurisdiction***) is an applicable matter if the Commission is of the opinion that the issue is of a nature similar to a matter described in section 11(1)(a) or (d) as that which the Commission has reasonable cause to believe or has reason to inquire (as the case requires).

(2) The Commission may provide assistance to investigate an applicable matter, at the request of a regulator of the other jurisdiction concerned who enforces or administers the VA requirements concerned, if—

(a) in the opinion of the Commission, the regulator meets the regulator-related requirements under section 13D(1); and

(b) in the opinion of the Commission, the investors' and public interest condition described in section 13E is satisfied in relation to the request.

(3) A person may be directed or appointed under section 11 by the Commission to investigate an applicable matter as the person may be directed or appointed under that section by the Commission to investigate a matter described in subsection (1)(a) or (d) of that section.

(4) Sections 11(3), (4) and (5), 12, 12A and 13, Division 4 and Part 6A (***section 13B-related provisions***) apply to a person directed or appointed to investigate an applicable matter, and a requirement imposed, by virtue of this section and to the doing of anything in compliance or purported compliance with such a requirement.

(5) For the purposes of subsection (4)—

(a) a reference, in any of the section 13B-related provisions, to a requirement imposed under any provision of section 12 is to be read to include a requirement imposed by virtue of this section; and

(b) a reference, in any of the section 13B-related provisions, to the doing of anything in compliance or purported compliance with a requirement under any provision of section 12 is to be read to include the doing of the thing in compliance or purported compliance with a requirement imposed by virtue of this section.

(6) Subsections (7) and (8) apply if—

(a) an investigator is directed or appointed to investigate an applicable matter by virtue of this section; and

(b) the investigator, exercising a power under section 12, requires a person—

(i) to give an answer or response to any question as raised by the investigator; or

(ii) to give an explanation or further particulars.

(7) The investigator must ensure that the person has first been informed or reminded of the limitations imposed by subsection (8) on the purpose for which the requirement is imposed and the question and answer or response, or the explanation or further particulars, may be produced to the regulator of that other jurisdiction.

(8) If—

(a) any explanation, further particulars, answer or response (***subject information***) given by the person in accordance with a requirement under subsection (6)(b) (***subject requirement***) might tend to incriminate the person; and

(b) before giving the subject information, the person claims the subject information might tend to incriminate the person,

without limiting section 15, the investigator must not provide evidence of the subject requirement or the subject information, to the regulator of the other jurisdiction concerned, for use in criminal proceedings against the person in that other jurisdiction.

**13C. International supervisory cooperation**

(1) Subject to subsection (4), the Commission may, at the request of a regulator of a jurisdiction outside Hong Kong (***requesting jurisdiction***), provide assistance to the regulator to ascertain—

(a) whether a specified regulatee constitutes a risk to, or may affect, the financial stability of the requesting jurisdiction; or

(b) whether a specified regulatee is complying or has complied with, or is likely to be able to comply with, any VA requirements of the requesting jurisdiction that are enforced or administered by the regulator.

(2) In this section—

(a) in relation to a regulator of a jurisdiction outside Hong Kong, a specified regulatee means a corporation that—

(i) is regulated by the regulator; and

(ii) is—

(A) a licensed VAS provider; or

(B) a related corporation of a licensed VAS provider; and

(b) a specified VAS provider means—

(i) if paragraph (a)(ii)(A) applies to a specified regulatee—the specified regulatee; or

(ii) if paragraph (a)(ii)(B) applies to a specified regulatee—the licensed VAS provider of whom the specified regulatee is a related corporation.

(3) If the Commission decides to provide assistance in relation to a specified regulatee under subsection (1)—

(a) the Commission may authorize a person for the purposes of this section (***section 13C officer***);

(b) the section 13C officer may require the specified VAS provider or a related corporation of the specified VAS provider to—

(i) provide to the section 13C officer, within the time and at the place specified by the section 13C officer, a copy of any record or document relating to—

(A) any VA service provided by the specified VAS provider; or

(B) any transaction or activity that was carried out in the course of, or that may affect, any VA service provided as mentioned in sub-subparagraph (A); and

(ii) answer any question raised by the section 13C officer regarding any record, document, VA service, transaction or activity referred to in subparagraph (i).

(4) Subsection (1) applies only if—

(a) in the opinion of the Commission, the regulator meets the regulator-related requirements under section 13D(1);

(b) in the opinion of the Commission, the investors' and public interest condition described in section 13E is satisfied in relation to the request; and

(c) the regulator has provided to the Commission—

(i) a written statement that conforms with subsection (5); and

(ii) a written undertaking that conforms with subsection (6).

(5) The written statement must be to the effect of confirming that the regulator has not been, and will not be, able to—

(a) obtain the information referred to in subsection (3)(b) by any other reasonable means; and

(b) fully ascertain the matters described in subsection (1) without the information.

(6) The written undertaking must be to the effect that the regulator —

(a) will use the information, obtained from the Commission because of the request for assistance, solely for ascertaining the matters described in subsection (1);

(b) will not use any of the information in any proceedings, in the requesting jurisdiction or elsewhere, unless—

(i) the regulator has made a separate request under section 13B, and the Commission has decided to provide assistance under that section; and

(ii) the regulator has obtained the same information from the Commission because of the separate request;

(c) will treat the information as confidential and will not disclose it to any other person, in the requesting jurisdiction or elsewhere, for any purpose without the consent of the Commission;

(d) will on receiving a demand, legally enforceable under the laws of the requesting jurisdiction, for the disclosure of any of the information—

(i) inform the Commission as soon as reasonably practicable; and

(ii) assist in preserving the confidentiality of the information by taking all appropriate measures as may be available (including but not limited to asserting legal exemptions or privileges under the laws of the requesting jurisdiction); and

(e) will cooperate with the Commission in any action or proceedings, in the requesting jurisdiction or elsewhere, that seek to safeguard the confidentiality of any of the information.

(7) Section 9 (except subsections (1), (1A), (1B), (3), (4), (5), (6), (7) and (12)), sections 9A and 10, Division 4 and Part 6A (***section 13C-related provisions***) apply to a section 13C officer and a requirement imposed under subsection (3) and the doing of anything in compliance or in purported compliance with such a requirement.

(8) For the purposes of subsection (7), a reference, in any of the section 13C-related provisions, to a requirement imposed under any provision of section 9 is to be read to include a requirement imposed under subsection (3).

**13D. Regulator-related requirements**

(1) A regulator of a jurisdiction outside Hong Kong (***requesting jurisdiction***) requesting assistance under section 13B or 13C meets the regulator-related requirements if—

(a) the regulator—

(i) performs, in the requesting jurisdiction, any function similar to a function of the Commission under this Ordinance; or

(ii) regulates, supervises or investigates banking, securities, insurance, activities involving virtual assets, or other financial services in the requesting jurisdiction; and

(b) the regulator is subject to adequate secrecy provisions in the requesting jurisdiction.

(2) As soon as reasonably practicable after the Commission is satisfied that a regulator meets the regulator-related requirements, the Commission must cause the name of the regulator to be published in the Gazette unless the name of the regulator has already been published under section 186(5) of the Securities and Futures Ordinance (Cap. 571).

(3) Any matter published under subsection (2) is not subsidiary legislation.

**13E. Investors' and public interest condition**

(1) For the purposes of section 13B or 13C, the investors' and public interest condition is satisfied in relation to a request for assistance, made by a regulator of a jurisdiction outside Hong Kong, if the Commission is of the opinion that—

(a) it is desirable or expedient that the assistance requested should be provided in the interest of the investing public or in the public interest; or

(b) the assistance will enable or assist the regulator to perform the regulator's functions and it is not contrary to the interest of the investing public or to the public interest that the assistance should be provided.

(2) In deciding whether the investors' and public interest condition is satisfied in a particular case where assistance is requested under section 13B or 13C, the Commission must take into account whether the regulator will—

(a) pay to the Commission any of the costs and expenses incurred in providing the assistance; and

(b) be able and willing to provide reciprocal assistance within its jurisdiction in response to a comparable request for assistance from Hong Kong.

(3) If—

(a) the Commission receives from a regulator of a jurisdiction outside Hong Kong an amount paid in respect of any of the costs and expenses incurred in providing assistance under section 13B or 13C; and

(b) all or any of the costs and expenses have been paid out of moneys provided by the Legislative Council,

the Commission must pay to the Financial Secretary the amount received to the extent that the costs and expenses have already been paid out of moneys provided by the Legislative Council.

**14. Application to Court of First Instance relating to non-compliance with requirements imposed under section 9 or 12**

(1) If a person fails to comply with a requirement imposed by an authorized person under section 9(3), (5), (9) or (10) or by an investigator under section 12(2), (3), (4) or (5), the authorized person or the investigator may apply by originating summons to the Court of First Instance for an inquiry into the failure.

(2) On an application under subsection (1), the Court of First Instance may—

(a) on being satisfied that there is no reasonable excuse for the person not to comply with the requirement, order the person to comply with the requirement within the time specified by the Court; and

(b) on being satisfied that the failure was without reasonable excuse, punish the person, and any other person knowingly involved in the failure, in the same manner as if the person and that other person had been guilty of contempt of court.

(3) An originating summons under subsection (1) is to be in Form No. 10 in Appendix A to the Rules of the High Court (Cap. 4 sub. leg. A).

(4) Despite anything in this Ordinance, no proceedings may be instituted against a person for the purposes of subsection (2)(b) in respect of any conduct if—

(a) criminal proceedings have previously been instituted against the person under section 10(1), (3), (5), (6), (7) or (8) or 13(1), (3), (5), (6), (7) or (8) in respect of the same conduct; and

(b) those criminal proceedings remain pending or because of the previous institution of those criminal proceedings, no criminal proceedings may again be lawfully instituted against the person under that section in respect of the same conduct.

**17. Magistrate's warrants**

(1) If a magistrate is satisfied by information on oath laid by an investigator, a person authorized under section 9(12), or an employee or staff member of a relevant authority that there are reasonable grounds to suspect that there is, or is likely to be, on premises specified in the information any record or document that may be required to be produced under this Part, the magistrate may issue a warrant authorizing a person specified in the warrant, a police officer, and any other person as may be necessary to assist in the execution of the warrant, to—

(a) enter the premises, if necessary by force, at any time within the period of 7 days beginning on the date of the warrant; and

(b) search for, seize and remove any record or document that the person specified in the warrant or the police officer has reasonable cause to believe may be required to be produced under this Part.

(2) If an authorized person has reasonable cause to believe that a person found on the premises is employed in connection with a business that is or has been carried on on the premises, the authorized person may require that person to produce for examination any record or document that—

(a) is in the possession of that person; and

(b) the authorized person has reasonable cause to believe may be required to be produced under this Part.

(3) An authorized person may, in relation to any record or document required to be produced under subsection (2)—

(a) prohibit any person found on the premises from—

(i) removing the record or document from the premises;

(ii) erasing anything from, adding anything to or otherwise altering anything in, the record or document; or

(iii) otherwise interfering in any manner with, or causing or permitting any other person to interfere with, the record or document; or

(b) take any other step that appears to the authorized person to be necessary for—

(i) preserving the record or document; or

(ii) preventing interference with the record or document.

(4) Any record or document removed under subsection (1) may be retained—

(a) for a period not exceeding 6 months beginning on the day of its removal; or

(b) if the record or document is or may be required for the purpose of any criminal proceedings or any proceedings under this Ordinance, for any longer period that may be necessary for the purpose of those proceedings.

(5) If an authorized person removes any record or document under this section, the authorized person must, as soon as reasonably practicable after the removal, give a receipt for the record or document.

(6) An authorized person who has removed any record or document under this section may permit any person who would be entitled to inspect the record or document but for the removal to inspect it and to make copies or otherwise record details of it at all reasonable times.

(7) An authorized person who enters any premises under this section must, if required, produce the warrant for inspection.

(8) Section 102 of the Criminal Procedure Ordinance (Cap. 221) applies to any property that has by virtue of this section come into the possession of a relevant authority, as it applies to property that has come into the possession of the police.

(9) A person commits an offence if the person—

(a) without reasonable excuse, fails to comply with a requirement or prohibition imposed on the person under subsection (2) or (3); or

(b) obstructs an authorized person exercising a power conferred by subsection (2) or (3).

(10) A person who commits an offence under subsection (9) is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(11) In this section—

***authorized person*** (獲授權人) means a person authorized by a warrant issued under subsection (1) to carry out the acts set out in paragraphs (a) and (b) of that subsection.

**19. Inspection of records and documents seized etc.**

(1) If an authorized person or an investigator has taken possession of any record or document under this Part, the authorized person or the investigator must permit any other person who would be entitled to inspect the record or document had the authorized person or the investigator not taken possession of it under this Part to inspect it and to make copies or otherwise record details of it at all reasonable times.

(2) A person who gives a permission under subsection (1) may impose any reasonable condition as to security or otherwise that the person thinks fit.

**20. Destruction of documents etc.**

(1) A person commits an offence if the person destroys, falsifies, conceals or otherwise disposes of, or causes or permits the destruction, falsification, concealment or disposal of, any record or document that the person is required by an authorized person or an investigator to produce under this Part, with intent to conceal, from the authorized person or the investigator, facts or matters capable of being disclosed by the record or document.

(2) A person who commits an offence under subsection (1) is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

**20A. Part 4 does not apply to licensed VAS provider**

In this Part—

***financial institution*** (金融機構) excludes a licensed VAS provider.

*(Added 15 of 2022 s. 21)*

**25. Persons to whom this Part does not apply**

This Part does not apply to the Government nor to—

(a) an authorized institution;

(b) a licensed corporation that operates a money service that is ancillary to the corporation's principal business;

(c) an authorized insurer that operates a money service that is ancillary to the insurer's principal business;

(d) a licensed insurance broker company that operates a money service that is ancillary to the company's principal business; *(Amended 12 of 2015 s. 158; 18 of 2015 s. 70)*

(e) a licensed individual insurance agent or a licensed insurance agency that operates a money service that is ancillary to the agent's or agency's principal business; *(Amended 12 of 2015 s. 158; 18 of 2015 s. 70)*

(f) an SVF licensee that operates a money service that is ancillary to the licensee's principal business; *(Added 18 of 2015 s. 70. Amended 17 of 2025 s. 176)*

(g) a system operator or settlement institution of a designated retail payment system that operates a money service that is ancillary to its business as a system operator or settlement institution; or *(Added 18 of 2015 s. 70. Amended 17 of 2025 s. 176)*

(h) a stablecoin licensee that operates a money service that is a business activity of the licensee under its stablecoin licence (within the meaning of section 7(d) of the Stablecoins Ordinance (Cap. 656)). *(Added 17 of 2025 s. 176. Amended E.R. 2 of 2026)*

**30. Grant of licence**

(1) An application for the grant of a licence—

(a) must be made to the Commissioner in the form and manner specified by the Commissioner; and

(b) must be accompanied by the fee specified in Schedule 3.

(2) The Commissioner may, on an application under subsection (1), grant to the applicant a licence to operate a money service.

(3) The Commissioner may grant a licence to an applicant only if the Commissioner is satisfied that—

(a) (i) where the applicant is an individual—

(A) the individual is a fit and proper person to operate a money service; and

(B) if there is an ultimate owner in relation to the individual, the ultimate owner is a fit and proper person to be associated with the business of operating a money service;

(ii) where the applicant is a partnership—

(A) each partner in the partnership is a fit and proper person to operate a money service; and

(B) if there is an ultimate owner in relation to the partnership, the ultimate owner is a fit and proper person to be associated with the business of operating a money service; or

(iii) where the applicant is a corporation—

(A) each director of the corporation is a fit and proper person to be associated with the business of operating a money service; and

(B) if there is an ultimate owner in relation to the corporation, the ultimate owner is a fit and proper person to be associated with the business of operating a money service; and

(b) in relation to an application to operate a money service at any particular premises—

(i) the premises are suitable to be used for the operation of a money service; and

(ii) where the premises are domestic premises, the applicant has secured the written consent of every occupant of the premises for any authorized person as defined by section 8 to enter the premises for the purpose of exercising the powers under section 9.

(4) In determining whether a person is a fit and proper person under subsection (3)(a), the Commissioner must, in addition to any other matter that the Commissioner considers relevant, have regard to the following—

(a) whether the person has been convicted of—

(i) an offence under section 5(5), (6), (7) or (8), 10(1), (3), (5), (6), (7) or (8), 13(1), (3), (5), (6), (7) or (8), 17(9), 20(1), 61(2) or 66(3);

(ii) an offence under section 14 of the United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575); *(Amended 4 of 2018 s. 15)*

(iii) an offence under section 25(1), 25A(5) or (7) of, or any offence specified in Schedule 1 to, the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405); or

(iv) an offence under section 25(1), 25A(5) or (7) of, or any offence specified in Schedule 1 or 2 to, the Organized and Serious Crimes Ordinance (Cap. 455);

(b) whether the person has a conviction in a place outside Hong Kong—

(i) for an offence in respect of an act that would have constituted an offence specified in paragraph (a)(i), (ii), (iii) or (iv) had it been done in Hong Kong;

(ii) for an offence relating to money laundering or terrorist financing; or

(iii) for an offence for which it was necessary to find that the person had acted fraudulently, corruptly or dishonestly;

(c) whether the person has persistently failed to comply with any requirement imposed under this Ordinance or any regulation made by the Commissioner under section 51;

(d) whether the person, being an individual, is an undischarged bankrupt or is the subject of any bankruptcy proceedings under the Bankruptcy Ordinance (Cap. 6);

(e) whether the person, being a corporation, is in liquidation or is the subject of a winding up order, or there is a receiver appointed in relation to it.

(5) On granting a licence, the Commissioner may impose any condition that the Commissioner thinks fit.

(6) If the Commissioner imposes any condition on a licence, the Commissioner must, at the time the licence is granted, inform the licensee by notice in writing.

(7) An imposition of any condition under subsection (5) takes effect at the time the notice under subsection (6) is received by the licensee, or at the time specified in the notice under subsection (6), whichever is the later.

(8) If the Commissioner refuses to grant a licence under this section, the Commissioner must inform the applicant by notice in writing.

(9) A notice under subsection (6) or (8) must include—

(a) a statement of the reasons for the decision; and

(b) a statement that the licensee or applicant, as the case requires, may apply to the Review Tribunal for a review of the decision.

(10) Subject to section 34, a licence granted under this section is valid for 2 years or, if the Commissioner considers it appropriate in any particular case, any other period determined by the Commissioner, beginning on the date on which it is granted.

**34. Revocation or suspension of licence**

(1) The Commissioner may exercise any of the powers specified in subsection (2) if—

(a) the Commissioner is of the opinion that in relation to a licence—

(i) where the licensee is an individual—

(A) the individual is no longer a fit and proper person to operate a money service; or

(B) if there is an ultimate owner in relation to the individual, the ultimate owner is no longer a fit and proper person to be associated with the licensee's business of operating a money service;

(ii) where the licensee is a partnership—

(A) any partner in the partnership is no longer a fit and proper person to operate a money service; or

(B) if there is an ultimate owner in relation to the partnership, the ultimate owner is no longer a fit and proper person to be associated with the licensee's business of operating a money service; or

(iii) where the licensee is a corporation—

(A) any director of the corporation is no longer a fit and proper person to be associated with the licensee's business of operating a money service; or

(B) if there is an ultimate owner in relation to the corporation, the ultimate owner is no longer a fit and proper person to be associated with the licensee's business of operating a money service; or

(b) a licensee operates a money service at any domestic premises, and—

(i) any occupant of the premises revokes his or her written consent previously given for any authorized person as defined by section 8 to enter the premises for the purpose of exercising the powers under section 9; or

(ii) any new occupant of the premises refuses to give such a written consent.

(2) The specified powers are—

(a) to revoke the licence; or

(b) to suspend the licence for a period specified by the Commissioner or until the occurrence of an event specified by the Commissioner.

(3) The Commissioner may only exercise a power under subsection (1) after giving the licensee a reasonable opportunity to be heard.

(4) If the Commissioner exercises a power under subsection (1) in respect of a licence, the Commissioner must inform the licensee of the decision by notice in writing.

(5) A notice under subsection (4) must include—

(a) a statement of the reasons for the decision;

(b) for a decision to suspend a licence, the duration and terms of the suspension;

(c) for a decision to revoke a licence, the time within which the licence is to be surrendered to the Commissioner; and

(d) a statement that the licensee may apply to the Review Tribunal for a review of the decision.

(6) A revocation or suspension of a licence under this section takes effect at the time specified in the notice under subsection (4).

(7) If a licence is revoked or suspended under this section, no licence fee paid in respect of the grant or renewal of the licence is to be refunded.

(8) If a person whose licence is revoked does not surrender the licence to the Commissioner within the time specified in the notice given to the person under subsection (4), the person commits an offence and is liable on conviction to a fine at level 5.

**38. Adding new business premises**

(1) A licensee who is licensed to operate a money service at premises specified in the licence must not operate a money service at any premises other than those specified premises unless the Commissioner has, on an application of the licensee, added the new premises to the licence.

(2) An application under this section must be made in the form and manner specified by the Commissioner.

(3) The Commissioner may grant an application under this section on payment of the fee specified in Schedule 3 and may impose any condition that the Commissioner thinks fit.

(4) The Commissioner may grant an application under this section only if the Commissioner is satisfied that—

(a) the premises in respect of which the application is made are suitable to be used for the operation of a money service; and

(b) where the premises referred to in paragraph (a) are domestic premises, the licensee has secured the written consent of every occupant of the premises for any authorized person as defined by section 8 to enter the premises for the purpose of exercising the powers under section 9.

(5) If the Commissioner refuses to grant an application under this section, the Commissioner must inform the licensee by notice in writing.

(6) A notice under subsection (5) must include—

(a) a statement of the reasons for the decision; and

(b) a statement that the licensee may apply to the Review Tribunal for a review of the decision.

(7) The Commissioner must, as soon as reasonably practicable after granting an application under this section, add the relevant particulars to the register.

(8) A licensee who, without reasonable excuse, contravenes subsection (1) commits an offence and is liable on conviction to a fine at level 5 and to imprisonment for 6 months.

**39. Application to operate at particular premises**

(1) A licensee who is not required under the licence to operate a money service at particular premises must not operate a money service at any particular premises unless the Commissioner has, on an application of the licensee, added the premises to the licence.

(2) An application under this section must be made in the form and manner specified by the Commissioner.

(3) The Commissioner may grant an application under this section on payment of the fee specified in Schedule 3 and may impose any condition that the Commissioner thinks fit.

(4) The Commissioner may grant an application under this section only if the Commissioner is satisfied that—

(a) the premises in respect of which the application is made are suitable to be used for the operation of a money service; and

(b) where the premises referred to in paragraph (a) are domestic premises, the licensee has secured the written consent of every occupant of the premises for any authorized person as defined by section 8 to enter the premises for the purpose of exercising the powers under section 9.

(5) If the Commissioner refuses to grant an application under this section, the Commissioner must inform the licensee by notice in writing.

(6) A notice under subsection (5) must include—

(a) a statement of the reasons for the decision; and

(b) a statement that the licensee may apply to the Review Tribunal for a review of the decision.

(7) The Commissioner must, as soon as reasonably practicable after granting an application under this section, amend the relevant particulars in the register.

(8) A licensee who, without reasonable excuse, contravenes subsection (1) commits an offence and is liable on conviction to a fine at level 5 and to imprisonment for 6 months.

**53B. Disapplication**

(1) This Part does not apply to—

(a) the Government;

(b) an authorized institution;

(c) a licensed corporation that operates a trust or company service business that is ancillary to the corporation's principal business;

(d) an accounting professional;

(e) a legal professional; or

(f) a person of a class or description prescribed under subsection (2).

(2) The Secretary for Financial Services and the Treasury may by regulation prescribe a class or description of persons to whom this Part does not apply.

## Division 1—Interpretation

**53ZR. Interpretation of Part 5B**

In this Part—

***associated entity*** (有聯繫實體), in relation to a licensed provider, means a company as defined by section 2(1) of the Companies Ordinance (Cap. 622)—

(a) that is a wholly owned subsidiary of the licensed provider; and

(b) that receives or holds, or is to receive or hold, in Hong Kong client assets of the licensed provider;

***auditor*** (核數師) means a certified public accountant (practising) as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588);

***client*** (客戶) means a person for whom a licensed provider provides a service that constitutes a VA service;

***client asset*** (客戶資產) means any client virtual asset or client money;

***client money*** (客戶款項) means any money received or held by or on behalf of a licensed provider or an associated entity of a licensed provider—

(a) that is so received or held on behalf of a client of the licensed provider;

(b) in which a client of the licensed provider has a legal or equitable interest; or

(c) that is any accretion to the money referred to in paragraph (a) or (b), whether as capital or income;

***client virtual asset*** (客戶虛擬資產) means any virtual asset received or held by or on behalf of a licensed provider or an associated entity of a licensed provider—

(a) that is so received or held on behalf of a client of the licensed provider; or

(b) in which a client of the licensed provider has a legal or equitable interest;

***conduct*** (行為) includes any act or omission, and any series of acts or omissions;

***customer loyalty or reward point*** (客戶酬報或獎賞積分) means any digital representation of value (by whatever name called) that satisfies all of the following conditions—

(a) it is not denominated in any currency;

(b) it is issued as part of a scheme, the dominant purpose of which is to promote the purchase of goods, or the use of services, provided by its issuer or any merchant specified by its issuer;

(c) it is issued to a person on the purchase of goods, or the use of services, provided by its issuer or any merchant specified by its issuer;

(d) it may only be used by the person for the payment or part payment of, or in exchange for, goods or services (or both) provided by its issuer or any merchant specified by its issuer;

***director*** (董事) includes any person occupying the position of director (by whatever name called) and a shadow director;

***executive director*** (執行董事), in relation to a licensed provider, means a director of the licensed provider who actively participates in, or is responsible for directly supervising, the business of providing a VA service of the licensed provider;

***futures contract*** (期貨合約) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***hold*** (持有) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***holding company*** (控權公司), in relation to a corporation, means any other corporation of which it is a subsidiary;

***information*** (資訊、資料) includes data, text, images, sound codes, computer programmes, software and databases, and any combination of them;

***in-game asset*** (遊戲用資產) means any digital representation of value that—

(a) is purchased or otherwise acquired by a person;

(b) is not denominated in any currency;

(c) is issued as part of a game; and

(d) may only—

(i) be used by the person to pay or in exchange for virtual objects or virtual services in the game;

(ii) be used by the person to pay or in exchange for any similar thing within or in relation to the game; or

(iii) be used by the person to pay or in exchange for any similar thing that is part of the game;

***interest of the investing public*** (投資大眾利益) does not include any interest the taking into consideration of which is, or is likely to be, contrary to the public interest;

***licensed person*** (持牌人) means a licensed provider or a licensed representative;

***licensed provider*** (持牌提供者) means a corporation that is granted a licence under section 53ZRK;

***licensed representative*** (持牌代表) means an individual who is granted a licence under section 53ZRL;

***limited purpose digital token*** (有限用途數碼代幣) means—

(a) a customer loyalty or reward point;

(b) an in-game asset; or

(c) any digital representation of value that—

(i) is similar to a customer loyalty or reward point or an in-game asset; and

(ii) is not intended by its issuer to be convertible into money or another medium of exchange accepted by the public;

***officer*** (高級人員)—

(a) in relation to a corporation, means a director, manager or secretary of, or any other person involved in the management of, the corporation; or

(b) in relation to an unincorporated body, means any member of the governing body of the unincorporated body;

***possession*** (管有), in relation to any matter, includes custody, control and power of or over the matter;

***prescribed fee*** (訂明費用), in relation to a matter specified in column 2 of Schedule 3C, means the fee specified in column 3 of that Schedule opposite the matter;

***principal*** (主事人), in relation to a licensed representative, means the licensed provider to which the representative is accredited;

***public*** (公眾、大眾) means the public of Hong Kong, and includes any class of the public;

***regulated function*** (受規管職能)—see section 53ZRB;

***related corporation*** (有連繫法團)—see section 53ZRC;

***responsible officer*** (負責人員), in relation to a licensed provider licensed to provide any VA service, means an individual approved by the Commission as a responsible officer of the licensed provider under section 53ZRP in relation to the VA service or a part of the VA service;

***rules*** (規則), except in a reference to the Rules of the High Court (Cap. 4 sub. leg. A), means the rules made under section 53ZTL;

***securities*** (證券) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***shadow director*** (幕後董事) means a person in accordance with whose directions or instructions the directors of a corporation are accustomed or obliged to act, but a person is not to be regarded as a shadow director only because of the fact that the

directors act on advice given by the person in a professional capacity;

***specified manner*** (指明方式), except in section 53ZSZ or 53ZT or section 15 of Schedule 3G, means the form and way specified by the Commission;

***specified requirement*** (指明規定) means—

(a) any provision of this Ordinance;

(b) any provision in any code or guideline published under any provision of this Ordinance;

(c) any notice, prohibition or requirement given or imposed under or pursuant to any provision of this Ordinance;

(d) any conditions of licence imposed by the Commission under or pursuant to any provision of this Ordinance; or

(e) any other condition imposed by the Commission under or pursuant to any provision of this Ordinance;

***subsidiary*** (附屬公司)—see section 53ZRC;

***ultimate owner*** (最終擁有人), in relation to a corporation, means an individual who—

(a) owns or controls, directly or indirectly, including through a trust or bearer share holding, more than 25% of the issued share capital of the corporation;

(b) is, directly or indirectly, entitled to exercise or control the exercise of more than 25% of the voting rights at general meetings of the corporation; or

(c) exercises ultimate control over the management of the corporation;

***VA*** or ***virtual asset*** (虛擬資產)—see section 53ZRA;

***VA service*** (虛擬資產服務) means any of the services specified in Schedule 3B;

***wholly owned subsidiary*** (全資附屬公司)—see section 53ZRC.

**53ZRA. Meaning of *VA* or *virtual asset***

(1) In this Ordinance—

***VA*** or ***virtual asset*** (虛擬資產), subject to subsection (2), means—

(a) a cryptographically secured digital representation of value that—

(i) is expressed as a unit of account or a store of economic value;

(ii) either—

(A) is used, or is intended to be used, as a medium of exchange accepted by the public, for any one or more of the following purposes—

(I) payment for goods or services;

(II) discharge of a debt;

(III) investment; or

(B) provides rights, eligibility or access to vote on the management, administration or governance of the affairs in connection with, or to vote on any change of the terms of any arrangement applicable to, any cryptographically secured digital representation of value;

(iii) can be transferred, stored or traded electronically; and

(iv) satisfies other characteristics prescribed by the Commission under subsection (3)(a); or

(b) a digital representation of value prescribed as a virtual asset by notice published under subsection (4)(a).

(2) A digital representation of value is excluded from the definition of ***VA*** in subsection (1) if—

(a) it—

(i) is—

(A) issued by a central bank or by an entity that performs the functions of a central bank or by an entity authorized by a central bank on its behalf; or

(B) issued by a government of a jurisdiction, or by an entity authorized by the government of a jurisdiction and acting pursuant to an authority to issue currency in that jurisdiction;

(ii) is a limited purpose digital token;

(iii) constitutes securities or a futures contract;

(iv) constitutes any float or SVF deposit of a stored value facility as defined by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); or

(v) satisfies other characteristics prescribed by the Commission under subsection (3)(b); or

(b) it is a digital representation of value prescribed not to be a virtual asset by notice published under subsection (4)(b).

(3) The Commission may, by notice published in the Gazette—

(a) prescribe any characteristics necessary for a digital representation of value to be a virtual asset for the purposes of paragraph (a)(iv) of the definition of ***VA*** in subsection (1); and

(b) prescribe any characteristics the presence of which precludes a digital representation of value being a VA for the purposes of subsection (2)(a)(v).

(4) The Secretary for Financial Services and the Treasury may, by notice published in the Gazette—

(a) prescribe, either generally or in a particular case, any digital representation of value to be a VA for the purposes of paragraph (b) of the definition of ***VA*** in subsection (1); or

(b) prescribe, either generally or in a particular case, any digital representation of value not to be a VA for the purposes of subsection (2)(b).

**53ZRB. Meaning of providing VA service and performing regulated function**

(1) In this Ordinance—

***regulated function*** (受規管職能)—

(a) subject to subsections (4)(c) and (7), means any function performed—

(i) for or on behalf of or by arrangement with a person carrying on a business of providing a VA service; and

(ii) in relation to the provision of the VA service; but

(b) excludes any work ordinarily performed by an accountant, clerk or cashier.

(2) In this Ordinance—

(a) a person is to be regarded as providing a VA service if—

(i) the person carries on a business of providing a VA service; or

(ii) the person performs, for or on behalf of or by arrangement with a person carrying on a business of providing a VA service, any regulated function in relation to the provision of the VA service;

(b) a person is to be regarded as providing a VA service on behalf of a licensed provider if the person performs, for or on behalf of or by arrangement with the licensed provider, any regulated function in relation to the provision of the VA service;

(c) a corporation licensed under section 53ZRK to provide a VA service is to be regarded as being licensed for that VA service; and

(d) an individual licensed under section 53ZRL to provide a VA service on behalf of a licensed provider is to be regarded as being licensed for that VA service.

(3) Subsection (4) applies if—

(a) a person (***subsection (3) person***) actively markets to the public any services that the subsection (3) person provides or purports to provide (***specified services***); and

(b) the provision of the specified services, if done in Hong Kong, would constitute providing a VA service.

(4) For the purposes of this Ordinance—

(a) the subsection (3) person is to be regarded, in relation to the provision of the specified services, as carrying on a business of providing that VA service;

(b) the subsection (3) person's marketing of the specified services is to be regarded as holding itself, himself or herself out as carrying on a business of providing that VA service; and

(c) an individual is to be regarded as performing a regulated function in relation to the provision of that VA service if —

(i) the individual performs a function (***function X***) in relation to—

(A) the subsection (3) person providing, or purporting to provide, the specified services; or

(B) the specified services that the subsection (3) person provides or purports to provide; and

(ii) the performance of function X, if done in Hong Kong in relation to the provision of the VA service, would constitute performing a regulated function in relation to the provision of that VA service.

(5) Subsection (4) applies regardless of—

(a) whether the specified services are provided or not;

(b) whether the specified services are marketed by the subsection (3) person or someone on the subsection (3) person's behalf; and

(c) whether the specified services are marketed in Hong Kong or from a place outside Hong Kong.

(6) Subsection (7) applies if—

(a) a person (***subsection (6) person***) actively markets to the public a function (***function Y***) that the subsection (6) person performs or purports to perform; and

(b) the performance of function Y, if done in Hong Kong in relation to a business, carried on by any person, of providing a VA service would constitute performing a regulated function in relation to the provision of that VA service.

(7) For the purposes of this Ordinance—

(a) the performance of function Y by the subsection (6) person is to be regarded as performing a regulated function in relation to the provision of a VA service; and

(b) the subsection (6) person's marketing of function Y is to be regarded as holding itself, himself or herself out as performing that regulated function in relation to the provision of that VA service.

(8) Subsection (7) applies regardless of—

(a) whether function Y is performed or not;

(b) whether function Y is marketed by the subsection (6) person or someone on the subsection (6) person's behalf; and

(c) whether function Y is marketed in Hong Kong or from a place outside Hong Kong.

**53ZRD. Licence required for carrying on VA service business**

(1) A person must not—

(a) carry on a business of providing any VA service; or

(b) hold itself, himself or herself out as carrying on a business of providing any VA service.

(2) Subsection (1) does not apply to a licensed provider for the VA service.

(3) Without affecting subsection (1), a person must not—

(a) perform any regulated function in relation to a business of providing a VA service; or

(b) hold itself, himself or herself out as performing such function.

(4) Subsection (3) does not apply to a licensed representative who provides on behalf of his or her principal, a VA service for which the licensed representative is licensed.

(5) A person who, without reasonable excuse, contravenes subsection (1)(a) or (b) commits an offence and is liable—

(a) on conviction on indictment to a fine of $5,000,000 and to imprisonment for 7 years and, in the case of a continuing offence, to a further fine of $100,000 for every day during which the offence continues; or

(b) on summary conviction to a fine of $500,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues.

(6) A person who, without reasonable excuse, contravenes subsection (3)(a) or (b) commits an offence and is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of $20,000 for every day during which the offence continues; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of $2,000 for every day during which the offence continues.

**53ZRE. Offence to issue advertisements relating to unlicensed person's provision of VA service**

(1) A person (***subject person***) commits an offence if—

(a) the subject person issues, or has in the subject person's possession for the purpose of issue—

(i) an advertisement in which, to the subject person's knowledge, a person (***advertised person***) holds itself, himself or herself out as being prepared to provide a VA service; or

(ii) a document that, to the subject person's knowledge, contains such advertisement; and

(b) to the subject person's knowledge, the advertised person is not licensed for the VA service as required under this Part.

(2) A person who commits an offence under subsection (1) is liable on conviction to a fine at level 5 and to imprisonment for 6 months.

(3) A person does not commit an offence under subsection (1) merely because the person issues, or has in the person's possession for the purpose of issue, any advertisement or document if—

(a) the advertisement or document was so issued, or possessed for the purpose of issue, in the ordinary course of a business (whether or not carried on by the person), the principal purpose of which was receiving and issuing materials provided by others;

(b) the contents of the advertisement or document were not, wholly or partly, devised by the person or (if applicable) a related person of the person; and

(c) for the purposes of the issue, neither the person nor any related person of the person selects, adds to, modifies or otherwise exercises control over the contents of the advertisement or document.

(4) A person (***subject person***) does not commit an offence under subsection (1) merely because the subject person issues by way of live broadcast, or has in the subject person's possession for the purpose of issue by way of live broadcast, any advertisement or document if—

(a) the advertisement or document was so issued, or possessed for the purpose of issue, in the ordinary course of the business of a broadcaster (whether or not the subject person was such broadcaster);

(b) the contents of the advertisement or document were not, wholly or partly, devised by the subject person or (if applicable) a related person of the subject person;

(c) for the purposes of the issue, neither the subject person nor any related person of the subject person selects, adds to, modifies or otherwise exercises control over the contents of the advertisement or document; and

(d) in relation to the broadcast, the subject person acted, or (if the subject person was not the broadcaster) the subject person believed and had reasonable grounds to believe that the broadcaster acted, in accordance with—

(i) the terms and conditions of the licence (if any) by which the subject person or the broadcaster became entitled to broadcast as a broadcaster; and

(ii) any code of practice or guidelines (however described) that is or are—

(A) issued under or pursuant to the Telecommunications Ordinance (Cap. 106) or the Broadcasting Ordinance (Cap. 562); and

(B) applicable to the subject person or the broadcaster as a broadcaster.

(5) It is a defence to a charge for an offence under subsection (1) for the person charged to prove that the person took all reasonable steps and exercised all due diligence to avoid the commission of the offence with which the person is charged.

(6) A person is taken to have established a matter that needs to be established for a defence under subsection (5) if—

(a) there is sufficient evidence to raise an issue with respect to the matter; and

(b) the contrary is not proved by the prosecution beyond reasonable doubt.

(7) In this section—

***advertisement*** (廣告) includes every form of advertising, whether made orally or produced mechanically, electronically, optically, manually or by any other means;

***document*** (文件) means any publication (including a newspaper, magazine or journal, a poster or notice, a circular, brochure, pamphlet or handbill, or a prospectus)—

(a) directed at, or the contents of which are likely to be accessed or read (whether concurrently or otherwise) by, the public; and

(b) whether produced mechanically, electronically, optically, manually or by any other means;

***issue*** (發出), in relation to any material (including any advertisement or document), includes publishing, circulating, distributing or otherwise disseminating the material or the contents of the material, whether—

(a) by any visit in person;

(b) in a newspaper, magazine, journal or other publication;

(c) by the display of posters or notices;

(d) by means of circulars, brochures, pamphlets or handbills;

(e) by an exhibition of photographs or cinematograph films;

(f) by way of sound or television broadcasting;

(g) by way of social media;

(h) by any information system or other electronic device; or

(i) by any other means, whether mechanically, electronically, optically, manually or by any other medium, or by way of production or transmission of light, image or sound or any other medium,

and also includes causing or authorizing the material to be issued;

***related person*** (有關連人士), in relation to a person who issues, or has in the person's possession for the purpose of issue, any advertisement or document, in the ordinary course of a business carried on by the person (whether or not the business of a broadcaster), means any officer, employee or agent of the person.

(8) For the purposes of this section, an advertisement or document issued by a person on behalf of another is to be regarded as an advertisement or document issued by both persons.

**53ZRF. Offence involving fraudulent or deceptive devices etc. in transactions in virtual assets**

(1) A person commits an offence if the person, directly or indirectly, in a transaction involving any virtual assets—

(a) employs any device, scheme or artifice with intent to defraud or deceive; or

(b) engages in any act, practice or course of business that is fraudulent or deceptive, or would operate as a fraud or deception.

(2) A person who commits an offence under subsection (1) is liable—

(a) on conviction on indictment to a fine of $10,000,000 and to imprisonment for 10 years; or

(b) on summary conviction to a fine of $1,000,000 and to imprisonment for 3 years.

(3) If a person is convicted of an offence under subsection (1), the court before which the person is so convicted may, in addition to any penalty specified in subsection (2), make an order specified in subsection (4) in respect of the person.

(4) The order is an order that, for the period (not exceeding 5 years) specified in the order, the person must not directly or indirectly in any way acquire, dispose of or otherwise deal in, in Hong Kong, any virtual assets without the leave of the court.

(5) When making an order in respect of a person under subsection (4), the court may take into account any conduct by the person that previously resulted in the person being convicted of an offence in Hong Kong.

(6) Where the court makes an order under subsection (4), the Commission may notify any licensed provider of the order in any manner that the Commission considers appropriate.

(7) A person who fails to comply with an order made under subsection (4) commits an offence and is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(8) For the purposes of this section—

(a) ***court*** (法庭) includes a magistrate; and

(b) a reference to a transaction includes an offer and an invitation (however expressed).

**53ZRG. Offence to fraudulently or recklessly induce others to invest in virtual assets**

(1) A person commits an offence if the person makes any fraudulent misrepresentation or reckless misrepresentation for the purpose of inducing another person to enter into, or offer to enter into, an agreement to acquire, dispose of, subscribe for or underwrite any virtual assets.

(2) A person who commits an offence under subsection (1) is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 7 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(3) In this section—

***fraudulent misrepresentation*** (欺詐的失實陳述) means—

(a) any statement that, at the time when it is made, is to the knowledge of its maker false, misleading or deceptive;

(b) any promise that, at the time when it is made—

(i) its maker has no intention of fulfilling; or

(ii) is to the knowledge of its maker not capable of being fulfilled;

(c) any forecast that, at the time when it is made, is to the knowledge of its maker not justified on the facts then known to its maker;

(d) any statement from which, at the time when it is made, its maker intentionally omits a material fact, with the result that the statement is rendered false, misleading or deceptive; or

(e) any forecast from which, at the time when it is made, its maker intentionally omits a material fact, with the result that the forecast is rendered misleading or deceptive;

***reckless misrepresentation*** (罔顧實情的失實陳述) means—

(a) any statement that, at the time when it is made, is false, misleading or deceptive and is made recklessly;

(b) any promise that, at the time when it is made, is not capable of being fulfilled and is made recklessly;

(c) any forecast that, at the time when it is made, is not justified on the facts then known to its maker and is made recklessly;

(d) any statement from which, at the time when it is made, its maker recklessly omits a material fact, with the result that the statement is rendered false, misleading or deceptive; or

(e) any forecast from which, at the time when it is made, its maker recklessly omits a material fact, with the result that the forecast is rendered misleading or deceptive.

**53ZRH. Register of licensed persons**

(1) The Commission must maintain a register of licensed persons in a form it considers appropriate.

(2) The register must contain—

(a) in relation to each licensed person—

(i) the name and business address of the licensed person;

(ii) the conditions of the licence that the Commission considers appropriate to be contained in the register, and the effective date of the conditions;

(iii) the central entity identification number assigned by the Commission to the licensed person;

(iv) the date of grant of licence under this Part;

(v) the VA service for which the licensed person is licensed and the date from which the licence takes effect;

(vi) whether or not the licence is suspended; and

(vii) particulars of each instance of an exercise of a power under section 53ZSP or 53ZSQ entered in accordance with section 53ZTJ;

(b) in the case of a licensed provider—

(i) the name of each responsible officer;

(ii) its electronic mail address and website address;

(iii) its contact details, including contact details of its complaints officer; and

(iv) a list of the licensed representatives accredited to it; and

(c) in the case of a licensed representative—

(i) the name of his or her principal;

(ii) whether he or she is approved as a responsible officer and, if so, the VA service for which he or she is responsible; and

(iii) the date of accreditation to his or her principal.

(3) The register may contain any other particulars that the Commission considers appropriate.

(4) The register must be made available for inspection by a member of the public to enable him or her—

(a) to ascertain whether he or she is dealing with a licensed person; and

(b) to ascertain the particulars of the licence.

(5) A member of the public is entitled, without charge, to inspect the register during normal office hours.

(6) In this section—

***complaints officer*** (投訴主任), in relation to a licensed provider, means a person appointed by the licensed provider to handle complaints made to the licensed provider.

**53ZRI Certified copy of register**

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(1) A person may, on the payment of the prescribed fee, obtain—

(a) a certified copy or an uncertified copy of an entry in, or extract from, the register maintained under section 53ZRH (***register***); or

(b) a certificate by the Commission stating that the name of a person—

(i) has been entered on the register;

(ii) has not been entered on the register; or

(iii) has been removed from the register.

(2) In any criminal or civil proceedings, a document purporting to be a copy of an entry in, or extract from, the register, and purporting to be certified by an authorized officer of the Commission—

(a) is admissible in evidence on production without further proof; and

(b) is evidence of the facts stated in it.

(3) The fact that the name of a person does not appear on a copy of an entry in, or extract from, the register, purporting to be certified by the Commission is evidence that, at the date on which the copy is purporting to be certified, the person was not a licensed person.

(4) In any criminal or civil proceedings, a certificate purporting to be signed by the Commission, and stating any of the following, is admissible in evidence on production without further proof and is to be conclusive evidence of the facts stated in the certificate—

(a) that the name of a person has been entered on the register;

(b) that the name of a person has not been entered on the register;

(c) that the name of a person has been removed from the register.

**53ZRJ Fit and proper test**

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(1) In determining whether a person is a fit and proper person for the purposes of any provision of this Part, the Commission must, in addition to any other matter that the Commission considers relevant, have regard to the following matters—

(a) the financial status or solvency of the person;

(b) the educational or other qualifications, or experience of the person, especially whether the qualifications or experience are or is appropriate to the functions that the person applies to be, or is, licensed or approved to perform;

(c) the ability of the person to provide the VA service competently, honestly and fairly;

(d) the reputation, character, reliability and financial integrity of the person;

(e) whether the person has been convicted of—

(i) an offence under section 5(5), (6), (7) or (8), 10(1), (3), (5), (6), (7) or (8), 13(1), (3), (5), (6), (7) or (8), 17(9), 20(1), 61(2) or 66(3);

(ii) an offence under section 14 of the United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575);

(iii) an offence under section 25(1) or 25A(5) or (7) of, or an offence specified in Schedule 1 to, the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405); or

(iv) an offence under section 25(1) or 25A(5) or (7) of, or an offence specified in Schedule 1 or 2 to, the Organized and Serious Crimes Ordinance (Cap. 455);

(f) whether the person has a conviction in a place outside Hong Kong—

(i) for an offence in respect of an act that would have constituted an offence specified in paragraph (e) had it been done in Hong Kong;

(ii) for an offence relating to money laundering or terrorist financing; or

(iii) for an offence for which it was necessary to find that the person had acted fraudulently, corruptly or dishonestly;

(g) whether the person has failed to comply with a requirement imposed under this Ordinance.

(2) Without limiting subsection (1), in determining whether a person is a fit and proper person, for the purposes of any provision of this Part, the Commission may take into account —

(a) a decision made in respect of the person—

(i) by any relevant authority; or

(ii) by a regulator (as defined by section 13A) of a jurisdiction outside Hong Kong that, in the Commission's opinion, performs a function similar to the functions of the Commission under this Ordinance or the Securities and Futures Ordinance (Cap. 571);

(b) any information in the possession of the Commission, whether provided by the person or not, relating to—

(i) any other person who is or is to be employed by, or associated with, the person for the purpose of providing a VA service;

(ii) any other person who will be acting for or on behalf of the person in relation to the provision of a VA service; or

(iii) where the person is a corporation in a group of companies—

(A) any other corporation in the same group of companies; or

(B) any ultimate owner or officer of the corporation or any corporation referred to in sub-subparagraph (A);

(c) whether the person has established effective internal control procedures and risk management systems to ensure the person's compliance with all applicable regulatory requirements under any provision of this Ordinance; and

(d) the state of affairs of any other business that the person carries on or proposes to carry on.

(3) Where subsections (1) and (2) apply to a person that is a corporation, references to the person in the paragraphs of those subsections include, not only the corporation, but also any officer of the corporation.

(4) Subsection (1)(c) does not apply in determining whether a person, being an ultimate owner of a corporation applying for, or holding, a licence to provide a VA service, is a fit and proper person to be associated with the business of providing the VA service.

(5) In this section—

***group of companies*** (公司集團) means any 2 or more corporations one of which is the holding company of the other or others (as the case requires).

**53ZR Application for and grant of licence**
**K.**

(1) The Commission may, on application, grant to the applicant a licence to provide a VA service.

(2) The application must be—

(a) made to the Commission in the specified manner; and

(b) accompanied by the prescribed fee.

(3) The Commission may grant a licence to an applicant only if—

(a) the applicant is a corporation that is—

(i) a company as defined by section 2(1) of the Companies Ordinance (Cap. 622); or

(ii) a registered non-Hong Kong company; and *(Amended 14 of 2025 s. 270)*

(b) the Commission is satisfied that—

(i) the applicant is a fit and proper person to be licensed for the VA service;

(ii) not less than 2 persons are applying to be responsible officers of the applicant and each person is a fit and proper person to be associated with the business of providing the VA service;

(iii) each director of the applicant, not falling within subparagraph (ii), is a fit and proper person to be associated with the business of providing the VA service;

(iv) if there is an ultimate owner in relation to the corporation—the ultimate owner is a fit and proper person to be associated with the business of providing the VA service; and

(v) an application has been lodged under section 53ZRR for approval of premises to be used by the applicant for keeping records or documents required under this Part.

(4) On granting a licence under this section, the Commission may impose any conditions on the licence.

(5) Without limiting subsection (4), the Commission may impose on a licence conditions on—

(a) financial resources;

(b) knowledge and experience;

(c) risk management policies and procedures;

(d) anti-money laundering and anti-terrorist financing policies and procedures;

(e) management of client assets;

(f) soundness of the business;

(g) financial reporting and disclosure;

(h) virtual asset listing and trading policies;

(i) prevention of market manipulation and abusive activities;

(j) avoidance of conflicts of interest;

(k) keeping of accounts and records by licensed providers and their associated entities;

(l) provision of contract notes, receipts, statements of account and notifications by licensed providers and their associated entities;

(m) financial statements and other documents, and the auditor's report;

(n) business conduct of licensed providers and their licensed representatives;

(o) notification of changes; and

(p) cybersecurity.

(6) Without limiting subsections (4), (5) and (8), it is a condition of a licence granted under this section for providing a VA service that there is at least one responsible officer of the licensed provider who is available at all times to supervise the business of the VA service.

(7) A licensed provider must not, when providing a VA service, use a name other than the name specified in the licence.

(8) In relation to a licence of a person, the Commission may, at any time, if satisfied that it is reasonable to do so in the circumstances—

(a) impose any new conditions;

(b) amend any previously imposed conditions; or

(c) remove any previously imposed conditions.

(9) Section 53ZRS applies in relation to the making of a decision under this section if the decision falls within section 53ZRS(1).

(10) The imposition, amendment or removal of a condition under subsection (8) takes effect at the time of the service of the notice given under section 53ZRS(3) or at the time specified in the notice, whichever is the later.

**53ZR Application to be licensed representatives**
**L.**

(1) The Commission may, on application, grant to an individual a licence to provide a VA service; the effect of such a licence is that the individual licensed may provide the VA service on behalf of a licensed provider of the VA service if the individual is accredited to the licensed provider with approval under section 53ZRM.

(2) The application must be—

(a) made by the individual to the Commission in the specified manner; and

(b) accompanied by the prescribed fee.

(3) The Commission may grant a licence to provide a VA service under subsection (1) only if the Commission is satisfied that the applicant is a fit and proper person to be so licensed for the VA service.

(4) On granting a licence under this section, the Commission may impose any conditions on the licence.

(5) In relation to the licence of a licensed representative, the Commission may, at any time, if satisfied that it is reasonable to do so in the circumstances—

(a) impose any new conditions;

(b) amend any previously imposed conditions; or

(c) remove any previously imposed conditions.

(6) Section 53ZRS applies in relation to the making of a decision under this section if the decision falls within section 53ZRS(1).

(7) The imposition, amendment or removal of a condition under subsection (5) takes effect at the time of the service of the notice given under section 53ZRS(3) or at the time specified in the notice, whichever is the later.

(8) Without limiting subsections (4) and (5), it is a condition of a licence of a licensed representative that the representative must—

(a) at all times keep the Commission informed of particulars of his or her contact details including, in so far as applicable, his or her residential address, telephone number and electronic mail address; and

(b) inform the Commission of any change in the particulars within 7 business days after the change takes place.

(9) A licensed representative must not, when providing a VA service, use a name other than the name under which the representative is licensed.

**53ZRM. Approval and transfer of accreditation**

(1) The Commission may, on application, approve the accreditation of a licensed representative to a licensed provider and, on the Commission's approval of the accreditation, the licensed provider becomes the licensed representative's principal.

(2) The Commission may, on application, approve the transfer of a licensed representative's accreditation to another licensed provider and, on the Commission's approval of the transfer, that other licensed provider becomes the licensed representative's principal.

(3) An application for the purposes of subsection (1) or (2) must be—

(a) made by the licensed representative to the Commission in the specified manner; and

(b) accompanied by the prescribed fee.

(4) The Commission may approve an accreditation or a transfer of accreditation under this Part only if the Commission is satisfied that the applicant concerned will be competent to carry out his or her duties to the requisite standard as a licensed representative for or on behalf of the licensed provider concerned.

(5) On giving an approval under this section, the Commission may impose any conditions on the licensed representative and the licensed provider concerned.

(6) In relation to an approval under this section, the Commission may, at any time, if satisfied that it is reasonable to do so in the circumstances—

(a) impose any new conditions;

(b) amend any previously imposed conditions; or

(c) remove any previously imposed conditions.

(7) Section 53ZRS applies in relation to the making of a decision under this section if the decision falls within section 53ZRS(1).

(8) The imposition, amendment or removal of a condition under subsection (6) takes effect at the time of the service of the notice given under section 53ZRS(3) or at the time specified in the notice, whichever is the later.

## Subdivision 5—Variation of Licensed VA Service

**53ZRN. Variation of licensed VA service**

(1) The Commission may, on application, add to, remove or otherwise vary the VA service for which a licensed provider or licensed representative is licensed.

(2) The application must be—

(a) made by the licensed provider or licensed representative to the Commission in the specified manner; and

(b) accompanied by the prescribed fee.

(3) If a person applies for adding a VA service, the application is, for the purposes of this Part, to be regarded as an application for a licence in relation to that VA service.

**53ZRO. Requirements for responsible officers**

(1) A licensed provider must not provide any VA service unless—

(a) every executive director of the licensed provider who is an individual is approved under section 53ZRP as a responsible officer of the licensed provider in relation to the VA service;

(b) not less than 2 individuals, at least one of whom must be an executive director of the licensed provider, are approved under section 53ZRP as the responsible officers of the licensed provider in relation to the VA service; and

(c) at least one responsible officer of the licensed provider ordinarily resides in Hong Kong.

(2) A licensed provider who, without reasonable excuse, contravenes subsection (1) commits an offence and is liable on conviction to a fine at level 6 and, in the case of a continuing offence, to a further fine of $2,000 for every day during which the offence continues.

**53ZRP. Approval of responsible officers**

(1) The Commission may, on application by a licensed representative in the specified manner and payment of a prescribed fee, approve the applicant as a responsible officer of the licensed provider to which the applicant is accredited.

(2) The Commission must refuse to approve an applicant as a responsible officer of a licensed provider unless the Commission is satisfied that—

(a) the applicant is a fit and proper person to be so approved; and

(b) the applicant has sufficient authority within the licensed provider.

(3) On giving approval under this section, the Commission may impose any conditions on the responsible officer and the licensed provider concerned.

(4) In relation to the approval of a person as a responsible officer of a licensed provider, the Commission may, at any time, if satisfied that it is reasonable to do so in the circumstances—

(a) impose any new conditions;

(b) amend any previously imposed conditions; or

(c) remove any previously imposed conditions.

(5) Section 53ZRS applies in relation to the making of a decision under this section if the decision falls within section 53ZRS(1).

(6) The approval of an individual as a responsible officer of a licensed provider is deemed to be revoked if the individual—

(a) ceases to act as a licensed representative for or on behalf of the licensed provider; or

(b) ceases to be accredited to the licensed provider.

**53ZR Ultimate ownership**
**Q.**

(1) A person must not become an ultimate owner of a licensed provider unless the Commission has, on application by the person, given its approval in writing.

(2) The Commission may, on application in the specified manner and payment of a prescribed fee, approve the applicant to become an ultimate owner of a licensed provider.

(3) The Commission may give an approval only if the applicant satisfies the Commission that the licensed provider will remain a fit and proper person to be licensed if the application is approved.

(4) On giving an approval under this section, the Commission may impose any conditions on the applicant and the licensed provider concerned.

(5) In relation to the approval for an ultimate owner of a licensed provider, the Commission may, at any time, if satisfied that it is reasonable to do so in the circumstances—

(a) impose any new conditions;

(b) amend any previously imposed conditions; or

(c) remove any previously imposed conditions.

(6) Section 53ZRS applies in relation to the making of a decision under this section if the decision falls within section 53ZRS(1).

(7) The imposition, amendment or removal of a condition under subsection (5) takes effect at the time of the service of the notice given under section 53ZRS(3) or at the time specified in the notice, whichever is the later.

(8) Without limiting subsections (4) and (5), it is a condition of an approval that the approved ultimate owner must—

(a) at all times keep the Commission informed of particulars of the ultimate owner's contact details; and

(b) inform the Commission of any change in the particulars within 7 business days after the change takes place.

(9) A person who, without reasonable excuse, contravenes subsection (1) commits an offence and is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years, and to a further fine of $5,000 for every day during which the person continues to be such ultimate owner without the Commission's approval; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months, and to a further fine of $500 for every day during which the person continues to be such ultimate owner without the Commission's approval.

**53ZR Premises for keeping records or documents**
**R.**

(1) A licensed provider must keep records or documents required under any specified requirement only at any premises that are approved by the Commission.

(2) An application to use premises for such purpose must be made to the Commission in the specified manner, and must be accompanied by the prescribed fee.

(3) The Commission may approve an application made in accordance with subsection (2).

(4) The Commission may approve an application only if the Commission is satisfied that the premises are non-domestic premises that are suitable to be used for keeping records or documents required under any specified requirement.

(5) As soon as reasonably practicable after granting an application, the Commission must update the relevant particulars in the register maintained under section 53ZRH.

(6) In this section—

***non-domestic premises*** (非住宅處所) means any premises other than domestic premises.

**53ZRS Procedural requirements**

.

(1) This section applies in relation to the making of a decision to do any of the following (***subsection (1) decision***)—

(a) to refuse to grant a licence under section 53ZRK;

(b) to impose a condition on, or amend or remove a condition of, a licence under section 53ZRK;

(c) to refuse to grant a licence under section 53ZRL;

(d) to impose a condition on, or amend or remove a condition of, a licence under section 53ZRL;

(e) to refuse to approve an accreditation or transfer of an accreditation under section 53ZRM;

(f) to impose a condition on, or amend or remove a condition of, an accreditation or transfer of an accreditation under section 53ZRM;

(g) to refuse to add, remove or otherwise vary, under section 53ZRN, any VA service for which a licensed provider or licensed representative is licensed;

(h) to refuse to approve a person as a responsible officer of a licensed provider under section 53ZRP or to refuse to approve a person to become an ultimate owner of a licensed provider under section 53ZRQ;

(i) to impose a condition in approving a person as a responsible officer of a licensed provider under section 53ZRP or to amend or remove a condition in relation to the approval of a person as such a responsible officer under that section;

(j) to impose a condition in approving a person to become an ultimate owner of a licensed provider under section 53ZRQ or to amend or remove a condition in relation to the approval of such an ultimate owner under that section;

(k) to refuse to approve premises under section 53ZRR.

(2) If the Commission forms a preliminary view to make a subsection (1) decision in relation to a person, the Commission must, before making the decision, inform the person of the ground for the preliminary view and give the person a reasonable opportunity to be heard.

(3) When the Commission makes a subsection (1) decision in relation to a person, it must, as soon as reasonably practicable, notify the person of the decision by written notice and the notice must include—

(a) a statement of the reasons for the decision; and

(b) a statement that the person may apply to the Review Tribunal for a review of the decision.

**53ZRT. Client assets held by licensed providers and their associated entities**

(1) Client assets of a licensed provider are not liable to be taken in execution against the licensed provider or an associated entity of the licensed provider under an order or process of a court.

(2) Subsection (1) is not to be construed as taking away or affecting a lawful claim or lien that any person has in respect of client assets of a licensed provider (whether received or held by the licensed provider or an associated entity of the licensed provider).

(3) However, the existence of any claim or lien referred to in subsection (2) does not relieve a licensed provider or an associated entity of a licensed provider of the duty to comply with the requirements of any code or guideline published under any provision of this Ordinance that apply to it.

## Division 7—Licensed Persons' Obligations Regarding Notification, Annual Fees and Annual Returns

**53ZRU. Notification of change in particulars**

(1) A licensed person or an ultimate owner of a licensed provider must, in the circumstances as prescribed under the specified requirements, notify the Commission in writing of any change, in any information that the licensed person or ultimate owner (as the case requires) has provided to the Commission under this Division or under Division 3 or 4, within 7 business days after the change, together with a full description of the change.

(2) If the information has been provided in connection with an application under this Part and the application has been refused or withdrawn, this section no longer applies in relation to the information.

(3) A person who, without reasonable excuse, contravenes subsection (1) commits an offence and is liable on conviction to a fine at level 5.

**53ZRV. Notification of intended cessation of business etc.**

(1) A licensed person who intends to cease to provide any VA service for which it is licensed must notify the Commission, in writing, as soon as reasonably practicable and in any event not later than 7 business days before the intended cessation.

(2) A licensed provider must notify the Commission, in writing, at least 7 business days in advance if it intends to change the address at which it proposes to provide any VA service.

(3) If a person becomes or ceases to be a director of a licensed provider, both the person and the licensed provider must, within 7 business days after the change, notify the Commission, by written notice, of the name and address of the person and of the nature of the position the person occupies or ceases to occupy.

(4) A person who, without reasonable excuse, contravenes subsection (1), (2) or (3) commits an offence and is liable on conviction to a fine at level 5.

**53ZRW. Associated entities: notification and restriction on business**

(1) An associated entity of a licensed provider must within 7 business days after it becomes, or ceases to be, such an associated entity, notify the Commission, in writing, of that fact and other particulars specified in Schedule 3D.

(2) If there is any change in the particulars required to be provided by an associated entity of a licensed provider under subsection (1), the associated entity must within 7 business days after the change notify the Commission, by written notice, of that fact and provide in the notice particulars of the change.

(3) Unless otherwise authorized in writing by the Commission, an associated entity of a licensed provider must not, at any time after becoming such an entity, conduct any business other than that of receiving or holding client assets of the licensed provider.

(4) If an associated entity of a licensed provider, without reasonable excuse, contravenes subsection (1), (2) or (3), the associated entity commits an offence and is liable—

(a) on conviction on indictment to a fine of $200,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(5) If an associated entity of a licensed provider, with intent to defraud, contravenes subsection (1), (2) or (3), the associated entity commits an offence and is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 7 years; or

(b) on summary conviction to a fine of $500,000 and to imprisonment for 1 year.

(6) If an associated entity of a licensed provider becomes aware that it does not comply with subsection (1), (2) or (3), it must within 1 business day after becoming aware of that fact notify the Commission, by written notice, of that fact and of the surrounding circumstances.

(7) If an associated entity of a licensed provider contravenes subsection (6), the associated entity commits an offence and is liable—

(a) on conviction on indictment to a fine of $200,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(8) An associated entity of a licensed provider is not excused from complying with subsection (6) only on the ground that to do so might tend to incriminate it.

(9) If a person is required under subsection (6) to notify the Commission of any matter, and the notification might tend to incriminate the person, then the notification is not admissible in evidence against the person in criminal proceedings in a court of law other than the proceedings in which—

(a) the person is charged with an offence under subsection (7) in respect of the notification; or

(b) the person is charged with an offence under Part V of the Crimes Ordinance (Cap. 200) in respect of the notification.

**53ZRY. Annual fee and annual return**

(1) A licensed person must pay to the Commission a prescribed fee—

(a) within 1 month after each anniversary of the date of grant of the licence; or

(b) by another date approved by the Commission by written notice.

(2) In default of full payment of the prescribed fee as required under subsection (1), the person must pay to the Commission an additional sum calculated as follows—

(a) 10% of the fee or such part of the fee that remains unpaid for the first month after the due date for its payment;

(b) 20% of the fee or such part of the fee for each subsequent month when it remains unpaid.

(3) In calculating the additional sum for the purposes of subsection (2), any fraction of a month is treated as a month.

(4) A licensed person must—

(a) submit an annual return to the Commission—

(i) within 1 month after each anniversary of the date of grant of the licence; or

(ii) by another date approved by the Commission by written notice; and

(b) include in the return the information specified in Schedule 3E.

## Division 8—Licensed Provider and its Associated Entities Required to Submit Audited Accounts etc.

**53ZR Interpretation of Division 8**
**Z.**

In this Division—

***auditable entity*** (須予審計實體) means—

(a) a licensed provider; or

(b) an associated entity of a licensed provider;

***prescribed auditor*** (訂明核數師), in relation to an auditable entity, means an auditor appointed under section 53ZS(1) or (3) or 53ZSG by the auditable entity;

***section 53ZSH auditor*** (第53ZSH條核數師)—see section 53ZSH.

**53ZS. Auditable entity to appoint prescribed auditor**

(1) A licensed provider must, within 1 month after it becomes licensed, appoint an eligible auditor to perform the functions required of an auditor of the licensed provider under or pursuant to the provisions of this or any other Ordinance.

(2) A licensed provider must, within 7 business days after making an appointment under subsection (1), notify the Commission, by written notice, of the name and address of the auditor.

(3) An associated entity of a licensed provider must, within 1 month after the associated entity becomes such an associated entity, appoint an eligible auditor to perform the functions required of an auditor of the associated entity under or pursuant to the provisions of this or any other Ordinance.

(4) An associated entity of a licensed provider must, within 7 business days after making an appointment under subsection (3), notify the Commission, by written notice, of the name and address of the auditor.

(5) A person who contravenes subsection (1) or (3) commits an offence and is liable—

(a) on conviction on indictment to a fine of $200,000 and to imprisonment for 1 year; or

(b) on summary conviction to a fine at level 5 and to imprisonment for 6 months.

(6) A person who contravenes subsection (2) or (4) commits an offence and is liable on conviction to a fine at level 5.

(7) A reference in subsection (1) or (3) to an eligible auditor is to be construed in accordance with section 53ZSA.

**53ZSA Eligibility of auditor for appointment**

.

(1) A person is not eligible for appointment as an auditor of a licensed provider or any of its associated entities if the person —

(a) is an officer or employee of the licensed provider or any of its associated entities;

(b) is in the employment of an officer or employee described in paragraph (a); or

(c) belongs to a class of persons prescribed by rules.

(2) Subject to subsection (1), a person is eligible for appointment as an auditor of a licensed provider or any of its associated entities, even if the person is, apart from that appointment, already an auditor appointed by the licensed provider or the associated entity the accounts of which are to be audited, whether for the purposes of the Companies Ordinance (Cap. 622) or otherwise.

**53ZSB Auditable entity to notify financial year**

.

(1) A licensed provider must, within 1 month after it becomes licensed, notify the Commission, by written notice, of the date on which its financial year ends.

(2) An associated entity of a licensed provider must, within 1 month after it becomes such an associated entity, notify the Commission, by written notice, of the date on which the associated entity's financial year ends.

(3) Except with the approval in writing of the Commission under subsection (5)(a)(i) and subject to any conditions imposed under subsection (5)(b)—

(a) a licensed provider must not alter the date on which its financial year ends; and

(b) an associated entity of a licensed provider must not alter the date on which the associated entity's financial year ends.

(4) Except with the approval in writing of the Commission under subsection (5)(a)(ii) and subject to any conditions imposed under subsection (5)(b)—

(a) a licensed provider must not adopt a period that exceeds 12 months as its financial year; and

(b) an associated entity of a licensed provider must not adopt a period that exceeds 12 months as the associated entity's financial year.

(5) On an application in writing by an auditable entity, the Commission—

(a) may grant approval in writing in respect of—

(i) an alteration of the date on which financial year of the auditable entity ends; or

(ii) the adoption of a period exceeding 12 months as the financial year of the auditable entity; and

(b) may impose any conditions that the Commission considers appropriate on the approval.

(6) A person who contravenes subsection (1), (2), (3) or (4), or a condition imposed pursuant to subsection (5), commits an offence and is liable on conviction to a fine at level 5.

(7) Nothing in this section affects the operation of section 429 of the Companies Ordinance (Cap. 622).

**53ZSC Auditable entity to submit audited accounts etc.**

.

(1) An auditable entity must—

(a) prepare prescribed financial statements and other prescribed documents for prescribed periods; and

(b) submit the financial statements and other documents, together with a report of the prescribed auditor, to the Commission not later than 4 months after the end of the financial year to which they relate.

(2) A licensed provider that, in prescribed circumstances, ceases to provide the VA service for which it is licensed to provide, and an associated entity of a licensed provider that ceases to be such an associated entity, must—

(a) prepare prescribed financial statements and other prescribed documents, which must be made up to (and including) the date of the cessation; and

(b) submit the financial statements and other documents, together with a report of the prescribed auditor, to the Commission not later than 4 months after the date of the cessation.

(3) Without limiting subsections (1) and (2), the requirements under those subsections relating to the prescribed financial statements and other prescribed documents, and the report of the prescribed auditor, referred to in those subsections include the requirements that—

(a) the prescribed financial statements and other prescribed documents are to relate to prescribed matters and contain prescribed particulars;

(b) the report of the prescribed auditor is to contain prescribed particulars, including a prescribed statement of opinion;

(c) the prescribed financial statements and other prescribed documents, and the report of the prescribed auditor, are to be prepared in accordance with prescribed principles or prescribed bases; and

(d) without limiting section 387 of the Companies Ordinance (Cap. 622), the prescribed financial statements and other prescribed documents are to be signed by a prescribed person.

(4) On an application in writing by the auditable entity by which any prescribed financial statements and other prescribed documents, and any report of the prescribed auditor, are required under subsection (1) or (2) to be submitted, the Commission may, if it is satisfied that there are special reasons for so doing, extend the period within which the financial statements and other documents, and the report of the prescribed auditor, are required to be submitted, for the period and subject to the conditions that the Commission considers appropriate.

(5) On the Commission granting the extension, subsection (1) or (2) (as the case requires) applies subject to the extension accordingly.

(6) A person who, without reasonable excuse, contravenes subsection (1) or (2), or a condition imposed pursuant to subsection (4), commits an offence and is liable—

(a) on conviction on indictment to a fine of $200,000 and to imprisonment for 1 year; or

(b) on summary conviction to a fine at level 5 and to imprisonment for 6 months.

(7) A person who, with intent to defraud, contravenes subsection (1) or (2), or a condition imposed pursuant to subsection (4), commits an offence and is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 7 years; or

(b) on summary conviction to a fine of $500,000 and to imprisonment for 1 year.

(8) A reference in any provision of this section to prescribed (except for a reference to prescribed auditor) means specified in Schedule 3F.

**53ZSD. Prescribed auditor of auditable entity to report on reportable matter etc.**

(1) This section applies if a person in the course of performing the person's functions as an auditable entity's prescribed auditor—

(a) becomes aware of a reportable matter; or

(b) proposes to include any qualification or adverse statement in any report prepared by the person on the prescribed financial statements or other prescribed documents of the auditable entity that are required to be submitted to the Commission under section 53ZSC.

(2) In the circumstances specified in subsection (1)(a), the person must, as soon as reasonably practicable after the person becomes aware of the reportable matter, lodge with the Commission a written report on the reportable matter.

(3) In the circumstances specified in subsection (1)(b), the person must, as soon as reasonably practicable after the person first proposes the inclusion of the qualification or adverse statement, lodge with the Commission a written report on the qualification or adverse statement.

(4) In this section—

***reportable matter*** (須報告事項)—

(a) in relation to a person acting as the prescribed auditor of a licensed provider, means a matter that, in the person's opinion—

(i) constitutes, on the part of the licensed provider or any of its associated entities, a failure to comply with any of the requirements specified by the Commission for this purpose in the codes or guidelines published under section 53ZTK; or

(ii) adversely affects to a material extent the financial position of the licensed provider or any of its associated entities; or

(b) in relation to a person acting as the prescribed auditor of an associated entity of a licensed provider, means a matter that, in the person's opinion—

(i) constitutes, on the part of the associated entity, a failure to comply with any of the requirements specified by the Commission for this purpose in the codes or guidelines published under section 53ZTK; or

(ii) adversely affects to a material extent the financial position of the associated entity.

**53ZSH Power of Commission to appoint auditor for auditable entity**

.

(1) The Commission may appoint an auditor (***section 53ZSH auditor***) to examine and audit, generally or in respect of any particular matters, the accounts and records of a licensed provider (***subject provider***), or any of its associated entities, and report to the Commission on any matters that the Commission directs if—

(a) the Commission has reasonable cause to believe that the subject provider, or any of its associated entities, has failed to comply with any specified requirement; or

(b) the Commission received a written report lodged under section 53ZSD by a prescribed auditor of the subject provider, or any of its associated entities, in relation to a reportable matter or a qualification or adverse statement.

(2) A section 53ZSH auditor may examine any client assets of the subject provider received or held by the subject provider or any of its associated entities.

(3) Subject to subsection (4), if a section 53ZSH auditor has examined and audited the accounts and records of the subject provider or any of its associated entities—

(a) the Commission may give, to the subject provider, a direction to pay for the costs or expenses for the examination and audit; and

(b) the subject provider is liable to pay, within the period and in the manner specified in the direction, the amount specified in the direction as the costs or expenses for the examination and audit.

(4) The Commission must give the subject provider a reasonable opportunity of being heard before giving a direction to pay any costs or expenses.

(5) The Commission may recover, from the subject provider, the amount specified in the direction as a civil debt due to it if the subject provider fails to comply with the direction.

**53ZSI. Powers of section 53ZSH auditors**

(1) This section applies to a section 53ZSH auditor appointed in relation to a licensed provider (***subject provider***) or any of its associated entities to examine and audit the accounts and records of the subject provider or the associated entity.

(2) For the purpose of carrying out the examination and audit, the section 53ZSH auditor may do any act or thing referred to in subsection (3), in addition to any other action that the section 53ZSH auditor may reasonably take for that purpose.

(3) The section 53ZSH auditor may—

(a) examine on oath or otherwise—

(i) any officer, employee and agent of any of the following (each a ***covered person***)—

(A) the subject provider;

(B) an associated entity of the subject provider;

(C) subject to subsection (6), a specified related corporation;

(ii) for each covered person that is an auditable entity, a prescribed auditor of the covered person; and

(iii) subject to subsection (6), an auditor of a specified related corporation,

in respect of any matter relating to a covered business or to any covered client assets and, for that purpose, administer oaths accordingly;

(b) require any officer, employee and agent of a covered person to—

(i) produce any accounts and records concerning any matter relating to a covered business or to any covered client assets; and

(ii) explain the contents of the accounts and records so produced;

(c) require any prescribed auditor of a covered person who is an auditable entity, or any auditor of a covered person who is a specified related corporation, to—

(i) produce any accounts and records held by the prescribed auditor or auditor concerning any matter relating to a covered business or to any covered client assets; and

(ii) explain the contents of the accounts and records so produced;

(d) require any person receiving or holding covered client assets on behalf of the subject provider or any of its associated entities, or, subject to subsection (6), any person receiving or holding covered client assets on behalf of a specified related corporation, to—

(i) produce any accounts and records kept by the person, or information in the person's possession, concerning any matter relating to the covered client assets; and

(ii) explain the contents of the accounts and records, and the information, so produced;

(e) employ any person the section 53ZSH auditor considers necessary to assist the section 53ZSH auditor in carrying out the examination and audit that the section 53ZSH auditor is appointed to carry out; and

(f) for the purpose of carrying out the examination and audit that the section 53ZSH auditor is appointed to carry out, authorize in writing any person employed by the section 53ZSH auditor to do any act or thing referred to in paragraph (b), (c), (d) or (e).

(4) In this section—

(a) ***specified related corporation*** (指明有連繫法團) means —

(i) a related corporation of the subject provider; or

(ii) a related corporation of an associated entity of the subject provider;

(b) ***covered business*** (受涵蓋業務)—

(i) means the business carried on by the subject provider or any of its associated entities;

(ii) subject to subsection (6), includes any other business carried on by the subject provider in conjunction with any VA service and any business of any of its associated entities; and

(iii) subject to subsection (6), includes any business carried on by a specified related corporation;

(c) ***covered client assets*** (受涵蓋客戶資產) means client assets of the subject provider—

(i) held or received by the subject provider;

(ii) held or received by any of the subject provider's associated entities; or

(iii) subject to subsection (6), held or received by any person on behalf of a specified related corporation.

(5) A reference to an auditor, in relation to a specified related corporation, means any auditor appointed, under this Ordinance or otherwise, by the specified related corporation.

(6) Subsections (3)(a)(i)(C) and (iii) and (d) and (4)(b)(ii) and (iii) and (c)(iii) apply if the section 53ZSH auditor, or a person authorized under subsection (3)(f), reasonably considers the application of those provisions is necessary for the purpose of carrying out the examination and audit of the accounts and records of the subject provider or any of its associated entities.

**53ZSK Section 53ZSH auditor to report to Commission**

.

(1) A section 53ZSH auditor appointed to examine and audit any accounts and records must—

(a) make to the Commission any interim reports that the Commission requires; and

(b) make to the Commission a final report when the examination and audit concludes.

(2) A report referred to in subsection (1) must be made within the period and in the manner that the Commission directs.

(3) The Commission may, if it considers appropriate, forward a copy of any report made to it under subsection (1) to the auditable entity the accounts and records of which are the subject of the examination and audit referred to in the report.

**53ZSM. Immunity in respect of communication with Commission by prescribed auditor**

(1) Without affecting section 4, no duty that a person appointed as a prescribed auditor may be subject to is to be regarded as contravened because of the person's communicating in good faith to the Commission, any information or opinion on a matter that—

(a) the person becomes aware of in the person's capacity as such auditor (whether or not in the course of performing the person's functions as such auditor); and

(b) is relevant to any function of the Commission.

(2) Subsection (1) also applies to a person whose appointment as a prescribed auditor has ceased, in which case a reference to a matter in that subsection is to be construed on the basis that subsection (1)(a) requires the matter to be one that the person becomes aware of in the person's capacity as such auditor (whether or not in the course of performing the person's functions as such auditor) before the appointment has ceased.

(3) Subsection (1) also applies to a prescribed auditor appointed by a former auditable entity, in which case a reference to a matter in that subsection is to be construed on the basis that subsection (1)(a) requires the matter to be one that the person becomes aware of in the person's capacity as such auditor.

(4) Subsection (1) also applies to a person whose appointment as a prescribed auditor by a former auditable entity, has ceased, in which case a reference to a matter in that subsection is to be construed on the basis that subsection (1)(a) requires the matter to be one that the person becomes aware of in the person's capacity as such auditor before the appointment has ceased.

(5) In this section—

***former auditable entity*** (前須予審計實體) means a corporation that was formerly—

(a) a licensed provider; or

(b) an associated entity of a licensed provider.

**53ZSO Interpretation of Subdivision 1**

.

(1) In this Subdivision—

***disciplinary power*** (紀律處分權力) means a power that may be exercised by the Commission under section 53ZSP;

***regulated person*** (受規管人士) means—

(a) a licensed person;

(b) a responsible officer of a licensed provider; or

(c) a person involved in the management of the business of a licensed provider.

(2) In this Subdivision—

(a) a reference to revoking or suspending a licence of a licensed person means—

(i) to revoke or suspend the licence; or

(ii) to revoke or suspend the licence in relation to any VA service, or any part of any VA service, for which the licensed person is licensed; and

(b) a reference to revoking or suspending an approval for a person to be a responsible officer of a licensed provider means—

(i) to revoke or suspend the approval; or

(ii) to revoke or suspend the approval in relation to any VA service, or any part of any VA service, for which the person is approved to be such responsible officer.

**53ZSP. Disciplinary action by Commission**

(1) Subject to sections 53ZSR, 53ZSS, 53ZST, 53ZSU, 53ZSV and 53ZSW, the Commission may, on finding any of the circumstances specified in subsection (2) occurring or having occurred, exercise, in respect of the person, one or more of the powers specified in subsection (3).

(2) The circumstances are that—

(a) a person is, or was at any time, a regulated person guilty of misconduct;

(b) the Commission forms the opinion that a person who is a regulated person is not a fit and proper person to be or to remain the same type of regulated person; and

(c) for a person who was formerly a regulated person, the Commission forms the opinion that, because of any matter occurring at any time while the person was a regulated person (whether or not together with any other matter), the person was not a fit and proper person to be, or to remain, the same type of regulated person.

(3) The powers are—

(a) to publicly or privately reprimand the person;

(b) to order the person to take, by a date specified by the Commission (***compliance deadline***), any action specified by the Commission for the purpose of remedying any contravention, act or omission that led to the finding referred to in subsection (2) (***remedial action***);

(c) to order the person to pay a pecuniary penalty not exceeding the amount that is the greater of—

(i) $10,000,000; or

(ii) 3 times the amount of the profit gained or loss avoided by the person as a result of the person's misconduct or of the person's conduct that led to the Commission forming the opinion referred to in subsection (2)(b) or (c) (as the case requires);

(d) if the person is a licensed person—

(i) to revoke the person's licence; or

(ii) to suspend the person's licence for a period, or until the occurrence of an event, specified in the notice referred to in section 53ZSU;

(e) if the person is a responsible officer of a licensed provider—

(i) to revoke the approval granted under section 53ZRP; or

(ii) to suspend such approval for a period, or until the occurrence of an event, specified in the notice referred to in section 53ZSU; and

(f) to prohibit the person from doing all or any of the following in relation to any VA service for a period, or until the occurrence of an event specified in the notice referred to in section 53ZSU—

(i) applying to be licensed;

(ii) applying to be approved as a responsible officer of a licensed provider.

(4) A person who is ordered to pay a pecuniary penalty under this section must pay the penalty to the Commission within—

(a) 30 days; or

(b) a longer period specified in the notice referred to in section 53ZSU,

after the order takes effect as a specified decision under section 75.

(5) If a person fails to comply with an order to take remedial action, the Commission may further order the person to pay a daily pecuniary penalty not exceeding $100,000 for each day on which the failure continues after the compliance deadline.

(6) If the Commission exercises its power under subsection (3) against a person, the Commission may disclose to the public details of the decision including the reasons for it and any material facts relating to the case.

(7) Any pecuniary penalty paid to or recovered by the Commission pursuant to an order made under subsection (3)(c) or (5) must be paid by the Commission into the general revenue.

**53ZSQ. Other circumstances for revocation or suspension in respect of licensed persons etc.**

(1) Subject to sections 53ZSU, 53ZSV and 53ZSW, the Commission may in any of the situations specified in subsection (2)—

(a) revoke a licensed person's licence; or

(b) suspend a licensed person's licence for a period, or until the occurrence of an event, specified in a notice referred to in section 53ZSU.

(2) The situations are that—

(a) if the licensed person is an individual—

(i) the licensed person enters into a voluntary arrangement with creditors, or has a bankruptcy order made against that person, under the Bankruptcy Ordinance (Cap. 6);

(ii) the licensed person fails to satisfy a levy of execution; or

(iii) any of the following circumstances arises that in the opinion of the Commission impugns the fitness and properness of the licensed person to remain licensed—

(A) the licensed person is convicted of an offence (other than an offence under this Ordinance) in Hong Kong or elsewhere;

(B) the licensed person has been found by a court to be mentally incapacitated, or is detained in a mental hospital, under the Mental Health Ordinance (Cap. 136);

(b) if the licensed person is a corporation—

(i) a receiver or manager of the property or business of the licensed person is appointed;

(ii) the licensed person fails to satisfy a levy of execution;

(iii) the licensed person enters into a compromise or scheme of arrangement with its creditors;

(iv) the licensed person has commenced, or is deemed to have commenced, winding up or has applied for deregistration under the Companies Ordinance (Cap. 622); or

(v) any of the following circumstances arises that in the opinion of the Commission impugns the fitness and properness of the licensed person to remain licensed—

(A) the licensed person is convicted of an offence (other than an offence under this Ordinance) in Hong Kong or elsewhere;

(B) any of the directors of the licensed person is convicted of an offence (other than an offence under this Ordinance) in Hong Kong or elsewhere;

(C) any of the directors of the licensed person has been found by a court to be mentally incapacitated, or is detained in a mental hospital, under the Mental Health Ordinance (Cap. 136);

(c) the licensed person does not provide a VA service; and

(d) the licensed person requests the Commission to so revoke or suspend the licence.

(3) A licensed representative's licence is deemed to be revoked if the licensed representative dies.

(4) A licensed provider's licence is deemed to be revoked if the licensed provider is wound up, or has been deregistered or struck off the Companies Register or is otherwise dissolved.

(5) Subject to subsection (6), a licence of a licensed person is deemed to be suspended if—

(a) the licensed person fails to make full payment of—

(i) any annual fee payable by the licensed person under section 53ZRY(1); or

(ii) any additional sum payable by the licensed person under section 53ZRY(2) as a result of any default in making full payment, of the annual fee, within 3 months after the due date for payment of the annual fee under that section; or

(b) the licensed person fails to submit an annual return, required to be submitted by the licensed person under section 53ZRY(4), within 3 months after the due date for submission of the annual return under that section.

(6) A licence of a licensed person is not to be regarded as suspended under subsection (5) unless and until—

(a) in the case of a suspension under subsection (5)(a) by reference to any failure to make full payment of any annual fee or additional sum, the Commission has, by written notice given not less than 10 business days before the suspension is to take effect, informed the licensed person—

(i) of the requirement to make full payment of the annual fee or additional sum (as the case requires); and

(ii) of the consequence of the failure to comply with the requirement under this section; or

(b) in the case of a suspension under subsection (5)(b) by reference to any failure to submit an annual return, the Commission has, by written notice given not less than 10 business days before the suspension is to take effect, informed the licensed person—

(i) of the requirement to submit the annual return; and

(ii) of the consequence of the failure to comply with the requirement under this section.

(7) Subject to subsection (8), the suspension under subsection (5) remains in force until the time the Commission—

(a) considers it appropriate that the licence should no longer be suspended; and

(b) informs the licensed person to that effect by written notice.

(8) A licence is deemed to be revoked if—

(a) the licence is suspended under subsection (5); and

(b) the situation described in subsection (5)(a) or (b) (as the case requires) has not been remedied within—

(i) 30 days after the day on which the suspension becomes effective under subsection (5); or

(ii) a further period that the Commission specifies by written notice to the licensed person.

(9) Subject to sections 53ZSU, 53ZSV and 53ZSW, if a person that is a responsible officer of a licensed provider is convicted of an offence (other than an offence under this Ordinance) in Hong Kong or elsewhere that in the opinion of the Commission impugns the fitness and properness of the person to remain such a responsible officer, the Commission may—

(a) revoke the approval granted under section 53ZRP in respect of the person as such a responsible officer; or

(b) suspend the approval for a period, or until the occurrence of an event, specified in the notice referred to in section 53ZSU.

**53ZSR. Determination concerning misconduct and fit and proper person**

(1) For the purposes of section 53ZSP, a person is a regulated person guilty of misconduct if—

(a) the person is a regulated person; and

(b) either—

(i) the person contravenes a material requirement; or

(ii) the person does or omits to do an act in relation to the provision of any VA service which act or omission, in the opinion of the Commission, is or is likely to be prejudicial—

(A) to the interest of the investing public; or

(B) to the public interest.

(2) For the purposes of section 53ZSP, a person was a regulated person guilty of misconduct if—

(a) the person was a regulated person; and

(b) either—

(i) the person, while being such regulated person, contravened a material requirement; or

(ii) the person, while being such regulated person, did or omitted to do an act in relation to the provision of any VA service which act or omission, in the opinion of the Commission, was or was likely to be prejudicial—

(A) to the interest of the investing public; or

(B) to the public interest.

(3) The Commission may form an opinion that a person's act or omission referred to in subsection (1)(b)(ii) or (2)(b)(ii) is or is likely to be, or was or was likely to be, prejudicial as referred to in that subsection only if the Commission has had regard to prevailing guidelines.

(4) Prevailing guidelines, in relation to an act or omission, means any provision—

(a) set out in any codes or guidelines published under section 7 or 53ZTK; and

(b) in force at the time of occurrence of, and applicable in relation to, the act or omission.

(5) If—

(a) a person who is, or was at any time, a licensed provider guilty of misconduct within the meaning of subsection (1) or (2) as a result of the commission of any conduct—

(i) occurring with the consent or connivance of another person; or

(ii) attributable to any neglect on the part of another person; and

(b) such other person is, or was at the time of occurrence of the conduct, a responsible officer of or a person involved in the management of the business of the licensed provider,

such other person is or was (as the case requires) also a regulated person guilty of misconduct for the purposes of section 53ZSP.

(6) The Commission, in determining whether a regulated person is or was a fit and proper person at any time (***material time***) for the purposes of section 53ZSP, may, among the matters specified in section 53ZRJ and any other matters, take into account the conduct of the regulated person at the material time or any past conduct as the Commission considers appropriate in the circumstances of the case.

(7) In this section—

***material requirement*** (重要規定) means—

(a) any provision of this Ordinance; or

(b) any condition of a licence or any other conditions imposed under or pursuant to any provision of this Part.

**53ZSS Guidelines for imposing pecuniary penalty**

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(1) The Commission must publish guidelines indicating the way in which the Commission proposes to exercise the disciplinary power to impose a pecuniary penalty.

(2) The guidelines must be—

(a) published before the Commission exercises a disciplinary power to impose a pecuniary penalty for the first time; and

(b) published in the Gazette and in any other way that the Commission considers appropriate.

(3) In exercising the disciplinary power to impose a pecuniary penalty, the Commission must have regard to the published guidelines.

(4) The guidelines are not subsidiary legislation.

**53ZST. Registration of pecuniary penalty order**

(1) The Court of First Instance may, on application made by the Commission, register in that Court an order to pay a pecuniary penalty.

(2) The application must be made by producing to the Registrar of the High Court a written notice, requesting that the order be registered, together with the original and a copy of the order.

(3) On registration, the order is to be regarded for all purposes as an order of the Court of First Instance made within the civil jurisdiction of that Court for the payment of money.

(4) In this section—

***pecuniary penalty*** (罰款) means a pecuniary penalty ordered to be paid under section 53ZSP(3)(c) or (5).

**53ZSU. Procedural requirements for exercising disciplinary powers or powers under section 53ZSQ**

(1) The Commission may exercise a power under section 53ZSP(3) or 53ZSQ(1) or (9) (except for a power under section 53ZSQ(1) exercisable in a situation specified in section 53ZSQ(2)(d)) in respect of a person only after giving the person a reasonable opportunity to be heard.

(2) In reaching a decision under section 53ZSP or 53ZSQ, the Commission may have regard to any information or material in its possession that is relevant to the decision, regardless of how the information or material has come into its possession.

(3) If the Commission decides to exercise a power under section 53ZSP(3) or 53ZSQ(1) or (9) in respect of a person who is or was a regulated person, the Commission must inform the person of the decision by written notice and the notice must—

(a) include a statement of the reasons for the decision;

(b) specify the time at which the decision is to take effect;

(c) specify any action that the person is required to take under the decision;

(d) for a decision to publicly reprimand, specify the terms in which the person is to be reprimanded;

(e) for a decision to impose a pecuniary penalty—

(i) specify the amount of the penalty; and

(ii) if the penalty is to be paid within a period other than that referred to in section 53ZSP(4)(a), specify that other period within which it must be paid;

(f) for a decision to revoke or suspend a licence or to prohibit an application, specify the duration and terms of the revocation, suspension or prohibition; and

(g) except for a revocation or suspension in the situation specified in section 53ZSQ(2)(d), include a statement that the person may apply to the Review Tribunal for a review of the decision.

**53ZSV. General provisions relating to exercise of disciplinary powers or powers under section 53ZSQ**

(1) The revocation or suspension of any licence under section 53ZSP or 53ZSQ does not operate so as to—

(a) avoid or affect an agreement, transaction or arrangement entered into by the licensed person whether the agreement, transaction or arrangement was entered into before or after the revocation or suspension; or

(b) affect a right, obligation or liability arising under the agreement, transaction or arrangement.

(2) If at any time the Commission is contemplating exercising any power under section 53ZSP or 53ZSQ in respect of a person who is or was a regulated person, it may, where it considers it appropriate to do so in the interest of the investing public or in the public interest, by agreement with the person—

(a) exercise any power the Commission may exercise in respect of the person under this Subdivision (whether or not the same as the power the exercise of which has been contemplated); and

(b) take any additional action that it considers appropriate in the circumstances of the case.

(3) If the Commission exercises any power or takes any additional action in respect of a person under subsection (2)—

(a) it must comply with the procedural requirements under section 53ZSU, as if those requirements, in addition to applying to the exercise of any power under section 53ZSP or 53ZSQ, also apply with necessary modifications to the taking of any additional action under subsection (2); and

(b) subject to the agreement of the person, it is not obliged to give the person a reasonable opportunity to be heard.

(4) Subsection (2) does not apply to a revocation or suspension in the situation specified in section 53ZSQ(2)(d).

(5) Nothing in this Subdivision affects the power of the Court of First Instance to make any order or exercise any other power under or pursuant to section 53ZTE, 53ZTF, 53ZTG or 53ZTH.

**53ZSW. Licensed person or responsible officer remains subject to obligations as such, despite suspension of licence or approval**

(1) If a licence of a licensed person is suspended under section 53ZSP or 53ZSQ in relation to all or any, or any part of all or any, of the VA service provided by the licensed person, then during the period of the suspension, the licensed person—

(a) continues to be regarded for the purposes of the provisions of this Ordinance, but not section 53ZRD, as licensed for the VA service or VA services, or the part of the VA service or VA services, to which the suspension relates; and

(b) without limiting paragraph (a), continues to be required to comply with any provision of this Ordinance relating to a licensed person that would apply to the person were the licence not so suspended.

(2) If an approval of a person as a responsible officer of a licensed provider is suspended under section 53ZSP or 53ZSQ, then during the period of the suspension, the person—

(a) continues to be regarded for the purposes of the provisions of this Ordinance, but not section 53ZRO, as such a responsible officer; and

(b) without limiting paragraph (a), continues to be required to comply with any provision of this Ordinance relating to a responsible officer that would apply to the person were the approval not so suspended.

(3) A licence of a licensed person may be revoked under section 53ZSP or 53ZSQ even if, at the time of revocation, the licence is suspended, whether in relation to all or any, or any part of all or any, of the VA service provided by the person, under any provision of this Part.

(4) An approval of a person as a responsible officer of a licensed provider may be revoked under section 53ZSP or 53ZSQ even if, at the time of revocation, the approval is suspended under any provision of this Part.

(5) This section does not affect the operation of any provision of this Ordinance that applies in relation to a suspension.

**53ZSY. Grounds for imposing prohibition or requirement under section 53ZSZ, 53ZT or 53ZTA**

The Commission may impose a prohibition or requirement under section 53ZSZ, 53ZT or 53ZTA in respect of, or with reference to, any licensed provider or any of its associated entities if it appears to the Commission that—

(a) any of the following might be dissipated, transferred or otherwise dealt with in a manner prejudicial to the interest of any of the licensed provider's clients or creditors—

(i) any property of the licensed provider or any of its associated entities or its clients;

(ii) any property connected with the business that constitutes providing a VA service by the licensed provider;

(b) the licensed provider is not a fit and proper person to remain licensed or is not a fit and proper person to provide any VA service for which it is licensed (having regard, among other matters, to the matters specified in section 53ZRJ);

(c) the licensed provider or any of its associated entities—

(i) has failed to comply with a requirement under section 9(3); or

(ii) in purported compliance with a requirement under section 9(3), has furnished the Commission with information that was, at the time when it was furnished, false or misleading in a material particular;

(d) the licence of the licensed provider may be revoked or suspended on any of the grounds specified in section 53ZSP(2) or 53ZSQ; or

(e) the imposition of the prohibition or requirement is desirable in the interest of the investing public or in the public interest.

**53ZTC. Exercise of Subdivision 2 power—procedural requirements and effect on agreement**

(1) In this section—

(a) a reference to the Commission deciding to exercise a Subdivision 2 power is a reference to—

(i) the Commission imposing a prohibition or requirement under section 53ZSZ, 53ZT or 53ZTA;

(ii) the Commission withdrawing a prohibition or requirement under section 53ZTB; or

(iii) the Commission substituting another prohibition or requirement for, or varying, a prohibition or requirement under section 53ZTB; and

(b) a reference to the Commission deciding not to exercise a Subdivision 2 power is to be construed accordingly.

(2) If the Commission, of its own volition, decides to exercise a Subdivision 2 power in relation to a person, the Commission must inform the person of the decision by written notice and the notice must include—

(a) a statement of the reasons for the decision; and

(b) (except for a withdrawal of a prohibition or requirement) a statement that the person may apply to the Review Tribunal for a review of the decision.

(3) If a request is made by any person to the Commission pursuant to section 53ZTB(4) for the Commission to exercise its Subdivision 2 power referred to in section 53ZTB—

(a) if the Commission decides to exercise a Subdivision 2 power as requested, the Commission must inform the person of the decision by written notice and the notice must include a statement of the reasons for the decision; or

(b) if the Commission decides not to exercise a Subdivision 2 power as requested, with or without also deciding to exercise a Subdivision 2 power in another way, the Commission must inform the person of the decision or decisions by written notice and the notice must include—

(i) a statement of the reasons for the decision or decisions; and

(ii) a statement that the person may apply to the Review Tribunal for a review of the decision or decisions.

(4) A decision to exercise a Subdivision 2 power in relation to a person takes effect at the time the person receives the notice given in respect of the decision or at the time specified in the notice, whichever is the later.

(5) If—

(a) the Commission decides to exercise a Subdivision 2 power in relation to a person (***intervention subject***); and

(b) the reasons provided in accordance with subsection (2) or (3) relate specifically to matters that—

(i) refer to any person (***identified person***) who is identified in the statement of the reasons for the decision but who is not the intervention subject; and

(ii) are, in the opinion of the Commission, prejudicial to the identified person in any respect,

the Commission must, as soon as reasonably practicable after the decision, take all reasonable steps to serve on the identified person a copy of the notice given in respect of the decision.

(6) Subsections (2), (3) and (5) do not require a notice, or a copy of a notice, given in respect of a decision to exercise a Subdivision 2 power to be served on any person if the notice or copy has been served on the person under any other provision of this Part.

(7) The Commission must publish in the Gazette, and may publish by any additional means that it considers appropriate, a notice regarding a decision to exercise a Subdivision 2 power.

(8) A notice published under subsection (7) may, if the Commission considers appropriate, include a statement of the reasons for the decision to exercise a Subdivision 2 power to which the notice relates.

(9) A decision to exercise a Subdivision 2 power does not operate so as to render an agreement unenforceable by a party to the agreement if the party proves that in entering into the agreement the party—

(a) acted in good faith; and

(b) was unaware of any notice given, served or published under this Subdivision in respect of or regarding the decision to exercise the Subdivision 2 power.

(10) If, because of the application of this Subdivision or of the giving, service or publication of any notice under this Subdivision, a person rescinds an agreement, the person must restore to any other party to the agreement any money or other benefit received or obtained by the person under the agreement from that party.

**53ZTD. Power to impose prohibition or requirement not affected by revocation or suspension of licence**

(1) This section applies despite any other provisions of this Part, but does not affect the operation of section 53ZSW.

(2) Subsection (3) applies if—

(a) in respect of, or with reference to, a licensed provider or any of its associated entities, a Subdivision 2 prohibition or requirement is imposed; and

(b) at any time after the imposition takes effect, the licence of the licensed provider is revoked or suspended.

(3) The revocation or suspension—

(a) does not affect the validity of the imposition of the Subdivision 2 prohibition or requirement that has taken effect; and

(b) without limiting paragraph (a), does not affect any power exercisable by the Commission under section 53ZTB, at the time when the revocation or suspension takes effect or at any later time,

and a reference in this Part to a licensed provider is to be construed accordingly.

(4) Subsection (5) applies to a licensed provider if—

(a) the licence of the licensed provider is revoked or suspended; and

(b) a Subdivision 2 prohibition or requirement imposed in respect of, or with reference to, the licensed provider or any of its associated entities (whether before or after the revocation or suspension) is in force.

(5) The licensed provider does not contravene the prohibition in section 53ZRD(1) on carrying on a business of providing a VA service merely because it complies with the Subdivision 2 prohibition or requirement.

(6) To avoid doubt, if the Commission has decided to revoke or suspend the licence of a licensed provider, the Commission may, at any time before the revocation or suspension takes effect, impose or withdraw a Subdivision 2 prohibition or requirement in respect of, or with reference, to the licensed provider or any of its associated entities.

(7) To avoid doubt, this section does not affect the power of the Commission to impose or withdraw a Subdivision 2 prohibition or requirement imposed in respect of, or with reference to, a licensed provider or any of its associated entities where the licence of the licensed provider has been suspended.

(8) In this section—

(a) a reference to imposing a Subdivision 2 prohibition or requirement is to be read to mean—

(i) imposing a prohibition or requirement under section 53ZSZ, 53ZT or 53ZTA;

(ii) substituting a prohibition or requirement for another prohibition or requirement under section 53ZTB; or

(iii) varying a prohibition or requirement under section 53ZTB,

and a reference to a Subdivision 2 prohibition or requirement being imposed is to be read accordingly;

(b) a reference to a Subdivision 2 prohibition or requirement means a prohibition or requirement imposed, substituted or varied as mentioned in paragraph (a)(i), (ii) or (iii); and

(c) a reference to withdrawing a Subdivision 2 prohibition or requirement means withdrawing a prohibition or requirement under section 53ZTB.

(9) In this section—

(a) a reference to a licence of a licensed provider being revoked—

(i) means the licence being revoked under section 53ZSP or 53ZSQ; and

(ii) includes the licence being deemed under section 53ZRX to be revoked; and

(b) a reference to a licence of a licensed provider being suspended means the licence being suspended under section 53ZSP or 53ZSQ.

**53ZTF Winding up orders**

.

(1) The Commission may present a petition for a licensed provider, or an associated entity of a licensed provider, to be wound up under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) on the ground that it is just and equitable that the licensed provider or the associated entity should be so wound up if—

(a) the licensed provider or the associated entity is a corporation in respect of which the Court of First Instance has jurisdiction to wind up under that Ordinance; and

(b) it appears to the Commission that it is desirable in the public interest that the licensed provider or the associated entity should be wound up.

(2) The Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) applies to the petition as it applies in relation to a petition presented under that Ordinance.

**53ZTH. Injunctions and other orders**

(1) The Court of First Instance may, on an application of the Commission, make one or more of the orders specified in subsection (2) if—

(a) a person has committed any contravention-related conduct; or

(b) it appears to the Commission that any contravention-related conduct has been, is being or may be committed.

(2) The orders specified for the purposes of subsection (1) are—

(a) an order restraining or prohibiting the commission or the continued commission of any contravention-related conduct;

(b) if a person, or it appears that a person, has been, is or may become, involved in the commission of any contravention-related conduct, whether knowingly or otherwise—an order requiring the person to take any step that the Court of First Instance directs, including steps to restore the parties to any transaction to the position in which they were before the transaction was entered into;

(c) an order restraining or prohibiting a person from acquiring, disposing of, or otherwise dealing in, any property specified in the order;

(d) an order appointing a person to administer the property of another person;

(e) an order declaring a contract relating to any virtual assets to be void or voidable to the extent specified in the order;

(f) for the purpose of securing compliance with any other order made under this section, an order directing a person to do or refrain from doing any act specified in the order; and

(g) any ancillary order that the Court of First Instance considers necessary in consequence of the making of any of the orders referred to in paragraphs (a), (b), (c), (d), (e) and (f).

(3) The Court of First Instance must, before making an order specified in subsection (2), satisfy itself so far as it can reasonably do so—

(a) that it is desirable that the order be made; and

(b) that the order will not unfairly prejudice any person.

(4) The Court of First Instance may, before making an order specified in subsection (2), direct either or both of the following—

(a) a notice of the application made in respect of the order be given to the persons that the Court considers appropriate;

(b) such a notice be published in the manner that the Court considers appropriate.

(5) If the Court of First Instance considers it desirable to do so, it may grant an interim order that it considers appropriate pending the determination of an application made pursuant to subsection (1).

(6) An order specified in subsection (2) may be made whether or not it appears to the Court of First Instance that—

(a) the person against whom the order is to be made intends to engage again, or to continue to engage, in the commission of any contravention-related conduct;

(b) the person against whom the order is to be made has previously engaged in the commission of any contravention-related conduct; or

(c) there is an imminent danger of damage to any person in the event of the order not being made.

(7) If the Court of First Instance has power to make an order specified in subsection (2) against a person, it may, in addition to or in substitution for such order, make an order requiring the person to pay damages to any other person.

(8) If an order is made or granted under subsection (1) or (5), the Court of First Instance may—

(a) reverse, vary or discharge the order; or

(b) suspend the operation of the order.

(9) For the purposes of this section, a person commits contravention-related conduct if the person—

(a) contravenes an applicable requirement;

(b) aids, abets, or otherwise assists, counsels or procures a person to contravene an applicable requirement;

(c) induces, whether by threats, promises or otherwise, a person to contravene an applicable requirement;

(d) is directly or indirectly in any way knowingly involved in, or a party to, any contravention of an applicable requirement; or

(e) attempts, or conspires with others, to contravene an applicable requirement.

(10) In this section—

***applicable requirement*** (適用規定) means anything falling within paragraph (a), (c), (d) or (e) of the definition of ***specified requirement*** in section 53ZR.

**53ZTI. Applicant to provide information**

(1) This section applies to a person (***applicant***) who applies—

(a) for a licence under section 53ZRK or 53ZRL;

(b) for approval of accreditation or approval of transfer of accreditation to a principal under section 53ZRM;

(c) for variation of VA service under section 53ZRN;

(d) for approval to be a responsible officer under section 53ZRP;

(e) for approval of premises under section 53ZRR;

(f) for approval to become an ultimate owner under section 53ZRQ; or

(g) for any other matter requiring the approval of the Commission under this Part.

(2) The applicant must provide the Commission with any information that the Commission reasonably requires to enable it to consider the application.

(3) In considering an application referred to in subsection (1), the Commission may have regard to any information in its possession, whether provided by the applicant or not.

(4) This section does not affect the Commission's power to require or have regard to information apart from this section.

**53ZTJ Particulars of disciplinary actions to be entered on register**

.

(1) For an exercise of a power under section 53ZSP or 53ZSQ (***decision***) against a licensed person, the Commission—

(a) must enter on the register maintained under section 53ZRH (***register***) the particulars of the decision that the Commission considers appropriate; and

(b) must enter the following particulars in relation to a decision on the register—

(i) if the decision is the subject of a review—the Tribunal's determination of the review (when available);

(ii) if the Tribunal's determination is the subject of an appeal—the Court of Appeal's determination on appeal (when available).

(2) The particulars of a decision entered on the register are to be kept in the register for a period of 5 years after—

(a) unless subsection (1)(b)(i) or (ii) applies—the day on which the decision takes effect;

(b) if subsection (1)(b)(i) applies but subsection (1)(b)(ii) does not apply—the day on which the Tribunal makes its determination; or

(c) if subsection (1)(b)(ii) applies—the day on which the Court of Appeal makes its determination.

(3) Subsections (1) and (2) do not apply to a private reprimand under section 53ZSP(3)(a).

(4) Despite subsections (1) and (2), the Commission is not required to enter on the register, or keep in the register, the particulars of, or in relation to, a decision if the decision is revoked by the Commission or is set aside on review or on appeal.

**53ZT Codes or guidelines on matters under Part 5B**

**K.**

(1) The Commission may publish codes and guidelines that it considers appropriate for providing guidance in relation to any provision under this Part.

(2) The codes and guidelines must be published in the Gazette and in any other way the Commission considers appropriate.

(3) To avoid doubt, the power of the Commission to publish codes or guidelines under this section is in addition to, and not in derogation of, any other power of the Commission to publish codes or guidelines under any provision of this or any other Ordinance.

(4) The Commission may, from time to time, amend the whole or any part of any code or guideline published under this section in a way consistent with the power to publish the code or guideline under this section, and—

(a) the other provisions of this section apply, with necessary modifications, to the amendments to the code or guideline as they apply to the code or guideline; and

(b) any reference in this or any other Ordinance to the code or guideline (however expressed) published under this section is, unless the context otherwise requires, to be construed as a reference to the code or guideline as amended.

(5) A failure on the part of a person to comply with a provision of any code or guideline published under this section does not by itself make the person liable to any legal proceedings, whether in the nature of judicial proceedings or otherwise.

(6) Despite subsection (5)—

(a) the codes or guidelines may be taken into account in considering, for the purposes of any provision of this Ordinance, whether a licensed provider or a licensed representative is a fit and proper person to be or to remain licensed; and

(b) in any proceedings under this Ordinance before any court —

(i) the code or guideline is admissible in evidence; and

(ii) if any provision set out in the code or guideline appears to the court to be relevant to any question arising in the proceedings, it is to be taken into account in determining that question.

(7) Any code or guideline published under this section is not subsidiary legislation.

**53ZTL Rules on matters under Part 5B**

.

(1) The Commission may make rules for the better carrying out of the provisions and purposes of this Part.

(2) Without limiting subsection (1), the Commission may make rules—

(a) to specify any conditions subject to which the provisions of this Part—

(i) do not have effect, or only have effect to a specified extent, in relation to any specified person or to members of a specified class of persons;

(ii) do not have effect in relation to any specified transaction or class of transactions entered into by any specified person or class of persons; or

(iii) are, where they require any application, statement, notice or other document (however described) to be lodged or filed with or submitted to the Commission, to be regarded as having been complied with if the application, statement, notice or other document (as the case requires) is lodged or filed with or submitted to any other specified person; and

(b) to prescribe any matter that under this Part is to be prescribed by rules.

(3) Except as otherwise provided in this Part, rules made by the Commission under this section—

(a) may be of general or special application and may be made so as to apply only in specified circumstances;

(b) may make different provisions for different circumstances and provide for different cases or classes of cases;

(c) may authorize any matter or thing to be determined, applied or regulated by any specified person;

(d) may provide for the exercise of discretion in specified cases; and

(e) may, for the better and more effectual carrying into effect of any provision of this Ordinance or the rules, include any savings, transitional, incidental, supplemental, evidential and consequential provisions (whether involving the provisions of any principal legislation or the provisions of any subsidiary legislation).

(4) Despite any other provisions of this Part but subject to subsection (6), if the Commission proposes to make rules under subsection (1), it must publish a draft of the proposed rules, in a manner that it considers appropriate, for the purpose of inviting representations on the proposed rules by the public.

(5) If the Commission makes any rules under subsection (1) after a draft is published under subsection (4) in relation to the rules, it must—

(a) publish, in a manner that it considers appropriate, an account setting out in general terms—

(i) the representations made on the draft; and

(ii) the response of the Commission to the representations; and

(b) if the rules are made with modifications that in the opinion of the Commission result in the rules being significantly different from the draft, publish, in a manner that it considers appropriate, details of the difference.

(6) Subsections (4) and (5) do not apply if the Commission considers, in the circumstances of the case, that—

(a) it is inappropriate or unnecessary that those subsections should apply; or

(b) any delay involved in complying with those subsections —

(i) would not be in the interest of the investing public; or

(ii) would not be in the public interest.

(7) To avoid doubt, subsections (4), (5) and (6) do not affect any other requirements that, apart from those subsections, apply to the making of any rules under any provision of this Part.

(8) If rules are made by the Commission under subsection (1), the Chief Executive in Council may make regulations to provide that a person who contravenes any specified provision of the rules that applies to the person commits an offence and is liable to a specified penalty not exceeding—

(a) on conviction on indictment a fine of $500,000 and imprisonment for 2 years; or

(b) on summary conviction a fine at level 6 and imprisonment for 6 months.

**53ZTM. Amendment of Schedules 3B to 3F**

(1) The Secretary for Financial Services and the Treasury may, by notice published in the Gazette, amend Schedule 3B.

(2) The Commission may, by notice published in the Gazette, amend Schedule 3C.

(3) The Commission may, after consultation with the Financial Secretary, by notice published in the Gazette, amend Schedules 3D, 3E and 3F.

**53ZTR. Certain representations prohibited**

(1) Subject to subsection (2), a licensed provider or a licensed representative—

(a) must not represent that the abilities or qualifications of the licensed provider or the licensed representative (as the case requires) have been endorsed or warranted by the Government or the Commission; and

(b) must not permit any other person to make representations to the effect referred to in paragraph (a).

(2) A statement to the effect that a person is licensed under this Ordinance does not by itself constitute a contravention of subsection (1).

(3) If a licensed provider or a licensed representative, without reasonable excuse, contravenes subsection (1), the licensed provider or the licensed representative commits an offence and is liable on conviction to a fine at level 5.

(4) In this section—

***represent*** (表述) includes represent in any way, whether expressly or by implication.

**53ZTS. Offence for obstructing person in performance of functions**

(1) A person who, without reasonable excuse, obstructs any specified person in the performance of a function under or in carrying into effect any provision of this Ordinance commits an offence and is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(2) In this section—

***specified person*** (指明人士) means—

(a) the Commission;

(b) any member, employee, or consultant, agent or adviser, of the Commission; or

(c) any person appointed to investigate any matter under this Ordinance.

**53ZT Conflict of interest**
**W.**

(1) Any member of the Commission or any person performing any function under this Ordinance (the member or person called in this section a ***specified person***) must not directly or indirectly effect or cause to be effected, on the specified person's own account or for the benefit of any other person, a transaction regarding any virtual assets—

(a) which transaction the specified person knows is, or is connected with a transaction or a person that is, the subject of any investigation or proceedings by the Commission under this Ordinance; or

(b) which transaction the specified person knows is otherwise being considered by the Commission.

(2) Subsection (1) does not apply to any transaction that a holder of virtual assets effects or causes to be effected by reference to any of their rights as such holder—

(a) to participate in a scheme of arrangement sanctioned by the Court of First Instance under the Companies Ordinance (Cap. 622);

(b) to charge or pledge the virtual assets to secure the repayment of money;

(c) to realize the virtual assets for the purpose of repaying money secured under paragraph (b); or

(d) to realize the virtual assets in the course of performing a duty imposed by law.

(3) A specified person must inform the Commission if, in the course of performing any function under this Part, the specified person is required to consider any matter relating to —

(a) any virtual assets—

(i) in which the specified person has an interest;

(ii) in which a corporation, in the shares of which the specified person has an interest, has an interest; or

(iii) that are of or issued by the same issuer as those in which the specified person has an interest; or

(b) a person—

(i) by whom the specified person is or was employed;

(ii) of whom the specified person is or was a client;

(iii) who is or was the specified person's associate; or

(iv) whom the specified person knows is or was a client of a person—

(A) with whom the specified person is or was employed; or

(B) who is or was the specified person's associate.

(4) A person who, without reasonable excuse, contravenes subsection (1) or (3) commits an offence and is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(5) In this section—

***associate*** (有聯繫者), in relation to a person, means—

(a) the spouse, or any minor child (natural or adopted) or minor step-child, of the person;

(b) any corporation of which the person is a director;

(c) any employee or partner of the person;

(d) the trustee of a trust of which the person, his or her spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or a discretionary object;

(e) another person in accordance with whose directions or instructions the person is accustomed or obliged to act;

(f) another person accustomed or obliged to act in accordance with the directions or instructions of the person;

(g) a corporation in accordance with the directions or instructions of which, or the directions or instructions of the directors of which, the person is accustomed or obliged to act;

(h) a corporation that is, or the directors of which are, accustomed or obliged to act in accordance with the directions or instructions of the person;

(i) a corporation at general meetings of which the person, either alone or together with another, is directly or indirectly entitled to exercise or control the exercise of 33% or more of the voting power;

(j) a corporation of which the person controls the composition of the board of directors;

(k) if the person is a corporation—

(i) any of its directors or any of its related corporations or any director or employee of any of its related corporations; and

(ii) a pension fund, provident fund or employee share scheme of the corporation or of a related corporation of the corporation; or

(l) without limiting the circumstances in which paragraphs (a), (b), (c), (d), (e), (f), (g), (h), (i), (j) and (k) apply, in circumstances concerning the securities of or other interest in a corporation, or rights arising out of the holding of such securities or such interest, any other person with whom the person has an agreement or arrangement—

(i) with respect to the acquisition, holding or disposal of such securities or such interest; or

(ii) under which they undertake to act together in exercising their voting power at general meetings of the corporation.

**53ZTX. Evidence regarding Commission's records or documents**

(1) Subsection (2) applies to a record or document purporting—

(a) to be signed, executed or issued by or on behalf of the Commission; and

(b) to be signed or initialled by any member of the Commission or any person performing any function under any provision of this Ordinance.

(2) The record or document is admissible in any proceedings as evidence of the facts stated in it, without proof of the signature or initials of the person purporting to sign or initial the record or document.

**53ZUA. Disapplication of Part 5C**

(1) This Part does not apply to—

(a) the Government;

(b) an authorized institution;

(c) a pawnbroker licensed under the Pawnbrokers Ordinance (Cap. 166);

(d) a licensed corporation that carries on a precious metals and stones business that is ancillary to any regulated activity (as defined by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571)) carried out by the corporation for which the corporation is licensed under that Ordinance;

(e) an authorized insurer that carries on a precious metals and stones business that is ancillary to the insurer's principal business;

(f) a licensed insurance broker company that carries on a precious metals and stones business that is ancillary to the company's principal business;

(g) a licensed individual insurance agent or a licensed insurance agency that carries on a precious metals and stones business that is ancillary to the agent's or agency's principal business;

(h) an SVF licensee that carries on a precious metals and stones business that is ancillary to the SVF licensee's principal business; or

(i) a system operator or settlement institution of a designated retail payment system that carries on a precious metals and stones business that is ancillary to its business as a system operator or settlement institution.

(2) Except for Divisions 1, 7, 8 and 9, this Part does not apply to a non-Hong Kong precious metals and stones dealer.

(3) The Secretary for Financial Services and the Treasury may by regulation prescribe a class or description of persons to whom this Part does not apply.

**53ZUF Application for and grant of registration**

.

(1) The Commissioner may, on application, register a person as a Category A registrant for carrying on a precious metals and stones business that includes the carrying out of specified transactions but excludes the carrying out of specified cash transactions.

(2) An application for the grant of registration as a Category A registrant must be—

(a) made in the form and way specified by the Commissioner; and

(b) accompanied by the fee specified in Schedule 3K.

(3) Without limiting subsection (2)(a), the application—

(a) must be accompanied by a copy of a valid business registration certificate of the applicant;

(b) must be accompanied by a declaration by the applicant that—

(i) the precious metals and stones business which the applicant proposes to carry on will be carried on for a lawful purpose; or

(ii) if the applicant has been carrying on a precious metals and stones business immediately before 1 April 2023 and makes the application during the transitional period—the applicant's precious metals and stones business is carried on, and will continue to be carried on, for a lawful purpose; and

(c) must contain the address of each premises that the applicant intends to be used as business premises and the applicant's correspondence address.

(4) The Commissioner may register a person as a Category A registrant only if the Commissioner is satisfied of the matters specified in subsections (5) and (6).

(5) The matter specified for the purposes of subsection (4) is that —

(a) the precious metals and stones business that the person proposes to carry on will be carried on for a lawful purpose; or

(b) if the person has been carrying on a precious metals and stones business immediately before 1 April 2023 and makes the application during the transitional period—the person's precious metals and stones business is carried on, and will continue to be carried on, for a lawful purpose.

(6) The matter specified for the purposes of subsection (4) is that, in relation to an applicant who intends to use any domestic premises as business premises, the applicant has secured the written consent of every occupant of the premises for any authorized person, as defined by section 8, to enter the premises for the purpose of exercising the powers under section 9.

(7) On registering a person as a Category A registrant, the Commissioner may impose any conditions that the Commissioner considers appropriate.

(8) Section 53ZUJ applies to the determination of an application under subsection (1).

(9) In this section—

***transitional period*** (過渡期) has the meaning given by section 53ZW(8).

**53ZU L. Cancellation or suspension of registration**

(1) In relation to a person registered as a Category A registrant, the Commissioner may in any of the situations specified in subsection (2)—

(a) cancel the person's registration; or

(b) suspend the person's registration for a period, or until the occurrence of an event, specified by the Commissioner.

(2) The situations are that—

(a) the person is convicted of an offence for contravening section 53ZUE(2) or (4);

(b) the person contravenes a regulation made under section 53ZVS;

(c) the person contravenes any of the conditions of the person's registration;

(d) the person fails to pay the annual fee specified in Schedule 3K when it is due;

(e) the person fails to comply with an order made under section 53ZVE(3)(b) to take remedial action;

(f) the person ceases to hold a valid business registration certificate;

(g) there are circumstances suggesting that the person's business has been, is being or will be carried on for an unlawful purpose; and

(h) the person uses any domestic premises as business premises for its precious metals and stones business, and —

(i) any occupant of the premises revokes his or her written consent previously given for any authorized person, as defined by section 8, to enter the premises for the purpose of exercising the powers under section 9; or

(ii) any new occupant of the premises refuses to give such a written consent.

(3) The Commissioner may exercise a power under subsection (1) in relation to a person only after giving the person a reasonable opportunity to be heard.

**53ZU Application for and grant of registration**
**O.**

(1) The Commissioner may, on application, register a person as a Category B registrant for carrying on a precious metals and stones business that includes the carrying out of specified transactions and specified cash transactions.

(2) The Commissioner may register a person as a Category B registrant only if the Commissioner is satisfied of the matters specified in subsections (3) and (4).

(3) The matters specified for the purposes of subsection (2) are that—

(a) if the applicant is an individual—

(i) the individual is a fit and proper person to carry on a precious metals and stones business; and

(ii) if there is an ultimate owner in relation to the individual—the ultimate owner is a fit and proper person to be associated with a precious metals and stones business;

(b) if the applicant is a partnership—

(i) each partner in the partnership is a fit and proper person to carry on a precious metals and stones business; and

(ii) if there is an ultimate owner in relation to the partnership—the ultimate owner is a fit and proper person to be associated with a precious metals and stones business; or

(c) if the applicant is a corporation—

(i) each director of the corporation is a fit and proper person to be associated with a precious metals and stones business; and

(ii) if there is an ultimate owner in relation to the corporation—the ultimate owner is a fit and proper person to be associated with a precious metals and stones business.

(4) The matter specified for the purposes of subsection (2) is that, in relation to an applicant who intends to use any domestic premises as business premises, the applicant has secured the written consent of every occupant of the premises for any authorized person, as defined by section 8, to enter the premises for the purpose of exercising the powers under section 9.

(5) Section 53ZUN applies to a determination of an application under subsection (1).

(6) On registering a person as a Category B registrant, the Commissioner may impose any conditions that the Commissioner considers appropriate.

(7) Section 53ZUS applies to an application under subsection (1) and to the determination of the application.

(8) Subject to section 53ZUU, registration of a person under this section have effect—

(a) for 3 years; or

(b) if the Commissioner considers it appropriate in any particular case—for any other period determined by the Commissioner, beginning on the date on which the registration takes effect.

**53ZUU. Cancellation or suspension of registration**

(1) In relation to a person registered as a Category B registrant, the Commissioner may in any of the situations specified in subsection (2)—

(a) cancel the person's registration; or

(b) suspend the person's registration for a period, or until the occurrence of an event, specified by the Commissioner.

(2) The situations are that—

(a) the person contravenes any of the conditions of the person's registration;

(b) if the person is an individual, the Commissioner is no longer satisfied that—

(i) the individual is a fit and proper person to carry on a precious metals and stones business; or

(ii) if there is an ultimate owner in relation to the individual—the ultimate owner is a fit and proper person to be associated with a precious metals and stones business;

(c) if the person is a partnership, the Commissioner is no longer satisfied that—

(i) each partner in the partnership is a fit and proper person to carry on a precious metals and stones business; or

(ii) if there is an ultimate owner in relation to the partnership—the ultimate owner is a fit and proper person to be associated with a precious metals and stones business;

(d) if the person is a corporation, the Commissioner is no longer satisfied that—

(i) each director of the corporation is a fit and proper person to be associated with a precious metals and stones business; or

(ii) if there is an ultimate owner in relation to the corporation, the ultimate owner is a fit and proper person to be associated with a precious metals and stones business;

(e) the person fails to comply with an order made under section 53ZVF(3)(b) to take remedial action within the meaning of that section;

(f) the person ceases to hold a valid business registration certificate; and

(g) the person uses any domestic premises as business premises for its precious metals and stones business, and —

(i) any occupant of the premises revokes his or her written consent previously given for any authorized person, as defined by section 8, to enter the premises for the purpose of exercising the powers under section 9; or

(ii) any new occupant of the premises refuses to give such a written consent.

(3) Section 53ZUN applies to a determination under subsection (2)(b), (c) or (d).

(4) The Commissioner may exercise a power under subsection (1) in relation to a person only after giving the person a reasonable opportunity to be heard.

**54. Interpretation of Part 6**

In this Part—

***application for review*** (覆核申請) means an application made under section 59(1);

***parties*** (各方), in relation to a review, means—

(a) the specified authority that made the specified decision in question; and

(b) the person who makes the application for review;

***review*** (覆核) means a review of a specified decision by the Tribunal under section 60(1);

***Secretary*** (局長) means the Secretary for Financial Services and the Treasury;

***specified authority*** (指明當局)—

(a) in relation to a specified decision falling within paragraph (a) of the definition of ***specified decision***, means the Monetary Authority;

(b) in relation to a specified decision falling within paragraph (b) of the definition of ***specified decision***, means the Securities and Futures Commission;

(c) in relation to a specified decision falling within paragraph (c) of the definition of ***specified decision***, means the Insurance Authority; *(Amended 4 of 2018 s. 20)*

(d) in relation to a specified decision falling within paragraph (d) of the definition of ***specified decision***, means the Commissioner; *(Amended 4 of 2018 s. 20; 15 of 2022 s. 27)*

(e) in relation to a specified decision falling within paragraph (e) of the definition of ***specified decision***, means the Registrar; *(Added 4 of 2018 s. 20)*

(f) in relation to a specified decision falling within paragraph (f) of the definition of ***specified decision***, means the Securities and Futures Commission; and *(Added 15 of 2022 s. 27)*

(g) in relation to a specified decision falling within paragraph (g) of the definition of ***specified decision***, means the Commissioner; *(Added 15 of 2022 s. 27)*

***specified decision*** (指明決定) means—

(a) a decision of the Monetary Authority to exercise any of the powers under section 21;

(b) a decision of the Securities and Futures Commission to exercise any of the powers under section 21;

(c) a decision of the Insurance Authority to exercise any of the powers under section 21;

(d) a decision of the Commissioner—

(i) to exercise any of the powers under section 21;

(ii) to impose a licence condition under section 30;

(iii) to refuse to grant a licence under section 30;

(iv) to amend or impose a licence condition under section 31;

(v) to refuse to renew a licence under section 31;

(vi) to amend or impose a licence condition under section 32;

(vii) to revoke or suspend a licence under section 34;

(viii) to refuse to give approval to a person becoming a director of a licensee under section 35;

(ix) to refuse to give approval to a person becoming an ultimate owner of a licensee under section 36;

(x) to refuse to give approval to a person becoming a partner in a partnership that is a licensee under section 37;

(xi) to refuse to grant an application to add new premises to a licence under section 38;

(xii) to refuse to grant an application to operate a money service at particular premises under section 39; or

(xiii) to exercise any of the powers under section 43;

(e) a decision of the Registrar—

(i) not to grant a licence under section 53H;

(ii) to impose a licence condition under section 53J;

(iii) not to renew a licence under section 53K;

(iv) to amend or impose a licence condition under section 53L or 53M;

(v) to revoke or suspend a licence under section 53Q;

(vi) not to give approval for a person to become an ultimate owner of a licensee under section 53S;

(vii) not to give approval for a person to become a partner of a licensee under section 53T;

(viii) not to give approval for a person to become a director of a licensee under section 53U; or

(ix) to exercise a power under section 53Z or 53ZD; *(Added 4 of 2018 s. 20)*

(f) a decision of the Securities and Futures Commission—

(i) to refuse to grant a licence under section 53ZRK;

(ii) to impose a condition on, or amend or remove a condition of, a licence under section 53ZRK;

(iii) to refuse to grant a licence under section 53ZRL;

(iv) to impose a condition on, or amend or remove a condition of, a licence under section 53ZRL;

(v) to refuse to approve an accreditation or transfer of an accreditation under section 53ZRM;

(vi) to impose a condition on, or amend or remove a condition of, an accreditation or transfer of an accreditation under section 53ZRM;

(vii) to refuse to add, remove or otherwise vary, under section 53ZRN, any VA service that is licensed to be provided under a licence;

(viii) to refuse to approve a person as a responsible officer of a licensed VAS provider under section 53ZRP or to refuse to approve a person to become an ultimate owner of a licensed VAS provider under section 53ZRQ;

(ix) to impose a condition in approving a person as a responsible officer of a licensed VAS provider under section 53ZRP or to amend or remove a condition in relation to the approval of a person as such a responsible officer under that section;

(x) to impose a condition in approving a person to become an ultimate owner of a licensed VAS provider under section 53ZRQ or to amend or remove a condition in relation to the approval of such an ultimate owner under that section;

(xi) to refuse to approve premises under section 53ZRR;

(xii) to appoint an auditor under section 53ZSH to carry out examination and audit, or give a direction to pay any of the costs and expenses of the examination and audit;

(xiii) to exercise a power under section 53ZSP against a person who is or was regulated person (as defined by section 53ZSO(1));

(xiv) to revoke or suspend a licence, or the approval of a person as a responsible officer, under section 53ZSP or 53ZSQ (section 53ZSQ(2)(d) excepted); or

(xv) to impose a prohibition or requirement under section 53ZSZ, 53ZT or 53ZTA or to substitute or vary, or to refuse to withdraw, substitute or vary, a prohibition or requirement under section 53ZTB; or *(Added 15 of 2022 s. 27)*

(g) a decision of the Commissioner—

(i) not to register a person as a Category A registrant or a Category B registrant under section 53ZUF or 53ZUO;

(ii) to impose a condition in relation to a Category A registrant's registration or a Category B registrant's registration under section 53ZUF or 53ZUO;

(iii) to impose, amend or remove a condition in relation to a Category A registrant's registration or a Category B registrant's registration under section 53ZUI or 53ZUR;

(iv) to cancel or suspend a Category A registrant's registration or a Category B registrant's registration under section 53ZUL or 53ZUU;

(v) not to renew a person's registration as a Category B registrant under section 53ZUQ;

(vi) to impose, amend or remove a condition in relation to a renewal of registration as a Category B registrant under section 53ZUQ;

(vii) not to approve a person to become an ultimate owner, a partner or a director of a Category B registrant under section 53ZUW, 53ZUX or 53ZUY; or

(viii) to exercise a power against a Category A registrant under section 53ZVE or a Category B registrant under section 53ZVF; *(Added 15 of 2022 s. 27)*

***Tribunal*** (審裁處) means the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal established by section 55. *(Amended 4 of 2018 s. 20)*

**60. Determination of review by Tribunal**

(1) The Tribunal may determine a review of a specified decision by—

(a) confirming, varying or setting aside the decision and, if the decision is set aside, substituting for the decision any other decision that the Tribunal considers appropriate; or

(b) remitting the matter to the specified authority with any directions it considers appropriate.

(2) If the Tribunal varies, or substitutes any other decision for, a specified decision under subsection (1)(a), the decision as varied or the other decision substituting for the specified decision may be any decision (whether more or less onerous than the decision varied or substituted) that the specified authority had power to make in respect of the person who makes the application for review in question, whether or not under the same provision as that under which the specified decision has been made.

(3) In reviewing a specified decision, the Tribunal must give the parties to the review a reasonable opportunity to be heard.

(4) For the purposes of proceedings before the Tribunal, matters of fact are to be established on a balance of probabilities.

**71. Appeal to Court of Appeal with leave**

(1) Subject to subsection (2), if a party to a review is dissatisfied with the determination of the review, the party may appeal to the Court of Appeal against the determination on a question of law or a question of fact or a question of mixed law and fact.

(2) No appeal may be made under subsection (1) unless leave to appeal has been granted by the Court of Appeal.

(3) Leave to appeal for the purpose of subsection (2) may be granted—

(a) in respect of a particular issue arising out of the determination; and

(b) subject to any condition that the Court of Appeal considers necessary in order to secure the just, expeditious and economical disposal of the appeal.

(4) Leave to appeal for the purpose of subsection (2) may only be granted if the Court of Appeal is satisfied that—

(a) the appeal has a reasonable prospect of success; or

(b) there is some other reason in the interests of justice why the appeal should be heard.

**72. Powers of the Court of Appeal**

(1) The Court of Appeal may, in relation to an appeal against a determination of the Tribunal—

(a) allow the appeal;

(b) dismiss the appeal;

(c) vary or set aside the determination and, if the determination is set aside, substitute for the determination any other determination that it considers appropriate; or

(d) remit the matter to the Tribunal or to the specified authority with any directions it considers appropriate.

(2) If the Court of Appeal varies, or substitutes any other determination for, a determination under subsection (1)(c), the determination as varied or the other determination substituting for the determination may be any determination (whether more or less onerous than the determination varied or substituted) that the Tribunal had power to make in respect of the review in question, whether or not under the same provision as that under which the determination has been made.

(3) In an appeal under this section, the Court of Appeal may make any order for payment of costs as it considers appropriate.

**76C. Permitted disclosures by specified person**

(1) Despite section 76B, a specified person may—

(a) disclose information—

(i) in performing a function under this Ordinance;

(ii) for the purpose of carrying into effect a provision of this Ordinance; or

(iii) for the purpose of doing anything required or authorized under this Ordinance;

(b) disclose information that has already been made available to the public;

(c) disclose information with a view to the institution of, or for the purposes of, any criminal proceedings in Hong Kong;

(d) disclose information with a view to the commencement of, or for the purposes of, an investigation carried out in Hong Kong under the laws of Hong Kong;

(e) disclose information for the purpose of seeking advice from, or giving of advice by, counsel, a solicitor or other professional adviser, who is acting or proposing to act in a professional capacity in connection with any matter arising under this Ordinance;

(f) disclose information in connection with any judicial or other proceedings to which the specified person is a party; and

(g) disclose information in accordance with an order of a court, magistrate or tribunal, or in accordance with a law of Hong Kong or a requirement imposed under a law of Hong Kong.

(2) Despite section 76B, a person who is or was a section 53ZSH person may disclose information obtained or received by the person in the course of performing the person's duties as a section 53ZSH person—

(a) for the purposes of any judicial or other proceedings arising out of the performance of the person's duties as a section 53ZSH person; or

(b) in the case of an employee or agent of a section 53ZSH auditor, to the auditor.

(3) In this section—

***section 53ZSH auditor*** (第53ZSH條核數師) has the meaning given by section 53ZRZ;

***section 53ZSH person*** (第53ZSH條人士) means—

(a) a section 53ZSH auditor; or

(b) an employee or agent of a section 53ZSH auditor.

**76D. Permitted disclosures by relevant authority**

(1) Despite section 76B, a relevant authority may—

(a) disclose information in the form of a summary compiled from any information in the possession of the relevant authority, including information provided by a person under a provision of this Ordinance, if the summary is so compiled as to prevent particulars relating to the business or identity, or the trading particulars, of any person from being ascertained from it;

(b) disclose information to a liquidator appointed under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32);

(c) disclose information to the Review Tribunal;

(d) disclose information to the Securities and Futures Appeals Tribunal established by section 216 of the Securities and Futures Ordinance (Cap. 571);

(e) disclose information to a person who is or was an auditor appointed under this Ordinance, for the purpose of enabling or assisting the Securities and Futures Commission to perform its functions under this Ordinance;

(f) disclose information with the consent of the person from whom the information was obtained or received and, if the information relates to a different person, with the consent also of the person to whom the information relates;

(g) subject to subsection (2), disclose information to—

(i) the Chief Executive;

(ii) the Financial Secretary;

(iii) the Secretary for Justice;

(iv) the Secretary for Financial Services and the Treasury;

(v) the Monetary Authority;

(vi) the Insurance Authority;

(vii) the Securities and Futures Commission;

(viii) the Commissioner;

(ix) the Registrar;

(x) the Official Receiver;

(xi) the Privacy Commissioner for Personal Data;

(xii) The Ombudsman;

(xiii) a public officer authorized under subsection (6);

(xiv) the Accounting and Financial Reporting Council continued under section 6 of the Accounting and Financial Reporting Council Ordinance (Cap. 588);

(xv) an inspector appointed by the Financial Secretary to investigate the affairs of a corporation;

(xvi) the Commissioner of the Independent Commission Against Corruption;

(xvii) the Law Society; or

(xviii) the Estate Agents Authority;

(h) if the information is obtained by an authorized person under section 9 or an investigator under section 12, disclose information to—

(i) the Secretary for Justice;

(ii) the Commissioner of Police;

(iii) the Commissioner of the Independent Commission Against Corruption; or

(iv) the Review Tribunal;

(i) subject to subsection (2), disclose information to an authority or regulatory organization outside Hong Kong that, in the opinion of the relevant authority—

(i) performs, in the jurisdiction of the authority or regulatory organization (***recipient jurisdiction***), any function similar to a function of a relevant authority or regulatory body under this Ordinance or regulates, supervises or investigates banking, securities, insurance, activities involving virtual assets, or other financial services or legal or accounting services in the recipient jurisdiction; and

(ii) is subject to adequate secrecy provisions in the recipient jurisdiction; or

(j) disclose information for the purpose of, or otherwise in connection with, an audit required under section 5F of the Insurance Ordinance (Cap. 41) or section 16 of the Securities and Futures Ordinance (Cap. 571).

(2) A relevant authority may disclose information under subsection (1)(g) or (i) only if satisfied that it is desirable or expedient that the information should be disclosed, having regard to—

(a) the public interest and the interest of the investing public; and

(b) the recipient's need for the information in performing the recipient's functions.

(3) Despite section 76B—

(a) the Insurance Authority may—

(i) disclose information with a view to the institution of, or otherwise for the purposes of, any disciplinary proceedings relating to the performance by a Cap. 41 prescribed person of his or her professional duties;

(ii) disclose information to a Cap. 41 prescribed person for the purpose of enabling or assisting the Insurance Authority to discharge its functions under the Insurance Ordinance (Cap. 41); or

(iii) disclose any information to an auditor or actuary specified below if, in the opinion of the Insurance Authority, the information is necessary for the auditor or actuary to discharge his or her duties under the Insurance Ordinance (Cap. 41)—

(A) an auditor or actuary of an authorized insurer or a licensed insurance broker company; or

(B) an auditor appointed under section 95ZF of the Insurance Ordinance (Cap. 41) for the supervised group of a designated insurance holding company; and

(b) a Cap. 41 prescribed person may disclose any information disclosed to that person under paragraph (a)(ii) if the Insurance Authority has given its consent to the disclosure.

(4) A relevant authority may, in disclosing information under subsection (1) or (3), impose any condition that the relevant authority considers appropriate.

(5) Subsection (1)(f) does not require a relevant authority to disclose, in or in relation to a civil proceeding, any information that the relevant authority may disclose, or has disclosed, under that subsection.

(6) The Financial Secretary may authorize a public officer as a person to whom information may be disclosed under subsection (1)(g)(xiii).

(7) A person who, knowing of a condition imposed under subsection (4), contravenes the condition, or aids, abets, counsels or procures any person to contravene it, commits an offence.

(8) A person who commits an offence under subsection (7) is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(9) In this section—

***Cap. 41 prescribed person*** (《第41章》訂明人士) means a prescribed person as defined by section 2(1) of the Insurance Ordinance (Cap. 41);

***designated insurance holding company*** (指定保險控權公司) has the meaning given by section 95A(1) of the Insurance Ordinance (Cap. 41);

***supervised group*** (受監管集團) has the meaning given by section 2(1) of the Insurance Ordinance (Cap. 41).

**76E. Person subject to inspection, investigation or disciplinary action must not disclose information**

(1) This section applies to—

(a) a person on whom a requirement under section 9 or 12 has been imposed by an authorized person or investigator; or

(b) a person who has been given a notice under section 22, 44, 53ZA or 53ZSU.

(2) The person specified in subsection (1)(a) must not disclose any information obtained in the course of the requirement being imposed, or in the course of a compliance or purported compliance with the requirement, to any other person unless—

(a) the relevant authority consents to the disclosure; or

(b) any of the conditions specified in subsection (4) is satisfied.

(3) The person specified in subsection (1)(b) must not disclose any information obtained from the notice, or from any communication with the relevant authority in relation to the subject matter of the notice, unless—

(a) the relevant authority consents to the disclosure; or

(b) any of the conditions specified in subsection (4) is satisfied.

(4) The conditions specified for subsections (2)(b) and (3)(b) are that—

(a) the information has already been made available to the public because of being disclosed in any circumstances in which, or for any purpose for which, disclosure is not precluded by section 76B;

(b) the disclosure is for the purpose of seeking advice from, or giving advice by, counsel or a solicitor or other professional adviser, who is acting or proposing to act in a professional capacity in connection with any matter arising under this Ordinance;

(c) the disclosure by the person specified in subsection (1)(a) or (b) is in connection with any judicial or other proceedings to which the person is a party; and

(d) the disclosure is in accordance with an order of a court, magistrate or tribunal, or in accordance with a law of Hong Kong or a requirement imposed under a law of Hong Kong.

(5) The relevant authority may impose any conditions that it considers appropriate on a consent given by it for the purposes of subsection (2)(a) or (3)(a).

(6) A person who contravenes subsection (2) or (3) commits an offence and is liable on conviction to a fine at level 4.

(7) In this section—

***authorized person*** (獲授權人) has the meaning given by section 8;

***investigator*** (調查員) has the meaning given by section 8.

**76F. Recipient of information disclosed under section 76C, 76D or 76E must not disclose it onwards**

(1) If information is disclosed under section 76C (except subsection (1)(b) or (2)(b)) or section 76D (except subsection (1)(a), (f) or (i)) or section 76E, each specified recipient must not disclose the information to another person unless—

(a) the relevant authority consents to the disclosure;

(b) the information has already been made available to the public;

(c) the disclosure is for the purpose of seeking advice from, or giving advice by, counsel or a solicitor or other professional adviser, who is acting or proposing to act in a professional capacity in connection with any matter arising under this Ordinance;

(d) the disclosure by the specified recipient is in connection with any judicial or other proceedings to which the specified recipient is a party; or

(e) the disclosure is in accordance with an order of a court, magistrate or tribunal, or in accordance with a law of Hong Kong or a requirement imposed under a law of Hong Kong.

(2) The relevant authority referred to in subsection (1)(a)—

(a) in the case of information disclosed under section 76C—

(i) if paragraph (a) of the definition of ***specified person*** in section 76A applies—is the specified person;

(ii) if paragraph (b) of the definition of ***specified person*** in section 76A applies—is the relevant authority of whom the specified person is or was a member, an employee, or a consultant, agent or adviser; or

(iii) is the relevant authority concerned with a provision of this Ordinance where (as the case requires)—

(A) the specified person is or was a person appointed under that provision of this Ordinance;

(B) the specified person is or was a person performing a function under, or carrying into effect, that provision of this Ordinance; or

(C) the specified person is or was a person assisting another person in the performance of a function under, or carrying into effect, that provision of this Ordinance;

(b) in the case of information disclosed under section 76D—is the relevant authority disclosing it; or

(c) in the case of information disclosed under section 76E—is the relevant authority—

(i) by whom the person imposing the requirement referred to in section 76E(1)(a) is authorized under section 9(12) or directed or appointed under section 11; or

(ii) by whom the notice referred to in section 76E(1)(b) is given.

(3) A person who contravenes subsection (1) commits an offence.

(4) Subsection (1) does not apply to a specified recipient of information disclosed under section 76E if the condition in section 76E(4)(a) is satisfied.

(5) The relevant authority may, in giving consent under subsection (1)(a), impose any condition that the relevant authority considers appropriate.

(6) A person who, knowing of a condition imposed under subsection (5), contravenes the condition, or aids, abets, counsels or procures any person to contravene it, commits an offence.

(7) A person who commits an offence under subsection (3) or (6) is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(8) In this section—

***specified recipient*** (指明收取人) means—

(a) the person to whom any information is disclosed (***first recipient***) under subsection (1); or

(b) a person obtaining or receiving any information, directly or indirectly, from the first recipient.

**76G. Other enactments on disclosure of information not affected**

(1) Sections 76A, 76B, 76C, 76D, 76E and 76F do not prejudice the following—

(a) sections 120 and 121 of the Banking Ordinance (Cap. 155);

(b) sections 53A, 53B and 121 of the Insurance Ordinance (Cap. 41);

(c) section 50 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

(d) section 378 of the Securities and Futures Ordinance (Cap. 571);

(e) any other provision in an Ordinance governing a financial regulator that relates to the sharing or disclosure of information by the financial regulator.

(2) In this section—

***financial regulator*** (金融監管者) means an authority or body that regulates, supervises or investigates banking, securities, insurance, activities involving virtual assets or other financial services.

**78. Standard of proof**

If it is necessary for a relevant authority to establish or to be satisfied, for the purposes of any provision of this Ordinance (other than provisions relating to criminal proceedings or to an offence), that—

(a) a person has contravened—

(i) any provision of any Ordinance;

(ii) any notice or requirement given or imposed under any Ordinance;

(iii) any of the conditions of any licence under this Ordinance; or

(iv) any other condition imposed under this Ordinance;

(b) a person has been responsible for an unlawful act or omission;

(c) a person has assisted, counselled, procured or induced any other person to do anything which results in the occurrence of any of the matters referred to in paragraph (a) or (b);

(d) a person has been concerned in, or a party to, anything which results in the occurrence of any of the matters referred to in paragraph (a) or (b);

(e) a person has attempted, or conspired with any other person, to commit anything which results in the occurrence of any of the matters referred to in paragraph (a) or (b); or

(f) any of the matters referred to in paragraphs (a), (b), (c), (d) and (e) might occur,

it is sufficient for the relevant authority to establish, or to be satisfied as to, the matter referred to in paragraph (a), (b), (c), (d), (e) or (f), as the case requires, on the standard of proof applicable to civil proceedings in a court of law.

**80. Giving of notices by relevant authorities**

(1) A notice or other document (however described) authorized or required to be given or sent by the Commissioner to a licensee under this Ordinance is to be regarded for all purposes as duly given or sent if it is left at, or sent by post to, the premises or any of the premises specified in the licensee's licence as premises at which the licensee may operate a money service.

(1A) Subsection (1B) applies to a notice or other document (however described) authorized or required to be given or sent under this Ordinance to a person (***intended recipient***)—

(a) by the Registrar; or

(b) by the Commissioner in connection with Part 5C. *(Replaced 15 of 2022 s. 31)*

(1B) A notice or other document referred to in subsection (1A) is given or sent to the intended recipient if—

(a) for an individual, it is left at, or sent by post to, the individual's last known—

(i) business address;

(ii) residential address; or

(iii) correspondence address;

(b) for a partnership, it is left at, or sent by post to, the partnership's last known—

(i) principal place of business; or

(ii) business address;

(c) for a corporation that is a company as defined by section 2(1) of the Companies Ordinance (Cap. 622), it is left at, or sent by post to, the corporation's—

(i) registered office (within the meaning of that Ordinance); or

(ii) last known business address;

(d) for any other corporation, it is left at, or sent by post to, the corporation's last known business address; or

(e) for an intended recipient referred to in paragraph (a), (b), (c) or (d), it is sent by electronic means to the intended recipient's last known electronic mail address. *(Added 15 of 2022 s. 31)*

(2) Section 127 of the Insurance Ordinance (Cap. 41) applies, with necessary modifications, in relation to the giving or sending of a notice or other document (however described) authorized or required to be given or sent by the Insurance Authority to a person under this Ordinance as it applies in relation to the giving or serving of a notice or other document referred to in that section. *(Amended 12 of 2015 s. 161)*

(3) Section 134 of the Banking Ordinance (Cap. 155) applies, with necessary modifications, in relation to the giving or sending of a notice or other document (however described) authorized or required to be given or sent by the Monetary Authority to a person under this Ordinance as it applies in relation to the serving of a notice referred to in that section.

(4) Section 400 of the Securities and Futures Ordinance (Cap. 571) applies, with necessary modifications, in relation to the giving or sending of a notice or other document (however described) authorized or required to be given or sent by the Securities and Futures Commission to a person under this Ordinance as it applies in relation to the issuing or serving of a notice, direction or other document referred to in that section.

(5) Despite subsection (4), section 141 of the Securities and Futures Ordinance (Cap. 571) applies, with necessary modifications, in relation to the giving or serving of a written notice or other document (however described) authorized or required to be given, or served (however described) to or on a licensed VAS person under this Ordinance as it applies in relation to the issuing or serving of a notice, decision or direction or other document referred to in that section. *(Added 15 of 2022 s. 31)*

(6) In subsection (5)—

***licensed VAS person*** (持牌虛擬資產服務人士) means a licensed provider or a licensed representative within the meaning of Part 5B. *(Added 15 of 2022 s. 31)*

# Schedule 1

[ss. 2 & 5A]
*(Replaced 4 of 2018 s. 25)*

# Interpretation

# Part 1

1. In this Ordinance—

***currency*** (貨幣) includes a cheque and a traveller's cheque;

***designated retail payment system*** (指定零售支付系統) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); *(Added 18 of 2015 s. 71)*

***document*** (文件) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***function*** (職能) includes power and duty;

***money*** (金錢) means money in whatever form or currency;

***money changing service*** (貨幣兌換服務) means a service for the exchanging of currencies that is operated in Hong Kong as a business, but does not include such a service that is operated by a person who manages a hotel if the service—

(a) is operated within the premises of the hotel primarily for the convenience of guests of the hotel; and

(b) consists solely of transactions for the purchase by that person of non-Hong Kong currencies in exchange for Hong Kong currency;

***money laundering*** (洗錢) means an act intended to have the effect of making any property—

(a) that is the proceeds obtained from the commission of an indictable offence under the laws of Hong Kong, or of any conduct which if it had occurred in Hong Kong would constitute an indictable offence under the laws of Hong Kong; or

(b) that in whole or in part, directly or indirectly, represents such proceeds,

not to appear to be or so represent such proceeds;

***money service*** (金錢服務) means—

(a) a money changing service; or

(b) a remittance service;

***property*** (財產) includes—

(a) money, goods, choses in action and land, whether in Hong Kong or elsewhere; and

(b) obligations, easements and every description of estate, interest and profit, present or future, vested or contingent, arising out of or incident to property as defined in paragraph (a);

***record*** (紀錄) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***remittance service*** (匯款服務) means a service of one or more of the following that is operated in Hong Kong as a business—

(a) sending, or arranging for the sending of, money to a place outside Hong Kong;

(b) receiving, or arranging for the receipt of, money from a place outside Hong Kong;

(c) arranging for the receipt of money in a place outside Hong Kong;

***Review Tribunal*** (覆核審裁處) means the Tribunal as defined by section 54;

***stored value facility*** (儲值支付工具) has the meaning given by section 2A of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); *(Added 18 of 2015 s. 71)*

***terrorist financing*** (恐怖分子資金籌集) means—

(a) the provision or collection, by any means, directly or indirectly, of any property— *(Amended 20 of 2012 s. 12)*

(i) with the intention that the property be used; or

(ii) knowing that the property will be used,

in whole or in part, to commit one or more terrorist acts (whether or not the property is actually so used); *(Amended 20 of 2012 s. 12)*

(b) the making available of any property or financial (or related) services, by any means, directly or indirectly, to or for the benefit of a person knowing that, or being reckless as to whether, the person is a terrorist or terrorist associate; or *(Amended 20 of 2012 s. 12)*

(c) the collection of property or solicitation of financial (or related) services, by any means, directly or indirectly, for the benefit of a person knowing that, or being reckless as to whether, the person is a terrorist or terrorist associate; *(Added 20 of 2012 s. 12. Amended 4 of 2018 s. 25)*

***trust or company service*** (信託或公司服務) means the provision, in Hong Kong, by a person, by way of business, of one or more of the following services to other persons—

(a) forming corporations or other legal persons;

(b) acting, or arranging for another person to act—

(i) as a director or a secretary of a corporation;

(ii) as a partner of a partnership; or

(iii) in a similar position in relation to other legal persons;

(c) providing a registered office, business address, correspondence or administrative address for a corporation, a partnership or any other legal person or legal arrangement;

(d) acting, or arranging for another person to act—

(i) as a trustee of an express trust or a similar legal arrangement; or

(ii) as a nominee shareholder for a person other than a corporation whose securities are listed on a recognized stock market; *(Added 4 of 2018 s. 25)*

***trust or company service business*** (信託或公司服務業務) means the business of providing a trust or company service. *(Added 4 of 2018 s. 25)*

2. In the definition of ***terrorist financing***, ***terrorist*** (恐怖分子), ***terrorist act*** (恐怖主義行為) and ***terrorist associate*** (與恐怖分子有聯繫者) have the meaning given by section 2(1) of the United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575).

*(Amended 20 of 2012 s. 12)*

3. A person who only provides to financial institutions a message system or other support systems for transmitting funds is not, for the purposes of this Ordinance, to be regarded as a person operating a remittance service.

# Part 2

1. In this Ordinance—

***accounting professional*** (會計專業人士) means—

(a) a certified public accountant as defined by section 2(1) of the Professional Accountants Ordinance (Cap. 50), or a certified public accountant (practising) as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588); *(Replaced L.N. 66 of 2022)*

(b) a corporate practice as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588); or *(Amended L.N. 66 of 2022)*

(c) a CPA firm as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588); *(Replaced L.N. 66 of 2022)*

***AFRC*** (會財局) means the Accounting and Financial Reporting Council continued under section 6 of the Accounting and Financial Reporting Council Ordinance (Cap. 588); *(Added L.N. 66 of 2022)*

***authorized institution*** (認可機構) has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155);

***authorized insurer*** (獲授權保險人) means an insurer authorized under the Insurance Ordinance (Cap. 41); *(Amended 12 of 2015 s. 162)*

***business day*** (營業日) means any day other than—

(a) a public holiday; or

(b) a gale warning day or a black rainstorm warning day as defined by section 71(2) of the Interpretation and General Clauses Ordinance (Cap. 1); *(Added 15 of 2022 s. 32)*

***Category B PMS registrant*** (貴金屬及寶石B類註冊人) means—

(a) a Category B registrant within the meaning of Part 5C; or

(b) a deemed registrant as defined by section 53ZW(8); *(Added 15 of 2022 s. 32)*

***Commissioner*** (關長) means the Commissioner of Customs and Excise, any Deputy Commissioner of Customs and Excise, any Assistant Commissioner of Customs and Excise or a person to whom the Commissioner of Customs and Excise has delegated any of his or her functions under section 26;

***corporation*** (法團) means a company as defined by section 2(1) of the Companies Ordinance (Cap. 622) or other body corporate

incorporated either in Hong Kong or elsewhere; *(Added 15 of 2022 s. 32)*

***customer*** (客戶)—

(a) includes a client; and

(b) in relation to a Category B PMS registrant, includes a person who is a party to any transaction carried out by the registrant while the registrant carries on a precious metals and stones business, whether the person makes or receives any payment to or from the registrant; *(Added 15 of 2022 s. 32)*

***director*** (董事), in relation to—

(a) a corporation that is a company as defined by section 2(1) of the Companies Ordinance (Cap. 622)—means a director as defined by that section; and

(b) any other corporation—means a person (by whatever name called) who occupies in the corporation a position similar to that of a director referred to in paragraph (a); *(Added 4 of 2018 s. 25)*

***DNFBP*** (指定非金融業人士) means—

(a) an accounting professional;

(b) an estate agent;

(c) a legal professional; *(Amended 15 of 2022 s. 32)*

(d) a TCSP licensee; or *(Amended 15 of 2022 s. 32)*

(e) a Category B PMS registrant; *(Added 15 of 2022 s. 32)*

**Note—**

DNFBP is an acronym for persons in the category described as designated non-financial businesses and professions in the Financial Action Task Force's Recommendations. *(Added 4 of 2018 s. 25)*

***estate agent*** (地產代理) means—

(a) a licensed estate agent as defined by section 2(1) of the Estate Agents Ordinance (Cap. 511); or

(b) a licensed salesperson as defined by section 2(1) of the Estate Agents Ordinance (Cap. 511); *(Added 4 of 2018 s. 25)*

***Estate Agents Authority*** (地產代理監管局) means the body established by section 4 of the Estate Agents Ordinance (Cap. 511); *(Added 4 of 2018 s. 25)*

***financial institution*** (金融機構) means—

(a) an authorized institution;

(b) a licensed corporation;

(c) an authorized insurer;

(d) a licensed individual insurance agent; *(Replaced 12 of 2015 s. 162)*

(e) a licensed insurance agency; *(Replaced 12 of 2015 s. 162)*

(ea) a licensed insurance broker company; *(Added 12 of 2015 s. 162)*

(f) a licensed money service operator; *(Amended 18 of 2015 s. 71)*

(g) the Postmaster General; *(Amended 18 of 2015 s. 71; 15 of 2022 s. 32)*

(h) an SVF licensee; *(Added 18 of 2015 s. 71. Amended 15 of 2022 s. 32; 17 of 2025 s. 176)*

(i) subject to section 20A, a licensed VAS provider; or *(Added 15 of 2022 s. 32. Amended 17 of 2025 s. 176)*

(j) a stablecoin licensee; *(Added 17 of 2025 s. 176)*

***HKICPA*** (香港會計師公會) means the body known as the Hong Kong Institute of Certified Public Accountants incorporated by section 3 of the Professional Accountants Ordinance (Cap. 50); *(Added 4 of 2018 s. 25)*

***information system*** (資訊系統) has the meaning given by section 2(1) of the Electronic Transactions Ordinance (Cap. 553); *(Added 15 of 2022 s. 32)*

***Insurance Authority*** (保監局) means the Insurance Authority established under section 4AAA of the Insurance Ordinance (Cap. 41); *(Replaced 12 of 2015 s. 162)*

***Law Society*** (律師會) means The Law Society of Hong Kong; *(Added 4 of 2018 s. 25)*

***legal professional*** (法律專業人士) means—

(a) a solicitor as defined by section 2(1) of the Legal Practitioners Ordinance (Cap. 159); or

(b) a foreign lawyer as defined by section 2(1) of the Legal Practitioners Ordinance (Cap. 159); *(Added 4 of 2018 s. 25)*

***licensed corporation*** (持牌法團) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***licensed individual insurance agent*** (持牌個人保險代理) has the meaning given by section 2(1) of the Insurance Ordinance (Cap. 41); *(Added 12 of 2015 s. 162)*

***licensed insurance agency*** (持牌保險代理機構) has the meaning given by section 2(1) of the Insurance Ordinance (Cap. 41); *(Added 12 of 2015 s. 162)*

***licensed insurance broker company*** (持牌保險經紀公司) has the meaning given by section 2(1) of the Insurance Ordinance (Cap. 41); *(Added 12 of 2015 s. 162)*

***licensed money service operator*** (持牌金錢服務經營者) means the holder of a licence as defined by section 24;

***licensed VAS provider*** (持牌虛擬資產服務提供者) means a licensed provider within the meaning of Part 5B; *(Added 15 of 2022 s. 32)*

***Monetary Authority*** (金融管理專員) means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap. 66);

***PMS registrant*** (貴金屬及寶石註冊人) means—

(a) a Category A registrant or a Category B registrant within the meaning of Part 5C; or

(b) a deemed registrant as defined by section 53ZW(8); *(Added 15 of 2022 s. 32)*

***Postmaster General*** (郵政署署長) means the Postmaster General of Hong Kong, and includes the deputy postmaster general and every assistant postmaster general;

***recognized stock market*** (認可證券市場) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571); *(Added 4 of 2018 s. 25)*

***re-domiciled company*** (經遷冊公司) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622); *(Added 14 of 2025 s. 272)*

***re-domiciled entity*** (經遷冊實體) means a re-domiciled company that is deregistered as required by section 820E(3)(a) of the Companies Ordinance (Cap. 622); *(Added 14 of 2025 s. 272)*

***registered non-Hong Kong company*** (註冊非香港公司) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622); *(Added 14 of 2025 s. 272)*

***Registrar*** (處長) means—

(a) the Registrar of Companies; or

(b) a person to whom the Registrar of Companies has, under section 53C(1), delegated his or her functions; *(Added 4 of 2018 s. 25)*

***Registrar of Companies*** (公司註冊處處長) means the person appointed as the Registrar of Companies under section 21(1)

of the Companies Ordinance (Cap. 622); *(Added 4 of 2018 s. 25)*

***regulatory body*** (監管機構), in relation to—

(a) an accounting professional—means— *(Amended L.N. 66 of 2022)*

(i) (subject to subparagraphs (ii) and (iii)) the AFRC;

(ii) (for the purposes of section 4) the AFRC or the HKICPA; or

(iii) (for the purposes of section 7(1), (2) and (3)) the HKICPA as overseen by the AFRC under section 9(b) of the Accounting and Financial Reporting Council Ordinance (Cap. 588); *(Amended L.N. 66 of 2022)*

(b) an estate agent—means the Estate Agents Authority; and

(c) a legal professional—means the Law Society; *(Added 4 of 2018 s. 25)*

***relevant authority*** (有關當局)—

(a) in relation to an authorized institution, SVF licensee or stablecoin licensee, means the Monetary Authority; *(Amended 18 of 2015 s. 71; 17 of 2025 s. 176)*

(b) in relation to a licensed corporation, means the Securities and Futures Commission;

(c) in relation to an authorized insurer, licensed individual insurance agent, licensed insurance agency or licensed insurance broker company, means the Insurance Authority; *(Replaced 12 of 2015 s. 162. Amended E.R. 4 of 2023)*

(d) in relation to a licensed money service operator or to the Postmaster General, means the Commissioner; *(Amended 4 of 2018 s. 25; 15 of 2022 s. 32)*

(e) in relation to a TCSP licensee, means the Registrar; *(Added 4 of 2018 s. 25)*

(f) in relation to a licensed VAS provider or an associated entity of a licensed VAS provider, means the Securities and Futures Commission; and *(Added 15 of 2022 s. 32)*

(g) in relation to a PMS registrant, means the Commissioner; *(Added 15 of 2022 s. 32)*

***secretary*** (秘書), in relation to—

(a) a corporation that is a company as defined by section 2(1) of the Companies Ordinance (Cap. 622)—means a company secretary as defined by that section; and

(b) any other corporation—means a person (by whatever name called) who occupies in the corporation a position similar to that of a company secretary referred to in paragraph (a); *(Added 4 of 2018 s. 25)*

***Securities and Futures Commission***, ***Commission*** (證監會) means the Securities and Futures Commission referred to in section 3(1) of the Securities and Futures Ordinance (Cap. 571); *(Amended 18 of 2015 s. 71; 15 of 2022 s. 32)*

***settlement institution*** (交收機構) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); *(Added 18 of 2015 s. 71)*

***stablecoin licence*** (穩定幣牌照) means a licence as defined by section 2(1) of the Stablecoins Ordinance (Cap. 656); *(Added 17 of 2025 s. 176. Amended E.R. 2 of 2026)*

***stablecoin licensee*** (穩定幣持牌人) means a licensee as defined by section 2(1) of the Stablecoins Ordinance (Cap. 656); *(Added 17 of 2025 s. 176. Amended E.R. 2 of 2026)*

***SVF licensee*** (工具持牌人) means a person who is granted a licence under section 8F of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); *(Added 18 of 2015 s. 71)*

***system operator*** (系統營運者) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); *(Added 18 of 2015 s. 71. Amended 4 of 2018 s. 25)*

***TCSP licensee*** (信託或公司服務持牌人) means—

(a) a person who holds a licence granted under section 53G or renewed under section 53K; or

(b) a deemed licensee as defined by section 53ZQ(5); *(Added 4 of 2018 s. 25. Amended 15 of 2022 s. 32)*

***virtual asset*** (虛擬資產)—see section 53ZRA. *(Added 15 of 2022 s. 32)*

*(Amended 12 of 2015 s. 162)*

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# Schedule 2

[ss. 5, 5A, 6, 7, 53Z & 53ZVF]
*(Replaced 4 of 2018 s. 26. Amended 15 of 2022 s. 33)*

# Requirements Relating to Customer Due Diligence and Record-keeping

# Part 1

# Interpretation

## 1. Interpretation

(1) In this Schedule—

***beneficial owner*** (實益擁有人)—

(a) in relation to a corporation—

(i) means an individual who—

(A) owns or controls, directly or indirectly, including through a trust or bearer share holding, more than 25% of the issued share capital of the corporation;

(B) is, directly or indirectly, entitled to exercise or control the exercise of more than 25% of the voting rights at general meetings of the corporation; or

(C) exercises ultimate control over the management of the corporation; or

(ii) if the corporation is acting on behalf of another person, means the other person;

(b) in relation to a partnership—

(i) means an individual who—

(A) is entitled to or controls, directly or indirectly, more than a 25% share of the capital or profits of the partnership;

(B) is, directly or indirectly, entitled to exercise or control the exercise of more than 25% of the voting rights in the partnership; or

(C) exercises ultimate control over the management of the partnership; or

(ii) if the partnership is acting on behalf of another person, means the other person;

(c) in relation to a trust, means—

(i) a beneficiary or a class of beneficiaries of the trust entitled to a vested interest in the trust property, whether the interest is in possession or in remainder or reversion and whether it is defeasible or not; *(Amended 15 of 2022 s. 33)*

(ii) the settlor of the trust;

(iia) the trustee of the trust; *(Added 15 of 2022 s. 33)*

(iii) a protector or enforcer of the trust; or

(iv) an individual who has ultimate control over the trust; and

(d) in relation to a person not falling within paragraph (a), (b) or (c)—

(i) means an individual who ultimately owns or controls the person; or

(ii) if the person is acting on behalf of another person, means the other person; *(Amended 4 of 2018 s. 26)*

***business relationship*** (業務關係), as between a person and a financial institution or a DNFBP, means a business, professional or commercial relationship— *(Amended 4 of 2018 s. 26)*

(a) that has an element of duration; or

(b) that the financial institution or the DNFBP, at the time the person first contacts the financial institution or the DNFBP in the person's capacity as a potential customer of the financial institution or the DNFBP, expects to have an element of duration; *(Amended 4 of 2018 s. 26)*

***correspondent banking*** (代理銀行服務) means the provision of banking services by an authorized institution to another institution to enable the latter to provide services and products to its own customers;

***customer due diligence measures*** (客戶盡職審查措施) means the measures set out in section 2(1) of this Schedule;

***equivalent jurisdiction*** (對等司法管轄區) means—

(a) a jurisdiction that is a member of the Financial Action Task Force, other than Hong Kong; or

(b) a jurisdiction that imposes requirements similar to those imposed under this Schedule;

***Financial Action Task Force*** (財務行動特別組織) means the Financial Action Task Force on Money Laundering established by the G-7 Summit held in Paris in 1989; *(Replaced 4 of 2018 s. 26)*

***former politically exposed person*** (前政治人物) means—

(a) an individual who, being a politically exposed person, has been but is not currently entrusted with a prominent public function in a place outside Hong Kong;

(b) a spouse, a partner, a child or a parent of an individual falling within paragraph (a), or a spouse or a partner of a child of such an individual; or

(c) a close associate of an individual falling within paragraph (a); *(Added 15 of 2022 s. 33)*

***identification document*** (識別文件)—

(a) in relation to an individual, means his or her identity card, certificate of identity, document of identity or travel document, as defined by section 2(1) of the Immigration Ordinance (Cap. 115);

(b) in relation to a company as defined by section 2(1) of the Companies Ordinance (Cap. 622), means— *(Amended 14 of 2025 s. 273)*

(i) the certificate of incorporation issued in respect of the company under the Ordinance under which the company was formed and registered; or

(ii) the certificate of re-domiciliation issued in respect of the company under section 820C(5)(c) of the Companies Ordinance (Cap. 622); *(Amended 14 of 2025 s. 273)*

(c) in relation to a registered non-Hong Kong company, means the certificate of registration issued in respect of the company under the Ordinance under which the company was registered as a registered non-Hong Kong company; *(Replaced 28 of 2012 ss. 912 & 920. Amended 14 of 2025 s. 273)*

(d) in relation to a corporation that is incorporated in a place outside Hong Kong and that is neither a re-domiciled company nor a company falling within paragraph (c), means its certificate of incorporation or registration, or any other document evidencing its incorporation, issued by an authority in that place that performs functions similar to those of the Registrar of Companies; *(Amended 14 of 2025 s. 273)*

(e) in relation to a partnership that carries on business in Hong Kong, means its business registration certificate issued under section 6 of the Business Registration Ordinance (Cap. 310); and

(f) in relation to a partnership that does not carry on business in Hong Kong, means its partnership agreement or any document evidencing its formation or registration issued by a governmental body;

***legal person*** (法人) includes any public body and any body of persons, corporate or unincorporate;

***occasional transaction*** (非經常交易) means a transaction between a financial institution or a DNFBP and a customer who does not have a business relationship with the financial institution or the DNFBP; *(Amended 4 of 2018 s. 26)*

***politically exposed person*** (政治人物) means—

(a) an individual who is or has been entrusted with a prominent public function in a place outside Hong Kong and— *(Amended 15 of 2022 s. 33)*

(i) includes a head of state, head of government, senior politician, senior government, judicial or military official, senior executive of a state-owned corporation and an important political party official; but

(ii) does not include a middle-ranking or more junior official of any of the categories mentioned in subparagraph (i);

(b) a spouse, a partner, a child or a parent of an individual falling within paragraph (a), or a spouse or a partner of a child of such an individual; or

(c) a close associate of an individual falling within paragraph (a);

***pre-existing customer*** (先前客戶)—

(a) in relation to a financial institution other than a licensed VAS provider—means a customer with whom the financial institution has established a business relationship before 1 April 2012;

(b) in relation to a licensed VAS provider—means a customer with whom the licensed VAS provider has established a business relationship before 1 June 2023;

(c) in relation to a DNFBP other than a Category B PMS registrant—means a customer with whom the DNFBP has established a business relationship before 1 March 2018; or

(d) in relation to a Category B PMS registrant—means a customer with whom the registrant has established a business relationship before 1 April 2023; *(Replaced 15 of 2022 s. 33)*

***public body*** (公共機構) includes—

(a) any executive, legislative, municipal or urban council;

(b) any Government department or undertaking;

(c) any local or public authority or undertaking;

(d) any board, commission, committee or other body, whether paid or unpaid, appointed by the Chief Executive or the Government; and

(e) any board, commission, committee or other body that has power to act in a public capacity under or for the purposes of any enactment; *(Amended 15 of 2022 s. 33)*

***recognized digital identification system*** (認可數碼識別系統) means—

(a) in relation to a financial institution or a DNFBP who is a TCSP licensee or a Category B PMS registrant, a digital identification system that is a reliable and independent source that is recognized by the relevant authority; or

(b) in relation to a DNFBP who is an accounting professional, an estate agent or a legal professional, a digital identification system that is a reliable and independent source that is recognized by the relevant regulatory body; *(Added 15 of 2022 s. 33)*

***virtual asset transfer*** (虛擬資產轉賬)—see section 13A(1) of this Schedule. *(Added 15 of 2022 s. 33)*

*(Amended 15 of 2022 s. 33)*

(2) For the purposes of paragraph (b) of the definition of ***politically exposed person*** in subsection (1), a person is a partner of an individual if the person is considered by the law of the place where the person and the individual live together as equivalent to a spouse of the individual.

(3) For the purposes of paragraph (c) of the definition of ***politically exposed person*** in subsection (1), a person is a close associate of an individual if the person is—

(a) an individual who has close business relations with the first-mentioned individual, including an individual who is a beneficial owner of a legal person or trust of which the first-mentioned individual is also a beneficial owner; or

(b) an individual who is the beneficial owner of a legal person or trust that is set up for the benefit of the first-mentioned individual.

(4) For the purposes of this Schedule, a wire transfer is a transaction carried out by an institution (referred to in this Schedule as ***ordering institution***) on behalf of a person by electronic means with a view to making an amount of money available to that person or another person (referred to in this Schedule as ***recipient***) at an institution (referred to in this Schedule as ***beneficiary institution***), which may be the ordering institution or another institution, whether or not one or more other institutions (referred to in this Schedule as ***intermediary institutions***) participate in completion of the transfer of the money.

# Part 2

# Customer Due Diligence Requirements

## Division 1—General

### 2. What are customer due diligence measures

(1) The following measures are customer due diligence measures applicable to a financial institution or a DNFBP— *(Amended 4 of 2018 s. 26)*

(a) for a financial institution, or a DNFBP who is a TCSP licensee or a Category B PMS registrant, identifying the customer and verifying the customer's identity on the basis of documents, data or information provided by— *(Amended 4 of 2018 s. 26; 15 of 2022 s. 33)*

(i) a governmental body;

(ii) the relevant authority or any other relevant authority;

(iii) an authority in a place outside Hong Kong that performs functions similar to those of the relevant authority or any other relevant authority; *(Amended 15 of 2022 s. 33)*

(iiia) a recognized digital identification system; or *(Added 15 of 2022 s. 33)*

(iv) any other reliable and independent source that is recognized by the relevant authority;

(ab) for a DNFBP who is an accounting professional, an estate agent or a legal professional, identifying the customer and verifying the customer's identity on the basis of documents, data or information provided by—

(i) a governmental body;

(ii) the relevant regulatory body;

(iii) an authority in a place outside Hong Kong that performs functions similar to those of the relevant regulatory body; *(Amended 15 of 2022 s. 33)*

(iiia) a recognized digital identification system; or *(Added 15 of 2022 s. 33)*

(iv) any other reliable and independent source that is recognized by the relevant regulatory body; *(Added 4 of 2018 s. 26)*

(b) if there is a beneficial owner in relation to the customer, identifying the beneficial owner and taking reasonable measures to verify the beneficial owner's identity so that the financial institution or the DNFBP is satisfied that the financial institution or the DNFBP knows who the beneficial owner is, including, where the customer is a legal person or trust, measures to enable the financial institution or the DNFBP to understand the ownership and control structure of the legal person or trust;

(c) if a business relationship is to be established, obtaining information on the purpose and intended nature of the business relationship with the financial institution or the DNFBP, unless the purpose and intended nature are obvious; and

(d) if a person purports to act on behalf of the customer—

(i) for a financial institution, or a DNFBP who is a TCSP licensee or a Category B PMS registrant, identifying the person and taking reasonable measures to verify the person's identity on the basis of documents, data or information provided by— *(Amended 4 of 2018 s. 26; 15 of 2022 s. 33)*

(A) a governmental body;

(B) the relevant authority or any other relevant authority;

(C) an authority in a place outside Hong Kong that performs functions similar to those of the relevant authority or any other relevant authority; or

(D) any other reliable and independent source that is recognized by the relevant authority;

(ia) for a DNFBP who is an accounting professional, an estate agent or a legal professional, identifying the person and taking reasonable measures to verify the person's identity on the basis of documents, data or information provided by—

(A) a governmental body;

(B) the relevant regulatory body;

(C) an authority in a place outside Hong Kong that performs functions similar to those of the relevant regulatory body; or

(D) any other reliable and independent source that is recognized by the relevant regulatory body; and *(Added 4 of 2018 s. 26)*

(ii) verifying the person's authority to act on behalf of the customer. *(Amended 4 of 2018 s. 26)*

(2) *(Repealed 4 of 2018 s. 26)*

**3. When customer due diligence measures must be carried out**

(1) Subject to section 4 of this Schedule, a financial institution or a DNFBP must carry out customer due diligence measures in relation to a customer in the following circumstances— *(Amended 4 of 2018 s. 26)*

(a) subject to subsection (2), before establishing a business relationship with the customer;

(b) before carrying out for the customer an occasional transaction involving an amount equal to or above $120,000 or an equivalent amount in any other currency, whether the transaction is carried out in a single operation or in several operations that appear to the financial institution or the DNFBP to be linked;

(c) *(Repealed 15 of 2022 s. 33)*

(d) when the financial institution or the DNFBP suspects that the customer or the customer's account is involved in money laundering or terrorist financing;

(e) when the financial institution or the DNFBP doubts the veracity or adequacy of any information previously obtained for the purpose of identifying the customer or for the purpose of verifying the customer's identity.

(1A) Subject to section 4 of this Schedule and despite subsection (1)(b), a financial institution must carry out customer due diligence measures in relation to a customer before carrying out for the customer an occasional transaction that is—

(a) a wire transfer involving an amount equal to or above $8,000 or an equivalent amount in any other currency; or

(b) a virtual asset transfer involving virtual assets that amount to no less than $8,000,

whether the transaction is carried out in a single operation or in several operations that appear to the financial institution to be linked. *(Added 15 of 2022 s. 33)*

(1B) Subject to section 4 of this Schedule and despite subsection (1)(b), a licensed VAS provider must carry out customer due diligence measures in relation to a customer before carrying out for the customer an occasional transaction that—

(a) involves an amount equal to or above $8,000 or an equivalent amount in any other currency; and

(b) is not a wire transfer or a virtual asset transfer,

whether the transaction is carried out in a single operation or in several operations that appear to the licensed VAS provider to be linked. *(Added 15 of 2022 s. 33)*

(2) Despite subsection (1)(a), a financial institution or a DNFBP may verify the identity of a customer and any beneficial owner of the customer after establishing a business relationship with the customer if— *(Amended 4 of 2018 s. 26)*

(a) this is necessary not to interrupt the normal conduct of business with regard to the customer; and

(b) any risk of money laundering or terrorist financing that may be caused by carrying out the verification after establishing the business relationship is effectively managed.

(3) A financial institution or a DNFBP that carries out verification after establishing a business relationship with a customer under subsection (2) must complete the verification as soon as reasonably practicable after establishing the business relationship.

(4) If a financial institution or a DNFBP is unable to comply with subsection (1), (1A), (1B) or (3), the financial institution or the DNFBP— *(Amended 4 of 2018 s. 26; 15 of 2022 s. 33)*

(a) must not establish a business relationship or carry out any occasional transaction with that customer; or

(b) if the financial institution or the DNFBP has already established a business relationship with that customer, must terminate the business relationship as soon as reasonably practicable.

*(Amended 4 of 2018 s. 26)*

**4. Simplified customer due diligence**

(1) In any of the circumstances set out in section 3(1)(a) and (b), (1A) and (1B) of this Schedule, a financial institution or a DNFBP may, instead of carrying out all the customer due diligence measures, carry out only the measures set out in section 2(1)(a), (ab), (c) and (d) of this Schedule in relation to a customer if the financial institution or the DNFBP has reasonable grounds to believe that the customer falls within subsection (3). *(Amended 4 of 2018 s. 26; 15 of 2022 s. 33)*

(2) If a customer of a financial institution or a DNFBP not falling within subsection (3) has in the customer's beneficial ownership chain an entity that falls within that subsection, the financial institution or the DNFBP is not required, when carrying out the measure set out in section 2(1)(b) of this Schedule in respect of the beneficial owners in that chain in any of the circumstances set out in section 3(1)(a) and (b), (1A) and (1B) of this Schedule, to identify, or verify the identities of, the beneficial owners of that entity or of any person in that chain beyond that entity. *(Amended 4 of 2018 s. 26; 15 of 2022 s. 33)*

(3) The customer is—

(a) a financial institution;

(b) an institution that—

(i) is incorporated or established in an equivalent jurisdiction;

(ii) carries on a business similar to that carried on by a financial institution;

(iii) has measures in place to ensure compliance with requirements similar to those imposed under this Schedule; and

(iv) is supervised for compliance with those requirements by an authority in that jurisdiction that performs functions similar to those of any of the relevant authorities;

(c) a corporation listed on any stock exchange;

(d) an investment vehicle where the person responsible for carrying out measures that are similar to the customer due diligence measures in relation to all the investors of the investment vehicle is—

(i) a financial institution;

(ii) an institution that—

(A) is incorporated or established in Hong Kong;

(B) has measures in place to ensure compliance with requirements similar to those imposed under this Schedule; and

(C) is supervised for compliance with those requirements; or

(iii) an institution that—

(A) is incorporated or established in an equivalent jurisdiction;

(B) has measures in place to ensure compliance with requirements similar to those imposed under this Schedule; and

(C) is supervised for compliance with those requirements;

(e) the Government or any public body in Hong Kong; or

(f) the government of an equivalent jurisdiction or a body in an equivalent jurisdiction that performs functions similar to those of a public body.

(4) In any of the circumstances set out in section 3(1)(a) and (b), (1A) and (1B) of this Schedule, a financial institution or a DNFBP may, instead of carrying out all the customer due diligence measures, carry out only the measures set out in section 2(1)(a), (ab), (c) and (d) of this Schedule in relation to a customer if the financial institution or the DNFBP has reasonable grounds to believe that the product related to the transaction falls within subsection (5). *(Amended 4 of 2018 s. 26; 15 of 2022 s. 33)*

(5) The product is—

(a) a provident, pension, retirement or superannuation scheme (however described) that provides retirement benefits to employees, where contributions to the scheme are made by way of deduction from income from employment and the scheme rules do not permit the assignment of a member's interest under the scheme;

(b) an insurance policy for the purposes of a provident, pension, retirement or superannuation scheme (however described) that does not contain a surrender clause and cannot be used as a collateral; or

(c) a life insurance policy in respect of which—

(i) an annual premium of no more than $8,000 or an equivalent amount in any other currency is payable; or

(ii) a single premium of no more than $20,000 or an equivalent amount in any other currency is payable.

(6) If a customer of a financial institution is a solicitor or a firm of solicitors, the financial institution is not required, in any of the circumstances set out in section 3(1)(a) and (b), (1A) and (1B) of this Schedule, to carry out the measure set out in section 2(1)(b) of this Schedule in relation to an account— *(Amended 15 of 2022 s. 33)*

(a) that is kept in the name of the customer;

(b) in which moneys or securities of the customer's clients are mingled; and

(c) that is managed by the customer as those clients' agent.

(7) In this section—

***securities*** (證券) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571).

## 5. Duty to continuously monitor business relationships

(1) A financial institution or a DNFBP must continuously monitor the business relationship with a customer by— *(Amended 4 of 2018 s. 26)*

(a) reviewing from time to time documents, data and information relating to the customer that have been obtained by the financial institution or the DNFBP for the purpose of complying with the requirements imposed under this Part to ensure that they are up-to-date and relevant;

(b) conducting appropriate scrutiny of transactions carried out for the customer to ensure that they are consistent with the financial institution's or the DNFBP's knowledge of the customer and the customer's business and risk profile, and with the financial institution's or the DNFBP's knowledge of the source of the customer's funds; and

(c) identifying transactions that—

(i) are complex, unusually large in amount or of an unusual pattern; and

(ii) have no apparent economic or lawful purpose,

and examining the background and purposes of those transactions and setting out the findings in writing.

(2) When a financial institution or a DNFBP carries out the duty under subsection (1)(a) in relation to a pre-existing customer before the financial institution or the DNFBP first carries out the customer due diligence measures in relation to the customer in accordance with the requirements under this Part, the financial institution or the DNFBP is only required to review the documents, data and information relating to the customer that are held by the financial institution or the DNFBP at the time the financial institution or the DNFBP conducts the review.

(3) If—

(a) a customer of a financial institution or a DNFBP has not been physically present for identification purposes;

(b) a customer, or a beneficial owner of a customer, of a financial institution or a DNFBP is known to the financial institution or the DNFBP, from publicly known information or information in the financial institution's or the DNFBP's possession, to be a politically exposed person; or

(c) a customer, or a beneficial owner of a customer, of a financial institution or a DNFBP is involved in a situation referred to in section 15 of this Schedule,

the financial institution or the DNFBP must, in monitoring the business relationship with the customer under this section, take additional measures to compensate for any risk of money laundering or terrorist financing that may be caused by the fact that the customer or beneficial owner is a customer or beneficial owner falling within paragraph (a), (b) or (c).

(4) Subsection (3)(a) does not apply in relation to a customer of a financial institution or a DNFBP if the financial institution or the DNFBP has carried out the measure referred to in section 2(1)(a) or (ab) of this Schedule in relation to the customer on the basis of data or information provided by a recognized digital identification system. *(Added 15 of 2022 s. 33)*

(5) Subsection (3)(b) does not apply in relation to a customer, or a beneficial owner of a customer, of a financial institution or a DNFBP if the financial institution or the DNFBP is satisfied that—

(a) the customer or the beneficial owner of the customer is a former politically exposed person; and

(b) the former politically exposed person does not present a high risk of money laundering or terrorist financing based on an appropriate risk assessment. *(Added 15 of 2022 s. 33)*

*(Amended 4 of 2018 s. 26)*

**6. Provisions relating to pre-existing customers**

(1) In relation to a pre-existing customer who is not a customer to whom section 7 of this Schedule applies, a financial institution or a DNFBP must, in addition to the situations specified in section 3(1)(d) and (e) of this Schedule, carry out the customer due diligence measures when— *(Amended 4 of 2018 s. 26)*

(a) a transaction takes place with regard to the customer that —

(i) is, by virtue of the amount or nature of the transaction, unusual or suspicious; or

(ii) is not consistent with the financial institution's or the DNFBP's knowledge of the customer or the customer's business or risk profile, or with the financial institution's or the DNFBP's knowledge of the source of the customer's funds; or

(b) a material change occurs in the way in which the customer's account is operated.

(2) If a financial institution or a DNFBP is unable to comply with subsection (1), the financial institution or the DNFBP must terminate the business relationship with the customer as soon as reasonably practicable.

*(Amended 4 of 2018 s. 26)*

**7. Provisions relating to pre-existing respondent banks**

(1) This section applies to a customer (referred to in this section as ***respondent bank***) of an authorized institution—

(a) that is an institution located in a place outside Hong Kong carrying on a business similar to that carried on by an authorized institution; and

(b) with which the first-mentioned authorized institution has established a correspondent banking relationship before the date of commencement of this Ordinance.

(2) An authorized institution must terminate its correspondent banking relationship with a respondent bank on the date of commencement of this Ordinance unless—

(a) it had carried out the measures set out in section 14(1) of this Schedule in relation to the respondent bank at some time before that date and was at that time satisfied that the anti-money laundering and anti-terrorist financing controls of the respondent bank were adequate and effective;

(b) it had documented its responsibilities and the responsibilities of the respondent bank before that date; and

(c) it was satisfied at some time before that date that, in respect of those of the respondent bank's customers who could directly operate the accounts it maintained for the respondent bank, the respondent bank—

(i) had verified the identities of those customers, and would continuously monitor its business relationships with those customers, in accordance with requirements similar to those imposed under this Schedule; and

(ii) was able to provide to it, on request, the documents, data or information obtained by the respondent bank in relation to those customers in accordance with requirements similar to those imposed under this Schedule.

## Division 2—Special Requirements

**8. Requirements in this Division are additional to those in sections 3 and 5 of this Schedule**

In addition to complying with the requirements under sections 3 and 5 of this Schedule, a financial institution or a DNFBP must also comply with the requirements under this Division.

*(Amended 4 of 2018 s. 26)*

**9. Special requirements when customer is not physically present for identification purposes**

(1) If a customer has not been physically present for identification purposes, a financial institution or a DNFBP must carry out at least one of the following measures— *(Amended 4 of 2018 s. 26; 15 of 2022 s. 33)*

(a) further verifying the customer's identity on the basis of documents, data or information referred to in section 2(1)(a) or (ab) of this Schedule but not previously used for the purposes of verification of the customer's identity under that section;

(b) taking supplementary measures to verify information relating to the customer that has been obtained by the financial institution or the DNFBP;

(c) ensuring that the payment or, if there is more than one payment, the first payment made in relation to the customer's account is carried out through an account opened in the customer's name with—

(i) an authorized institution; or

(ii) an institution that—

(A) is incorporated or established in an equivalent jurisdiction;

(B) carries on a business similar to that carried on by an authorized institution;

(C) has measures in place to ensure compliance with requirements similar to those imposed under this Schedule; and

(D) is supervised for compliance with those requirements by authorities in that jurisdiction that perform functions similar to those of the Monetary Authority.

(2) Subsection (1) does not apply in relation to a customer of a financial institution or a DNFBP if the financial institution or the DNFBP has carried out the measure referred to in section 2(1)(a) or (ab) of this Schedule in relation to the customer on the basis of data or information provided by a recognized digital identification system. *(Added 15 of 2022 s. 33)*

*(Amended 4 of 2018 s. 26)*

**10. Special requirements when customer is politically exposed person**

(1) If a financial institution or a DNFBP knows, from publicly known information or information in the financial institution's or the DNFBP's possession, that a customer or a beneficial owner of a customer is a politically exposed person, the financial institution or the DNFBP must, before establishing a business relationship with the customer— *(Amended 4 of 2018 s. 26)*

(a) obtain approval from the senior management; and

(b) take reasonable measures to establish the customer's or beneficial owner's source of wealth and the source of the funds that will be involved in the proposed business relationship.

(2) If a financial institution or a DNFBP comes to know, from publicly known information or information in the financial institution's or the DNFBP's possession, that an existing customer or a beneficial owner of an existing customer is a politically exposed person or has become a politically exposed person, the financial institution or the DNFBP must not continue its business relationship with the customer unless the financial institution or the DNFBP— *(Amended 4 of 2018 s. 26)*

(a) has obtained approval from the senior management; and

(b) has taken reasonable measures to establish the customer's or beneficial owner's source of wealth and the source of the funds that are involved in the business relationship.

(3) Subsections (1) and (2) do not apply in relation to a customer or a beneficial owner of a customer of a financial institution or a DNFBP if the financial institution or the DNFBP is satisfied that—

(a) the customer or the beneficial owner of the customer is a former politically exposed person; and

(b) the former politically exposed person does not present a high risk of money laundering or terrorist financing based on an appropriate risk assessment. *(Added 15 of 2022 s. 33)*

*(Amended 4 of 2018 s. 26)*

**11. Special requirements for insurance policies**

(1) A financial institution must, whenever a beneficiary or a new beneficiary is identified or designated by the policy holder of an insurance policy—

(a) if the beneficiary is identified by name, record the name of the beneficiary;

(b) if the beneficiary is designated by description or other means, obtain sufficient information about the beneficiary to satisfy itself that it will be able to establish the identity of the beneficiary—

(i) at the time the beneficiary exercises a right vested in the beneficiary under the insurance policy; or

(ii) at the time of payout or, if there is more than one payout, the time of the first payout to the beneficiary in accordance with the terms of the insurance policy,

whichever is the earlier.

(2) A financial institution must carry out the measures specified in subsection (3)—

(a) at the time a beneficiary exercises a right vested in the beneficiary under an insurance policy; or

(b) at the time of payout or, if there is more than one payout, the time of the first payout to a beneficiary in accordance with the terms of an insurance policy,

whichever is the earlier.

(3) The specified measures are—

(a) verifying the beneficiary's identity on the basis of documents, data or information provided by—

(i) a governmental body;

(ii) the relevant authority or any other relevant authority;

(iii) an authority in a place outside Hong Kong that performs functions similar to those of the relevant authority or any other relevant authority; or

(iv) any other reliable and independent source that is recognized by the relevant authority; and

(b) where the beneficiary is a legal person or trust—

(i) identifying its beneficial owners; and

(ii) if there is a high risk of money laundering or terrorist financing having regard to the particular circumstances of the beneficial owners, taking reasonable measures to verify the beneficial owners' identities so that the financial institution knows who the beneficial owners are.

**12. Special requirements for wire transfers**

(1) *(Repealed 4 of 2018 s. 26)*

(2) This section does not apply to the following wire transfers—

(a) a wire transfer between two financial institutions if each of them acts on its own behalf;

(b) a wire transfer between a financial institution and a foreign institution if each of them acts on its own behalf;

(c) a wire transfer if—

(i) it arises from a transaction that is carried out using a credit card, debit card or prepaid card such as—

(A) withdrawing money from a bank account through an automated teller machine with a debit card;

(B) obtaining a cash advance on a credit card; or

(C) paying for goods or services with a credit card, debit card or prepaid card;

(ii) the card is not used as a payment system to effect a person-to-person transfer; and

(iii) the number (or equivalent unique identifier) of the credit card, debit card or prepaid card is included in the message or payment form accompanying the transfer. *(Replaced 15 of 2022 s. 33)*

(3) Subject to subsection (3A), before carrying out a wire transfer, a financial institution that is an ordering institution must record— *(Amended 4 of 2018 s. 26)*

(a) the originator's name;

(b) the number of the originator's account maintained with the financial institution and from which the money for the wire transfer is paid or, in the absence of such an account, a unique reference number assigned to the wire transfer by the financial institution; *(Amended 4 of 2018 s. 26)*

(c) the originator's address, the originator's customer identification number or identification document number or, if the originator is an individual, the originator's date and place of birth; *(Amended 4 of 2018 s. 26)*

(d) the recipient's name; and *(Added 4 of 2018 s. 26)*

(e) the number of the recipient's account maintained with the beneficiary institution and to which the money for the wire transfer is paid or, in the absence of such an account, a unique reference number assigned to the wire transfer by the beneficiary institution. *(Added 4 of 2018 s. 26)*

(3A) Subsection (3)(c) does not apply to a wire transfer involving an amount below $8,000 or an equivalent amount in another currency. *(Added 4 of 2018 s. 26)*

(4) *(Repealed 4 of 2018 s. 26)*

(5) Subject to subsections (6) and (7), a financial institution that is an ordering institution must include in the message or payment form accompanying the wire transfer— *(Amended 4 of 2018 s. 26)*

(a) for a wire transfer involving an amount equal to or above $8,000 or an equivalent amount in another currency—the information recorded under subsection (3)(a), (b), (c), (d) and (e) in relation to the transfer; and *(Added 4 of 2018 s. 26)*

(b) for a wire transfer involving an amount below $8,000 or an equivalent amount in another currency—the information recorded under subsection (3)(a), (b), (d) and (e) in relation to the transfer. *(Added 4 of 2018 s. 26)*

(6) A financial institution may, in relation to a domestic wire transfer, include in the message or payment form accompanying the transfer only the information recorded under subsection (3)(b) in relation to the transfer but if it does so, it must, on the request of the financial institution to which it passes on the transfer instruction or the relevant authority, provide to that financial institution or the relevant authority the information recorded under subsection (3)(a) and (c) in relation to the transfer within 3 business days after it receives the request.

(7) If more than one individual wire transfer from a single originator is bundled in a batch file for transmission to a recipient or recipients in a place outside Hong Kong, a financial institution is not required to comply with subsection (5) in relation to each of the wire transfers if—

(a) the information recorded under subsection (3)(b) is included in the message or payment form accompanying each transfer; and

(b) the batch file contains the information recorded under subsection (3).

(8) If a financial institution acts as an intermediary institution in a wire transfer, it must transmit all of the information that it receives with the transfer to the institution to which it passes on the transfer instruction.

(9) Where a financial institution is a beneficiary institution in a domestic wire transfer—

(a) if the wire transfer is not accompanied by the information required under subsection (3)(b), it must as soon as reasonably practicable—

(i) obtain the information from the institution from which it receives the transfer instruction; and

(ii) if the information cannot be obtained, either—

(A) consider restricting or terminating its business relationship with the institution referred to in subparagraph (i); or

(B) take reasonable measures to mitigate the risk of money laundering or terrorist financing involved; or

(b) if the financial institution is aware that the accompanying information that purports to be the information required under subsection (3)(b) is incomplete or meaningless, it must as soon as reasonably practicable take reasonable measures to mitigate the risk of money laundering or terrorist financing involved.

(10) Where a financial institution is a beneficiary institution or an intermediary institution in a wire transfer that is not a domestic wire transfer— *(Amended 4 of 2018 s. 26)*

(a) if the wire transfer is not accompanied by all of the information required under subsection (3), it must as soon as reasonably practicable—

(i) obtain the missing information from the institution from which it receives the transfer instruction; and

(ii) if the missing information cannot be obtained, either—

(A) consider restricting or terminating its business relationship with the institution referred to in subparagraph (i); or

(B) take reasonable measures to mitigate the risk of money laundering or terrorist financing involved; or

(b) if the financial institution is aware that any of the accompanying information that purports to be the information required under subsection (3) is incomplete or meaningless, it must as soon as reasonably practicable take reasonable measures to mitigate the risk of money laundering or terrorist financing involved.

(11) In this section—

***domestic wire transfer*** (本地電傳轉賬) means a wire transfer in which the ordering institution and the beneficiary institution and, if one or more intermediary institutions are involved in the transfer, the intermediary institution or all the intermediary institutions are financial institutions located in Hong Kong;

***foreign institution*** (外地機構) means an institution—

(a) that is located in a place outside Hong Kong; and

(b) that carries on a business similar to that carried on by a financial institution;

***originator*** (匯款人), in relation to a wire transfer, means—

(a) the person from whose account with the ordering institution the money for the wire transfer is paid; or

(b) in the absence of such an account, the person who instructs the ordering institution to carry out the wire transfer.

*(Amended 15 of 2022 s. 33)*

**13. Special requirements for remittance transactions**

(1) This section applies to a remittance transaction, other than a wire transfer, involving an amount equal to or above $8,000 or an equivalent amount in any other currency, that is carried out by a licensed money service operator.

(2) Before carrying out a remittance transaction, a licensed money service operator must—

(a) identify the originator;

(b) verify the identity of the originator by reference to the originator's identification document; and

(c) record—

(i) the originator's name;

(ii) the originator's identification document number and, if the originator's identification document is a travel document, the place of issue of the travel document;

(iii) the originator's address;

(iv) the currency and amount involved; and

(v) the date and time of receipt of the instructions, the recipient's name and address and the method of delivery.

(3) In this section—

***originator*** (匯款人), in relation to a remittance transaction carried out by a licensed money service operator, means—

(a) the person from whose account with the licensed money service operator the money for the remittance is paid; or

(b) in the absence of such an account, the person who instructs the licensed money service operator to carry out the remittance transaction;

***remittance transaction*** (匯款交易) means a transaction for sending, or arranging for the sending of, money to a place outside Hong Kong.

**13A. Special requirements for virtual asset transfer**

(1) For the purposes of this Schedule, a virtual asset transfer is a transaction carried out—

(a) by an institution (***ordering institution***) on behalf of an originator by transferring any virtual assets; and

(b) with a view to making the virtual assets available—

(i) to that person or another person (***recipient***); and

(ii) at an institution (***beneficiary institution***), which may be the ordering institution or another institution,

whether or not one or more other institutions (***intermediary institutions***) participate in completion of the transfer of the virtual assets.

(2) Subject to subsection (3), before carrying out a virtual asset transfer, a financial institution that is an ordering institution must obtain and record—

(a) the originator's name;

(b) the number of the originator's account maintained with the financial institution and from which the virtual assets are transferred or, in the absence of such an account, a unique reference number assigned to the virtual asset transfer by the financial institution;

(c) the originator's address, the originator's customer identification number or identification document number or, if the originator is an individual, the originator's date and place of birth;

(d) the recipient's name; and

(e) the number of the recipient's account maintained with the beneficiary institution and to which the virtual assets are transferred or, in the absence of such an account, a unique reference number assigned to the virtual asset transfer by the beneficiary institution.

(3) Subsection (2)(c) does not apply to a virtual asset transfer involving virtual assets that amount to less than $8,000.

(4) A financial institution that is an ordering institution in a virtual asset transfer must submit to the beneficiary institution—

(a) for a virtual asset transfer involving virtual assets that amount to not less than $8,000—the information obtained and held under subsection (2)(a), (b), (c), (d) and (e) in relation to the transfer; and

(b) for a virtual asset transfer involving virtual assets that amount to less than $8,000—the information obtained and held under subsection (2)(a), (b), (d) and (e) in relation to the transfer,

in accordance with codes and guidelines published under any provision of this Ordinance.

(5) A financial institution that is a beneficiary institution in a virtual asset transfer must obtain and record the information under subsection (2) submitted to it by the institution from which it receives the transfer instruction.

(6) If a financial institution acts as an intermediary institution in a virtual asset transfer, it must transmit all of the information that it receives with the transfer to the institution to which it passes on the transfer instruction.

(7) Where a financial institution (***instructed institution***) is a beneficiary institution or an intermediary institution in a virtual asset transfer—

(a) if the institution (***instructing institution***) from which the instructed institution receives the transfer instruction does not submit all of the information under subsection (2) in connection with the virtual asset transferred to the instructed institution, the instructed institution must as soon as reasonably practicable—

(i) obtain the missing information from the instructing institution; and

(ii) if the missing information cannot be obtained, either—

(A) consider restricting or terminating its business relationship with the instructing institution; or

(B) take reasonable measures to mitigate the risk of money laundering or terrorist financing involved; or

(b) if the instructed institution is aware that any of the information submitted to it that purports to be information under subsection (2) is incomplete or meaningless, it must as soon as reasonably practicable take reasonable measures to mitigate the risk of money laundering or terrorist financing involved.

(8) In this section—

***originator*** (匯款人), in relation to a virtual asset transfer, means—

(a) the person from whose account with the ordering institution the virtual assets for the virtual asset transfer are transferred; or

(b) in the absence of such an account, the person who instructs the ordering institution to carry out the virtual asset transfer.

**14. Special requirements for correspondent banking relationships**

(1) An authorized institution must, before establishing a correspondent banking relationship with an institution located in a place outside Hong Kong that carries on a business similar to that carried on by an authorized institution (referred to in this section as ***proposed respondent bank***)—

(a) collect sufficient information about the proposed respondent bank to enable it to understand fully the nature of the proposed respondent bank's business;

(b) determine from publicly available information the reputation of the proposed respondent bank and the quality of its supervision by authorities in that place that perform functions similar to those of the Monetary Authority; and

(c) assess the anti-money laundering and anti-terrorist financing controls of the proposed respondent bank.

(2) An authorized institution must not establish a correspondent banking relationship with a proposed respondent bank unless —

(a) it has obtained approval from its senior management;

(b) having complied with subsection (1), it is satisfied that the anti-money laundering and anti-terrorist financing controls of the proposed respondent bank are adequate and effective;

(c) it has documented its responsibilities and the responsibilities of the proposed respondent bank; and

(d) it is satisfied that, in respect of those of the proposed respondent bank's customers who will be able to directly operate the accounts it is to maintain for the proposed respondent bank, the proposed respondent bank—

(i) will verify the identities of those customers, and will continuously monitor its business relationships with those customers, in accordance with requirements similar to those imposed under this Schedule; and

(ii) will be able to provide to it, on request, the documents, data or information obtained by the proposed respondent bank in relation to those customers in accordance with requirements similar to those imposed under this Schedule.

**15. Special requirements in other high risk situations**

A financial institution or a DNFBP must, in a situation specified by the relevant authority or, in the case of a DNFBP who is an accounting professional, an estate agent or a legal professional, by the relevant regulatory body, in a notice in writing given to the financial institution or the DNFBP and in any other situation that by its nature may present a high risk of money laundering or terrorist financing— *(Amended 4 of 2018 s. 26)*

(a) where a business relationship is to be established—

(i) obtain approval from the senior management to establish the business relationship; and

(ii) either—

(A) take reasonable measures to establish the relevant customer's or beneficial owner's source of wealth and the source of the funds that will be involved in the business relationship; or

(B) take additional measures to mitigate the risk of money laundering or terrorist financing involved;

(b) where a business relationship has been established—

(i) obtain approval from the senior management to continue the business relationship;

(ii) if there is a beneficial owner in relation to the relevant customer, take reasonable measures to verify the beneficial owner's identity so that the financial institution or the DNFBP is satisfied that the financial institution or the DNFBP knows who the beneficial owner is; and

(iii) either—

(A) take reasonable measures to establish the relevant customer's or beneficial owner's source of wealth and the source of the funds that are involved in the business relationship; or

(B) take additional measures to mitigate the risk of money laundering or terrorist financing involved; or

(c) where an occasional transaction is to be carried out, take additional measures to mitigate the risk of money laundering or terrorist financing involved.

*(Amended 4 of 2018 s. 26)*

## Division 3—Prohibitions

### 16. Anonymous accounts etc.

A financial institution or a DNFBP must not open, or maintain, any anonymous account or account in a fictitious name for any customer.

*(Amended 4 of 2018 s. 26)*

### 17. Correspondent banking relationships with shell banks

(1) An authorized institution must not establish or continue a correspondent banking relationship with a corporation that—

(a) is incorporated in a place outside Hong Kong;

(b) is authorized to carry on banking business in that place;

(c) does not have a physical presence in that place; and

(d) is not an affiliate of a corporation that—

(i) is incorporated in a particular jurisdiction;

(ii) is authorized to carry on banking business in that jurisdiction; and

(iii) has a physical presence in that jurisdiction.

(2) For the purposes of subsection (1)(c) and (d)(iii), a corporation has a physical presence in a place or jurisdiction if—

(a) the corporation carries on banking business at any premises in that place or jurisdiction; and

(b) at least one full-time employee of the corporation performs banking-related duties at those premises.

(3) For the purposes of subsection (1)(d), a corporation is an affiliate of another corporation if—

(a) the corporation is a subsidiary of the other corporation; or

(b) at least one individual who is a controller of the corporation is at the same time a controller of the other corporation.

(4) In this section—

***associate*** (相關者), in relation to a person entitled to exercise, or control the exercise of, voting rights in relation to, or holding shares in, a corporation, means any other person in respect of whom that first-mentioned person has an agreement or arrangement, whether oral or in writing, express or implied,

with respect to the acquisition, holding or disposal of shares or other interests in that corporation or under which they act together in exercising their voting rights in relation to it;

***controller*** (控制人), in relation to a corporation, means—

(a) a person in accordance with whose directions or instructions the directors of the corporation, or of another corporation of which it is a subsidiary, are accustomed to act, but does not include any person in accordance with whose directions and instructions those directors are accustomed to act by reason only that they act on advice given by the person in his or her professional capacity; or

(b) a person who, either alone or with any associate or associates, is entitled to exercise, or control the exercise of, more than 50% of the voting rights at any general meeting of the corporation or of another corporation of which it is a subsidiary;

***subsidiary*** (附屬公司) has the same meaning as in the Companies Ordinance (Cap. 622). *(Amended 28 of 2012 ss. 912 & 920)*

## Division 4—Miscellaneous

### 18. Carrying out customer due diligence measures by means of intermediaries

(1) Subject to subsection (2), a financial institution or a DNFBP may carry out any customer due diligence measure by means of an intermediary specified in subsection (3) if— *(Amended 4 of 2018 s. 26)*

(a) the intermediary consents in writing to be the financial institution's or the DNFBP's intermediary; and

(b) the financial institution or the DNFBP is satisfied that the intermediary will on request provide a copy of any document, or a record of any data or information, obtained by the intermediary in the course of carrying out the customer due diligence measure without delay.

(2) A financial institution or a DNFBP that carries out a customer due diligence measure by means of an intermediary remains liable under this Ordinance for a failure to carry out that customer due diligence measure.

(3) The specified intermediary is—

(a) any of the following persons who is able to satisfy the financial institution or the DNFBP that they have adequate procedures in place to prevent money laundering and terrorist financing— *(Amended 4 of 2018 s. 26)*

(i) an accounting professional; *(Replaced 4 of 2018 s. 26)*

(ii) an estate agent; *(Replaced 4 of 2018 s. 26)*

(iii) a legal professional; *(Replaced 4 of 2018 s. 26)*

(iv) a TCSP licensee; *(Replaced 4 of 2018 s. 26)*

(b) a financial institution that is an authorized institution, a licensed corporation, an authorized insurer, a licensed individual insurance agent, licensed insurance agency or licensed insurance broker company; *(Amended 12 of 2015 s. 163)*

(c) a lawyer, a notary public, an auditor, a professional accountant, a trust or company service provider or a tax advisor practising in an equivalent jurisdiction, or a trust company carrying on trust business in an equivalent jurisdiction, or a person who carries on in an equivalent jurisdiction a business similar to that carried on by an estate agent, or an institution that carries on in an equivalent jurisdiction a business similar to that carried on by an intermediary financial institution, that— *(Amended 4 of 2018 s. 26)*

(i) is required under the law of that jurisdiction to be registered or licensed or is regulated under the law of that jurisdiction;

(ii) has measures in place to ensure compliance with requirements similar to those imposed under this Schedule; and

(iii) is supervised for compliance with those requirements by an authority in that jurisdiction that performs functions similar to those of any of the relevant authorities or the regulatory bodies (as may be applicable); or

(d) in the case of a financial institution, an institution that—

(i) is a related foreign financial institution in relation to the financial institution; and

(ii) satisfies the conditions in subsection (3A). *(Added 4 of 2018 s. 26)*

(3A) The conditions are that—

(a) the related foreign financial institution is required under group policy—

(i) to have measures in place to ensure compliance with requirements similar to the requirements imposed under this Schedule; and

(ii) to implement programmes against money laundering and terrorist financing; and

(b) the related foreign financial institution is supervised for compliance with the requirements mentioned in paragraph (a) at a group level—

(i) by a relevant authority; or

(ii) by an authority in an equivalent jurisdiction that performs, in relation to the holding company or the head office of the financial institution, functions similar to those of a relevant authority under this Ordinance. *(Added 4 of 2018 s. 26)*

(4) A financial institution or a DNFBP that carries out a customer due diligence measure by means of an intermediary must— *(Amended 4 of 2018 s. 26)*

(a) immediately after the intermediary has carried out that measure, obtain from the intermediary the data or information that the intermediary has obtained in the course of carrying out that measure, but nothing in this paragraph requires the financial institution or the DNFBP to obtain at the same time from the intermediary a copy of any document, or a record of any data or information, that is obtained by the intermediary in the course of carrying out that measure;

(b) ensure that the intermediary will, if requested by the financial institution or the DNFBP within the period referred to in section 20(2) or (3) of this Schedule, as the case requires, provide to the financial institution or the DNFBP a copy of any document, or a record of any data or information, obtained by the intermediary in the course of carrying out that measure as soon as reasonably practicable after receiving the request; and

(c) in the case of a financial institution, if the intermediary is a specified intermediary under subsection (3)(d), take reasonable measures to mitigate the risk of money laundering or terrorist financing involved. *(Added 4 of 2018 s. 26)*

(5) *(Repealed 4 of 2018 s. 26)*

(6) Nothing in this section prevents a financial institution or a DNFBP from carrying out a customer due diligence measure by an agent but such a financial institution or a DNFBP remains liable under this Ordinance for a failure to carry out that customer due diligence measure.

(7) In this section—

***group of companies*** (公司集團) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622);

***group policy*** (集團政策) means a policy of the group of companies to which the financial institution belongs that applies to—

(a) the financial institution; and

(b) the relevant related foreign financial institution;

***holding company*** (控權公司), in relation to a financial institution, means a holding company within the meaning of section 13 of the Companies Ordinance (Cap. 622);

***intermediary financial institution*** (中介人金融機構) means a financial institution mentioned in subsection (3)(b);

***related foreign financial institution*** (相關外地金融機構), in relation to a financial institution, means another institution that —

(a) carries on, in a place outside Hong Kong, a business similar to that carried on by an intermediary financial institution; and

(b) falls within any of the following descriptions—

(i) it is within the same group of companies as the financial institution;

(ii) if the financial institution is incorporated in Hong Kong or is a re-domiciled entity, it is a branch of the financial institution; *(Amended 14 of 2025 s. 273)*

(iii) if the financial institution is incorporated outside Hong Kong and is not a re-domiciled entity— *(Amended 14 of 2025 s. 273)*

(A) it is the head office of the financial institution; or

(B) it is a branch of the head office of the financial institution. *(Replaced 4 of 2018 s. 26)*

*(Amended E.R. 2 of 2014; 4 of 2018 s. 26)*

**19. Financial institutions and DNFBPs to establish procedures**

*(Amended 4 of 2018 s. 26)*

(1) A financial institution or a DNFBP must establish and maintain effective procedures for determining whether a customer or a beneficial owner of a customer is a politically exposed person.

(2) A financial institution that carries out wire transfers must establish and maintain effective procedures for identifying and handling wire transfers in relation to which section 12(5) of this Schedule has not been complied with.

(2A) A financial institution that carries out virtual asset transfers must establish and maintain effective procedures for identifying and handling virtual asset transfers in relation to which section 13A(4) of this Schedule has not been complied with. *(Added 15 of 2022 s. 33)*

(3) A financial institution or a DNFBP must, in respect of each kind of customer, business relationship, product and transaction, establish and maintain effective procedures not inconsistent with this Ordinance for the purpose of carrying out the duties under sections 3, 4, 5, 9, 10 and 15 of this Schedule.

*(Amended 4 of 2018 s. 26)*

# Part 3

# Record-keeping Requirements

## 20. Duty to keep records

(1) A financial institution or a DNFBP must— *(Amended 4 of 2018 s. 26)*

(a) in relation to each transaction the financial institution or the DNFBP carries out, keep the original or a copy of the documents, and a record of the data and information, obtained in connection with the transaction in accordance with Part 2 of this Schedule; and

(b) in relation to each customer, keep— *(Amended 4 of 2018 s. 26)*

(i) the original or a copy of the documents, and a record of the data and information, obtained in the course of identifying and verifying the identity of the customer or any beneficial owner of the customer in accordance with Part 2 of this Schedule; and

(ii) the original or a copy of the files relating to the customer's account and business correspondence with the customer and any beneficial owner of the customer.

(2) Records required to be kept under subsection (1)(a) must be kept for a period of at least 5 years beginning on the date on which the transaction is completed, regardless of whether the business relationship ends during that period.

(3) Records required to be kept under subsection (1)(b) must be kept throughout the continuance of the business relationship with the customer and for a period of at least 5 years beginning on the date on which the business relationship ends.

(3A) Records required to be kept under subsection (1)(b) for an occasional transaction that is carried out in any of the circumstances set out in section 3(1)(b), (1A) and (1B) of this Schedule must be kept for a period of at least 5 years beginning on the date on which the occasional transaction is completed. *(Added 15 of 2022 s. 33)*

(4) A relevant authority or a regulatory body may, by notice in writing to a financial institution or a DNFBP, require the financial institution or the DNFBP to keep the records relating to a specified transaction or customer for a period specified by the relevant authority or the regulatory body that is longer than that referred to in subsection (2) or (3), as the case requires, if — *(Amended 4 of 2018 s. 26)*

(a) the relevant authority or the regulatory body is satisfied that the records are relevant to an ongoing criminal or other investigation carried out by it; or

(b) the records are relevant to any other purposes as specified by the relevant authority or the regulatory body in the notice.

(5) A financial institution or a DNFBP to whom a notice is given under subsection (4) must keep the relevant records for the period specified in the notice.

*(Amended 4 of 2018 s. 26)*

**21. Manner in which records are to be kept**

Records required to be kept under section 20 of this Schedule must be kept in the following manner—

(a) if the record consists of a document, either—

(i) the original of the document must be kept; or

(ii) a copy of the document must be kept either on microfilm or in the database of a computer; or

(b) if the record consists of data or information, a record of the data or information must be kept either on microfilm or in the database of a computer.

# Part 4

# Miscellaneous

**22. Duties extended to branches and subsidiary undertakings outside Hong Kong**

(1) A financial institution that is incorporated in Hong Kong or is a re-domiciled entity must ensure that— *(Amended 14 of 2025 s. 273)*

(a) its branches; and

(b) its subsidiary undertakings that carry on the same business as a financial institution in a place outside Hong Kong,

have procedures in place to ensure compliance with, to the extent permitted by the law of that place, requirements similar to those imposed under Parts 2 and 3 of this Schedule that are applicable to the financial institution.

(2) If the law of the place at which a branch or subsidiary undertaking of a financial institution carries on business does not permit the application of any procedures relating to any of the requirements referred to in subsection (1), the financial institution must—

(a) inform the relevant authority accordingly; and

(b) take additional measures to effectively mitigate the risk of money laundering and terrorist financing faced by the branch or subsidiary undertaking as a result of its inability to comply with the requirement.

(2A) A DNFBP that is incorporated in Hong Kong or is a re-domiciled entity must ensure that— *(Amended 14 of 2025 s. 273)*

(a) its branches; and

(b) its subsidiary undertakings that carry on the same business as a DNFBP in a place outside Hong Kong,

have procedures in place to ensure compliance with, to the extent permitted by the law of that place, requirements similar

to those imposed under Parts 2 and 3 of this Schedule that are applicable to the DNFBP. *(Added 4 of 2018 s. 26)*

(2B) If the law of the place at which a branch or a subsidiary undertaking of a DNFBP carries on business does not permit the application of any procedures relating to any of the requirements referred to in subsection (2A), the DNFBP must —

(a) inform the relevant authority, or if applicable, the relevant regulatory body, accordingly; and

(b) take additional measures to effectively mitigate the risk of money laundering and terrorist financing faced by the branch or subsidiary undertaking as a result of its inability to comply with the requirement. *(Added 4 of 2018 s. 26)*

(3) In this section—

***branch*** (分行), in relation to a financial institution or a DNFBP, means a branch of the financial institution or the DNFBP outside Hong Kong at which it carries on a business similar to that carried on by the financial institution or the DNFBP, whether or not the business of the branch is limited by the laws or regulations of the place in which the branch is situated and whether or not the branch is referred to as an agency in that place; *(Amended 4 of 2018 s. 26)*

***subsidiary undertaking*** (附屬企業) is to be construed in accordance with Schedule 1 to the Companies Ordinance (Cap. 622). *(Amended 28 of 2012 ss. 912 & 920)*

**23. Financial institutions and DNFBPs to prevent contravention of Part 2 or 3 of this Schedule**

*(Amended 4 of 2018 s. 26)*

A financial institution or a DNFBP must take all reasonable measures— *(Amended 4 of 2018 s. 26)*

(a) to ensure that proper safeguards exist to prevent a contravention of any requirement under Part 2 or 3 of this Schedule; and

(b) to mitigate money laundering and terrorist financing risks.

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# Schedule 3B

[ss. 53ZR & 53ZTM & Sch. 3G]

## VA Service

## Part 1

## VA Service

1. Operating a VA exchange, that is to say, providing services through means of electronic facilities—

   (a) whereby—

      (i) offers to sell or purchase virtual assets are regularly made or accepted in a way that forms or results in a binding transaction; or

      (ii) persons are regularly introduced, or identified to other persons in order that they may negotiate or conclude, or with the reasonable expectation that they will negotiate or conclude sales or purchases of virtual assets in a way that forms or results in a binding transaction; and

   (b) where client money or client virtual assets comes into direct or indirect possession of the person providing such service.

## Part 2

## Interpretation

**1. Interpretation**

An expression used in this Schedule, and defined or otherwise explained in Part 5B, has the same meaning as in that Part.

*(Schedule 3B added 15 of 2022 s. 5)*

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# Schedule 3C

[ss. 53ZR & 53ZTM]

# Fees in relation to Part 5B

## Part 1

## Prescribed Fees

| Column 1 | Column 2 | Column 3 |
|---|---|---|
| Item | Particulars of matter | Fee |
| 1. | Prescribed fee payable under section 53ZRI(1)(a) for— | |
| | (a) providing an uncertified copy of an entry in, or extract from, a register maintained under section 53ZRH | $9 per page |
| | (b) certifying a copy of an entry in, or extract from, the register | $200 |
| 2. | Prescribed fee for providing a certificate specified in section 53ZRI(1)(b) | $200 |
| 3. | Prescribed fee payable under section 53ZRK on an application for the grant of a licence for a licensed provider | $4,740 for a VA service |
| 4. | Prescribed fee payable under section 53ZRL on an application for the grant of a licence for a licensed representative | $1,790 for a VA service |
| 5. | Prescribed fee payable under section 53ZRM on an application for approval of an accreditation of a licensed representative | $200 |
| 6. | Prescribed fee payable under section 53ZRM on an application for approval of a transfer of an accreditation of a licensed representative | $200 for a VA service |
| 7. | Prescribed fee payable under section 53ZRN on an application for variation of any VA service— | |

| Column 1 | Column 2 | Column 3 |
|---|---|---|
| Item | Particulars of matter | Fee |
| | (a) in the case of a licensed provider— | |
| | (i) for adding any VA service | $4,740 for each VA service |
| | (ii) for removing any VA service (subject to subparagraph (iii)) | $200 for each VA service |
| | (iii) for removing all VA services | Nil |
| | (b) in the case of a licensed representative— | |
| | (i) for adding any VA service | $1,790 for each VA service |
| | (ii) for removing any VA service (subject to subparagraph (iii)) | $200 for each VA service |
| | (iii) for removing all VA services | Nil |
| 8. | Prescribed fee payable under section 53ZRP(1) on an application for approval to be a responsible officer | $2,950 for a VA service |
| 9. | Prescribed fee payable under section 53ZRQ(2) on an application for approval to be an ultimate owner | $3,000 |
| 10. | Prescribed fee payable under section 53ZRR on an application for approval of premises | $1,000 |
| 11. | Prescribed annual fee payable under section 53ZRY— | |
| | (a) in the case of a licensed provider | $4,740 for a VA service |

| Column 1 | Column 2 | Column 3 |
|---|---|---|
| Item | Particulars of matter | Fee |
| | (b) in the case of a licensed representative— | |
| | (i) who is not approved as a responsible officer of the licensed provider on whose behalf the licensed representative provides a VA service | $1,790 for a VA service |
| | (ii) who is approved as a responsible officer of the licensed provider on whose behalf the licensed representative provides a VA service | $4,740 for a VA service |

# Part 2

# Interpretation

**1. Interpretation**

An expression used in this Schedule, and defined or otherwise explained in Part 5B, has the same meaning as in that Part.

*(Schedule 3C added 15 of 2022 s. 5)*

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# Schedule 3D

[ss. 53ZRW & 53ZTM]

# Associated Entities—Prescribed Particulars

**1. Interpretation**

An expression used in this Schedule, and defined or otherwise explained in Part 5B, has the same meaning as in that Part.

**2. Particulars to be notified on becoming an associated entity**

For the purposes of section 53ZRW(1), the particulars required to be provided to the Commission after an associated entity of a licensed provider becomes such an associated entity are—

(a) the name of the licensed provider;

(b) the date on which it became such an associated entity;

(c) its name and business name (if different);

(d) the date and place of its incorporation;

(da) its place of domicile, and the date beginning on which that place has been its place of domicile; *(Added 14 of 2025 s. 274)*

(db) each of its former places of domicile (if any), and the period during which that place was its place of domicile; *(Added 14 of 2025 s. 274)*

(e) its telephone and fax number, electronic mail address and website address (if any);

(f) each of the following addresses, together with its effective date—

(i) the address of its principal place of business in Hong Kong (if any);

(ii) the address of its registered office;

(iii) its correspondence address;

(iv) the address of each of the premises where books and records relating to client assets of the licensed provider, received or held by it in Hong Kong, are kept;

(g) the details of its bank account for holding client assets of the licensed provider received or held in Hong Kong, including—

(i) the name of the bank with which the account is opened; and

(ii) the number of the account;

(h) whether it is aware of the existence of any matter that might render it insolvent or lead to the appointment of a liquidator;

(i) the facts that gave rise to its becoming such an associated entity; and

(j) in relation to each of its executive officers who are its directors responsible for directly supervising the receiving or holding of the client assets of the licensed provider—

(i) the executive officer's name;

(ii) the executive officer's Hong Kong identity card number, or details of documents issued by a competent government agency providing proof of identity; and

(iii) the executive officer's contact details, including residential address in Hong Kong (if any) and correspondence address.

**3. Particulars to be notified on ceasing to be an associated entity**

For the purposes of section 53ZRW(1), the particulars required to be provided to the Commission after an associated entity of a licensed provider ceases to be such an associated entity are—

(a) the date of ceasing to be such an associated entity;

(b) the name of the licensed provider;

(c) whether all client assets of the licensed provider received or held by it before it ceases to be such an associated entity have been fully accounted for and properly disposed of and, if not, the particulars of any such client assets that have not been fully accounted for and properly disposed of; and

(d) the facts that gave rise to its ceasing to be such an associated entity.

*(Schedule 3D added 15 of 2022 s. 5)*

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# Schedule 3E

[ss. 53ZRY & 53ZTM]

# Annual Return—Information

**1. Interpretation**

An expression used in this Schedule, and defined or otherwise explained in Part 5B, has the same meaning as in that Part.

**2. Annual return must include certain information**

(1) For the purposes of section 53ZRY(4)(b), the information that a licensed person must include in the annual return is—

(a) the reporting period of the licensed person; and

(b) a full description of any change in any prescribed information (if the description has not been provided to the Commission).

(2) In this section—

***prescribed information*** (訂明資料) means any information that has been provided to the Commission under Divisions 3, 4 or 7 of Part 5B or any codes or guidelines published under section 53ZTK;

***reporting period*** (申報期) means—

(a) the period of 1 year to each anniversary of the date on which a person is licensed by the Commission as a licensed person; or

(b) such other period as may be approved by the Commission by written notice.

*(Schedule 3E added 15 of 2022 s. 5)*

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# Schedule 3F

[ss. 53ZSC & 53ZTM]

## Auditable Entities—Prescribed Financial Statements and Other Prescribed Documents

### 1. Interpretation

An expression used in this Schedule, and defined or otherwise explained in Part 5B, has the same meaning as in that Part.

### 2. Financial statements etc. required to be submitted annually by licensed provider

(1) For the purposes of section 53ZSC(1)(a), the financial statements and other documents that a licensed provider must prepare, in respect of each financial year, are—

(a) a set of accounts consisting of each of the following, prepared in accordance with generally accepted accounting principles—

(i) a profit and loss account;

(ii) a balance sheet;

(iii) notes to the accounts;

(b) in so far as applicable, the following returns as required under any codes or guidelines published under section 53ZTK, each made up to the last day of the financial year —

(i) a liquid capital computation;

(ii) a required liquid capital computation;

(iii) a summary of bank loans, advances, credit facilities and other financial accommodation available to it;

(iv) an analysis of its margin clients (if applicable);

(v) an analysis of collateral received from margin clients (if applicable);

(vi) an analysis of its rolling balance cash clients;

(vii) an analysis of its client assets;

(viii) an analysis of its proprietary derivative positions (if applicable); and

(c) a business and risk management questionnaire.

(2) In this section—

***margin client*** (保證金客戶) means a client to whom the licensed provider provides virtual assets margin financing.

**3. Financial statements etc. required to be submitted annually by associated entity**

For the purposes of section 53ZSC(1)(a), the financial statements and other documents that an associated entity of a licensed provider must prepare, in respect of each financial year, are—

(a) a set of accounts consisting of each of the following, prepared in accordance with generally accepted accounting principles—

(i) a profit and loss account;

(ii) a balance sheet;

(iii) notes to the accounts;

(b) an analysis of client assets as at the end of the financial year; and

(c) a business and risk management questionnaire.

**4. Financial statements etc. required to be submitted by licensed provider on ceasing to provide VA service**

For the purposes of section 53ZSC(2)(a), the financial statements and other documents that a licenser provider must prepare if it

ceases to provide the VA service for which it is licensed to provide are—

(a) a set of accounts as referred to in section 2(1)(a) of this Schedule; and

(b) a liquid capital computation as referred to in section 2(1)(b)(i) of this Schedule.

**5. Financial statements etc. required to be submitted by associated entity on ceasing to such entity**

For the purposes of section 53ZSC(2)(a), the financial statements and other documents that an associated entity of a licensed provider must prepare if it ceases to be such an associated entity are—

(a) a set of accounts as referred to in section 3(a) of this Schedule; and

(b) an analysis of client assets as referred to in section 3(b) of this Schedule.

**6. Requirements applicable to prescribed auditor's report**

(1) For the purposes of section 53ZSC(1)(b) or (2)(b), a report of the prescribed auditor submitted by a licensed provider or an associated entity of a licensed provider to the Commission must contain a statement by the prescribed auditor as to whether, in the prescribed auditor's opinion—

(a) the profit and loss account and the balance sheet are in accordance with the records kept by the licensed provider or the associated entity under any codes or guidelines published under section 53ZTK and satisfy the requirements in the codes or guidelines;

(b) the balance sheet gives a true and fair view of the state of affairs of the licensed provider or the associated entity as at the end of the financial year to which it relates;

(c) the profit and loss account gives a true and fair view of the profit or loss of the licensed provider or the associated entity for the financial year to which it relates;

(d) in the case of a licensed provider, each of the returns as referred to in section 2(1)(b) or 4(b) of this Schedule is correctly compiled from the records of the licensed provider or, if not correctly compiled, the nature and extent of the incorrectness;

(e) in so far as applicable, during the financial year in question, the licensed provider or the associated entity had in place systems of control, including internal controls and trading, custody, accounting and settlement systems, that were adequate to ensure compliance with regulatory requirements relating to client assets under any codes or guidelines published under section 53ZTK;

(f) in so far as applicable, during the financial year in question, the licensed provider or the associated entity has complied with regulatory requirements relating to client assets and record keeping under any codes or guidelines published under section 53ZTK; and

(g) in the case of a licensed provider, there appears to have been any contravention of regulatory requirements relating to financial resources under any codes or guidelines published under section 53ZTK by the licensed provider during the financial year in question.

(2) A licensed provider or an associated entity of a licensed provider may submit 2 separate reports of the prescribed auditor in respect of a financial year, one containing a statement by the prescribed auditor concerning the matters referred to in subsection (1)(a), (b) and (c) and the other containing a statement by the prescribed auditor concerning the matters referred to in subsection (1)(d), (e), (f) and (g).

*(Schedule 3F added 15 of 2022 s. 5)*

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# Schedule 3G

[ss. 53ZR & 53ZTY]

# Transitional Arrangements for Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Ordinance 2022

## Part 1

## Preliminary

### 1. Interpretation

(1) An expression used in this Schedule, and defined or otherwise explained in Part 5B, has the same meaning as in that Part.

(2) In this Schedule—

***closing-down period*** (結業期)—see section 11 of this Schedule;

***first 9 months*** (首9個月) means the period of 9 months beginning on 1 June 2023;

***first 12 months*** (首12個月) means the period of 12 months beginning on 1 June 2023;

***objection period*** (反對限期), in relation to a section 3 notice, section 5 notice or section 7 notice issued by the Commission in respect of a person, means a period specified by the Commission in the notice as the period within which the person may object to the deemed withdrawal of the person's application or applications under section 10 of this Schedule;

***regulatory requirements*** (規管性規定) means requirements under this Ordinance, and codes and guidelines published under section 53ZTK;

***section 3 notice*** (第3條通知)—see section 3(5) of this Schedule;

***section 5 notice*** (第5條通知)—see section 5(5) of this Schedule;

***section 7 notice*** (第7條通知)—see section 7(5) of this Schedule;

***specified form*** (指明格式) means a form specified by the Commission;

***VA service*** (虛擬資產服務) means operating a VA exchange within the meaning of item 1 of Schedule 3B.

# Part 2

# First 12 Months

**2. Section 53ZRD not contravened by continuing pre-existing VA service during first 12 months**

(1) An act by a corporation of carrying on, or holding itself out as carrying on, a business of providing a VA service does not constitute a contravention of section 53ZRD(1) if—

(a) the corporation has been carrying on the business of providing the VA service in Hong Kong immediately before 1 June 2023; and

(b) the act is done during the first 12 months.

(2) An act by an individual of performing, or holding himself or herself out as performing, a regulated function in relation to a business, carried on by a corporation, of providing a VA service does not constitute a contravention of section 53ZRD(3) if—

(a) because of subsection (1), an act by the corporation done, during the first 12 months, of carrying on the business of providing the VA service does not constitute a contravention of section 53ZRD(1); and

(b) the act by the individual is done during the first 12 months.

(3) In subsections (1) and (2), a reference to a corporation does not include one to which a closing-down period under section 11(1), (3) or (4) of this Schedule applies.

# Part 3

# Persons Deemed to be Licensed or Approved After First 12 Months

**3. Transitional arrangements apply to pre-existing provider on certain conditions**

(1) Section 4 of this Schedule applies to a corporation if all of the following conditions are met in relation to the corporation—

(a) the corporation has been providing a VA service in Hong Kong immediately before 1 June 2023;

(b) within the first 9 months, the corporation—

(i) makes an application (***application***) in accordance with section 53ZRK to be licensed to provide the VA service;

(ii) gives the Commission a confirmation that the corporation has been providing the VA service in Hong Kong immediately before 1 June 2023; and

(iii) gives the Commission a confirmation that the corporation will, on being deemed to be licensed to provide the VA service—

(A) comply with the regulatory requirements applicable to a licensed provider of the VA service; and

(B) have arrangements in place to ensure the corporation complies with the regulatory requirements applicable to a licensed provider of the VA service;

(c) the Commission has not issued a section 3 notice under subsection (5) in respect of the corporation's application.

(2) The condition in subsection (1)(b)(i) is regarded as not met in relation to the corporation if the Commission has not acknowledged receipt in writing that it has received the application.

(3) If any of the matters specified in subsection (4) are not proved to the Commission's satisfaction in relation to the corporation, the Commission may—

(a) decide that section 4 of this Schedule is not to apply to the corporation; and

(b) decide to commence the deemed withdrawal procedure under section 10 of this Schedule in respect of the application.

(4) The matters are that—

(a) all of the conditions specified in subsection (1)(a) and (b) are met in relation to the corporation; and

(b) the corporation has a reasonable prospect of successfully showing to the Commission that the corporation is capable of complying with the regulatory requirements applicable to a licensed provider of the VA service.

(5) The Commission must inform the corporation of its decisions under subsection (3) by written notice (***section 3 notice***) given to the corporation.

(6) The section 3 notice must—

(a) state the Commission's decisions referred to in subsection (3) and the reasons for the decisions; and

(b) state that the corporation has a right under section 10 of this Schedule to object to the deemed withdrawal of the application within the objection period.

(7) A section 3 notice may only be issued before the end of the first 12 months.

**4. Corporate applicant deemed licensed provider pending determination of application**

(1) If, under section 3 of this Schedule, this section applies to a corporation that made an application referred to in subsection (1)(b)(i) of that section, the corporation is deemed, for the period specified in subsection (2), to be licensed under section 53ZRK to provide the VA service to which the application relates.

(2) The period specified for the purposes of subsection (1)—

(a) begins on the day immediately following the first 12 months; and

(b) ends on the day on which one of the following events happens (whichever happens first)—

(i) the corporation's application under section 53ZRK is withdrawn;

(ii) a refusal of the corporation's application under section 53ZRK takes effect as a specified decision under section 75;

(iii) a licence is granted to the corporation under section 53ZRK.

(3) During the period the corporation is deemed under this section to be licensed—

(a) the requirement in section 53ZRQ(1) does not apply in respect of the corporation;

(b) the premises in respect of which an application is lodged under section 53ZRR(2) are deemed to be approved; and

(c) the corporation is deemed to have complied with section 53ZRR(1) in relation to the premises.

(4) During the period the corporation is deemed under this section to be licensed and, if the corporation is granted a licence under section 53ZRK to provide the VA service, even after that, the day immediately following the first 12 months is to be regarded—

(a) for the purposes of section 53ZRY(1), as the date of the grant of the licence to the corporation, unless another date is approved by the Commission under that section; and

(b) for the purposes of section 53ZRY(4), as the date on which the corporation is licensed, unless another date is approved by the Commission under that section.

**5. Transitional arrangements apply to representative of pre-existing provider on certain conditions**

(1) Section 6 of this Schedule applies to an individual if all of the following conditions are met in relation to the individual—

(a) within the first 9 months, the individual—

(i) makes an application in accordance with section 53ZRL to be licensed to provide a VA service on behalf of a corporation (***corporation***), but not as a responsible officer on behalf of the corporation;

(ii) makes an application in accordance with section 53ZRM to be accredited to the corporation;

(iii) gives the Commission a confirmation that the individual is providing the VA service in Hong Kong on behalf of the corporation at the time the individual's applications referred to in subparagraphs (i) and (ii) (***individual's applications***) are made; and

(iv) gives the Commission a confirmation that the individual will, on being deemed to be so licensed comply with the regulatory requirements applicable to a licensed representative of a licensed provider of the VA service;

(b) the individual's applications are made in connection with an application by the corporation to be licensed to provide the VA service;

(c) the individual is providing the VA service in Hong Kong on behalf of the corporation at the time the individual's applications are made;

(d) under section 3(1) of this Schedule, section 4 of this Schedule applies to the corporation;

(e) the Commission has not issued a section 5 notice under subsection (5) in respect of the individual's applications.

(2) A condition in subsection (1)(a)(i) or (ii) is regarded as not met in relation to the individual if the Commission has not acknowledged receipt in writing that it has received the application referred to in that subsection.

(3) If any of the matters specified in subsection (4) are not proved to the Commission's satisfaction in relation to the individual, the Commission may—

(a) decide that section 6 of this Schedule is not to apply to the individual; and

(b) decide to commence the deemed withdrawal procedure under section 10 of this Schedule in respect of the individual's applications.

(4) The matters are that—

(a) all of the conditions specified in subsection (1)(a), (b), (c) and (d) are met in relation to the individual; and

(b) the individual has a reasonable prospect of successfully showing to the Commission that the individual is capable of complying with the regulatory requirements applicable to a licensed representative of a licensed provider of the VA service.

(5) The Commission must inform the individual of its decisions under subsection (3) by written notice (***section 5 notice***) given to the individual.

(6) The section 5 notice must—

(a) state the Commission's decisions referred to in subsection (3) and the reasons for the decisions; and

(b) state that the individual has a right under section 10 of this Schedule to object to the deemed withdrawal of the individual's applications within the objection period.

(7) A section 5 notice may only be issued before the end of the first 12 months.

**6. Individual applicant deemed licensed representative pending determination of application**

(1) If, under section 5 of this Schedule, this section applies to an individual who made applications referred to in subsection (1)(a)(i) and (ii) of that section, the individual is deemed for the period specified in subsection (2)—

(a) to be licensed as a licensed representative under section 53ZRL to provide the VA service on behalf of the corporation to which the applications relate; and

(b) to be accredited to the corporation.

(2) The period specified for the purposes of subsection (1)—

(a) begins on the first day of the period for which the corporation is deemed under section 4 of this Schedule to be licensed to provide the VA service; and

(b) ends on the day on which one of the following events happens (whichever happens first)—

(i) the period for which the corporation is deemed under section 4 of this Schedule to be licensed to provide the VA service ends;

(ii) the individual's application under section 53ZRL is withdrawn;

(iii) the individual's application under section 53ZRM is withdrawn;

(iv) a refusal of the individual's application under section 53ZRL or 53ZRM takes effect as a specified decision under section 75;

(v) the individual ceases, on or after the day immediately following the first 12 months, to act for or on behalf of the corporation in relation to the VA service;

(vi) the individual is granted a licence under section 53ZRL to provide the VA service on behalf of the corporation.

(3) During the period the individual is deemed to be licensed under this section and, if the individual is granted a licence under section 53ZRL to perform a regulated function in relation to the provision of the VA service, even after that, the day immediately following the first 12 months is to be regarded—

(a) for the purposes of section 53ZRY(1), as the date of the grant of the individual's licence, unless another date is approved by the Commission under that section; and

(b) for the purposes of section 53ZRY(4), as the date of the grant of the individual's licence, unless another date is approved by the Commission under that section.

**7. Transitional arrangements apply to individual applying to be responsible officer of pre-existing provider on certain conditions**

(1) Section 8 of this Schedule applies to an individual if all of the following conditions are met in relation to the individual—

(a) within the first 9 months, the individual—

(i) makes an application in accordance with section 53ZRL to be licensed to provide a VA service on behalf of a corporation (***subparagraph (i) corporation***);

(ii) makes an application in accordance with section 53ZRM to be accredited to the subparagraph (i) corporation;

(iii) makes an application referred to in section 53ZRP for approval as a responsible officer in relation to the subparagraph (i) corporation;

(iv) gives the Commission a confirmation that the individual has been providing the VA service in Hong Kong on behalf of a corporation that was providing the VA service immediately before 1 June 2023;

(v) gives the Commission a confirmation that the individual is providing the VA service in Hong Kong on behalf of the subparagraph (i) corporation at the time the individual's applications referred to in subparagraphs (i), (ii) and (iii) (***individual's applications***) are made; and

(vi) gives the Commission a confirmation that the individual will, on being deemed to be so licensed, comply with the regulatory requirements applicable to a licensed representative and responsible officer of a licensed provider of the VA service;

(b) the individual's applications are made in connection with an application by the subparagraph (i) corporation to be licensed to provide the VA service;

(c) the individual has been providing the VA service in Hong Kong on behalf of a corporation that was providing the VA service immediately before 1 June 2023;

(d) the individual is providing the VA service in Hong Kong on behalf of the subparagraph (i) corporation at the time the individual's applications are made;

(e) under section 3(1) of this Schedule, section 4 of this Schedule applies to the subparagraph (i) corporation; and

(f) the Commission has not issued a section 7 notice under subsection (5) in respect of the individual's applications.

(2) A condition in subsection (1)(a)(i), (ii) or (iii) is regarded as not met in relation to the individual if the Commission has not acknowledged receipt in writing that it has received the application referred to in that subsection.

(3) If any of the matters specified in subsection (4) are not proved to the Commission's satisfaction in relation to the individual, the Commission may—

(a) decide that section 8 of this Schedule is not to apply to the individual; and

(b) decide to commence the deemed withdrawal procedure under section 10 of this Schedule in respect of the individual's applications.

(4) The matters are that—

(a) all of the conditions specified in subsection (1)(a), (b), (c), (d) and (e) are met in relation to the individual; and

(b) the individual has a reasonable prospect of successfully showing to the Commission that the individual is capable of complying with the regulatory requirements applicable to a licensed representative and responsible officer of a licensed provider of the VA service.

(5) The Commission must inform the individual of its decisions under subsection (3) by written notice (***section 7 notice***) given to the individual.

(6) The section 7 notice must—

(a) state the Commission's decisions referred to in subsection (3) and the reasons for the decisions; and

(b) state that the individual has a right under section 10 of this Schedule to object to the deemed withdrawal of the individual's applications within the objection period.

(7) A section 7 notice may only be issued before the end of the first 12 months.

**8. Individual applicant deemed approved as responsible officer pending determination of applications**

(1) If, under section 7 of this Schedule, this section applies to an individual who made applications referred to in subsection (1)(a)(i), (ii) and (iii) of that section, the individual is deemed for the period specified in subsection (2)—

(a) to be licensed as a licensed representative under section 53ZRL to provide the VA service on behalf of the corporation to which the applications relate;

(b) to be accredited to the corporation; and

(c) to be approved as a responsible officer of the corporation.

(2) The period specified for the purposes of subsection (1)—

(a) begins on the first day of the period for which the corporation is deemed under section 4 of this Schedule to be licensed to provide the VA service; and

(b) ends on the day on which one of the following events happens (whichever happens first)—

(i) the period for which the corporation is deemed under section 4 of this Schedule to be licensed to provide the VA service ends;

(ii) the individual's application under section 53ZRL is withdrawn;

(iii) the individual's application under section 53ZRM is withdrawn;

(iv) the individual's application under section 53ZRP to be approved as a responsible officer is withdrawn;

(v) a refusal of the individual's application under section 53ZRL, 53ZRM or 53ZRP takes effect as a specified decision under section 75;

(vi) the individual is granted a licence under section 53ZRM to provide the VA service on behalf of the corporation and the individual is approved under section 53ZRP as a responsible officer;

(vii) the individual ceases, on or after the day immediately following the first 12 months, to act for or on behalf of the corporation in relation to the VA service.

(3) During the period the individual is deemed to be licensed under this section and, if the individual is granted a licence under section 53ZRL to perform a regulated function in relation to the provision of the VA service, even after that, the day immediately following the first 12 months is to be regarded—

(a) for the purposes of section 53ZRY(1), as the date of the grant of the individual's licence, unless another date is approved by the Commission under that section; and

(b) for the purposes of section 53ZRY(4), as the date of the grant of the individual's licence, unless another date is approved by the Commission under that section.

**9. Application of Ordinance to deemed persons**

(1) If a person is deemed for a period to be licensed to provide a VA service under section 4, 6 or 8 of this Schedule, this Ordinance applies to, and in relation to, that person as if the person were licensed, for that period, to provide the VA service under this Ordinance.

(2) Subsection (1) has effect subject to sections 4(3) and (4), 6(3) and 8(3) of this Schedule.

(3) If an individual is deemed for a period to be approved as a responsible officer under section 8 of this Schedule, this Ordinance applies to, and in relation to, that individual as if the individual were approved, for that period, as a responsible officer under this Ordinance.

**10. Deemed withdrawal of applications**

(1) This section applies if—

(a) a person (***applicant***) has made an application or applications referred to in subparagraph (i), (ii) or (iii) (referred to in each case as ***specified application***)—

(i) an application made in accordance with section 53ZRK to be licensed to provide a VA service;

(ii) both—

(A) an application made in accordance with section 53ZRL for a licence to provide a VA service, but not as a responsible officer of a corporation providing the VA service; and

(B) an application made in accordance with section 53ZRM for accreditation to a corporation;

(iii) all of the following—

(A) an application made in accordance with section 53ZRL for a licence to provide a VA service;

(B) an application made in accordance with section 53ZRM for accreditation to a corporation;

(C) an application referred to in section 53ZRP for approval as a responsible officer in relation to the corporation; and

(b) the Commission has given, to the applicant in respect of the applicant's specified application, a specified notice, that is to say—

(i) if paragraph (a)(i) applies, a section 3 notice;

(ii) if paragraph (a)(ii) applies, a section 5 notice; or

(iii) if paragraph (a)(iii) applies, a section 7 notice.

(2) On receiving a specified notice, an applicant may object to the deemed withdrawal of the applicant's specified application by giving to the Commission a written notice in the specified form within the objection period.

(3) If the objection period in relation to the specified notice expires without the applicant having raised an objection in accordance with subsection (2), the applicant's specified application is to be regarded as having been withdrawn.

(4) If the applicant objects to the deemed withdrawal within the objection period in accordance with subsection (2), the Commission must determine the specified application in accordance with (as the case requires)—

(a) section 53ZRK;

(b) sections 53ZRL and 53ZRM; or

(c) sections 53ZRL, 53ZRM and 53ZRP.

# Part 4

# Closing Down if Corporation Not Deemed, or No Longer Deemed, to be Licensed

## 11. Duration of closing-down period

(1) If a corporation makes an application to be licensed for a VA service under section 53ZRK and a section 3 notice is issued in respect of the application, the closing-down period applicable to the corporation—

(a) begins on the day on which the section 3 notice is issued (***start day***); and

(b) subject to section 14 of this Schedule, ends on the later of the following—

(i) the expiry of the first 12 months;

(ii) the expiry of the 3 months beginning on the start day.

(2) Subsection (1) applies whether or not the corporation has objected to the deemed withdrawal of the application in accordance with section 10 of this Schedule.

(3) If—

(a) a corporation has made an application to be licensed for a VA service under section 53ZRK and is deemed under section 4 of this Schedule to be licensed for the VA service; and

(b) the corporation has withdrawn the application,

the closing-down period applicable to the corporation is, subject to section 14 of this Schedule, the period of 3 months beginning on the day on which the application is withdrawn.

(4) If—

(a) the corporation has made an application to be licensed for a VA service under section 53ZRK and is deemed under section 4 of this Schedule to be licensed for the VA service; and

(b) on the refusal of the application (***decision***), the corporation—

(i) does not apply for a review of the decision; or

(ii) applies for a review of the decision but the decision is confirmed on review,

the closing-down period applicable to the corporation is, subject to section 14 of this Schedule, the period of 3 months beginning on the day on which the decision takes effect as a specified decision under section 75.

**12. Section 53ZRD not contravened by closing down business during closing-down period**

(1) An act, by a corporation to which section 11 of this Schedule applies, of carrying on, or holding itself out as carrying on, a business of providing a VA service does not constitute a contravention of section 53ZRD(1) if—

(a) the act is done during the closing-down period applicable to the corporation; and

(b) the act is done solely for the purpose of closing down the business that is connected with the VA service.

(2) Subsection (3) applies to an individual if—

(a) in connection with an application made by a corporation to be licensed to provide a VA service under section 53ZRK, the individual has made the following applications—

(i) an application under section 53ZRL, to be licensed to provide the VA service on behalf of the corporation;

(ii) an application under section 53ZRM to be accredited to the corporation; and

(b) the corporation is one to which a closing-down period under section 11(1), (3) or (4) of this Schedule applies (***closing-down period corporation***).

(3) An act, by an individual referred to in subsection (2), of performing, or holding himself or herself out as performing, a regulated function in relation to a business, carried on by the closing-down period corporation, of providing a VA service does not constitute a contravention of section 53ZRD(3) if—

(a) the act is done during the closing-down period applicable to the closing-down period corporation; and

(b) the act is done solely for the purpose of closing down the business, of the closing-down period corporation, that is connected with that VA service.

**13. Section 53ZRD not contravened by individual assisting to close down business in certain circumstances**

(1) Subject to subsection (2), an individual (***specified individual***) who does an act in relation to the carrying on, by a closing-down period corporation, of a business of providing a VA service does not contravene section 53ZRD(3) if—

(a) the act is done during the closing-down period applicable to the closing-down period corporation; and

(b) the act is done solely for the purpose of closing down the business, of the closing-down period corporation, that is connected with the VA service.

(2) Subsection (1) applies only if—

(a) no individual referred to in section 12(2) of this Schedule is able to assist the closing-down period corporation to close down that business; and

(b) the closing-down period corporation has given prior written notice to the Commission that the specified individual would be assisting the corporation, and the corporation has received from the Commission a written acknowledgement of receipt of the notice.

(3) In this section—

***closing-down period corporation*** (結業期法團) means a corporation in respect of which section 11 of this Schedule specifies an applicable closing-down period.

**14. Extension of closing-down period**

(1) A corporation, in respect of which section 11 of this Schedule specifies an applicable closing-down period, may apply to the Commission for an extension of that closing-down period.

(2) An application under subsection (1) must be made, in writing, before the end of the closing-down period applicable to the corporation (if applicable, as extended under this section).

(3) On receiving the application, the Commission may extend the closing-down period applicable to the corporation for a period that the Commission considers appropriate, having regard to the circumstances of the corporation's business and activities.

(4) For the purposes of sections 12 and 13 of this Schedule, the closing-down period applicable to the corporation must be taken to include the period as extended under this section.

**15. Requirements imposed by Commission**

(1) The Commission may, by a written notice served on a corporation to which, or an individual to whom, section 12 or 13 applies, impose on the corporation or individual (***recipient***) one or more of the requirements specified in subsection (2).

(2) The requirements that the Commission may impose are—

(a) to require the recipient to provide the VA service concerned in a specified manner;

(b) to require the recipient not to provide the VA service concerned in a specified manner;

(c) to require the recipient who is a corporation to deal with or refrain from dealing with, any assets whether in Hong Kong or elsewhere and whether or not they are the recipient's assets, in a specified manner; and

(d) to require the recipient who is a corporation to maintain assets in Hong Kong or a specified place outside Hong Kong so that—

(i) the assets are of a value or class or description that appear to be desirable to the Commission for the purpose of ensuring that the recipient will be able to meet the recipient's liabilities in respect of the business in the VA service concerned carried on by that recipient; and

(ii) the assets are maintained in a manner that will enable the recipient at any time to freely transfer or otherwise dispose of the assets.

(3) Without limiting subsections (1) and (2), the Commission may impose any requirement under subsection (1) to apply during any period within the first 12 months if the period forms part of the closing-down period applicable to—

(a) the corporation on which the requirements are imposed; or

(b) if the requirements are imposed on an individual acting in relation to the carrying on, by a corporation, of a business of providing a VA service—the corporation.

(4) Any corporation or individual who fails to comply with a requirement imposed under subsection (1) commits an offence.

(5) A corporation that commits an offence under subsection (4) is liable—

(a) on conviction on indictment to a fine of $10,000,000; or

(b) on summary conviction to a fine of $500,000.

(6) An individual who commits an offence under subsection (4) is liable—

(a) on conviction on indictment to a fine of $10,000,000 and to imprisonment for 7 years; or

(b) on summary conviction to a fine of $500,000 and to imprisonment for 6 months.

*(Schedule 3G added 15 of 2022 s. 5)*

**2. Interpretation**

(1) In this Ordinance, unless the context otherwise requires—

***accounts*** (帳目) means any accounts, whether kept in writing or print or by any machine or device;

***advertisement*** (廣告) includes every form of advertising, whether made orally or produced mechanically, electronically, magnetically, optically, manually or by any other means; *(Replaced 32 of 2001 s. 2)*

***Advisor*** (顧問), in relation to an authorized institution, means the person appointed, pursuant to section 52(1)(B), to be the Advisor of the institution; *(Added 49 of 1995 s. 2)*

***approval*** (核准)—

(a) in relation to a company proposing to act as a money broker, means the approval of the company under section 118C(1)(a) to act as a money broker;

(b) in relation to a money broker, means the certificate of approval held by the broker; *(Added 4 of 1997 s. 3)*

***approved currency*** (核准貨幣) means a currency—

(a) freely convertible into Hong Kong dollars; or

(b) approved by the Monetary Authority; *(Added 64 of 1987 s. 2. Amended 82 of 1992 s. 11)*

***approved money broker*** (核准貨幣經紀) means a money broker which holds a valid certificate of approval; *(Added 4 of 1997 s. 3)*

***associate*** (相聯者), in relation to a person entitled to exercise, or control the exercise of, voting power in relation to, or holding shares in, a company, means any other person in respect of whom that first-mentioned person has an agreement or arrangement, whether oral or in writing, express or implied, with respect to the acquisition, holding or disposal of shares or other interests in that company or under which they act together in exercising their voting power in relation to it; *(Added 95 of 1991 s. 2)*

***auditor*** (核數師) means a certified public accountant (practising) as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588); *(Amended 23 of 2004 s. 56; L.N. 66 of 2022)*

***authorization*** (認可) means, as the case requires—

(a) the authorization under section 16 of a company to carry on banking business, a business of taking deposits as a deposit-taking company or a business of taking deposits as a restricted licence bank, as the case may be;

(b) the banking licence, registration or restricted banking licence, as the case may be, held by an authorized institution; *(Added 49 of 1995 s. 2)*

***authorized institution*** (認可機構) means—

(a) a bank; *(Amended 3 of 1990 s. 2)*

(b) a restricted licence bank; or *(Replaced 3 of 1990 s. 2)*

(c) a deposit-taking company; *(Added 3 of 1990 s. 2)*

***authorized institution incorporated in Hong Kong*** (在香港成立為法團的認可機構) means—

(a) an authorized institution incorporated in Hong Kong by or under—

(i) the Companies Ordinance (Cap. 622);

(ii) a former Companies Ordinance as defined by section 2(1) of the Companies Ordinance (Cap. 622); or

(iii) any other Ordinance; or

(b) an authorized institution that is a re-domiciled entity,

and a reference to a bank incorporated in Hong Kong, a deposit-taking company incorporated in Hong Kong or a restricted licence bank incorporated in Hong Kong is to be construed accordingly; *(Replaced 14 of 2025 s. 156)*

***authorized institution incorporated outside Hong Kong*** (在香港以外成立為法團的認可機構)—

(a) means an authorized institution incorporated by or under the law or other authority in any place outside Hong Kong; but

(b) does not include any such authorized institution that is a re-domiciled entity; *(Replaced 14 of 2025 s. 156)*

***automated teller machine*** (自動櫃員機) means a terminal device, whether installed by an authorized institution or by some other person, which is linked directly or indirectly to a computer system used by an authorized institution and which provides facilities to customers of the institution; *(Replaced 32 of 2001 s. 2)*

***bank*** (銀行) means a company which holds a valid banking licence; *(Amended 43 of 1990 s. 2)*

***Banking Advisory Committee*** (銀行業務諮詢委員會) means the Banking Advisory Committee established by section 4;

***banking business*** (銀行業務) means the business of either or both of the following—

(a) receiving from the general public money on current, deposit, savings or other similar account repayable on demand or within less than the period specified in item 1 of the First Schedule or with a period of call or notice of less than that period, other than any float or SVF deposit as defined by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); *(Amended 4 of 1997 s. 3; 18 of 2015 s. 56)*

(b) paying or collecting cheques drawn by or paid in by customers, *(Amended 17 of 2025 s. 176)*

but does not include the business of a stablecoin licensee of receiving from the general public money in any currency in exchange for, or for the purpose of, the issue of specified stablecoins by the licensee; *(Amended 17 of 2025 s. 176)*

***banking licence*** (銀行牌照) means a banking licence granted under section 16; *(Amended 43 of 1990 s. 2)*

***Basel Committee*** (巴塞爾委員會) means the Basel Committee on Banking Supervision, whose secretariat is hosted by the Bank for International Settlements in Basel, Switzerland, that seeks to promote sound standards of banking supervision worldwide; *(Added 3 of 2012 s. 3)*

***capital requirement rule*** (資本規定規則) means a rule made under section 97C(1)(a); *(Added 3 of 2012 s. 3)*

***certificate of approval*** (核准證明書) means a certificate of approval attached to a notice under section 118C(1)(a) served on a company; *(Added 4 of 1997 s. 3)*

***certificate of registration*** (註冊證明書) means a certificate of registration—

(a) granted under section 119 of the Securities and Futures Ordinance (Cap. 571); and

(b) which is in force; *(Added 6 of 2002 s. 2)*

***chief executive*** (行政總裁), in relation to an authorized institution, means the chief executive appointed under section 74 in respect of the institution, and includes an alternate chief executive so appointed; *(Amended 95 of 1991 s. 2)*

***company*** (公司) means a body corporate—

(a) incorporated under the Companies Ordinance (Cap. 622); *(Amended 28 of 2012 ss. 912 & 920)*

(ab) incorporated under a former Companies Ordinance as defined by section 2(1) of the Companies Ordinance (Cap. 622); *(Added 28 of 2012 ss. 912 & 920)*

(b) incorporated by any other Ordinance; or

(c) incorporated outside Hong Kong; *(Amended 94 of 1993 s. 2)*

***controller*** (控權人), in relation to a company—

(a) means, in respect of all the provisions of this Ordinance, any person who is—

(i) an indirect controller; or

(ii) a majority shareholder controller; and

(b) includes, in respect of the provisions of Part XIII, any person who is a minority shareholder controller,

of that company, and references in this Ordinance to ***control*** (控制) shall be construed accordingly; *(Replaced 95 of 1991 s. 2)*

***currency*** (貨幣) includes—

(a) the European Currency Unit; and

(b) any medium of exchange the subject of a declaration under subsection (5)(a) which is in force; *(Added 94 of 1993 s. 2)*

***dealing service*** (交易服務) means a service, whether or not offered in person or by electronic means or otherwise, whereby the persons to whom the service is provided are given the ability to quote bid or offer prices or rates—

(a) for the purpose of effecting an agreement of any type referred to in paragraph (a) of the definition of ***money broker*** (and whether or not any such agreement is effected); and

(b) which may be—

(i) accepted by any of those other persons to whom they are quoted; or

(ii) matched pursuant to the service; *(Added 4 of 1997 s. 3)*

***deposit*** (存款)—

(a) means a loan of money—

(i) at interest, at no interest or at negative interest; or

(ii) repayable at a premium or repayable with any consideration in money or money's worth; but

(b) does not include—

(i) a loan of money on terms involving the issue, by a company, of debentures or other securities in respect of which a prospectus has been registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32);

(ii) a loan of money on terms referable to the provision of property or services;

(iii) a loan of money by one company to another (neither company being an authorized institution) at a time when one is a subsidiary of the other or both are subsidiaries of another company; *(Amended 17 of 2025 s. 176)*

(iv) any float or SVF deposit, as defined by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); or *(Replaced 18 of 2015 s. 56. Amended 17 of 2025 s. 176)*

(v) a specified stablecoin, *(Added 17 of 2025 s. 176)*

and references in this Ordinance to the taking or the making of a deposit shall be construed accordingly;

***depositor*** (存款人) means a person entitled to repayment of a deposit, whether made by him or not;

***Deposit-taking Companies Advisory Committee*** (接受存款公司諮詢委員會) means the Deposit-taking Companies Advisory Committee established by section 5;

***deposit-taking company*** (接受存款公司) means a company which is currently registered; *(Replaced 3 of 1990 s. 2. Amended 49 of 1995 s. 2)*

***director*** (董事) includes any person who occupies the position of director, whatever the title of his office;

***document*** (文件) includes any publication (including a newspaper, magazine, journal or other periodical publication, a poster or notice, a circular, brochure, pamphlet or handbill, or a prospectus)—

(a) directed at, or likely to be accessed or read (whether concurrently or otherwise) by, members of the public; and

(b) whether produced mechanically, electronically, magnetically, optically, manually or by any other means; *(Replaced 32 of 2001 s. 2)*

***Exchange Fund*** (外匯基金) means the Exchange Fund established under the Exchange Fund Ordinance (Cap. 66); *(Added 82 of*

*1992 s. 11)*

***executive officer*** (主管人員), in relation to a registered institution, means an executive officer appointed under section 71D in respect of the institution; *(Added 6 of 2002 s. 2)*

***exercise*** (行使), in relation to a function, includes perform and discharge; *(Added 95 of 1991 s. 2)*

***former auditor*** (前核數師) means a person who was formerly the auditor of an authorized institution or a former authorized institution; *(Added 43 of 1990 s. 2)*

***former authorized institution*** (前認可機構) means an institution which was formerly a bank, a restricted licence bank or a deposit-taking company; *(Added 43 of 1990 s. 2)*

***functions*** (職能) includes powers and duties;

***holding company*** (控權公司), in relation to a body corporate, has the meaning given by section 13 of the Companies Ordinance (Cap. 622); *(Added 6 of 2018 s. 3)*

***incorporated outside Hong Kong*** (在香港以外成立為法團) includes established, by whatever means, outside Hong Kong; *(Added 94 of 1993 s. 2)*

***indirect controller*** (間接控權人), in relation to a company, means any person in accordance with whose directions or instructions the directors of the company or of another company of which it is a subsidiary are accustomed to act, but does not include a Manager or Advisor, or any person in accordance with whose directions or instructions those directors are accustomed to act by reason only that they act on advice given by him in his professional capacity; *(Added 95 of 1991 s. 2. Amended 49 of 1995 s. 2)*

***invitation*** (邀請) includes an offer and an invitation, whether made orally or produced mechanically, electronically, magnetically, optically, manually or by any other means; *(Added 32 of 2001 s. 2)*

***issue*** (發出), in relation to any advertisement, invitation or document, includes publishing, circulating, distributing or otherwise disseminating the advertisement, invitation or document, whether—

(a) by any visit in person;

(b) in a newspaper, magazine, journal or other periodical publication;

(c) by the display of posters or notices;

(d) by means of circulars, brochures, pamphlets or handbills;

(e) by an exhibition of photographs or cinematography films;

(f) by way of sound broadcasting or television;

(g) by computer or other electronic device; or

(h) by any other means, whether mechanically, electronically, magnetically, optically, manually or by any other medium, or by way of production or transmission of light, image or sound or any other medium,

and also includes causing or authorizing the advertisement, invitation or document to be issued; *(Replaced 32 of 2001 s. 2)*

***liquidity requirement rule*** (流動性規定規則) means a rule made under section 97H(1)(a); *(Added 3 of 2012 s. 3)*

***local branch*** (本地分行), in relation to—

(a) an authorized institution which is a bank, means—

(i) in the case of a bank incorporated in Hong Kong, a place of business thereof in Hong Kong, other than its principal place of business in Hong Kong or any automated teller machine, at which it carries on—

(A) banking business; or

(B) any other business whereby it may incur financial exposure as defined by subsection (1A),

and to which members of the public ordinarily have physical access for the purposes of that business;

(ii) in the case of a bank incorporated outside Hong Kong, a place of business thereof in Hong Kong, other than its principal place of business in Hong Kong or any automated teller machine, at which it carries on—

(A) banking business; or

(B) any other business whereby it may incur financial exposure as defined by subsection (1A),

and to which members of the public ordinarily have physical access for the purposes of that business; and

(b) an authorized institution which is a deposit-taking company or a restricted licence bank, means a place of business in Hong Kong of the deposit-taking company or the restricted licence bank, other than its principal place of business in Hong Kong or any automated teller machine, at which it carries on—

(i) the business of taking deposits; or

(ii) any other business whereby it may incur financial exposure as defined by subsection (1A),

and to which members of the public ordinarily have physical access for the purposes of that business; *(Replaced 32 of 2001 s. 2. Amended 6 of 2018 s. 3)*

***local office*** (本地辦事處), in relation to an authorized institution—

(a) subject to paragraph (b), means a place of business of the institution in Hong Kong from which any business of the institution is promoted or assisted and to which members of the public ordinarily have physical access for the purposes of that business;

(b) does not include—

(i) the institution's principal place of business in Hong Kong;

(ii) a local branch established or maintained by the institution;

(iii) an automated teller machine;

(iv) a place of business of the institution used solely for the purposes of the administration of the affairs or business of the institution or the processing of transactions; or

(v) a place of business of the institution, or a place of business of the institution belonging to a class of places of business, declared in a notice under subsection (14)(ca) not to be a place of business, or a class of places of business, as the case may be, for the purposes of this definition; *(Added 32 of 2001 s. 2)*

***local representative office*** (本地代表辦事處) means an office in Hong Kong of a bank within the meaning of section 46(9); *(Replaced 94 of 1993 s. 2)*

***majority shareholder controller*** (大股東控權人), in relation to a company, means any person who, either alone or with any associate or associates, is entitled to exercise, or control the exercise of, more than 50% of the voting power at any general

meeting of the company or of another company of which it is a subsidiary; *(Added 95 of 1991 s. 2)*

***Manager*** (經理人), in relation to an authorized institution, means the person appointed, pursuant to section 52(1)(C), to be the Manager of the institution; *(Added 49 of 1995 s. 2)*

***manager*** (經理)—

(a) subject to paragraph (c), in relation to an authorized institution incorporated in Hong Kong, means any individual, other than a director or chief executive of the institution, appointed by the institution, or by a person acting for or on behalf of or by an arrangement with the institution, to be principally responsible, either alone or with others, for the conduct of any one or more of the affairs or business of the institution specified in the Fourteenth Schedule;

(b) subject to paragraph (c), in relation to an authorized institution incorporated outside Hong Kong, means any individual, other than a chief executive of the institution, appointed by the institution, or by a person acting for or on behalf of or by an arrangement with the institution, to be principally responsible, either alone or with others, for the conduct of any one or more of the affairs or business in Hong Kong of the institution specified in the Fourteenth Schedule;

(c) does not include a person, or a person belonging to a class of persons, declared in a notice under subsection (14)(cb) not to be a manager, or a class of managers, as the case may be, for the purposes of this definition; *(Replaced 32 of 2001 s. 2)*

***minority shareholder controller*** (小股東控權人), in relation to a company, means any person who, either alone or with any associate or associates, is entitled to exercise, or control the exercise of, 10% or more, but not more than 50%, of the voting power at any general meeting of the company or of another company of which it is a subsidiary; *(Added 95 of 1991 s. 2)*

***Monetary Authority*** (金融管理專員) means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap. 66); *(Added 82 of 1992 s. 11)*

***money at call*** (短期通知款項) means money payable within not more than 24 hours of a demand therefor, but does not include money payable on demand;

***money broker*** (貨幣經紀)—

(a) subject to paragraph (b), means a person who, for reward (whether by way of commission, fees or otherwise), carries on the business in or from Hong Kong, or provides to persons in Hong Kong the service, of negotiating, arranging or facilitating, whether by electronic means or otherwise, agreements between other persons—

(i) in respect of—

(A) the making of a deposit of any currency;

(B) the purchase or sale of any currency, and whether or not the currency the subject of the purchase or sale is to be received or delivered immediately or at any future time or upon the happening of any future occurrence; or

(C) the purchase or sale of an instrument, or an instrument belonging to a class of instruments, declared in a notice under subsection (14)(a) to be an instrument, or a class of instruments, as the case may be, for the purposes of this definition;

(ii) one of which is an authorized institution; and

(iii) as agent for, or as the provider of a dealing service to, not less than one of those persons;

(b) does not include an authorized institution or—

(i) subject to paragraph (c), a person acting as a money broker where the person is so acting wholly ancillary or incidentally to a business carried on by the person which, if the business is, or were to be, carried on in or from Hong Kong , is not, or would not be, as the case may be, the business of acting as a money broker; or

(ii) a person, or a person belonging to a class of persons, declared in a notice under subsection (14)(b) not to be a person, or a class of persons, as the case may be, for the purposes of this definition;

(c) includes a person, or a person belonging to a class of persons, declared in a notice under subsection (14)(c) to be a person, or a class of persons, as the case may be, to whom paragraph (b)(i) shall not apply; *(Added 4 of 1997 s. 3)*

***multilateral development bank*** (多邊發展銀行) means any bank or lending or development body specified by the Monetary Authority under subsection (19); *(Added 19 of 2005 s. 7)*

***opportunity of being heard*** (陳詞機會) means a reasonable opportunity of being heard; *(Added 6 of 2002 s. 2)*

***overseas branch*** (海外分行) means a branch outside Hong Kong of an authorized institution incorporated in Hong Kong, at which it carries on banking business or a business of taking deposits, as the case may be, whether or not the business of the branch is limited by the laws or regulations of the place in which the branch is situated and whether or not the branch is referred to as an agency in such place;

***overseas representative office*** (海外代表辦事處) means an office outside Hong Kong, other than an overseas branch, of an authorized institution incorporated in Hong Kong;

***public*** (公眾人士) means the public of Hong Kong, and includes any class of that public; *(Added 32 of 2001 s. 2)*

***re-domiciled company*** (經遷冊公司) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622); *(Added 14 of 2025 s. 156)*

***re-domiciled entity*** (經遷冊實體) means a re-domiciled company that is deregistered as required by section 820E(3)(a) of the Companies Ordinance (Cap. 622); *(Added 14 of 2025 s. 156)*

***register*** (紀錄冊) means the register maintained under section 20; *(Replaced 49 of 1995 s. 2)*

***registered*** (註冊) means registered under section 16; *(Replaced 49 of 1995 s. 2)*

***registered institution*** (註冊機構) means an authorized institution—

(a) to which section 25(a) or 32 of Schedule 10 to the Securities and Futures Ordinance (Cap. 571) applies; or

(b) granted a certificate of registration; *(Added 6 of 2002 s. 2)*

***regulated activity*** (受規管活動), in relation to a registered institution, means a regulated activity—

(a) within the meaning of Schedule 1 to the Securities and Futures Ordinance (Cap. 571); and

(b) in respect of which the institution is registered—

(i) to carry on the activity; and

(ii) by virtue of—

(A) in the case of an institution falling within paragraph (a) of the definition of ***registered institution***, section 25(a) or 32 of Schedule 10 to the Securities and Futures Ordinance (Cap. 571);

(B) in any other case, the certificate of registration granted to it; *(Added 6 of 2002 s. 2)*

***regulated stablecoin activity*** (受規管穩定幣活動) has the meaning given by section 5 of the Stablecoins Ordinance (Cap. 656); *(Added 17 of 2025 s. 176. Amended E.R. 2 of 2026)*

***require*** (要求) means reasonably require; *(Added 32 of 2001 s. 2)*

***reserves*** (儲備), in relation to an authorized institution, means reserves which appear in the accounts of the institution, but does not include any reserves which are represented by the writing down of the value of assets or by provision for the depreciation of fixed assets; *(Added 95 of 1991 s. 2)*

***resolution authority*** (處置機制當局) has the meaning given by section 2(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); *(Added 23 of 2016 s. 209. Amended E.R. 2 of 2017)*

***Resolution Compensation Tribunal*** (處置補償審裁處) means—

(a) the Tribunal established by section 127(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); or *(Amended E.R. 2 of 2017)*

(b) an additional tribunal established under section 128(1) of that Ordinance; *(Added 23 of 2016 s. 209)*

***Resolvability Review Tribunal*** (處置可行性覆檢審裁處) means—

(a) the Tribunal established by section 110(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); or *(Amended E.R. 2 of 2017)*

(b) an additional tribunal established under section 111(1) of that Ordinance; *(Added 23 of 2016 s. 209)*

***restricted banking licence*** (有限制銀行牌照) means a restricted banking licence granted under section 16; *(Added 3 of 1990 s. 2. Amended 49 of 1995 s. 2)*

***restricted licence bank*** (有限制牌照銀行) means a company which holds a valid restricted banking licence; *(Added 3 of 1990 s. 2)*

***Review Tribunal*** (覆核審裁處) means the Banking Review Tribunal established by section 101A; *(Replaced 3 of 2012 s. 3)*

***Securities and Futures Commission*** (證監會) means the Securities and Futures Commission referred to in the Securities and Futures Ordinance (Cap. 571); *(Added 6 of 2002 s. 2)*

***share*** (股份) means share in the share capital of a company, and includes stock except where a distinction between stock or

shares is expressed or implied; and the expression ***shareholder*** (股東) includes a stockholder;

***share premium account*** (股份溢價帳) means the account to which the aggregate amount or value of the premiums on shares issued (whether for cash or otherwise) is transferred; *(Added 19 of 2005 s. 7. Amended 28 of 2012 ss. 912 & 920)*

***short-term deposit*** (短期存款) means a deposit with an original term to maturity of less than the period specified in item 1 of the First Schedule or with a period of call or notice of less than such specified period; *(Amended 3 of 1990 s. 2)*

***specified stablecoin*** (指明穩定幣) has the meaning given by section 4 of the Stablecoins Ordinance (Cap. 656); *(Added 17 of 2025 s. 176. Amended E.R. 2 of 2026)*

***specified sum*** (指明款項), in relation to—

(a) a deposit-taking company, means the sum referred to in section 14(1)(a); and

(b) a restricted licence bank, means the sum referred to in section 14(1)(b); *(Amended 3 of 1990 s. 2)*

***stablecoin licence*** (穩定幣牌照) means a licence as defined by section 2(1) of the Stablecoins Ordinance (Cap. 656); *(Added 17 of 2025 s. 176. Amended E.R. 2 of 2026)*

***stablecoin licensee*** (穩定幣持牌人) means a licensee as defined by section 2(1) of the Stablecoins Ordinance (Cap. 656); *(Added 17 of 2025 s. 176. Amended E.R. 2 of 2026)*

***subsidiary*** (附屬公司), in relation to a body corporate, has the meaning given by section 15 of the Companies Ordinance (Cap. 622); *(Added 6 of 2018 s. 3)*

***SVF licence*** (工具牌照), in relation to a bank, means a licence regarded as being granted to the bank under section 8G of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); *(Added 18 of 2015 s. 56)*

***The DTC Association*** (DTC 公會) means The Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies incorporated under the Companies Ordinance (Cap. 32) as in force at the time of the incorporation; *(Added 19 of 2005 s. 7. Amended 28 of 2012 ss. 912 & 920)*

***The Hong Kong Association of Banks*** (香港銀行公會) means the body corporate of that name incorporated by section 3 of The Hong Kong Association of Banks Ordinance (Cap. 364); *(Added 19 of 2005 s. 7)*

***Tier 1 country*** (第1級國家) means Hong Kong and any country or place other than Hong Kong which—

(a) is a member of the Organization for Economic Co-operation and Development; or

(b) has concluded a special lending arrangement with the International Monetary Fund associated with the International Monetary Fund's General Arrangements to Borrow,

but excludes any such country or place which—

(c) has rescheduled its external sovereign debt, whether to central government or non-central government creditors, within the previous 5 years; or

(d) is specified by the Monetary Authority by notice published in the Gazette as being a country or place that is not to be regarded as a Tier 1 country for the purposes of this definition; *(Added 19 of 2005 s. 7)*

***unsuccessful*** (不成功), in relation to an appeal, includes any case where the appeal is abandoned or withdrawn; *(Added 49 of 1995 s. 2)*

***working day*** (工作日) means a day other than a public holiday or a gale warning day within the meaning of section 2 of the Judicial Proceedings (Adjournment During Gale Warning Days) Ordinance (Cap. 62). *(Added 95 of 1991 s. 2)*

*(Amended 3 of 1990 s. 2; 82 of 1992 s. 11; 94 of 1993 s. 2; 49 of 1995 s. 2; 5 of 2002 s. 407; 3 of 2012 s. 3; 18 of 2015 s. 56; 6 of 2018 s. 3)*

(1A) In the definition of ***local branch*** in subsection (1)—

***financial exposure*** (財務風險) means any of the following—

(a) the extension of credit, for example, advances, loans and other credit facilities (including letters of credit);

(b) the holding of shares and debentures;

(c) the undertaking of off-balance sheet exposures specified in column 2 of Table 14 in section 118 of the Banking (Capital) Rules (Cap. 155 sub. leg. L). *(Added 6 of 2018 s. 3)*

(2) For the purposes of this Ordinance—

(a) the taking of deposits includes holding out as being prepared to take deposits;

(b) an advertisement, invitation or document issued by any person by way of display or exhibition in a public place shall be treated as being issued by him on every day on which he causes or authorizes it to be displayed or exhibited;

(c) an advertisement, invitation or document which consists of or contains information likely to lead, directly or indirectly, members of the public to—

(i) make deposits; or

(ii) enter into, or offer to enter into, agreements to make deposits,

shall be treated as being an advertisement, invitation or document which is or contains an advertisement, invitation or document to members of the public so to do; and

(d) an advertisement, invitation or document issued by one person on behalf of or to the order of another shall be treated as an advertisement, invitation or document, as the case may be, issued by that other person. *(Amended 32 of 2001 s. 2)*

(3) Without limiting the generality of any other meaning which ***insolvent*** (無力償債) may have, an authorized institution shall, for the purposes of this Ordinance, be deemed to be insolvent if it has ceased to pay its debts in the ordinary course of business or it cannot pay its debts as they become due.

(4) Where, under this Ordinance, an authorized institution is required to provide facilities to any person for the purpose of any investigation or examination of the institution, such facilities shall include photocopying facilities.

(5) Where there is any doubt or dispute as to whether a medium of exchange is a currency for the purposes of this Ordinance, the Monetary Authority may, by notice in the Gazette—

(a) declare that medium of exchange to be a currency for the purposes of this Ordinance;

(b) declare that medium of exchange not to be a currency for the purposes of this Ordinance. *(Added 94 of 1993 s. 2)*

(6) Any reference in this Ordinance to any person who signs any document includes a reference to any person who authorizes the signing of the document. *(Added 49 of 1995 s. 2)*

(7) Any reference in any provision of this Ordinance to a specified form means the form specified under section 133 for the purposes of that provision. *(Added 49 of 1995 s. 2)*

(8) For the avoidance of doubt, it is hereby declared that any reference in this Ordinance, other than section 14, to taking a deposit (or words to the like effect) includes holding a deposit. *(Added 49 of 1995 s. 2. Amended 19 of 2005 s. 8)*

(9) Any reference in this Ordinance to the relevant banking supervisory authority, in relation to a company incorporated outside Hong Kong that is not a re-domiciled entity, means the banking supervisory authority outside Hong Kong which, in the opinion of the Monetary Authority, has a supervisory responsibility for that company (and whether or not that authority is located in the place where that company is incorporated). *(Added 49 of 1995 s. 2. Amended 42 of 1999 s. 2; 14 of 2025 s. 156)*

(10) In sections 18(4), 22(4), 24(5) and 25(3), the term ***continuing to hold a deposit*** (繼續持有存款) includes renewing a deposit. *(Added 49 of 1995 s. 2)*

(11) *(Repealed 18 of 2015 s. 56)*

(12) References in this Ordinance to the affairs, business and property of an authorized institution (including a former authorized institution) include—

(a) in the case of a bank—

(i) any affairs, business and property of the bank arising from, or attributable to, whether directly or indirectly, the issue, or the facilitation of the issue, of stored value facilities under its SVF licence; and

(ii) any affairs, business and property of the bank arising from, or attributable to, whether directly or indirectly, the carrying on of a regulated stablecoin activity under its stablecoin licence; or

(b) in any other case, any affairs, business and property of the institution arising from, or attributable to, whether directly or indirectly, the carrying on of a regulated stablecoin activity under its stablecoin licence. *(Replaced 17 of 2025 s. 176)*

(13) *(Repealed 18 of 2015 s. 56)*

(14) The Monetary Authority may, by notice in the Gazette, and subject to such conditions, if any, as are specified in the notice —

(a) declare an instrument, or a class of instruments, to be an instrument, or a class of instruments, as the case may be, for the purposes of the definition of ***money broker***;

(b) declare a person, or a class of persons, not to be a money broker, or a class of money brokers, as the case may be, for the purposes of the definition of ***money broker***;

(c) declare a person, or a class of persons, to be a person, or a class of persons, as the case may be, to whom paragraph (b)(i) of the definition of ***money broker*** shall not apply;

(ca) declare a place of business, or a class of places of business, not to be a place of business, or a class of places of business, as the case may be, for the purposes of the definition of ***local office***; *(Added 32 of 2001 s. 2)*

(cb) declare a person, or a class of persons, not to be a manager, or a class of managers, as the case may be, for the purposes of the definition of ***manager***. *(Added 32 of 2001 s. 2. Amended 18 of 2015 s. 56)*

(d) *(Repealed 18 of 2015 s. 56)*

(15) It is hereby declared that—

(a)-(b) *(Repealed 18 of 2015 s. 56)*

(c) any reference in this Ordinance to a person acting as a money broker (or words to the like effect) includes a person holding himself out to be a money broker;

(d) a notice under subsection (14) is subsidiary legislation. *(Added 4 of 1997 s. 3)*

(16) Any reference in this Ordinance to a continuing offence means an offence consisting of a person's continued default, refusal or other contravention of a requirement (howsoever described) of this Ordinance, and notwithstanding that the period specified by or under this Ordinance for complying with that requirement has expired. *(Added 4 of 1997 s. 3)*

(17) For the avoidance of doubt, it is hereby declared that any reference in this Ordinance to the commission of an offence by every director, every chief executive and every manager of an authorized institution or other company (including any grammatical variations or cognate expressions of such reference) means that one or more than one of any such director, chief executive and manager may be prosecuted for the offence. *(Added 32 of 2001 s. 2)*

(18) Any provision of this Ordinance that purports to impose criminal liability on every manager of an authorized institution or other company in the event of a contravention of this Ordinance shall be construed as imposing criminal liability on a manager of an authorized institution or other company only to the extent that the contravention was caused or contributed to by an act or omission on the part of the manager himself or a person under his control. *(Added 19 of 2005 s. 8)*

(19) The Monetary Authority may by notice published in the Gazette specify to be a multilateral development bank for the purposes of this Ordinance any bank or lending or development body established by agreement between, or guaranteed by, 2 or more countries, territories or international organizations other than for purely commercial purposes. *(Added 19 of 2005 s. 7)*

(20) A reference in this Ordinance to the issue, or the facilitation of the issue, of a stored value facility is a reference to the issue, or facilitation of the issue, of a stored value facility within the meaning of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584). *(Added 18 of 2015 s. 56)*

*(Amended E.R. 1 of 2013)*

**3. Application**

(1) Part III of this Ordinance shall not apply to the taking of any deposit by—

(a) a trust company registered under Part 8 of the Trustee Ordinance (Cap. 29);

(b) a credit union registered under the Credit Unions Ordinance (Cap. 119);

(c) a company, where such deposit is secured by a mortgage, or charge— *(Amended 28 of 2012 ss. 912 & 920)*

(i) registered, or to be registered, under the Companies Ordinance (Cap. 622);

(ii) registered, or to be registered, under a provision of the Companies Ordinance (Cap. 32) as in force from time to time before the commencement date* of section 2 of Schedule 9 to the Companies Ordinance (Cap. 622), having a continuing effect under Schedule 11 to the Companies Ordinance (Cap. 622); or

(iii) registered under a former Companies Ordinance as defined by section 2(1) of the Companies Ordinance (Cap. 622); *(Amended 28 of 2012 ss. 912 & 920)*

(d) a person bona fide carrying on insurance business where such deposit is taken in the ordinary course of such business;

(e) a person bona fide operating a superannuation or provident fund where such deposit is taken for the purposes of such fund;

(f) a public utility company specified in Schedule 3 to the Inland Revenue Ordinance (Cap. 112) where such deposit is taken from a consumer; *(Amended 95 of 1991 s. 2)*

(g) an employer where such deposit is taken from a bona fide employee;

(h) a solicitor, where such deposit is taken from a client, or as a stakeholder, in the ordinary course of his practice; *(Amended 64 of 1987 s. 3)*

(i) *(Repealed 78 of 1999 s. 7)*

(j) a corporation who is licensed to carry on a business in dealing in securities, dealing in futures contracts, leveraged foreign exchange trading or securities margin financing under Part V of the Securities and Futures Ordinance (Cap. 571) where rules made under section 149 of that Ordinance apply to such deposit; *(Replaced 5 of 2002 s. 407)*

(ja) a mutual fund or unit trust authorized as a collective investment scheme under section 104 of the Securities and Futures Ordinance (Cap. 571); *(Replaced 5 of 2002 s. 407)*

(k) a person authorized under Part III of the Securities and Futures Ordinance (Cap. 571) to provide automated trading services as defined in Part 2 of Schedule 5 to that Ordinance, where such deposit is provided as security in relation to a transaction referred to in paragraph (c) of that definition; *(Replaced 5 of 2002 s. 407)*

(ka) *(Repealed 5 of 2002 s. 407)*

(l) a recognized clearing house within the meaning of section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571), where such deposit is provided as security in relation to a market contract within the meaning of that section; or *(Added 68 of 1992 s. 20. Amended 62 of 1995 s. 12; 5 of 2002 s. 407)*

(m) the Exchange Fund established by the Exchange Fund Ordinance (Cap. 66). *(Replaced 64 of 1987 s. 3)*

(2) Part III of this Ordinance shall not apply to the taking of any deposit from—

(a) an authorized institution;

(b) a bank incorporated outside Hong Kong that is not an authorized institution; *(Amended 94 of 1993 s. 3; 49 of 1995 s. 3)*

(c) a money lender licensed under the Money Lenders Ordinance (Cap. 163) in the ordinary course of his business as a money lender; or

(d) a pawnbroker licensed under the Pawnbrokers Ordinance (Cap. 166) in the ordinary course of his business as a pawnbroker.

(3) Notwithstanding anything in The Hongkong and Shanghai Banking Corporation Limited Ordinance (Cap. 70), this Ordinance shall apply to The Hongkong and Shanghai Banking Corporation Limited. *(Amended L.N. 333 of 1989; 95 of 1991 s. 3)*

(4) Where there is any conflict or inconsistency between this Ordinance and The Hongkong and Shanghai Banking Corporation Limited Ordinance (Cap. 70) the provisions of this Ordinance shall prevail. *(Amended L.N. 333 of 1989; 95 of 1991 s. 3)*

(5) An authorized institution which is incorporated or registered by or under— *(Amended 28 of 2012 ss. 912 & 920)*

(a) the Companies Ordinance (Cap. 622); or

(b) the Companies Ordinance (Cap. 32) as in force from time to time before the commencement date* of section 2 of Schedule 9 to the Companies Ordinance (Cap. 622),

is subject to the Companies Ordinance (Cap. 622) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), as well as to this Ordinance, except that, where there is any conflict between this Ordinance on the one hand and the Companies Ordinance (Cap. 622) or the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) on the other, this Ordinance prevails. *(Amended 28 of 2012 ss. 912 & 920)*

*(Amended E.R. 2 of 2014)*

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Editorial Note:

* Commencement date : 3 March 2014.

## 20. Register of authorized institutions, etc.

(1) The Monetary Authority must maintain a register, in such form as the Monetary Authority thinks fit, which must contain— *(Amended 14 of 2025 s. 157)*

(a) the name and the address of the principal place of business in Hong Kong of every bank;

(b) the name of every bank which has a local representative office and the address of the place of business in Hong Kong of every local representative office;

(c) the name and the address of the principal place of business in Hong Kong of every deposit-taking company;

(d) the name and the address of the principal place of business in Hong Kong of every restricted licence bank;

(e) in the case of a bank (including a bank referred to in paragraph (b)), deposit-taking company or restricted licence bank, incorporated outside Hong Kong that is not a re-domiciled entity, the address of its principal place of business outside Hong Kong; *(Amended 6 of 2002 s. 4; 14 of 2025 s. 157)*

(ea) in the case of a registered institution, and not later than 12 months after the commencement* of this paragraph—

(i) the name and business address of every relevant individual;

(ii) the capacity in which every relevant individual is engaged in relation to a regulated function in a regulated activity;

(iii) the date on which every relevant individual was first so engaged; and

(iv) such other particulars as the Monetary Authority thinks fit having regard to rules made under section 397 of the Securities and Futures Ordinance (Cap. 571) for the purposes of section 136(2) of that Ordinance; and *(Added 6 of 2002 s. 4)*

(f) such other particulars of banks, local representative offices, deposit-taking companies or restricted licence banks as the Monetary Authority thinks fit (including particulars of any order of the Court of First Instance under section 53E(1)). *(Amended 25 of 1998 s. 2)*

(2) The register shall be kept at the office of the Monetary Authority or at such other place as may be notified by the Monetary Authority in the Gazette.

(3) The Monetary Authority may require an authorized institution (including an authorized institution seeking to be a registered institution) or local representative office to submit such information for the purposes of subsection (1) as he may reasonably require in order to maintain the register in so far as it relates to that authorized institution or local representative office, as the case may be, and such information shall be submitted within such period and in such manner as the Monetary Authority may require. *(Replaced 6 of 2002 s. 4)*

(4) Where any information submitted to the Monetary Authority under subsection (3) changes subsequent to the submission, the authorized institution or local representative office which submitted the information shall give notice in writing to the Monetary Authority of such change—

(a) subject to paragraph (b), not later than 21 days after such change takes place;

(b) where subsection (1)(ea) is applicable, within 7 business days after such change takes place. *(Replaced 6 of 2002 s. 4)*

(4A) For the purposes of enabling any member of the public to ascertain whether a person he is dealing with is a relevant individual in relation to a registered institution and, if so, the capacity in which the relevant individual is engaged in relation to a regulated function in a regulated activity and the date on which the relevant individual was first so engaged, the information contained in the register under subsection (1)(ea) shall be made available to public inspection under subsection (5). *(Added 6 of 2002 s. 4)*

(4B) Without prejudice to the generality of any other provisions of this section, the Monetary Authority shall cause the register, to the extent to which it relates to subsection (1)(ea), to be made available to public inspection in the form of an on-line record. *(Added 6 of 2002 s. 4)*

(5) Subject to subsection (5A), any member of the public may, with effect from such date and during such hours as shall be notified by the Monetary Authority in the Gazette, on payment of the fee specified in the Second Schedule— *(Amended 6 of 2002 s. 4)*

(a) inspect the register or obtain a copy of an entry in the register or an extract from the register; or

(b) inspect or obtain a copy of or an extract from any document lodged with the Monetary Authority under section 15(2)(a).

(5A) The fee mentioned in subsection (5) shall not be payable in the case of an inspection, or the obtaining of a copy or an extract, mentioned in that subsection where the register or document concerned is available to public inspection in the form of an on-line record. *(Added 6 of 2002 s. 4)*

(6) A document purporting to be—

(a) a copy of any entry in or extract from the register, or of any document lodged with the Monetary Authority by a company under this Ordinance; and

(b) signed and certified by the Monetary Authority as a true copy of the entry, extract or document referred to in paragraph (a),

shall be admitted in evidence in criminal or civil proceedings before any court on its production without further proof, and—

(i) in the absence of evidence to the contrary, the court shall presume that—

(A) the signature and certification is that of the Monetary Authority; and

(B) the document is a true and correct copy of the entry, extract or document referred to in paragraph (a); and

(ii) such document shall be prima facie evidence of all matters contained therein.

(7) Every director, every chief executive and every manager of an authorized institution, and any person in charge, or who appears to be in charge, of a local representative office, which fails, without reasonable excuse, to comply with a requirement under subsection (3), or to comply with subsection (4), commits an offence and is liable— *(Amended 32 of 2001 s. 24; 6 of 2002 s. 4)*

(a) on conviction upon indictment to a fine at tier 7 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine at tier 3 for every day during which the offence continues; or

(b) on summary conviction to a fine at tier 5 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine at tier 2 for every day during which the offence continues. *(Amended 4 of 1997 s. 27)*

(8) If any authorized institution or local representative office submits any information under subsection (3) or (4) which is false in a material particular, every director, every chief executive and every manager of the authorized institution, or any person in charge, or who appears to be in charge, of the local representative office, as the case may be, commits an offence and is liable— *(Amended 32 of 2001 s. 24; 6 of 2002 s. 4)*

(a) on conviction upon indictment to a fine at tier 8 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at tier 5 and to imprisonment for 6 months. *(Amended 4 of 1997 s. 27)*

(9) It is hereby declared that—

(a) the fact that an authorized institution falls within section 25(a) or 32 of Schedule 10 to the Securities and Futures Ordinance (Cap. 571) is not a ground for the institution to fail to comply with a requirement under subsection (3) seeking the submission of information for the purposes of subsection (1)(ea), and subsections (4), (7) and (8) shall be construed accordingly;

(b) the fact that a relevant individual falls within section 26(a) or 33 of Schedule 10 to the Securities and Futures Ordinance (Cap. 571) shall not prohibit the inclusion in the register of any information referred to in subsection (1)(ea) relating to the individual. *(Added 6 of 2002 s. 4)*

(10) In this section—

***business day*** (營業日) means any day other than—

(a) a public holiday; or

(b) a gale warning day or a black rainstorm warning day as defined in section 71(2) of the Interpretation and General Clauses Ordinance (Cap. 1);

***regulated function*** (受規管職能), in relation to a regulated activity carried on as a business by a registered institution, means any function performed for or on behalf of or by an arrangement with the institution relating to the regulated activity, other than work ordinarily performed by an accountant, clerk or cashier;

***relevant individual*** (有關人士), in relation to a registered institution, means an individual who performs for or on behalf of or by an arrangement with the institution any regulated function in a regulated activity. *(Added 6 of 2002 s. 4)*

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Editorial Note:

* Commencement date: 1 April 2003.

## 68AA. Interpretation of Part XIIAA

In this Part—

***business relationship*** (業務關係), as between an entity and an authorized institution, means a business, professional or commercial relationship that—

(a) has an element of duration; or

(b) at the time the entity first contacts the authorized institution in the entity's capacity as a potential customer of the authorized institution, the authorized institution expects to have an element of duration;

***Cap. 615*** (《第615章》) means the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

***dealing*** (處理), in relation to any property, includes—

(a) receiving or acquiring the property;

(b) concealing or disguising the property (whether by concealing or disguising its nature, source, location, disposition, movement or ownership or any rights with respect to it or otherwise);

(c) disposing of or converting the property;

(d) bringing into or removing from Hong Kong the property; and

(e) using the property to borrow money, or as security (whether by way of charge, mortgage or pledge or otherwise);

***designated platform*** (指定平台) means a platform designated by the Monetary Authority under section 68AAM(1);

***designated platform operator*** (指定平台營運者), in relation to a designated platform, means the operator of the designated platform identified in a notice published under section 68AAM(1);

***entity*** (實體) means a natural person, a body of persons (incorporated or unincorporated) or a legal arrangement, and includes—

(a) a corporation;

(b) a partnership; and

(c) a trust;

***information*** (資料) includes data, text, images, videos, sound codes and any combination of them;

***JFIU officer*** (聯合財富情報組人員) means a public officer who is a member of the Joint Financial Intelligence Unit established

and operated jointly by the Hong Kong Police Force and the Customs and Excise Department;

***money laundering*** (洗錢)—

(a) means dealing with any property that is the proceeds of —

(i) an indictable offence; or

(ii) any conduct that would constitute an indictable offence if it had occurred in Hong Kong; and

(b) includes money laundering as defined by section 1 of Part 1 of Schedule 1 to Cap. 615;

***occasional transaction*** (非經常交易) means a transaction between an authorized institution and an entity that does not have a business relationship with the authorized institution;

***platform*** (平台) includes an electronic system and any other mechanism;

***prohibited conduct*** (受禁行為) means—

(a) money laundering;

(b) terrorist financing as defined by section 1 of Part 1 of Schedule 1 to Cap. 615; or

(c) financing of proliferation of weapons of mass destruction as defined by section 2(1) of the Weapons of Mass Destruction (Control of Provision of Services) Ordinance (Cap. 526);

***relevant entity*** (相關實體), in relation to an authorized institution, means—

(a) an entity with which the authorized institution maintains or has maintained a business relationship; or

(b) an entity for which the authorized institution has conducted or has been requested to conduct an occasional transaction.

**72A. Monetary Authority may require specified persons to submit information**

(1) For the purposes of this section, ***specified person*** (指明的人) means—

(a) any person who proposes to become a controller of an authorized institution incorporated in Hong Kong; *(Replaced 95 of 1991 s. 21)*

(aa) any person who is a relevant individual within the meaning of section 20(10); *(Added 6 of 2002 s. 11)*

(b) any person who is the chief executive of an authorized institution or an executive officer of a registered institution; *(Amended 6 of 2002 s. 11)*

(c) any person who is a director or controller of an authorized institution incorporated in Hong Kong; or *(Amended 95 of 1991 s. 21)*

(d) any person who is seeking the consent of the Monetary Authority under section 71(1) or 71C(1). *(Amended 82 of 1992 s. 25; 6 of 2002 s. 11)*

(2) The Monetary Authority may require a specified person to submit such information as he may reasonably require for the exercise of his functions under this Ordinance and such information shall be submitted within such period and in such manner as the Monetary Authority may require. *(Amended 82 of 1992 s. 25; 94 of 1993 s. 21)*

(2A) Subject to section 53B(3), where an authorized institution becomes aware of the fact that any person has become or has ceased to be a specified person in respect of the institution, the institution shall, not later than 14 days after becoming aware of that fact, give notice in writing to the Monetary Authority of that fact. *(Added 95 of 1991 s. 21. Amended 82 of 1992 s. 25; 49 of 1995 s. 24)*

(3) Any specified person (other than a person referred to in subsection (1)(a) or (d)) who fails without reasonable excuse to comply with any requirement under subsection (2) commits an offence and is liable— *(Amended 95 of 1991 s. 21)*

(a) on conviction upon indictment to a fine at tier 7 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine at tier 3 for every day during which the offence continues; or

(b) on summary conviction to a fine at tier 5 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine at tier 2 for every day during which the offence continues.

(4) Any specified person who signs any document for the purposes of complying with any requirement under subsection (2) which he knows or reasonably ought to know to be false in a material particular commits an offence and is liable—

(a) on conviction upon indictment to a fine at tier 8 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at tier 5 and to imprisonment for 6 months.

(5) Any specified person who produces any book, account, document, security or information for the purpose of complying with any requirement under subsection (2) which is false in a material particular commits an offence and is liable —

(a) on conviction upon indictment to a fine at tier 8 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at tier 5 and to imprisonment for 6 months.

(6) Every director, every chief executive and every manager of an authorized institution which contravenes subsection (2A) commits an offence and is liable— *(Amended 32 of 2001 s. 24)*

(a) on conviction upon indictment to a fine at tier 7 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at tier 5 and to imprisonment for 6 months,

and, in the case of a continuing offence, to a further fine at tier 2 for every day during which the offence continues. *(Added 95 of 1991 s. 21)*

*(Added 3 of 1990 s. 29. Amended 4 of 1997 s. 27)*

**120. Official secrecy**

(1) Except as may be necessary for the exercise of any function under this Ordinance or for carrying into effect the provisions of this Ordinance, every person to whom this subsection applies— *(Amended 64 of 1987 s. 26)*

(a) shall preserve and aid in preserving secrecy with regard to all matters relating to the affairs of any person that may come to his knowledge in the exercise of any function under this Ordinance;

(b) shall not communicate any such matter to any person other than the person to whom such matter relates; and

(c) shall not suffer or permit any person to have access to any records in the possession, custody or control of any person to whom this subsection applies.

(2) Subsection (1) shall apply to any person who is or has been—

(a) a public officer;

(b) a person authorized by the Monetary Authority;

(c) the Advisor of an authorized institution; *(Replaced 49 of 1995 s. 36)*

(d) the Manager of an authorized institution; *(Replaced 49 of 1995 s. 36)*

(da) a person appointed under section 53G(5); *(Added 49 of 1995 s. 36)*

(e) a person appointed under section 117(2); and

(f) a person employed by or assisting a person to whom this subsection applies by virtue of paragraph (b), (c), (d), or (e),

who exercises or has exercised any function under this Ordinance.

(3) Subsection (1) shall not apply if the Manager of an authorized institution is required to comply with a notice to furnish returns and information under section 51 of the Inland Revenue Ordinance (Cap. 112). *(Replaced 49 of 1995 s. 36)*

(4) No person who exercises any function in the course of an examination or investigation under section 47, 50, 55 or 117 or who receives reports, returns or information submitted under section 47, 50, 55, 56, 59, 63 or 64 shall be required to produce in any court any book, account or other document whatsoever or to divulge or communicate to any court any matter or thing coming under his notice in the exercise of his functions under this Ordinance, except as may be necessary in the course of a prosecution for any offence or of a winding-up by the Court of First Instance under section 122. *(Amended 67 of 1992 s. 9; 25 of 1998 s. 2)*

(5) Subsection (1) shall not apply—

(a) to the disclosure of information in the form of a summary of similar information provided by a number of authorized institutions if the summary is so framed as to prevent particulars relating to the business of any particular authorized institution being ascertained from it;

(b) to the disclosure of information with a view to the institution of, or otherwise for the purposes of, any criminal proceedings, whether under this Ordinance or otherwise;

(c) in connection with any other legal proceedings arising out of this Ordinance;

(d) to the disclosure of information to the police or the Independent Commission Against Corruption, at the request of the Secretary for Justice, relevant to the proper investigation of any criminal complaint; *(Amended L.N. 362 of 1997)*

(da) to the disclosure of information to the Review Tribunal; *(Added 19 of 2005 s. 7)*

(db) to the disclosure of information to the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal established under section 55 of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615); *(Added 15 of 2011 s. 86. Amended 4 of 2018 s. 42)*

(dc) to the disclosure of information to the Resolution Compensation Tribunal; *(Added 23 of 2016 s. 210)*

(dd) to the disclosure of information to the Resolvability Review Tribunal; *(Added 23 of 2016 s. 210)*

(de) to the disclosure of information by the Monetary Authority to a resolution authority for the purpose of enabling or assisting the resolution authority to exercise its functions under the Financial Institutions (Resolution) Ordinance (Cap. 628); *(Added 23 of 2016 s. 210. Amended E.R. 2 of 2017)*

(e) to the disclosure of information by the Monetary Authority with a view to the institution of, or otherwise for the purposes of, any disciplinary proceedings relating to the exercise of his professional duties by an auditor or former auditor of an authorized institution or former authorized institution, whether or not the auditor or former auditor, as the case may be, was appointed under section 50, 59 or 63; *(Replaced 43 of 1990 s. 9. Amended 67 of 1992 s. 9)*

(f) to the disclosure of information by the Monetary Authority to the Chief Executive, the Financial Secretary, an inspector appointed by the Financial Secretary to investigate the affairs of a company, a person holding an authorized statutory office or any public officer authorized by the Financial Secretary for the purposes of this paragraph where, in the opinion of the Monetary Authority— *(Amended L.N. 96 of 1993; 68 of 1999 s. 3; L.N. 106 of 2002)*

(i) it is desirable or expedient that information should be so disclosed in the interests of depositors or potential depositors or the public interest; or

(ii) such disclosure will enable or assist the recipient of the information to exercise his functions and it is not contrary to the interests of depositors or potential depositors or the public interest that the information should be so disclosed; *(Replaced 95 of 1991 s. 40)*

(fa) to the disclosure of information by the Monetary Authority to the Securities and Futures Commission relating to—

(i) the carrying on of a regulated activity by a registered institution; or

(ii) the carrying on by an authorized institution of the business of receiving or holding client assets, within the meaning of Schedule 1 to the Securities and Futures Ordinance (Cap. 571), of intermediaries, within the meaning of Schedule 1 to that Ordinance, of which the institution is an associated entity within the meaning of Schedule 1 to that Ordinance; *(Added 6 of 2002 s. 12)*

(g) to the disclosure of information by the Monetary Authority to an auditor of an authorized institution or former authorized institution, or to a former auditor, for the purpose of enabling or assisting the Monetary Authority to discharge his functions under this Ordinance; *(Replaced 43 of 1990 s. 9. Amended L.N. 276 of 1990; 95 of 1991 s. 40)*

(gaa) to the disclosure of information by the Monetary Authority to the Hong Kong Deposit Protection Board established by section 3 of the Deposit Protection Scheme Ordinance (Cap. 581) for the purpose of enabling or assisting the Board to exercise its functions under that Ordinance; *(Added 7 of 2004 s. 55)*

(ga) to the disclosure of information—

(i) to any person appointed under section 5A(3) of the Exchange Fund Ordinance (Cap. 66); and

(ii) where such disclosure will enable or assist such person to assist the Monetary Authority in the performance of any of the functions referred to in that section; *(Added 49 of 1995 s. 36)*

(h) subject to subsection (5D), to the disclosure of information by the Monetary Authority with the consent of—

(i) the person from whom the information was obtained or received; and

(ii) where the information does not relate to such person, the person to whom it relates; or *(Added 95 of 1991 s. 40)*

(i) to the disclosure of information which has been made available to the public by virtue of being disclosed in any circumstances in which, or for any purpose for which, disclosure is not precluded by this section or section 121. *(Added 95 of 1991 s. 40)*

(5A) For the purposes of subsection (5)(f), ***authorized statutory office*** (認可法定職位) means—

(a) the Insurance Authority established under section 4AAA of the Insurance Ordinance (Cap. 41); *(Replaced 12 of 2015 s. 105)*

(b) the Securities and Futures Commission; *(Replaced 10 of 1989 s. 65. Amended 18 of 2006 s. 78)*

(c) the Mandatory Provident Fund Schemes Authority established by section 6 of the Mandatory Provident Fund Schemes Ordinance (Cap. 485); or *(Repealed 10 of 1989 s. 65. Added 4 of 1998 s. 7. Amended 18 of 2006 s. 78)*

(d) *(Repealed 10 of 1989 s. 65)*

(e) the Accounting and Financial Reporting Council continued under section 6 of the Accounting and Financial Reporting Council Ordinance (Cap. 588). *(Added 18 of 2006 s. 78. Amended L.N. 66 of 2022)*

*(Added 68 of 1988 s. 2. Amended 4 of 1998 s. 7)*

(5B) The Legislative Council may, by resolution, amend subsection (5A). *(Added 68 of 1988 s. 2)*

(5C) The Monetary Authority may attach a condition to any disclosure of information made pursuant to subsection (5)(b), (c), (d), (e), (f), (fa), (gaa) or (ga), and shall attach a condition to any disclosure of information made pursuant to subsection (5)(g), that neither— *(Amended 49 of 1995 s. 36; 6 of 2002 s. 12; 7 of 2004 s. 55)*

(a) the person to whom the information has been disclosed; nor

(b) any person obtaining or receiving the information (whether directly or indirectly) from the person referred to in paragraph (a),

shall disclose that information to any other person without the consent of the Monetary Authority. *(Added 95 of 1991 s. 40)*

(5D) Subsection (5)(h) shall not operate to require the Monetary Authority to disclose in or in relation to any civil proceedings any information which he may disclose, or has disclosed, pursuant to that subsection. *(Added 95 of 1991 s. 40. Amended 94 of 1993 s. 28)*

(6) Any person who—

(a) contravenes subsection (1);

(b) aids, abets, counsels or procures any person to contravene subsection (1); or

(c) knowing that the condition referred to in subsection (5C) has been attached to a disclosure of information made pursuant to subsection (5), contravenes, or aids, abets, counsels or procures any person to contravene, that condition, *(Added 95 of 1991 s. 40)*

commits an offence and is liable—

(i) on conviction upon indictment to a fine at tier 8 and to imprisonment for 2 years; or

(ii) on summary conviction to a fine at tier 5 and to imprisonment for 6 months. *(Amended 4 of 1997 s. 27)*

(7) Subsection (5)(a), (e) and (g) shall apply to and in relation to approved money brokers and former approved money brokers as it applies to and in relation to authorized institutions and former authorized institutions respectively, and the other provisions of this Ordinance shall be construed accordingly. *(Added 4 of 1997 s. 17)*

*(Amended 3 of 1990 s. 46; 82 of 1992 s. 20)*

**126. Defence where director or manager, etc. prosecuted**

(1) Subject to subsection (2), in proceedings for an offence under this Ordinance it shall be a defence for the person charged to prove that he took reasonable precautions and exercised due diligence to avoid the commission of such an offence by himself or any person under his control. *(Replaced 43 of 1990 s. 10. Amended 32 of 2001 s. 21)*

(2) Subsection (1) shall not apply to an offence under section 18(11), 22(12), 24(12), 25(10), 47(3), 50(6), 53C(14), 53H, 63(7), 64(5), 72A(4), 73(2), 93(1), 97(1), 117(7), 118(5), 120(6), 123, 124 or 125(4). *(Replaced 32 of 2001 s. 21)*

**132A. Appeals**

(1) Any person (howsoever described) aggrieved by—

(a) a decision of the Monetary Authority under section 16(1)(b), 25(1) or (2), 44(5), 46(5), 49(5), 51A(5), 52(1)(A), (B) or (C) or (3A), 53G(7) or 118C(1)(b); *(Amended 42 of 1999 s. 14; 18 of 2015 s. 63; 6 of 2018 s. 21)*

(b) the attachment by the Monetary Authority of any conditions to the person's authorization under section 16(1)(a) or (5) or to the person's certificate of approval under section 118C(1)(a) or (4); *(Amended 18 of 2015 s. 63)*

(c) any conditions referred to in section 18(4)(c) or (5), 22(4)(c) or (5), 24(5)(c) or (6) or 25(3)(c) or (4) attached to a consent given to the person pursuant to section 18(4), 22(4), 24(5) or 25(3), as the case may be;

(d) the refusal by the Monetary Authority to grant approval under section 43E(2), 44(1), 46(1), 49(1), 51A(2), 59B(3) or 69(1); *(Amended 42 of 1999 s. 14; 6 of 2002 s. 13; 6 of 2018 s. 21; 14 of 2025 s. 172)*

(e) any conditions to which an approval under section 44(1), 46(1), 49(1) or 51A(2) is made subject by the Monetary Authority under section 44(4), 46(4), 49(4) or 51A(4), as the case may be; *(Amended 42 of 1999 s. 14; 6 of 2018 s. 21)*

(ea) any conditions to which an approval under section 59B(3) is made subject by the Monetary Authority under that section; *(Added 6 of 2002 s. 13)*

(f) a refusal to give consent under section 71(1) or 73(1) or (1A), conditions attached under section 71(2)(b) to a consent under section 71(1), the withdrawal under section 71(4) of a consent under section 71(1), conditions attached under section 71(5) to a consent under section 71(1) or the amendment under section 71(5) of any such conditions, by the Monetary Authority; *(Replaced 32 of 2001 s. 22)*

(fb) a refusal by the Monetary Authority to give consent under section 97(1), *(Added 32 of 2001 s. 22. Amended 3 of 2012 s. 15)*

(g)-(h) *(Repealed 3 of 2012 s. 15)*

may appeal to the Chief Executive in Council against the decision, conditions, refusal, withdrawal, requirement or variation, but that decision or those conditions, or that refusal, withdrawal, requirement or variation, as the case may be, takes effect immediately, notwithstanding that an appeal has been or may be made under this subsection. *(Amended 14 of 2025 s. 172)*

(2) Any authorized institution aggrieved by the proposed revocation of its authorization under section 22(1) may appeal to the Chief Executive in Council against the proposed revocation.

(3) Any person aggrieved by a decision of the Monetary Authority to serve—

(a) a conditional notice of consent or notice of objection (within the meaning of section 70) on him;

(b) a notice of objection (within the meaning of section 70A) on him,

may appeal to the Chief Executive in Council against the decision, but that decision shall take effect immediately, notwithstanding that an appeal has been or may be made under this subsection.

(4) Any authorized institution aggrieved by a requirement in a notice under section 95(1) may appeal to the Financial Secretary against the requirement, but that requirement shall take effect immediately, notwithstanding that an appeal has been or may be made under this subsection.

(5) Any approved money broker aggrieved by the proposed revocation of its approval under section 118D(1) may appeal to the Chief Executive in Council against the proposed revocation.

(6) A person aggrieved by a specified decision of the Monetary Authority made in respect of the person may, by notice in writing given to the Securities and Futures Appeals Tribunal established by section 216 of the Securities and Futures Ordinance (Cap. 571), apply to the Tribunal for a review of the decision. *(Added 6 of 2002 s. 13)*

(7) The provisions of Part XI of the Securities and Futures Ordinance (Cap. 571) shall apply to and in relation to a notice under subsection (6) as they apply to and in relation to a notice under section 217(1) of that Ordinance. *(Added 6 of 2002 s. 13)*

(8) A specified decision, other than a specified decision mentioned in paragraph (c) of the definition of ***specified decision*** in subsection (10), shall take effect—

(a) where, prior to the expiration of the period of 21 days specified in section 217(3) of the Securities and Futures Ordinance (Cap. 571) as that within which an application for review of the decision shall be made, the person to whom the decision relates notifies the Monetary Authority that he will not make the application, at the time when he so notifies the Monetary Authority;

(b) subject to paragraph (a), where the person does not make an application for review of the decision within the period of 21 days specified in section 217(3) of the Securities and Futures Ordinance (Cap. 571) as that within which the application shall be made, at the time when the period so specified expires; or

(c) where the person makes an application for review of the decision within the period of 21 days specified in section 217(3) of the Securities and Futures Ordinance (Cap. 571) as that within which the application shall be made —

(i) where the decision is confirmed by the Securities and Futures Appeals Tribunal established by section 216 of that Ordinance, at the time when the decision is so confirmed;

(ii) where the decision is varied, or substituted by another decision, by that Tribunal, at the time when the decision is so varied or substituted, subject however to the terms of the variation or substitution; or

(iii) where the application is withdrawn, at the time when it is so withdrawn. *(Added 6 of 2002 s. 13)*

(9) Notwithstanding subsection (8) and any other provisions of this or any other Ordinance, the Monetary Authority may, in respect of a specified decision, where he considers it appropriate in the interest of the investing public or in the public interest to do so, specify in a notice served on the person to whom the decision relates any time, other than that at which the decision is apart from this subsection to take effect, as the time at which the decision is to take effect, in which case the decision takes effect at the time so specified. *(Added 6 of 2002 s. 13)*

(10) In this section—

***specified decision*** (指明決定) means a decision of the Monetary Authority—

(a) in a notice under section 58A(4) served on the person concerned;

(b) to refuse to grant consent under section 71C(1), to attach pursuant to section 71C(2)(b) conditions to such consent, to withdraw or suspend under section 71C(4) such consent, to attach pursuant to section 71C(9) conditions to such consent or to amend pursuant to section 71C(9) any such conditions; or

(c) to attach pursuant to section 71E(3) conditions to provisional consent given under section 71E(1) or to amend pursuant to section 71E(3) any such conditions. *(Added 6 of 2002 s. 13)*

*(Added 4 of 1997 s. 21. Amended 68 of 1999 s. 3)*

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# Seventh Schedule

[ss. 16(2) & (10), 17, 29(2) & 135(1) & 8th Sch.]

# Minimum Criteria for Authorization

*(Seventh Schedule added 49 of 1995 s. 52)*
*(Format changes—E.R. 2 of 2012)*

1. (1) In this Schedule—

***adequate*** (足夠), in relation to systems of control, includes operating effectively;

***controller*** (控權人) includes a minority shareholder controller;

***net debit balance*** (借方淨差額), in relation to a company, means the aggregate of the excess of accumulated losses over accumulated profits disclosed in the profit and loss account, and other reserves separately disclosed in the balance sheet, of the most recent audited accounts of the company;

***system of control*** (管控制度) includes procedures.

(2) For the purposes of the calculation of the paid-up share capital of a company required by this Schedule, there shall be deducted from such share capital any net debit balance.

(3) For the avoidance of doubt, it is hereby declared that where pursuant to the provisions of this Schedule the Monetary Authority holds an opinion, or is satisfied, in relation to any matter, his holding that opinion or being so satisfied, as the case may be, shall not of itself bind the Monetary Authority—

(a) to continue to hold that opinion or to be so satisfied, as the case may be, whether before, on or after the authorization, if any, of the company to which the matter directly or indirectly relates (including any case where that company is seeking a different authorization); or

(b) to hold any similar opinion or to be similarly satisfied, as the case may be, in respect of any similar matter which directly or indirectly relates to any other company seeking or having the same or a different authorization from that first-mentioned company.

(4) Without prejudice to the generality of subparagraph (3), the Monetary Authority may regard the Authority as being satisfied in relation to any matter in respect of which the Authority may be satisfied pursuant to the provisions of this Schedule where— *(Amended 14 of 2025 s. 173)*

(a) the matter directly or indirectly relates to a company incorporated outside Hong Kong that is not a re-domiciled entity; *(Amended 14 of 2025 s. 173)*

(b) the relevant banking supervisory authority informs the Monetary Authority that it is satisfied in relation to that matter; and

(c) the Monetary Authority is satisfied as to the scope and nature of the supervision exercised by that authority.

(5) For the avoidance of doubt, it is hereby declared that subparagraph (4) shall operate before, on and after the authorization, if any, of the company to which any matter referred to in that subparagraph directly or indirectly relates.

(6) *(Repealed L.N. 99 of 2012)*

*(Amended 19 of 2005 s. 7)*

2. If the company is incorporated outside Hong Kong but is not a re-domiciled entity, it is a bank— *(Amended 14 of 2025 s. 173)*

(a) as defined in section 46(9); and

(b) in respect of which the Monetary Authority is satisfied that it is adequately supervised by the relevant banking supervisory authority.

3. The Monetary Authority is satisfied that he knows the identity of each controller of the company.

4. If the company is incorporated in Hong Kong or is a re-domiciled entity, the Monetary Authority is satisfied that each person who is, or is to be, a director, controller, chief executive or executive officer of the company is a fit and proper person to hold the particular position which that person holds or is to hold.

*(Amended 6 of 2002 s. 14; 14 of 2025 s. 173)*

5. If the company is incorporated outside Hong Kong but is not a re-domiciled entity, the Monetary Authority is satisfied that each person who is, or is to be— *(Amended 14 of 2025 s. 173)*

(a) a chief executive, or executive officer, of the business in Hong Kong of the company; *(Amended 6 of 2002 s. 14)*

(b) a director, controller or chief executive of the business of the company in the place where it is incorporated,

is a fit and proper person to hold the particular position which that person holds or is to hold. *(Amended 14 of 2025 s. 173)*

5A. The Monetary Authority is satisfied that the company has, and will if it is authorized continue to have, adequate systems of control to ensure that each person who is, or is to be, a manager of the company is a fit and proper person to hold the particular position which he holds or is to hold.

*(Added 32 of 2001 s. 27)*

6. The Monetary Authority is satisfied that the company presently has, and will if it is authorized continue to have, adequate financial resources (whether actual or contingent) for the nature and scale of its operations and, without prejudice to the generality of the foregoing—

*(a) in the case of a company seeking authorization to carry on banking business in Hong Kong, the aggregate amount of its paid-up share capital and the balance of its share premium account (if any) is not less than $300,000,000 or an equivalent amount in any other approved currency; *(Amended L.N. 130 of 2001; L.N. 63 of 2002)*

(b) in the case of a company seeking authorization to carry on a deposit-taking business as a deposit-taking company, the aggregate amount of its paid-up share capital and the balance of its share premium account (if any) is not less than $25,000,000 or an equivalent amount in any other approved currency; *(Amended L.N. 130 of 2001)*

(c) in the case of a company seeking authorization to carry on a deposit-taking business as a restricted licence bank, the aggregate amount of its paid-up share capital and the balance of its share premium account (if any) is not less than $100,000,000 or an equivalent amount in any other approved currency; *(Amended L.N. 130 of 2001)*

(d) in the case of a company that is incorporated in Hong Kong or is a re-domiciled entity, the company, if it is authorized, will on and after authorization comply with the rules made under section 97C(1) applicable to it. *(Amended L.N. 431 of 1997; 19 of 2005 s. 7; 3 of 2012 s. 18; 14 of 2025 s. 173)*

(e) *(Repealed 19 of 2005 s. 7)*

*(Amended 28 of 2012 ss. 912 & 920)*

7. The Monetary Authority is satisfied that the company—

(a) presently maintains, and will if it is authorized continue to maintain, adequate liquidity to meet its obligations as they will or may fall due; and

(b) without prejudice to the generality of sub-subparagraph (a), if it is authorized, will on and after authorization comply with the rules made under section 97H(1) applicable to it. *(Amended 3 of 2012 s. 18; E.R. 6 of 2019)*

8. The Monetary Authority is satisfied that the company, if it is authorized, will on and after authorization comply with the provisions of Part XV, and the provisions of the rules made under that Part, applicable to it. *(Amended 6 of 2018 s. 25)*

9. The Monetary Authority is satisfied that the company presently maintains, and will if it is authorized continue to maintain, adequate provision for depreciation or diminution in the value of its assets (including provision for bad and doubtful debts), for liabilities which will or may fall to be discharged by it and for losses which will or may occur.

10. The Monetary Authority is satisfied that the company presently has, and will if it is authorized continue to have, adequate accounting systems and adequate systems of control.

11. If the company is incorporated in Hong Kong or is a re-domiciled entity, the Monetary Authority is satisfied that it presently discloses, and will if it is authorized continue to disclose, adequate information— *(Amended 14 of 2025 s. 173)*

(a) in relation to the state of its affairs, including its profit and loss and its financial resources (including capital resources and liquidity resources); and *(Amended 19 of 2005 s. 7; 3 of 2012 s. 18)*

(b) in—

(i) its audited annual accounts within the meaning of section 60(11);

(ii) any supplementary information to those audited annual accounts;

(iii) the report of the directors under section 388 of the Companies Ordinance (Cap. 622); and *(Amended 28 of 2012 ss. 912 & 920)*

(iv) the institution's cash flow statement, together with any notes thereon, where the statement does not already form part of those audited annual accounts.

12. The Monetary Authority is satisfied that the business (including any business which is not banking business or the business of taking deposits) of the company is presently, and will if it is authorized continue to be, carried on— *(Amended 6 of 2002 s. 14)*

(a) with integrity, prudence and the appropriate degree of professional competence; and

(b) in a manner which is not detrimental, or likely to be detrimental, to the interests of depositors or potential depositors.

13. If the company seeking authorization to carry on banking business in Hong Kong is a company incorporated in a place outside Hong Kong but is not a re-domiciled entity, either— *(Amended 14 of 2025 s. 173)*

(a) there is, in the opinion of the Monetary Authority, an acceptable degree of reciprocity in respect of banks incorporated in Hong Kong seeking to carry on banking business in that place; or

(b) that place is, or is part of the territory of, a member of the World Trade Organization.

*(Replaced L.N. 99 of 2012)*

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Editorial Note:

* For the transitional provision relating to the amendments made by the Banking Ordinance (Amendment of Seventh Schedule) Notice 2002 (L.N. 63 of 2002), see section 2 of that Notice.

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# Eighth Schedule

[ss. 22(1) & 135(1)]

## Grounds for Revocation of Authorization

*(Eighth Schedule added 49 of 1995 s. 52)*
*(Format changes—E.R. 6 of 2019)*

1. In this Schedule, ***controller*** (控權人) includes a minority shareholder controller.

*2. The Monetary Authority is satisfied that, if the authorized institution were not authorized and were to make an application under section 15 for authorization in respect of the business referred to in that section presently being carried on by it, section 16(2) would prohibit him from so authorizing it (but excluding the criteria specified in paragraphs 2(b) and 13 of the Seventh Schedule).

3. The Monetary Authority is satisfied that the authorized institution proposes to make, or has made, any composition or arrangement with its creditors or is insolvent or is being or has been wound up or is otherwise dissolved.

4. The authorized institution has made a report to the Monetary Authority under section 67 that it is likely to become unable to meet its obligations or is about to suspend payment or the Monetary Authority is satisfied that the institution is so unable or has suspended payment.

5. The Monetary Authority is satisfied that the authorized institution has not provided him, whether before or after being authorized, with such information of a material nature relating to it, and to any circumstances likely to affect its method of business, as is required under this Ordinance.

6. The Monetary Authority is satisfied that the authorized institution has provided him, whether before or after being authorized, with information which is, to a material extent, false, misleading or inaccurate, and whether or not such information was so provided pursuant to a requirement under this Ordinance.

7. The Monetary Authority is satisfied that the authorized institution has contravened any condition attached under section 16 of this Ordinance to its authorization.

8. The Monetary Authority is satisfied that the authorized institution has—

   (a) in the case of a bank, ceased to carry on banking business;

   (b) in any other case, ceased to carry on a business of taking deposits.

9. The objects of the authorized institution as stated in its memorandum and articles of association or other document constituting the company no longer include the object of—

   (a) in the case of a bank, carrying on banking business;

   (b) in any other case, carrying on a business of taking deposits.

10. The authorized institution has failed to pay any fee required by section 19 to be paid by it after being advised in writing by the Monetary Authority that it is contravening that section.

11. The authorized institution has failed to comply with any requirement under section 60 applicable to it after being advised in writing by the Monetary Authority that it is contravening that section.

12. In the case of an authorized institution which is a deposit-taking company or restricted licence bank, the institution has contravened section 14(1) or (3).

13. A person has become a controller of the authorized institution after having been served with a notice of objection, within the meaning of section 70, objecting to his becoming such a controller.

14. A person continues to be a controller of the authorized institution after having been served with a notice of objection, within the meaning of section 70 or 70A, objecting to his being such a controller.

15. A person has become or continues to be a chief executive or director of the authorized institution in contravention of section 71.

15A. A person has become or continues to be an executive officer of the authorized institution in contravention of section 71C.

*(Added 6 of 2002 s. 15)*

16. The authorized institution is in contravention of section 74.

17. The authorized institution engages in business practices specified in a notice under section 82(1).

18. The Monetary Authority is satisfied that the interests of depositors or potential depositors of the authorized institution are in any other manner threatened by the institution continuing to be authorized.

19. The authorized institution requests in writing the Monetary Authority to revoke its authorization and the Monetary Authority is satisfied that the interests of depositors of the institution are or will be adequately safeguarded if he complies with that request.

20. The Monetary Authority is satisfied that the authorized institution engages in business practices which would be likely to prejudice the interests of Hong Kong as an international financial centre.

21. The authorized institution has failed to comply with any requirement under the Deposit Protection Scheme Ordinance (Cap. 581) applicable to the institution.

*(Added 7 of 2004 s. 55)*

22. The authorized institution contravenes section 43C(1).

*(Added 14 of 2025 s. 174)*

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Editorial Note:

* The operation of this paragraph is affected by the Banking Ordinance (Amendment of Seventh Schedule) Notice 2002 (L.N. 63 of 2002). See the transitional provision in section 2 of that Notice.

An Ordinance to provide for certain payment systems for funds or securities to be subject to oversight by the Monetary Authority; for the supervision of stored value facilities by the Monetary Authority; for the modification of the laws of Hong Kong in their application to transactions effected through and proceedings within certain clearing and settlement systems so as to ensure finality as regards those transactions and proceedings; and for related purposes.

*(Amended 18 of 2015 s. 3)*
*(Format changes—E.R. 3 of 2021)*

[4 November 2004] *L.N. 145 of 2004*

*(Enacting provision omitted—E.R. 3 of 2021)*

**2. Interpretation**

In this Ordinance, unless the context otherwise requires—

***accounts*** (帳目) means any accounts, whether kept in writing or print or by a machine or device; *(Added 18 of 2015 s. 5)*

***Advisor*** (顧問), in relation to a licensee, means the person appointed to be an Advisor of the licensee under section 8ZG(1)(b) or 8ZX(2)(a); *(Added 18 of 2015 s. 5)*

***bank*** (銀行) has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155); *(Added 18 of 2015 s. 5)*

***banking licence*** (銀行牌照) means a licence granted under section 16 of the Banking Ordinance (Cap. 155); *(Added 18 of 2015 s. 5)*

***book-entry securities*** (記帳證券) means any securities issued under any law transferable by a book-entry (whether on a register or of any other kind);

***certificate of finality*** (終局性證明書) means a certificate issued by the Monetary Authority under section 16(3);

***Chairman of the Tribunal*** (審裁處主席) means the person appointed as such under section 34(3);

***clearing and settlement system*** (結算及交收系統) means a system established for—

(a) the clearing or settlement of payment obligations; or

(b) the clearing or settlement of obligations for the transfer of book-entry securities, or the transfer of such securities;

***collateral security*** (附屬抵押品), in relation to a clearing and settlement system, means any realizable assets provided, whether under a charge or a re-purchase or similar agreement or otherwise (including money provided under a charge), for the purpose of securing rights and obligations potentially arising in connection with participation in the system;

***declared medium of exchange*** (經宣布兌換媒介) means a thing that is declared to be a medium of exchange under section 2C; *(Added 18 of 2015 s. 5)*

***default arrangements*** (違責處理安排), in relation to a payment system, means the arrangements in place within the system for limiting systemic and other types of risk in the event of a participant appearing to be, or likely to become, unable to meet his obligations in respect of a transfer order; and, without affecting the generality of the foregoing, includes any arrangements for— *(Amended 18 of 2015 s. 5)*

(a) the netting of obligations owed to or by the participant;

(b) the closing out of open positions held by the participant; or

(c) the realizing of collateral security securing obligations owed by the participant;

***defaulting participant*** (違責參與者), in relation to a clearing and settlement system, means a participant in respect of whom action has been taken by the system operator or settlement institution under the system's default arrangements;

***designated clearing and settlement system*** (指定結算及交收系統) means a clearing and settlement system designated under section 4(1); *(Added 18 of 2015 s. 5)*

***designated retail payment system*** (指定零售支付系統) means a retail payment system designated under section 4(1); *(Added 18 of 2015 s. 5)*

***designated system*** (指定系統) means—

(a) a designated clearing and settlement system; or

(b) a designated retail payment system; *(Replaced 18 of 2015 s. 5)*

***director*** (董事) includes a person occupying the position of director (by whatever name called); *(Added 18 of 2015 s. 5)*

***directors' voluntary winding up statement*** (董事自動清盤陳述書) means a statement made under section 228A of the Companies

(Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), and a reference to such a statement taking effect is a reference to it being delivered for registration as specified in section 228A(3) of that Ordinance; *(Amended 28 of 2012 ss. 912 & 920; 14 of 2016 s. 187)*

***disposition of property*** (財產產權處置), in the context of a disposition made to or by a participant in a designated system, includes a payment made to or by the participant in the designated system or in a clearing and settlement system, wherever located, that is utilized by the designated system to effect payments;

***efficiency*** (效率)—

(a) in relation to a payment system—see section 8(2);

(b) in relation to a stored value facility—see section 8P(2); *(Added 18 of 2015 s. 5)*

***facilitate*** (促進)—see section 2B; *(Added 18 of 2015 s. 5)*

***facilitator*** (促進人) means a person who facilitates the issue of a stored value facility in the manner as mentioned in section 2B; *(Added 18 of 2015 s. 5)*

***float*** (儲值金額), in relation to a stored value facility issued, or the issue of which is facilitated, under a licence—

(a) means the stored value remaining on the facility; but

(b) does not include any SVF deposit; *(Added 18 of 2015 s. 5)*

***investigator*** (調查員) means a person directed under section 33B(2)(a), or appointed under section 33B(2)(b), to carry out an investigation under Part 3A; *(Added 18 of 2015 s. 5)*

***issue*** (發行), in relation to a stored value facility, includes the operation of the facility by the issuer for use by the user of the facility after its issue; *(Added 18 of 2015 s. 5)*

***issuer*** (發行人), in relation to a stored value facility, means the person who—

(a) issues the facility; and

(b) gives, in respect of the facility, an undertaking as specified in section 2A(2) or (3); *(Added 18 of 2015 s. 5)*

***licence*** (牌照) means a licence granted under section 8F, or regarded as granted under section 8G; *(Added 18 of 2015 s. 5)*

***licensee*** (持牌人) means—

(a) the person to whom a licence is granted under section 8F; or

(b) a bank that is regarded as being granted a licence under section 8G; *(Added 18 of 2015 s. 5)*

***Manager*** (管理人), in relation to a licensee, means the person appointed to be a Manager of the licensee under section 8ZH(1)(b) or 8ZX(2)(a); *(Added 18 of 2015 s. 5)*

***minimum criteria*** (最低準則) means the criteria set out in Part 2 of Schedule 3; *(Added 18 of 2015 s. 5)*

***Monetary Authority*** (金融管理專員) means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap. 66);

***netting*** (淨額計算), in relation to a clearing and settlement system, means the conversion of the various obligations owed to or by a participant, as between that participant and all the other participants in the system, into one net obligation owed to or by the participant;

***obligations*** (義務), in the context of the default arrangements under a clearing and settlement system, means obligations resulting from the issue and receipt of transfer orders between participants, or otherwise resulting from action taken under the operating rules of the system;

***officer*** (高級人員)—

(a) in relation to a licensee, means—

(i) a chief executive, or manager, of the licensee as defined by section 8A; or

(ii) a director of the licensee;

(b) in relation to a corporation that is a system operator or settlement institution of a designated system, means—

(i) a chief executive, director, manager or secretary of the corporation; or

(ii) any other person involved in the management of the corporation; or

(c) in relation to any other corporation, means—

(i) a director, manager or secretary of the corporation; or

(ii) any other person involved in the management of the corporation; *(Replaced 18 of 2015 s. 5)*

***operating rules*** (運作規則), in relation to a payment system or a stored value facility, means the rules or terms that govern the operation, use or functioning of the system or facility; *(Amended 18 of 2015 s. 5)*

***participant*** (參與者), in relation to a payment system, means a person who for the time being is a party to the arrangement by which the system is established; *(Amended 18 of 2015 s. 5)*

***payment system*** (支付系統) means—

(a) a clearing and settlement system; or

(b) a retail payment system; *(Added 18 of 2015 s. 5)*

***prescribed*** (訂明) means prescribed by regulation made under section 49; *(Added 18 of 2015 s. 5)*

***public*** (公眾) means the public of Hong Kong, and includes any class of that public; *(Added 18 of 2015 s. 5)*

***relevant insolvency office-holder*** (有關破產清盤人員) means—

(a) the Official Receiver appointed under section 75 of the Bankruptcy Ordinance (Cap. 6);

(b) a person acting under the laws of Hong Kong in relation to a company as its liquidator, provisional liquidator, receiver or manager or an equivalent officer;

(c) a person acting under the laws of Hong Kong in relation to an individual as his trustee in bankruptcy or interim trustee of his property or an equivalent officer; or *(Amended 18 of 2005 s. 48)*

(d) a person appointed under the laws of Hong Kong pursuant to an order for the administration in bankruptcy of an insolvent estate of a deceased person;

***resolution authority*** (處置機制當局) has the meaning given by section 2(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); *(Added 23 of 2016 s. 225 and E.R. 2 of 2017)*

***Resolution Compensation Tribunal*** (處置補償審裁處) means—

(a) the Tribunal established by section 127(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); or *(Amended E.R. 2 of 2017)*

(b) an additional tribunal established under section 128(1) of that Ordinance; *(Added 23 of 2016 s. 225)*

***resolution for voluntary winding up*** (自動清盤決議) means a resolution for voluntary winding up passed under section 228(1)(a) or (b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) in respect of which a certificate of solvency has not been issued and delivered in accordance with section 233 of the Ordinance; *(Replaced 14 of 2016 s. 187)*

***Resolvability Review Tribunal*** (處置可行性覆檢審裁處) means—

(a) the Tribunal established by section 110(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); or *(Amended E.R. 2 of 2017)*

(b) an additional tribunal established under section 111(1) of that Ordinance; *(Added 23 of 2016 s. 225)*

***retail payment system*** (零售支付系統)—

(a) means a system or arrangement for the transfer, clearing or settlement of payment obligations relating to retail activities (whether the activities take place in Hong Kong or elsewhere), principally by individuals, that involve purchases or payments; and

(b) includes related instruments and procedures; *(Added 18 of 2015 s. 5)*

***safety*** (安全)—

(a) in relation to a payment system—see section 8(1);

(b) in relation to a stored value facility—see section 8P(1); *(Added 18 of 2015 s. 5)*

***settlement account*** (交收帳戶), in relation to a clearing and settlement system, means an account at a settlement institution used to hold funds or securities (or both) and to settle transfer orders between participants in the system;

***settlement institution*** (交收機構)—

(a) in relation to a clearing and settlement system, means a person providing settlement accounts to the participants and to any central counterparty in the system—

(i) for the settlement of transfer orders within the system; and

(ii) if applicable, for extending credit to the participants and the central counterparty for settlement purposes; or

(b) in relation to a retail payment system, means a person providing services for the settlement of any payment obligation relating to retail activities for the purposes of the operating rules of the system; *(Replaced 18 of 2015 s. 5)*

***specified form*** (指明格式) means a form specified under section 54A; *(Added 18 of 2015 s. 5)*

***stored value*** (儲值) has the meaning given by section 2A(5); *(Added 18 of 2015 s. 5)*

***stored value facility*** (儲值支付工具)—see section 2A; *(Added 18 of 2015 s. 5)*

***SVF deposit*** (工具按金), in relation to a stored value facility issued, or the issue of which is facilitated, under a licence, means a deposit placed with the licensee, or another person on behalf of the licensee, for enabling the facility to be used; *(Added 18 of 2015 s. 5)*

***system operator*** (系統營運者)—

(a) in relation to a clearing and settlement system, means a person who, for the purposes of the operating rules of the system, is responsible for the operation of the clearing or settlement functions of the system; or

(b) in relation to a retail payment system, means a person who, for the purposes of the operating rules of the system, is responsible for the operation of—

(i) the transfer, clearing or settlement functions of the system; or

(ii) any other related functions; *(Replaced 18 of 2015 s. 5)*

***transfer order*** (轉撥指令)—

(a) in relation to a clearing and settlement system, means—

(i) an instruction by a participant to place at the disposal of another participant an amount of money by means of a book-entry on the accounts of a settlement institution for the system;

(ii) an instruction that results in the assumption or discharge of a payment obligation for the purposes of the operating rules of the system; or

(iii) an instruction by a participant either to settle an obligation for the transfer of book-entry securities, or for the transfer of such securities; or

(b) in relation to a retail payment system, means an instruction that results in the assumption or discharge of a payment obligation relating to retail activities for the purposes of the operating rules of the system; *(Replaced 18 of 2015 s. 5)*

***Tribunal*** (審裁處) means the Tribunal established under section 34(1); *(Amended 18 of 2015 s. 5)*

***user*** (使用者), in relation to a stored value facility, means a person who uses the facility for the purposes mentioned in section 2A(1)(a) or (b). *(Added 18 of 2015 s. 5)*

*(Amended 18 of 2015 s. 5)*

## Division 4—Obligation of Licensee

**8ZZZF. Monetary Authority to keep register of licensees**

(1) The Monetary Authority must establish and keep a register of licensees in the form the Monetary Authority thinks fit.

(2) The register must contain in respect of each licensee—

(a) the name of the licensee;

(b) the address of the principal place of business in Hong Kong of the licensee; and

(c) the licence number of the licence held by the licensee.

(3) The register may also contain any other particulars of a licensee that the Monetary Authority considers appropriate to be contained in the register.

(4) If a licence is revoked under section 8U or 8V, the Monetary Authority must, as soon as practicable after the revocation takes effect, remove from the register the entry relating to the licensee concerned.

(5) If a licence is suspended under section 8Y, 8Z or 8ZA, the Monetary Authority must—

(a) as soon as practicable after the suspension, make a notation that the licence has been so suspended in the register against the name of the licensee concerned; and

(b) ensure that the notation remains on the register until the suspension ceases to have effect.

(6) The register is to be kept at—

(a) the office of the Monetary Authority; or

(b) any other place notified by the Monetary Authority in the Gazette.

(7) The Monetary Authority must make the register available for inspection by the public in the form of an online record.

**8ZZZG. Use of copy, etc. of register of licensees as evidence**

(1) This section applies to a document purporting to have been signed and certified by the Monetary Authority as a true copy of an entry in, or an extract from, a register kept under section 8ZZZF.

(2) A document to which this section applies is to be admitted as evidence in criminal or civil proceedings before a court on its production without further proof, and—

(a) is prima facie evidence of all matters contained in the document; and

(b) in the absence of evidence to the contrary, is to be presumed by the court—

(i) to have been signed and certified by the Monetary Authority; and

(ii) to be a true copy of an entry in, or an extract from, the register of licensees.

**9. Functions of Monetary Authority**

(1) It is the function of the Monetary Authority under this Ordinance—

(a) to monitor compliance with the obligations imposed under this Ordinance in relation to—

(i) designated systems; and

(ii) stored value facilities; and

(b) to promote the general safety and efficiency of—

(i) designated systems; and

(ii) stored value facilities. *(Replaced 18 of 2015 s. 19)*

(2) Without limiting subsection (1), it is the function of the Monetary Authority— *(Amended 18 of 2015 s. 19)*

(a) to take reasonable steps to satisfy himself that every designated system and stored value facility is operated in a safe and efficient manner;

(b) to promote and encourage proper standards of operation and sound and prudent practices amongst designated systems and stored value facilities;

(c) whenever appropriate, to co-operate with and assist recognized financial services supervisory authorities of Hong Kong or of any place outside Hong Kong in maintaining and promoting safety and efficiency in the operations of designated systems and stored value facilities; and

(d) to consider and propose reforms of the law relating to— *(Amended 18 of 2015 s. 19)*

(i) payment systems and stored value facilities; and

(ii) the operation of designated systems and stored value facilities. *(Amended 18 of 2015 s. 19)*

(3) The Monetary Authority may appoint persons as advisers or consultants to assist him in the performance of his functions under this Ordinance.

**12. Monetary Authority may request information or documents from system operator, settlement institution, participant or licensee**

*(Amended 18 of 2015 s. 21)*

(1) For the better performance of the Monetary Authority's functions under this Ordinance, the Monetary Authority may —

(a) by notice in writing given to a system operator or settlement institution of, or participant in, a designated system, request the system operator, settlement institution or participant to give the Monetary Authority information or documents relating to the system as may be specified in the notice; or

(b) by notice in writing given to the licensee who issues, or facilitates the issue of, a stored value facility under its licence, request the licensee to give the Monetary Authority information or documents relating to the facility as may be specified in the notice. *(Replaced 18 of 2015 s. 21)*

(2) A request made under subsection (1) may specify a period, being a period that is reasonable in the circumstances, within which the request shall be complied with.

(3) To avoid doubt—

(a) the power conferred by subsection (1) to request information or documents relating to a designated system or stored value facility includes the power to request any information or documents that the Monetary Authority considers necessary to determine whether there is or has been compliance with the provisions of this Ordinance in relation to the system or facility; and

(b) a request made under subsection (1) may specify the giving of information or documents on a periodic basis or at any time and regardless of whether the Monetary Authority has reason to suspect that there is, has been or may be a failure to comply with a provision of this Ordinance in relation to the system or facility. *(Replaced 18 of 2015 s. 21)*

(4) A person who fails to comply with a request made under subsection (1) commits an offence and is liable—

(a) on conviction on indictment—

(i) to a fine of $400,000 and to imprisonment for 2 years; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues; or

(b) on summary conviction—

(i) to a fine at level 6 and to imprisonment for 6 months; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues. *(Added 18 of 2015 s. 21)*

(5) It is a defence for a person charged with an offence under subsection (4) to prove that—

(a) the request to which the charge relates concerns an aspect of the management or operation of the designated system or stored value facility that is not an aspect for which the person is responsible; or

(b) the person took all reasonable steps to ensure that the request to which the charge relates was complied with. *(Added 18 of 2015 s. 21)*

**12C. Licensee and subsidiary to produce books, etc. for examination**

(1) Subject to subsection (2), for the purpose of an examination by the Monetary Authority under section 12A in respect of a specified person that is a licensee or a subsidiary of a licensee —

(a) the person must permit the Monetary Authority to have access to—

(i) the person's books and accounts;

(ii) the documents of title to the person's assets and other documents;

(iii) the securities held by the person in respect of the transactions of the person's customers and the person's cash; and

(iv) any facilities (including photocopying facilities) and information as may be required for the purpose of the examination; and

(b) the person must produce to the Monetary Authority its books, accounts, documents, securities, cash, facilities or information that the Monetary Authority may require for the examination.

(2) In so far as is consistent with the carrying out of an examination, a person is not required under subsection (1) to provide for inspection any thing at a time or place that would interfere with the proper conduct of the normal daily business of the person.

(3) A person who fails to comply with subsection (1) commits an offence and is liable—

(a) on conviction on indictment—

(i) to a fine of $200,000 and to imprisonment for 1 year; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues; or

(b) on summary conviction—

(i) to a fine at level 6 and to imprisonment for 6 months; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues.

*(Added 18 of 2015 s. 22)*

**13. Monetary Authority may give directions**

(1) The Monetary Authority may, by notice in writing—

(a) direct a system operator or settlement institution of a designated system to take the action that the Monetary Authority considers necessary for bringing the designated system into compliance with the requirements set out in section 7(1)(a), (b), (c) or (d); or

(b) direct a licensee to take the action that the Monetary Authority considers necessary for bringing any stored value facility issued, or the issue of which is facilitated, under its licence into compliance with the requirements set out in section 8O(1). *(Replaced 18 of 2015 s. 23)*

(2) A direction given under subsection (1)—

(a) must specify the action to be taken; *(Replaced 18 of 2015 s. 23)*

(b) for subsection (1)(a), must include a statement of the respect in which the Monetary Authority considers the designated system not to be in compliance with a requirement set out in section 7(1)(a), (b), (c) or (d); *(Replaced 18 of 2015 s. 23)*

(ba) for subsection (1)(b), must include a statement of the respect in which the Monetary Authority considers the stored value facilities not to be in compliance with a requirement set out in section 8O(1); and *(Added 18 of 2015 s. 23)*

(c) may specify a period, being a period that is reasonable in the circumstances, within which the direction shall be complied with.

(3) A person who fails to comply with a direction given under subsection (1) commits an offence and is liable—

(a) on conviction on indictment—

(i) to a fine of $400,000 and to imprisonment for 2 years; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues; or

(b) on summary conviction—

(i) to a fine at level 6 and to imprisonment for 6 months; and

(ii) in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues. *(Added 18 of 2015 s. 23)*

(4) It is a defence for a person charged with an offence under subsection (3) to prove that—

(a) the direction to which the charge relates concerns an aspect of the management or operation of the designated system or stored value facility that is not an aspect for which the person is responsible; or

(b) the person took all reasonable steps to ensure that the direction to which the charge relates was complied with. *(Added 18 of 2015 s. 23)*

**33T. Monetary Authority's power to take further action**

(1) This section applies if the Monetary Authority is considering exercising a power against a regulated person under this Part.

(2) The Monetary Authority may, by agreement with the regulated person, take any further action in respect of the person that the Monetary Authority considers appropriate in the circumstance, whether in place of or in addition to the exercise of the power.

(3) The Monetary Authority may take further action under subsection (2) only if the Monetary Authority considers it appropriate to do so having regard to—

(a) the public interest; or

(b) if the regulated person is a licensee, the interests of the user or potential user of any stored value facility issued, or the issue of which is facilitated, by the licensee under its licence.

(4) If the Monetary Authority exercises the power under subsection (2) in respect of a regulated person, the Monetary Authority is not, subject to the agreement with the regulated person, obliged to comply with section 33R.

**35. Review of decisions by Tribunal**

(1) Any person who is aggrieved by a reviewable decision may refer the decision to the Tribunal for review. *(Amended 18 of 2015 s. 32)*

(2) A reference to the Tribunal under subsection (1) by a person aggrieved is—

(a) to be made in writing;

(b) to be made—

(i) if the reference relates to a decision of the Monetary Authority under section 4(1) or (4B), 5(1), 8ZZZC(1), 8ZZZD(1) or 8ZZZE(1), within 30 days after publication in the Gazette of the notice referred to in that section;

(ii) if the reference relates to any other decision of the Monetary Authority, within 30 days after receiving notice in writing given by the Monetary Authority informing him of the decision,

or within such further time as the Tribunal may, in the circumstances of any particular case, think fit; and *(Amended 18 of 2015 s. 32)*

(c) to state the grounds for the review.

(3) The Tribunal shall deliver to the Monetary Authority a copy of any reference under subsection (1) that it has received.

(4) A reference under subsection (1) does not suspend the decision to which the reference relates.

(5) As soon as practicable after receipt of a copy of a reference delivered under subsection (3), the Monetary Authority shall forward a copy of the decision to which the reference relates together with all other relevant papers in his possession to the Tribunal.

(6) On receipt of the copy of the decision, and of the papers, forwarded under subsection (5), the Tribunal shall review the decision in question and, after taking into account the stated grounds for the review, may make its determination to—

(a) confirm, vary or set aside the decision; or

(b) remit the matter to the Monetary Authority with any direction that it considers appropriate.

(7) In reviewing a decision of the Monetary Authority, the Tribunal—

(a) shall afford both the applicant and the Monetary Authority an opportunity of being heard; and

(b) may determine that any matter of fact has been established if it has been established on the balance of probabilities.

(8) As soon as practicable after completing the review, the Tribunal shall deliver its determination made under subsection (6), with the reasons for its determination.

(9) A determination made by the Tribunal shall be recorded in writing and signed by the Chairman of the Tribunal, and shall then be registered in the Court of First Instance; and a determination so registered shall be deemed to be an order of the Court.

(10) The determination of the Tribunal is final and is not subject to appeal except on a point of law.

(11) For the purposes of any proceedings in a court of law, a document purporting to be a determination of the Tribunal that is signed by the Chairman of the Tribunal shall, in the absence of evidence to the contrary, be regarded as a determination of the Tribunal duly made, without proof of its making, or proof of signature, or proof that the person signing the determination was in fact the Chairman of the Tribunal.

**45. Giving false information to Monetary Authority**

(1) A person who, in giving information to the Monetary Authority in pursuance of an obligation under Part 2, 2A or 2B or section 31 or 52— *(Amended 18 of 2015 s. 36)*

(a) gives information that is false or misleading in a material particular; and

(b) knows or ought to know that the information being given is false or misleading,

commits an offence. *(Amended 18 of 2015 s. 36)*

(2) A person who commits an offence under subsection (1) is liable—

(a) on conviction on indictment, to a fine of $400,000 and to imprisonment for 2 years; or

(b) on summary conviction, to a fine at level 6 and to imprisonment for 6 months. *(Added 18 of 2015 s. 36)*

**47. False entry in document**

(1) A person commits an offence if, wilfully and with intent to deceive, he does any act mentioned in subsection (2) and that act results in any information contained in the book of record or relevant document in question being incorrect or misleading in a material respect.

(2) A person does an act referred to in subsection (1) if he—

(a) makes, or causes to be made, an entry that he knows or ought reasonably to know to be false in any book of record or in any relevant document relating to a designated system or stored value facility;

(b) omits to make an entry in any book of record or in any relevant document relating to a designated system or stored value facility; or

(c) alters, abstracts, conceals or destroys an entry in any book of record or in any relevant document relating to a designated system or stored value facility, or causes any such entry to be altered, abstracted, concealed or destroyed.

(3) A person who commits an offence under subsection (1) is liable— *(Amended 18 of 2015 s. 38)*

(a) on conviction on indictment, to a fine of $1,000,000 and to imprisonment for 5 years; or

(b) on summary conviction, to a fine at level 6 and to imprisonment for 6 months.

(4) In this section— *(Amended 18 of 2015 s. 38)*

***relevant document*** (有關文件), in relation to a designated system or stored value facility, means a report, slip, document or

statement of the business, affairs, transactions, condition, assets or accounts of the system or facility.

*(Amended 18 of 2015 s. 38)*

**49. Power of Monetary Authority to make regulations**

(1) The Monetary Authority may make regulations for the better carrying out of the purposes of this Ordinance after consulting —

(a) in so far as the regulations relate to designated systems—

(i) the Financial Secretary; and

(ii) the system operators and settlement institutions of designated systems;

(b) in so far as the regulations relate to stored value facilities —

(i) the Financial Secretary; and

(ii) the licensees of stored value facilities. *(Replaced 18 of 2015 s. 40)*

(2) In particular, regulations made under subsection (1) may provide for all or any of the following—

(a) measures to be put in place for a designated system or stored value facility for the purposes of monitoring and enforcing compliance with the operating rules of the system or facility and the provisions of this Ordinance;

(b) measures in relation to the availability to a designated system or stored value facility of financial resources;

(c) matters to be provided for under the operating rules of a designated system or stored value facility, including matters conducive to the better safety and efficiency of the system or facility;

(d) any other matter necessary or desirable for the better safety and efficiency of operation and financial soundness of designated systems or stored value facilities;

(e) any matter that shall or may be prescribed under this Ordinance. *(Amended 18 of 2015 s. 40)*

(3) Regulations made for the purpose of this section—

(a) may be of general or special application and may apply only in specified circumstances;

(b) may make different provisions for different circumstances and provide for different cases or classes of cases; and

(c) may provide for the exercise of discretion in such cases as may be specified in those regulations.

**50. Confidentiality**

(1) Except in so far as is necessary for the performance of any function under this Ordinance or for carrying into effect any provision of this Ordinance, every person to whom this subsection applies—

(a) shall preserve and aid in preserving secrecy with regard to all matters relating to the affairs of any person that come to his knowledge in the performance of any function under this Ordinance;

(b) shall not communicate any such matter to any person other than the person to whom such matter relates; and

(c) shall not suffer or permit any person to have access to any records in his possession, custody or control.

(2) Subsection (1) applies to—

(a) the Monetary Authority and any person appointed under section 5A(3) of the Exchange Fund Ordinance (Cap. 66) to assist the Monetary Authority;

(b) a person performing a function under this Ordinance or carrying into effect a provision of this Ordinance; and *(Replaced 18 of 2015 s. 41)*

(c) a person who assists a person mentioned in paragraph (b) (***assisted person***) in performing the assisted person's function under this Ordinance, or in carrying into effect a provision of this Ordinance. *(Added 18 of 2015 s. 41)*

(3) Subsection (1) does not apply—

(a) to the disclosure of information in summary form that is so framed as to prevent particulars relating to the business of any particular system or person being ascertained from it;

(b) to the disclosure of information—

(i) with a view to the institution of, or otherwise for the purpose of, any criminal proceedings, whether under this Ordinance or otherwise; or

(ii) in connection with any other legal proceedings arising out of this Ordinance;

(c) to the disclosure of information to the police or the Independent Commission Against Corruption, at the request of the Secretary for Justice, relevant to the proper investigation of any criminal complaint;

(d) to the disclosure of information to the Chief Executive or the Financial Secretary for the purpose of enabling or assisting the Monetary Authority to perform his functions under this Ordinance;

(e) to the disclosure of information to any person within the category of persons specified in subsection (2), where the disclosure will enable or assist that person to assist the Monetary Authority in the performance of any of the functions referred to in section 5A(2) of the Exchange Fund Ordinance (Cap. 66);

(f) to the disclosure of information to the Tribunal;

(fa) to the disclosure of information to the Resolution Compensation Tribunal; *(Added 23 of 2016 s. 226)*

(fb) to the disclosure of information to the Resolvability Review Tribunal; *(Added 23 of 2016 s. 226)*

(fc) to the disclosure of information by the Monetary Authority to a resolution authority for the purpose of enabling or assisting the resolution authority to perform its functions under the Financial Institutions (Resolution) Ordinance (Cap. 628); *(Added 23 of 2016 s. 226 and E.R. 2 of 2017)*

(g) to the disclosure of information to any person or body who may be appointed or established by the Chief Executive to review processes or procedures adopted by the Monetary Authority in making decisions under this Ordinance in so far as those decisions relate to or affect — *(Amended 18 of 2015 s. 41)*

(i) the designated systems specified in Schedule 2;

(ii) the designated systems in which the Monetary Authority has a legal or beneficial interest; or

(iii) stored value facilities;

(ga) if the condition specified in subsection (6) is satisfied, to the disclosure of information to a public officer authorized by the Financial Secretary under subsection (8); *(Added 18 of 2015 s. 41)*

(h) to the disclosure of information with the consent of the person from whom the information was obtained or received or, where the information does not relate to such person, with the consent of the person to whom it relates;

(i) to the disclosure of information which has been made available to the public by virtue of being disclosed in any circumstances in which, or for any purpose for which, disclosure is not precluded by this section; or

(j) to the disclosure of information to the Commissioner as defined by section 1 of Part 2 of Schedule 1 to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615). *(Added 18 of 2015 s. 41. Amended 4 of 2018 s. 48)*

(4) Subsection (1) does not apply to any disclosure of information, being a disclosure that is not contrary to the public interest, of the following description—

(a) disclosure of information to the Securities and Futures Commission referred to in section 3(1) of the Securities and Futures Ordinance (Cap. 571) if, in the opinion of the Monetary Authority, such disclosure will assist the Securities and Futures Commission in exercising its functions; or

(b) disclosure of information to an authority in a place outside Hong Kong exercising in that place functions similar to the functions of the Monetary Authority under this Ordinance, being an authority that is subject to secrecy provisions in that place that in the opinion of the Monetary Authority are adequate, if in the opinion of the Monetary Authority such disclosure will—

(i) assist that authority in exercising those functions; and

(ii) help maintain and promote safety and efficiency in the operation of designated systems or stored value facilities.

(4A) If information is disclosed under subsection (1), or in any of the circumstances mentioned in subsection (3) (other than subsection (3)(a), (h) or (i)) or (4)(a), the person to whom the information is so disclosed, or any other person obtaining or receiving the information, whether directly or indirectly, from the person to whom the information is so disclosed, must not disclose the information or any part of it to any other persons unless—

(a) the Monetary Authority consents to the disclosure;

(b) the information or the part of it has already been made available to the public;

(c) the disclosure is for the purpose of seeking advice from, or giving advice by, counsel or a solicitor or other professional adviser acting or proposing to act in a professional capacity in connection with any matter arising under this Ordinance; or

(d) the disclosure is in accordance with an order of a court, or in accordance with a law or requirement made under a law. *(Added 18 of 2015 s. 41)*

(4B) Despite subsection (1), the Monetary Authority may disclose information to an authority in a place outside Hong Kong if—

(a) that authority performs functions in that place broadly comparable to those of a resolution authority in Hong Kong; and

(b) in the opinion of the Monetary Authority—

(i) that authority is subject to adequate secrecy provisions in that place; and

(ii) the information is necessary to enable or assist that authority to perform functions in that place broadly comparable to those of a resolution authority in Hong Kong. *(Added 23 of 2016 s. 226)*

(5) The Monetary Authority may attach any conditions that the Monetary Authority considers appropriate in disclosing any information in the circumstances mentioned in subsection (3) or (4B) or in giving a consent under subsection (4A)(a). *(Replaced 18 of 2015 s. 41. Amended 23 of 2016 s. 226)*

(6) The condition referred to in subsection (3)(ga) is that—

(a) it is desirable or expedient that the information should be disclosed in the public interest; or

(b) the disclosure will enable or assist the recipients of the information to perform their functions and the disclosure is not contrary to the public interest. *(Added 18 of 2015 s. 41)*

(7) Subsection (3)(h) does not require the Monetary Authority to disclose in, or in relation to, any civil proceedings any information that the Monetary Authority may disclose, or has disclosed, under that subsection. *(Added 18 of 2015 s. 41)*

(8) The Financial Secretary may authorize a public officer as a person to whom information may be disclosed under subsection (3)(ga). *(Added 18 of 2015 s. 41)*

(9) A person who contravenes subsection (1) commits an offence and is liable—

(a) on conviction on indictment, to a fine of $1,000,000 and to imprisonment for 2 years; or

(b) on summary conviction, to a fine at level 6 and to imprisonment for 6 months. *(Added 18 of 2015 s. 41)*

(10) A person who contravenes subsection (4A) commits an offence and is liable—

(a) on conviction on indictment, to a fine of $1,000,000 and to imprisonment for 2 years; or

(b) on summary conviction, to a fine at level 6 and to imprisonment for 6 months. *(Added 18 of 2015 s. 41)*

(11) A person commits an offence if the person—

(a) knows that a condition referred to in subsection (5) has been attached to—

(i) a disclosure of information made under subsection (3); or

(ii) a consent given under subsection (4A)(a); and

(b) contravenes, or aids, abets, counsels or procures any person to contravene, that condition. *(Added 18 of 2015 s. 41)*

(12) A person who commits an offence under subsection (11) is liable—

(a) on conviction on indictment, to a fine of $1,000,000 and to imprisonment for 2 years; or

(b) on summary conviction, to a fine at level 6 and to imprisonment for 6 months. *(Added 18 of 2015 s. 41)*

*(Amended 18 of 2015 s. 41)*

## 54. Guidelines

(1) The Monetary Authority may, for the purpose of making available relevant information— *(Amended 18 of 2015 s. 46)*

(a) after consulting the system operators and settlement institutions of designated systems, issue guidelines setting out the manner in which the Monetary Authority proposes to—

(i) discharge any duty imposed or exercise any power conferred on the Monetary Authority under this Ordinance, in so far as the duty or power relates to designated systems; or

(ii) perform any function assigned to the Monetary Authority under this Ordinance, in so far as the function relates to designated systems; or

(b) issue guidelines setting out the manner in which the Monetary Authority proposes to—

(i) discharge any duty imposed or exercise any power conferred on the Monetary Authority under this Ordinance, in so far as the duty or power relates to stored value facilities; or

(ii) perform any function assigned to the Monetary Authority under this Ordinance, in so far as the function relates to stored value facilities. *(Amended 18 of 2015 s. 46)*

(1A) The Monetary Authority may issue guidelines to—

(a) assist system operators or settlement institutions of designated systems to comply with the provisions of this Ordinance relating to designated systems; or

(b) assist issuers or facilitators of stored value facilities to comply with the provisions of this Ordinance relating to stored value facilities. *(Added 18 of 2015 s. 46)*

(1B) Without limiting subsection (1A)(b), the guidelines may provide that if a licensee engages in a business practice specified in the guidelines for the purposes of this subsection —

(a) the Monetary Authority may consider the soundness of the financial position of the licensee to be dependent on the soundness of the financial position of a single party; and

(b) the Monetary Authority may, where the Monetary Authority is of the opinion that the case is of sufficient importance to justify the Monetary Authority to do so, consider exercising the power under Division 6 of Part 2A. *(Added 18 of 2015 s. 46)*

(1C) Guidelines issued under subsection (1B)—

(a) may be expressed to apply to all licensees or to any class of licensees; and

(b) may specify what constitutes a single party for the purposes of any of those guidelines. *(Added 18 of 2015 s. 46)*

(1D) Without limiting subsection (1C)(b), a class or description of persons or businesses may constitute a single party for the purposes of that subsection. *(Added 18 of 2015 s. 46)*

(1E) The Monetary Authority must, before exercising the power to impose a sanction mentioned in section 33Q(2)(a), issue guidelines setting out the manner in which the power is to be exercised. *(Added 18 of 2015 s. 46)*

(2) The Monetary Authority shall publish in the Gazette any guidelines issued by him under this section.

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# Schedule 3

[ss. 2 & 57 & Sch. 1]

# Minimum Criteria

## Part 1

## Preliminary

### 1. Interpretation

(1) In this Schedule—

***adequate*** (健全), in relation to any systems of control, includes operating the systems effectively;

***applicable company*** (適用公司), in relation to the application of the minimum criteria to a person under a provision of this Ordinance, means the person;

***chief executive*** (行政總裁) has the meaning given by section 8A;

***controller*** (控權人) has the meaning given by section 8ZZE;

***manager*** (經理) has the meaning given by section 8A;

***net debit balance*** (借方淨差額), in relation to an applicable company, means the aggregate of—

(a) the excess of the accumulated losses over the accumulated profits disclosed in the profit and loss account of the most recent audited accounts of the applicable company; and

(b) other reserves separately disclosed in the balance sheet of the most recent audited accounts of the applicable company;

***SVF scheme*** (儲值支付工具計劃)—

(a) in relation to an applicable company that is a person applying for a licence under section 8E, means the scheme that the person proposes, if the licence is granted under section 8F—

(i) for the issue of stored value facilities under the licence; or

(ii) for facilitating the issue of stored value facilities under the licence; or

(b) in relation to any other applicable company, means the scheme operated by the licensee—

(i) for the issue of stored value facilities under its licence; or

(ii) for facilitating the issue of stored value facilities under its licence;

***systems of control*** (管控制度) includes procedures.

(2) In calculating the value of the paid-up share capital of an applicable company under this Schedule, the net debit balance of the applicable company is to be deducted from such share capital.

(3) In applying the criteria set out in Part 2 of this Schedule in relation to a person applying for a licence under section 8E—

(a) a reference in this Schedule to a licence is a reference to the licence that may be granted to the person on an application under section 8F;

(b) a reference to a licence in a provision that defines a term or an expression used in this Schedule is a reference to the licence that may be granted to the person on an application under section 8F;

(c) a reference to a licensee in a provision that defines a term or an expression used in this Schedule is a reference to the person; and

(d) the criteria set out in Part 2 of this Schedule are to be construed with necessary modifications to take into account the status of the person as an applicant for a licence.

**2. Application of criteria**

Unless otherwise provided in Part 2 of this Schedule, the criteria set out in that Part apply in relation to all applicable companies.

# Part 2

# Criteria

## 1. Principal business

(1) The principal business of the applicable company must be—

(a) the issue of stored value facilities under a licence; or

(b) the facilitation of the issue of stored value facilities under a licence.

(2) This section does not apply in relation to an applicable company that is a bank.

## 2. Financial resources

(1) The applicable company must have adequate financial resources (whether actual or contingent) for operating its SVF scheme.

(2) The applicable company must satisfy either of the following—

(a) the applicable company's paid-up share capital is not less than—

(i) $25,000,000; or

(ii) an equivalent amount in any other currency that is freely convertible into Hong Kong dollars or is approved by the Monetary Authority for the purposes of this section;

(b) the applicable company's other financial resources are equivalent to or exceed those mentioned in paragraph (a).

(3) This section does not apply in relation to an applicable company that is a bank.

## 3. Fit and proper person

(1) The applicable company must have in place adequate systems of control to ensure that the Monetary Authority is kept informed of the identity of each controller of the applicable company.

(2) Each chief executive, director or controller of the applicable company must be a fit and proper person to hold the position concerned.

(3) The applicable company must have in place adequate systems of control to ensure that each manager of the applicable company is a fit and proper person to hold the position concerned.

(4) This section does not apply in relation to an applicable company that is a bank.

**4. Knowledge and experience**

(1) The officers of the applicable company who are responsible for implementing the company's SVF scheme or the day-to-day management of the scheme must have the appropriate knowledge and experience to effectively discharge that responsibility.

(2) The applicable company must have in place adequate systems of control to ensure that each of its officers responsible for implementing the company's SVF scheme or the day-to-day management of the scheme has the appropriate knowledge and experience to effectively discharge that responsibility.

**5. Prudential and risk management**

(1) The applicable company must have in place appropriate risk management policies and procedures for managing the risks arising from the operation of its SVF scheme that are commensurate with the scale and complexity of the scheme, including—

(a) adequate security and internal control to ensure the safety and integrity of data (in particular, personal data) and records;

(b) effective means to detect fraud and attempted fraud;

(c) robust and proven contingency arrangements to address any operational disruptions; and

(d) other operational and security safeguards appropriate for the scheme.

(2) The applicable company—

(a) must implement the policies and procedures mentioned in subsection (1); and

(b) must not deviate from those policies and procedures except with the prior written consent of the Monetary Authority.

**6. Anti-money laundering and counter-terrorist financing measures**

(1) There must be in place in the SVF scheme of the applicable company adequate and appropriate systems of control for preventing or combating possible money laundering or terrorist financing.

(2) The applicable company must have in place adequate and appropriate systems of control to ensure that it complies with —

(a) the provisions of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) that are applicable to the applicable company; and *(Amended 4 of 2018 s. 49)*

(b) the measures (if any) promulgated by the Monetary Authority, whether in the form of rules, regulations, guidelines or otherwise, to prevent, combat or detect money laundering or terrorist financing.

**7. Management of float and SVF deposit**

If the applicable company holds the float or SVF deposit of a stored value facility to which its SVF scheme relates, the applicable company must—

(a) have in place adequate risk management policies and procedures for managing the float or deposit to ensure that there will always be sufficient funds for the redemption of the stored value that remains on the facility;

(b) implement those policies and procedures; and

(c) ensure that at all times the float or deposit—

(i) is kept separate from any other funds paid to or maintained or received by the applicable company; and

(ii) is adequately protected by the measures adopted by the applicable company for protecting the float or deposit.

**8. Redemption of outstanding stored value**

(1) Subject to subsection (3), if the applicable company holds the stored value (including SVF deposit) of a stored value facility to which its SVF scheme relates, the applicable company must redeem in full the total of the stored value that remains on the facility as soon as practicable after being requested by its user to do so.

(2) For the purposes of subsection (1), if a fee or charge is payable for a request for the redemption made at any time, the applicable company must, in the contract with the user, state clearly and prominently the amount of the fee or charge.

(3) The Monetary Authority may, on the application of the applicable company, give a prior written permission to the applicable company to the effect that its SVF scheme is not to be subject to subsection (1), if the Monetary Authority considers it appropriate to do so.

(4) If a prior written permission is given under subsection (3), the applicable company must, in the contract with the user, state clearly and prominently—

(a) that the stored value remaining on the stored value facility is not redeemable after an expiry date;

(b) the expiry date for redeeming the stored value remaining on the facility; and

(c) any other terms or conditions relating to the redemption.

**9. Operating rules**

The operating rules of the SVF scheme of the applicable company must be prudent and sound, having regard to the purposes of the scheme and how the scheme is to be operated and governed.

**10. Purpose and soundness of relevant scheme**

(1) The SVF scheme of the applicable company must be prudent and sound, having regard to the purpose, business model and operational arrangement of the scheme.

(2) The SVF scheme of the applicable company must be operated prudently and with competence in a manner that will not adversely affect—

(a) the stability of any payment system in Hong Kong; or

(b) the interests of the user or potential user of the stored value facility to which the SVF scheme relates.

*(Schedule 3 added 18 of 2015 s. 54)*

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# Schedule 5

[ss. 8V, 8Z, 8ZA, 8ZE & 57]

# Grounds for Revocation of Licence

## Part 1

1. In this Schedule—

***chief executive*** (行政總裁) has the meaning given by section 8A;

***controller*** (控權人) has the meaning given by section 8ZZE.

2. In this Schedule, a licensee is regarded as insolvent if the licensee—

(a) has ceased to pay its debts in the ordinary course of business; or

(b) cannot pay its debts as they become due.

## Part 2

3. The Monetary Authority is satisfied that the licensee does not fulfil any of the minimum criteria applicable in relation to the licensee.

4. The Monetary Authority is satisfied that—

(a) the licensee—

(i) proposes to enter into, or has entered into, a composition or scheme of arrangement with its creditors; or

(ii) proposes to enter into, or has entered into, a voluntary arrangement as defined by section 2 of the Bankruptcy Ordinance (Cap. 6) with its creditors;

(b) the licensee is insolvent; or

(c) the licensee is being, or has been, wound up or is otherwise dissolved.

5. The licensee has informed the Monetary Authority that—

(a) it is likely to become unable to meet its obligations; or

(b) it is about to suspend payment.

6. The Monetary Authority is satisfied that the licensee is unable to meet its obligations or has suspended payment.

7. The Monetary Authority is satisfied that the licensee has not provided the Monetary Authority (whether before, on or after the grant of the licence) with any information required to be provided under this Ordinance that is of a material nature relating to—

(a) the licensee; or

(b) any circumstances likely to affect the licensee's method of business.

8. The Monetary Authority is satisfied that the licensee has provided the Monetary Authority (whether before, on or after the grant of the licence) with any information (whether or not provided under this Ordinance) that is false, misleading or inaccurate in a material particular.

9. The Monetary Authority is satisfied that the licensee has contravened a condition of the licence attached under section 8I.

10. The Monetary Authority is satisfied that the licensee has ceased to carry on the business of issuing or facilitating the issue of stored value facilities.

11. The licensee has failed to pay the fee required by section 8M or 8N after being advised in writing by the Monetary Authority that the licensee has failed to pay the fee.

12. A person has become a controller of the licensee despite there being in effect a notice given to the person under section 8ZZF(2)(b) objecting to the person becoming such a controller.

13. A person continues to be a controller of the licensee despite there being in effect a notice given to the person under section 8ZZG(3)(b) or 8ZZJ(2) objecting to the person being such a controller.

14. The licensee is in contravention of section 8ZZU.

15. A person has become or continues to be a chief executive or director of the licensee in contravention of section 8ZZV.

16. The licensee engages in a business practice specified in the guidelines issued under section 54(1B).

17. The Monetary Authority is satisfied that the interests of the user or potential user of any stored value facility issued, or the issue of which is facilitated, by the licensee under its licence are in any manner threatened by the licensee continuing to be licensed.

18. The Monetary Authority is satisfied that the licensee engages in business practices which would be likely to prejudice the interests of Hong Kong as an international financial centre.

19. The licensee has failed to pay any pecuniary penalty required to be paid by it under section 33Q after being advised in writing by the Monetary Authority that the period within which the penalty was required to be paid has expired without the penalty being paid.

## Part 3

20. The licensee requests in writing the Monetary Authority to revoke the licence, and the Monetary Authority is satisfied that the interests of the user of any stored value facility issued, or the issue of which is facilitated, by the licensee under its licence will be adequately safeguarded even if the request is acceded to.

*(Schedule 5 added 18 of 2015 s. 54)*

# Schedule 1

[ss. 2, 24, 25, 33 & 33C]

## Part 1

## Exempted Persons

1. Any subsidiary of an authorized institution within the meaning of the Banking Ordinance (Cap. 155).

2. A co-operative society registered under the Co-operative Societies Ordinance (Cap. 33).

3. A credit union registered under the Credit Unions Ordinance (Cap. 119) and the Credit Union League of Hong Kong incorporated under Part XI of that Ordinance.

4. A trade union registered under the Trade Unions Ordinance (Cap. 332).

5. An insurer, within the meaning of the Insurance Ordinance (Cap. 41), authorized under that Ordinance to carry on a class, or classes, of insurance business specified in Part 2 of Schedule 1 to that Ordinance. *(Amended 12 of 2015 s. 107)*

6. *(Repealed L.N. 140 of 1991)*

7. The University Grants Committee. *(Amended L.N. 35 of 1995)*

8. A bank which is—

   (a) incorporated or established outside Hong Kong;

(b) recognized as a bank by the relevant banking supervisory authority (within the meaning of section 2(9) of the Banking Ordinance (Cap. 155)) which has been declared in writing by the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap. 66) to be a banking supervisory authority in respect of which he is of the opinion that it exercises adequate prudential supervision for the purposes of this paragraph; and *(Replaced 49 of 1995 s. 53)*

(c) carrying on banking business in the place where that banking supervisory authority is located. *(Replaced 49 of 1995 s. 53)*

9. An organization—

(a) which is a member of the International Union of Credit and Investment Insurers ("The Berne Union"); or

(b) in respect of which the Registrar has declared in writing that he is satisfied that it was established by one or more national governments with the object of financing, or guaranteeing the financing of, the export of a country's goods or services.

10. A corporation licensed to carry on a business in securities margin financing under Part V of the Securities and Futures Ordinance (Cap. 571). *(Replaced 5 of 2002 s. 407)*

11. A corporation licensed to carry on, or an authorized financial institution registered for carrying on, a business in dealing in securities under Part V of the Securities and Futures Ordinance (Cap. 571) who engages in securities margin financing in order to facilitate acquisitions or holdings of securities by the corporation or institution for its client. *(Replaced 5 of 2002 s. 407)*

# Part 2

# Exempted Loans

1. A loan made bona fide by an employer to his employee.

2. A loan made to a company secured by a mortgage, charge, lien or other encumbrance—

(a) registered, or to be registered, under the Companies Ordinance (Cap. 622); *(Replaced 28 of 2012 ss. 912 & 920)*

(ab) registered, or to be registered, under a provision of the Companies Ordinance (Cap. 32) as in force from time to time before the commencement date* of section 2 of Schedule 9 to the Companies Ordinance (Cap. 622), having a continuing effect under Schedule 11 to the Companies Ordinance (Cap. 622); *(Added 28 of 2012 ss. 912 & 920)*

(ac) registered under a former Companies Ordinance as defined by section 2(1) of the Companies Ordinance (Cap. 622); or *(Added 28 of 2012 ss. 912 & 920)*

(b) which would, in the case of a company referred to in paragraph (b) or (c) of the definition of ***company*** (公司) in section 2(1)— *(Amended 28 of 2012 ss. 912 & 920)*

(i) where the mortgage, charge, lien or encumbrance was created before the commencement date* of section 2 of Schedule 9 to the Companies Ordinance (Cap. 622), be able to be registered under a former Companies Ordinance as defined by section 2(1) of the Companies Ordinance (Cap. 622) if the company were incorporated under that former Companies Ordinance; or

(ii) where the mortgage, charge, lien or encumbrance is created on or after that commencement date*, be able to be registered under the Companies Ordinance (Cap. 622) if the company were incorporated under that Ordinance. *(Amended 28 of 2012 ss. 912 & 920)*

3. A loan made by a company under a bona fide credit-card scheme operated by the company to any holder of a credit-card issued under that scheme.

4. A loan made bona fide for the purchase of immovable property on the security of a mortgage of that property and a loan made bona fide to refinance such a mortgage.

5. A loan made by a company or a firm or individual whose ordinary business does not primarily or mainly involve the lending of money, in the ordinary course of that business.

6. A loan made by a licensed pawnbroker under the Pawnbrokers Ordinance (Cap. 166), being a loan to which that Ordinance applies.

7. A loan made by any statutory body under any power conferred by law in that behalf.

8. A loan made from—

(a) a fund established by resolution of the Legislative Council or by or under an Ordinance;

(b) any superannuation or provident fund.

9. A loan made from any chit-fund operated under the Chit-Fund Businesses (Prohibition) Ordinance (Cap. 262).

10. (a) A loan made by a holding company to its subsidiary or by a subsidiary to its holding company or another subsidiary company of the same holding company.

(b) Sections 13, 14 and 15 of the Companies Ordinance (Cap. 622) shall apply to the interpretation of this paragraph as it applies to the interpretation of that Ordinance. *(Amended 28 of 2012 ss. 912 & 920)*

11. A loan made to a company where the loan—

(a) forms part of a transaction involving the export from, or the import into, Hong Kong of goods or services; and

(b) is for the purpose of facilitating that export or import, as the case may be, of those goods or services.

12. (a) A loan made to a company that has a paid up share capital of not less than $1,000,000 or an equivalent amount in any other approved currency.

(b) For the purposes of this paragraph ***approved currency*** (認可貨幣) means a currency—

(i) freely convertible into Hong Kong dollars; or

(ii) approved in writing by the Registrar for the purposes of this paragraph.

13. A loan upon terms involving the issue by a company of debentures or other securities in respect of which a prospectus has been registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32). *(Amended 28 of 2012 ss. 912 & 920)*

14. A loan made to a company the shares or debentures of which are listed on—

(a) a recognized stock market as defined in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571); or *(Replaced 5 of 2002 s. 407)*

(b) any other stock market declared in writing, by the Securities and Futures Commission referred to in section 3(1) of the Securities and Futures Ordinance (Cap. 571), to be approved for the purposes of this paragraph. *(Amended 10 of 1989 s. 65; 5 of 2002 s. 407)*

15. A loan made to the subsidiary of a company referred to in paragraph 14.

*(Replaced 69 of 1988 s. 33)*

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Editorial Note:

* Commencement date : 3 March 2014.

# Schedule 4

[ss. 2, 7A & 37]

## Excluded Products

*(Schedule 4 added 25 of 2012 s. 23)*

1. Goods or services sold or supplied by a person regulated, licensed, registered, recognized or authorized under the Insurance Ordinance (Cap. 41), the Banking Ordinance (Cap. 155), the Mandatory Provident Fund Schemes Ordinance (Cap. 485) or the Securities and Futures Ordinance (Cap. 571), being goods or services the sale or supply of which by that person is itself regulated under an Ordinance that is referred to in this item and under which the person is regulated, licensed, registered, recognized or authorized.

*(Amended 12 of 2015 s. 115)*

**4. Regulatory objectives of Commission**

The regulatory objectives of the Commission are—

(a) to maintain and promote the fairness, efficiency, competitiveness, transparency and orderliness of the securities and futures industry;

(b) to promote understanding by the public of financial services including the operation and functioning of the securities and futures industry; *(Replaced 9 of 2012 s. 30)*

(c) to provide protection for members of the public investing in or holding financial products;

(d) to minimize crime and misconduct in the securities and futures industry;

(e) to reduce systemic risks in the securities and futures industry; and

(f) to assist the Financial Secretary in maintaining the financial stability of Hong Kong by taking appropriate steps in relation to the securities and futures industry.

**5. Functions and powers of Commission**

(1) The functions of the Commission are, so far as reasonably practicable—

(a) to take such steps as it considers appropriate to maintain and promote the fairness, efficiency, competitiveness, transparency and orderliness of the securities and futures industry;

(b) to supervise, monitor and regulate—

(i) the activities carried on by recognized exchange companies, recognized clearing houses, recognized exchange controllers or recognized investor compensation companies, or by persons carrying on activities regulated by the Commission under any of the relevant provisions, other than registered institutions; and

(ii) such of the activities carried on by registered institutions as are required to be regulated by the Commission under any of the relevant provisions;

(c) to promote and develop an appropriate degree of self-regulation in the securities and futures industry;

(d) to promote, encourage and enforce the proper conduct, competence and integrity of persons carrying on activities regulated by the Commission under any of the relevant provisions in the conduct of such activities;

(e) to encourage the provision of sound, balanced and informed advice regarding transactions or activities related to financial products;

(f) to take such steps as it considers appropriate to ensure that the relevant provisions are complied with;

(g) to maintain and promote confidence in the securities and futures industry in such manner as it considers appropriate, including by the exercise of its discretion to disclose to the public any matter relating or incidental to the performance of any of its functions;

(h) to co-operate with and provide assistance to regulatory authorities or organizations, whether formed or established in Hong Kong or elsewhere;

(i) to enhance the understanding and knowledge of members of the public of financial services including—

(i) the operation and functioning of the securities and futures industry; and

(ii) the benefits, risks and liabilities associated with purchasing financial services including investing in financial products; *(Replaced 9 of 2012 s. 31)*

(j) to encourage the public to appreciate the relative benefits of purchasing different types of financial services including investing in financial products through persons carrying on activities regulated by the Commission under any of the relevant provisions; *(Amended 9 of 2012 s. 31)*

(k) to promote understanding by the public of the importance of—

(i) making informed decisions regarding the purchasing of financial services and transactions and activities related to financial products; and

(ii) taking responsibility for those decisions; *(Replaced 9 of 2012 s. 31)*

(l) to secure an appropriate degree of protection for members of the public investing in or holding financial products, having regard to their degree of understanding and expertise in respect of investing in or holding financial products;

(m) to promote, encourage and enforce—

(i) the adoption of appropriate internal controls and risk management systems by persons carrying on activities regulated by the Commission under any of the relevant provisions, other than registered institutions; and

(ii) the adoption of appropriate internal controls and risk management systems by registered institutions in the conduct of activities regulated by the Commission under any of the relevant provisions;

(n) to suppress illegal, dishonourable and improper practices in the securities and futures industry;

(o) to take appropriate steps in relation to the securities and futures industry further to any requirement of the Financial Secretary for the purpose of providing assistance in maintaining the financial stability of Hong Kong;

(p) to recommend reforms of the law relating to the securities and futures industry;

(q) to advise the Financial Secretary on matters relating to the securities and futures industry and provide him with such information in relation thereto as it considers appropriate; and

(r) to perform functions conferred or imposed on it by or under this or any other Ordinance.

(2) Subsection (1)(c) does not limit or otherwise affect any other function of the Commission.

(3) The Commission, in performing any of its functions in relation to—

(a) any authorized financial institution as a registered institution or as an associated entity of an intermediary; or

(b) any person as an associated entity of an authorized financial institution that is a registered institution,

may rely, in whole or in part, on the supervision of such authorized financial institution or person (as the case may be) by the Monetary Authority.

(4) For the purposes of this Ordinance, the Commission may—

(a) acquire, hold and dispose of property of any description;

(b) make contracts or other agreements;

(c) receive and expend moneys;

(d) with the approval of the Financial Secretary, borrow money on security or other conditions;

(da) establish a wholly owned subsidiary of the Commission to facilitate the performance of functions under subsection (1)(i), (j) and (k); *(Added 9 of 2012 s. 31)*

(e) publish or otherwise make available materials (however described) indicating to persons who are, or who carry on activities, regulated by the Commission under any of the relevant provisions and, where the Commission considers appropriate, to any other persons the manner in which, in the absence of any particular consideration or circumstance, the Commission proposes to perform any of its functions; and

(f) publish or otherwise make available materials (however described) indicating to the public any matter relating or incidental to the performance of any of the functions of the Commission.

(5) Materials published or otherwise made available under subsection (4)(e) or (f) are not subsidiary legislation.

**6. General duties of Commission**

(1) In performing its functions, the Commission shall, so far as reasonably practicable, act in a way which—

(a) is compatible with its regulatory objectives; and

(b) it considers most appropriate for the purpose of meeting those objectives.

(2) In pursuing its regulatory objectives and performing its functions, the Commission shall have regard to—

(a) the international character of the securities and futures industry and the desirability of maintaining the status of Hong Kong as a competitive international financial centre;

(b) the desirability of facilitating innovation in connection with financial products and with activities regulated by the Commission under any of the relevant provisions;

(c) the principle that competition among persons carrying on activities regulated by the Commission under any of the relevant provisions should not be impeded unnecessarily;

(d) the importance of acting in a transparent manner, having regard to its obligations of preserving secrecy and confidentiality; and

(e) the need to make efficient use of its resources.

**20. Transactions that may be conducted on recognized stock market and recognized futures market**

(1) No transaction may be conducted on a recognized stock market other than dealings in—

(a) securities; and

(b) other financial products which are approved by the Commission by notice published in the Gazette, either generally or in a particular case.

(2) No transaction may be conducted on a recognized futures market other than dealings in—

(a) futures contracts; and

(b) other financial products,

which are approved by the Commission by notice published in the Gazette, either generally or in a particular case.

(3) A notice under subsection (1) or (2) is not subsidiary legislation.

**139. Prohibition of use of certain titles**

(1) A person shall not take or use any of the specified titles set out opposite to the reference to this subsection in column 2 of Schedule 6 unless—

(a) the person is licensed or registered for Type 1 regulated activity; or

(b) his 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 regulated activity by a person registered for that regulated activity, while acting in that capacity.

(2) A person shall not take or use any of the specified titles set out opposite to the reference to this subsection in column 2 of Schedule 6 unless—

(a) the person is licensed or registered for Type 2 regulated activity; or

(b) his 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 2 regulated activity by a person registered for that regulated activity, while acting in that capacity.

(3) A person shall not take or use any of the specified titles set out opposite to the reference to this subsection in column 2 of Schedule 6 unless the person—

(a) is licensed for Type 3 regulated activity;

(b) is an authorized financial institution; or

(c) is engaged by an authorized financial institution, while acting for the institution in an activity that would have fallen within the meaning of the definition of ***leveraged foreign exchange trading*** in Part 2 of Schedule 5 but for paragraph (xii) of that definition.

(4) A person shall not take or use any of the specified titles set out opposite to the reference to this subsection in column 2 of Schedule 6 unless—

(a) the person is licensed or registered for Type 4 regulated activity; or

(b) his 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 4 regulated activity by a person registered for that regulated activity, while acting in that capacity.

(5) A person shall not take or use any of the specified titles set out opposite to the reference to this subsection in column 2 of Schedule 6 unless—

(a) the person is licensed or registered for Type 5 regulated activity; or

(b) his 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 5 regulated activity by a person registered for that regulated activity, while acting in that capacity.

(6) A person shall not take or use any of the specified titles set out opposite to the reference to this subsection in column 2 of Schedule 6 unless—

(a) the person is licensed or registered for Type 6 regulated activity; or

(b) his 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 6 regulated activity by a person registered for that regulated activity, while acting in that capacity.

(7) A person shall not take or use any of the specified titles set out opposite to the reference to this subsection in column 2 of Schedule 6 unless—

(a) the person is licensed or registered for Type 7 regulated activity;

(b) the person is granted an authorization under section 95(2) to provide automated trading services;

(c) his 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 7 regulated activity by a person registered for that regulated activity, while acting in that capacity; or

(d) the person is an employee of a person authorized under section 95(2) to provide automated trading services, while acting for that person in that regulated activity.

(8) A person shall not take or use any of the specified titles set out opposite to the reference to this subsection in column 2 of Schedule 6 unless the person—

(a) is licensed for Type 8 regulated activity;

(b) is an authorized financial institution; or

(c) is engaged by an authorized financial institution, while acting for the institution in an activity that would have fallen within the meaning of the definition of ***securities margin financing*** in Part 2 of Schedule 5 but for paragraph (v) of that definition.

(9) A person shall not take or use any title, other than any specified title referred to in subsection (1), (2), (3), (4), (5), (6), (7) or (8), which suggests that—

(a) he carries on a business in any regulated activity referred to in any of those subsections; or

(b) he performs any regulated function in relation to a regulated activity referred to in any of those subsections which is carried on as a business,

unless he falls within the description specified in a paragraph of such of those subsections.

(10) A person who contravenes subsection (1), (2), (3), (4), (5), (6), (7), (8) or (9) commits an offence and is liable on conviction to a fine at level 6 and, in the case of a continuing offence, to a further fine of $2,000 for every day during which the offence continues.

**165. Associated entities**

(1) An associated entity of an intermediary shall within 7 business days after—

(a) it becomes such an associated entity; or

(b) it ceases to be such an associated entity,

notify the Commission by notice in writing of that fact and such other particulars as are prescribed by rules made under section 397 for the purposes of this section.

(2) Where there is any change in the particulars required to be provided by an associated entity of an intermediary under subsection (1), the associated entity shall within 7 business days thereafter notify the Commission by notice in writing of that fact and provide in the notice particulars of the change.

(3) Where an associated entity of an intermediary, other than an authorized financial institution, receives or holds client assets of the intermediary, the associated entity shall not, unless authorized in writing by the Commission, conduct any business other than that of receiving or holding client assets, whether on behalf of the intermediary or otherwise.

(4) An associated entity of an intermediary which, without reasonable excuse, contravenes subsection (1), (2) or (3) commits an offence and is liable—

(a) on conviction on indictment to a fine of $200,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(5) An associated entity of an intermediary which, with intent to defraud, contravenes subsection (1), (2) or (3) commits an offence and is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 7 years; or

(b) on summary conviction to a fine of $500,000 and to imprisonment for 1 year.

(6) An associated entity of an intermediary which becomes aware that it does not comply with subsection (1), (2) or (3) shall within one business day thereafter notify the Commission by notice in writing of that fact and of the surrounding circumstances.

(7) An associated entity of an intermediary which contravenes subsection (6) commits an offence and is liable—

(a) on conviction on indictment to a fine of $200,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(8) An associated entity of an intermediary is not excused from complying with subsection (6) only on the ground that to do so might tend to incriminate it.

(9) Notwithstanding anything in this section, the power of the Commission to make rules for the purposes of this section in respect of associated entities shall, where the associated entities are authorized financial institutions, be regarded as the power to make rules in respect of the associated entities only in relation to particulars relating to their businesses of receiving or holding client assets of intermediaries of which they are associated entities.

**168. Business conduct of intermediaries and their representatives**

(1) The Commission may make rules requiring intermediaries and their representatives to comply with such practices and standards, relating to the conduct of the intermediaries or the representatives (as the case may be) in carrying on the regulated activities for which the intermediaries are licensed or registered, as are specified in the rules.

(2) Without limiting the generality of subsection (1) and without prejudice to section 398(7) and (8), the Commission may in the rules referred to in subsection (1)—

(a) prohibit the use of misleading or deceptive advertisements by or on behalf of intermediaries, and impose conditions for the use of advertisements by or on behalf of intermediaries;

(b) require specified terms and conditions to be included in client contracts and provide that the terms and conditions are, unless the Commission in relation to any particular term or condition otherwise directs, to be deemed to be of the essence of the client contracts in which they are included, whether or not a different intention appears from the provisions of such client contracts;

(c) require an intermediary to provide to its client, upon entering into a client contract with the client, and thereafter from time to time upon request by the client, specified information concerning the business of the intermediary, and the identity and status of any person acting on behalf of the intermediary and with whom the client may have contact;

(d) require an intermediary, and any representative of an intermediary, to take specified steps to ascertain, in relation to each of the clients of the intermediary, specified matters relating to his identity and his financial situation, investment experience and investment objectives relevant to the services to be provided by the intermediary;

(e) require an intermediary, and any representative of an intermediary, to take specified steps before providing information or advice concerning financial products to any client of the intermediary;

(f) require an intermediary, and any representative of an intermediary, when making any recommendation concerning any financial product to any client of the intermediary, to disclose to the client in the specified manner any interest the intermediary or the representative (as the case may be) may have in the financial product;

(g) require an intermediary, and any representative of an intermediary, to take specified steps to ensure that disclosure is made to any client of the intermediary of financial risks in relation to any financial product the intermediary or the representative (as the case may be) recommends to the client;

(h) require an intermediary, and any representative of an intermediary, to take specified steps to ensure that disclosure is made to any client of the intermediary of any commission or advantage the intermediary or the representative (as the case may be) receives or is to receive from any third party in connection with any financial product the intermediary or the representative (as the case may be) recommends to the client;

(i) require an intermediary, and any representative of an intermediary, not to effect a transaction on behalf of any client of the intermediary in specified circumstances;

(j) prohibit the use by an intermediary, or any representative of an intermediary, of information relating to the affairs of a client of the intermediary, except in specified circumstances and under specified conditions;

(k) require an intermediary, and any representative of an intermediary, to take specified steps in cases of conflict arising between any of their interests and those of a client of the intermediary;

(l) prohibit the receipt by an intermediary of any property or services from another intermediary in consideration of directing business to that other intermediary, except in specified circumstances and under specified conditions;

(m) prohibit the dealing by any representative of an intermediary for his own account in securities or futures contracts, except in specified circumstances and under specified conditions;

(n) require an intermediary, and any representative of an intermediary, to take specified steps to introduce and implement procedures to discourage and identify any money laundering activities;

(o) provide for any other matter relating to the practices and standards relating to conduct in carrying on the regulated activities for which intermediaries are licensed or registered.

(3) Notwithstanding anything in this section, the Commission shall not exercise any of its powers under this section to make rules to specify any terms and conditions for the purposes of any requirement referred to in subsection (2)(b) unless it is satisfied that the specification of the terms and conditions is for the better furtherance of any of its regulatory objectives or the better performance of any of its functions.

(4) Rules made under this section may provide that an intermediary, or a representative of an intermediary, that, without reasonable excuse, contravenes any specified provision of the rules that applies to it or him commits an offence and is liable to a specified penalty not exceeding—

(a) on conviction on indictment a fine of $200,000 and a term of imprisonment of 2 years;

(b) on summary conviction a fine at level 6 and a term of imprisonment of 6 months.

**180. Supervision of intermediaries and their associated entities**

(1) Subject to subsections (9) and (10), an authorized person may at any reasonable time, for the purpose of ascertaining whether an intermediary or an associated entity of an intermediary is complying or has complied with, or is likely to be able to comply with, the requirement specified in subsection (2)—

(a) enter—

(i) in the case of an intermediary—

(A) where it is a licensed corporation, its premises as approved by the Commission under section 130(1); or

(B) where it is a registered institution, the premises of the registered institution; or

(ii) in the case of an associated entity of an intermediary, the premises of the associated entity;

(b) inspect, and make copies or otherwise record details of, any record or document relating to—

(i) the business conducted by the intermediary or the associated entity (as the case may be);

(ii) any transaction carried out by a related corporation of the intermediary or the associated entity (as the case may be); or

(iii) any transaction or activity which was undertaken in the course of, or which may affect, the business conducted by the intermediary or the associated entity (as the case may be); and

(c) make inquiries of—

(i) the intermediary or the associated entity (as the case may be);

(ii) a related corporation of the intermediary or the associated entity (as the case may be);

(iii) subject to subsection (7), any other person, whether or not connected with the intermediary or the associated entity (as the case may be), whom the authorized person has reasonable cause to believe has information relating to, or is in possession of, any record or document referred to in paragraph (b),

concerning any record or document referred to in paragraph (b), or concerning any transaction or activity which was undertaken in the course of, or which may affect, the business conducted by the intermediary or the associated entity (as the case may be).

(2) The requirement specified for the purposes of subsection (1) is the requirement not to contravene—

(a) any provision of this Ordinance;

(ba) any provision of Part 2 (except section 6) of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615); *(Added 15 of 2011 s. 89. Amended 4 of 2018 s. 44)*

(b) any notice or requirement given or made under or pursuant to any of the relevant provisions;

(c) any of the terms and conditions of any licence or registration under this Ordinance;

(d) any other condition imposed under or pursuant to any provision of this Ordinance; or *(Amended 16 of 2016 s. 7)*

(e) any provision in a code or guideline published under this Ordinance. *(Added 16 of 2016 s. 7)*

(3) Subject to subsections (9) and (10), an authorized person in exercising any of his powers under subsection (1)(b) may require—

(a) the intermediary or the associated entity (as the case may be);

(b) a related corporation of the intermediary or the associated entity (as the case may be);

(c) subject to subsection (8), any other person, whether or not connected with the intermediary or the associated entity (as the case may be), whom the authorized person has reasonable cause to believe has information relating to, or is in possession of, any record or document referred to in subsection (1)(b),

to—

(i) give the authorized person access to any record or document referred to in subsection (1)(b), and produce, within the time and at the place specified by him, the record or document; and

(ii) answer any question regarding the record or document.

(4) Subject to subsections (9) and (10), an authorized person in exercising any of his powers under subsection (1)(c) may require the intermediary or the associated entity, the related corporation or the other person (as the case may be) referred to in subsection (1)(c), to—

(a) give the authorized person access to any record or document referred to in subsection (1)(b), and produce, within the time and at the place specified by him, the record or document; and

(b) answer any question raised for the purposes of subsection (1)(c).

(4A) Subject to subsection (10), if the Commission decides to provide assistance in relation to a licensed corporation under section 186(2A), an authorized person may require the licensed corporation or a related corporation of the licensed corporation to—

(a) provide to the authorized person, within the time and at the place specified by the authorized person, a copy of any record or document relating to—

(i) any regulated activity carried on by the licensed corporation; or

(ii) any transaction or activity which was undertaken in the course of, or which may affect, any regulated activity carried on by the licensed corporation; and

(b) answer any question raised by the authorized person regarding any record, document, regulated activity, transaction or activity referred to in paragraph (a). *(Added 19 of 2015 s. 22)*

(5) An authorized person may in writing require the person giving an answer under this section to verify within a reasonable period specified in the requirement the answer by statutory declaration, which may be taken by the authorized person.

(6) If a person does not give an answer in accordance with a requirement under this section for the reason that the answer was not within his knowledge, an authorized person may in writing require the person to verify within a reasonable period specified in the requirement by statutory declaration, which may be taken by the authorized person, that he was unable to comply or fully comply (as the case may be) with the requirement for that reason.

(7) An authorized person shall not exercise any of his powers under subsection (1)(c)(iii) unless he has reasonable cause to believe that the information sought cannot be obtained by the exercise of any of the powers under subsection (1)(c)(i) or (ii).

(8) An authorized person shall not exercise any of his powers under subsection (3)(c) unless he has reasonable cause to believe that the record or document or the information sought cannot be obtained by the exercise of any of the powers under subsection (3)(a) or (b).

(9) This section shall not be construed as requiring an authorized financial institution, not being the intermediary or the associated entity in question as referred to in subsection (1) or a related corporation of the intermediary or the associated entity (as the case may be), to disclose any information or produce any record or document relating to the affairs of a customer unless the relevant authority is satisfied, and certifies in writing that it is satisfied, that the disclosure or production is necessary for the purposes of this section.

(10) Before an authorized person exercises any power under this section (other than subsection (1)(c)(iii) or (3)(c)) in respect of a corporation—

(a) where the corporation is an authorized financial institution or a corporation which, to the knowledge of the authorized person, is a controller of an authorized financial institution, or has as its controller an authorized financial institution, or has a controller that is also a controller of an authorized financial institution, the authorized person shall consult the Monetary Authority; or

(b) where the corporation is an insurer authorized under the Insurance Ordinance (Cap. 41), the authorized person shall consult the Insurance Authority. *(Amended 12 of 2015 s. 140)*

(11) The relevant authority may authorize in writing any person as an authorized person for the purposes of this section.

(12) The relevant authority shall furnish an authorized person authorized by it with a copy of his authorization, and the authorized person, when exercising any power under this section, shall as soon as reasonably practicable produce a copy of the authorization for inspection.

(13) Where a copy of any record or document is supplied or made for the purpose of complying with a requirement imposed under this section and a facility of a person other than the relevant authority is used to make the copy, the relevant authority shall reimburse the expenses which, in the opinion of the relevant authority, have been reasonably incurred by the person in making the copy.

(14) A person who, without reasonable excuse, fails to comply with a requirement imposed on him by an authorized person under this section commits an offence and is liable—

(a) on conviction on indictment to a fine of $200,000 and to imprisonment for 1 year; or

(b) on summary conviction to a fine at level 5 and to imprisonment for 6 months.

(15) A person who—

(a) in purported compliance with a requirement imposed on him by an authorized person under this section, produces any record or document or gives an answer which is false or misleading in a material particular; and

(b) knows that, or is reckless as to whether, the record or document or the answer is false or misleading in a material particular,

commits an offence and is liable—

(i) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years; or

(ii) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(16) A person who—

(a) with intent to defraud—

(i) fails to comply with a requirement imposed on him by an authorized person under this section; or

(ii) in purported compliance with a requirement imposed on him by an authorized person under this section, produces any record or document or gives an answer which is false or misleading in a material particular; or

(b) being an officer or employee of a corporation, with intent to defraud causes or allows the corporation to—

(i) fail to comply with a requirement imposed on it by an authorized person under this section; or

(ii) in purported compliance with a requirement imposed on it by an authorized person under this section, produce any record or document or give an answer which is false or misleading in a material particular,

commits an offence and is liable—

(i) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 7 years; or

(ii) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(17) In this section—

***authorized person*** (獲授權人) means a person authorized under subsection (11);

***controller*** (控制人) means a person who is an indirect controller or a majority shareholder controller as defined in section 2(1) of the Banking Ordinance (Cap. 155);

***relevant authority*** (有關當局) means—

(a) where—

(i) the intermediary in question as referred to in subsection (1) is a registered institution; or

(ii) the associated entity in question as referred to in that subsection is the associated entity of a registered institution,

the Monetary Authority; or

(b) in any other case, the Commission.

**378. Preservation of secrecy, etc.**

(1) Subject to subsection (13A), except in the performance of a function under, or for the purpose of carrying into effect or doing anything required or authorized under, any of the relevant provisions, a specified person— *(Amended 6 of 2014 s. 39)*

(a) shall preserve and aid in preserving secrecy with regard to any matter coming to his knowledge by virtue of his appointment under any of the relevant provisions, or in the performance of any function under or in carrying into effect any of the relevant provisions, or in the course of assisting any other person in the performance of any function under or in carrying into effect any of the relevant provisions;

(b) shall not communicate any such matter to any other person; and

(c) shall not suffer or permit any other person to have access to any record or document which is in his possession by virtue of the appointment, or the performance of any such function under or the carrying into effect of any such provisions, or the assistance to the other person in the performance of any such function under or in carrying into effect any such provisions.

(2) Nothing in subsection (1) applies to—

(a) the disclosure of information which has already been made available to the public;

(b) the disclosure of information with a view to the institution of, or otherwise for the purposes of, any criminal proceedings, or any investigation carried out under the relevant provisions or otherwise, in Hong Kong; *(Amended 6 of 2014 s. 39)*

(c) the disclosure of information for the purpose of seeking advice from, or giving advice by, counsel or a solicitor or other professional adviser acting or proposing to act in a professional capacity in connection with any matter arising under any of the relevant provisions;

(d) the disclosure of information by a person in connection with any judicial or other proceedings to which the person is a party;

(e) the disclosure of information in accordance with an order of a court, or in accordance with a law or a requirement made under a law;

(ea) the disclosure of information to the Hong Kong Deposit Protection Board established by section 3 of the Deposit Protection Scheme Ordinance (Cap. 581) for the purpose of enabling or assisting the Board to perform its functions under section 5(a), (d) and (e) of that Ordinance; *(Added 7 of 2004 s. 55)*

(f) the communication of any information or opinion to which section 381(1) applies (whether with or without reference to section 381(2))—

(i) to the Commission in the manner described in section 381(1);

(ii) where section 381(4) applies, to the Insurance Authority or the Monetary Authority (as the case may be) in the manner described in section 381(4).

(3) Notwithstanding subsection (1), the Commission may disclose information—

(a) in the form of a summary compiled from any information in the possession of the Commission, including information provided by persons under any of the relevant provisions, if the summary is so compiled as to prevent particulars relating to the business or identity, or the trading particulars, of any person from being ascertained from it;

(b) to a person who is a liquidator appointed under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32); *(Amended 28 of 2012 ss. 912 & 920)*

(ba) to a person who is a liquidator appointed under the OFC rules; *(Added 16 of 2016 s. 16)*

(c) to the Market Misconduct Tribunal;

(d) to the Securities and Futures Appeals Tribunal;

(ea) to the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal established under section 55 of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615); *(Added 15 of 2011 s. 90. Amended 4 of 2018 s. 45)*

(eb) to the Resolution Compensation Tribunal; *(Added 23 of 2016 s. 219)*

(ec) to the Resolvability Review Tribunal; *(Added 23 of 2016 s. 219)*

(ed) to a resolution authority, for the purpose of enabling or assisting the resolution authority to perform its functions under the Financial Institutions (Resolution) Ordinance (Cap. 628); *(Added 23 of 2016 s. 219. Amended E.R. 2 of 2017)*

(e) to the Monetary Authority, if—

(i) the information relates to—

(A) any business of a registered institution which constitutes a regulated activity for which the registered institution is registered; or

(B) any business of an associated entity that is an authorized financial institution, which is that of receiving or holding client assets of the intermediary of which the associated entity is an associated entity; or

(ii) in the opinion of the Commission the condition specified in subsection (5) is satisfied;

(f) if in the opinion of the Commission the condition specified in subsection (5) is satisfied, to—

(i) the Chief Executive;

(ii) the Financial Secretary;

(iii) the Secretary for Justice;

(iv) *(Repealed L.N. 106 of 2002)*;

(v) the Insurance Authority;

(vi) the Registrar of Companies;

(vii) the Official Receiver;

(viii) the Mandatory Provident Fund Schemes Authority;

(ix) the Privacy Commissioner for Personal Data;

(x) the Ombudsman;

(xi) a public officer authorized by the Financial Secretary under subsection (12);

(xia) the Accounting and Financial Reporting Council continued under section 6 of the Accounting and Financial Reporting Council Ordinance (Cap. 588); *(Added 18 of 2006 s. 86. Amended L.N. 66 of 2022)*

(xii) an inspector appointed by the Financial Secretary to investigate the affairs of a corporation;

(xiii) a recognized exchange company;

(xiv) a recognized clearing house;

(xv) a recognized exchange controller;

(xvi) a recognized investor compensation company;

(xvii) a person authorized to provide authorized automated trading services under section 95(2);

(xviii) the Commissioner of Customs and Excise; *(Added 15 of 2022 s. 34)*

(xix) the Estate Agents Authority; *(Added 15 of 2022 s. 34)*

(xx) The Law Society of Hong Kong; *(Added 15 of 2022 s. 34)*

(g) if in the opinion of the Commission the condition specified in subsection (5) is satisfied—

(i) to an authority or regulatory organization outside Hong Kong which, or to a companies inspector outside Hong Kong who, in the opinion of the Commission satisfies the requirements referred to in subsection (6)(a) and (b);

(ii) to any body prescribed by rules made under section 397 for the purposes of this subparagraph, with a view to its taking of, or otherwise for the purposes of, any disciplinary action against any of its members or regulatees; *(Replaced L.N. 66 of 2022)*

(ga) to an authority in a place outside Hong Kong, if—

(i) that authority performs functions in that place broadly comparable to those of a resolution authority in Hong Kong; and

(ii) in the opinion of the Commission—

(A) that authority is subject to adequate secrecy provisions in that place; and

(B) the information is necessary to enable or assist that authority to perform functions in that place broadly comparable to those of a resolution authority in Hong Kong; *(Added 23 of 2016 s. 219)*

(h) to a person who is or was an auditor appointed under any provision of this Ordinance, for the purpose of enabling or assisting the Commission to perform its functions under any of the relevant provisions;

(i) where the information is obtained by an investigator under section 183, to—

(i) the Financial Secretary;

(ii) the Secretary for Justice;

(iia) the Resolution Compensation Tribunal; *(Added 23 of 2016 s. 219)*

(iib) the Resolvability Review Tribunal; *(Added 23 of 2016 s. 219)*

(iic) a resolution authority, for the purpose of enabling or assisting the resolution authority to perform its functions under the Financial Institutions (Resolution) Ordinance (Cap. 628); *(Added 23 of 2016 s. 219. Amended E.R. 2 of 2017)*

(iii) the Commissioner of Police;

(iv) the Commissioner of the Independent Commission Against Corruption;

(v) the Market Misconduct Tribunal;

(vi) the Securities and Futures Appeals Tribunal;

(j) for the purpose of, or otherwise in connection with, an audit required by section 16;

(k) with the consent of the person from whom the information was obtained or received and, if the information relates to a different person, also with the consent of the person to whom the information relates.

(4) Notwithstanding subsection (1), a person who is or was an auditor appointed in relation to a licensed corporation or an associated entity of a licensed corporation under section 159 or 160, and a person who is or was an employee or agent of such auditor, may disclose information obtained or received by him in the course of performing his duties as such auditor or as an employee or agent of such auditor (as the case may be)—

(a) for the purposes of any judicial or other proceedings arising out of the performance of his duties as such auditor or as an employee or agent of such auditor (as the case may be);

(b) in the case of a person who is or was an employee or agent of an auditor, to the auditor.

(5) The condition referred to in subsection (3)(e), (f) and (g) is that—

(a) it is desirable or expedient that the information should be disclosed pursuant to subsection (3)(e), (f) or (g) (as the case may be) in the interest of the investing public or in the public interest; or

(b) the disclosure will enable or assist the recipient of the information to perform its or his functions and it is not contrary to the interest of the investing public or to the public interest that the information should be so disclosed.

(6) Where the Commission is satisfied, for the purposes of subsection (3)(g)(i), that an authority, regulatory organization or companies inspector outside Hong Kong—

(a) performs any function similar to a function of the Commission or the Registrar of Companies, or regulates, supervises or investigates banking, insurance or other financial services or the affairs of corporations; and

(b) is subject to adequate secrecy provisions,

the Commission shall as soon as reasonably practicable thereafter cause the name of the authority, regulatory organization or companies inspector (as the case may be) to be published in the Gazette.

(7) Where information is disclosed by a specified person pursuant to subsection (1), or in any of the circumstances described in subsection (2), (3) or (4) (other than subsections (2)(a), (3)(a), (g)(i), (ga) and (k) and (4)(b))— *(Amended 19 of 2015 s. 27; 23 of 2016 s. 219)*

(a) the person to whom that information is so disclosed; or

(b) any other person obtaining or receiving the information, whether directly or indirectly, from the person referred to in paragraph (a),

shall not disclose the information, or any part thereof, to any other person, unless—

(i) the Commission consents to the disclosure;

(ia) if the specified person is a recognized exchange company, the Commission or the recognized exchange company consents to the disclosure; *(Added 19 of 2015 s. 27)*

(ii) the information or the part thereof (as the case may be) has already been made available to the public;

(iii) the disclosure is for the purpose of seeking advice from, or giving advice by, counsel or a solicitor or other professional adviser acting or proposing to act in a professional capacity in connection with any matter arising under any of the relevant provisions;

(iv) the disclosure is in connection with any judicial or other proceedings to which the person or the other person referred to in paragraph (a) or (b) (as the case may be) is a party; or

(v) the disclosure is in accordance with an order of a court, or in accordance with a law or a requirement made under a law.

(8) Where information is disclosed to an auditor in the circumstances described in subsection (4)(b)—

(a) the auditor; or

(b) any other person obtaining or receiving the information, whether directly or indirectly, from the auditor,

shall not disclose the information, or any part thereof, to any other person, unless—

(i) in the case of the auditor, the disclosure is for the purpose described in subsection (4)(a);

(ii) the Commission consents to the disclosure;

(iii) the information or the part thereof (as the case may be) has already been made available to the public;

(iv) the disclosure is for the purpose of seeking advice from, or giving advice by, counsel or a solicitor or other professional adviser acting or proposing to act in a professional capacity in connection with any matter arising under any of the relevant provisions;

(v) the disclosure is in connection with any judicial or other proceedings to which the auditor or the other person referred to in paragraph (a) or (b) (as the case may be) is a party; or

(vi) the disclosure is in accordance with an order of a court, or in accordance with a law or a requirement made under a law.

(9) The Commission, in disclosing any information in any of the circumstances described in subsection (3) or in granting any consent pursuant to subsection (7)(i) or (ia) or (8)(ii), may impose such conditions as it considers appropriate. *(Amended 19 of 2015 s. 27)*

(9A) A recognized exchange company, in granting a consent pursuant to subsection (7)(ia), may impose any condition that it considers appropriate. *(Added 19 of 2015 s. 27)*

(10) A person who contravenes subsection (1) commits an offence and is liable—

(a) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years; or

(b) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(11) Where a person discloses any information in contravention of subsection (7) or (8) and, at the time of disclosure — *(Amended 6 of 2014 s. 39 and E.R. 2 of 2015)*

(a) in the case of a contravention of subsection (7), the person knew or ought reasonably to have known that the information was previously disclosed to the person or to any other person (as the case may be) pursuant to subsection (1) or in any of the circumstances described in subsection (2), (3) or (4) (other than subsections (2)(a), (3)(a), (g)(i), (ga) and (k) and (4)(b)), unless the person proves that the person had reasonable grounds to believe that subsection (7)(i), (ia), (ii), (iii), (iv) or (v) applied to the disclosure of the information by the person; or *(Amended 19 of 2015 s. 27; 23 of 2016 s. 219)*

(b) in the case of a contravention of subsection (8), the person knew or ought reasonably to have known that the information was previously disclosed to the person or an auditor (as the case may be) in the circumstances described in subsection (4)(b), unless the person proves that the person had reasonable grounds to believe that subsection (8)(i), (ii), (iii), (iv), (v) or (vi) applied to the disclosure of the information by the person,

the person commits an offence and is liable— *(Amended 6 of 2014 s. 39 and E.R. 2 of 2015)*

(i) on conviction on indictment to a fine of $1,000,000 and to imprisonment for 2 years; or

(ii) on summary conviction to a fine at level 6 and to imprisonment for 6 months.

(12) The Financial Secretary may authorize any public officer as a person to whom information may be disclosed under subsection (3)(f)(xi).

(13) Any matter published under subsection (6) is not subsidiary legislation.

(13A) This section does not apply to a person referred to in section 381A(1) in respect of—

(a) a matter that comes to the person's knowledge—

(i) because of a reason referred to in section 381A(2)(a)(i); or

(ii) as described in section 381A(2)(a)(ii) or (iii); or

(b) a record or document that is in the person's possession because of a reason referred to in section 381A(2)(c)(i), (ii) or (iii). *(Added 6 of 2014 s. 39)*

(14) *(Repealed 9 of 2012 s. 44)*

(15) In this section—

***companies inspector*** (公司審查員), in relation to a place outside Hong Kong, means a person whose functions under the laws of that place include the investigation of the affairs of a corporation carrying on business in that place;

***specified person*** (指明人士) means—

(a) the Commission;

(b) any person who is or was a member, an employee, or a consultant, agent or adviser, of the Commission; or

(c) any person who is or was—

(i) a person appointed under any of the relevant provisions;

(ii) a person performing any function under or carrying into effect any of the relevant provisions; or

(iii) a person assisting any other person in the performance of any function under or in carrying into effect any of the relevant provisions.

**403. General provisions for approvals by Commission**

Where under any provision of this Ordinance, an act cannot be done, or an omission cannot be made, except with the approval, whether in writing or otherwise, of the Commission—

(a) without prejudice to any express provisions in this Ordinance relating to imposition of conditions, the approval may be given subject to such conditions (if any) as the Commission may specify in giving the approval (including conditions which provide that failure to comply with the conditions causes the approval to lapse); and

(b) for the purposes of any pecuniary, custodial or other sanction which may be imposed under any provision of this Ordinance in relation to any such act done or omission made without such approval, the approval shall have no effect to the extent that the act is done or the omission is made (as the case may be) otherwise than in accordance with any such conditions.

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# Schedule 1

[ss. 2, 19, 66, 101A, 102, 164, 171, 174, 175, 202, 381E, 392A & 406 & Schs. 9 & 10]
*(Amended 8 of 2011 s. 14; 6 of 2014 s. 52)*

## Interpretation and General Provisions

*(Format changes—E.R. 2 of 2012)*

## Part 1

## Interpretation

**1. Interpretation of this Ordinance**

In this Ordinance, unless otherwise defined or excluded or the context otherwise requires—

***accredited*** (隸屬) means accredited to a licensed corporation with the Commission's approval under section 122 of this Ordinance;

***Advisory Committee*** (諮詢委員會) means the Advisory Committee referred to in section 7 of this Ordinance;

***affiliated operational entity*** (相聯營運實體) has the meaning given by section 2(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); *(Added 23 of 2016 s. 221. Amended E.R. 2 of 2017)*

***approved money broker*** (核准貨幣經紀) has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155); *(Added 6 of 2014 s. 52)*

***associate*** (有聯繫者), in relation to a person, means—

(a) the spouse, or any minor child (natural or adopted) or minor step-child, of the person;

(b) any corporation of which the person is a director;

(c) any employee or partner of the person;

(d) the trustee of a trust of which the person, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or a discretionary object;

(e) another person in accordance with whose directions or instructions the person is accustomed or obliged to act;

(f) another person accustomed or obliged to act in accordance with the directions or instructions of the person;

(g) a corporation in accordance with the directions or instructions of which, or the directions or instructions of the directors of which, the person is accustomed or obliged to act;

(h) a corporation which is, or the directors of which are, accustomed or obliged to act in accordance with the directions or instructions of the person;

(i) a corporation at general meetings of which the person, either alone or together with another, is directly or indirectly entitled to exercise or control the exercise of 33% or more of the voting power;

(j) a corporation of which the person controls the composition of the board of directors;

(k) where the person is a corporation—

(i) each of its directors and its related corporations and each director or employee of any of its related corporations; and

(ii) a pension fund, provident fund or employee share scheme of the corporation or of a related corporation of the corporation;

(l) without limiting the circumstances in which paragraphs (a) to (k) apply, in circumstances concerning the securities of or other interest in a corporation, or rights arising out of the holding of such securities or such interest, any other person with whom the person has an agreement or arrangement—

(i) with respect to the acquisition, holding or disposal of such securities or such interest; or

(ii) under which they undertake to act together in exercising their voting power at general meetings of the corporation;

***associated entity*** (有聯繫實體), in relation to an intermediary, means a company, or a registered non-Hong Kong company as defined by section 2(1) of the Companies Ordinance (Cap. 622), which— *(Amended 30 of 2004 s. 3; 28 of 2012 ss. 912 & 920)*

(a) is in a controlling entity relationship with the intermediary; and

(b) receives or holds in Hong Kong client assets of the intermediary;

***auditor*** (核數師) means a certified public accountant (practising) as defined by section 2(1) of the Accounting and Financial

Reporting Council Ordinance (Cap. 588), or such other person as is prescribed by rules made under section 397 of this Ordinance for the purposes of this definition; *(Amended 23 of 2004 s. 56; L.N. 66 of 2022)*

***authorized automated trading services*** (認可自動化交易服務) means automated trading services which a person is authorized to provide under section 95(2) of this Ordinance;

***authorized financial institution*** (認可財務機構) means an authorized institution as defined in section 2(1) of the Banking Ordinance (Cap. 155);

***automated trading services*** (自動化交易服務) has the meaning assigned to it by Part 2 of Schedule 5 to this Ordinance;

***bank*** (銀行) means any institution carrying on business similar to—

(a) the banking business within the meaning of the Banking Ordinance (Cap. 155) as carried on by an authorized financial institution; or

(b) the business of taking deposits within the meaning of that Ordinance as carried on by an authorized financial institution,

whether it is an authorized financial institution or not, and ***banker*** (銀行) shall be construed accordingly;

***bank incorporated outside Hong Kong*** (在香港以外地方成立為法團的銀行) means a bank incorporated outside Hong Kong that is not an authorized financial institution and is not a re-domiciled entity as defined by section 2(1) of the Banking Ordinance (Cap. 155); *(Amended 14 of 2025 s. 248)*

***banker's books*** (銀行簿冊) includes—

(a) books of a banker;

(b) cheques, orders for the payment of money, bills of exchange and promissory notes in the possession of a banker;

(c) securities in the possession of a banker, whether as a pledge or otherwise; and

(d) any material in which information is recorded (however compiled or stored, and whether recorded in a legible form or recorded otherwise than in a legible form but is capable of being reproduced in a legible form) and which is used in the ordinary course of business of a bank;

***books*** (簿冊) includes—

(a) accounts and any accounting information; and

(b) in the case of a banker, any banker's books,

however compiled or stored, and whether recorded in a legible form or recorded otherwise than in a legible form but is capable of being reproduced in a legible form;

***broadcast*** (廣播), in relation to any material (however described), includes having the information contained in the material broadcast;

***broadcaster*** (廣播業者) means a person who lawfully—

(a) establishes and maintains a broadcasting service within the meaning of Part 3A of the Telecommunications Ordinance (Cap. 106); or

(b) provides a broadcasting service as defined in section 2(1) of the Broadcasting Ordinance (Cap. 562);

***business day*** (營業日) means a day other than—

(a) a public holiday; *(Amended 9 of 2012 s. 53)*

(ab) a Saturday; and *(Added 9 of 2012 s. 53)*

(b) a gale warning day or a black rainstorm warning day as defined in section 71(2) of the Interpretation and General Clauses Ordinance (Cap. 1);

***certificate of deposit*** (存款證) means a document relating to money, in any currency, which has been deposited with the issuer or some other person, being a document which recognizes an obligation to pay a stated amount to bearer or to order, with or without interest, and being a document by the delivery of which, with or without endorsement, the right to receive that stated amount, with or without interest, is transferable (and, in the case of any such document which is a prescribed instrument by virtue of paragraph (a) of the definition of ***prescribed instrument*** in section 137B(1) of the Banking Ordinance (Cap. 155), such document includes any right or interest referred to in paragraph (b) of that definition in respect of such document);

***certified public accountant*** (會計師) means a certified public accountant as defined in section 2 of the Professional Accountants Ordinance (Cap. 50); *(Replaced 23 of 2004 s. 56)*

***charge*** (押記) includes any form of security, including a mortgage;

***clearing house*** (結算所) means a person—

(a) whose activities or objects include the provision of services for the clearing and settlement of transactions in securities effected on a recognized stock market or subject to the rules of a recognized exchange company;

(b) whose activities or objects include the provision of services for—

(i) the clearing and settlement of transactions in futures contracts; or

(ii) the day-to-day adjustment of the financial position of futures contracts,

effected on a recognized futures market or subject to the rules of a recognized exchange company; or

(c) who guarantees the settlement of any such transactions as are referred to in paragraph (a) or (b),

but does not include a corporation operated by or on behalf of the Government;

***clearing obligation*** (結算責任) has the meaning given by section 101A of this Ordinance; *(Added 6 of 2014 s. 52)*

***clearing participant*** (結算所參與者) means a person—

(a) who, in accordance with the rules of a recognized clearing house, may participate in one or more of the services provided by the clearing house in its capacity as a clearing house; and

(b) whose name is entered in a list, roll or register kept by that recognized clearing house as a person who may participate in one or more of the services provided by that clearing house;

***client*** (客戶), in relation to an intermediary, means a person for whom the intermediary provides a service the provision of which constitutes a regulated activity, and—

(a) includes another intermediary that—

(i) deposits securities;

(ii) deposits money; or

(iii) deposits any property as collateral,

with the first-mentioned intermediary;

(b) in connection with a leveraged foreign exchange contract, does not include a recognized counterparty;

***client assets*** (客戶資產) means—

(a) client securities and collateral; and

(b) client money;

***client collateral*** (客戶抵押品) means—

(a) securities collateral; and

(b) other collateral;

***client money*** (客戶款項)—

(a) in relation to a licensed corporation, means any money—

(i) received or held by or on behalf of the licensed corporation; or

(ii) received or held by or on behalf of any corporation which is in a controlling entity relationship with the licensed corporation,

which is so received or held on behalf of a client of the licensed corporation or in which a client of the licensed corporation has a legal or equitable interest, and includes any accretions thereto whether as capital or income; or

(b) in relation to a registered institution, means any money—

(i) received or held by or on behalf of the registered institution, in the course of the conduct of any regulated activity for which the registered institution is registered; or

(ii) received or held by or on behalf of any corporation which is in a controlling entity relationship with the registered institution, in relation to such conduct of the regulated activity,

which is so received or held on behalf of a client of the registered institution or in which a client of the registered institution has a legal or equitable interest, and includes any accretions thereto whether as capital or income;

***client securities*** (客戶證券)—

(a) in relation to a licensed corporation, means any securities (other than securities collateral)—

(i) received or held by or on behalf of the licensed corporation; or

(ii) received or held by or on behalf of any corporation which is in a controlling entity relationship with the licensed corporation,

which are so received or held on behalf of a client of the licensed corporation or in which a client of the licensed corporation has a legal or equitable interest; or

(b) in relation to a registered institution, means any securities (other than securities collateral)—

(i) received or held by or on behalf of the registered institution, in the course of the conduct of any regulated activity for which the registered institution is registered; or

(ii) received or held by or on behalf of any corporation which is in a controlling entity relationship with the registered institution, in relation to such conduct of the regulated activity,

which are so received or held on behalf of a client of the registered institution or in which a client of the registered institution has a legal or equitable interest;

***client securities and collateral*** (客戶證券及抵押品) means—

(a) client securities; and

(b) client collateral;

***collective investment scheme*** (集體投資計劃) means—

(a) arrangements in respect of any property—

(i) under which the participating persons do not have day-to-day control over the management of the property, whether or not they have the right to be consulted or to give directions in respect of such management;

(ii) under which—

(A) the property is managed as a whole by or on behalf of the person operating the arrangements;

(B) the contributions of the participating persons and the profits or income from which payments are made to them are pooled; or

(C) the property is managed as a whole by or on behalf of the person operating the arrangements, and the contributions of the participating persons and the profits or income from which payments are made to them are pooled; and

(iii) the purpose or effect, or pretended purpose or effect, of which is to enable the participating persons, whether by acquiring any right, interest, title or benefit in the property or any part of the property or otherwise, to participate in or receive—

(A) profits, income or other returns represented to arise or to be likely to arise from the acquisition, holding, management or disposal of the property or any part of the property, or sums represented to be paid or to be likely to be paid out of any such profits, income or other returns; or

(B) a payment or other returns arising from the acquisition, holding or disposal of, the exercise of any right in, the redemption of, or the expiry of, any right, interest, title or benefit in the property or any part of the property; or

(b) arrangements which are arrangements, or are of a class or description of arrangements, prescribed by notice under section 393 of this Ordinance as being regarded as collective investment schemes in accordance with the terms of the notice,

but does not include—

(i) arrangements operated by a person otherwise than by way of business;

(ii) arrangements under which each of the participating persons is a corporation in the same group of companies as the person operating the arrangements;

(iii) arrangements under which each of the participating persons is a bona fide employee or former employee of a corporation in the same group of companies as the person operating the arrangements, or a spouse, widow, widower, minor child (natural or adopted) or minor step-child of such employee or former employee;

(iv) franchise arrangements under which the franchisor or franchisee earns profits or income by exploiting a right conferred by the arrangements to use a trade name or design or other intellectual property or the goodwill attached to it;

(v) arrangements under which money is taken by a solicitor from his client, or as a stakeholder, acting in his professional capacity in the ordinary course of his practice;

(vi) arrangements made for the purposes of any fund or scheme maintained by the Commission, or by a recognized exchange company, recognized clearing house, recognized exchange controller or recognized investor compensation company, under any provision of this Ordinance for the purpose of providing compensation in the event of default by an exchange participant or a clearing participant;

(vii) arrangements made by any credit union in accordance with the objects thereof;

(viii) arrangements made for the purposes of any chit-fund permitted to operate under the Chit-Fund Businesses (Prohibition) Ordinance (Cap. 262);

(ix) arrangements made for the purposes of the Exchange Fund established by the Exchange Fund Ordinance (Cap. 66);

(x) arrangements which are arrangements, or are of a class or description of arrangements, prescribed by notice under section 393 of this Ordinance as not being regarded as collective investment schemes in accordance with the terms of the notice;

***Commission*** (證監會) means the Securities and Futures Commission referred to in section 3(1) of this Ordinance;

***Commissioner of the Independent Commission Against Corruption*** (廉政專員) means the person who holds the office of the Commissioner of the Independent Commission Against Corruption pursuant to section 5 of the Independent Commission Against Corruption Ordinance (Cap. 204); *(Amended 14 of 2003 s. 24)*

***company*** (公司) means a company as defined in section 2(1) of the Companies Ordinance (Cap. 622); *(Amended 28 of 2012 ss. 912 & 920)*

***compensation fund*** (賠償基金) means the Investor Compensation Fund established under section 236 of this Ordinance;

***conduct*** (行為) includes any act or omission, and any series of acts or omissions;

***constitution*** (章程), in relation to a corporation, including a recognized exchange company, recognized clearing house, recognized exchange controller or recognized investor compensation company, means—

(a) where the corporation is a company, the articles of association of the corporation; or *(Amended 28 of 2012 ss. 912 & 920)*

(b) in any other case, any other instrument providing for the constitution of the corporation;

***controlling entity*** (控權實體), in relation to a corporation, means a person who, either alone or with any of his associates—

(a) is entitled to exercise or control the exercise of not less than—

(i) subject to subparagraph (ii), 20%; or

(ii) where any other percentage is prescribed by rules made under section 397 of this Ordinance for the purposes of this definition, such other percentage,

of the voting power at general meetings of the corporation;

(b) has the right to nominate any of the directors of the corporation; or

(c) has an interest in shares carrying the right to—

(i) veto any resolution; or

(ii) amend, modify, limit or add conditions to any resolution,

at general meetings of the corporation;

***controlling entity relationship*** (控權實體關係), in relation to a corporation, means its relationship with an intermediary by virtue of—

(a) the intermediary being a controlling entity of the corporation;

(b) the corporation being a controlling entity of the intermediary; or

(c) another person, who is a controlling entity of the corporation, being also a controlling entity of the intermediary;

***corporation*** (法團) means a company or other body corporate incorporated either in Hong Kong or elsewhere, but does not include a company or other body corporate which is prescribed by rules made under section 397 of this Ordinance for the purposes of this definition as being exempted from the provisions of this Ordinance, or to the extent that it is prescribed by rules so made as being exempted from any provision of this Ordinance;

***court*** (法庭、法院) includes a magistrate and a tribunal;

***credit union*** (儲蓄互助社) means a credit union registered under the Credit Unions Ordinance (Cap. 119);

***currency and interest rate-linked instrument*** (貨幣及利率掛鈎票據) means—

(a) an instrument that is a structured product only because some or all of the return or amount due (or both the return and the amount due) or the method of settlement is determined by reference to a combination of—

(i) changes in the value or level (or a range within the value or level) of any one or more currency exchange rates or currency exchange rate indices or the occurrence or non-occurrence of any specified event or events relating to any one or more currency exchange rates or currency exchange rate indices; and

(ii) changes in the value or level (or a range within the value or level) of any one or more interest rates or interest rate indices or the occurrence or non-occurrence of any specified event or events relating to any one or more interest rates or interest rate indices; or

(b) any interests, rights or property prescribed, or of a class or description prescribed, by notice under section 392 of this Ordinance as being regarded as currency and interest rate-linked instruments in accordance with the notice,

but does not include any interests, rights or property prescribed, or of a class or description prescribed, by notice under section 392 of this Ordinance as not being regarded as currency and interest rate-linked instruments in accordance with the notice; *(Added 8 of 2011 s. 14)*

***currency-linked instrument*** (貨幣掛鈎票據) means—

(a) an instrument that is a structured product only because some or all of the return or amount due (or both the return and the amount due) or the method of settlement is determined by reference to one or more of—

(i) changes in the value or level (or a range within the value or level) of any one or more currency exchange rates or currency exchange rate indices; or

(ii) the occurrence or non-occurrence of any specified event or events relating to any one or more currency exchange rates or currency exchange rate indices; or

(b) any interests, rights or property prescribed, or of a class or description prescribed, by notice under section 392 of this Ordinance as being regarded as currency-linked instruments in accordance with the notice,

but does not include any interests, rights or property prescribed, or of a class or description prescribed, by notice under section 392 of this Ordinance as not being regarded as currency-linked instruments in accordance with the notice; *(Added 8 of 2011 s. 14)*

***data material*** (數據材料) means a document or other material used with or produced by any information system;

***dealing*** (交易)—

(a) in relation to securities, means, whether as principal or agent, making or offering to make an agreement with another person, or inducing or attempting to induce another person, to enter into or to offer to enter into an agreement—

(i) for or with a view to acquiring, disposing of, subscribing for or underwriting securities; or

(ii) the purpose or pretended purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuations in the value of securities; or

(b) in relation to futures contracts, means, whether as principal or agent—

(i) making or offering to make an agreement with another person to enter into, or to acquire or dispose of, a futures contract;

(ii) inducing or attempting to induce another person to enter into, or to offer to enter into, a futures contract; or

(iii) inducing or attempting to induce another person to acquire or dispose of a futures contract;

***debenture*** (債權證) includes debenture stocks, bonds, and other debt securities of a corporation, whether constituting a charge on the assets of the corporation or not; *(Amended 8 of 2011 s. 14)*

***defalcation*** (虧空) means misapplication, including misappropriation, of any property;

***director*** (董事) includes a shadow director and any person occupying the position of director by whatever name called;

***disclosure proceedings*** (關於披露的研訊程序) has the meaning given by section 307I(1) of this Ordinance; *(Added 9 of 2012 s. 11)*

***document*** (文件) includes any register and books, any tape recording and any form of input or output into or from an information system, and any other document or similar material (whether produced mechanically, electronically, magnetically, optically, manually or by any other means);

***exchange participant*** (交易所參與者) means a person—

(a) who, in accordance with the rules of a recognized exchange company, may trade through that exchange company or on a recognized stock market or a recognized futures market operated by that exchange company; and

(b) whose name is entered in a list, roll or register kept by that recognized exchange company as a person who may trade through that exchange company or on a recognized stock market or a recognized futures market operated by that exchange company;

***executive director*** (執行董事), in relation to the Commission, means the chief executive officer of the Commission or any other person who is appointed as an executive director of the Commission under section 1 of Part 1 of Schedule 2 to this Ordinance (whether or not acting in any other capacity under that Part); *(Amended 15 of 2006 s. 5)*

***executive officer*** (主管人員)—

(a) in relation to a licensed corporation, means a responsible officer of the licensed corporation;

(b) in relation to a registered institution, means a person who is an executive officer of the registered institution under the Banking Ordinance (Cap. 155); or

(c) in relation to an associated entity of an intermediary, means any director of the associated entity who is responsible for directly supervising the receiving or holding by the associated entity of client assets of the intermediary;

***fee*** (費用) includes a charge;

***financial accommodation*** (財務通融) means a loan or other arrangement under which a person is or is to be provided with credit, whether directly or through a third party, and in particular includes an overdraft, a discounted negotiable instrument, a guarantee, a forbearance from enforcing any debt that in substance is a loan, and also includes an agreement to secure the payment or repayment of any such accommodation;

***financial product*** (金融產品) means—

(a) any securities;

(b) any futures contract;

(c) any collective investment scheme;

(d) any leveraged foreign exchange contract;

(e) any structured product; *(Added 8 of 2011 s. 14)*

***financial resources rules*** (財政資源規則) means rules made under section 145 of this Ordinance;

***financial year*** (財政年度)—

(a) in relation to the Commission, means the financial year referred to in section 13(1) of this Ordinance; or

(b) in relation to an intermediary, or an associated entity of an intermediary, means—

(i) the financial year in respect of which notification is given to the Commission under section 155(1) of this Ordinance or, where an approval is granted under section 155(3)(a) of this Ordinance, the financial year in respect of which the approval is granted;

(ii) the financial year in respect of which notification is given to the Monetary Authority under section 59B(1) of the Banking Ordinance (Cap. 155) or, where an approval is granted under section 59B(3)(a) of that Ordinance, the financial year in respect of which the approval is granted; or

(iii) in any other case, a period of 12 consecutive months ending on 31 March in a calendar year;

***function*** (職能) includes power and duty;

***futures contract*** (期貨合約) means—

(a) a contract or an option on a contract made under the rules or conventions of a futures market;

(b) interests, rights or property which is interests, rights or property, or is of a class or description of interests, rights or property, prescribed by notice under section 392 of this Ordinance as being regarded as futures contracts in accordance with the terms of the notice,

but does not include interests, rights or property which is interests, rights or property, or is of a class or description of interests, rights or property, prescribed by notice under section 392 of this Ordinance as not being regarded as futures contracts in accordance with the terms of the notice;

***Futures Exchange Company*** (期交所) means the company incorporated, and registered by the name Hong Kong Futures Exchange Limited, under the relevant Ordinance; *(Amended 28 of 2012 ss. 912 & 920)*

***futures market*** (期貨市場) means a place at which facilities are provided for persons to negotiate or conclude sales and purchases of, or for bringing together on a regular basis sellers and purchasers of—

(a) contracts the effect of which is—

(i) that one party agrees to deliver to the other party at an agreed future time an agreed property, or an agreed quantity of a property, at an agreed price; or

(ii) that the parties will make an adjustment between them at an agreed future time according to whether at that time an agreed property is worth more or less or an index or other factor stands at a higher or lower level than a value or level agreed at the time of making of the contract; or

(b) options on contracts of the kind described in paragraph (a),

where—

(i) the contracts or options of the kind described in paragraph (a) or (b) are novated or guaranteed by a central counterparty under the rules or conventions of the market on which they are traded; or

(ii) the contractual obligations under the contracts or options of the kind described in paragraph (a) or (b) are normally discharged before the contractual expiry date under the rules or conventions of the market on which they are traded,

but does not include the office of a recognized clearing house;

***group of companies*** (公司集團) means any 2 or more corporations one of which is the holding company of the other or others (as the case may be);

***hold*** (持有), in relation to any property, includes—

(a) possession of the property;

(b) being registered or otherwise recorded, as having title to or being entitled to receive the property, in any register or other record (however compiled or stored) which is established or created for the purpose of identifying persons having title to or being entitled to receive any property; and

(c) in the case of a person carrying on business, the person being in a position to transfer the property to himself or otherwise receive the benefit of the property—

(i) where another person has a legal or equitable interest in the property;

(ii) where there is a connection between the property and the business which is carried on by the person; and

(iii) regardless of whether it would be lawful or unlawful for the person to transfer the property to himself or otherwise receive the benefit of the property,

but does not include, in the case of a cheque or other order made payable to any person, the possession of the cheque or other order during the course of dispatching or delivering it to that person or any other person on behalf of that person;

***holding company*** (控權公司) means, in relation to a corporation, any other corporation of which it is a subsidiary; *(Replaced 28 of 2012 ss. 912 & 920)*

***incorporated*** (成立、成立為法團) includes formed or established, by whatever means;

***information*** (資訊、資料、消息) includes data, text, images, sound codes, computer programmes, software and databases, and any combination thereof;

***information system*** (資訊系統) means an information system as defined in section 2(1) of the Electronic Transactions Ordinance (Cap. 553);

***Insurance Authority*** (保監局) means the Insurance Authority established under section 4AAA of the Insurance Ordinance (Cap. 41); *(Replaced 12 of 2015 s. 144)*

***insurer*** (保險人) means an insurer as defined in section 2(1) of the Insurance Ordinance (Cap. 41); *(Amended 12 of 2015 s. 144)*

***interest rate-linked instrument*** (利率掛鈎票據) means—

(a) an instrument that is a structured product only because some or all of the return or amount due (or both the return and the amount due) or the method of settlement is determined by reference to one or more of—

(i) changes in the value or level (or a range within the value or level) of any one or more interest rates or interest rate indices; or

(ii) the occurrence or non-occurrence of any specified event or events relating to any one or more interest rates or interest rate indices; or

(b) any interests, rights or property prescribed, or of a class or description prescribed, by notice under section 392 of this Ordinance as being regarded as interest rate-linked instruments in accordance with the notice,

but does not include any interests, rights or property prescribed, or of a class or description prescribed, by notice under section 392 of this Ordinance as not being regarded as interest rate-linked instruments in accordance with the notice; *(Added 8 of 2011 s. 14)*

***intermediary*** (中介人) means a licensed corporation or a registered institution;

***judicial or other proceedings*** (司法或其他法律程序) means any legal proceedings, whether in the nature of judicial proceedings or otherwise;

***legal officer*** (律政人員) means a legal officer as defined in section 2 of the Legal Officers Ordinance (Cap. 87);

***leveraged foreign exchange contract*** (槓桿式外匯交易合約) has the meaning assigned to it by Part 2 of Schedule 5 to this Ordinance;

***leveraged foreign exchange trading*** (槓桿式外匯交易) has the meaning assigned to it by Part 2 of Schedule 5 to this Ordinance;

***licence*** (牌、牌照) means a licence granted under section 116, 117, 120 or 121 of this Ordinance, and ***licensed*** (獲發牌、持牌) shall be construed accordingly;

***licensed corporation*** (持牌法團) means a corporation which is granted a licence under section 116 or 117 of this Ordinance;

***licensed person*** (持牌人) means a licensed corporation or a licensed representative;

***licensed representative*** (持牌代表) means an individual who is granted a licence under section 120 or 121 of this Ordinance;

***liquidator*** (清盤人) includes a provisional liquidator;

***listed*** (上市) means listed on a recognized stock market, and for the purposes of this definition—

(a) a corporation shall be regarded as listed if any of its securities are listed;

(b) securities shall be regarded as listed when a recognized exchange company has, on the application of the corporation which issued them, or on the application of a holder of them, agreed to allow, subject to the requirements of this Ordinance, dealings in those securities to take place on a recognized stock market, and shall continue to be so regarded during a period of suspension of dealings in those securities on the recognized stock market;

***listing*** (上市), in relation to securities, means the process by which the securities are listed;

***live broadcast*** (直播), in relation to any material (however described), means having the material broadcast without its being recorded in advance;

***MA investigator*** (金管局調查員) has the meaning given by section 178 of this Ordinance; *(Added 6 of 2014 s. 52)*

***Mandatory Provident Fund Schemes Authority*** (積金局) means the Mandatory Provident Fund Schemes Authority established under section 6 of the Mandatory Provident Fund Schemes Ordinance (Cap. 485);

***market contract*** (市場合約) means—

(a) a contract that is subject to the rules of a recognized clearing house and entered into by the clearing house with a clearing participant, whether or not pursuant to a novation, for the purpose of the clearing and settlement of a transaction in securities or futures contracts that is—

(i) effected on a recognized stock market or a recognized futures market; or

(ii) subject to the rules of a recognized exchange company;

(b) a contract that is subject to the rules of a recognized clearing house and entered into by the clearing house with a clearing participant, whether or not pursuant to a novation, for the purpose of the clearing and settlement of an OTC derivative transaction; or

#(c) a contract that is—

(i) subject to the rules of a designated CCP (as defined by section 101A of this Ordinance) that is a provider of authorized automated trading services and specified by the Commission by notice published in the Gazette under section 1C; and

(ii) entered into by the designated CCP with any one of its members, whether or not pursuant to a novation, for the purpose of the clearing and settlement of an OTC derivative transaction; *(Replaced 6 of 2014 s. 52)*

***market misconduct*** (市場失當行為) has the meaning assigned to it by section 245(1) of this Ordinance;

***Market Misconduct Tribunal*** (市場失當行為審裁處) means the Market Misconduct Tribunal established by section 251 of this Ordinance;

***member*** (成員), in relation to the Commission, means— *(Amended 15 of 2006 s. 5)*

(a) the chairman of the Commission; or

(b) the chief executive officer or any other executive director or non-executive director of the Commission (whether or not acting in any other capacity under Part 1 of Schedule 2 to this Ordinance); *(Amended 15 of 2006 s. 5)*

***minor*** (未成年), in relation to a person, means not having attained the age of 18 years;

***misfeasance*** (不當行為) means the performance of an otherwise lawful act in a wrongful manner;

***Monetary Authority*** (金融管理專員) means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap. 66);

***money laundering activities*** (洗錢活動) means activities intended to have the effect of making any property—

(a) which is the proceeds obtained from the commission of an offence under the laws of Hong Kong, or of any conduct which if occurred in Hong Kong would constitute an offence under the laws of Hong Kong; or

(b) which in whole or in part, directly or indirectly, represents such proceeds,

not to appear to be or so represent such proceeds;

***multilateral agency*** (多邊機構) means a body specified in Part 4;

***non-executive director*** (非執行董事), in relation to the Commission, means a person who is appointed as a non-executive director of the Commission under section 1 of Part 1 of Schedule 2 to this Ordinance (whether or not acting in any other capacity under that Part); *(Amended 15 of 2006 s. 5)*

***non-Hong Kong company*** (非香港公司) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622); *(Added 30 of 2004 s. 3. Amended 28 of 2012 ss. 912 & 920)*

***number*** (數目), in relation to shares which in the context can be construed to include stock, includes amount;

***OFC rules*** (《開放式基金型公司規則》) has the meaning given by section 112A of this Ordinance; *(Added 16 of 2016 s. 19)*

***officer*** (高級人員)—

(a) in relation to a corporation, means a director, manager or secretary of, or any other person involved in the management of, the corporation; or

(b) in relation to an unincorporated body, means any member of the governing body of the unincorporated body;

***Official Receiver*** (破產管理署署長) means the Official Receiver appointed under section 75 of the Bankruptcy Ordinance (Cap. 6);

***Ombudsman*** (申訴專員) means The Ombudsman referred to in section 3(1) of The Ombudsman Ordinance (Cap. 397);

***open-ended fund company*** (開放式基金型公司) has the meaning given by section 112A of this Ordinance; *(Added 16 of 2016 s. 19)*

***OTC derivative product*** (場外衍生工具產品) has the meaning given by section 1B; *(Added 6 of 2014 s. 52)*

***OTC derivative transaction*** (場外衍生工具交易) means a transaction in an OTC derivative product; *(Added 6 of 2014 s. 52)*

***other collateral*** (其他抵押品)—

(a) in relation to a licensed corporation, means any property (other than securities or money)—

(i) deposited with, or otherwise provided by or on behalf of a client of the licensed corporation to, the licensed corporation; or

(ii) deposited with, or otherwise provided by or on behalf of a client of the licensed corporation to, any other intermediary or person,

which is so deposited or provided—

(A) as security for the provision by the licensed corporation of financial accommodation; or

(B) to facilitate the provision by the licensed corporation of financial accommodation under an arrangement that confers on the licensed corporation a collateral interest in the property; or

(b) in relation to a registered institution, means any property (other than securities or money)—

(i) deposited with, or otherwise provided by or on behalf of a client of the registered institution to, the registered institution, in the course of the conduct of any regulated activity for which the registered institution is registered; or

(ii) deposited with, or otherwise provided by or on behalf of a client of the registered institution to, any other intermediary or person, in relation to such conduct of the regulated activity,

which is so deposited or provided—

(A) as security for the provision by the registered institution of financial accommodation; or

(B) to facilitate the provision by the registered institution of financial accommodation under an arrangement that confers on the registered institution a collateral interest in the property;

***performance*** (執行), in relation to a function, includes discharge and exercise;

***possession*** (管有), in relation to any matter, includes custody, control and power of or over the matter;

***prescribed person*** (訂明人士) has the meaning given by section 101A of this Ordinance; *(Added 6 of 2014 s. 52)*

***printed licence*** (印刷本牌照) means a certificate printed on paper or in any other physical form certifying the grant of a licence (whether issued before, on or after the commencement date[§] of Part 2 of the Securities and Futures (Amendment) Ordinance 2015 (19 of 2015)); *(Added 19 of 2015 s. 12)*

***Privacy Commissioner for Personal Data*** (私隱專員) means the Privacy Commissioner for Personal Data established under section 5(1) of the Personal Data (Privacy) Ordinance (Cap. 486);

***professional investor*** (專業投資者) means—

(a) any recognized exchange company, recognized clearing house, recognized exchange controller or recognized investor compensation company, or any person authorized to provide automated trading services under section 95(2) of this Ordinance;

(b) any intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong;

(c) any authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong;

(d) any insurer authorized under the Insurance Ordinance (Cap. 41), or any other person carrying on insurance business and regulated under the law of any place outside Hong Kong; *(Amended 12 of 2015 s. 144)*

(e) any scheme which—

(i) is a collective investment scheme authorized under section 104 of this Ordinance; or

(ii) is similarly constituted under the law of any place outside Hong Kong and, if it is regulated under the law of such place, is permitted to be operated under the law of such place,

or any person by whom any such scheme is operated;

(f) any registered scheme as defined in section 2(1) of the Mandatory Provident Fund Schemes Ordinance (Cap. 485), or its constituent fund as defined in section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Cap. 485 sub. leg. A), or any person who, in relation to any such registered scheme, is an approved trustee or service provider as defined in section 2(1) of that Ordinance or who is an investment manager of any such registered scheme or constituent fund;

(g) any scheme which—

(i) is a registered scheme as defined in section 2(1) of the Occupational Retirement Schemes Ordinance (Cap. 426); or

(ii) is an offshore scheme as defined in section 2(1) of that Ordinance and, if it is regulated under the law of the place in which it is domiciled, is permitted to be operated under the law of such place,

or any person who, in relation to any such scheme, is an administrator as defined in section 2(1) of that Ordinance;

(h) any government (other than a municipal government authority), any institution which performs the functions of a central bank, or any multilateral agency;

(i) except for the purposes of Schedule 5 to this Ordinance, any corporation which is—

(i) a wholly owned subsidiary of—

(A) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or

(B) an authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong;

(ii) a holding company which holds all the issued share capital of—

(A) an intermediary, or any other person carrying on the business of the provision of investment services and regulated under the law of any place outside Hong Kong; or

(B) an authorized financial institution, or any bank which is not an authorized financial institution but is regulated under the law of any place outside Hong Kong; or

(iii) any other wholly owned subsidiary of a holding company referred to in subparagraph (ii); or

(j) any person of a class which is prescribed by rules made under section 397 of this Ordinance for the purposes of this paragraph as within the meaning of this definition for the purposes of the provisions of this Ordinance, or to the extent that it is prescribed by rules so made as within the meaning of this definition for the purposes of any provision of this Ordinance;

***property*** (財產) includes—

(a) money, goods, choses in action and land, whether in Hong Kong or elsewhere; and

(b) obligations, easements and every description of estate, interest and profit, present or future, vested or contingent, arising out of or incident to property as defined in paragraph (a);

***prospectus*** (招股章程) means prospectus as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32); *(Replaced 30 of 2004 s. 3. Amended 28 of 2012 ss. 912 & 920)*

***public*** (公眾、大眾) means the public of Hong Kong, and includes any class of that public;

***purchase*** (買、購買), in relation to securities, includes subscribing for or acquiring the securities, in whatever form the

consideration may be;

***qualifying credit rating*** (合資格信貸評級) means—

(a) a credit rating specified in Part 5; or

(b) any credit rating which, in the opinion of the Commission, is equivalent to a credit rating specified in Part 5;

***recognized clearing house*** (認可結算所) means a company recognized as a clearing house under section 37(1) of this Ordinance;

***recognized counterparty*** (認可對手方) means—

(a) an authorized financial institution;

(b) in relation to a particular transaction conducted by a corporation licensed for Type 3 regulated activity, another corporation which is also so licensed; or

(c) an institution prescribed by rules made under section 397 of this Ordinance for the purposes of this definition as a recognized counterparty;

***recognized exchange company*** (認可交易所) means a company recognized as an exchange company under section 19(2) of this Ordinance;

***recognized exchange controller*** (認可控制人) means a company recognized as an exchange controller under section 59(2) of this Ordinance;

***recognized futures market*** (認可期貨市場) means a futures market operated by a recognized exchange company;

***recognized investor compensation company*** (認可投資者賠償公司) means a company recognized as an investor compensation company under section 79(1) of this Ordinance;

***recognized stock market*** (認可證券市場) means a stock market operated by a recognized exchange company;

***record*** (紀錄) means any record of information (however compiled or stored) and includes—

(a) any books, deeds, contract or agreement, voucher, receipt or data material, or information which is recorded otherwise than in a legible form but is capable of being reproduced in a legible form; and

(b) any document, disc, tape, sound track or other device in which sounds or other data (not being visual images) are embodied so as to be capable (with or without the aid of other equipment) of being reproduced, and any film (including a microfilm), tape or other device in which visual images are embodied so as to be capable (with or without the aid of other equipment) of being reproduced;

***record keeping obligation*** (備存紀錄責任) has the meaning given by section 101A of this Ordinance; *(Added 6 of 2014 s. 52)*

***re-domiciled company*** (經遷冊公司) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622); *(Added 14 of 2025 s. 248)*

***registered*** (註冊) means registered under section 119 of this Ordinance, and ***registration*** (註冊) shall be construed accordingly;

***registered institution*** (註冊機構) means an authorized financial institution which is registered under section 119 of this Ordinance;

***Registrar of Companies*** (公司註冊處處長) means the Registrar of Companies appointed under section 21(1) of the Companies Ordinance (Cap. 622); *(Amended 28 of 2012 ss. 912 & 920)*

***regulated activity*** (受規管活動) means any of the regulated activities specified in Part 1 of Schedule 5 to this Ordinance, and a reference to a type of regulated activity by number shall be construed as a reference to the type of regulated activity of that number as specified in that Part;

***regulated investment agreement*** (受規管投資協議) means an agreement the purpose or effect, or pretended purpose or effect, of which is to provide, whether conditionally or unconditionally, to any party to the agreement a profit, income or other returns calculated by reference to changes in the value of any property, but does not include an interest in a collective investment scheme;

***relevant Ordinance*** (《有關條例》) means the Companies Ordinance (Cap. 32) as in force from time to time before the commencement date[##] of section 2 of Schedule 9 to the Companies Ordinance (Cap. 622); *(Added 28 of 2012 ss. 912 & 920)*

***relevant provisions*** (有關條文) means the provisions of—

(a) this Ordinance;

(b) Parts II and XII of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), so far as those Parts relate, directly or indirectly, to the performance of functions relating to prospectuses, whether or not such functions have been made the subject of a transfer order under section 25 or 68 of this Ordinance; *( Amended 28 of 2012 ss. 912 & 920)*

(ba) Part 5 of the Companies Ordinance (Cap. 622), so far as that Part relates, directly or indirectly, to the performance of functions relating to—

(i) the buy-back by a corporation of its own shares; or

(ii) a corporation giving financial assistance for the acquisition of its own shares,

whether or not such functions have been made the subject of a transfer order under section 25 or 68 of this Ordinance; *(Added 28 of 2012 ss. 912 & 920)*

(c) Parts II and XII of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), for the purposes only of section 213 of this Ordinance, and so far as those Parts relate, directly or indirectly, to an advertisement mentioned in section 38B(1) of that Ordinance; *(Added 30 of 2004 s. 3. Amended 28 of 2012 ss. 912 & 920)*

(d) Part 2 (except section 6) of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615); *(Added 15 of 2011 s. 91. Amended 4 of 2018 s. 47)*

***relevant share capital*** (有關股本) means the issued share capital of a corporation which is of a class carrying rights to vote in all circumstances at general meetings of the corporation;

***remuneration*** (報酬) includes money, any consideration, financial accommodation or benefit, whether paid, provided or supplied directly or indirectly;

***repealed Commodities Trading Ordinance*** (已廢除的《商品交易條例》) means the Commodities Trading Ordinance (Cap.

250) repealed under section 406 of this Ordinance;

***repealed Exchanges and Clearing Houses (Merger) Ordinance*** (已廢除的《交易所及結算所(合併)條例》) means the Exchanges and Clearing Houses (Merger) Ordinance (Cap. 555) repealed under section 406 of this Ordinance;

***repealed Leveraged Foreign Exchange Trading Ordinance*** (已廢除的《槓桿式外匯買賣條例》) means the Leveraged Foreign Exchange Trading Ordinance (Cap. 451) repealed under section 406 of this Ordinance;

***repealed Protection of Investors Ordinance*** (已廢除的《保障投資者條例》) means the Protection of Investors Ordinance (Cap. 335) repealed under section 406 of this Ordinance;

***repealed Securities and Futures (Clearing Houses) Ordinance*** (已廢除的《證券及期貨(結算所)條例》) means the Securities and Futures (Clearing Houses) Ordinance (Cap. 420) repealed under section 406 of this Ordinance;

***repealed Securities and Futures Commission Ordinance*** (已廢除的《證券及期貨事務監察委員會條例》) means the Securities and Futures Commission Ordinance (Cap. 24) repealed under section 406 of this Ordinance;

***repealed Securities (Disclosure of Interests) Ordinance*** (已廢除的《證券(披露權益)條例》) means the Securities (Disclosure of Interests) Ordinance (Cap. 396) repealed under section 406 of this Ordinance;

***repealed Securities (Insider Dealing) Ordinance*** (已廢除的《證券(內幕交易)條例》) means the Securities (Insider Dealing) Ordinance (Cap. 395) repealed under section 406 of this Ordinance;

***repealed Securities Ordinance*** (已廢除的《證券條例》) means the Securities Ordinance (Cap. 333) repealed under section 406 of this Ordinance;

***repealed Stock Exchanges Unification Ordinance*** (已廢除的《證券交易所合併條例》) means the Stock Exchanges Unification Ordinance (Cap. 361) repealed under section 406 of this Ordinance;

***reporting obligation*** (匯報責任) has the meaning given by section 101A of this Ordinance; *(Added 6 of 2014 s. 52)*

***resolution authority*** (處置機制當局) has the meaning given by section 2(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); *(Added 23 of 2016 s. 221. Amended E.R. 2 of 2017)*

***Resolution Compensation Tribunal*** (處置補償審裁處) means—

(a) the Tribunal established by section 127(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); or *(Amended E.R. 2 of 2017)*

(b) an additional tribunal established under section 128(1) of that Ordinance; *(Added 23 of 2016 s. 221)*

***Resolvability Review Tribunal*** (處置可行性覆檢審裁處) means—

(a) the Tribunal established by section 110(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); or *(Amended E.R. 2 of 2017)*

(b) an additional tribunal established under section 111(1) of that Ordinance; *(Added 23 of 2016 s. 221)*

***responsible officer*** (負責人員) means an individual who is approved by the Commission under section 126(1) of this

Ordinance as a responsible officer of a licensed corporation;

***Risk Management Committee*** (風險管理委員會), in relation to a recognized exchange controller, means the committee of that name established under section 65(1) of this Ordinance by the controller;

***rules*** (規章)—

(a) in relation to a recognized exchange company, means the rules, regulations and directions, by whatever name they may be called and wherever contained, governing—

(i) its exchange participants;

(ii) the persons who may participate in any of the services it provides;

(iii) the setting and levying of fees;

(iv) the listing of securities;

(v) the trading of securities or futures contracts;

(vi) the provision of other services; or

(vii) generally, its management, operations or procedures,

and includes, in respect of sections 24 and 92 of this Ordinance, its constitution;

(b) in relation to a recognized clearing house, means the rules, regulations and directions, by whatever name they may be called and wherever contained, governing—

(i) its clearing participants;

(ii) the persons who may participate in any of the services it provides;

(iii) the setting and levying of fees;

(iv) the provision of clearing and settlement services, and the suspension or withdrawal of such services;

(v) the provision of other services; or

(vi) generally, its management, operations or procedures,

and includes, in respect of sections 41 and 92 of this Ordinance, its constitution;

(c) in relation to a recognized exchange controller, means—

(i) its constitution; or

(ii) the rules, regulations and directions, by whatever name they may be called and wherever contained, governing the conduct or procedures of—

(A) the recognized exchange controller;

(B) the Risk Management Committee; or

(C) any person or body of persons declared in a notice under section 66(2) of this Ordinance to be a person or body of persons (as the case may be) to which this sub-subparagraph shall apply; or

(d) in relation to a recognized investor compensation company, means—

(i) its constitution; or

(ii) the rules, regulations and directions, by whatever name they may be called and wherever contained, governing its management, operations or procedures, or its provision of services;

***scheme property*** (計劃財產) has the meaning given by section 112A of this Ordinance; *(Added 16 of 2016 s. 19)*

***securities*** (證券) means—

(a) shares, stocks, debentures, loan stocks, funds, bonds or notes of, or issued by, a body, whether incorporated or unincorporated, or a government or municipal government authority;

(b) rights, options or interests (whether described as units or otherwise) in, or in respect of, such shares, stocks, debentures, loan stocks, funds, bonds or notes;

(c) certificates of interest or participation in, temporary or interim certificates for, receipts for, or warrants to subscribe for or purchase, such shares, stocks, debentures, loan stocks, funds, bonds or notes;

(d) interests in any collective investment scheme;

(e) interests, rights or property, whether in the form of an instrument or otherwise, commonly known as securities;

(f) interests, rights or property which is interests, rights or property, or is of a class or description of interests, rights or property, prescribed by notice under section 392 of this Ordinance as being regarded as securities in accordance with the terms of the notice; *(Amended 8 of 2011 s. 14)*

(g) a structured product that does not come within any of paragraphs (a) to (f) but in respect of which the issue of any advertisement, invitation or document that is or contains an invitation to the public to do any act referred to in section 103(1)(a) of this Ordinance is authorized, or required to be authorized, under section 105(1) of this Ordinance, *(Added 8 of 2011 s. 14)*

but does not include—

(i) shares or debentures of a company that is a private company within the meaning of section 11 of the Companies Ordinance (Cap. 622); *(Amended 28 of 2012 ss. 912 & 920)*

(ii) any interest in any collective investment scheme that is—

(A) a registered scheme as defined in section 2(1) of the Mandatory Provident Fund Schemes Ordinance (Cap. 485), or its constituent fund as defined in section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Cap. 485 sub. leg. A);

(B) an occupational retirement scheme as defined in section 2(1) of the Occupational Retirement Schemes Ordinance (Cap. 426); or

(C) a contract of insurance in relation to any class of insurance business specified in Schedule 1 to the Insurance Ordinance (Cap. 41); *(Amended 12 of 2015 s. 144)*

(iii) any interest arising under a general partnership agreement or proposed general partnership agreement unless the agreement or proposed agreement relates to an undertaking, scheme, enterprise or investment contract promoted by or on behalf of a person whose ordinary business is or includes the promotion of similar undertakings, schemes, enterprises or investment contracts (whether or not that person is, or is to become, a party to the agreement or proposed agreement);

(iv) any negotiable receipt or other negotiable certificate or document evidencing the deposit of a sum of money, or any rights or interest arising under the receipt, certificate or document;

(v) any bill of exchange within the meaning of section 3 of the Bills of Exchange Ordinance (Cap. 19) and any promissory note within the meaning of section 89 of that Ordinance;

(vi) any debenture that specifically provides that it is not negotiable or transferable (excluding a debenture that is a structured product in respect of which the issue of any advertisement, invitation or document that is or contains an invitation to the public to do any act referred to in section 103(1)(a) of this Ordinance is authorized, or required to be authorized, under section 105(1) of this Ordinance); *(Amended 8 of 2011 s. 14)*

(vii) interests, rights or property which is interests, rights or property, or is of a class or description of interests, rights or property, prescribed by notice under section 392 of this Ordinance as not being regarded as securities in accordance with the terms of the notice;

***Securities and Futures Appeals Tribunal*** (上訴審裁處) means the Securities and Futures Appeals Tribunal established by section 216 of this Ordinance;

***securities and futures industry*** (證券期貨業) means the securities and futures market and participants (other than investors) therein (including recognized exchange companies, recognized clearing houses, recognized exchange controllers, recognized investor compensation companies and persons carrying on any regulated activity), and any activities related to financial products that are carried on in such securities and futures market or by such participants;

***securities and futures market*** (證券期貨市場) means any market, exchange, place or service which facilitates the bringing together on a regular basis persons who are parties to transactions related to financial products;

***securities borrowing and lending agreement*** (證券借貸協議) means an agreement whereby a person borrows or lends securities pursuant to an arrangement where the borrower undertakes to return securities of the same description, or pay the equivalent value of the securities, to the lender, and includes a stock borrowing within the meaning of section 19(16) of the Stamp Duty Ordinance (Cap. 117);

***securities collateral*** (證券抵押品)—

(a) in relation to a licensed corporation, means any securities —

(i) deposited with, or otherwise provided by or on behalf of a client of the licensed corporation to, the licensed corporation; or

(ii) deposited with, or otherwise provided by or on behalf of a client of the licensed corporation to, any other intermediary or person,

which are so deposited or provided—

(A) as security for the provision by the licensed corporation of financial accommodation; or

(B) to facilitate the provision by the licensed corporation of financial accommodation under an arrangement that confers on the licensed corporation a collateral interest in the securities; or

(b) in relation to a registered institution, means any securities—

(i) deposited with, or otherwise provided by or on behalf of a client of the registered institution to, the registered institution, in the course of the conduct of any regulated activity for which the registered institution is registered; or

(ii) deposited with, or otherwise provided by or on behalf of a client of the registered institution to, any other intermediary or person, in relation to such conduct of the regulated activity,

which are so deposited or provided—

(A) as security for the provision by the registered institution of financial accommodation; or

(B) to facilitate the provision by the registered institution of financial accommodation under an arrangement that confers on the registered institution a collateral interest in the securities;

***securities margin financing*** (證券保證金融資) has the meaning assigned to it by Part 2 of Schedule 5 to this Ordinance;

***served*** (送達) includes given;

***shadow director*** (幕後董事) means a person in accordance with whose directions or instructions the directors of a corporation are accustomed or obliged to act, but a person shall not be regarded as a shadow director by reason only of the fact that the directors act on advice given by him in a professional capacity;

***share*** (股份) means any share in the share capital of a corporation, and, except where a distinction between stock and shares is express or implied, includes stock;

***short selling order*** (賣空指示)—

(a) subject to paragraph (b), means an order to sell securities in respect of which the seller, or the person for whose benefit or on whose behalf the order is made, has a presently exercisable and unconditional right to vest the securities in the purchaser of them by virtue of having—

(i) under a securities borrowing and lending agreement —

(A) borrowed the securities; or

(B) obtained a confirmation from the counterparty to the agreement that the counterparty has the securities available to lend to him;

(ii) a title to other securities which are convertible into or exchangeable for the securities to which the order relates;

(iii) an option to acquire the securities to which the order relates;

(iv) rights or warrants to subscribe for and to receive the securities to which the order relates; or

(v) entered into with any other person an agreement or arrangement of a description prescribed by rules made under section 397 of this Ordinance for the purposes of this subparagraph;

(b) in relation to paragraph (a)(ii), (iii), (iv) or (v), does not include an order where the seller, or the person for whose benefit or on whose behalf the order is made, has, at the time of placing the order, issued unconditional instructions to obtain the securities to which the order relates;

***specified debt securities*** (指明債務證券) means debenture stocks, loan stocks, debentures, bonds, notes, indexed bonds, convertible debt securities, bonds with warrants, non-interest bearing debt securities and other securities or instruments acknowledging, evidencing or creating indebtedness—

(a) which are issued or guaranteed by the Government;

(b) which are issued by an issuer that has a qualifying credit rating for any of its debt instruments; or

(c) which are issued by any other issuer as may be approved by the Commission in writing in a particular case;

***specified futures exchange*** (指明期貨交易所) means a futures exchange specified in Part 2;

***specified provision*** (指明條文) means each of the following—

(a) Part IIIA of this Ordinance and subsidiary legislation made under it;

(b) Division 3A of Part VIII of this Ordinance;

(c) sections 185, 187, 190 and 191 of this Ordinance to the extent to which they relate to an investigation of any matter under section 184A of this Ordinance;

(d) sections 186A, 385A and 388A of this Ordinance;

(e) Divisions 4 and 5 of Part IX of this Ordinance;

(f) Division 1A of Part XVI of this Ordinance; *(Added 6 of 2014 s. 52)*

***specified stock exchange*** (指明證券交易所) means a stock exchange specified in Part 3;

***stabilization option*** (穩定措施) has the meaning given by section 2(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); *(Added 23 of 2016 s. 221. Amended E.R. 2 of 2017)*

***Stock Exchange Company*** (聯交所) means the company incorporated, and registered by the name The Stock Exchange of Hong Kong Limited, under the relevant Ordinance; *(Amended 28 of 2012 ss. 912 & 920)*

***stock market*** (證券市場) means a place where persons regularly meet together to negotiate sales and purchases of securities

(including prices), or a place at which facilities are provided for bringing together sellers and purchasers of securities; but does not include the office of—

(a) an exchange participant of a recognized exchange company which may operate a stock market; or

(b) a recognized clearing house;

***structured product*** (結構性產品) has the meaning given by section 1A of this Part; *(Added 8 of 2011 s. 14)*

***take-over offer*** (收購要約), in relation to a corporation, means an offer made to all the holders (or all the holders other than the person making the offer and his nominees) of the shares in the corporation to acquire the shares or a specified proportion of them, or to all the holders (or all the holders other than the person making the offer and his nominees) of a particular class of the shares to acquire the shares of the class or a specified proportion of them;

***title*** (稱銜) includes name or description;

***trading right*** (交易權), in relation to a recognized exchange company, means a right to be eligible to trade through that exchange company or on a recognized stock market or a recognized futures market operated by that exchange company and entered as such a right in a list, roll or register kept by that exchange company.

***within scope financial institution*** (受涵蓋金融機構) has the meaning given by section 2(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628). *(Added 23 of 2016 s. 221. Amended E.R. 2 of 2017)*

*(Amended 23 of 2004 s. 56; 30 of 2004 s. 3; 28 of 2012 ss. 912 & 920)*

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Editorial Note:

[#] Not yet commenced.

[§] Commencement date: 13 November 2015.

[##] Commencement date : 3 March 2014.

**1A. Meaning of *structured product***

(1) In this Ordinance, subject to subsection (2), ***structured product*** (結構性產品) means—

(a) an instrument under which some or all of the return or amount due (or both the return and the amount due) or the method of settlement is determined by reference to one or more of—

(i) changes in the price, value or level (or a range within the price, value or level) of any type or combination of types of securities, commodity, index, property, interest rate, currency exchange rate or futures contract;

(ii) changes in the price, value or level (or a range within the price, value or level) of any basket of more than one type, or any combination of types, of securities, commodity, index, property, interest rate, currency exchange rate or futures contract; or

(iii) the occurrence or non-occurrence of any specified event or events (excluding an event or events relating only to the issuer or guarantor of the instrument or to both the issuer and the guarantor);

(b) a regulated investment agreement; or

(c) any interests, rights or property prescribed, or of a class or description prescribed, by notice under section 392 of this Ordinance as being regarded as structured products in accordance with the notice.

(2) A ***structured product*** does not include—

(a) a debenture issued for capital fund raising purposes that is convertible into or exchangeable for shares (whether issued or unissued) of the issuer of the debenture or of a related corporation of the issuer;

(b) a subscription warrant issued for capital fund raising purposes that entitles the holder to subscribe for shares (whether issued or unissued) of the issuer of the warrant or of a related corporation of the issuer;

(c) a collective investment scheme;

(d) a depositary receipt;

(e) a debenture that would come within subsection (1)(a) only because it has a variable interest rate that is reset periodically to equate to a money market or interbank reference interest rate that is widely quoted (whether or not subject to a predetermined maximum or minimum rate) plus or minus a specified rate (if any);

(f) a product under which some or all of the return or amount due (or both the return and the amount due) or the method of settlement is determined by reference to securities of a corporation, or of a related corporation of the corporation, and that is issued by the corporation only to a person who is—

(i) a bona fide employee or former employee of the corporation or of a related corporation of the corporation; or

(ii) a spouse, widow, widower, minor child (natural or adopted) or minor step-child of a person referred to in subparagraph (i);

(g) a product that may be possessed, promoted, offered, sold, printed or published only—

(i) under a licence, permission or other authorization under the Betting Duty Ordinance (Cap. 108) or the Gambling Ordinance (Cap. 148); or

(ii) under the Government Lotteries Ordinance (Cap. 334);

(h) an instrument issued in relation to—

(i) a contest authorized by section 37 of the Broadcasting Ordinance (Cap. 562); or

(ii) a contest included in a service licensed under Part 3A of the Telecommunications Ordinance (Cap. 106);

(i) a contract of insurance in relation to any class of insurance business specified in Schedule 1 to the Insurance Ordinance (Cap. 41); or *(Amended 12 of 2015 s. 144)*

(j) any interests, rights or property prescribed, or of a class or description prescribed, by notice under section 392 of this Ordinance as not being regarded as structured products in accordance with the notice.

*(Added 8 of 2011 s. 14)*

**1B. Meaning of *OTC derivative product***

(1) In this Ordinance, subject to subsections (2) and (3)—

***OTC derivative product*** (場外衍生工具產品) means a structured product.

(2) An ***OTC derivative product*** does not include—

(a) securities that are traded on a recognized stock market;

(b) a futures contract that is traded on a recognized futures market;

(c) a securities or futures contract that is—

(i) traded on a stock market or futures market prescribed under section 392A of this Ordinance; and

(ii) cleared through a clearing house prescribed under that section;

(d) a structured product that is offered to the public, the issue of any advertisement, invitation or document relating to which is authorized under section 105(1) of this Ordinance;

(e) a structured product in the form of debt security the payment under which is derived from cash flows generated by an underlying pool of assets;

(f) an instrument that—

(i) is in the form of shares, stocks, debentures, loan stocks, funds, bonds, notes, deposits or certificates of deposits or in the form of any other type of instrument prescribed under section 392A of this Ordinance; and

(ii) has an embedded feature that makes it a structured product;

(g) a spot contract;

(h) a structured product that is offered—

(i) within an offer period that is not more than 2 weeks; and

(ii) to multiple persons on identical terms, other than the consideration to be paid for the product; or

(i) a structured product, or a structured product of a class or description, prescribed under section 392(1)(b)(vii) of this Ordinance as a product that is not to be regarded as an OTC derivative product in accordance with the notice.

(3) An OTC derivative product also includes a product prescribed by notice under section 392(1)(a)(vii) of this Ordinance as a product that is to be regarded as an OTC derivative product in accordance with the notice.

(4) In this section—

***spot contract*** (現貨合約) means a contract for the sale of any type or combination of types of securities, commodity, index, property, interest rate or currency exchange rate under the terms of which the settlement of the contract is scheduled to be made within the longest of the following periods—

(a) if the contract is—

(i) entered into in Hong Kong, 2 business days after the date of entering into the contract; or

(ii) settled outside Hong Kong, 2 days on which each settlement facility necessary to settle the transaction is open for business, after the date of entering into the contract;

(b) the period generally accepted in the market for that type or combination of types of securities, commodity, index, property, interest rate or currency exchange rate as the standard delivery period.

*(Added 6 of 2014 s. 52)*

**2. References to subsidiary**

(1) For the purposes of this Ordinance, a corporation shall be regarded as a subsidiary of another corporation if—

(a) the other corporation—

(i) controls the composition of its board of directors;

(ii) controls more than half of its voting power at general meetings; or

(iii) holds more than half of its issued share capital (which issued share capital, for the purposes of this subparagraph, excludes any part thereof which carries no right to participate beyond a specified amount on a distribution of either profits or capital); or

(b) it is a subsidiary of a corporation which is the other corporation's subsidiary.

(2) For the purposes of subsection (1), in determining whether a corporation is a subsidiary of another corporation—

(a) any shares held or power exercisable by the other corporation in a fiduciary capacity shall be regarded as not held or exercisable by it;

(b) subject to paragraphs (c) and (d), any shares held or power exercisable—

(i) by a nominee for the other corporation (except where the other corporation is concerned only in a fiduciary capacity); or

(ii) by, or by a nominee for, a subsidiary of the other corporation, not being a subsidiary which is concerned only in a fiduciary capacity,

shall be regarded as held or exercisable by the other corporation;

(c) any shares held or power exercisable by a person under a debenture of the corporation or under a trust deed for securing the issue of the debenture shall be disregarded; and

(d) any shares held or power exercisable by, or by a nominee for, the other corporation or its subsidiary, not being held or exercisable as mentioned in paragraph (c), shall be regarded as not held or exercisable by the other corporation if the ordinary business of the other corporation or its subsidiary (as the case may be) includes the lending of money and the shares are held or power is exercisable by way of security only for a transaction entered into in the ordinary course of that business.

**3. References to related corporation**

For the purposes of this Ordinance—

(a) 2 or more corporations shall be regarded as related corporations of each other if one of them is—

(i) the holding company of the other;

(ii) a subsidiary of the other; or

(iii) a subsidiary of the holding company of the other;

(b) when an individual—

(i) controls the composition of the board of directors of one or more corporations;

(ii) controls more than half of the voting power at general meetings of one or more corporations; or

(iii) holds more than half of the issued share capital (which issued share capital, for the purposes of this subparagraph, excludes any part thereof which carries no right to participate beyond a specified amount on a distribution of either profits or capital) of one or more corporations,

each of the corporations referred to in subparagraph (i), (ii) or (iii), and each of their subsidiaries, shall be regarded as related corporations of each other.

**4. References to controlling the composition of a corporation's board of directors**

(1) For the purposes of this Ordinance, the composition of a corporation's board of directors shall be regarded as controlled by another corporation if the other corporation, by the exercise of some power exercisable by it, can, without the consent or concurrence of any other person, appoint or remove all or a majority of the directors of the corporation.

(2) For the purposes of subsection (1), a corporation shall be regarded as being able to appoint or remove a director of another corporation if—

(a) the appointment or removal cannot occur without the corporation exercising a power; or

(b) the appointment of a person as a director of the other corporation follows necessarily from his being a director or other officer of the corporation.

(3) For the purposes of this Ordinance, the composition of a corporation's board of directors shall be regarded as controlled by an individual if the individual, by the exercise of some power exercisable by him, can, without the consent or concurrence of any other person, appoint or remove all or a majority of the directors of the corporation.

(4) For the purposes of subsection (3), an individual shall be regarded as being able to appoint or remove a director of a corporation if—

(a) the appointment or removal cannot occur without the individual exercising a power; or

(b) the appointment of a person as a director of the corporation follows necessarily from his being a director or other officer of another corporation and his appointment as a director or other officer of the other corporation cannot occur without the individual exercising a power.

**5. References to wholly owned subsidiary**

For the purposes of this Ordinance, a body corporate shall be regarded as the wholly owned subsidiary of another body corporate if it has no members except that other, that other's nominee, that other's wholly owned subsidiary (as construed in accordance with this section), such wholly owned subsidiary's nominee, or any combination thereof.

**6. References to substantial shareholder**

(1) For the purposes of this Ordinance, a person shall, in relation to a corporation, be regarded as a substantial shareholder of the corporation if he, either alone or with any of his associates —

(a) has an interest in shares in the corporation—

(i) the aggregate number of which shares is equal to more than 10% of the total number of issued shares of the corporation; or *(Amended 28 of 2012 ss. 912 & 920)*

(ii) which entitles the person, either alone or with any of his associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at general meetings of the corporation; or

(b) holds shares in any other corporation which entitles him, either alone or with any of his associates and either directly or indirectly, to exercise or control the exercise of 35% or more of the voting power at general meetings of the other corporation, or of a further corporation, which is itself entitled, either alone or with any of its associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at general meetings of the corporation.

(2) For the purposes of subsection (1), a person shall be regarded as being entitled to exercise or control the exercise of 35% or more of the voting power at general meetings of a corporation indirectly if he, either alone or with any of his associates, has an interest in shares in a further corporation which entitles him, either alone or with any of his associates, to exercise or control the exercise of 35% or more of the voting power at general meetings of the further corporation which is itself entitled, either alone or with any of its associates, to exercise or control the exercise of 35% or more of the voting power at general meetings of the first-mentioned corporation.

**7. References to securities of a corporation**

In this Ordinance, a reference to securities (however described) as those of a corporation shall, unless the context otherwise requires, be construed as a reference to securities (having the applicable meaning, whether under section 1 or otherwise) which are—

(a) issued, made available or granted by the corporation;

(b) proposed to be issued, made available or granted by the corporation; or

(c) proposed to be issued, made available or granted by the corporation when it is incorporated.

**8. References to interest of investing public**

In this Ordinance, a reference to the interest of the investing public does not include any interest the taking into consideration of which is or is likely to be contrary to the public interest.

**9. References to conditions**

In this Ordinance, unless the context otherwise requires, a reference to any condition imposed under or pursuant to any provision of this Ordinance shall, in any case where the condition has been amended (however described) under or pursuant to any provision of this Ordinance, be construed as a reference to the condition as so amended.

**10. References relating to regulated activity**

In this Ordinance—

(a) unless otherwise defined or excluded or the context otherwise requires, a person shall be regarded as carrying on a regulated activity if—

(i) he carries on a business in a regulated activity; or

(ii) he performs for or on behalf of or by arrangement with a person carrying on a business in a regulated activity, any regulated function (as defined in section 113(1) of this Ordinance) in relation to the regulated activity;

(b) a person shall be regarded as carrying on a regulated activity for an intermediary if he performs for or on behalf of or by arrangement with the intermediary any regulated function (as defined in section 113(1) of this Ordinance) in relation to the regulated activity;

(c) (i) a corporation licensed under section 116 or 117 of this Ordinance to carry on a regulated activity shall be regarded as being licensed for that regulated activity;

(ii) an individual licensed under section 120 or 121 of this Ordinance to carry on a regulated activity for a licensed corporation shall be regarded as being licensed for that regulated activity.

**11. References to contravention, etc.**

In this Ordinance, unless the context otherwise requires—

(a) a reference to contravention shall—

(i) be construed as including a reference to failure to comply; and

(ii) in relation to any provision of any Ordinance, be construed as including a reference to the commission of an offence under the provision;

(b) a reference to failure to comply shall—

(i) be construed as including a reference to contravention; and

(ii) in relation to any provision of any Ordinance, be construed as including a reference to the commission of an offence under the provision.

**12. References to Ordinance**

For the avoidance of doubt, in this Ordinance, a reference to this or any other Ordinance, whether generally or specifically and whether by reference to the short title of the Ordinance or otherwise, shall, unless the context otherwise requires, be construed as including any subsidiary legislation made under this or that other Ordinance (as the case may be).

**13. Notes in Ordinance**

A note located in the text of this Ordinance is provided for information only and has no legislative effect.

*(Added 9 of 2012 s. 11)*

**14. Commencement of subsidiary legislation**

Without limiting section 28(5) of the Interpretation and General Clauses Ordinance (Cap. 1), if any subsidiary legislation made under this Ordinance is to come into operation on a day to be notified in the Gazette—

(a) the notice may fix different days for a provision of the subsidiary legislation to come into operation for different purposes; and

(b) different notices may fix different days for the provision to come into operation for different purposes.

*(Added 5 of 2015 s. 17)*

# Part 2

# Specified Futures Exchanges

1. ASX Limited
2. Australian Securities Exchange Limited
3. BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros
4. Board of Trade of the City of Chicago, Inc.
5. Chicago Board Options Exchange, Incorporated
6. Chicago Mercantile Exchange Inc.
7. China Financial Futures Exchange
8. Commodity Exchange, Inc.
9. Dalian Commodity Exchange
10. Eurex Frankfurt AG
11. Eurex Zürich AG
12. Euronext Amsterdam N.V.
13. Euronext Paris S.A.
14. Hong Kong Futures Exchange Limited
15. ICE Futures Canada, Inc.
16. ICE Futures U.S., Inc.
17. Korea Exchange, Inc.
18. LIFFE Administration and Management
19. Montréal Exchange Inc.
20. Multi Commodity Exchange of India Limited
21. National Commodity & Derivatives Exchange Limited
22. NASDAQ OMX PHLX LLC
23. NASDAQ OMX Stockholm AB
24. New York Mercantile Exchange, Inc.
25. New Zealand Futures and Options Exchange Limited
26. NYSE Arca, Inc.

27. Osaka Securities Exchange Co., Ltd.

28. Shanghai Futures Exchange

29. Singapore Exchange Derivatives Trading Limited

30. The London Metal Exchange Limited

31. Tokyo Financial Exchange Inc.

32. Tokyo Grain Exchange Inc.

33. Tokyo Stock Exchange, Inc.

34. Zhengzhou Commodity Exchange

*(Part 2 Replaced L.N. 94 of 2012)*

## Part 3

## Specified Stock Exchanges

1. ASX Limited

2. BSE Limited

3. Borsa Italiana S.p.A.

4. Bursa Malaysia Securities Berhad

5. Deutsche Börse AG

6. Euronext Amsterdam N.V.

7. Euronext Brussels S.A./N.V.

8. Euronext Paris S.A.

9. Korea Exchange, Inc.

10. London Stock Exchange plc

11. Montréal Exchange Inc.

12. Nagoya Stock Exchange, Inc.

13. NASDAQ OMX Copenhagen A/S

14. NASDAQ OMX Helsinki Ltd

15. NASDAQ OMX Stockholm AB

16. National Stock Exchange of India Limited

17. New York Stock Exchange LLC

18. NYSE Amex LLC

19. NZX Limited

20. Osaka Securities Exchange Co., Ltd.

21. Oslo Børs ASA

22. Singapore Exchange Securities Trading Limited

23. SIX Swiss Exchange AG

24. Sociedad Rectora de la Bolsa de Valores de Madrid, S.A. (Sociedad Unipersonal)

25. Société de la Bourse de Luxembourg S.A.

26. The NASDAQ Stock Market LLC

27. The Philippine Stock Exchange, Inc.

28. The Stock Exchange of Hong Kong Limited

29. The Stock Exchange of Thailand

30. Tokyo Stock Exchange, Inc.

31. TSX Inc.

32. Wiener Börse AG

*(Part 3 Replaced L.N. 94 of 2012)*

## Part 4

## Multilateral Agencies

1. The African Development Bank

2. The Asian Development Bank

3. The European Bank for Reconstruction and Development

4. The European Investment Bank

5. The Inter-American Development Bank

6. The International Bank for Reconstruction and Development (commonly known as the World Bank)

7. The International Finance Corporation (an affiliate of the World Bank)

8. The Asian Infrastructure Investment Bank *(Added L.N. 59 of 2016)*

9. The New Development Bank *(Added L.N. 155 of 2023)*

## Part 5

## Qualifying Credit Rating

1. A Moody's Investors Service rating of—
   (a) A3 or above for long term debt; or
   (b) Prime-3 or above for short term debt.

2. A Standard & Poor's Corporation rating of—
   (a) A or above for long term debt; or
   (b) A-3 or above for short term debt.

*(Amended E.R. 2 of 2012)*

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# Schedule 5

[ss. 114, 118, 139 & 142 & Sch. 1]

## Regulated Activities

*(Format changes—E.R. 1 of 2013)*

## Part 1

The following are regulated activities—

| | |
|---|---|
| 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; *(Amended L.N. 28 of 2011)* |
| Type 10 : | providing credit rating services; *(Added L.N. 28 of 2011. Amended 6 o* |
| #Type 11 : | dealing in OTC derivative products or advising on OTC derivative pr *(Added 6 of 2014 s. 53)* |
| @Type 12 : | providing client clearing services for OTC derivative transactions; *(A 2014 s. 53. Amended L.N. 62 of 2023)* |
| Type 13 : | providing depositary services for relevant CISs. *(Added L.N. 62 of 20* |

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Editorial Note:

# Not yet in operation.

@ The new Type 12, Part 1, Schedule 5 added by the Securities and Futures (Amendment) Ordinance 2014 (6 of 2014) came into operation on 1 September 2016, in so far as it relates to paragraph (c) of the new definition of ***excluded services*** in Part 2 of Schedule 5. Please see paragraph (g) of the Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2016 (L.N. 27 of 2016).

## Part 2

In this Schedule—

***advising on corporate finance*** (就機構融資提供意見) means giving advice —

(a) concerning compliance with or in respect of rules made under section 23 or 36 of this Ordinance governing the listing of securities and the code published under section 399(2)(a) or (b) of this Ordinance;

(b) concerning—

(i) any offer to dispose of securities to the public;

(ii) any offer to acquire securities from the public; or

(iii) acceptance of any offer referred to in subparagraph (i) or (ii), but only in so far as the advice is given generally to holders of securities or a class of securities; or

(c) to a listed corporation or public company or a subsidiary of the corporation or company, or to its officers or shareholders, concerning corporate restructuring in respect of securities (including the issue, cancellation or variation of any rights attaching to any securities),

but does not include such advice given by—

(i) a corporation solely 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;

(ii) a person who is licensed for Type 1 regulated activity who gives such advice wholly incidental to the carrying on of that regulated activity;

(iii) an authorized financial institution which is registered for Type 1 regulated activity which gives such advice wholly incidental to the carrying on of that regulated activity;

(iv) an individual—

(A) 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 regulated activity by an authorized financial institution registered for that regulated activity; and

(B) who gives such advice wholly incidental to the carrying on of that regulated activity;

(v) a solicitor who gives such advice wholly incidental to his practice as such in a Hong Kong firm or foreign firm within the meaning of the Legal Practitioners Ordinance (Cap. 159);

(vi) counsel who gives such advice wholly incidental to his practice as such;

(vii) a certified public accountant who gives such advice wholly incidental to his practice as such in a practice unit as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588); *(Amended 23 of 2004 s. 56; L.N. 66 of 2022)*

(viii) a trust company registered under Part 8 of the Trustee Ordinance (Cap. 29) which gives such advice wholly incidental to the discharge of its duty as such; or

(ix) a person through—

(A) a newspaper, magazine, book or other publication which is made generally available to the public; or

(B) television broadcast or radio broadcast for reception by the public, whether on subscription or otherwise;

***advising on futures contracts*** (就期貨合約提供意見) means—

(a) giving advice on—

(i) whether;

(ii) which;

(iii) the time at which; or

(iv) the terms or conditions on which,

futures contracts should be entered into; or

(b) issuing analyses or reports, for the purposes of facilitating the recipients of the analyses or reports to make decisions on—

(i) whether;

(ii) which;

(iii) the time at which; or

(iv) the terms or conditions on which,

futures contracts are to be entered into,

otherwise than by—

(i) a corporation which gives such advice or issues such analyses or reports solely 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;

(ii) a person who is licensed for Type 2 regulated activity who gives such advice or issues such analyses or reports wholly incidental to the carrying on of that regulated activity;

(iii) an authorized financial institution which is registered for Type 2 regulated activity which gives such advice or issues such analyses or reports wholly incidental to the carrying on of that regulated activity;

(iv) an individual—

(A) 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 2 regulated activity by an authorized financial institution registered for that regulated activity; and

(B) who gives such advice or issues such analyses or reports wholly incidental to the carrying on of that regulated activity;

(iva) a person—

(A) who is licensed or registered for Type 9 regulated activity;

(B) who provides a service of managing a portfolio of futures contracts under a collective investment scheme for another person that the person is permitted to provide under that licence or registration; and *(Amended 6 of 2014 s. 53)*

(C) who gives such advice or issues such analyses or reports solely for the purposes of providing the service described in subparagraph (B); *(Added L.N. 197 of 2005)*

(v) a solicitor who gives such advice, or issues such analyses or reports as part of an advice given, wholly incidental to his practice as a solicitor in a Hong Kong firm or foreign firm within the meaning of the Legal Practitioners Ordinance (Cap. 159);

(vi) counsel who gives such advice, or issues such analyses or reports as part of an advice given, wholly incidental to his practice as counsel;

(vii) a certified public accountant who gives such advice, or issues such analyses or reports as part of an advice given, wholly incidental to his practice as a certified public accountant in a practice unit as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588); *(Amended 23 of 2004 s. 56; L.N. 66 of 2022)*

(viii) a trust company registered under Part 8 of the Trustee Ordinance (Cap. 29) which gives such advice or issues such analyses or reports wholly incidental to the discharge of its duty as such; or

(ix) a person who gives such advice or issues such analyses or reports through—

(A) a newspaper, magazine, book or other publication which is made generally available to the public; or

(B) television broadcast or radio broadcast for reception by the public, whether on subscription or otherwise;

***advising on securities*** (就證券提供意見) means—

(a) giving advice on—

(i) whether;

(ii) which;

(iii) the time at which; or

(iv) the terms or conditions on which,

securities should be acquired or disposed of; or

(b) issuing analyses or reports, for the purposes of facilitating the recipients of the analyses or reports to make decisions on—

(i) whether;

(ii) which;

(iii) the time at which; or

(iv) the terms or conditions on which,

securities are to be acquired or disposed of,

otherwise than by—

(i) a corporation which gives such advice or issues such analyses or reports solely 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;

(ii) a person who is licensed for Type 1 regulated activity who gives such advice or issues such analyses or reports wholly incidental to the carrying on of that regulated activity;

(iii) an authorized financial institution which is registered for Type 1 regulated activity which gives such advice or issues such analyses or reports wholly incidental to the carrying on of that regulated activity;

(iv) an individual—

(A) 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 regulated activity by an authorized financial institution registered for that regulated activity; and

(B) who gives such advice or issues such analyses or reports wholly incidental to the carrying on of that regulated activity;

(iva) a person—

(A) who is licensed or registered for Type 9 regulated activity;

(B) who provides a service of managing a portfolio of securities under a collective investment scheme for another person that the person is permitted to provide under that licence or registration; and *(Amended 6 of 2014 s. 53)*

(C) who gives such advice or issues such analyses or reports solely for the purposes of providing the service described in subparagraph (B); *(Added L.N. 197 of 2005)*

(v) a solicitor who gives such advice, or issues such analyses or reports as part of an advice given, wholly incidental to his practice as a solicitor in a Hong Kong firm or foreign firm within the meaning of the Legal Practitioners Ordinance (Cap. 159);

(vi) counsel who gives such advice, or issues such analyses or reports as part of an advice given, wholly incidental to his practice as counsel;

(vii) a certified public accountant who gives such advice, or issues such analyses or reports as part of an advice given, wholly incidental to his practice as a certified public accountant in a practice unit as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588); *(Amended 23 of 2004 s. 56; L.N. 66 of 2022)*

(viii) a trust company registered under Part 8 of the Trustee Ordinance (Cap. 29) which gives such advice or issues such analyses or reports wholly incidental to the discharge of its duty as such; or

(ix) a person who gives such advice or issues such analyses or reports through—

(A) a newspaper, magazine, book or other publication which is made generally available to the public; or

(B) television broadcast or radio broadcast for reception by the public, whether on subscription or otherwise,

but does not include the giving of such advice or issuing of such analyses or reports that falls within the meaning of ***advising on corporate finance*** or ***providing credit rating services***; *(Amended L.N. 28 of 2011; 6 of 2014 s. 53)*

***asset management*** (資產管理) means—

(a) real estate investment scheme management; or

(b) securities or futures contracts management; *(Added L.N. 197 of 2005)*

***automated trading services*** (自動化交易服務) means services provided by means of electronic facilities, not being facilities provided by a recognized exchange company or a recognized clearing house, whereby—

(a) offers to sell or purchase securities or futures contracts are regularly made or accepted in a way that forms or results in a binding transaction in accordance with established methods, including any method commonly used by a stock market or futures market;

[+](ab) offers to enter into OTC derivative transactions are regularly made or accepted in a way that forms or results in a binding transaction in accordance with established methods; *(Added 6 of 2014 s. 53)*

(b) persons are regularly introduced, or identified to other persons in order that they may negotiate or conclude, or with the reasonable expectation that they will negotiate or conclude sales or purchases of securities or futures contracts in a way that forms or results in a binding transaction in accordance with established methods, including any method commonly used by a stock market or futures market; *(Amended 6 of 2014 s. 53)*

[@](ba) persons are regularly introduced, or identified to other persons —

(i) in order that they may negotiate or conclude OTC derivative transactions in a way that forms or results in a binding transaction in accordance with established methods; or

(ii) with the reasonable expectation that they will negotiate or conclude OTC derivative transactions in such a way; *(Added 6 of 2014 s. 53)*

(c) transactions—

(i) referred to in paragraph (a);

(ii) resulting from the activities referred to in paragraph (b); or

(iii) effected on, or subject to the rules of, a stock market or futures market,

may be novated, cleared, settled or guaranteed; or

[##](d) transactions—

(i) referred to in paragraph (ab); or

(ii) resulting from the activities referred to in paragraph (ba),

may be novated, cleared, settled or guaranteed, *(Added 6 of 2014 s. 53)*

but does not include such services provided by a corporation operated by or on behalf of the Government or any excluded services; *(Amended 6 of 2014 s. 53)*

***credit ratings*** (信貸評級) means opinions, expressed using a defined ranking system, primarily regarding the creditworthiness of—

(a) a person other than an individual;

(b) debt securities;

(c) preferred securities; or

(d) an agreement to provide credit; *(Added L.N. 28 of 2011)*

***dealing in futures contracts*** (期貨合約交易), in relation to a person, means —

(a) making or offering to make an agreement with another person to enter into, or to acquire or dispose of, a futures contract;

(b) inducing or attempting to induce another person to enter into, or to offer to enter into, a futures contract; or

(c) inducing or attempting to induce another person to acquire or dispose of a futures contract,

by the person, except where the person—

(i) is carrying out his functions as a recognized clearing house;

(ii) performs the act referred to in paragraph (a), (b) or (c) through another person (***the futures dealer***)—

(A) who is licensed or registered for Type 2 regulated activity; or

(B) 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 2 regulated activity by an authorized financial institution registered for that regulated activity,

but the person shall be regarded as dealing in futures contracts if, in return for a commission, rebate or other remuneration, the person—

(I) receives from a third person an offer or invitation to enter into a futures contract, and communicates it, either in his name or in the name of the third person, to the futures dealer;

(II) effects an introduction between the futures dealer or his representative and a third person, so that the third person may enter into, or offer or invite to enter into, a futures contract with the futures dealer;

(III) effects an acquisition or disposal of a futures contract for a third person through the futures dealer;

(IV) makes an offer for the futures dealer to a third person to acquire or dispose of a futures contract; or

(V) accepts for the futures dealer an offer by a third person to acquire or dispose of a futures contract;

(iii) performs the act referred to in paragraph (a), (b) or (c) only on a market referred to in section 3(a), (b) or (c) of the Commodity Exchanges (Prohibition) Ordinance (Cap. 82);

(iv) is a member of a commodity exchange referred to in section 3(d) of the Commodity Exchanges (Prohibition) Ordinance (Cap. 82) who only performs the act referred to in paragraph (a), (b) or (c) on such an exchange;

(v) enters into a market contract;

(vi) is licensed or registered for Type 9 regulated activity and performs the act referred to in paragraph (a), (b) or (c) solely for the purposes of carrying on that regulated activity; or

(vii) as principal performs the act referred to in paragraph (a), (b) or (c) in relation to a futures contract traded otherwise than on a recognized futures market by way of dealing with a person who is a professional investor (whether acting as principal or agent);

***dealing in securities*** (證券交易), in relation to a person, means making or offering to make an agreement with another person, or inducing or attempting to induce another person to enter into or to offer to enter into an agreement—

(a) for or with a view to acquiring, disposing of, subscribing for or underwriting securities; or

(b) the purpose or pretended purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuations in the value of securities,

by the person, except where the person—

(i) is a recognized exchange company operating a stock market;

(ii) is a recognized clearing house;

(iii) is a corporation providing automated trading services under authorization granted under section 95(2) of this Ordinance;

(iv) performs the act through another person (***the securities dealer***) —

(A) who is licensed or registered for Type 1 regulated activity; or

(B) 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 regulated activity by an authorized financial institution registered for that regulated activity,

but the person shall be regarded as dealing in securities if, in return for a commission, rebate or other remuneration, the person—

(I) receives from a third person an offer or invitation to enter into an agreement referred to in paragraph (a) or (b), and communicates it, either in his name or in the name of the third person, to the securities dealer;

(II) effects an introduction between the securities dealer or his representative and a third person, so that the third person may enter into, or offer or invite to enter into, an agreement referred to in paragraph (a) or (b) with the securities dealer;

(III) effects an agreement referred to in paragraph (a) or (b) on behalf of a third person through the securities dealer;

(IV) makes an offer to the securities dealer on behalf of a third person to acquire or dispose of securities; or

(V) accepts for the securities dealer an offer by a third person to enter into an agreement referred to in paragraph (a) or (b);

(v) as principal—

(A) performs the act by way of dealing with a person who is a professional investor (whether acting as principal or agent); or

(B) acquires, disposes of, subscribes for or underwrites securities;

(vi) enters into a market contract;

(vii) issues a prospectus which complies with, or is exempt from compliance with, Part II of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or, in the case of a corporation incorporated outside Hong Kong that is not a re-domiciled company, Part XII of that Ordinance; *(Amended 28 of 2012 ss. 912 & 920; 14 of 2025 s. 249)*

(viii) issues a document relating to the securities of a corporation incorporated in Hong Kong which is not a company, being a document which—

(A) would, if the corporation were a company, be a prospectus to which section 38 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) applies, or would apply if not excluded by section 38(5)(b) or 38A of that Ordinance; and *(Amended 28 of 2012 ss. 912 & 920)*

(B) contains all the matters which, under Part XII of that Ordinance, would be required to contain if the corporation were a corporation incorporated outside Hong Kong that is not a re-domiciled company and the document were a prospectus issued by the corporation; *(Amended 14 of 2025 s. 249)*

(ix) issues a form of application for the shares or debentures of a corporation, together with—

(A) a prospectus which complies with, or is exempt from compliance with, Part II of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or, in the case of a corporation incorporated outside Hong Kong that is not a re-domiciled company, Part XII of that Ordinance; or *(Amended 28 of 2012 ss. 912 & 920; 14 of 2025 s. 249)*

(B) in the case of a corporation incorporated in Hong Kong which is not a company, a document which contains the matters specified in paragraph (viii)(B);

(x) issues a prospectus the registration of which has been authorized by the Commission under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) in relation to a collective investment scheme that is a corporation— *(Amended 28 of 2012 ss. 912 & 920)*

(A) which is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in any property (including securities and futures contracts); and

(B) the shares in which are exclusively, or primarily, redeemable shares,

or issues together with the prospectus a form of application for the shares in the corporation;

(xi) issues any advertisement, invitation or document the issue of which has been authorized by the Commission under section 105 of this Ordinance;

(xia) being an open-ended fund company, issues any advertisement, invitation or document in respect of the shares in the company; *(Added 16 of 2016 s. 21)*

(xii) is a trust company registered under Part 8 of the Trustee Ordinance (Cap. 29) acting as an agent for a collective investment scheme which, by performing the act, is carrying out its functions of distributing application forms, redemption notices, conversion notices and contract notes, receiving money and issuing receipts on behalf of its principal;

(xiii) is licensed or registered for Type 4 or Type 6 regulated activity and, solely for the purposes of carrying on that regulated activity, he issues a document under section 175(1)(a)(i) or (ii) of this Ordinance, the content of which complies with the requirements of section 175(1)(b) and (c) of this Ordinance; *(Amended L.N. 197 of 2005)*

(xiv) is licensed or registered for Type 9 regulated activity and performs the act solely for the purposes of carrying on that regulated activity; or *(Amended L.N. 197 of 2005)*

(xv) in any case where each of the parties to the transaction or proposed transaction under which securities are or will be acquired, disposed of, subscribed for or underwritten as described in paragraph (a) is an authorized financial institution, is an approved money broker and performs the act for each of the parties to the transaction or proposed transaction; *(Added L.N. 197 of 2005. Amended 6 of 2014 s. 53)*

***debt securities*** (債務證券) means debenture stocks, loan stocks, debentures, bonds, notes, indexed bonds, convertible debt securities, bonds with

warrants, non-interest bearing debt securities, and other securities or instruments acknowledging, evidencing or creating indebtedness; *(Added L.N. 28 of 2011)*

***depositary*** (存管人), in relation to a relevant CIS, means—

(a) if the relevant CIS is constituted in the form of a trust—the person who is appointed as a trustee under the trust deed constituting or governing the relevant CIS; or

(b) if the relevant CIS is constituted in any other form—

(i) the person who is appointed as the custodian (by whatever name called) of the relevant CIS under a written agreement entered into by the person with the relevant CIS; or

(ii) the person who, under an arrangement made with the relevant CIS, is in fact the custodian of the relevant CIS; *(Added L.N. 62 of 2023)*

***excluded services*** (豁除服務) means—

#(a) services for trading in OTC derivative products that do not fall within paragraph (a), (b) or (c) of the definition of ***automated trading services*** and which are provided—

(i) by an authorized financial institution or an approved money broker;

(ii) by means of electronic facilities; and

(iii) wholly incidentally in carrying out an act that would constitute dealing in OTC derivative products but for the exclusion under section 2(f) of Part 2A;

#(b) services for clearing OTC derivative products that—

(i) also constitute Type 12 regulated activity; and

(ii) are provided by a person licensed for that regulated activity; and

(c) services for clearing OTC derivative products that—

(i) would constitute Type 12 regulated activity but for the exclusion under section 4(b) of Part 2A; and

(ii) are provided by an authorized financial institution or an approved money broker; *(Added 6 of 2014 s. 53)*

***foreign exchange trading*** (外匯交易) means entering into or offering to enter into, or inducing or attempting to induce a person to enter into or to offer to enter into, a contract or arrangement whereby any person undertakes to—

(a) exchange currency with another person;

(b) deliver an amount of foreign currency to another person; or

(c) credit the account of another person with an amount of foreign currency,

but does not include any act performed for or in connection with any contract or arrangement or a proposed contract or arrangement as described in paragraphs (i) to (xv) of the definition of ***leveraged foreign exchange trading***;

***leveraged foreign exchange contract*** (槓桿式外匯交易合約) means a contract or arrangement the effect of which is that one party agrees or undertakes to—

(a) make an adjustment between himself and the other party or another person according to whether a currency is worth more or less (as the case may be) in relation to another currency;

(b) pay an amount of money or to deliver a quantity of any commodity determined or to be determined by reference to the change in value of a currency in relation to another currency to the other party or another person; or

(c) deliver to the other party or another person at an agreed future time an agreed amount of currency at an agreed consideration;

***leveraged foreign exchange trading*** (槓桿式外匯交易) means—

(a) the act of entering into or offering to enter into, or inducing or attempting to induce a person to enter into or to offer to enter into, a leveraged foreign exchange contract;

(b) the act of providing any financial accommodation to facilitate foreign exchange trading or to facilitate an act referred to in paragraph (a); or

(c) the act of entering into or offering to enter into, or inducing or attempting to induce a person to enter into, an arrangement with another person, on a discretionary basis or otherwise, to enter into a contract to facilitate an act referred to in paragraph (a) or (b),

but does not include any act performed for or in connection with any contract or arrangement or a proposed contract or arrangement —

(i) wholly referable to the provision of property, other than currency, or services or employment at fair or market value;

(ia) by a person for the purpose of performing the person's functions as a recognized clearing house; *(Added 6 of 2014 s. 53)*

(ii) where the contract or arrangement is entered into by a corporation—

(A) the principal business of which does not include dealing in currency in any form;

(B) for the purpose of hedging its exposure to currency exchange risks in connection with its business; and

(C) with another corporation;

(iii) that is an exchange transaction within the meaning of the Money Changers Ordinance (Cap. 34);

(iv) arranged by an approved money broker and every party to which is— *(Amended 6 of 2014 s. 53; 14 of 2020 s. 122)*

(A) a corporation;

(B) a limited partnership registered under the Limited Partnerships Ordinance (Cap. 37); or

(C) a limited partnership fund registered under the Limited Partnership Fund Ordinance (Cap. 637); *(Added 14 of 2020 s. 122. Amended E.R. 5 of 2020)*

(v) that is a transaction executed solely for the purpose of its insurance business by an insurer authorized under section 8 of the Insurance Ordinance (Cap. 41) (***Cap. 41***) to carry on insurance business, or deemed to be so authorized under section 61(1) or (2) of Cap. 41 as in force immediately before the commencement date of section 10 of the Insurance Companies (Amendment) Ordinance 2015 (12 of 2015) having continuing effect by the operation of section 2(7) of Schedule 11 to Cap. 41; *(Amended 12 of 2015 s. 145)*

(vi) that is a contract executed on a specified futures exchange by or through a person who is licensed or registered for Type 2 regulated activity or is wholly incidental to one or more than one such contract or a series of such contracts;

(vii) arranged by—

(A) a body which, in the opinion of the Monetary Authority, is—

(I) a central bank; or

(II) an institution which performs the functions of a central bank; or

(B) an organization which, with the approval of the Monetary Authority, is acting on behalf of a body referred to in subparagraph (A);

(viii) that is a transaction executed on a specified stock exchange by or through a person who is licensed or registered for Type 1 regulated activity or is wholly incidental to one or more than one such transaction or a series of such transactions;

(ix) that is a transaction executed by or through a person who is licensed or registered for Type 7 regulated activity or is wholly incidental to one or more than one such transaction or a series of such transactions;

(x) that is a transaction in an interest or interests in a collective investment scheme authorized by the Commission under section 104 of this Ordinance;

(xi) that is wholly incidental to one or more than one transaction in specified debt securities or a series of such transactions;

#(xia) that is an OTC derivative dealing act carried out by a person who is licensed for Type 12 regulated activity and is carried out wholly incidentally to the carrying on of that regulated activity; *(Added 6 of 2014 s. 53)*

(xib) that is an act that constitutes entering into a market contract; *(Added 6 of 2014 s. 53)*

(xii) by an authorized financial institution;

(xiii) by any person belonging to a class of persons, or carrying on a type of business, as prescribed by rules made under section 397 of this Ordinance for the purposes of this paragraph;

(xiv) by a person through a trader, but the person shall be regarded as carrying on leveraged foreign exchange trading if, in return for a commission, rebate or other remuneration, the person—

(A) receives from another person an offer or invitation to—

(I) enter into a leveraged foreign exchange contract; or

(II) use any financial accommodation to facilitate foreign exchange trading or facilitate entering into a leveraged foreign exchange contract,

and communicates it, either in his name or in the name of the other person, to the trader;

(B) effects an introduction between the trader or its representative and another person, so that the other person may—

(I) enter into a leveraged foreign exchange contract with the trader; or

(II) use any financial accommodation provided by the trader to facilitate foreign exchange trading or facilitate entering into a leveraged foreign exchange contract; or

(C) effects the entering into a leveraged foreign exchange contract by another person through the trader,

where in this paragraph, ***trader*** (交易商) means a corporation licensed for Type 3 regulated activity or an authorized financial institution; or

(xv) by—

(A) a collective investment scheme; or

(B) a person in the course of business for the purpose of operating a collective investment scheme,

authorized by the Commission under section 104 of this Ordinance;

***preferred securities*** (優先證券) means preference shares, preferred shares or preferred stock; *(Added L.N. 28 of 2011)*

§***providing client clearing services for OTC derivative transactions*** (為場外衍生工具交易提供客户結算服務), in relation to a person and subject to Part 2A, means providing services to another person for the clearing and settlement of OTC derivative transactions through a central counterparty (whether located in Hong Kong or elsewhere) — *(Added 6 of 2014 s. 53. Amended 17 of 2021 s. 75)*

(a) as a member of the central counterparty; or

(b) as a client of a member of the central counterparty (***direct client***), a client of a direct client (***indirect client***), a client of an indirect client, or a client, whether direct or indirect, of any of those persons; *(Amended 17 of 2021 s. 75)*

***providing credit rating services*** (提供信貸評級服務) means—

(a) preparing credit ratings—

(i) for dissemination to the public, whether in Hong Kong or elsewhere; or

(ii) with a reasonable expectation that they will be so disseminated; or

(b) preparing credit ratings—

(i) for distribution by subscription, whether in Hong Kong or elsewhere; or

(ii) with a reasonable expectation that they will be so distributed,

but does not include—

(c) preparing, pursuant to a request made by a person, a credit rating which is exclusively prepared for, and provided to, the person and that 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; or

(d) gathering, collating, disseminating or distributing information concerning the indebtedness or credit history of any person;

*(Added L.N. 28 of 2011)*

***providing depositary services for relevant CISs*** (為相關集體投資計劃提供存管服務) means providing both of the following services for 1 or more relevant CISs by a depositary (other than a delegate or subdelegate of the depositary, irrespective of whether the delegate or subdelegate is appointed by the depositary)—

(a) the custody and safekeeping of relevant CIS property;

(b) the oversight of the relevant CIS to ensure that it is operated in accordance with its scheme documents; *(Added L.N. 62 of 2023)*

***real estate investment scheme management*** (房地產投資計劃管理), in relation to a person, means providing a service of operating a collective investment scheme for another person by the person, where—

(a) the property that is being managed under the scheme consists primarily of immovable property; and

(b) the scheme is authorized under section 104 of this Ordinance; *(Added L.N. 197 of 2005)*

***relevant CIS*** (相關集體投資計劃) means a collective investment scheme authorized under section 104 other than any of the following—

(a) a registered scheme as defined by section 2(1) of the Mandatory Provident Fund Schemes Ordinance (Cap. 485), or a constituent fund (as defined by that section 2(1)) of the registered scheme;

(b) an approved pooled investment fund as defined by section 2 of the Mandatory Provident Fund Schemes (General) Regulation (Cap. 485 sub. leg. A) that is offered only to all or any of the following—

(i) professional investors;

(ii) employers as defined by section 2(1) of the Mandatory Provident Fund Schemes Ordinance (Cap. 485);

(iii) pooling agreements as defined by section 2(4) of the Occupational Retirement Schemes Ordinance (Cap. 426); *(Added L.N. 62 of 2023)*

***relevant CIS property*** (相關集體投資計劃財產), in relation to a relevant CIS, means—

(a) if the relevant CIS is constituted in the form of a trust—the property held on or subject to trust under the trust deed constituting or governing the relevant CIS; or

(b) if the relevant CIS is constituted in any other form—the property of the relevant CIS; *(Added L.N. 62 of 2023)*

***scheme documents*** (計劃文件), in relation to a relevant CIS, means—

(a) if the relevant CIS is constituted in the form of a trust—the trust deed constituting or governing the relevant CIS;

(b) if the relevant CIS is constituted in any other form—the documents governing the formation or constitution of the relevant CIS; and

(c) other documents setting out the requirements relating to—

(i) the custody and safekeeping of any relevant CIS property; or

(ii) the oversight of the operations of the relevant CIS; *(Added L.N. 62 of 2023)*

***securities margin financing*** (證券保證金融資) means providing a financial accommodation in order to facilitate—

(a) the acquisition of securities listed on any stock market, whether a recognized stock market or any other stock market outside Hong Kong; and

(b) (where applicable) the continued holding of those securities,

whether or not those or other securities are pledged as security for the accommodation, but does not include the provision of financial accommodation—

(i) that forms part of an arrangement to underwrite or sub-underwrite securities;

(ii) to facilitate an acquisition of securities in accordance with the term of a prospectus, regardless of whether the offer of securities is made in Hong Kong or elsewhere;

(iii) by a person who is licensed or registered for Type 1 regulated activity in order to facilitate acquisitions or holdings of securities by the person for his client;

(iv) by a collective investment scheme that is a corporation—

(A) which is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in any property (including securities and futures contracts); and

(B) the shares in which are exclusively, or primarily, redeemable shares,

in order to finance investment in any interest in the collective investment scheme of which it is the issuer;

(v) by an authorized financial institution for the purpose of facilitating acquisitions or holdings of securities by the institution's clients;

(vi) by an individual to a company in which he holds 10% or more of its issued shares to facilitate acquisitions or holdings of securities; or *(Amended 28 of 2012 ss. 912 & 920)*

(vii) by an intermediary by way of effecting an introduction between a person and a related corporation of the intermediary in order that the corporation may provide the person with financial accommodation; *(Amended L.N. 197 of 2005)*

***securities or futures contracts management*** (證券或期貨合約管理), in relation to a person, means providing a service of managing a portfolio of securities or futures contracts for another person by the person, otherwise than by— *(Amended L.N. 197 of 2005)*

(a) a corporation which provides such service solely 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;

(b) a person who is licensed for Type 1 or Type 2 regulated activity who provides such service wholly incidental to the carrying on of that regulated activity;

(c) an authorized financial institution which is registered for Type 1 or Type 2 regulated activity which provides such service wholly incidental to the carrying on of that regulated activity;

(d) an individual—

(i) 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 or Type 2 (as the case may be) regulated activity by an authorized financial institution registered for that regulated activity; and

(ii) who provides such service wholly incidental to the carrying on of that regulated activity;

(e) a solicitor who provides such service wholly incidental to his practice as such in a Hong Kong firm or foreign firm within the meaning of the Legal Practitioners Ordinance (Cap. 159);

(f) counsel who provides such service wholly incidental to his practice as such;

(g) a certified public accountant who provides such service wholly incidental to his practice as such in a practice unit as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588); or *(Amended 23 of 2004 s. 56; L.N. 66 of 2022)*

(h) a trust company registered under Part 8 of the Trustee Ordinance (Cap. 29) which provides such service wholly incidental to the discharge of its duty as such. *(Amended L.N. 197 of 2005)*

*(Amended E.R. 2 of 2014)*

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Editorial Note:

[+] The new paragraph (ab) in the definition of ***automated trading services***, Part 2, Schedule 5 added by the Securities and Futures (Amendment) Ordinance 2014 (6 of 2014) came into operation on 1 September 2016, in so far as it relates to the new paragraph (d) of the definition of ***automated trading services***. Please see paragraph (h) of the Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2016 (L.N. 27 of 2016).

[@] The new paragraph (ba) in the definition of ***automated trading services***, Part 2, Schedule 5 added by the Securities and Futures (Amendment) Ordinance 2014 (6 of 2014) came into operation on 1 September 2016, in so far as it relates to the new paragraph (d) of the definition of ***automated trading services***. Please see paragraph (j) of the Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2016 (L.N. 27 of 2016).

[##] The new paragraph (d) in the definition of ***automated trading services***, Part 2, Schedule 5 added by the Securities and Futures (Amendment) Ordinance 2014 (6 of 2014) came into operation on 1 September 2016, except in so far as it relates to Type 7 regulated activity under the Securities and Futures Ordinance (Cap. 571). Please see paragraph (l) of the Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2016 (L.N. 27 of 2016).

[#] Not yet in operation.

[§] The new definition of ***providing client clearing services for OTC derivative transactions***, Part 2, Schedule 5 added by the Securities and Futures (Amendment) Ordinance 2014 (6 of 2014) came into operation on 1 September 2016, in so far as it relates to paragraph (c) of the new definition of ***excluded services***. Please see paragraph (n)(ii) of the Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2016 (L.N. 27 of 2016). See also section 78(3) of the Securities and Futures and Companies Legislation (Amendment) Ordinance 2021 (17 of 2021).

## Part 2A

[#]1. In Part 2, ***advising on OTC derivative products*** does not include the following—

(a) an act that falls within—

(i) Type 4 regulated activity, carried out by a person licensed to carry on that regulated activity; or

(ii) Type 5 regulated activity, carried out by a person licensed to carry on that regulated activity;

(b) an act that is excluded from the definition of ***advising on futures contracts*** in Part 2 under paragraph (ii) of that definition;

(c) an act that is excluded from the definition of ***advising on securities*** in Part 2 under paragraph (ii) of that definition;

(d) an OTC derivative advising act carried out in the ordinary course of business by—

(i) an authorized financial institution; or

(ii) an approved money broker;

(e) an OTC derivative advising act carried out by a person licensed for Type 9 regulated activity who—

(i) provides a service of OTC derivative products management that the person is permitted to provide under that licence; and

(ii) carries out the act solely for the purpose of providing that service;

(f) an OTC derivative advising act carried out by a person who—

(i) falls within a class prescribed by rules made under section 397 of this Ordinance for the purposes of this paragraph; or

(ii) carries on a type or description of business so prescribed;

(g) an OTC derivative advising act carried out by a corporation, if the giving of the advice or issuing of the analyses or reports constituting the act is solely to—

(i) any of its wholly owned subsidiaries; or

(ii) a holding company that holds all its issued shares or to other wholly owned subsidiaries of that holding company;

(h) an OTC derivative advising act carried out by—

(i) a solicitor, if carrying out that act is wholly incidental to his or her practice as a solicitor in a Hong Kong firm or foreign firm (both as defined by section 2(1) of the Legal Practitioners Ordinance (Cap. 159));

(ii) counsel, if carrying out that act is wholly incidental to his or her practice as counsel;

(iii) a certified public accountant, if carrying out that act is wholly incidental to his or her practice as a certified public accountant in a practice unit (as defined by section 2(1) of the Professional Accountants Ordinance (Cap. 50)); or

(iv) a trust company registered under Part VIII of the Trustee Ordinance (Cap. 29), if carrying out that act is wholly incidental to the discharge of its duties as such a trust company;

(i) an OTC derivative advising act carried out by a person through—

(i) a newspaper, magazine, book or other publication that is made generally available to the public; or

(ii) a television broadcast or radio broadcast for reception by the public, whether on subscription or otherwise.

#2. In Part 2, ***dealing in OTC derivative products*** does not include the following—

(a) an act that falls within—

(i) Type 1 regulated activity, carried out by a person licensed to carry on that regulated activity;

(ii) Type 2 regulated activity, carried out by a person licensed to carry on that regulated activity; or

(iii) Type 3 regulated activity, carried out by a person licensed to carry on that regulated activity;

(b) an act that is excluded from the definition of ***dealing in securities*** in Part 2 under paragraph (iv) or (xiii) of that definition;

(c) an act that is excluded from the definition of ***dealing in futures contracts*** in Part 2 under paragraph (ii) of that definition;

(d) an act that is excluded from the definition of ***leveraged foreign exchange trading*** in Part 2 under paragraph (i), (iii), (vii) or (xiv) of that definition;

(e) an act carried out by a person for the purpose of performing the person's functions as—

(i) a recognized clearing house;

(ii) a recognized exchange company; or

(iii) a provider of automated trading services authorized under section 95(2) of this Ordinance;

(f) an act carried out in the ordinary course of business by—

(i) an authorized financial institution; or

(ii) an approved money broker;

(g) an act referred to in paragraph (a) of the definition of ***dealing in OTC derivative products*** in Part 2 that is carried out by a person as a price taker;

(h) an OTC derivative dealing act carried out by a person licensed for Type 9 regulated activity who—

(i) provides a service of managing a portfolio of OTC derivative products for another person that the person is permitted to provide under that licence; and

(ii) carries out the act solely for the purpose of providing that service;

(i) an OTC derivative dealing act—

(i) carried out by a person who is licensed for Type 12 regulated activity; and

(ii) is carried out wholly incidentally to the carrying on of that regulated activity;

(j) an act that constitutes entering into a market contract;

(k) an act carried out by a person who—

(i) falls within a class prescribed by rules made under section 397 of this Ordinance for the purposes of this paragraph; or

(ii) carries on a type or description of business so prescribed;

(l) an OTC derivative dealing act carried out only on a market referred to in section 3(a), (b) or (c) of the Commodity Exchanges (Prohibition) Ordinance (Cap. 82);

(m) an OTC derivative dealing act carried out by a person who—

(i) is a member of a commodity exchange referred to in section 3(d) of the Commodity Exchanges (Prohibition) Ordinance (Cap. 82); and

(ii) carries out the act only on an exchange referred to in subparagraph (i);

(n) an OTC derivative dealing act that is carried out by a person (***first person***) through another person (***OTC derivative products dealer***) who is—

(i) licensed for Type 11 regulated activity;

(ii) an authorized financial institution;

(iii) an approved money broker;

(iv) an officer or employee of an authorized financial institution, acting in the person's capacity as such; or

(v) an officer or employee of an approved money broker, acting in the person's capacity as such,

except that the first person is to be regarded as dealing in OTC derivative products if that person, in return for a commission, rebate or other remuneration carries out an act set out in section 3.

[#]3. The acts referred to in section 2(n) are that the first person (within the meaning of that section)—

(a) receives from a third person an offer or invitation to enter into an OTC derivative transaction, and communicates it, either in the first person's name or in the name of the third person to the OTC derivative products dealer (within the meaning of section 2(n));

(b) effects an introduction between the OTC derivative products dealer or that dealer's representative and a third person, so that the third person may enter into, or offer or invite to enter into, an OTC derivative transaction with the OTC derivative products dealer;

(c) effects the entering into an OTC derivative transaction by a third person through the OTC derivative products dealer;

(d) makes an offer for the OTC derivative products dealer to a third person to enter into an OTC derivative transaction; or

(e) accepts for the OTC derivative products dealer an offer by a third person to enter into an OTC derivative transaction.

4. In Part 2, ***providing client clearing services for OTC derivative transactions*** does not include the following—

[#](a) an act carried out by a central counterparty, whether located in Hong Kong or elsewhere, for the purpose of performing the person's functions as a central counterparty;

[@](b) an act carried out by an authorized financial institution or an approved money broker in the ordinary course of business;

[#](c) an act of an acceptable participant of a central counterparty located in Hong Kong; or

[#](d) an act of an agent, who does not handle client money or client assets, of such an acceptable participant.

[#]5. In section 4—

***acceptable participant*** (可接受參與者) means a person—

(a) who does not have a place of business in Hong Kong;

(b) who is, or has applied to become, a member of a central counterparty located in Hong Kong;

(c) who does not market its services to persons in Hong Kong other than through an authorized financial institution or a licensed corporation; and

(d) the provision by whom of clearing and settlement services (other than acts referred to in section 4) in respect of OTC derivative transactions or other similar transactions on behalf of another person and through a central counterparty (either directly as a member of the central counterparty or indirectly through another person that is such a member) is governed by legal or regulatory requirements of a comparable overseas jurisdiction;

***comparable overseas jurisdiction*** (相若的海外司法管轄區) means a jurisdiction—

(a) which the Commission is satisfied has legal or regulatory requirements comparable to those of Hong Kong for regulating the provision of clearing and settlement services (other than acts referred to in section 4) in respect of OTC derivative transactions or other similar transactions on behalf of another person and through a central counterparty (either directly as a member of the central counterparty or indirectly through another person that is such a member); and

(b) with the regulators of which the Commission has adequate cooperative arrangements or agreements.

*(Part 2A added 6 of 2014 s. 53)*

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Editorial Note:

[#] Not yet in operation.

[@] The new section 4(b), Schedule 5, Part 2A added by the Securities and Futures (Amendment) Ordinance 2014 (6 of 2014) came into operation on 1 September 2016, in so far as it relates to the new definition of ***providing client clearing services for OTC derivative transactions*** in Part 2 of Schedule 5. Please see paragraph (o) of the Securities and Futures (Amendment) Ordinance 2014 (Commencement) Notice 2016 (L.N. 27 of 2016).

# Part 3

The following are the specified activities referred to in section 114(5) of this Ordinance—

(a) the acquisition of securities listed on a stock market which is or forms part of a stock borrowing or stock return as defined in section 19(16) of the Stamp Duty Ordinance (Cap. 117), or any transaction in securities similar to such a borrowing or return; or

(b) the provision of financial accommodation—

(i) to a corporation licensed for Type 1 or Type 8 regulated activity or an authorized financial institution to facilitate acquisitions or holdings of securities;

(ii) by a company to its directors or employees to facilitate acquisitions or holdings of its own securities; or

(iii) by a member of a group of companies to another member of the group to facilitate acquisitions or holdings of securities by that other member.

# Schedule 1

[ss. 2, 3 & 11]

## Fees Prescribed for Purposes of Section 395(1)(a)(i), (iii) and (iv) of Ordinance

*(Format changes—E.R. 1 of 2013)*

| Item | Description | Amount |
|---|---|---|
| | **Fees relating to Part III of Ordinance** | |
| 1. | Annual fee payable in respect of authorization of the provision of automated trading services under section 95(2) of the Ordinance | $10,000 |
| | **Fees relating to Part IIIA of Ordinance** | |
| 1A. | Annual fee payable in respect of designation as a central counterparty under section 101J(1)(a) of the Ordinance *(L.N. 32 of 2016)* | $10,000 |
| | **Fees relating to Part IV of Ordinance** | |
| 2. | Fee payable on an application under section 104(1) of the Ordinance for— | |
| | (a) authorization of a collective investment scheme— | $40,000, plus $5,000 for each such fund (excluding any such fund which is already within or maintained by another collective investment scheme which has been authorized under section 104 of the Ordinance) |
| | (i) within which there is, or could be, more than one fund; or | |
| | (ii) which maintains, or is capable of maintaining, more than one fund | |
| | (b) authorization of any other collective investment scheme | $20,000 |

| Item | Description | Amount |
|---|---|---|
| | (c) extension of authorization of a collective investment scheme to cover an additional fund | $5,000 (excluding any such fund which is already within or maintained by another collective investment scheme which has been authorized under section 104 of the Ordinance) |
| 3. | Fee payable in respect of— | |
| | (a) authorization of a collective investment scheme under section 104 of the Ordinance— | $20,000, plus $2,500 for each such fund (excluding any such fund which is already within or maintained by another collective investment scheme which has been authorized under section 104 of the Ordinance) |
| | (i) within which there is, or could be, more than one fund; or | |
| | (ii) which maintains, or is capable of maintaining, more than one fund | |
| | (b) authorization of any other collective investment scheme under section 104 of the Ordinance | $10,000 |
| | (c) extension of authorization of a collective investment scheme under section 104 of the Ordinance to cover an additional fund | $2,500 (excluding any such fund which is already within or maintained by another collective investment scheme which has been authorized under section 104 of the Ordinance) |
| 4. | Annual fee payable in respect of authorization of a collective investment scheme under section 104 of the Ordinance which is not limited to a period of less than 12 months— | |

| Item | Description | Amount |
|---|---|---|
| | (a) in the case of a collective investment scheme— | $7,500, plus $4,500 for each such fund (excluding any such fund which is already within or maintained by another collective investment scheme which has been authorized under section 104 of the Ordinance) |
| | (i) within which there is, or could be, more than one fund; or | |
| | (ii) which maintains, or is capable of maintaining, more than one fund | |
| | (b) in the case of any other collective investment scheme | $6,000 |
| 5. | Fee payable on an application for extension of the period of authorization of any collective investment scheme under section 104 of the Ordinance which authorization is limited to a period of less than 12 months | $20,000 |
| 5A. | Fee payable on an application under section 104A(1) of the Ordinance for authorization of a structured product *(8 of 2011 s. 29)* | $2,000 |
| 5B. | Fee payable in respect of authorization of a structured product under section 104A of the Ordinance *(8 of 2011 s. 29)* | $1,000 |
| 6. | Fee payable on an application under section 105(1) of the Ordinance for authorization of the issue of an advertisement, invitation or document other than that in respect of any collective investment scheme which is authorized under section 104 of the Ordinance | $20,000 |
| 7. | Fee payable in respect of authorization of the issue of an advertisement, invitation or document under section 105 of the Ordinance other than that in respect of any collective investment scheme which is authorized under section 104 of the Ordinance | $10,000 |

| Item | Description | Amount |
|---|---|---|
| 8. | Fee payable on an application to modify a previous authorization under section 105 of the Ordinance of the issue of an advertisement, invitation or document in respect of— | |
| | (a) any instrument specified in Part 2 of Schedule 4 to the Ordinance | $3,000 |
| | (b) any certificate of deposit | $3,000 |
| | (c) any securities other than interests in a collective investment scheme | $3,000 |
| | (d) any structured product *(8 of 2011 s. 29)* | $3,000 |
| | **Fees relating to Part V of Ordinance** | |
| 9. | Fee payable— | |
| | (a) for the issue of a printed licence under section 116 or 117 of the Ordinance if the particulars of a licensed corporation have changed since the issue of the existing printed licence | $200 |
| | (b) for the grant of a certificate of registration under section 119 of the Ordinance if the particulars of a registered institution have changed since the grant of the existing certificate of registration *(19 of 2015 s. 18)* | $200 |
| 10. | Fee payable for renewal of a modification or waiver referred to in item 16(e), (f), (g), (h), (i) or (j) of Schedule 3 | $4,000 |
| 11. | Fee payable pursuant to section 136(6)(b) of the Ordinance for certification of a copy of a document as a true copy | $200 |
| | **Fees relating to Part VI of Ordinance** | |
| 12. | Fee payable— | |
| | (a) (subject to paragraph (c)) on an application under section 155(3)(a) of the Ordinance for approval in respect of an alteration of date on which the financial year ends | $2,000 |

| Item | Description | Amount |
|---|---|---|
| | (b) (subject to paragraph (c)) on an application under section 155(3)(b) of the Ordinance for approval in respect of the adoption of a period which exceeds 12 months as the financial year | $2,000 |
| | (c) on an application for approval in respect of both of the matters referred to in paragraphs (a) and (b) respectively | $2,000 |
| 13. | Fee payable on an application under section 156(4) of the Ordinance for extension of the period within which financial statements and other documents, and any auditor's report, are required to be submitted under section 156(1) or (2) of the Ordinance | $2,000 |
| | **Fees relating to Part XIVA of Ordinance** | |
| 13A. | Fee payable on an application for a waiver under section 307E(1) of the Ordinance *(9 of 2012 s. 16)* | $24,000 |
| | **Fees relating to Part XV of Ordinance** | |
| 14. | Fee payable on an application under section 309(2) or (3) of the Ordinance for exemption from all or any of the provisions of Part XV of the Ordinance | $24,000 |
| | **Miscellaneous fees** | |
| 15. | Fee payable on submission of any information or document to the Commission requiring its consideration and advice (including any advice relating to the application of Part IV of the Ordinance and any advice relating to the authorization for registration of a prospectus under section 38D or 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32)) *(28 of 2012 ss. 912 & 920)* | $10,000 |
| 16. | Fee payable on an application pursuant to section 11 of the Securities and Futures (Client Securities) Rules (Cap. 571 sub. leg. H) for any approval | $6,000 |
| 17. | Fee payable for renewal of an approval referred to in item 16 | $4,000 |

| Item | Description | Amount |
|---|---|---|
| 18. | Fee payable on an application pursuant to section 4(2)(b) of the Securities and Futures (Client Money) Rules (Cap. 571 sub. leg. I) for any approval | $6,000 |
| 19. | Fee payable for renewal of an approval referred to in item 18 | $4,000 |
| 20. | Fee payable for renewal of an approval referred to in item 19 of Schedule 3 | $4,000 |
| 21. | Fee payable on an application under section 38D or 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) for authorization for registration of a prospectus under that Ordinance— *(28 of 2012 ss. 912 & 920)* | |
| | (a) in the case of rights issue prospectus | $15,000 |
| | (b) in the case of Eurobond issue prospectus | $15,000 |
| | (c) in the case of warrant issue prospectus | $10,000 |
| | (d) in the case of any prospectus relating to interests in a collective investment scheme | nil |
| | (e) in the case of any prospectus, not referred to in paragraph (a), (b), (c) or (d), which offers any shares in or debentures of a corporation that have been approved by a recognized exchange company for listing on a recognized stock market | $30,000 |
| | (f) in the case of any other prospectus | $30,000 |
| 22. | Fee payable for a copy of a document provided by the Commission in the performance of a function under any of the relevant provisions for which no fee is otherwise prescribed in this Schedule | $9 per page |

# Schedule 1

[ss. 2 & 54]

## Deposits Specified for Purposes of Definitions of *Protected Deposit* and *Relevant Deposit* in Section 2(1) of this Ordinance

1. For the purpose of the definition of ***protected deposit*** in section 2(1) of this Ordinance, the following deposits are specified—

(a) a term deposit where the current term agreed to by the depositor at the most recent time it was negotiated exceeds 5 years;

(aa) a structured deposit; *(Added L.N. 107 of 2006)*

(b) a deposit the repayment of which is secured either in whole or in part on the assets of the Scheme member;

(c) a bearer instrument;

(d) a deposit taken by the Scheme member at any of its offices outside Hong Kong;

(e) a deposit held for the account of the Exchange Fund;

(f) a deposit held by an excluded person in his own right, or, in the case of a deposit held by an excluded person and a non-excluded person in their own right (except where those persons carry on business in partnership), the portion of the deposit attributable to the excluded person's share in the deposit;

(g) a deposit held by a depositor as a bare trustee for an excluded person, or in a client account for an excluded person as the depositor's client, or, in the case of a deposit so held for an excluded person and a non-excluded person (except where those persons carry on business in partnership), the portion of the deposit attributable to the excluded person's share in the deposit;

(h) a deposit held by a depositor as a trustee for an excluded person only; *(Amended 18 of 2015 s. 67)*

(i) any float or SVF deposit held by a depositor with a Scheme member; *(Added 18 of 2015 s. 67. Amended 17 of 2025 s. 176)*

(j) a deposit comprising reserve assets as defined by section 2(1) of the Stablecoins Ordinance (Cap. 656), held by a depositor with a Scheme member. *(Added 17 of 2025 s. 176. Amended E.R. 2 of 2026)*

2. For the purpose of the definition of ***relevant deposit*** in section 2(1) of this Ordinance, the following deposits are specified—

(a) a term deposit where the current term agreed to by the depositor at the most recent time it was negotiated exceeds 5 years;

(aa) a structured deposit; *(Added L.N. 107 of 2006)*

(b) a deposit the repayment of which is secured either in whole or in part on the assets of the Scheme member;

(c) a bearer instrument;

(d) a deposit taken by the Scheme member at any of its offices outside Hong Kong;

(e) a deposit held for the account of the Exchange Fund;

(f) a deposit held by an excluded person in his own right, or, in the case of a deposit held by an excluded person and a non-excluded person in their own right (except where those persons carry on business in partnership), the portion of the deposit attributable to the excluded person's share in the deposit.

2A. For the purposes of this Schedule, a deposit is a structured deposit if —

(a) the loan of money, or any part of the loan, may be repaid —

(i) in another currency to be converted, at an exchange rate specified in terms of a ratio at the time when the loan of money was made, from the currency in which that loan was made; or *(Replaced L.N. 175 of 2006)*

(ii) in the form of any property other than money;

(b) the interest on the loan of money, or the premium at which the loan of money is repayable, or any part of the interest or premium, may be paid in another currency to be converted, at an exchange rate specified in terms of a ratio at the time when the loan of money was made, from the currency in which that loan was made; *(Amended L.N. 175 of 2006)*

(c) any amount of the loan of money to be repaid is determined by reference to—

(i) the price or value of a financial product, commodity, non-local currency or property;

(ii) the level of an index;

(iii) the fact that a relevant figure—

(A) is above, below or equal to a specified level; or

(B) is within or outside a specified range;

(iv) the difference calculated by subtracting a relevant figure from a specified percentage;

(v) the result of a mathematical operation that involves more than one relevant figure; or

(vi) the occurrence or non-occurrence of an event in relation to a person other than the depositor who holds, or the Scheme member that takes, the deposit; or

(d) any amount of the interest on the loan of money, or of the premium at which the loan of money is repayable, is determined by reference to—

(i) the price or value of a financial product, commodity, non-local currency or property;

(ii) the level of an index;

(iii) the fact that a relevant figure—

(A) is above, below or equal to a specified level; or

(B) is within or outside a specified range;

(iv) the difference calculated by subtracting a relevant figure from a specified percentage;

(v) the result of a mathematical operation that involves more than one relevant figure; or

(vi) the occurrence or non-occurrence of an event in relation to a person other than the depositor who holds, or the Scheme member that takes, the deposit.

*(Added L.N. 107 of 2006)*

3. In this Schedule—

***commodity*** (商品) means any item which is listed in the Schedule to the Commodity Exchanges (Prohibition) Ordinance (Cap. 82); *(Added L.N. 107 of 2006)*

***excluded person*** (豁除人士), in relation to a deposit maintained with a Scheme member, means—

(a) a related company of the Scheme member;

(b) a multilateral development bank as defined in section 2(1) of the Banking Ordinance (Cap. 155); *(Amended 19 of 2005 s. 7)*

(c) an authorized institution;

(d) a foreign bank; or

(e) in relation—

(i) to the definition of ***protected deposit*** in section 2(1) of this Ordinance for the purposes of Part 5 of this Ordinance, an officer of the Scheme member or its related company on—

(A) the date immediately preceding the date on which a Manager within the meaning of section 2(1) of the Banking Ordinance (Cap. 155) is appointed in respect of the Scheme member under section 52 of that Ordinance; or

(B) the date on which the petition for the winding up of the Scheme member is presented,

whichever is the earlier;

(ii) to the definition of ***protected deposit*** in section 2(1) of this Ordinance for any other purpose, an officer of the Scheme member or its related company; *(Amended L.N. 107 of 2006)*

***financial product*** (金融產品) means any securities, futures contract, collective investment scheme or leveraged foreign exchange contract within the meaning of section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571); *(Added L.N. 107 of 2006)*

***float*** (儲值金額) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); *(Added 18 of 2015 s. 67)*

***foreign bank*** (外地銀行) means a company that—

(a) is incorporated outside Hong Kong;

(b) is not an authorized institution; and

(c) may, in or outside the place where it is incorporated, lawfully take deposits from the general public (whether or not on current account), or is authorized or recognized as a bank in that place;

***non-excluded person*** (非豁除人士) means—

(a) in relation to the definition of ***protected deposit*** in section 2(1) of this Ordinance for the purposes of Part 5 of this Ordinance, a person who is not an excluded person within the meaning of paragraph (a), (b), (c), (d) or (e)(i) of the definition of ***excluded person***;

(b) in relation to the definition of ***protected deposit*** in section 2(1) of this Ordinance for any other purpose, a person who is not an excluded person within the meaning of paragraph (a), (b), (c), (d) or (e)(ii) of the definition of ***excluded person***; *(Amended L.N. 107 of 2006)*

(c) in relation to the definition of ***relevant deposit*** in section 2(1) of this Ordinance, a person who is not an excluded person within the meaning of paragraph (a), (b), (c) or (d) of the definition of ***excluded person***; *(Added L.N. 107 of 2006)*

***officer*** (人員)—

(a) in relation to a Scheme member or its related company that is an authorized institution, means—

(i) a director of the Scheme member or the company;

(ii) a chief executive of the Scheme member or the company;

(iii) a controller, within the meaning of section 2(1) of the Banking Ordinance (Cap. 155), of the Scheme member or the company; or

(iv) a manager, within the meaning of that section, of the Scheme member or the company;

(b) in relation to a Scheme member's related company that is not an authorized institution, has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622); *(Amended 28 of 2012 ss. 912 & 920)*

***related company*** (關連公司), in relation to a Scheme member, means—

(a) a holding company of the Scheme member;

(b) a subsidiary of the holding company; or

(c) a subsidiary of the Scheme member; *(Amended L.N. 107 of 2006)*

***relevant figure*** (有關數字) means—

(a) a rate of interest, quoted or published from time to time, that is offered by a person or government on a loan of money that—

(i) the person or government makes to, or proposes to make to, another person or government; or

(ii) the person or government raises from, or proposes to raise from, another person or government;

(b) a rate of interest, quoted or published from time to time, that is offered by a person or government, for entering into a swap contract with another person or government, as the rate of interest at which payments to be made under that contract are to be calculated;

(c) a rate of return, quoted or published from time to time, on an investment of moneys made by a person or government; or

(d) a figure, quoted or published from time to time, that represents the result of a mathematical operation that involves more than one rate of interest or return mentioned in paragraph (a), (b) or (c); *(Added L.N. 107 of 2006)*

***SVF deposit*** (工具按金) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); *(Added 18 of 2015 s. 67)*

***swap contract*** (掉期合約) means a contract made between two parties whereby each party agrees to make payments, calculated at a rate of interest on a specified amount of money, to the other party in a particular period. *(Added L.N. 107 of 2006)*

4. For the purposes of sections 1(f) and (g) and 2(f), if a deposit is held by more than one person in their own right or held for more than one person, each of those persons is deemed to have an equal share in the deposit unless the contrary is proved to the satisfaction of the Board.

**2. Interpretation**

(1) In this Ordinance—

***act*** (作為) includes a series of acts;

***Additional Tier 1 capital instrument*** (額外一級資本票據) means a capital instrument issued by an authorized institution that meets the qualifying criteria set out in Schedule 4B to the Banking (Capital) Rules (Cap. 155 sub. leg. L), including the requirement that the terms and conditions of the instrument contain a point of non-viability provision;

***affected entity*** (受影響實體) means any of the following in respect of which a Part 5 instrument is made under this Ordinance—

(a) a within scope financial institution;

(b) a holding company of a within scope financial institution;

(c) an affiliated operational entity of a within scope financial institution;

***affiliated operational entity*** (相聯營運實體), in relation to a within scope financial institution, means a body corporate that—

(a) is a group company of the financial institution; and

(b) provides services, directly or indirectly, to the financial institution;

***appeal tribunal*** (上訴審裁處) means—

(a) the Resolution Compensation Tribunal; or

(b) the Resolvability Review Tribunal;

***appointing person*** (委任人)—see section 95(1);

***asset management vehicle*** (資產管理工具)—see section 51;

***assets*** (資產) means any legal or equitable estate or interest (whether present or future, vested or contingent or personal or assignable) in real or personal property of any description and includes money, securities, choses in action and documents;

***authorized institution*** (認可機構) has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155);

***authorized institution incorporated in Hong Kong*** (在香港成立為法團的認可機構) has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155);

***authorized institution incorporated outside Hong Kong*** (在香港以外成立為法團的認可機構) has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155);

***authorized insurer*** (獲授權保險人) has the same meaning as in the Insurance Ordinance (Cap. 41); *(Amended 23 of 2016 s. 233)*

***bail-in instrument*** (內部財務重整文書) means an instrument made under section 58;

***bank*** (銀行) has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155);

***banking sector*** (銀行界) means the sector comprised of banking sector entities;

***banking sector entity*** (銀行界實體) means any of the following—

(a) an authorized institution incorporated in Hong Kong;

(b) an authorized institution incorporated outside Hong Kong;

(c) a settlement institution, as defined by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584), of a designated clearing and settlement system that is not otherwise an authorized institution (excluding a settlement institution that is wholly owned and operated by the Government);

(d) a system operator, as defined by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584), of a designated clearing and settlement system (excluding a system operator that is wholly owned and operated by the Government);

(e) a designated within scope financial institution of which the Monetary Authority is designated under section 6(1)(a)(ii) as the resolution authority;

***body corporate*** (法人團體) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622);

***bridge institution*** (過渡機構)—see section 43;

***business day*** (營業日) means a day that is not—

(a) a general holiday;

(b) a Saturday; or

(c) a black rainstorm warning day or gale warning day as defined by section 71(2) of the Interpretation and General Clauses Ordinance (Cap. 1);

***capital reduction instrument*** (資本縮減文書) means an instrument made under section 31(1);

***chief executive officer*** (行政總裁), in relation to an entity, means (except in Part 9) a person (by whatever name called) who is responsible (alone or jointly with others) under the immediate authority of the directors for the implementation of the general strategy of the entity and for the general management of the business of the entity and includes, if the entity is established or incorporated in a non-Hong Kong jurisdiction and is not a re-domiciled entity, the person who is responsible (alone or jointly with others) for the general management of the business of the entity in Hong Kong; *(Amended 14 of 2025 s. 276)*

***claims outstanding*** (未決申索) means the amount set aside by an authorized insurer as at the beginning or end of its financial year as being an amount likely to be sufficient to meet—

(a) claims in respect of incidents occurring—

(i) in the case of an amount set aside as at the beginning of the financial year—before the beginning of that year; and

(ii) in the case of an amount set aside as at the end of the financial year—before the end of that year,

being claims which have not been treated as claims paid and including claims relating to business accounted for over a longer period than a financial year, claims the amounts of which have not been determined and claims arising out of incidents that have not been notified to the insurer; and

(b) expenses (such as, for example, legal, medical, surveying or engineering costs) that have been incurred but not yet recorded as paid or that are likely to be incurred by the insurer, whether through the employment of its own staff or otherwise, and are directly attributable to the settlement of individual claims that relate to incidents occurring before the beginning or the end of the financial year (as the case may be), whether or not the individual claims in question are those mentioned in paragraph (a); *(Replaced 20 of 2023 s. 111)*

***class 1 securities*** (第1類證券) means shares or stock;

***class 2 securities*** (第2類證券) means debentures and includes debenture stocks, loan stocks, bonds, certificates of deposit and any other instruments creating or acknowledging a debt;

***class 3 securities*** (第3類證券) means warrants or other instruments that entitle the holder to acquire class 1 or class 2 securities;

***clawback order*** (退扣令)—see section 146;

***client*** (客戶), in relation to a within scope financial institution, means—

(a) an entity for which the financial institution provides a service the provision of which constitutes a regulated activity and includes another financial institution that deposits with the financial institution securities or other property as collateral but, in connection with a leveraged foreign exchange contract, does not include a recognized counterparty; or

(b) an entity for which the financial institution, or a holding company or an affiliated operational entity of the financial institution, holds securities or other property in the course of carrying on a business as a trustee or custodian of securities or other property, whether on trust or by contract;

***client assets*** (客戶資產)—see section 3;

***condition 1*** (條件1) means the condition set out in section 25(2);

***condition 2*** (條件2) means the condition set out in section 25(3);

***condition 3*** (條件3) means the condition set out in section 25(4);

***contract*** (合約) includes an arrangement of any kind (made, or evidenced, in writing) that imposes obligations on, or creates rights for, a party to it that are intended to be legally enforceable;

***control function*** (監控職能), in relation to an entity, means any of the following functions that is likely to enable the person responsible for the performance of the function to exercise a significant influence on the business carried on by the entity—

(a) risk management function, that is, a function to establish the strategies, policies and procedures to manage different types of key risks of the entity;

(b) financial control function, that is, a function to oversee all financial matters (including investments, accounting and financial reporting) of the entity;

(c) compliance function, that is, a function to establish and formulate standards, policies and procedures to ensure compliance with legal and regulatory requirements that are applicable to the entity;

(d) internal audit function, that is, a function to establish and implement an audit plan to examine and evaluate the adequacy and effectiveness of the controls to manage risks of the entity;

(e) any other function specified in a notice under section 6(5);

***Court*** means the Court of First Instance;

***critical financial function*** (關鍵金融功能) means an activity or operation carried on, or a service provided, by a financial institution—

(a) on which an entity (other than a group company of the financial institution) relies; and

(b) that, if discontinued, would be likely to—

(i) lead to the disruption of services that are essential to the economy of Hong Kong;

(ii) undermine the general confidence of participants in the financial market in Hong Kong; or

(iii) give rise to contagion within the financial system of Hong Kong,

for any reason including the size, interconnectedness, complexity or cross-border activities of, or the market share held by, the financial institution or the group of companies of which the financial institution is a member;

***cross-sectoral group*** (跨界別集團) means a group of companies that includes within scope financial institutions from more than one sector;

***current*** (最新), in relation to a list published by the Financial Stability Board, means the list as updated or supplemented by that Board from time to time;

***deposit*** (存款) has the meaning given by section 2(1) of the Deposit Protection Scheme Ordinance (Cap. 581);

***deputy chief executive officer*** (副行政總裁), in relation to an entity, means a person (by whatever name called) who is responsible (alone or jointly with others) under the immediate authority of the chief executive officer of the entity for the implementation of the general strategy of the entity and for the general management of the business of the entity and includes, if the entity is established or incorporated in a non-Hong Kong jurisdiction and is not a re-domiciled entity, the person who is responsible (alone or jointly with others) under the immediate authority of the chief executive officer of the entity for the general management of the business of the entity in Hong Kong; *(Amended 14 of 2025 s. 276)*

***designated clearing and settlement system*** (指定結算及交收系統) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

***designated within scope financial institution*** (指定受涵蓋金融機構) means a financial institution that is designated under

section 6(1)(a) as a within scope financial institution;

***director*** (董事), except in Part 9, has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622);

***document*** (文件) includes any form of input into, or output from, an information system and any writing or similar material (whether produced mechanically, electronically, magnetically, optically, manually or by any other means);

***entity*** (實體) means a person;

***entity in resolution*** (被處置實體) means a within scope financial institution, or a holding company or affiliated operational entity of a within scope financial institution, the resolution of which has been initiated and is ongoing;

***financial institution*** (金融機構) means an entity that is primarily engaged in the provision of financial services or the conduct of financial activities and includes a bank, an insurer, a licensed corporation and financial market infrastructure;

***financial market infrastructure*** (金融市場基建) means a multilateral system among participating financial institutions used for clearing, settling or recording payments, securities, derivatives or other financial transactions and includes any payment system, central securities depository, securities settlement system, central counterparty and trade repository;

***financial services holding company*** (金融服務控權公司) means a holding company that is, or all the subsidiaries of which are, primarily engaged in the provision of, or in supporting the provision of, financial services or the conduct of financial activities;

***Financial Stability Board*** (金融穩定理事會) means the Financial Stability Board established under that name by the Heads of State and Government of the Group of Twenty (G20) forum of 19 countries and the European Union at a summit held in London, United Kingdom on 2 April 2009 and includes any successor body of that Board;

***fixed remuneration*** (固定報酬) means remuneration (whether in cash or non-cash benefits) that is payable to a person of an amount that is fixed at the beginning of a period in respect of services provided by the person to a financial institution during that period excluding any payment that is in the nature of a bonus or incentive payment related to the performance of the person, or the performance (including profitability) of the financial institution or of any part of the business of the financial institution, during any period;

***function*** (職能) includes power, authority and duty;

***global systemically important bank*** (具全球系統重要性銀行) means an entity that is, or is a member of a group of companies that is or that includes a company that is, included in—

(a) the current list of global systemically important banks published by the Financial Stability Board; or

(b) any other current list published by that Board that is designated by the Financial Secretary under section 6(4) as being equivalent to the list mentioned in paragraph (a);

***global systemically important insurer*** (具全球系統重要性保險人) means an entity that is, or is a member of a group of companies that is or that includes a company that is, included in—

(a) the current list of global systemically important insurers published by the Financial Stability Board; or

(b) any other current list published by that Board that is designated by the Financial Secretary under section 6(4) as being equivalent to the list mentioned in paragraph (a);

***group company*** (集團公司), in relation to a financial institution, means a body corporate that is (or, but for the performance of a function by a resolution authority or a non-Hong Kong resolution authority, would be) a member of the same group of companies as the financial institution;

***group of companies*** (公司集團) means a holding company and its subsidiaries, irrespective of where any of them is incorporated;

***holding company*** (控權公司), in relation to a body corporate, has the meaning given by section 13 of the Companies Ordinance (Cap. 622);

***independent valuer*** (獨立估值師) means a person appointed under section 96(2);

***information*** (資訊、資料、消息) includes data, text, images, sound codes, computer programmes, software and databases, and any combination of them;

***information system*** (資訊系統) has the meaning given by section 2(1) of the Electronic Transactions Ordinance (Cap. 553);

***Insurance Authority*** (保險業監管局) means the body corporate established under section 4AAA(1) of the Insurance Ordinance (Cap. 41); *(Replaced 23 of 2016 s. 233)*

***insurance sector*** (保險界) means the sector comprised of insurance sector entities;

***insurance sector entity*** (保險界實體) means any of the following —

(a) an authorized insurer that is a global systemically important insurer;

(b) a designated within scope financial institution of which the Insurance Authority is designated under section 6(1)(a)(ii) as the resolution authority;

***insurer*** (保險人) has the meaning given by section 2(1) of the Insurance Ordinance (Cap. 41); *(Amended 23 of 2016 s. 233)*

***lead resolution authority*** (主導處置機制當局) means a resolution authority designated under section 7;

***liabilities*** (法律責任、負債、債務) means any liabilities, duties or obligations (whether present or future, vested or contingent or personal or assignable) and includes any liabilities under class 2 or class 3 securities;

***licensed corporation*** (持牌法團) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***loss-absorbing capacity requirement rule*** (《吸收虧損能力規定規則》) means a rule made under section 19(1);

***Monetary Authority*** (金融管理專員) means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap. 66);

***non-bank non-insurer global systemically important financial institution*** (具全球系統重要性非銀行非保險人金融機構) means an entity that is, or is a member of a group of companies that is or that includes a company that is, included in—

(a) the current list of non-bank non-insurer global systemically important financial institutions published by the Financial Stability Board; or

(b) any other current list published by that Board that is designated by the Financial Secretary under section 6(4) as being equivalent to the list mentioned in paragraph (a);

***non-Hong Kong financial institution*** (非香港金融機構) means a financial institution that is established or incorporated in a non-Hong Kong jurisdiction and is not a re-domiciled entity; *(Amended 14 of 2025 s. 276)*

***non-Hong Kong group company*** (非香港集團公司), in relation to a non-Hong Kong financial institution, means an entity that is (or, but for the performance of a function by a resolution authority or a non-Hong Kong resolution authority, would be)

a member of the same group of companies as the non-Hong Kong financial institution;

***non-Hong Kong jurisdiction*** (非香港司法管轄區) means a jurisdiction other than Hong Kong;

***non-Hong Kong law*** (非香港法律) means the law of a non-Hong Kong jurisdiction;

***non-Hong Kong property*** (非香港財產) means any property in respect of which any issue arising in any proceedings would have to be determined (in accordance with the rules of private international law) by reference to non-Hong Kong law;

***non-Hong Kong resolution action*** (非香港處置行動) means an action under the law of a non-Hong Kong jurisdiction to manage the failure or likely failure of a non-Hong Kong financial institution or non-Hong Kong group company—

(a) the anticipated results of which are, in relation to the non-Hong Kong financial institution or non-Hong Kong group company, broadly comparable to results that could have been anticipated from the exercise of a power conferred by Part 5, or by Schedule 3, 4 or 6, on a resolution authority in respect of an entity in Hong Kong; and

(b) the objectives of which are, in relation to that jurisdiction, broadly comparable to the resolution objectives as they apply in relation to Hong Kong;

***non-Hong Kong resolution authority*** (非香港處置機制當局) means an entity in a non-Hong Kong jurisdiction that performs in that jurisdiction functions broadly corresponding to those performed by a resolution authority in Hong Kong;

***non-Hong Kong resolution plan*** (非香港處置計劃) means a plan developed or approved by a non-Hong Kong resolution authority to support strategies devised by it for securing the orderly resolution of an entity;

***officer*** (高級人員), in relation to an entity, means (except in Part 8) a person who is—

(a) a director of the entity;

(b) the chief executive officer or deputy chief executive officer of the entity; or

(c) a person who is employed by, or acts for or on behalf of or under an arrangement with, the entity and is principally responsible, alone or jointly with others, for —

(i) the management of part of the business of the entity; or

(ii) the performance of one or more of the control functions of the entity;

***omission*** (不作為、遺漏) includes a series of omissions;

***onward bridge institution*** (後續過渡機構)—see section 44;

***Part 5 instrument*** (第5部文書) means any of the following instruments made under Part 5—

(a) a securities transfer instrument;

(b) a property transfer instrument;

(c) a bail-in instrument;

***party*** (關涉方)—

(a) in relation to a proceeding in the Resolution Compensation Tribunal, means—

(i) the applicant under section 98(2) or 107(1), including, in the case of an application under section 107(1), an applicant as the representative of 2 or more entities;

(ii) an applicant under regulations made under section 184;

(iii) a person who is joined as a party to an application in accordance with rules made by the Chief Justice under section 140;

(iv) the relevant resolution authority, if it is not the applicant; or

(v) the independent valuer, except in the case of an application under regulations made under section 184;

(b) in relation to a proceeding in the Resolvability Review Tribunal, means—

(i) the applicant under section 17(1) or under a loss-absorbing capacity requirement rule;

(ii) a person who is joined as a party to an application in accordance with rules made by the Chief Justice under section 122; or

(iii) the relevant resolution authority;

***point of non-viability provision*** (陷入不可持續經營狀況條文)—

(a) in relation to an Additional Tier 1 capital instrument, means a provision mentioned in section 1(q) of Schedule 4B to the Banking (Capital) Rules (Cap. 155 sub. leg. L); and

(b) in relation to a Tier 2 capital instrument, means a provision mentioned in section 1(k) of Schedule 4C to the Banking (Capital) Rules (Cap. 155 sub. leg. L);

***policy holder*** (保單持有人) has the meaning given by section 2(1) of the Insurance Ordinance (Cap. 41); *(Amended 23 of 2016 s. 233)*

***pre-resolution creditor*** (處置前債權人), in relation to an affected entity, means a person who was a creditor of the affected entity immediately before the resolution of the entity was initiated;

***pre-resolution shareholder*** (處置前股東), in relation to an affected entity, means a person who, immediately before the resolution of the entity was initiated, held a security issued by the affected entity;

***property transfer instrument*** (財產轉讓文書)—see section 2(1) of Schedule 4;

***protected deposit*** (受保障存款) has the meaning given by section 2(1) of the Deposit Protection Scheme Ordinance (Cap. 581);

***recognition instrument*** (確認文書) means an instrument made under section 187(2);

***recognized clearing house*** (認可結算所) means a company recognized, or deemed to have been recognized, under section 37(1) of the Securities and Futures Ordinance (Cap. 571) as a clearing house;

***recognized exchange company*** (認可交易所) means a company recognized, or deemed to have been recognized, under section 19(2) of the Securities and Futures Ordinance (Cap. 571) as an exchange company;

***recognized stock market*** (認可證券市場) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***record*** (紀錄) means any record of information (however compiled or stored) and includes—

(a) any books, deeds, registers, contracts, vouchers, receipts or data material, or information that is recorded otherwise than in a legible form but is capable of being reproduced in a legible form;

(b) any disc, tape, sound track or other device in which sounds or other data (not being visual images) are embodied so as to be capable (with or without the aid of other equipment) of being reproduced; and

(c) any film (including a microfilm), tape or other device in which visual images are embodied so as to be capable (with or without the aid of other equipment) of being reproduced;

***re-domiciled entity*** (經遷冊實體) means a re-domiciled company (as defined by section 2(1) of the Companies Ordinance (Cap. 622)) that is deregistered as required by section 820E(3)(a) of that Ordinance; *(Added 14 of 2025 s. 276)*

***resolution*** (處置) means the process for addressing the fact that a within scope financial institution has ceased, or is likely to cease, to be viable that involves the application of one or more stabilization options and the performance of related functions;

***resolution authority*** (處置機制當局) means—

(a) in relation to a banking sector entity, the Monetary Authority;

(b) in relation to an insurance sector entity, the Insurance Authority; or

(c) in relation to a securities and futures sector entity, the Securities and Futures Commission;

***Resolution Compensation Tribunal*** (處置補償審裁處) means the Tribunal established by section 127(1);

***resolution funding account*** (處置資金帳户)—see section 176;

***resolution funds*** (處置資金)—see section 176;

***resolution objectives*** (處置目標) means the objectives specified in section 8(1);

***Resolvability Review Tribunal*** (處置可行性覆檢審裁處) means the Tribunal established by section 110(1);

***rights*** (權利) means any rights, powers, privileges or immunities (whether present or future, vested or contingent or personal or assignable);

***Scheme member*** (計劃成員) has the meaning given by section 2(1) of the Deposit Protection Scheme Ordinance (Cap. 581);

***section 10 entity*** (第10條實體) means an entity appointed by a resolution authority under section 10;

***sector*** (界別) means the banking sector, the insurance sector or the securities and futures sector;

***securities*** (證券), subject to subsection (6) and section 3(2), includes anything falling within any of the following classes—

(a) class 1 securities;

(b) class 2 securities;

(c) class 3 securities;

***Securities and Futures Commission*** (證監會) means the Securities and Futures Commission referred to in section 3(1) of the Securities and Futures Ordinance (Cap. 571);

***securities and futures sector*** (證券及期貨界) means the sector comprised of securities and futures sector entities;

***securities and futures sector entity*** (證券及期貨界實體) means any of the following—

(a) a licensed corporation that is a non-bank non-insurer global systemically important financial institution;

(b) a licensed corporation that is a branch or subsidiary of, or a subsidiary of a holding company of, a global systemically important bank or a global systemically important insurer;

(c) a recognized clearing house;

(d) a designated within scope financial institution of which the Securities and Futures Commission is designated under section 6(1)(a)(ii) as the resolution authority;

(e) a recognized exchange company that is designated under section 6(1)(b) as a within scope financial institution;

***securities transfer instrument*** (證券轉讓文書)—see section 2(1) of Schedule 3;

***stabilization option*** (穩定措施) means an option mentioned in section 33(2)(a), (b), (c), (d) or (e);

***subsidiary*** (附屬公司), in relation to a body corporate, has the meaning given by section 15 of the Companies Ordinance (Cap. 622);

***Tier 2 capital instrument*** (二級資本票據) means a capital instrument issued by an authorized institution that, subject to subsection (7), meets the qualifying criteria set out in Schedule 4C to the Banking (Capital) Rules (Cap. 155 sub. leg. L), including the requirement that the terms and conditions of the instrument contain a point of non-viability provision;

***title transfer arrangement*** (所有權轉讓安排)—see section 74;

***TPO company*** (暫時公有公司) means a temporary public ownership company referred to in section 69;

***transfer date*** (轉讓日期) means the date on which, or time at which, a securities transfer instrument or property transfer instrument (or the relevant part of it) takes effect;

***transferor*** (出讓人), in relation to a transfer of securities, assets, rights or liabilities, means the entity that held them, or in which they were vested, immediately before the transfer;

***variable remuneration*** (浮動報酬) means remuneration (whether in cash or non-cash benefits), other than fixed remuneration, that is payable to a person in respect of services provided by the person to a financial institution;

***wages*** (工資) has the meaning given by section 2(1) of the Employment Ordinance (Cap. 57);

***winding up hierarchy principles*** (清盤等級原則) means—

(a) the principle that holders of securities issued by, or creditors of, a financial institution should as a general rule be treated in relation to a bail-in provision in accordance with the priority they would enjoy on a winding up of the institution; and

(b) the principle that holders of securities issued by, or creditors of, a financial institution who would have equal priority on a winding up of the financial institution ought to bear losses on an equal footing with each other;

***winding up proceedings*** (清盤程序), in relation to a financial institution or a holding company of a financial institution, includes the taking of any step—

(a) under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) for the voluntary winding up of the financial institution or holding company or its winding up by the Court;

(b) in connection with a proposal for the entering into of an arrangement or compromise under Division 2 of Part 13 of the Companies Ordinance (Cap. 622) or the effecting of an amalgamation under Division 3 of that Part; or

(c) in connection with the appointment of a receiver or manager of the property of the financial institution or holding company;

***within scope financial institution*** (受涵蓋金融機構) means—

(a) a banking sector entity;

(b) an insurance sector entity; or

(c) a securities and futures sector entity.

(2) For the purposes of this Ordinance, the resolution of an entity is initiated at the point when a Part 5 instrument is first made in respect of it.

(3) For the purposes of this Ordinance, possession of a record or document includes having power over, or custody or control of, the record or document.

(4) A reference in this Ordinance to a bridge institution includes an onward bridge institution.

(5) A reference in this Ordinance to financial market infrastructure that is a clearing and settlement system, as defined by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584), includes a settlement institution, as so defined, or system operator, as so defined, in relation to the financial market infrastructure.

(5A) For the purposes of this subsection and the definition of ***claims outstanding*** in subsection (1)—

***claims*** (申索) means a claim against an authorized insurer under a contract of insurance;

***claims paid*** (已償付申索) means the amount that is paid by an authorized insurer in full or partial settlement of—

(a) claims, including claims relating to business accounted for over a longer period than a financial year; and

(b) expenses (such as, for example, legal, medical, surveying or engineering costs) that are incurred by the insurer, whether through the employment of its own staff or otherwise, and are directly attributable to the settlement of individual claims, whether or not the individual claims in question are those mentioned in paragraph (a);

***contract of insurance*** (保險合約) has the meaning given by section 2(1) of the Insurance Ordinance (Cap. 41);

***financial year*** (財政年度) has the meaning given by section 2(1) of the Insurance Ordinance (Cap. 41). *(Added 20 of 2023 s. 111)*

(6) For the purposes of the definition of ***client*** in subsection (1)—

***leveraged foreign exchange contract*** (槓桿式外匯交易合約) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***property*** (財產) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***recognized counterparty*** (認可對手方) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***regulated activity*** (受規管活動) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***securities*** (證券) has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571).

(7) For the purposes of the definition of ***Tier 2 capital instrument*** in subsection (1), the qualifying criteria set out in Schedule 4C to the Banking (Capital) Rules (Cap. 155 sub. leg. L) apply as if in section 1(d) of that Schedule the expression ", and the recognition of the instrument in regulatory capital in the remaining 5 years before maturity is amortized on a straight line basis of 20% per year" were omitted.

**3. Interpretation: protected clearing and settlement systems arrangement**

(1) In this Regulation—

***protected clearing and settlement systems arrangement*** (受保障結算及交收系統安排) means a specified arrangement governed by the rules and directions relating to participation in the clearing and settlement of transactions within a designated clearing and settlement system or a recognized clearing house;

***specified arrangement*** (指明安排) means—

(a) in relation to a designated clearing and settlement system —

(i) a transfer order;

(ii) a disposition of property by or under a transfer order;

(iii) the default arrangements of the system;

(iv) the operating rules of the system as to the settlement of transfer orders not dealt with under the default arrangements of the system; or

(v) a contract for the purpose of realizing collateral security in connection with participation in the system otherwise than under the default arrangements of the system; and

(b) in relation to a recognized clearing house—

(i) a market contract;

(ii) the rules of the clearing house relating to the settlement of a market contract;

(iii) any proceedings or other action taken under the rules mentioned in subparagraph (ii);

(iv) a market charge;

(v) the provision of market collateral;

(vi) the default rules of the clearing house; or

(vii) any default proceedings.

(2) In the definition of ***specified arrangement*** in subsection (1)—

***collateral security*** (附屬抵押品) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

***default arrangements*** (違責處理安排) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

***default proceedings*** (違責處理程序) has the meaning given by section 18(1) of the Securities and Futures Ordinance (Cap. 571);

***default rules*** (違責處理規則) has the meaning given by section 18(1) of the Securities and Futures Ordinance (Cap. 571);

***disposition of property*** (財產產權處置) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

***market charge*** (市場押記) has the same meaning as in Division 3 of Part III of the Securities and Futures Ordinance (Cap. 571);

***market collateral*** (市場抵押品) has the same meaning as in Division 3 of Part III of the Securities and Futures Ordinance (Cap. 571);

***market contract*** (市場合約) means a market contract within the meaning of paragraph (a) or (b) of the definition of ***market contract*** in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***operating rules*** (運作規則) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

***rules*** (規章), in relation to a recognized clearing house, means rules as defined in relation to a recognized clearing house by paragraph (b) of the definition of ***rules*** in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

***settlement*** (交收), in relation to a market contract, has the same meaning as in Division 3 of Part III of the Securities and Futures Ordinance (Cap. 571);

***transfer order*** (轉撥指令) has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584).

# Schedule 2

[ss. 2, 5 & 71]

# Designated Authorities and Regulated Organizations

## Part 1

## Interpretation

1. In this Schedule—

***authorized institution*** (認可機構) has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155);

***Cap. 106*** (《第106章》) means the Telecommunications Ordinance (Cap. 106);

***Cap. 106V*** (《第106V章》) means the Telecommunications (Carrier Licences) Regulation (Cap. 106 sub. leg. V);

***Cap. 584*** (《第584章》) means the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

***Communications Authority*** (通訊事務管理局) means the Communications Authority established by section 3 of the Communications Authority Ordinance (Cap. 616);

***designated system*** (指定系統) has the meaning given by section 2 of Cap. 584;

***domestic free television programme service licensee*** (本地免費電視節目服務持牌人) means a holder of a licence granted under section 8(1) of the Broadcasting Ordinance (Cap. 562) (whether in reliance on section 10(1) of that Ordinance or not), or such a licence extended or renewed under section 11(1) of that Ordinance, to provide a domestic free television programme service (as defined by section 2(1) of that Ordinance);

***Monetary Authority*** (金融管理專員) means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap. 66);

***settlement institution*** (交收機構) has the meaning given by section 2 of Cap. 584;

***space station carrier licence*** (空間電台傳送者牌照) has the meaning given by section 2(1) of Cap. 106V;

***system operator*** (系統營運者) has the meaning given by section 2 of Cap. 584;

***unified carrier licence*** (綜合傳送者牌照) has the meaning given by section 2(1) of Cap. 106V.

# Part 2

# Specifications of Designated Authorities and Regulated Organizations

| Column 1 | Column 2 | Column 3 | Column 4 | |
|---|---|---|---|---|
| Item | Designated authority | Sector | Regulated organization | |
| 1. | Monetary Authority | Banking and financial services | (a) | An authorized institution |
| | | | (b) | A licensee as defined by section 2 of Cap. 584 |
| | | | (c) | A settlement institution of a designated system |
| | | | (d) | A system operator of a designated system |

| Column 1<br>Item | Column 2<br>Designated authority | Column 3<br>Sector | Column 4<br>Regulated organization |
|---|---|---|---|
| 2. | Communications Authority | Telecommunications and broadcasting services | (a) A holder of a unified carrier licence<br>(b) A holder of a space station carrier licence<br>(c) A domestic free television programme service licensee<br>(d) A licensee as defined by section 13A(1) of Cap. 106 |

**3. Meaning of *stablecoin***

(1) For the purposes of this Ordinance, a stablecoin is a cryptographically secured digital representation of value that —

(a) is expressed as a unit of account or store of economic value;

(b) is used, or intended to be used, as a medium of exchange accepted by the public for any one or more of the following purposes—

(i) payment for goods or services;

(ii) discharge of a debt;

(iii) investment;

(c) can be transferred, stored or traded electronically;

(d) is operated on a distributed ledger or similar information repository; and

(e) purports to maintain a stable value with reference to—

(i) a single asset; or

(ii) a pool or basket of assets.

(2) However, a digital representation of value is not a stablecoin if —

(a) it is issued by—

(i) a central bank;

(ii) an entity that performs the functions of a central bank;

(iii) an entity authorized by a central bank on the central bank's behalf;

(iv) a government of a jurisdiction; or

(v) an entity authorized by a government of a jurisdiction that is acting in accordance with an authority to issue currency in that jurisdiction;

(b) it is a limited purpose digital token as defined by section 53ZR of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);

(c) it constitutes securities, or a futures contract, as defined by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);

(d) it constitutes a float, or an SVF deposit, as defined by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); or

(e) it constitutes a deposit as defined by section 2(1) of the Banking Ordinance (Cap. 155).

(3) In this section—

***distributed ledger*** (分布式分類帳) means an information repository that uses a technology through which records of transactions are—

(a) held in a ledger;

(b) shared across a network;

(c) verified among network participants using a consensus mechanism; and

(d) synchronized between network nodes.

**6. Meanings of offering specified stablecoin and related expressions**

(1) For the purposes of this Ordinance, a person (***person A***) offers a specified stablecoin if person A makes, in the course of business, a communication to another person (***person B***) that presents sufficient information on all of the following matters so as to enable person B to decide whether to acquire the stablecoin from person A—

(a) the stablecoin to be offered;

(b) the terms on which the stablecoin will be offered;

(c) the channels through which the stablecoin will be offered.

(2) The communication mentioned in subsection (1) may be made in any form and by any means.

(3) For the purposes of this Ordinance, without limiting any other meanings that holding out may have, a person (***person C***) is to be regarded as holding out as offering a specified stablecoin if —

(a) person C actively markets, whether in Hong Kong or elsewhere, to the public that person C carries on, or purports to carry on, an activity; and

(b) the activity, if carried on in Hong Kong, would constitute the offering of a specified stablecoin.

(4) Subsection (3) applies in relation to a person regardless of—

(a) whether the carrying on, or purported carrying on, of an activity mentioned in subsection (3)(a) is actively marketed by the person or another person on the person's behalf; and

(b) whether the activity mentioned in subsection (3)(a) is carried on or not.

**9. Offence related to offering specified stablecoin**

(1) A person must not—

(a) offer a specified stablecoin; or

(b) hold the person out as offering a specified stablecoin.

(2) Subsection (1) does not apply to a person if—

(a) both of the following are fulfilled—

(i) the person is a permitted offeror;

(ii) the issue of the specified stablecoin is authorized by a licence (whether or not held by the person);

(b) all of the following are fulfilled—

(i) the person is a permitted offeror;

(ii) the issue of the specified stablecoin is not prohibited by section 8;

(iii) the person to whom the specified stablecoin is offered is a person, or a person of a class, specified under subsection (3);

(c) both of the following are fulfilled—

(i) the specified stablecoin is to be issued by the person;

(ii) the person is a person, or a person of a class, exempted under section 13(1)(a) in relation to the issue of the specified stablecoin; or

(d) the person is a person, or a person of a class, exempted under section 13(3)(a) in relation to the offering of the specified stablecoin.

(3) The Financial Secretary may, by notice published in the Gazette, specify a person, or a class of persons, for the purposes of subsection (2)(b)(iii).

(4) A person who, without reasonable excuse, contravenes subsection (1)(a) or (b) commits an offence and is liable—

(a) on summary conviction—to a fine of $500,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of $10,000 for every day during which the offence continues; or

(b) on conviction on indictment—to a fine of $5,000,000 and to imprisonment for 7 years and, in the case of a continuing offence, to a further fine of $100,000 for every day during which the offence continues.

(5) In this section—

***permitted offeror*** (認許提供者) means—

(a) a licensee;

(b) a corporation (as defined by section 1 of Part 2 of Schedule 1 to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (***AMLO***)) that is granted a licence under section 53ZRK of the AMLO to provide a VA service (as defined by section 53ZR of the AMLO);

(c) a person who is granted a licence under section 8F of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584);

(d) a licensed corporation (as defined by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571) (***SFO***)) that is licensed for a Type 1 regulated activity under section 116 of the SFO; or

(e) an authorized institution.

**10. Offence related to advertising regulated stablecoin activity and advertising offering of specified stablecoin**

(1) A person (***subject person***) commits an offence if—

(a) the subject person publishes, or has in the subject person's possession for the purpose of publication—

(i) an advertisement in which, to the subject person's knowledge, a person (***advertised person***) holds the advertised person out as carrying on a regulated stablecoin activity; or

(ii) a document that, to the subject person's knowledge, contains an advertisement mentioned in subparagraph (i); and

(b) to the subject person's knowledge, the advertised person —

(i) is not licensed for the regulated stablecoin activity; and

(ii) is not a person, or a person of a class, exempted under section 13(1)(b) in relation to the regulated stablecoin activity.

(2) A person (***subject person***) commits an offence if—

(a) the subject person publishes, or has in the subject person's possession for the purpose of publication—

(i) an advertisement in which, to the subject person's knowledge, a person (***advertised person***) holds the advertised person out as offering a specified stablecoin; or

(ii) a document that, to the subject person's knowledge, contains an advertisement mentioned in subparagraph (i); and

(b) to the subject person's knowledge—

(i) the offering of the specified stablecoin does not fall within section 9(2)(a), (b) or (c); and

(ii) the advertised person is not a person, or a person of a class, exempted under section 13(3)(b) in relation to the offering of the specified stablecoin.

(3) A person who commits an offence under subsection (1) or (2) is liable on conviction to a fine at level 5 and to imprisonment for 6 months.

(4) A person does not commit an offence under subsection (1) or (2) merely because the person publishes, or has in the person's possession for the purpose of publication, an advertisement or document if—

(a) the advertisement or document was so published, or possessed for the purpose of publication, in the ordinary course of a business (whether or not carried on by the person) the principal purpose of which was receiving and publishing materials provided by others;

(b) the contents of the advertisement or document were not, wholly or partly, devised by the person or (if applicable) a related person of the person; and

(c) for the purpose of the publication, neither the person nor a related person of the person selects, adds to, modifies or otherwise exercises control over the contents of the advertisement or document.

(5) A person does not commit an offence under subsection (1) or (2) merely because the person publishes by way of live broadcast, or has in the person's possession for the purpose of publication by way of live broadcast, an advertisement or document if—

(a) the advertisement or document was so published, or possessed for the purpose of publication, in the ordinary course of the business of a broadcaster (whether or not the person was such a broadcaster);

(b) the contents of the advertisement or document were not, wholly or partly, devised by the person or (if applicable) a related person of the person;

(c) for the purpose of the publication, neither the person nor a related person of the person selects, adds to, modifies or otherwise exercises control over the contents of the advertisement or document; and

(d) in relation to the broadcast, the person acted, or (if the person was not the broadcaster) the person believed and had reasonable grounds to believe that the broadcaster acted, in accordance with—

(i) the terms and conditions of the licence (if any) by which the person or the broadcaster became entitled to broadcast as a broadcaster; and

(ii) a code of practice or guidelines (however described) that is or are—

(A) issued under the Telecommunications Ordinance (Cap. 106) or the Broadcasting Ordinance (Cap. 562); and

(B) applicable to the person or the broadcaster as a broadcaster.

(6) It is a defence to a charge for an offence under subsection (1) or (2) for the person charged to establish that the person took all reasonable steps to avoid the commission of the offence.

(7) For the purposes of this section, an advertisement or document published by a person on behalf of another person is to be regarded as an advertisement or document published by both persons.

(8) In this section—

***advertisement*** (廣告) includes every form of advertising, whether made orally or produced mechanically, electronically, optically, manually or by any other means;

***document*** (文件) means a publication (including a newspaper, magazine or journal, a poster or notice, a circular, brochure, pamphlet or handbill, or a prospectus)—

(a) directed at, or the contents of which are likely to be accessed or read (whether concurrently or otherwise) by, the public; and

(b) whether produced mechanically, electronically, optically, manually or by any other means;

***publish*** (刊登), in relation to any material (including an advertisement or document), includes issuing, circulating, distributing or otherwise disseminating the material or the contents of the material, whether—

(a) by a visit in person;

(b) in a newspaper, magazine, journal or other publication;

(c) by the display of posters or notices;

(d) by means of circulars, brochures, pamphlets or handbills;

(e) by an exhibition of photographs or cinematograph films;

(f) by way of sound or television broadcasting;

(g) by way of social media;

(h) by an information system or other electronic device; or

(i) by any other means, whether mechanically, electronically, optically, manually or by any other medium, or by way of production or transmission of light, image or sound or any other medium,

and also includes causing or authorizing the material to be published;

***related person*** (有關連人士), in relation to a person who publishes, or has in the person's possession for the purpose of publication, an advertisement or document, in the ordinary course of a business carried on by the person (whether or not the business of a broadcaster), means an officer, employee or agent of the person in the business.

**13. Power to grant exemption from sections 8, 9 and 10**

(1) The Monetary Authority may, by notice published in the Gazette—

(a) exempt a person, or a class of persons, from section 8(1) in relation to a regulated stablecoin activity; and

(b) if the Monetary Authority considers it appropriate, also exempt that person, or class of persons, for the purposes of section 10(1)(b)(ii) in relation to the regulated stablecoin activity to which the exemption from section 8(1) relates.

(2) The Monetary Authority must not exempt a person, or a class of persons, under subsection (1) in relation to a regulated stablecoin activity unless the Monetary Authority is satisfied that the risks posed by the carrying on of the regulated stablecoin activity by the person, or class of persons, to both of the following are immaterial—

(a) the holders or potential holders of any specified stablecoins to which the activity relates;

(b) the monetary or financial system of Hong Kong.

(3) The Monetary Authority may, by notice published in the Gazette—

(a) exempt a person, or a class of persons, from section 9(1) in relation to the offering of a specified stablecoin; and

(b) if the Monetary Authority considers it appropriate, also exempt that person, or class of persons, for the purposes of section 10(2)(b)(ii) in relation to the offering of the specified stablecoin to which the exemption from section 9(1) relates.

(4) The Monetary Authority must not exempt a person, or a class of persons, under subsection (3) in relation to the offering of a specified stablecoin unless the Monetary Authority is satisfied —

(a) that the risks posed by the offering of the specified stablecoin by the person, or class of persons, to both of the following are immaterial—

(i) the potential holders of the specified stablecoin;

(ii) the monetary or financial system of Hong Kong; and

(b) that—

(i) the issue of the specified stablecoin is authorized by a licence;

(ii) the issue of the specified stablecoin is not prohibited by section 8 and the person to whom the specified stablecoin is offered is a person, or a person of a class, specified under section 9(3); or

(iii) the specified stablecoin is to be issued by the person, or class of persons, under an exemption granted under subsection (1) in relation to the issue of the specified stablecoin.

(5) An exemption mentioned in subsection (1) or (3) is subject to any condition specified in the notice.

(6) The Monetary Authority may, by notice published in the Gazette—

(a) revoke an exemption mentioned in subsection (1) or (3);

(b) vary, or add to, a condition of the exemption; or

(c) revoke a condition of the exemption.

**174. Status of notice and guideline**

(1) A notice published in the Gazette under section 2(2), 4(2), 5(4), 9(3) or 173 is subsidiary legislation for the purposes of section 34 of the Interpretation and General Clauses Ordinance (Cap. 1).

(2) Any other notice under this Ordinance or any guideline issued under this Ordinance is not subsidiary legislation for the purposes of section 34 of the Interpretation and General Clauses Ordinance (Cap. 1) (whether or not the notice or guideline is published in the Gazette).

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# Part 11

# Transitional Provisions and Consequential Amendments

**175. Transitional provisions**

Schedule 7, which contains transitional provisions, has effect.

**176.** *(Omitted as spent—E.R. 2 of 2026)*

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# Schedule 7

[s. 175]

# Transitional Provisions

## Part 1

# Preliminary

**1. Interpretation**

In this Schedule—

***closing down period*** (結業期)—see section 9 of this Schedule;

****commencement date*** (生效日期) means the day on which section 8 comes into operation;

***first 3 months*** (首3個月) means the period of 3 months beginning on the commencement date;

***first 6 months*** (首6個月) means the period of 6 months beginning on the commencement date;

***licence application*** (牌照申請) means an application for a licence made in accordance with section 14;

***objection period*** (反對限期)—see section 5 of this Schedule;

***provisional licence*** (臨時牌照) means a provisional licence granted under section 3(2) of this Schedule;

***regulatory requirements*** (規管性規定) means requirements under this Ordinance;

***rejection notice*** (拒絕通知) means a notice given under section 4(2) of this Schedule;

***specified entity*** (指明實體) means—

(a) a company; or

(b) an authorized institution incorporated outside Hong Kong.

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Editorial Note:

* Commencement date: 1 August 2025.

# Part 2

# Arrangements for Entities Carrying on Regulated Stablecoin Activities before Commencement Date

**2. Pre-existing regulated stablecoin activities may continue in certain circumstances**

(1) Section 8 does not prohibit a specified entity from carrying on, or holding itself out as carrying on, a regulated stablecoin activity during the first 3 months if the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date.

(2) Section 8 does not prohibit a specified entity from carrying on, or holding itself out as carrying on, a regulated stablecoin activity during the first 6 months if—

(a) the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date; and

(b) within the first 3 months—

(i) the entity has made a licence application to carry on the regulated stablecoin activity;

(ii) the Monetary Authority has, by written notice, acknowledged receipt of the application; and

(iii) the entity has provided to the Monetary Authority the documents mentioned in subsection (3).

(3) The documents are—

(a) a written declaration that the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date; and

(b) a written undertaking that the entity will, on being granted a provisional licence—

(i) comply with the regulatory requirements applicable to the entity as if it were a licensee of a licence; and

(ii) have arrangements in place to ensure that the entity will comply with those requirements.

(4) However, if a specified entity enters into the closing down period, neither subsection (1) nor (2) applies in relation to the entity on and after the day on which it enters into the closing down period.

**3. Monetary Authority may grant provisional licence**

(1) This section applies in relation to a specified entity if, within the first 3 months—

(a) the entity has made a licence application to carry on a regulated stablecoin activity;

(b) the Monetary Authority has, by written notice, acknowledged receipt of the application; and

(c) the entity has provided to the Monetary Authority the documents mentioned in section 2(3) of this Schedule.

(2) Within the first 6 months, the Monetary Authority may, by written notice, grant to the entity a provisional licence to authorize the entity to carry on the regulated stablecoin activity if the Monetary Authority is satisfied that—

(a) the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date; and

(b) the entity has a reasonable prospect of successfully showing the Monetary Authority that the entity is capable of complying with the regulatory requirements applicable to a licensee.

(3) Despite subsection (2), the Monetary Authority must not grant a provisional licence to a specified entity if a rejection notice has been given to the entity under section 4 of this Schedule.

(4) On the grant of a provisional licence to a specified entity under subsection (2), the entity is taken to be granted a licence under section 15 authorizing the entity to carry on the regulated stablecoin activity for the purposes of sections 8 and 9, until the provisional licence ceases to be in force.

**4. Monetary Authority may give rejection notice**

(1) This section applies in relation to a specified entity if, within the first 3 months—

(a) the entity has made a licence application to carry on a regulated stablecoin activity;

(b) the Monetary Authority has, by written notice, acknowledged receipt of the application; and

(c) the entity has provided to the Monetary Authority the documents mentioned in section 2(3) of this Schedule.

(2) The Monetary Authority may give a rejection notice to the entity if the Monetary Authority is not satisfied that—

(a) the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date; or

(b) the entity has a reasonable prospect of successfully showing the Monetary Authority that the entity is capable of complying with the regulatory requirements applicable to a licensee.

(3) The rejection notice must—

(a) state the Monetary Authority's decision to give the notice and the ground for the decision;

(b) state that the entity has a right to object to the decision; and

(c) specify the period within which the entity may object to the decision.

(4) To avoid doubt, the Monetary Authority may give a rejection notice to a specified entity even if the Monetary Authority has previously granted a provisional licence to the entity.

**5. Licence application taken to be withdrawn on giving of rejection notice**

(1) This section applies in relation to a specified entity if—

(a) the entity has made a licence application within the first 3 months; and

(b) a rejection notice is given to the entity.

(2) The entity may, within the period specified in the rejection notice under section 4(3)(c) of this Schedule (***objection period***), object to the decision to give the notice.

(3) If the entity does not object to the decision within the objection period, the licence application is taken to have been withdrawn on the expiry of that period.

(4) If the entity objects to the decision within the objection period, the Monetary Authority must determine the licence application in accordance with section 15.

**6. Provisional licence ceases to be in force**

A provisional licence granted to a specified entity that has made a licence application within the first 3 months ceases to be in force when the earliest of the following occurs—

(a) the licence application is withdrawn;

(b) the licence application is refused;

(c) a licence is granted to the entity under section 15;

(d) a rejection notice is given to the entity.

# Part 3

# Closing Down Period

**7. Entering into closing down period: specified entity that does not make licence application within first 3 months**

(1) This section applies if—

(a) a specified entity has carried on a regulated stablecoin activity in Hong Kong before the commencement date; and

(b) any of the following does not occur within the first 3 months—

(i) the entity makes a licence application to carry on the regulated stablecoin activity;

(ii) the Monetary Authority, by written notice, acknowledges receipt of the application;

(iii) the entity provides to the Monetary Authority the documents mentioned in section 2(3) of this Schedule.

(2) The entity enters into the closing down period on the day immediately following the day on which the first 3 months expires.

**8. Entering into closing down period: specified entity that makes licence application within first 3 months**

(1) This section applies if—

(a) a specified entity has carried on a regulated stablecoin activity in Hong Kong before the commencement date; and

(b) all of the following occur within the first 3 months—

(i) the entity makes a licence application to carry on the regulated stablecoin activity;

(ii) the Monetary Authority, by written notice, acknowledges receipt of the application;

(iii) the entity provides to the Monetary Authority the documents mentioned in section 2(3) of this Schedule.

(2) The entity enters into the closing down period on the earliest of the following days—

(a) if the Monetary Authority gives a rejection notice to the entity—the day on which the notice is given;

(b) if the entity withdraws the licence application—the day on which the application is withdrawn;

(c) if the licence application is refused—the day on which notice of the decision to refuse is given under section 15(4).

**9. Closing down period of specified entity**

(1) This section applies in relation to a specified entity that enters into the closing down period under section 7 or 8 of this Schedule.

(2) Subject to subsection (3), the closing down period of the entity is the period that starts on the day on which the entity enters into the closing down period (***start day***) and ends on the expiry of 1 month beginning on the start day.

(3) The entity may apply to the Monetary Authority for an extension of the closing down period.

(4) An application under subsection (3) must be made in writing before the end of the closing down period or, if applicable, the closing down period as extended under this section.

(5) On an application under subsection (3), the Monetary Authority may, by written notice, extend the closing down period for a period that the Monetary Authority considers appropriate, having regard to—

(a) the circumstances of the entity's business and activities; and

(b) the interests of the holders or potential holders of any specified stablecoins issued by the entity.

**10. Section 8 not contravened during closing down period**

Section 8 does not prohibit a specified entity from carrying on, or holding itself out as carrying on, a regulated stablecoin activity during the closing down period of the entity if the entity does so solely for the purpose of closing down the business that is connected with the regulated stablecoin activity.

**11. Requirements imposed by Monetary Authority**

(1) The Monetary Authority may, by written notice, impose on a specified entity that has entered into the closing down period under section 7 or 8 of this Schedule one or more of the requirements specified in subsection (2).

(2) The requirements are—

(a) to require the entity to carry on the regulated stablecoin activity concerned in a specified manner during the closing down period of the entity;

(b) to require the entity not to carry on the regulated stablecoin activity concerned in a specified manner during the closing down period of the entity;

(c) to require the entity to deal with, or refrain from dealing with, any assets (whether in Hong Kong or elsewhere and whether or not they are the entity's assets) in a specified manner during the closing down period of the entity; and

(d) to require the entity to maintain assets in Hong Kong or a particular place outside Hong Kong during the closing down period of the entity so that the assets—

(i) are of a value or class or description that appear to be desirable to the Monetary Authority for the purpose of ensuring that the entity will be able to meet its liabilities in respect of the business that is connected with the regulated stablecoin activity concerned; and

(ii) are maintained in a manner that will enable the entity at any time to freely transfer or otherwise dispose of them.

(3) A specified entity that contravenes a requirement imposed on it under subsection (1) commits an offence and is liable—

(a) on summary conviction—to a fine of $500,000; or

(b) on conviction on indictment—to a fine of $10,000,000.