



**SECURITIES AND FUTURES COMMISSION 證券及期貨事務監察委員會**

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Our Ref: 250/LC/24/1/14

5 September 2006

### **Securities and Futures (Financial Resources) (Amendment) Rules 2006 for Sponsors**

The Guidelines for Sponsors and Compliance Advisers (“Sponsor Guidelines”) will become effective on 1 January 2007. Under the new regime, intermediaries<sup>1</sup> intending to act as sponsors will be required to comply with, among others, the minimum paid-up capital requirements as stipulated under the Sponsor Guidelines.

The Securities and Futures (Financial Resources) (Amendment) Rules 2006 (“the FRR Amendment”) will impose the same minimum paid-up capital requirement of HK\$10 million for licensed corporations acting as sponsors<sup>2</sup>.

Corporations licensed for Type 6 regulated activity (“RA 6 licensed corporations”) will be required to have a minimum paid-up share capital<sup>3</sup> of HK\$10 million unless they have the “no sponsor work licensing condition”<sup>4</sup> imposed on their licenses. The FRR Amendment provisions relating to this minimum paid-up share capital requirement for sponsors will come into effect on 1 August 2007.

Since RA 6 licensed corporations that are subject to the “no sponsor work licensing condition” will qualify for a lower financial resources requirement in terms of the level of paid-up share capital, they should elect to be subject to such a condition if they do not intend to act as sponsors under the new regime and notify the SFC by **6 October 2006**. For details, please refer to the “Circular to intermediaries licensed or registered for Type 6 regulated activity – Sponsor regime”<sup>5</sup> issued today. Licensed corporations for Type 6 regulated activity will be in breach of the new minimum paid-up capital requirement under the Securities and Futures (Financial Resources) Rules if they do not have a “no sponsor work licensing condition” imposed on their licences as at 1 August 2007 unless they have at least HK\$10 million paid-up capital in place by that date.

For more information on sponsor regime, please refer to the Frequently Asked Questions and the Sponsor Guidelines on the SFC website (<http://www.sfc.hk>). Should you have any queries, please contact your responsible Intermediaries Relationship Manager.

Licensing Department  
Intermediaries and Investment Products Division  
Securities and Futures Commission

<sup>1</sup> “Intermediaries” means licensed corporations or registered institutions under the Securities and Futures Ordinance.

<sup>2</sup> The FRR Amendment was gazetted on 19 May 2006 and can be downloaded from the SFC website (<http://www.sfc.hk>) under “Legislation and Regulatory Handbook”- “Legislation” – “Legislative Amendments”.

<sup>3</sup> “Paid-up share capital” is not defined in the Securities and Futures (Financial Resources) Rules and it should be assigned its generic meaning.

<sup>4</sup> Pursuant to Securities and Futures (Financial Resources) (Amendment) Rules 2006, “no sponsor work licensing condition”, in relation to a licensed corporation licensed for Type 6 regulated activity, means a licensing condition that the licensed corporation shall not act as a sponsor in respect of an application for the listing on a recognized stock market of any securities.

<sup>5</sup> Circular to intermediaries licensed or registered for Type 6 regulated activity for Sponsor regime issued on 5 September 2006 can be downloaded from the SFC website (<http://www.sfc.hk>) under “Licensing Related Matters” of the Intermediaries, Licensing and Investment Products section.