

L.N. 58 of 2023

**Securities and Futures (Accounts and Audit)
(Amendment) Rules 2023**

(Made by the Securities and Futures Commission under section 397(1)
of the Securities and Futures Ordinance (Cap. 571))

1. Commencement

These Rules come into operation on 2 October 2024.

2. Securities and Futures (Accounts and Audit) Rules amended

The Securities and Futures (Accounts and Audit) Rules (Cap. 571 sub. leg. P) are amended as set out in sections 3 to 6.

3. Section 2 amended (interpretation)

(1) Section 2, definition of *systems of control*—

Repeal

“and stock holding systems”

Substitute

“, stock holding systems and holding systems for scheme securities”.

(2) Section 2—

Add in alphabetical order

“*relevant CIS* (相關集體投資計劃) has the meaning given by Part 2 of Schedule 5 to the Ordinance;

relevant CIS property (相關集體投資計劃財產) has the meaning given by Part 2 of Schedule 5 to the Ordinance;

scheme assets (計劃資產) means—

(a) scheme money; and

(b) scheme securities;

scheme money (計劃款項), in relation to an intermediary, means any client money—

(a) received or held by the intermediary in the course of the conduct of Type 13 regulated activity; or

(b) received or held by any corporation which is in a controlling entity relationship with the intermediary, in relation to such conduct of Type 13 regulated activity,

that constitutes relevant CIS property in respect of a relevant CIS, and includes any accretions to it whether as capital or income;

scheme securities (計劃證券), in relation to an intermediary, means any client securities—

(a) received or held by the intermediary in the course of the conduct of Type 13 regulated activity; or

(b) received or held by any corporation which is in a controlling entity relationship with the intermediary, in relation to such conduct of Type 13 regulated activity,

that constitute relevant CIS property in respect of a relevant CIS;”.

4. Section 3 amended (financial statements and other documents to be prepared by licensed corporations and associated entities of intermediaries)

(1) Section 3(1)(a)(i)—

Repeal

“profit and loss account”

Substitute

“statement of profit or loss and other comprehensive income”.

- (2) Section 3(1)(a)(ii)—

Repeal

“balance sheet”

Substitute

“statement of financial position”.

- (3) Section 3(1)(b)(vii)—

Repeal

“an analysis of its client assets; and”

Substitute

“other than a licensed corporation licensed for Type 13 regulated activity in relation to the carrying on by it of Type 13 regulated activity, an analysis of its client assets;”.

- (4) After section 3(1)(b)(viii)—

Add

- “(ix) where it is licensed for Type 13 regulated activity, an analysis of relevant CIS property received or held by it for any relevant CIS arising from the carrying on of Type 13 regulated activity; and”.

- (5) Section 3(3)(a)(i)—

Repeal

“profit and loss account”

Substitute

“statement of profit or loss and other comprehensive income”.

- (6) Section 3(3)(a)(ii)—

Repeal

“balance sheet”

Substitute

“statement of financial position”.

- (7) Section 3(3)(b)—

Repeal

“an analysis of client assets as at the end of the financial year; and”

Substitute

“other than an associated entity of an intermediary licensed or registered for Type 13 regulated activity in relation to the carrying on by the intermediary of Type 13 regulated activity, an analysis of client assets as at the end of the financial year;”.

- (8) After section 3(3)(b)—

Add

“(ba) where it is an associated entity of an intermediary licensed or registered for Type 13 regulated activity in relation to the carrying on by the intermediary of Type 13 regulated activity, an analysis of scheme assets at the end of the financial year; and”.

- (9) Section 3(4)(a)—

Repeal

“and”.

- (10) Section 3(4)(b)—

Repeal

“an analysis of client assets as referred to in subsection (3)(b).”

Substitute

“other than an associated entity of an intermediary licensed or registered for Type 13 regulated activity in relation to the carrying on by the intermediary of Type 13 regulated activity, an analysis of client assets as referred to in subsection (3)(b); and”.

- (11) After section 3(4)(b)—

Add

“(c) where it is an associated entity of an intermediary licensed or registered for Type 13 regulated activity in relation to the carrying on by the intermediary of Type 13 regulated activity, an analysis of scheme assets as referred to in subsection (3)(ba).”.

5. Section 4 amended (auditor’s report)

- (1) Section 4(1)(a)—

Repeal

“profit and loss account and the balance sheet”

Substitute

“statement of profit or loss and other comprehensive income and the statement of financial position”.

- (2) Section 4(1)(b)—

Repeal

“balance sheet”

Substitute

“statement of financial position”.

- (3) Section 4(1)(c)—

Repeal

“profit and loss account”

Substitute

“statement of profit or loss and other comprehensive income”.

- (4) Section 4(1)(e)(i), after “10”—

Add

“, 10B, 10C, 10D”.

- (5) Section 4(1)(e)(ii)—

Repeal

“10(1)”

Substitute

“9B, 10(1), 10A(1)”.

- (6) Section 4(1)(f)(i)—

Repeal

“and 4”

Substitute

“, 3A, 4 and 4A”.

- (7) Section 4(1)(f)(ii), after “10”—

Add

“, 10B, 10C, 10D”.

- (8) Section 4(1)(f)(iii)—

Repeal

“10(1)”

Substitute

“9B, 10(1), 10A(1)”.

6. Section 5 amended (matters reportable by auditors under section 157 of the Ordinance)

- (1) Section 5(a)—
Repeal
“and 4”
Substitute
“, 3A, 4 and 4A”.
- (2) Section 5(b), after “10”—
Add
“, 10B, 10C, 10D”.
- (3) Section 5(c)—
Repeal
“10(1)”
Substitute
“9B, 10(1), 10A(1)”.

Julia LEUNG
Chief Executive Officer,
Securities and Futures Commission

20 March 2023

Explanatory Note

The main object of these Rules is to amend the Securities and Futures (Accounts and Audit) Rules (Cap. 571 sub. leg. P) (*principal Rules*) to apply the principal Rules to intermediaries licensed or registered for Type 13 regulated activity (providing depositary services for relevant CISs) and their associated entities.

2. Section 1 provides for the commencement of these Rules.
3. Section 3 amends section 2 of the principal Rules to amend the definition of *systems of control* and to add new definitions of *relevant CIS*, *relevant CIS property*, *scheme assets*, *scheme money* and *scheme securities*.
4. Section 4 amends section 3 of the principal Rules to update the existing descriptions of profit and loss accounts and balance sheets and to provide for the documents that licensed corporations licensed for Type 13 regulated activity and associated entities of intermediaries licensed or registered for Type 13 regulated activity are required to prepare.
5. Section 5 amends section 4 of the principal Rules to update the existing descriptions of profit and loss accounts and balance sheets and to provide for additional matters that an auditor must include in an auditor's report based on new provisions added to the Securities and Futures (Client Securities) Rules (Cap. 571 sub. leg. H), Securities and Futures (Client Money) Rules (Cap. 571 sub. leg. I) and Securities and Futures (Keeping of Records) Rules (Cap. 571 sub. leg. O).

6. Section 6 amends section 5 of the principal Rules to include new provisions added to the Securities and Futures (Client Securities) Rules (Cap. 571 sub. leg. H), Securities and Futures (Client Money) Rules (Cap. 571 sub. leg. I) and Securities and Futures (Keeping of Records) Rules (Cap. 571 sub. leg. O) as additional prescribed requirements for the purposes of the definition of *prescribed requirement* in section 157(3) of the Securities and Futures Ordinance (Cap. 571).