

2 April 2019

Securities and Futures Commission

35/F Cheung Kong Center
2 Queen's Road Central
Hong Kong

Ms. Julia Leung
Executive Director, Intermediaries Division

Dear Ms. Leung,

Circular to announce new licensing forms and mandatory electronic submission of annual returns and notifications

We refer to the circular issued by the Securities and Futures Commission (the "**Commission**") on 1 February 2019 to announce new licensing forms and mandatory electronic submission of annual returns and notifications (the "**Circular**") and the submission to the Commission dated **2 April 2019** from the Asia Securities Industry & Financial Markets Association ("**ASIFMA**") and its members (the "**Submission**").

As noted in the Submission, from 11 April 2019 licensed corporations ("**LCs**") and registered institutions ("**RIs**") will be required to:

- identify whether departing licensed representatives and responsible officers ("**ROs**") are the subject of an internal investigation in the six months prior to their departure;
- provide details of this investigation if such details have not previously been provided to the Commission; and
- notify the Commission as soon as practicable if an internal investigation into that individual is commenced subsequent to making the initial notification of cessation (collectively, the "**Internal Investigation Disclosure Obligation**").

As further noted in the Submission, ASIFMA and its members are concerned that there is ambiguity in relation to the intended scope and purpose of the Internal Investigation Disclosure Obligation, such that there are certain aspects of this obligation which ASIFMA considers it would be useful to receive guidance on from the SFC. On this basis, Appendix A to this letter sets out a number of questions regarding which we would appreciate the SFC's guidance.

If the Commission has any comments or requires further clarification on any of the matters discussed in this letter, please do not hesitate to contact Patrick Pang (ppang@asifma.org).

Yours sincerely,



Mark Austen
Chief Executive Officer, ASIFMA
cc Patrick Pang, ASIFMA

Appendix A

As noted above, ASIFMA and its members would be grateful for guidance from the Commission in relation to the following questions:

1. Does the Commission intend to provide additional regulatory guidance in respect of the Internal Investigation Disclosure Obligation?
2. In respect of the obligation which requires LCs and RIs to notify the Commission as soon as practicable if an internal investigation into that individual is commenced subsequent to making the initial notification of the cessation of an individual's employment:
 - a. what details should be included in this notification?
 - b. as a general rule, does the Commission intend to share the fact that an investigation has been commenced after an individual's cessation of employment with either that individual or their new employer?
 - c. if the Commission would potentially share such information regarding the commencement of an investigation, would the Commission also subsequently update the individual or their new employer where the investigation results in the individual being cleared of any potential wrongdoing?
 - d. does the Commission intend for there to be any time limit on this obligation to notify the Commission of investigations commenced after cessation of employment?
3. As a general rule, does the Commission intend to share information disclosed under the Internal Investigations Disclosure Obligation with either:
 - a. the individuals who were the subject of such investigations;
 - b. their prospective employers;
 - c. other regulators; or
 - d. any other third parties?