



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

11 November 2019

**PRIVATE AND CONFIDENTIAL**

Asia Securities Industry & Financial Markets Association  
Unit 3603, Tower 2,  
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Attention Mr Mark Austen, Chief Executive Officer

Dear Mr Austen,

**Re: Frequently Asked Questions on “Disclosure of investigations commenced by licensed corporations in the notifications of cessation of accreditation” and the SFC Compliance Forum 2019**

I am writing to respond to your letter dated 13 September 2019 in relation to the subject matter.

As mentioned in the Compliance Forum held on 17 June 2019 and our recent meeting with your Compliance Committee on 27 September 2019 (“Meeting”), the primary objective of the disclosure requirement is to assist the SFC to assess the fitness and properness of licensed individuals. Licensed corporations are expected to provide us with information that is relevant for our consideration of whether an individual is a fit and proper person to be licensed or to remain licensed under the Securities and Futures Ordinance (“SFO”).

Regarding the scope of disclosable investigations, we addressed certain specific questions raised by your members in the Meeting. In particular, we clearly explained to your members in the Meeting that licensed corporations should have regard to the objective of the disclosure requirement in determining whether an internal investigation commenced by them is within the scope of the disclosure requirement. Investigations about matters that are likely to give rise to concerns about the fitness and properness of an outgoing licensed employee, regardless of wherever such matters occur, will definitely be required to be disclosed. Besides, the application of the disclosure requirements remains the same irrespective of the means through which intermediaries provide information of an outgoing licensed employee for the compliance with the disclosure requirements.

We also shared with your members that the information about internal investigation submitted to us so far are useful and relevant to our assessment, and has helped us identify potential misconduct of certain outgoing licensed employees. Thus, we consider that the disclosure requirement is effective in assisting us to meet our regulatory objective and perform our function.



Last and not least, I would like to express my special thanks to ASIFMA and its members for supporting the implementation of this important regulatory initiative.

Yours sincerely,

Wilson Lo  
Senior Director  
Licensing, Intermediaries