






Standards & Insights

Oct 2017 Issue 11

contents

-  1 Access, Learn, Progress: A New Online Portal Launched
-  3 Regulatory and Market Updates
-  4 Know Your Board Director – Mr Samuel Tsang
-  6 Bond Connect
-  7 New Members

Access, Learn, Progress: A New Online Portal Launched

Digitalisation is one of our strategic priorities which helps enhance our capabilities and services to members and financial services industry practitioners. The HKSI Institute has launched its new one-stop service Online Portal on 27 September 2017. The portal, consists of our new website, personalised web portal, advanced learning platform (ALP), new online enrolment system and management information system, aims to provide a different and better experience for our members and industry practitioners.

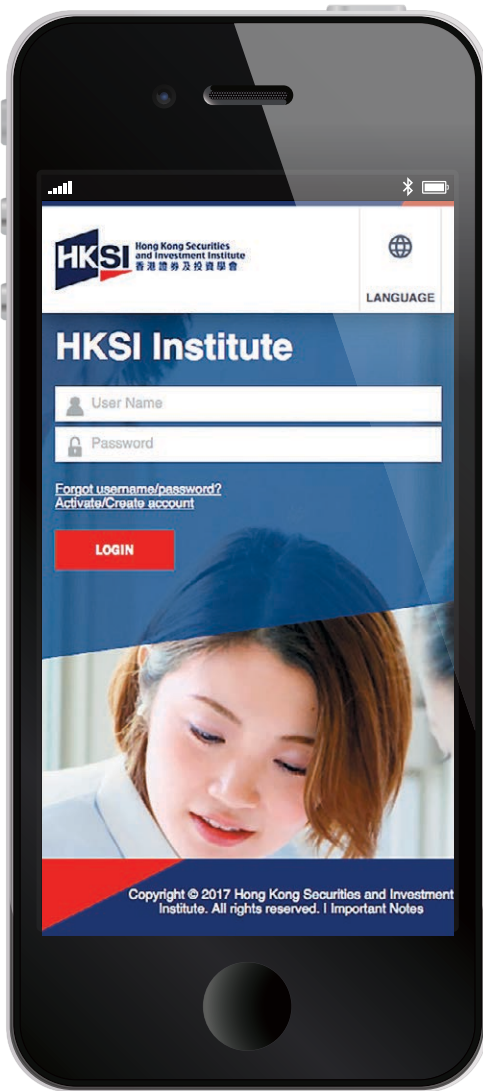
Access, Learn and Progress refer to the key benefits of the portal to users. The portal has not only enriched features to enable users to retrieve their learning records and examination results, but also enabled members and financial services practitioners to learn anytime, anywhere and at their own pace, and enable them to take charge of their career progression through our examinations and programmes. Beyond fulfilling an individual's development needs,

corporate clients can use ALP to monitor their employees' CPT requirements.

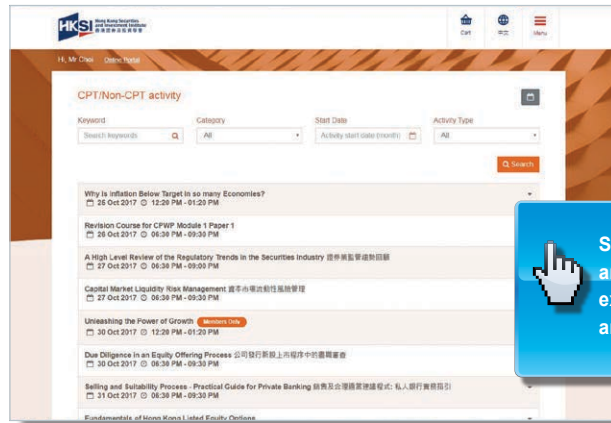
The HKSI Institute would like to express its sincere gratitude to the Securities and Futures Commission (SFC) for its funding to develop the online portal and guiding us to create our first eCourse which is timely launched to support the full implementation of the Manager-In-Charge regime.



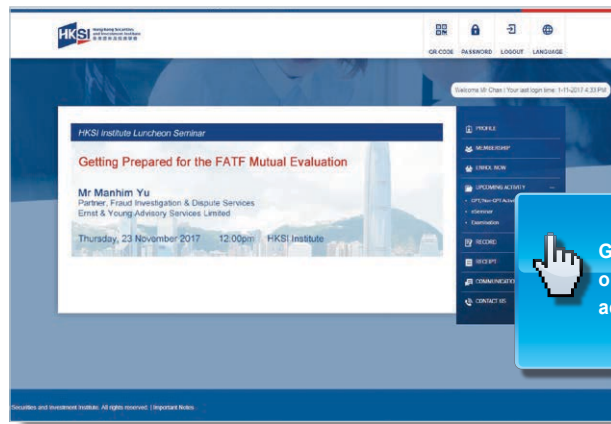
Access, Learn, Progress: A New Online Portal Launched



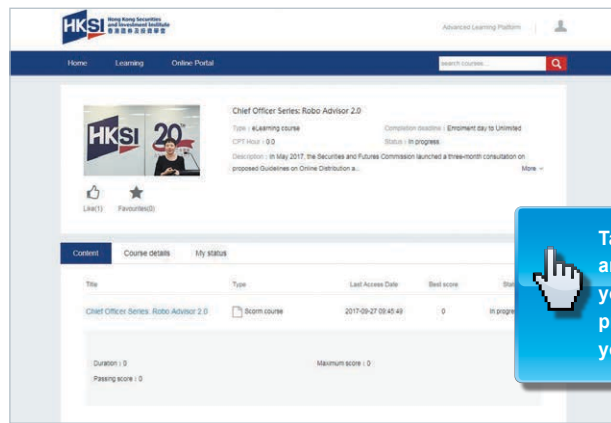
With the One-stop Service Online Portal, you can...



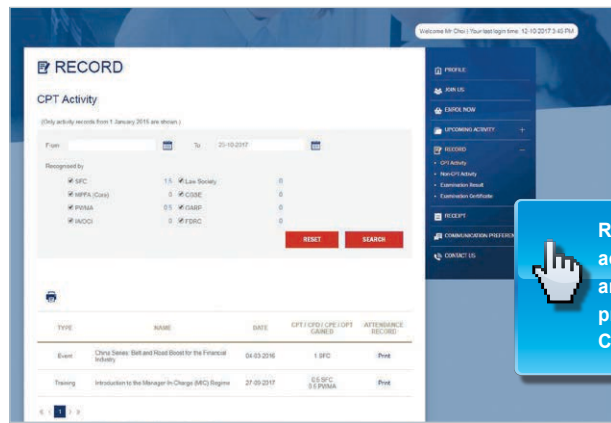
Search and enrol examinations and activities



Get an update on upcoming activities



Take eCourse and manage your learning progress at your own pace



Retrieve your activity record and check the progress of your CPT fulfilment

Regulatory and Market Updates



On 26 May 2017, the Hong Kong Police Force (HKPF) launched a 12-month pilot project, namely Fraud and Money

Laundering Intelligence Taskforce, with the Hong Kong Monetary Authority, the Hong Kong Association of Banks and some banks to enhance the detection, prevention and disruption of serious financial crime and money laundering threats. Moreover, on 25 August 2017, the SFC signed a Memorandum of Understanding (MoU) with the HKPF to formalise and further strengthen co-operation in combating financial crime.



In its latest issue of Enforcement Reporter published on 24 May 2017, the SFC emphasised the high standards expected for the senior management of listed companies. It also outlined some of the SFC's enforcement powers under the Securities and Futures Ordinance relating to senior management accountability and summarised some recent cases relating to corporate fraud and misfeasance.



The SFC signed a cooperation agreement separately with the UK Financial Conduct Authority

(FCA), the Australian Securities & Investments Commission (ASIC) and the Dubai Financial Services Authority (DFSA) respectively to foster the support of financial technology. Under the three agreements, the SFC will cooperate with the FCA, the ASIC and the DFSA on information sharing and referrals of innovative companies seeking to enter one another's markets.



The SFC and the Autorité des Marchés Financiers have signed a MoU on France-Hong Kong Mutual Recognition of Funds on 10 July 2017, which will allow eligible Hong Kong public funds and French UCITS funds to be distributed to retail investors in each other's market through a streamlined authorization process.



The SFC published on 28 April 2017 its "Report on the fact-finding exercise on retail futures brokers" regarding the business profiles and major risk management controls and practices of 10 major local futures brokers. Key findings include:

- Some brokers adopted inconsistent criteria to assess whether clients are "established". Individuals who are treated as established but do not have good financial standing or creditworthiness could expose brokers to undue financial risk; and
- Information about setting-off arrangements, such as the specific terms and risks involved, might not be specified in clients' authorisations or otherwise provided to them.

The SFC will provide further guidance to the industry on these issues in due course.



In July 2017, the SFC issued a circular expressing its concerns about the irregular features found in some private funds and discretionary accounts with concentrated, illiquid and interconnected investments. Investors are reminded to take precautionary measures before investing in a private fund, such as understanding the fund's investment objective and risks as well as matching the fund's risk profile against their own personal circumstances.



The Insurance Authority (IA), an independent regulator responsible for regulating and supervising the insurance industry, has been regulating insurance companies since 26 June 2017. The IA will take over the regulation of insurance intermediaries in about two years.



Hong Kong Exchanges and Clearing Limited launched its Phase 2 of the Closing Action Session (CAS) on 24 July 2017. With the implementation of Phase 2, the list of CAS Securities covered constituents of the Hang Seng Composite SmallCap Index to further meet institutional investors' need for execution at close. Regulated short-selling orders are allowed to be placed during the CAS.

 Know Your Board Director

Mr Samuel Tsang



Mr Samuel Tsang is actively involved in various HKSI Institute initiatives and programmes, from mentorship to sponsorship and from committee membership to board directorship. He was elected a Board Director in 2016.

Preparation meets opportunity

Mr Tsang returned to Hong Kong from Canada in the prosperous mid-1990's. He was offered the position of management trainee in a resort development project near Beijing. Out of his expectation, his role shifted from project management to corporate finance management three months after he picked up the post when the Asian Financial Crisis struck the ASEAN economies.

“That was a difficult time for companies to raise capital in general, my job priority changed from allocation of funds to fuel the project to restructuring of the company’s debts,” he recalled the challenge. “This unprecedented change strengthened my psychological quality in facing adversity and advanced the learning curve of my career with the exposure in extensive financial management techniques. The more I was involved, the higher the motivation for me to grasp the first-hand industry knowledge. I then signed up for a Master Degree in Corporate Finance Programme at The Hong Kong Polytechnic University, which introduced me to the HKSI Institute’s Diploma Examination Programme and membership.”

In the Study Mission to Macau last December, Mr Tsang was the Organising Committee Chair connecting the HKSI Institute with the Monetary Authority of Macao, The Macau Association of Banks and the Bank of China Macau Branch. During the visits and meetings, the delegation was briefed about our neighbour’s recent development in the financial market as well as the implementation of the “One Centre, One Platform” strategy. “The HKSI Institute acted swiftly in arranging study missions to better comprehend the opportunities arise from the Hong Kong – Zhuhai – Macau Bridge that further connects the three markets – from 2015 destination of, Zhuhai-Hengqin, to 2016 destination of Macau,” he commended. “The proficiency in “biliteracy and trilingualism” becomes vital for new entrants to excel in the financial field, especially with the positioning of Hong Kong as an international financial centre and major gateway linking Mainland and other major markets. As you can imagine, the development of “One Belt, One Road” and “Greater Bay Area” will naturally lead us to go across different language-speaking zone, the language skills, both written and spoken, is fundamental in facilitating communication with business counterparts.”

Never Settle for Less

Hong Kong's established tradition of professionalism is a distinctive strength to elevate its position to one of the world's international financial centres. Mr Tsang said, "The Business Ethics Forum 2016, themed "Ethics in Action: Empowering Business through Financial Innovations" raised the market awareness of business ethics in the digital revolution era. Regardless of FinTech advancement, the financial industry should always uphold the standard of excellence in response to regulatory changes and demand for better protection of stakeholders' interest as a whole."

"I see the regulators, financial services providers and investors as stakeholders of the industry and we play as a team. We work together to enhance the ecosystem of financial industry by striving for market development as well as achieving better corporate governance. When an efficient, fair and just system is in place, Hong Kong remains as a competitive international financial centre and will attract more potential investors to join. The market will therefore be able to grow on a sustainable basis," he emphasised. "The Meet-Your-Government-Official (MYGO) Series and SFC Executive Directors Series bring in policy makers to elaborate the legislative intention and market impact of the latest legislation or guidelines. These seminars provide a platform for the practitioners to communicate and interact with the policy makers directly and openly. They will be able to better understand the rationale behind these developments and at the same time, exchange views. Such transparency of policy initiatives and interaction between the policy makers and practitioners will help fostering a healthy growth of the market."

Mr Tsang is a 2-Stars Referee and Judge ("RJ") with the International Boxing Association. "Boxing is an ancient combat sport and it has a set of rules developed to govern the conduct of the game. One of the roles for being a RJ is to ensure the fairness of the game. Players have to obey those non-negotiable rules and the RJ will rule the game impartially to reach an indubitable result. It is similar to the financial industry that fairness is always an essential element for market success," he explained, metaphorically.

Power of Forward Momentum

Mr Tsang has been a Mentor since the launch of Mentoring Programme in 2013. He shares his experience with the young members. "Hong Kong is facing immense competition from around the world. Market participants in Hong Kong should prepare for the challenge rather than just being responsive," he added, "New entrants should explore the financial industry and discover their field of interest at the early stage of career. In this regard, they can better equip themselves by acquiring relevant professional qualifications that will enrich their knowledge and keep them abreast of the latest market trends and developments." Mr Tsang expressed that he also learns a lot from his mentees and cherishes very much this "give and take" relationship.

Mr Tsang commends HKSI Institute's effort in providing quality seminar and training courses from focusing on ad-hoc topics to championing the professional excellence. "One of the major future developments of Hong Kong financial industry is to enhance and excel its position of being an Asia premier assets management centre and HKSI Institute timely reacts to this direction. The HKSI Institute introduces the Certified Private Wealth Professional (CPWP) programme which is a systematic training for practitioners to acquire professional knowledge and practical skills in the private wealth management field. In addition, this is a fast track for members to attain the internationally recognized professional qualification – Certified International Wealth Manager (CIWM). This shows that the quality of HKSI Institute training is well recognized internationally and its membership is always a community to promote professionalism. I hope this will attract more young practitioners to join the Institute and pass on the good values."

Bond Connect

China bond market is the third largest bond market in the world. After the introduction of the Mutual Market program between Hong Kong and the Mainland in 2014 for trading in recognized funds, the Hong Kong Exchanges and Clearing Limited has further expanded the program by introducing the Bond Connect to trade in recognized bonds. In order to facilitate this initiative, the People's Bank of China and the Hong Kong Monetary Authority established a mutual bond market access scheme between Hong Kong and the Mainland on 3 July 2017. In the initial phase, only Northbound trading link is launched.

Trading

Northbound trading of Bond Connect allows international investors to trade bonds directly on the China Foreign Exchange Trade System (CFETS). CFETS and the Hong Kong Exchanges and Clearing Limited have established a joint venture company, Bond Connect Company Limited (BCCL). CFETS is the operator of China Interbank Bond Market (CIBM) trading system. Bond Connect links between CFETS and offshore electronic trading platforms recognized by the People's Bank of China (PBOC). Via the Bond Connect Northbound trading link, eligible foreign investors can directly submit their request for quotes through these recognized offshore electronic trading platforms and execute trades with onshore dealers on the CIBM. The detailed terms on which the Northbound trading link is available to offshore electronic trading platforms and overseas investors are set by BCCL which also acts as a coordinator with the offshore electronic trading platforms. Overseas investors must register with BCCL or other registration agents recognized by the PBOC so as to use the Bond Connect for trading bonds.

Settlement and custody

Settlement of bonds traded under Northbound trading link of Bond Connect is done through the Central Money Markets Unit (CMU) operated by the Hong Kong Monetary Authority (HKMA). A settlement link is established between CMU and the two Mainland bond settlement systems, namely, China Central Depository & Clearing Co., Ltd. (CCDC) and Shanghai Clearing House (SHCH). CMU receives trade details from CCDC/SHCH and from CMU members and matches the trade details. An omnibus nominee account in the name of CMU is maintained with each CCDC and SHCH and CIBM bonds held by eligible foreign investors are recorded in the relevant omnibus nominee account. CMU records the CIBM bonds in segregated sub-accounts of the CMU members who may hold the bond on behalf of investors or itself.

Under the custody link, CIBM bonds held by eligible foreign investors will be recorded in the omnibus account in the name of CMU at each of CCDC and SHCH. CMU will in turn record in the CIBM bonds in segregated sub-accounts of the relevant CMU members, who may hold the bonds for itself or on behalf of other custodians or investors. Eligible foreign investors will

therefore be able to hold their onshore bonds through their global or local custodian in a segregated sub-account opened in their name at CMU.

Coupon payment and redemption

On record date of coupon payment and redemption, SHCH calculates receivable amounts of the bondholders according to the nominee amount(s) of HKMA and transfer the receivable amount to the corresponding nominee account(s) of HKMA. Money is to be drawn in Hong Kong.

Governing laws and regulations

Bond Connect will abide by the relevant laws and regulations of the bond markets of Mainland and Hong Kong. The regulations and business rules of the place where the trading and settlement activities takes place shall govern the trading and settlement activities under the Northbound link of Bond Connect.

Investment quota

Foreign investors can trade the whole range of instruments on the CIBM and subscribe for eligible products in the primary market under the Northbound trading link of Bond Connect. There is no investment quota for the Northbound trading.

Beneficial ownership

PBOC made a clear distinction between the concept of "nominee holder" and "foreign investors who purchased the bonds." The offshore depository recognized by the HKMA (i.e. CMU) shall open a nominee account with an onshore depository (i.e. CCDC/SHCH) as nominee holder of the bonds purchased by foreign investors through Bond Connect while foreign investors are entitled to "enjoy the rights and interests of bonds according to law".

Bond Connect will use the "internationally-adopted" multi-tiered custody structure, i.e. the ultimate investors are the beneficial owners of the relevant bonds and shall exercise their rights against the bonds and shall exercise their rights against the bond issuer through the nominee holder (i.e. CMU).

Nominee holder and the ultimate investors who can prove that they are the beneficial owners of the bonds with a direct interest in the case can bring actions against bond issuers in Chinese courts.



New Members

New Individual Members

Mr AGNEW Robert Francis	Miss HAR Yuen Ting	Miss LI Lok Yee	Mr TAM King Tat
Miss AU Ka Wing	Mr HO Chun Yin	Mr LI Peter Po Ting	Mr TAN Lyuqi
Mr AU Wai Cheung	Mr HO Fu Wing	Mr LI Qiang	Ms TONG Ching Hing
Mr BROWN Brian Robert	Mr HO Ho Yin	Miss LI Qiushan	Mr TONG Tsz Lok
Mr BRUM LOYOLA Joao Paulo	Mr HO Lap Yeung	Mr LI Sai Ming	Ms TSANG Kar Wai
Mr BURNS Ian Robert	Mr HO Mun Chiu	Miss LI Wai Man	Miss TSANG Yuen Hung
Mr CHAN Ching Tin	Mr HO Tsz Cheung	Miss LI Xiujia	Miss TSOI Wing Shuen
Ms CHAN Hiu Yu	Ms HO Tsz Ching	Mr LI Zhibang	Mr WADDINGTON Richard Edward Henry
Mr CHAN Ho	Mr HO Wai Yu Sammy	Miss LIEW Alice Siao Yun	Mr WAI Siu Chung Dominic
Mr CHAN Ka Bong	Mr HOU Xu Chao Glenn	Mr LIN King Yeung	Mr WAN Chun Sing
Ms CHAN Ka Lam	Ms HSU Yuk King Mercedes	Miss LIN Yaxuan	Miss WAN Ka Kiu Lesley
Mr CHAN Ka Ming	Miss HU Yuwen	Miss LIU Huijun	Mr WAN Tat Ming
Miss CHAN Kai Ki	Mr HUI Wai Lung	Mr LIU Qixuan	Mr WANG Hao
Mr CHAN Kwai Piu	Mr HUNG Chin Chi	Ms LIU Xilu	Mr WANG Ningxi
Mr CHAN Man Chit	Mr HUNG Ho Lam	Miss LIU Yuewei	Mr WANG Tsz Him
Mr CHAN Man Chun Xavier	Mr HUSSAIN Sumair	Ms LIU Zifei	Mr WEI Kevin Xiao
Mr CHAN Miu Lung	Ms IP Oi Ling Crystal	Miss LU Chujun	Mr WEI Peng
Miss CHAN Nga Ting	Mr IP Wang Hoi	Ms LU Yimei	Miss WONG Bik Chi Peggy
Mr CHAN Ngai Yeung	Miss JIANG Fangshu	Mr LUI Kwan Ting Victor	Ms WONG Caroline
Mr CHAN Shek Chuen	Miss JIN Liangzhu	Miss LUI Lok To	Mr WONG Chan Kwon
Mr CHAN Sing Tok	Mr KEUNG King Man	Ms LUI Nga Yan	Mr WONG Chin Wai Raymond
Mr CHAN Wa Him	Miss KIRCHMANN Catherine	Miss LUI Pui Ying	Miss WONG Doris
Miss CHAN Wing Lam	Mr KLEINSCHMIDT Ingo	Mr LUN Shu Lam	Mr WONG Heng Choon
Ms CHAN Yan Yu	Mr KRISTIANO Jason	Ms MA Yijia	Ms WONG Hill Yung
Ms CHAN Yik Fan	Mr KWAN Ho Lam	Mr MAK Tsan Kwai	Miss WONG Hing Kam
Mr CHAN Yuen Hei Ronnie	Mr KWOK Kai Wai	Mr MAN Ka Po	Mr WONG Hiu Fung
Mr CHANG Shu Pei	Mr KWOK Shu Kwan	Miss MAN Sin Yi	Mr WONG Hong Hui
Mr CHEN Chun Lei	Mr LAI Pui Tsung	Mr MAND Sandeep Singh	Ms WONG Hou Tung
Ms CHEN Dan	Mr LAI Wan Wai	Mr MCCLATCHEY Mark	Mr WONG Jackson
Mr CHEN Yu	Mr LAI Wing Tai	Ms MO Shu Man	Ms WONG Kit Man
Miss CHEN Yumin	Mr LAM Chun Fan	Miss MOK Oi Ying	Mr WONG Kwok Ming
Mr CHENG Chu Yi	Mr LAM Chung Ting	Ms Mok Siu Yin	Ms WONG Ling Wai
Mr CHENG Jonathan Chung Shing	Mr LAM Hay Tak	Mr NG Chak Man	Ms WONG Pak Suet Elsa
Mr CHENG Sze Chung	Mr LAM Hok Him	Mr NG Chi Wing	Mr WONG Siu Hung Patrick
Mr CHENG Wai Kit	Mr LAM Hung Yun	Mr NG Ching Yiu Alex	Mr WONG Wai Man Peter
Mr CHEUNG Chiu Ying	Mr LAM Kai Chun	Mr NG Chiu Yu	Ms WONG Yim Man
Mr CHEUNG King Siu	Mr LAM Kin Pong	Mr NG Ka Kit Chris	Mr WONG Yu Ting Alex
Mr CHEUNG Kiu Cho Vincent	Ms LAM Nga Ting	Miss NG Yuk Mei	Mr WONG Yuk Yeung
Mr CHEUNG Kwok Ming	Mr LAU Chin Yung Andy	Mr NGAI Siu Chung Elvis	Mr WU Kwok Wai
Mr CHEUNG Tin Hau	Ms LAU Ching Yan	Mr NGAN Chi Shing	Ms WU Xuexiao
Ms CHEUNG Winnie	Mr LAU Chun Wing	Mr NGAN Ka Sing	Dr WU Yang Andrew
Mr CHEW Chun Liang	Miss LAU Ka Wing	Mr NGAN Kwan Ting	Mr WU Ying Hong
Ms CHIN Wai Man Josephine	Mr LAU Mak Chi	Mr NGAN Shing Him	Mr XIE Yang
Miss CHING Chung Man Suan	Mr LAU Shing Yip	Ms NI ZiHan	Dr XU Yinqing
Mr CHOI Chun Ning	Mr LAU Siu Hung Daniel	Mr OH Kuan Yu	Mr YAM Chung Wai
Miss CHONG Ling Ling	Mr LAW Ka Fun	Mr OU Kunlin	Mr YANG Han-Wei
Ms CHONG Po Chun	Ms LAW Kok Yu Stella	Mr PAMPAPATHI Vinay Kumar Mysore	Mr YANG Zhangyi
Mr CHOW Cho Yin Alex	Mr LEE Hung Kei	Ms PAN Lok Ping Ivy	Mr YAO Chung Jyh
Mr CHOW Fat Ming Arthur	Mr LEE See Ching	Mr PO Wai Kei	Mr YAU Siu Kei Eric
Mr CHU Pei Yu Julian	Mr LEE Thiam Kit	Miss POON Li Sim Linny	Ms YEUNG Hui Wei
Mr CHU Wing Him Simon	Ms LEE Wai Yin Angela	Mr PUN Kong Luen	Miss YEUNG Ying Ying
Mr CHUNG Pak Shiu	Ms LEE Wing Shan	Ms QIU Yue	Mr YIU Wai Ho Wilfred
Mr CUI Bofeng Derek	Mr LEE Yin Hai	Mr SEE Ka Chun	Mr YU Chor On
Mr DAI Tin Yau	Mr LEUNG An Loy Derek	Mr SERVAIS Gautier	Ms YU Oi Lai
Mr DELORENZI Raffaele	Miss LEUNG Cho Kei	Mr SHIH Ting Yu	Mr YU Shing Yui
Mr DORMER Mark Christian	Mr LEUNG Ho Man	Miss SIU Wai Ying	Mr YUE Yong
Mr FAN Ping Lun Alan	Ms LEUNG Ming Sum	Mr SO Pak Ming	Mr YUEN Sze Hang Johnny
Dr FAN Yang	Miss LEUNG Sik Yin Christie	Mr STEIN Christopher Alexander	Mr YUNG Lok Sum
Ms FONG Ling Kwan	Ms LEUNG Wing Sze	Mr SUN Ho Chau	Mr ZENG Fanjie
Mr FUNG Chi Yeung	Miss LEUNG Yin Fan	Ms SUN Wei	Mr ZHANG Xin Eric
Mr FUNG Ka Wai	Mr LEUNG Yin Wing	Mr SUN Wu Yen	Ms ZHANG Xu
Mr GAO Junjie	Mr LI Chun Chung	Ms SZE Lam Lam	Ms ZHANG Ying
Mr GONG Zhijian	Mr LI Guo	Mr TAI Kwok Shing	Mr ZHENG Qi
Mr GUO Jin	Miss LI Jiawen	Mr TAI Wing Hei	Mr ZHOU Jiaxing
Mr GUPTA Yatin	Mr LI Ka Wai	Mr TAM Kai Him	

 New Members

New Corporate Members

Category A



高原証券
Pamirs Capital

Category B

ONC Lawyers
柯伍陳律師事務所

ROBERTSONS SOLICITORS
羅拔臣律師事務所

Category C

 Andes Glacier
思捷



 BLACKWELL
GLOBAL

 致富CHIEF
證券 | 期貨 | 理財



Hong Kong Securities and Investment Institute

Room 510, 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong

Hotline: (852) 3120 6100

Fax: (852) 2899 2611

Email: info@hksi.org

Website: www.hksi.org

S.I.
electronic
version



The information contained in this publication is for general guidance on matters of interest only and is not meant to be comprehensive. The application and impact of laws and regulations can vary widely based on the specific facts involved. Before taking any action, we recommend that you obtain advice specific to your circumstances from your usual professional advisors. The materials contained in this publication were based on the laws and regulations enforceable and information available at the time when this publication was prepared.

Copyright © 2017 Hong Kong Securities and Investment Institute. All rights reserved.

Special thanks to members of S.I. Advisory Board

Mr Robert Bunker | Dr Richard Chow | Prof Vincent Kwan