



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

6 July 2007

Circular to Intermediaries¹ Acting as Sponsors

Increase in the minimum paid-up share capital requirement for sponsors

Intermediaries acting as sponsors are reminded that the provisions of the Securities and Futures (Financial Resources) Rules (“FRR”) concerning the minimum paid-up share capital requirements that must be observed by corporations that have been licensed to carry on Type 6 regulated activity (advising on corporate finance), have been amended. The amended provisions will come into force on **1 August 2007²**.

These amendments will have the effect of imposing a formal legal obligation upon such licensed corporations at all times to maintain a paid-up share capital of not less than HK\$10 million if their licences are not subject to the “no sponsor work licensing condition”. The coming into force of these amendments to the FRR on 1 August 2007, was foreshadowed in the Guidelines for Sponsors and Compliance Advisers (“Sponsor Guidelines”) which came into effect on 1 January 2007. Intermediaries that act as sponsors will be in breach of the FRR if they do not have in place, and maintain, the minimum paid-up share capital of HK\$10 million with effect from 1 August 2007.

This new requirement applies only to intermediaries acting as sponsors. Intermediaries that are subject to the “no sponsor work licensing condition” will not be affected by the amendments to the FRR and will continue to be required to maintain a minimum paid-up share capital of HK\$5 million.

For more information on the sponsor regime, please refer to the Sponsor Guidelines and the Frequently Asked Questions 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

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

² The FRR were amended by the Securities and Futures (Financial Resources) (Amendment) Rules 2006.

Securities and Futures Commission



SFC Website: www.sfc.hk



InvestEd Website: www.InvestEd.hk