

SECURITIES AND FUTURES ORDINANCE (Chapter 571)

Pursuant to sections 169 and 399 of the Securities and Futures Ordinance and for the purposes of paragraph 50 of Part III of Schedule 10 to the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (Code of Conduct), the Securities and Futures Commission (SFC), under paragraph 50(b)(i) deems the margin requirements of the following WGMR jurisdictions or regulators in such jurisdictions to be comparable to the margin requirements set out in Part III, and under paragraph 50(c) specifies the following conditions, effective 1 September 2020.

WGMR member jurisdictions or regulators in such jurisdictions whose margin requirements are deemed to be comparable under paragraph 50(b)(i)	Applicable conditions specified by the SFC under paragraph 50(c)
Australia Brazil Canada The European Union (EU) Hong Kong Monetary Authority India Japan Republic of Korea Russia Singapore Switzerland The United Kingdom (as from the time it withdraws from the EU) The United States of America <ul style="list-style-type: none">- The Board of Governors of the Federal Reserve System- Federal Deposit Insurance Corporation- Office of the Comptroller of the Currency- Commodity Futures Trading Commission	Conditions (1) & (2).
The United States of America <ul style="list-style-type: none">- Securities and Exchange Commission (SEC)	Conditions (1) to (5).

Conditions specified by the SFC under paragraph 50(c)	
General conditions applicable to a licensed person which elects to adhere to the margin requirements of: (a) under paragraph 50(b)(i), any WGMR member jurisdiction or regulators in such jurisdiction whose margin requirements are deemed to be comparable by the SFC; or	(1) the licensed person is required to obtain approval in writing from the SFC before using an initial margin model, pursuant to Annex B of Part III of Schedule 10 to the Code of Conduct; (2) the margin collected by the licensed person should be subject to the asset eligibility requirements and collateral haircuts set out in paragraphs 37 to

<p>(b) under paragraph 50(b)(ii), any jurisdiction or regulator in such jurisdiction in respect of whose margin requirements a comparability determination has been issued by the SFC or HKMA.</p>	<p>45 of Part III of Schedule 10 to the Code of Conduct;</p>
<p>Specific conditions applicable to a licensed person which elects to adhere to the margin requirements of the SEC</p>	<p>(3) if the licensed person elects not to collect initial margin from a counterparty pursuant to an exception in the SEC's regime, the licensed person should deduct the full amount of the initial margin not collected from the counterparty from its liquid capital in calculating its liquid capital;</p> <p>(4) if the licensed person collects initial margin, any re-hypothecation, reuse or re-pledge of the initial margin can only be undertaken under the conditions set out in paragraph 26 of Part III of Schedule 10 to the Code of Conduct. This condition applies up to the amount of initial margin required to be collected under the SEC's regime, including where the licensed person elects to collect initial margin instead of relying on an exception to the collecting obligation in the SEC's regime;</p> <p>(5) if the licensed person posts initial margin to a counterparty, the licensed person should ensure that it is properly segregated and protected against the risk of insolvency of the counterparty collecting initial margin in accordance with paragraph 24 of Part III of Schedule 10 to the Code of Conduct.</p>

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Executive Director, Intermediaries
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