

LOCAL REGULATORY EXAMINATIONS REQUIREMENTS

ROs may be exempted from meeting the local regulatory examination requirements if the following conditions are met:

- the person has proven “substantial” related experience – i.e. over 8 years of related industry experience in recognised markets (i.e. Specified Futures and Stock Exchanges identified in Parts 2 and 3 of Schedule 1 of the SFO – including major European markets), some parts of which must have been gained in the last 3 years. Alternatively, the person must already be registered or licensed in the UK or US for investment management, advisory business and asset management business;
- the firm serves only professional investor;
- the firm is able to confirm that regulatory and compliance support will be provided to the person i.e. there is at least one other RO whom he would report to and who would provide advice when required – this person would be responsible for supervising the licensed corporation’s daily operations
- the person takes a post-licensing refresher course on local regulations
- the licensed corporation have an appropriate risk and regulatory compliance system in place (including normally a comprehensive risk management system, internal audit, compliance staff and procedures)

Despite the above, we recommend that all ROs sit the relevant tests as it will also be useful for him to understand the local regulatory framework and it will facilitate their supervision of the licensed corporation in compliance with SFC requirements. The Hong Kong Securities Institute (“**HKSI**”) website provides information on how to prepare and take the relevant licensing exams (<http://www.hksi.org/hksi/en>).