



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B9/135/1C
B1/15C

30 September 2016

The Chief Executive
All authorized institutions and approved money brokers

Dear Sir/Madam,

Guideline on Exercising Disciplinary Power to Order a Pecuniary Penalty under Section 203C(1) of the Securities and Futures Ordinance

I am writing to inform you that, following consultation with the Hong Kong Association of Banks, the DTC Association, the Hong Kong Inter-Dealer Brokers Association and the approved money brokers which are not members of the Hong Kong Inter-Dealer Brokers Association, the Hong Kong Monetary Authority (“HKMA”) is issuing today the Guideline on Exercising Disciplinary Power to Order a Pecuniary Penalty by notice in the Gazette under section 203C(1) of the Securities and Futures Ordinance (“SFO”) (Cap. 571) in respect of the OTC Derivatives regime.

The Guideline indicates the manner in which the Monetary Authority (“MA”) proposes to exercise the power to impose a pecuniary penalty under section 203A(1)(c) of the SFO and will come into operation on 30 September 2016. The Guideline sets out factors that the MA considers relevant to the exercise of the disciplinary power to impose a pecuniary penalty on an authorized financial institution or approved money broker or a person who is or was involved in the management of the business of OTC derivative transaction (collectively “persons”) if any of these persons contravene the reporting, clearing, trading or record keeping obligation as set out in sections 101B to 101E of the SFO and if so, the amount of such penalty. The factors listed in the Guideline are not exhaustive. The MA will consider any one or more of the factors listed in the Guideline and/or any other factors which are relevant to a particular case but are not listed. The Guideline includes the factors that the MA must take into account under section 203C(3)(b).

On-line access to the Guideline is available under the icon of ‘Circulars and Guidelines’ in the HKMA’s public (<http://www.info.gov.hk/hkma>) and private (<http://www.stet.iclnet.hk>) web-sites.

If you have any questions relating to this letter, please feel free to contact Ms Michelle Chui on 2516-7755 or Ms Nancy Chau on 2516-2006.

Yours faithfully,

Meena Datwani
Executive Director (Enforcement and AML)

c.c. The Chairman, The Hong Kong Association of Banks
The Chairman, The DTC Association
Secretary, Hong Kong Inter-Dealer Brokers Association
FSTB (Attn: Ms Eureka Cheung)