

Notice No : SFA 04-N13 (Amendment) 2014
Issue Date : 6 March 2014

NOTICE ON RISK BASED CAPITAL ADEQUACY REQUIREMENTS FOR HOLDERS OF CAPITAL MARKETS SERVICES LICENCES

1 This Notice is issued pursuant to regulations 2B, 5A and 6 of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations and amends SFA 04-N13 dated 3 April 2013.

2 The Notice SFA 04-N13 dated 3 April 2013 is hereby amended as follows:

- (a) by deleting the words “regulations 2B, 5 and 6” in paragraph 1.1.1 of Part I and substituting it with the words “regulations 2B, 5A and 6”;
- (b) by deleting the words “designated clearing house” in the following provisions and substituting in each case the words “approved clearing house”:
definition of “limited-activity CMSL” in Annex 2A of Part II, paragraphs 5.1.10, 5.2.36(a) and 5.2.36(c) of Part V and paragraphs 6.2.18(a), 6.2.48(a), 6.2.69(a) and 6.2.88(a) of Part VI;
- (c) by deleting the words “a designated clearing house” in the following provisions and substituting in each case the words “an approved clearing house”:
definition of “maintenance margin” and definition of “specified deposit” in Annex 2A of Part II, paragraphs 5.2.12, 5.2.19(a), 5.2.19(b), 5.2.27 and 5.2.34(c) of Part V and paragraph 8.2.3(m)(v) of Part VIII;
- (d) by deleting the words “a designated clearing house” in the following provisions and substituting in each case the words “approved clearing house”:
paragraph 3.2.4 of Part III and paragraph 3(e) of Annex 5G of Part V;
- (e) by inserting the words “or adjusted net head office funds, whichever is applicable” immediately after the words “financial resources” in paragraphs 3.3.3(ii) and 3.3.4(ii) of Part III;
- (f) by deleting the words “included as a deduction from financial resources” in paragraph 3.3.7(C) of Part III and substituting the words “deducted in the computation of financial resources or adjusted net head office funds, whichever is applicable,”;

- (g) by deleting the words “the designated clearing house” in paragraph 5.2.27 of Part V and substituting the words “the approved clearing house”;
- (h) by deleting the words “deducted from financial resources” in the heading of paragraph 5.1.3 of Part V and substituting the words “deducted in the computation of financial resources or adjusted net head office funds”;
- (i) by deleting the words “deducted from its financial resources or net head office funds” in the following provisions and substituting in each case the words “deducted in the computation of financial resources or adjusted net head office funds”:
paragraph 5.1.3 of Part V, and paragraph 6.1.1 of Part VI;
- (j) by deleting the words “deducted the asset from its financial resources or net office head funds” in paragraph 6.2.88 of Part VI and substituting the words “deducted the asset in the computation of financial resources or adjusted net head office funds”;
- (k) by deleting the words “deducted from the CMSL’s financial resources” in paragraph 5.2.45(c) and substituting the words “deducted in the computation of financial resources or adjusted net head office funds, whichever is applicable”;
- (l) by deleting the words “any asset deducted from the financial resources of the CMSL” in paragraph 6.2.79(i) of Part VI, and substituting the words “at the election of the CMSL, any asset deducted in the computation of financial resources or adjusted net head office funds, whichever is applicable”;
- (m) by deleting the words “deducted from the CMSL’s” in paragraph 8.2.3(j) of Part VIII and substituting the words “deducted in the computation of”;

3 This Notice shall take effect on 6 March 2014.