

Term and Expression

1. Private banking/ Private wealth management business

Private banking / Private wealth management business is a generic term that refers to the provision of banking or other financial services to private banking customers. Respondent company may refer to circular issued by HKMA on 12 June 2012 for the definition of private banking customers.

AUM for private banking / private wealth management business refers to AUM under private banking / private wealth management clients' accounts which have been generated / managed/ served by Hong Kong relationship managers, or for which the relationship managers are accountable, and assets managed by respondent company in Hong Kong (i.e. including i. assets managed and services provided which constitute regulated activities as defined in Schedule 5 to the SFO and ii. assets managed and services provided beyond those activities regulated under the SFO, including but not limited to cash and deposits, spot foreign exchange, currency-linked deposits/notes/instruments, and physical commodities).

2. Asset management

Asset management refers to the provision of services which constitutes type 9 regulated activity as defined in Schedule 5 to the SFO.

All RIs should provide relevant information of their Hong Kong operations (ie, accounts booked in Hong Kong office and accounts which are maintained elsewhere but for which the Hong Kong office provides any service that constitutes asset management.

For insurance company

Asset management refers to the management of financial assets arising from the provision of services which constitutes classes of long term business as defined in Part 2 of the First Schedule to the Insurance Ordinance (Chapter 41) and whereby the assets are managed by the respondent company on a discretionary and/or non-discretionary basis pursuant to contracts or arrangements with clients. Discretionary asset management means that the respondent company makes investment decisions on clients' behalf and deals in securities and/or futures contracts in accordance with such decisions. Non-discretionary asset management means that clients' specific instructions are required before the respondent company can trade for clients in securities and/or futures contracts. Non-discretionary asset management would involve provision of other services such as other execution or other administrative services i.e. not pure advisory.

3. AUM of your company

All those assets being the subject of contracts entered into by the respondent company and its clients for asset management by the respondent or its delegates.

Where a respondent company receives assets for management from any client, the respondent company should report the size of the AUM, except where the client is itself a SFC-licensed corporation or registered institution. This is to avoid double counting as the SFC-licensed corporation or a registered institution will report to the SFC directly.

For the avoidance of doubt, even when the respondent company has sub-contracted or delegated the management function to its delegates, the respondent company should still report such assets.

AUM do NOT include assets managed for the respondent company's proprietary or treasury trading activities.

For Trustee

Asset held under trust/ Asset under management/trusteeship

Assets held under your trust related business in Hong Kong regardless of where the assets are geographically situated. This includes offshore trusts administered in Hong Kong.

4. AUM managed in Hong Kong

AUM for which management activities are carried out in Hong Kong. These include AUM directly contracted with clients by the company and managed in Hong Kong, and those which are delegated to related companies / third parties in Hong Kong for management.

5. Pension

Client funds that are designated as pension or retirement funds which include Mandatory Provident Fund (MPF) and Occupational Retirement Schemes (ORSO schemes). MPF refers to constituent funds of a master trust scheme or an industry scheme as defined under the Mandatory Provident Fund Schemes Ordinance (Chapter 485). For avoidance of doubt, the underlying approved pooled investment funds (APIF) should not be included. ORSO schemes refer to retirement schemes that are registered or granted an exemption certificate by the Registrar of Occupational Retirement Schemes under the Occupational Retirement Schemes Ordinance (Chapter 426).

6. Institutional professional investors

Persons falling under paragraphs (a) to (i) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO.

7. Corporate professional investors

Trust corporations, corporations or partnerships falling under sections 3(a), (c) and (d) of the Securities and Futures (Professional Investor) Rules (Chapter 571D) ("Professional Investor Rules").

8. Individual professional investors

Individuals falling under section 3(b) of the Professional Investor Rules.

9. Hedge funds

An investment fund that often uses non-traditional investment strategies such as leverage, long, short and derivative positions with the goal of generating high returns.

10. Private equity

An investment fund that buys majority stakes in companies and/or entire business units to restructure their capital, management and organisation.

11. AUM sourced from Hong Kong investors

AUM that are attributable to Hong Kong investors. The respondent is expected to use its best efforts to classify the underlying investors based on available information. Investors with non-Hong Kong registered addresses may be classified as Hong Kong investors if it is known to the respondent that the AUM were sourced from Hong Kong. Similarly, for nominee accounts, if the underlying investors or sources are known to the respondent, they should be identified and classified accordingly.

12. AUM sourced from non-Hong Kong investors

AUM that are attributable to non-Hong Kong investors.

13. QDII

Mainland domestic institutional investors authorized by the relevant Mainland authorities to invest in the overseas capital markets under the foreign exchange control system in mainland China.

14. Non-identifiable

Refers to the amount of AUM invested in instruments whose ultimate geographic origin cannot be clearly determined eg, assets invested in funds, schemes or structures whose underlying investments are other funds, schemes or structures whose geographic origins are not easily identifiable.

15. Giving advice on funds/ portfolios

Refers to the provision of pure investment advisory services on funds/portfolios and which constitutes type 4 and/or type 5 regulated activities as defined in Schedule 5 to the SFO.

16. AUM on which your company advised

All those assets being the subject of contracts entered into by the respondent company and its clients for pure investment advisory services by the respondent or its delegates.

Where a respondent company receives assets for giving pure investment advisory services from any client, the respondent company should report the size of the assets subject to investment advisory services, except where the client is itself a SFC-licensed corporation or registered institution. This is to avoid double counting as the SFC-licensed corporation or a registered institution will report to the SFC directly.

For the avoidance of doubt, even when the respondent company has sub-contracted or delegated the investment advisory function to its delegates, the respondent company should still report such assets.

17. Long term business

All classes of insurance business specified in Part 2 of the First Schedule to the Insurance Ordinance (Chapter 41).

18. Combined AUM of your company

All those assets being the subject of contracts entered into by the respondent company and its clients for management by the respondent or its delegates, i.e. all assets sub-contracted or delegated to other offices / affiliates / third parties for management purpose should be included.

19. Licensed corporation (LC)

Licensed Corporation is defined in Schedule 1 to the Securities and Futures Ordinance (SFO) which means a corporation which is granted a licence under section 116 or 117 of the SFO.

20. Registered institution (RI)

Registered Institution is defined in Schedule 1 to the SFO which means an authorized financial institution which is registered under section 119 of the SFO.

21. AUM sub-contracted / delegated to other LCs / RIs in Hong Kong for management

All those assets being the subject of contracts entered into by the respondent company and its clients for management by the respondent and being sub-contracted or delegated to other SFC-licensed corporations (LCs) or registered institutions (RIs) under the SFO in Hong Kong for management.

22. AUM sub-contracted / delegated to other offices / affiliates / third parties overseas for management

All those assets being the subject of contracts entered into by the respondent company and its clients for management by the respondent and being sub-contracted or delegated to other offices / affiliates / third parties overseas which are not SFC-licensed corporations (LCs) or registered institutions (RIs) under the SFO for management.

23. AUM managed by your company / your non-SFC LC / RI offices / affiliates / third parties in Hong Kong

All those assets being the subject of contracts entered into by the respondent company and its clients for management by the respondent or its non-SFC LC / RI offices / affiliates / third parties in Hong Kong. All assets sub-contracted or delegated to other SFC LCs / RIs in Hong Kong and other offices / affiliates / third parties overseas for management should be excluded.

24. AUM sourced from Hong Kong policyholders

AUM that are attributable to Hong Kong policyholders. The respondent is expected to use its best efforts to classify the underlying policyholders based on available information. Policyholders with non-Hong Kong registered addresses may be classified as Hong Kong policyholders if it is known to the respondent that the AUM were sourced from Hong Kong. Similarly, for nominee accounts, if the underlying investors or sources are known to the respondent, they should be identified and classified accordingly.

25. AUM sourced from non-Hong Kong policyholders

AUM that are attributable to non-Hong Kong policyholders.

26. Life and annuity (Class A)

Client funds that are sourced from effecting and carrying out contracts of insurance on human life or contracts to pay annuities on human life, but excluding (in each case) contracts within class C of Long Term Business as stipulated in the First Schedule to the Insurance Ordinance (Chapter 41).

27. Linked long term (Class C)

Client funds that are sourced from effecting and carrying out contracts of insurance on human life or contracts to pay annuities on human life where the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contracts) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified) as stipulated in the First Schedule to the Insurance Ordinance (Chapter 41).

28. Retirement scheme management (Classes G, H and I)

Client funds that are sourced from effecting and carrying out contracts under which contributions (or premiums) are paid to, and become the property of, one party to the contract in return for the provision by that party of assets to be applied, whether directly or indirectly, towards the provision of benefits under a retirement scheme (categories I, II and III) as stipulated in the First Schedule to the Insurance Ordinance (Chapter 41).

29. Number of staff

Refers to the total number of staff in Hong Kong involved in any reported activities. The respondent is expected to use its best efforts based on available information to identify the primary function and the principal office for any staff. For any staff member who performs multiple roles or has more than one product specialty or serves more than one geographical region, this headcount can be apportioned accordingly eg, for any staff member who manages funds or portfolios and also engages in the marketing of funds for the company, the headcount can be apportioned as 0.5 management of funds and 0.5 sales and marketing. Likewise, please apportion any staff who has more than one product specialty or serves more than one geographical region.

PLEASE ENSURE THAT THERE IS NO DOUBLECOUNTING OF HEADCOUNT IN THE SURVEY. ANY HEADCOUNT SHOULD ONLY BE REPORTED EITHER ONCE OR APPORTIONED IN DIFFERENT FUNCTIONS, SPECIALTIES OR REGIONS WHICH WHEN AGGREGATED SHOULD BE EQUAL TO OR LESS THAN ONE. FOR ANY STAFF MEMBER WHO SERVES MORE THAN ONE COMPANY WITHIN A GROUP OF COMPANIES, THE GROUP SHOULD APPORTION THE HEADCOUNT IN DIFFERENT COMPANIES WHICH WHEN AGGREGATED SHOULD BE EQUAL TO OR LESS THAN ONE.

30. Fund administration

Refers to operation, control and other support staff (eg, settlement, accounting, etc) who are involved in the management of clients' funds and portfolios.

31. Dealing and/or trading

Refers to the dealing in and/or trading of investment funds and/or any types of investments incidental to the management of clients' funds and portfolios.

32. Corporate planning and business management

Refers to the company's strategic planning and the continuous development of the private banking / private wealth management services and/or asset management.

33. Supporting Units

Refers to other supporting functions directly related to the activities in the management of clients' funds and portfolios not included in the breakdown.

34. Private Wealth Management (PWM) Relevant Practitioners

Refers to "Relevant Practitioners" as set out in the circular issued by the Hong Kong Monetary Authority entitled "Update on Enhanced Competency Framework on Private Wealth Management (ECF-PWM)" and pages 2 to 5 of the enclosed ECF-PWM document dated 14 July 2021, which are accessible at <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210714e1.pdf>.

35. Net Fund Inflow/(Outflow)

Refers to the amount of fund inflow recorded by the respondent company during the year minus the amount of fund outflow. The respondent is expected to use its best efforts based on the available information to quantify the amount of net fund inflow/(outflow).

Fund inflow refers to AUM flowing into the respondent company e.g. new mandates obtained, additional money injected into existing mandates, subscriptions into products of the respondent company, committed funds that have been drawn down, new fund transferred into new client accounts or existing client accounts, etc..

Fund outflow refers to AUM leaving from the company e.g. termination of mandates, withdrawal of money from existing mandates, redemptions from products of the respondent company, fund drawn out due to closure of client accounts, fund drawn out by clients from existing accounts, etc..

For avoidance of doubt, if certain funds exited from the respondent company and re-entered into the respondent company during the same year, it shall be excluded from the calculation of the net fund inflow/(outflow).