HONG KONG

SECURITIES

SUMMARY

The Stock Exchange of Hong Kong (SEHK) ranked ninth largest in the world in market capitalization in 1997, down from sixth largest in 1993, largely due to regional financial turmoil in late 1997. The exchange is playing a significant and growing role in raising equity capital for China's state-owned enterprises. From 1994 through 1997, market capitalization increased 54 percent, while the number of listed firms grew from 529 to 658. U.S. firms hold 13 of the 102 foreign corporate memberships of the SEHK, out of a total exchange membership of 555 (382 corporate, 173 individual).

The Hong Kong Futures Exchange (HKFE) offers stock index and sub-index futures, stock index options, stock futures, foreign exchange ("Rolling Forex") derivatives, and one- and three-month Hong Kong Interbank Offered Rate (HIBOR) futures. As of March 31, 1998, 36 percent of HKFE members were foreign companies, of which 19 were controlled by U.S. companies. Although fiscal surpluses have obviated the need to borrow to finance government expenditures, the Hong Kong government has taken a number of steps to develop a debt market. These include a bills and notes program with maturities currently out to ten years, tax exempt status for multilateral debt issues, and the establishment of a Central Money-markets Unit as a central depository for debt instruments.

Operation and regulation of Hong Kong's stock and futures markets have strengthened considerably in line with wide-ranging recommendations made by a Securities Review Committee appointed in the wake of the 1987 market crash. The Securities and Futures Commission (SFC) has supervisory powers to ensure the integrity of markets and protection of investors. Securities and futures intermediaries must be registered with the SFC. Besides capital and liquidity requirements, intermediaries must satisfy nondiscriminatory "fit and proper person" criteria before they can conduct business. They may be established as either branches or as subsidiaries, although in practice most firms form subsidiaries. The rules are the same irrespective of ownership – foreign or domestic. Subject to licensing and registration requirements, foreign and local institutions can engage in a full range of investment banking and brokerage activities.

U.S. financial institutions have a substantial and rapidly expanding presence in Hong Kong. As of the end of 1997, there were 35 U.S.-controlled securities dealers out of 243 foreign securities dealers. There were 19 commodities dealers (who may offer futures contracts) controlled by U.S. companies out of a total of 78 foreign-owned commodities dealers. A survey of major U.S. bank and nonbank financial institutions regarding their Hong Kong operations revealed that none observed any substantive concerns about national treatment, though a few firms sense a more restrictive immigration policy may constrain workforce choices. Respondents generally viewed Hong Kong as the most open environment in Asia within which to do business. The regulatory environment was generally viewed as fair, supportive, flexible, and transparent.

DESCRIPTION OF THE MARKET

Hong Kong became a Special Administrative Region of China (HKSAR) as of July 1, 1997. The Basic Law guarantees for 50 years the rights and freedoms Hong Kong residents now enjoy, the continued rule of law, and the maintenance of Hong Kong's capitalist system. Defense and foreign affairs of the HKSAR are now under the direct control of Beijing, but in all other areas Hong Kong is guaranteed a "high degree of autonomy." The HKSAR has retained the status of an international financial center and safeguards the free flow of capital. It has continued to formulate its own monetary and financial policies, and safeguard the free operation of business and financial markets. The HKSAR has independent finances, using revenues exclusively for its own purposes. The Hong Kong dollar continues to be freely convertible, circulating as the legal tender of the HKSAR. Markets for foreign exchange, gold, securities, and futures continue to operate, together with relevant regulatory and supervisory frameworks.

The Stock Exchange of Hong Kong

The first formal stock market in 1891 evolved into four markets, which were subsequently unified in 1986 to create the SEHK. The SEHK was ranked ninth largest in the world in terms of market capitalization at the end of 1997, down from sixth largest in 1993, due to regional financial turmoil in late 1997. In addition to ordinary and preference shares, the SEHK also lists warrants, unit trusts, and debt securities. In 1997, 82 new listings raised US$10.5 billion, up from 53 new listings that raised US$2.2 billion in 1994. The number of listed companies increased from 529 in 1994 to 658 in 1997. Market capitalization grew from US$267 billion to US$411 billion during the same period, while average daily turnover increased from US$588 million to US$1,983 million. (Tables 1, 2, and 3 at the end of this chapter contain four-year data on new listings, selected performance data, and a breakdown of market capitalization by sector.) As of April 30, 1998, 12 companies listed in Hong Kong had listing status in the United States through American Depositary Receipts (ADRs).

At the year end of 1997, the Hang Seng Index of blue chip stocks, which consists of 33 of Hong Kong's largest, most liquid equities, closed at 31 percent higher than year-end 1994. Market conditions were extremely bullish in the first three quarters of the year, with a correction in the fourth quarter because of the Asian financial crisis. The Hang Seng Index reached a new historical high of 16,673 in August 1997. Turnover also expanded dramatically before the market downturn, with a new daily turnover record of HK$46 billion (US$5.9 billion) on August 29. The October market correction reduced the market capitalization to HK$3,202 billion (US$410.5 billion) at the end of 1997. The ranking of Hong Kong as a global territorial stock market dropped to ninth but still remained the second in Asia.

The SEHK plays an increasingly important role in raising equity capital for PRC state enterprises. A memorandum of understanding (MOU) on regulatory cooperation between the PRC and Hong Kong stock market authorities signed in June 1993 provides a framework for Chinese state enterprises to raise equity in Hong Kong through the issuance of "H" Shares, provided they meet Hong Kong regulatory and accounting requirements. "H" shares are denominated in Chinese renminbi currency, but must be purchased in Hong Kong dollars. The MOU also provides for cooperation in enforcement of laws and regulations in the areas of market manipulation, insider dealing, and other fraudulent practices. At the end of April 1998, 41 H shares were listed in Hong Kong.

As of April 30, 1998, the market capitalization of the 41 listed "H" shares totaled about HK$52.3 billion (US$6.7 billion), representing 1.79 percent of the SEHK's total market capitalization of HK$2,925 billion (US$375 billion). Turnover of H shares accounted for 5 percent of the market total as of April 30, 1998.

"Red Chips," Hong Kong-registered companies in which Chinese corporations hold at least 30 percent interest were estimated to account for 5.7 percent of the SEHK's market capitalization. Turnover of red chips accounted for 12 percent of the market total as of April 30, 1998. At the end of 1997, the SEHK had 555 members, including 173 individual and 382 corporate members. Each member must hold at least one share in the SEHK, which entitles the holder to a seat on the exchange floor. There are no specific restrictions on expatriates becoming individual members. All applicants for membership are subject to uniform requirements including being of good character and having experience in dealing in securities and meeting capital adequacy requirements. An individual member is required to have been resident in Hong Kong for five out of seven years immediately preceding his/her application, though this provision has been loosely interpreted. A corporation must be incorporated in Hong Kong, be of good financial standing, and be registered by the SFC.

At the end of 1997, 101 corporate members, representing 18 percent of the SEHK's total membership, were controlled by foreign companies. Seventeen were controlled by U.S. companies. Out of 475 registered commodities dealers, 16 percent, or 78 dealers, were controlled by foreign entities, including 19 controlled by U.S. companies. Of 1,850 registered securities dealers as of March 31, 1997, 13 percent, or 243 dealers, were controlled by foreign entities, including 35 controlled by U.S. companies.

As of March 31, 1997, there were 1,579 registered businesses in Hong Kong involved in securities and commodities dealing and advising. 15,575 registered persons worked in those businesses. (Note that not all employees are required to register.) The number of securities firms from the People's Republic of China went from eight as of March 31, 1994, to 22 as of March 31, 1997. There were 37 from Japan, 16 from Singapore, 19 from Taiwan, three from Australia, six from Thailand, seven from Indonesia, 10 from Korea, and 13 from Malaysia.

Any firm in Hong Kong involved in dealing in securities, trading commodity futures contracts, or giving advice on investments in securities or commodity futures must be registered with the SFC. Among the laws with which they must comply are the Securities Ordinance, the Commodities Trading Ordinance, and the Securities and Futures Commission Ordinance. Besides net capital and liquidity margin requirements, the SFC requires that applicants satisfy "fit and proper person" criteria. These relate generally to ensuring that the applicant is fair, honest, and financially sound.

Authorized institutions, as defined under Hong Kong's Banking Ordinance, are increasingly diversifying away from deposit-taking activities into financial areas, including the securities business. Licensed banks, restricted license banks, and deposit taking companies accounted for almost 70 percent of the 225 "exempt" dealers and investment advisers registered in Hong Kong as of March 31, 1997. Generally, a firm can be declared an exempt dealer for the purpose of the Securities Ordinance if its main business is not in securities dealing, or if its main business is securities dealing only at the wholesale level, with any securities dealing at the retail level done through a registered member of the SEHK or through other authorized channels. Licensed banks and trustee companies may also be eligible for exempt dealer status even if they do not satisfy these criteria. A firm can be declared an exempt investment adviser if it gives investment advice only to people residing outside of Hong Kong.

Regulation and Oversight

A number of ordinances govern securities dealings in Hong Kong. The Securities Ordinance, the Stock Exchanges Unification Ordinance, and the Securities and Futures Commission Ordinance require registration of dealers, dealing partnerships, investment advisers, and other intermediaries. They provide for investigation of malpractice and a compensation fund for clients of defaulting brokers. Established in 1989, the SFC is an independent statutory body outside the civil service with licensing and supervisory powers to ensure the integrity of markets and protection of investors.

Among recent developments, the SFC has focused on improving minority shareholder protection and enhancing corporate governance. It is working to update and rationalize Hong Kong's securities and futures legislation. Codes of conduct for the SEHK and HKFE were finalized in 1993 and the SFC introduced a code of conduct applying to all other persons registered under the Securities Ordinance and Commodities Trading Ordinance in 1994. The SFC also has regulatory powers over certain aspects of the foreign exchange market under the Leveraged Foreign Exchange Trading Ordinance. The ordinance is designed to regulate so-called "fringe forex dealers" who are not currently regulated and who provide leveraged foreign exchange contracts to retail investors. Funding for SFC operations comes primarily from market transaction levies and SFC fees and charges. To ensure the international competitiveness of Hong Kong market, SFC completed during 1996-97 a review of the Leveraged Foreign Exchange Trading Regulatory System, Financial Rules and the Reporting System for OTC Derivatives Activities.

The SEHK introduced regulated short selling of 21 blue chip stocks in January 1994. The short selling activity was further liberalized during 1995-97. Since March 1997, member registration prior to commencing short selling activities was no longer required. By the end of 1997, the total number of stocks eligible for short selling increased to 241. Stock option trading was launched on September 8, 1995. The number of options classes increased from nine in 1995 to 15 in 1997. The total contract value grew from HK$1,941 million (US$248.7 million) in 1996 to HK$4,037 million (US$517.6 million) in 1997. Daily turnover averaged 6,730 contracts in 1997, compared with 5,100 in 1996.

The SEHK introduced a computerized Automatic Order Matching and Execution System (AMS) in late 1993. AMS provides real-time order entry and execution and near-instantaneous reporting of transactions. Traders input orders from their booths on the floor of the SEHK using computers. Exchange trading hours are from 10:00 p.m. to 12:30 p.m. and from 2:30 p.m. to 4:00 p.m., Monday through Friday.

On April 16, 1996, the SFC published a Consultation Paper on a Draft for a composite Securities and Futures Bill. The draft bill, when enacted, will repeal and replace eight of the ordinances currently administered by the SFC. It will enhance the investor protection functions of the SFC while promoting a fair, efficient, competitive, and informed market, standardize the licensing regime applicable to dealers and advisers in the securities and futures industry, and generally update and modernize Hong Kong's securities legislation. Currently, the SFC is studying proposed changes to U.S. and British legislation to see if they should be included in Hong Kong's Composite Securities and Futures bill. The SFC hopes to bring the legislation to fruition in 1999.

In 1997, the SFC reinforced its supervision of financial intermediaries through a series of special inspections of some 103 stockbrokers and their related 56 finance companies. These finance companies subsequently tightened credit. In January 1998, a joint task force (SFC, HKSE, and a consultancy) was formed to review and monitor the financial position of the finance companies, pending legislation clarifying supervisory responsibility.

Futures

The HKFE evolved from trading commodities to offering financial futures in 1986 centering on the Hang Seng Data Service's benchmark Hang Seng Index. Following the 1987 market crash, trading volumes did not significantly recover until 1993. (See table 4.) Futures based on the four Hang Seng subindices – finance, properties, utilities, and commerce and industry – were launched in 1991. As of April 30, 1998, products traded on the HKFE included eight main categories: Hang Seng Index futures, Hang Seng Index options, Hang Seng China-Affiliated Corporation Index futures (Red-Chip futures), Hang Seng China-Affiliated Corporation Index options (Red-Chip options), HKFE Taiwan Index futures, HKFE Taiwan Index options, one- and three-month HIBOR futures, and stock futures.

Trading on the HKFE is on an open outcry basis for Hang Seng Index futures and options, while all other contracts are traded on the HKFE's computerized Automated Trading System (ATS). The HKFE has announced that it will migrate all trading to the ATS by the end of 1999. A clearing system installed with assistance from the Options Clearing Corporation of Chicago provides state-of-the-art clearing and risk management capabilities. There were 136 members of the HKFE as of March 1998 and all were corporations. Forty-nine foreign companies, including 19 controlled by U.S. companies, accounted for 36 percent of HKFE members.

The Debt Market

While Hong Kong's local debt market is still small compared to the stock market, it has become a significant source of capital in recent years. Over the years, the Hong Kong government has made significant efforts to develop the market infrastructure in the local debt market, including the development of a benchmark yield curve, granting of tax-exempt status for multilateral issuers and concessionary tax schemes for eligible private sector debt issues, promotion of an efficient debt securities clearing and settlement system, and establishment of the Hong Kong Mortgage Corporation Limited (HKMC).

In March 1990, the Hong Kong Monetary Authority (HKMA) launched an Exchange Fund Bills Programme with the issuance of 91-day bills, a program which has expanded and lengthened Hong Kong's yield curve. At the end of 1995, seven-year notes were introduced and in October 1996, the first 10-year notes were issued, joining two, three, and five-year notes. In addition, four tap issues of 28-day Exchange Fund Bills were launched in 1996 to facilitate the liquidity management of banks under the Real Time Gross Settlement (RTGS) system. Some 33 recognized dealers are appointed as market makers that are obliged to quote two-way yields for Bills and Notes.

The following table gives an indication of the size of the government program:

Issues of Exchange Fund Bills, Government Bonds, and Exchange Fund Notes
(HK$ millions)

Year	New Issues	Amount Outstanding	Average Daily Turnover
1990	16,266	7,540	1,459
1991	30,700	14,640	4,963
1992	43,900	23,340	7,946
1993	67,000	31,660	15,276
1994	105,100	52,940	22,438

Year	New Issues	Amount Outstanding	Average Daily Turnover
1995	111,800	58,730	17,199
1996	142,000	91,850	16,320
1997	349,500	101,650	16,506

Source: Hong Kong Monetary Authority

Daily turnover of Exchange Fund Bills and Notes in the secondary market averaged HK$16.5 billion (US$2.1 billion), or 16 percent of the total amount of Bills and Notes outstanding at year-end 1997 of HK$101.7 billion (US$13.0 billion).

The following table provides an indication of the amount of Hong Kong dollar instruments outstanding:

Major Debt Instruments Outstanding
(HK$ millions)

Year	Exchange Fund Bills and Notes	Government Bonds	Multilaterals	Other Private Sector Debt
1989	0	0	500	358
1990	7,540	0	1,600	1,308
1991	14,040	600	2,400	4,719
1992	20,340	3,000	3,400	10,907
1993	28,060	3,600	7,650	27,714
1994	52,340	600	10,950	76,245
1995	58,730	0	13,550	124,776
1996	91,850	0	18,500	169,057
1997	101,650	0	25,950	217,908

Source: Hong Kong Monetary Authority

The World Bank was the first multilateral institution to launch a Hong Kong dollar-denominated bond issue in 1989. It is estimated that HK$26 billion (US$3.3 billion) in debt securities or 11 percent of the total Hong Kong dollar private debt outstanding at the end of 1997 was issued by multilateral agencies. A total of twelve issues involving HK$8.5 billion (US$1.1 billion) were launched by six multilateral agencies for the year 1997. The World Bank and the International Finance Corporation have tapped the Hong Kong dollar market for a total of six issues in 1997. The landmark transaction for early 1998 was the HK$3 billion (US$385 million) fixed-rate bond issued by the Asian Development Bank. To encourage supply of quality debt issues in Hong Kong, the government introduced tax exemption and concessionary schemes.

The Central Money-Markets Unit (CMU) service, originally run by the HKMA for the clearing and settlement of Exchange Bills and Notes, was extended to cover other Hong Kong dollar debt instruments in January 1994. The CMU service provides a central depository for CMU instruments and an electronic book-entry system, which eliminates the need for physical delivery of the instruments between CMU members. Since December 1995 the CMU has further enhanced its services by introducing end-of-day Delivery versus Payment (DvP) facility for CMU instruments. The HKMA together with the Hong Kong Association of Banks launched the RTGS system in December 1996 to enhance the robustness of the interbank payment system in Hong Kong. The CMU established a linkage with the central securities depositories in Australia in December 1997. The HKMA also set up a bilateral securities linkage on reciprocal basis with the central securities depository in New Zealand in April 1998. In December 1997, the CMU successfully launched a Securities Lending Programme for private sector debt securities so that long-term investors could lend securities to the more active market participants. This helps to increase liquidity in the secondary market for debt securities.

In March 1997, the HKMC was set up to promote the development of the secondary mortgage market in Hong Kong. The HKMC is 100 percent owned by the government through the Exchange Fund. The HKMC purchases residential mortgage loans for its retained portfolio then packages and resells them as mortgage-backed securities. By end of April 1998, the HKMC has issued HK$1 billion (US$128 million) worth of unsecured debt securities in the local market.

Fund Management

Securities firms, provided they obtain an investment adviser license, and foreign banks are allowed to engage in fund management activities and can manage local pension fund monies or other institutional monies. Under the Securities Ordinance, authorized institutions under the Banking Ordinance are excluded from the scope of investment adviser regulations. According to the Financial Services Branch of the Hong Kong government, authorized institutions in Hong Kong can engage in portfolio management without the need to obtain an investment adviser license. Foreign securities firms and banks can sell foreign mutual funds to local investors provided they obtain a dealer license (or obtain exempt dealer status) under the Securities Ordinance, and meet domestic mutual fund requirements.

Cross Border

Residents may freely access financial instruments offshore. There are no capital controls limiting either the amount or kinds of products in which residents may invest. Residents also can freely access offshore markets as issuers of securities or notes, and U.S. firms have participated in underwriting these issues.

U.S. PRESENCE IN THE MARKET

U.S. financial institutions have a substantial, broad-based, and growing presence in Hong Kong's securities markets. Several banks and nonbank institutions have been active for decades; other have entered the market in recent years. As of March 31, 1998, there were 37 registered, U.S.-controlled securities dealers and 19 registered, U.S.-controlled corporate commodities dealers in Hong Kong.

A number of U.S. banks, through affiliates or subsidiaries, as well as nonbank financial institutions, are involved in a broad range of investment banking and other capital market activities. These include, but are not limited to, foreign exchange trading, funds management, debt and equity underwriting, mergers and acquisitions, derivatives sales and trading, brokerage and dealing of domestic and foreign securities, commodities dealing, project finance, custody, and other fiduciary services. In some cases, they act as advisers to the Hong Kong government on infrastructure projects.

U.S.-based institutions that maintain a significant presence in Hong Kong are Bear Stearns, CS First Boston, Goldman Sachs, J.P. Morgan, Lehman Brothers, Morgan Stanley Dean Witter, Merrill Lynch, and Salomon Smith Barney. Others include Prudential Securities, Kidder Peabody, Fidelity Investments Management, and American International Assurance through AIGIC. Several U.S. banks – directly or through subsidiaries and affiliates – are active in securities and capital markets services. These include Bankers Trust, Citibank N.A., Chase Manhattan, Bank of America, First National Bank of Chicago, and Republic National Bank of New York. Mellon Asia is active in trust and investment management. No attempt is made to classify individual U.S. financial institutions by major area of activity because of the lack of a complete database on individual institutional activities.

TREATMENT OF U.S. FINANCIAL INSTITUTIONS

There are no legal constraints per se to foreign securities firms establishing representation in Hong Kong via branching, acquisition or subsidiary operations. Under the Securities Ordinance, applicants are required to meet "fit and proper person" criteria as well as net capital and liquidity margin requirements. In practice, foreign securities firms typically establish via subsidiaries, which can be wholly or partially owned. The rules are the same irrespective of ownership – domestic or foreign. An informal survey of many major U.S. bank and nonbank U.S. financial institutions revealed the absence of any substantive concerns regarding denial of national treatment. There are no impediments to the free flow of financial resources. Foreign entities can issue securities in Hong Kong subject to protection of investor legislation and listing requirements. There are no restrictions on sales and marketing of Hong Kong issues outside of the territory. There are also no restrictions on trading Hong Kong debt and equity instruments offshore.

Respondents generally view Hong Kong as the most open environment in Asia within which to do business. While most of Hong Kong's history has seen a laissez-faire approach to securities markets, some respondents noted that there has been a decided trend toward greater supervision and regulation, though they note parallel increases internationally as well.

The Hong Kong government's response to the regional financial turmoil has varied. Both the government and the markets initially believed Hong Kong would not suffer, though downturns in October 1997 and January 1998 corrected this impression. The government reacted with wide-ranging but modest accommodations in its February budget announcement. In June, the steady decline of property prices (and fears for the banking sector) led the government to take steps to support the property market. In August, the government intervened in the stock, futures, and currency markets (spending about US$15 billion) to defend itself from market "manipulators," arguing the move was a "one-time" divergence from Hong Kong's usual adherence to non-interventionist, market-oriented policies. In the aftermath of the market intervention, some respondents are concerned that government involvement in the markets, both as regulator and participant, may increase beyond internationally expected norms. In October, the government created a holding company (Exchange Fund Investment Limited) to hold and manage its shares in order to ensure greater separation and transparency.

The legal system in Hong Kong makes no distinction between local and foreign corporations. Licensing is viewed as fair, with no significant distinctions made between local and overseas-incorporated applicants. Regulations are published in English. Institutions have access to regulatory authorities and often consult them; for example, the Hong Kong Capital Markets Association and the Hong Kong Association of Restricted License Banks and Deposit-Taking Companies meet regularly with the Hong Kong government. With the onset of the financial downturn, some firms say a restrictive immigration policy has limited the free movement of employees. Overall, the regulatory environment in Hong Kong is viewed as fair, supportive, flexible, and transparent. There appears to have been no impact on the treatment of U.S. financial institutions as a result of the July 1997 changeover.

Hong Kong's existing regime is more liberal than its binding GATS commitments, although Hong Kong's revised offer in December 1997 did include additional commitments, such as for the supply of advisory and auxiliary financial services. However, few if any U.S. financial firms had expressed concern over minor irritants much less major barriers.

Table 1 - SEHK New Listings and Total Funds Raised 1994-97

	1994	1995	1996	1997
Number of New Listings	53	26	49	82
Amount of Funds Raised (HK$ millions)	7,139	8,085	31,216	81,654
Total Funds Raised (1) (HK$ millions)	346,430	152,799	247,537	458,421
Total Funds Raised Through Means Other Than New Listings (HK$ millions)	329,291	144,714	216,321	376,767

(1) Includes offer for subscription, offer for sale, placing, rights issue, open offer, consideration issue, warrants exercised, investment companies, debt securities, derivative warrants, and others.

Sources: SEHK fact books 1994-97.

Table 2 - SEHK: Selected Indicators

	1994	1995	1996	1997
Number of Listed Companies	529	542	583	658
Number of Listed Securities	1,006	1,033	1,272	1,533
Total Market Capitalization (US$ millions)	267,331	301,065	445,637	410,594
Total Market Turnover (US$ millions)	141,582	106,000	181,057	485,764
Average Daily Turnover (US$ millions)	588	429	727	1,983

Sources: SEHK fact books, 1994-97.
HK$7.80 = US$1

Table 3 - SEHK Market Capitalization by Sector
as of February 28, 1998

Sector	Percent
Properties	20.8
Conglomerates	21.0
Finance	28.0
Utilities	18.5
Industrials	9.9
Hotels	1.4
Others	0.4
Totals	100.0

Source: SEHK Monthly Bulletin, March 1998

Table 4 - Hong Kong Futures Exchange
Average Daily Turnover (number of contracts)

	1992	1993	1994	1995	1996	1997
Hang Seng Index Futures	4,356	9,702	16,906	18,407	18,688	26,313
Hang Seng Index Options	-	1,426	2,446	2,614	4,393	4,683

Sources: HKFE Economic Research Department

Table 5 - Stock and Futures Market Intermediaries

Number of Registered Securities and Commodities Intermediates as of March 31, 1997

	Securities	Commodities	Total
Dealers	1,850	475	2,325
Dealer's Representatives	7,369	2,952	10,321
Advisers	1,648	292	1,940
Adviser's Representatives	2,405	163	2,568
TOTAL	13,272	3,882	17,154

Source: SFC Annual Report, 1996-97