



**The EAA issues a Practice Circular on
Declaration of Submission of Registrations of Intent
in the Sales of First-Hand Residential Properties**

(30 June 2015) In light of the public concern that there may be a potential conflict of interest if estate agents who are involved in the sale of first-hand residential properties and who at the same time submit for themselves registrations of intent in the sale or purchase of such properties, the Estate Agents Authority (“EAA”) issued a new Practice Circular (No.15-03(CR)) today, requiring estate agents to declare their submissions of registrations of intent in the sales of first-hand residential properties. The new Circular will come into effect on 1 September 2015.

According to Mr Horace CHEUNG Kwok-kwan, Chairman of the Practice and Examination Committee of the EAA, while the EAA understands that estate agents may submit registration of intent if they themselves are interested in buying units in a development, the community has voiced that estate agents might have suspectedly contributed to inflating the number of registrations of intent and thus creating a heated atmosphere to attract more purchasers. Hence, with a view to enhancing the transparency of the sale of first-hand properties and promoting the professionalism of the estate agency trade, the EAA issues this new Practice Circular which aims to provide more information for consumers to consider before making their purchase decision.

The new Practice Circular sets out guidelines for those estate agency companies which are set out in the price list of a development and those which act for purchasers only, as well as individual licensees who work for these companies, to make the necessary declarations regarding information on submission for themselves of registrations of intent in that development



by themselves and members of their staff who are licensees. Please refer to the **Annex** for the key points of the Circular.

Mr Horace CHEUNG said, “The EAA has consulted the major trade associations and estate agency companies on this Circular in the past few months and they are all supportive of the issuance of the Circular. We have set the effective date of the Circular to be in September so that the trade can have sufficient time to better equip themselves in order to comply with the requirements in the Circular.”

Estate agency companies should take proper steps to ensure that members of their staff fully comply with the requirements of the Circular and make appropriate arrangements for collecting the requisite information. They are also required to keep proper records of the information which they have declared for each development, and supply such records to the EAA upon request. Estate agents who fail to comply with the guidelines set out in the Circular may be subject to disciplinary actions by the EAA.

To facilitate the trade to better understand the Circular, a set of samples of declaration together with the new Practice Circular are available on the EAA’s website (www.eaa.org.hk) from today. A set of relevant “Questions and Answers” will also be available soon. Moreover, relevant Continuing Professional Development seminars will be arranged in due course.



Chairman of the Practice & Examination Committee of the EAA Mr Horace Cheung, (left) and Chief Executive Officer Ms Ruby Hon brief the press on the new practice circular on declaration of submission of registrations of intent in the sales of first-hand residential properties.

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Annex

Key Points of the Practice Circular

1. For individual licensees, they must notify the estate agency companies in writing for which they work for no later than the same day after submitting the registrations of intent or before the closing time for the submission of registrations of intent (whichever is the earlier) of the following information:
 - (a) that they have submitted for themselves the registrations of intent in that development;
 - (b) the number of such registrations of intent that they have submitted; and
 - (c) the number of cashier orders that they have submitted together with the registrations of intent.

2. For estate agency companies (including trade associations and their members, franchisor and franchisees of an estate agency company), they must make a declaration on a daily basis on the following information:
 - (a) the total number of the licensees (including the companies themselves and members of staff who are licensees) who have submitted registrations of intent in a development;
 - (b) the total number of registrations of intent which have been submitted by these licensees; and
 - (c) the total number of cashier orders which have been submitted by these licensees.