EAA to issue new practice circular on the trade’s compliance with the Competition Ordinance

(30 March 2016) With a view to assisting estate agency companies to comply with the Competition Ordinance (“the Ordinance”) when carrying out their estate agency business, the Estate Agents Authority (“EAA”) will issue a new practice circular on “Compliance with the Competition Ordinance” on 1 April 2016. At the quarterly trade liaison meeting today, the EAA Administration briefed the representatives of trade associations on the gist of the circular. The new circular will take effect on 1 April 2016.

Estate agency companies should comply with the Conduct Rules of the Ordinance. To ensure the trade’s compliance, the new circular sets out certain guidelines for the trade to follow. For example, estate agency companies must not enter into or give effect to agreements which have the object or effect of preventing, restricting or distorting competition with their competitors, such as agreeing on commission, discounts or rebates. They should make commercial decisions for their business independently and should not participate in meetings where anti-competitive agreements are likely to be reached or discussed. In this regard, estate agency associations should refrain from setting guidelines or making recommendations to members on rates of commission, and their members should not give effect to the guidelines or recommendations of estate agency associations which may harm competition.

Moreover, estate agency companies with a substantial degree of market power must not abuse their market power by engaging in conduct which has the object or effect of preventing, restricting or distorting
competition.

According to the EAA Chief Executive Officer, Ms Ruby Hon, the EAA has, in preparation for the issuance of this new practice circular, shared with the trade information about this initiative in various meetings in the last few months. All estate agency companies should make commitment to compliance and take appropriate and practicable steps such as risk identification, risk assessment, risk mitigation and regular reviews, to ensure that their businesses, including their employees, do not contravene the requirements of the Ordinance.

Furthermore, the EAA has also prepared a set of relevant “Questions and Answers” for the trade’s reference, which will be available on the EAA’s website (www.eaa.org.hk) together with the new practice circular on 1 April 2016. Estate agents are strongly advised to refer to the Q&A for examples and illustrations on how to comply with the Ordinance. To facilitate the trade to better understand the requirements, related seminars under the Continuing Professional Development (“CPD”) Scheme will also be organised soon.

In addition to briefing the above new practice circular to the trade, at the trade liaison meeting today, the EAA Administration also reminded the trade again of the conduct and order in the sale of first-hand residential properties, in particular the order at the sale sites. Any licensees who fail to comply with the EAA guidelines may be subject to disciplinary actions.

Other topics of mutual concern were also discussed at the meeting. The EAA Administration informed the trade that the EAA’s Premium CPD Attainment Symbol Design Competition has been completed and the
first batch of “Silver” Symbols will be awarded to the eligible licensees later this year. Trade members are encouraged to participate in the CPD continuously in order to be awarded the premium Symbol.

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