



EAA held quarterly trade liaison meeting today

(8 November 2013) The Administration of the Estate Agents Authority (“EAA”) held a quarterly liaison meeting with trade representatives today. Various matters of mutual concern were discussed, including a new Practice Circular in the pipeline relating to the completion of provisional agreement for sale and purchase (“PASP”) and the issue of executing the prescribed estate agency agreements by electronic means.

A PASP is a legally binding contract and it may easily give rise to disputes if it is not completed properly. In most cases, the PASP is prepared by the handling estate agent and to help estate agents to prepare the PASP properly, the EAA has further updated the related guidelines by preparing a new Practice Circular which has recently been endorsed by the Practice and Examination Committee. At the liaison meeting today, trade representatives were briefed on the salient points of the new Practice Circular to be issued later this month.

The new Circular serves to remind licensees of the points to note when handling a PASP. To better protect their clients’ interests, licensees are reminded not to arrange for clients to sign a PASP with the spaces provided for the essential terms of the transaction left blank, and to obtain consent before making any amendment to a signed PASP. They should ensure that all information in a provisional agreement is true and accurate. Details of the Circular will be announced shortly to all licensees.

EAA Chief Executive Officer Mr Augustine Ng said, “The sale and purchase of second-hand properties in Hong Kong are often conducted through estate agents who assist the parties to first enter into a PASP which is a legally binding document. Hence, it is of utmost importance that the estate agents handle this matter with due care and due diligence.”

In response to the suggestion raised by the trade in an earlier liaison



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meeting, the EAA Administration also discussed with the trade the possibility of accepting the execution of the prescribed estate agency agreements (Prescribed Forms 3 – 6 under the Estate Agents Ordinance) by electronic means at the meeting today. In view of the advances in information technology and the popularity of using electronic means in business communication, the EAA takes the view that such electronic execution could be acceptable. Views on the matter were exchanged between the EAA and the trade today, before the EAA starts preparing a new practice circular on the subject in due course.

Other topics concerning the trade's practice were also discussed at the meeting. The EAA Administration further discussed with the trade the issue of non-compliance and consulted them on the proposed measures to address the issue. The trade was also informed of the courses organised by tertiary institutions for the estate agency trade.

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