



**EAA issues new practice circular on
effective control of estate agency business**

(26 March 2015) With a view to better facilitating the management of estate agency companies to properly control their business and ensure compliance of frontline agents, the Estate Agents Authority (“EAA”) issued a new practice circular on “Duties of Licensed Estate Agents in Ensuring Effective Control of Estate Agency Business” today and briefed the representatives of large estate agency companies and trade associations in special meetings today. The new circular will take effect in September 2015.

According to Section 15 of the Estate Agents Practice (General Duties and Hong Kong Residential Properties) Regulation (“PR15”), a licensed estate agent shall establish proper procedures or systems to supervise and manage his business of doing estate agency work to ensure that his employees or persons under his control comply with the provisions of the Estate Agents Ordinance. Concerned about the trade’s compliance in this aspect, the EAA has issued a related practice circular since 2006.

As the practice of the trade evolves, it has come to the attention of the EAA that more detailed and substantial guidelines are needed for the trade to follow so as to ensure their compliance of PR15. Therefore, the Practice and Examination Committee of the EAA has earlier endorsed the issuance of an up-to-date practice circular to replace the old one issued in 2006.

Mr Horace Cheung Kwok-kwan, JP, Chairman of the Practice and Examination Committee of the EAA, said, “To improve the compliance



of the frontline licensees, the management of estate agency companies has the responsibility of exercising effective control over their employees. They must implement effective governance measures on their employees. We hope the implementation of such measures will enhance the overall trade's compliance and practice standard, and thus provide better protection for the interests of consumers.”

The new practice circular issued today sets out the integral parts of an effective system that an estate agency company should establish in order to ensure staff compliance of all regulatory requirements. All licensed estate agents, including owners, directors, managers or supervisors of an estate agency company, should establish proper procedures and clear guidelines for staff to follow, provide sufficient and proper training to staff, monitor staff conduct continuously and effectively and set up sanctioning measures to sanction non-compliant staff to prevent and deter non-compliance or misconduct.

In order to better prepare the trade for the implementation of the guidelines, the EAA Administration briefed the management of large estate agency companies and the representatives of trade associations on the gist of the circular at two special meetings today.

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. The new circular will come into effect on 1 September 2015 and all estate agency companies should review, update or set up their system of business in these next few months in order to comply with the requirements of the new circular.



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Ms Hon added that the EAA would organise a number of related seminars under the Continuing Professional Development Scheme before the circular takes effect, to assist the trade in understanding the guidelines.

Furthermore, the EAA has also prepared a set of relevant “Questions and Answers” for the trade’s reference, which is now available on the EAA’s website (www.eaa.org.hk) together with the new practice circular. Estate agents are strongly advised to refer to the Q&A for more details, examples and illustrations on how to comply with PR15. A “checklist for licensees” will also be available for the trade’s reference in April 2015.

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