



**The EAA issues a Practice Circular about
the handling of the tenancy of subdivided units**

(12 January 2022) In light of the coming into effect of Part IVA of the Landlord and Tenant (Consolidation) Ordinance (“LTCO”), the Estate Agents Authority (“EAA”) issued a new Practice Circular (no. 22-01 (CR)) today providing guidelines for estate agents to follow when handling tenancies in respect of subdivided units (“SDUs”) that are subject to the tenancy control regime under Part IVA of the LTCO (i.e. “regulated tenancies”). The new Practice Circular and Part IVA of the LTCO will both take effect on 22 January 2022. Estate agents who fail to comply with the guidelines in the Circular or the relevant law may be disciplined by the EAA.

At the trade liaison meeting today, the EAA briefed the representatives of trade associations on the gist of the Circular when handling a “regulated tenancy”.

Gist of the Circular

- inform the prospective tenants of their capacity in the transaction;
- explain the key requirements under Part IVA of the LTCO, including those relating to the security of tenure and rent regulation, and the mandatory terms to be implied for every “regulated tenancy” to the clients before arranging for them to enter into the tenancy agreement;
- provide clients with a copy of the summary mandatory terms implied for every “regulated tenancy”;
- advise clients to enter into a “regulated tenancy” in writing in order to clearly reflect the contents of the parties’ agreement;



- advise clients that the provisions of the tenancy agreement should not contain provisions which are inconsistent with the security of tenure and rent regulation requirements, and the mandatory terms implied for every “regulated tenancy”.

(Please refer to the Circular on the EAA’s website for its full content.)

Professor Eddie HUI Chi-man, MH, JP, Chairman of the Practice and Examination Committee of the EAA, said, “The EAA issued the new Practice Circular with an aim of assisting the estate agency trade to comply with Part IVA of the LTCO when handling “regulated tenancies” of SDUs. Estate agents should also invite their clients to consult the Rating and Valuation Department (“RVD”) and/or consider seeking legal advice where necessary and draw their clients’ attention to the relevant offences and penalties relating to “regulated tenancies”.”

For details of the new tenancy control regime under Part IVA of the LTCO, including its scope of regulation, relevant frequently asked questions, specified forms and the Template for Tenancy Agreement for a Regulated Tenancy to which Part IVA of the LTCO applies (for general reference only), estate agents are advised to refer to the designated [webpage](#) of the RVD’s website. For enquiries, please call the telephone hotline (2150 8303) set up by the RVD.

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