

**A Consultation Paper for the Proposed Revised Code of Conduct for Persons Registered with the Securities and Futures Commission, issued by the Commission on 27 September 2000**

**Amendments: Paragraph 5.4(e) of and Schedule 2 to the proposed revised Code of Conduct**

Please note the amendments to Paragraph 5.4(e) of and Schedule 2 to the proposed revised Code of Conduct as follows:

**5.4 Client identity: origination of instructions and beneficiaries**

- (a) Subject to paragraph 5.4(e), a registered person.....  
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- (e) Paragraph 5.4(a) applies only where the transaction involves securities or futures contracts that are listed or traded on one of the Hong Kong exchanges or a derivative, including an over the counter derivative, written over such securities or futures contracts.

**SCHEDULE 2 CLIENT IDENTITY GUIDANCE NOTE**

Paragraph 5.4 of the Code requires that registered persons:.....

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Paragraph 5.4 of the Code supplements the existing “know your client” requirement in paragraph 5.1 of the Code.

Paragraph 5.4 of the Code is intended to improve the transparency of trading in securities or futures contracts listed or traded on one of the Hong Kong exchanges or in derivatives, including over the counter derivatives, written over such securities or futures contracts, wherever such trading occurs, by improving the information that is available to the Commission about the identity of those interested in transactions on those markets.

Like the rest of the Code, Paragraph 5.4 of the Code uses simple language. Registered persons should interpret Paragraph 5.4 sensibly in accordance with its spirit and not interpret Paragraph 5.4 technically or literally...

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