

28 June 2019

Circular to intermediaries

Amendments to paragraph 5.1 of the Code of Conduct

This circular serves to inform intermediaries of amendments to the Code of Conduct¹ to facilitate new approaches for opening accounts. These changes were made to cater for the need for intermediaries to adapt their practices as business activities are increasingly conducted online.

Paragraph 5.1 of the Code of Conduct requires intermediaries to take all reasonable steps to establish the true and full identity of each of their clients and provides specific guidelines on the acceptable approaches for opening accounts. Following a review of these requirements, announced in a circular dated 12 July 2018², the Securities and Futures Commission (SFC) has decided to amend paragraph 5.1 of the Code of Conduct³. The amendments were gazetted today and will take effect on 5 July 2019.

Launch of a designated webpage

To help intermediaries comply with paragraph 5.1 of the Code of Conduct, acceptable account opening approaches will now be published on a designated webpage⁴, which will also feature relevant circulars⁵ and frequently asked questions (FAQs). The information on the dedicated webpage will supersede previous circulars⁶ and FAQs on client onboarding. The SFC anticipates that there will be other acceptable options for client onboarding in the future as a result of advances in technology. Intermediaries will be notified of the updates via circulars and publication on the designated webpage.

For the avoidance of doubt, all currently acceptable account opening approaches will remain applicable. The list of examples of a “professional person” who may certify the signing of client agreements and the sighting of a client’s related identity documents during account opening will be expanded to include chartered secretaries⁷.

Should you have any questions regarding the contents of this circular, please contact Ms Denise Chan at 2231 1188 or your case officers.

Intermediaries Supervision Department
Intermediaries Division
Securities and Futures Commission

Enclosure

End

SFO/IS/035/2019

¹ Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

² “Circular to intermediaries – Online client onboarding” dated 12 July 2018.

³ Details of the amendments are provided in [Appendix 1](#).

⁴ Please refer to the SFC’s website at <https://www.sfc.hk/web/EN/rules-and-standards/account-opening/>.

⁵ Including “Circular to intermediaries – Remote onboarding of overseas individual clients” issued today.

⁶ “Circular concerning know your client and account opening procedures” dated 12 May 2015, “Advisory circular to intermediaries – Client identity verification in account opening process” dated 24 October 2016 and “Circular to intermediaries – Online client onboarding” dated 12 July 2018.

⁷ The change is consistent with a recent amendment to the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations).