

Information about clients

5.1 Know your client: in general

~~(a) — A licensed or registered person should take all reasonable steps to establish the true and full identity of each of its clients¹, and of each client's financial situation, investment experience, and investment objectives. Where an account opening procedure other than a face-to-face approach is used, it should be one that satisfactorily ensures the identity of the client. Where the account opening documents are not executed in the presence of an employee of the licensed or registered person, the signing of the Client Agreement (as defined in paragraph 6.1) and sighting of related identity documents should be certified by any other licensed or registered person, an affiliate of a licensed or registered person, a JP (Justice of the Peace), or a professional person such as a branch manager of a bank, certified public accountant, lawyer or notary public. Certification services that are recognized by the Electronic Transactions Ordinance (Cap. 553), such as the certification services available from the Hongkong Post, may also be employed.~~

~~(b) — Alternatively, the identity of the client (other than corporate entities), may be properly verified if the licensed or registered person complies with the following procedural steps:—~~

- ~~(i) — the new client sends to the licensed or registered person a signed physical copy of the Client Agreement (see paragraph 6.2) together with a copy of the client's identity document (identity card or relevant sections of the client's passport) for verification of the client's signature and identity;~~
- ~~(ii) — the licensed or registered person should obtain and encash a cheque (amount not less than HK\$10,000² and bearing the client's name as shown in his identity document) issued by the new client and drawn on the client's account with a licensed bank in Hong Kong;~~
- ~~(iii) — the signature on the cheque issued by the client and the signature on the Client Agreement must be the same;~~
- ~~(iv) — the client is informed (in the Client Agreement or by way of a notice) of this account opening procedure and the conditions imposed, in particular the condition that the new account will not be activated until the cheque is cleared; and~~
- ~~(v) — proper records are kept by the licensed or registered person to demonstrate that the client identification procedures have been followed satisfactorily.~~

¹ Please refer to the Commission's website regarding account opening approaches that the Commission would consider to be acceptable for the purposes of this paragraph.

² The minimum cheque amount required is subject to periodic review and will be revised when appropriate.