

Registered Institutions are required to formulate a plan on how to implement the following recommendations for discussion with the HKMA by the end of March 2009

Recommendation 10

AIs, which are registered institutions, continue to be permitted to undertake securities business (including selling investment products to retail customers), but steps should be taken to ensure clearer differentiation between traditional deposit-taking activities and retail securities business, including:

- physical segregation of AIs' retail securities business from their ordinary banking business
- a requirement that staff involved in selling investment products to retail customers should not be involved in ordinary banking business
- a requirement that AIs make clear, through physical signs and warnings, the distinction between deposits and investments and particularly the risks attached to the latter
- a requirement that there be complete information separation between a retail customer's deposit accounts and his investment accounts and a prohibition on an AI's making use of deposit-related information to target and channel retail customers into investment activities.

Recommendation 11

- the above forms of segregation should apply to AIs' insurance activities and other investment activities.