



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
G16/1C

24 August 2018

The Chief Executive
All Registered Institutions

Dear Sir / Madam,

Clarification on Remote Investment Account Opening

Further to the circular issued by the Securities and Futures Commission (SFC) to intermediaries on 12 July 2018 in relation to online client onboarding (the Circular), I am writing to provide clarification on some operational issues on opening investment accounts in the context of registered institutions (RIs).

As set out in paragraph 5.1(a) of the Code of Conduct for Persons Licensed by or Registered with the SFC (Code of Conduct) and the Circular, intermediaries should take all reasonable steps to establish the true and full identity of each of their clients and adopt an account opening approach which could satisfactorily ensure the identities of their clients.

In consultation with the SFC, it is clarified that if a RI has established the true and full identity of a client when opening a bank account irrespective of using face-to-face approach or non-face-to-face approach, the procedural step in paragraph 5.1(b) of the Code of Conduct, including encashing a cheque for verifying the client's signature, is not necessary for that RI. By the same token, the corresponding procedure 2 in the Circular about bank transfer for opening investment account online is not necessary, if a RI has verified the client's identity when opening a bank account (which is also the Designated Bank Account as referred in the Circular). However, all future deposits and withdrawals for the client's trading account should still be conducted through the Designated Bank Account(s) only as specified in procedure 3 of the Circular.

If you have any questions on this circular, please contact Ms Anita Chan on 2878-1538 or Ms Florence To on 2878-1582.

Yours faithfully,

Alan Au
Executive Director (Banking Conduct)

c.c. SFC (Attn: Ms Julia Leung, Deputy Chief Executive Officer and Executive Director (Intermediaries))