



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C & G16/1C

22 November 2019

The Chief Executive
All Registered Institutions

Dear Sir / Madam,

Circular Issued by the Securities and Futures Commission (“SFC”) on Dubious Private Fund and Discretionary Account Arrangements or Transactions

I am writing to draw your attention to the attached circular issued by the SFC (“the Circular”), which provides guidance to asset managers in (i) considering if a proposed private fund and discretionary account arrangement or transaction is dubious; and (ii) deciding if they should proceed with a proposed arrangement or transaction that has been considered dubious. Standards of conduct expected of asset managers and examples of red flags for dubious private fund and discretionary account arrangements or transactions are set out in the appendices to the Circular.

Registered Institutions which engage in asset management, including discretionary account management, should have due regard to the Circular. Failures or breaches which may arise from disregarding dubious arrangements or transactions highlighted in the Circular may call into question the fitness and properness of a registered person.

Yours faithfully,

Alan Au
Executive Director (Banking Conduct)

Encl.

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