

**Frequently Asked Questions on the
Cross-boundary Wealth Management Connect in the Guangdong-
Hong Kong-Macao Greater Bay Area**

General

Q1: Is it necessary for a Hong Kong bank and its partnering Mainland partner bank to be of the same group?

A1: No.

Q2: Can a Hong Kong bank partner with different Mainland partner banks under the Southbound Scheme and Northbound Scheme, respectively?

A2: Yes.

Q3: How should Hong Kong banks present the cooperation with the Mainland partner banks?

A3: A Hong Kong bank may present the cooperation with its partnering Mainland partner bank for the purposes of the Cross-boundary WMC in the following manner:

- (1) the Hong Kong bank may, by way of statement of fact, disclose the name of its partnering Mainland partner bank on the Hong Kong bank's public website and promotional materials, without disclosing the contact details of the Mainland partner bank;
- (2) the Hong Kong bank may incorporate a website or a hyperlink (place only the relevant website address of the Mainland partner bank (without a hyperlink) if providing promotional materials through media) to the website of its Mainland partner bank when mentioning the term of "Mainland partner bank" on the Hong Kong bank's website and promotional materials, with clear indication that the Hong Kong bank has partnered with such Mainland partner bank for the purposes of the Southbound and/or Northbound Scheme;
- (3) upon request by the Hong Kong public, the Hong Kong bank may disclose the name and contact details of its Mainland partner bank; and

- (4) the Hong Kong bank may place a hyperlink on its promotional materials that links to the webpage of the Hong Kong Monetary Authority (“HKMA”) on the Cross-boundary WMC, with the following statement: “Further information is available on the website of the Hong Kong Monetary Authority.”.

Hong Kong banks and Mainland partner banks should ensure that representations about the Northbound Scheme would not result in breach of the restrictions on carrying on business in regulated activities as set out in Sections 114 and 115 of the Securities and Futures Ordinance (“SFO”) by Mainland partner banks, or result in Hong Kong banks effectively becoming the local representative offices of Mainland partner banks in Hong Kong for the purposes of section 46 of the Banking Ordinance (“BO”). As such, Hong Kong banks should not act as or hold itself out as the representative or agent of the Mainland partner bank in Hong Kong.

Q4: Where can investors obtain the relevant information if they are interested in participating in the Southbound/Northbound Scheme?

A4: Investors may directly browse the websites of banks providing Southbound/Northbound Scheme services, visit the business premises of relevant banks or call the enquiry hotlines of relevant banks for information on their services under the Southbound/Northbound Scheme.

The HKMA will also publish relevant information of the Cross-boundary WMC on its webpage, including the operation of the Cross-boundary WMC, eligible investors, general rights and obligations etc. Moreover, the HKMA webpage will provide the list of Hong Kong banks and Mainland partner banks participating in the Cross-boundary WMC.

Q5: If the wealth management product falls within the scope specified in section 7 of Annex 1/2, does it require further authorization/approval by relevant Mainland/Hong Kong regulatory authorities before being included as eligible products under the Southbound/Northbound Scheme?

A5: No.

Q6: If a Mainland or Hong Kong fund is an eligible wealth

management product under the Cross-boundary WMC, and the fund has been authorized according to the Mainland-Hong Kong Mutual Recognition of Funds (“MRF”) in Hong Kong or Mainland for sale, how to calculate the utilisation of quota when an investor subscribes or redeems this type of fund under the Cross-boundary WMC?

A6: Cross-boundary WMC and MRF are two independent connect schemes, each of them is subject to respective quota restriction. If an investor subscribes or redeems this type of fund under Cross-boundary WMC, the relevant transaction will be restricted by quota under Cross-boundary WMC only (including aggregate quota and individual investor quota); the quota restriction under MRF is not applicable.

Q7: Can an authorized institution (“AI”) incorporated overseas (i.e. AIs operating in Hong Kong as a foreign bank branch) participate in Cross-boundary WMC to provide services to the Mainland public?

A7: Foreign bank branches registered under the SFO for carrying on Type 1 regulated activity (dealing in securities), and engaging in private banking business are eligible to participate in the Cross-boundary WMC.

The HKMA circular of 12 June 2012 has defined the monetary threshold for “private banking customer”, which includes investable assets under the AI’s management threshold of USD 1 million, or USD 3 million investable assets in any banks / institutions. Private banks therefore can take up Mainland customers who satisfy the aforementioned monetary threshold, notwithstanding the Cross-boundary WMC individual investor quota of RMB 1 million.

In addition, the Cross-boundary WMC will be introduced as a pilot and subject to review, including the individual investor quota, after more experience is gathered from the operation of this scheme. The implication of the activities under the Cross-boundary WMC with regard to the requirement for an AI conducting a significant volume of retail business to be locally incorporated will have to be observed.

Q8: Can Hong Kong banks follow the existing mechanism to engage staff of Mainland partner banks on a temporary basis to

perform tasks relevant to the Cross-boundary WMC?

A8: Where a Hong Kong bank intends to engage staff of its Mainland partner bank on a temporary basis to perform regulated functions in regulated activities, it should satisfy the requirements of the temporary engagement mechanism set out in the HKMA's Supervisory Policy Manual ("SPM") module SB-1 "Supervision of Regulated Activities of SFC-Registered Authorized Institutions", including ensuring that temporarily engaged staff are fit and proper to be so engaged for the regulated activity.

Provided that the relevant registration requirements are complied with, staff who are temporarily engaged should act as a representative of the Hong Kong bank. The Hong Kong bank is responsible for the conduct of such staff.

Southbound Scheme

Q9: It is a prevailing requirement that Mainland residents should possess a valid 3-month visa for opening a Hong Kong account. Are Hong Kong banks required to comply with such requirement when opening a Southbound Scheme dedicated investment account for Mainland residents?

A9: The relevant visa requirement is not applicable to opening Southbound Scheme dedicated investment accounts in Hong Kong (including account opening by attestation or in person).

Q10: Can Mainland residents open a dedicated investment account with Hong Kong banks before opening a dedicated remittance account with Mainland banks?

A10: Hong Kong banks and Mainland partner banks can handle this with flexibility, for example, to complete account opening formalities for the dedicated investment account first, then enable the dedicated investment account only after the opening of and pairing with the dedicated remittance account, and the establishment of closed-loop funds management between the accounts.

Q11: What measures can be taken by Hong Kong banks to ascertain that investors have not conducted Southbound Scheme activities with other Hong Kong banks?

A11: Applicable measures include requesting investors to declare that they do not hold any dedicated investment account with other Hong Kong banks under the Southbound Scheme. Mainland regulatory authorities will also conduct screening afterwards. In the event that repeated account opening is identified, Hong Kong banks should follow up accordingly upon receipt of relevant notification.

Q12: Can Hong Kong banks, through their Mainland partner banks, complete the relevant disclosure related to opening of dedicated investment accounts under the Southbound Scheme, assessment on vulnerable customers (“VCs”) and risk profiling assessment?

A12: Regarding the disclosure related to opening of dedicated investment accounts under the Southbound Scheme, assessment on VCs and risk profiling assessment, Hong Kong banks should comply with this Circular and all relevant prevailing regulatory requirements.

In particular, the customer relationship of the dedicated investment accounts under the Southbound Scheme lies between Hong Kong banks and customers. Hence, Hong Kong banks are responsible for relevant disclosure related to dedicated investment accounts under the Southbound Scheme, including the risk disclosure statements mentioned in paragraph 6 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (“SFC Code of Conduct”) issued by the Securities and Futures Commission (“SFC”). According to paragraph 6.1 of the SFC Code of Conduct, where an account opening procedure other than a face-to-face approach (including account opening by attestation) is used, the covering correspondence should specifically direct the customer’s attention to the appropriate risk disclosure statements and customer acknowledgement should be sought. It will not be necessary for the “declaration by staff” section to be signed. As to the opening of Southbound Scheme dedicated investment accounts, tasks performed by the Mainland partner banks on customers should be limited to general administrative tasks, for example, in respect of account opening by attestation, verification of client identity, sighting of identification documents and signing of client agreement, or providing general information related to the Cross-boundary WMC.

Hong Kong banks are also responsible for the VC assessment and risk profiling assessment. Hong Kong banks should conduct the relevant assessments through appropriate channels, for example,

online, phone, and Mainland partner banks assisting in collecting relevant customer information (e.g. the customer's ability to make investment decisions may be impacted due to disabilities) and then passing to Hong Kong banks for conducting relevant assessments. Hong Kong banks should comply with this Circular and all relevant prevailing regulatory requirements, including relevant requirements on audio-recording arrangement for risk profiling assessment (if applicable) and record retention, etc.

Q13: Funds domiciled in Hong Kong and authorized by the SFC (assessed as “low” risk to “medium” risk and “non-complex” by Hong Kong banks distributing such products) is one of the eligible wealth management products under the Southbound Scheme. Are Mandatory Provident Funds (“MPF”), Approved Pooled Investment Funds and Unlisted Unit/Class of Exchange Traded Funds (“ETFs”) included?

A13: Approved Pooled Investment Funds distributable to retail investors and Unlisted Unit/Class of ETFs, meeting all requirements of eligible wealth management products under the Southbound Scheme (that are, being domiciled in Hong Kong, authorized by the SFC, and assessed as “low” risk to “medium” risk and “non-complex” by Hong Kong banks distributing such products), are eligible wealth management products under the Southbound Scheme. However, due to the nature of the MPF, MPF is not included as one of the eligible wealth management products under the Southbound Scheme.

Q14: Eligible wealth management products under the Southbound Scheme include funds assessed as “low” risk to “medium” risk and “non-complex” by Hong Kong banks distributing such products. May this formulation exclude equity funds from the eligible wealth management products under the Southbound Scheme, and thus greatly reduce investment choices?

A14: Hong Kong banks should conduct due diligence on eligible wealth management products under the Southbound Scheme, consider holistically all relevant factors¹ in determining the risk rating of the products. For example, some equity funds might not be assessed as higher than “medium” risk, considering the market/industry the funds invested in, the volatility of investment returns etc. However,

¹ Including the nature and risks of the investment product, market and industry risks, economic and political environment, regulatory restrictions, and any other factors which impose direct/indirect impact on the risk return and growth prospect of the relevant investment.

if some equity funds focus their investment on market/industry with high volatility, they might have higher risks and therefore are not eligible wealth management products under the Southbound Scheme.

Q15: Foreign currency deposits are included as eligible wealth management products under the Southbound Scheme. Can Hong Kong banks provide Southbound Scheme customers with any foreign currency deposits, including exotic currencies?

A15: As an innovative measure in GBA, Cross-boundary WMC will be introduced in an incremental approach with proper risk controls, and ensuring proper protection for investors. Based on the above principle, Hong Kong banks shall not provide Southbound Scheme customers with exotic foreign currency deposits. It is recommended that at this stage, besides RMB and Hong Kong dollar, only major currencies, namely US dollar, Euro, UK Pound Sterling, Australian dollar, New Zealand dollar, Canadian dollar, Swiss Franc, Japanese Yen and Singapore dollar be offered.

Q16: What should Hong Kong banks be aware of when selling investment products under the Southbound Scheme?

A16: Hong Kong banks should comply with conduct related requirements (including the SFC Code of Conduct and SFC's "Guidelines on Online Distribution and Advisory Platforms") and relevant rules, and observe the following:

- Act with due skill, care and diligence when selecting investment products to be made available;
- Provide customers with access to up-to-date product offering documents and information;
- Provide customers with material relevant information as soon as reasonably practicable to enable customers to appraise the position of their investments;
- When distributing bonds, observe the applicable restrictions (e.g. non-retail bonds are distributed relying on the exemptions for prospectus related provisions under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (if applicable); bonds listed under Chapter 37 of the Main Board Listing Rules are targeted at professional investors); and

- Provide customers with the bank's contact details for handling customer enquiries and complaints, and handle them in a timely and appropriate manner.

Q17: What specific promotions may Hong Kong banks carry out for the Southbound Scheme?

A17: Regarding specific promotions, Hong Kong banks:

may:

- a. through appropriate ways, such as media, communication channels, etc., in Hong Kong, (i) display and provide general information about the Cross-boundary WMC (including the scope and categories of eligible products, quota, funds remittance and transfer arrangements, investor protection, etc.); and (ii) display and provide a factual representation of the Southbound Scheme services provided by the bank (including detailed arrangements for opening a dedicated investment account under the Southbound Scheme to conduct investment, categories of products provided by the bank, and contact details of the bank). However, the factual representation or information provided should not involve solicitation and recommendation; should not constitute an offer to the Mainland public in relation to investment in individual products; and should not constitute active marketing of the Hong Kong bank's Cross-boundary WMC services to the Mainland public (including not involving information about individual wealth management products or personal circumstances of individual customers);
- b. upon request by an individual Mainland investor, through appropriate ways such as communication channels, etc., including both online (such as Internet platforms, mobile platforms, emails, instant messaging applications, and video conferences (if the Mainland investor requests a Mainland partner bank to assist in arranging a direct dialogue or conference with the Hong Kong bank, the Mainland partner bank may assist to arrange such dialogue or conference), etc.) and offline (such as correspondences and phone calls, etc.), provide information on the services and individual products under the Southbound Scheme. The information provided on products and services should be factual and fair representations and should not involve

Appendix

solicitation and recommendation; should not constitute an offer to the Mainland public in relation to investment in individual products; and should not constitute active marketing of the Hong Kong bank's Cross-boundary WMC services to the Mainland public. For Southbound Scheme customers present in Hong Kong, please refer to paragraph 9.9 of Annex 1;

- c. contact Mainland customers who have purchased wealth management products under the Southbound Scheme from the bank to provide information (such as general financial information and concepts) to facilitate the customers' review of their investment portfolios, while the bank should ensure that no solicitation and recommendation is involved; no offer to the Mainland public in relation to investment in individual products and no active marketing of the Hong Kong bank's Cross-boundary WMC services to the Mainland public are constituted; and
- d. provide information on macroeconomic conditions, market environment, industry segments, sectoral trends, or general financial information, etc. However, the relevant information should be factual and fair representations, should not involve solicitation and recommendation; should not constitute an offer to the Mainland public in relation to investment in individual products; should not constitute active marketing of the Hong Kong bank's Cross-boundary WMC services to the Mainland public (including that it should not involve personal circumstances of individual customers, information about individual wealth management products, or investment recommendation); and should not promote or introduce the banking, deposit or wealth management services of the Hong Kong bank to Mainland public (unless the required licences / registrations for the relevant activities have been obtained).

may not:

- a. **proactively** market the Hong Kong bank's Southbound Scheme services to the Mainland public (unless the required licences / registrations have been obtained), provide a list of wealth management products or information about individual products under the Southbound Scheme, or induce them to open an account under the Southbound Scheme (for example, on its social media, proactively provide a link to the application form to

Mainland public for the opening of a Southbound Scheme account).

Q18: What specific promotions may Mainland partner banks carry out for the Southbound Scheme?

A18: When carrying out the promotion activities, Mainland partner banks should comply with relevant guidelines and rules promulgated by Mainland regulatory authorities. In general, Mainland partner banks:

may:

- a. on the Mainland, to the public (including non-Southbound Scheme customers) (i) display and provide general information about Cross-boundary WMC (including the scope and categories of eligible products, quota, funds remittance and transfer arrangements, investor protection, etc.) and (ii) display and provide the factual representation that the bank provides Southbound Scheme services (including the operational arrangements of remittance account opening under the Southbound Scheme; the contact details of the Mainland partner bank; and a representation made in a prescribed manner² on the cooperation between the Mainland partner bank and the Hong Kong bank). The contents of the marketing materials should be factual and fair representations and should not involve solicitation and recommendation; should not constitute an offer to the Mainland public in relation to investment in individual products; and should not constitute active marketing of the Hong Kong bank's Cross-boundary WMC services to the Mainland public.
- b. organise briefings and seminars on the Mainland for the Mainland public to introduce the content set out in the above paragraph, and information on macroeconomic conditions, market environment, industry segments, sectoral trends or general financial information, etc.
- c. provide a hyperlink on its website or provide an address of the bank's webpage (without a hyperlink) on other media for

² Please refer to below item (d) of the specific promotion arrangements and the relevant guidance of Mainland regulatory authorities.

Appendix

Mainland customers who have opened a dedicated investment account with the relevant Hong Kong bank to log into the Hong Kong bank's website to obtain further information on individual products. The hyperlink should link directly to the public website of the Hong Kong bank. When Mainland customers click on the hyperlink provided by the Mainland partner bank, a clear message should be prompted to remind Mainland customers that they will be redirected to a website not being operated by the Mainland partner bank; and

- d. upon enquiry or request by the Mainland public, provide basic contact information of Hong Kong banks (such as name, phone number, branch addresses and website address).

Nevertheless, the Mainland partner bank must be cautious that the information provided on the Southbound Scheme services should be factual and fair representations and should not involve solicitation and recommendation; should not constitute an offer to the Mainland public in relation to investment in individual products; and should not constitute active marketing of the Hong Kong bank's Cross-boundary WMC services to the Mainland public.

may not:

- a. induce the Mainland public to open a dedicated investment account under the Southbound Scheme with a Hong Kong bank, or induce, through any media, the Mainland public to browse, via any hyperlinks or web addresses, the information of wealth management services and products provided by a Hong Kong bank;
- b. market or conduct the sale of wealth management products under the Southbound Scheme, or display or provide information of individual products not being authorized by the China Securities Regulatory Commission / China Banking and Insurance Regulatory Commission to the Mainland public; or
- c. act as, or hold itself out as a representative or an agent of a Hong Kong bank on the Mainland.

Q19: In what specific ways may Hong Kong banks disclose the scope, types and list of eligible products available under the Southbound Scheme?

A19: (a) Hong Kong banks can provide filtering function on their websites to allow the Mainland public to identify, in a self-directed manner, the eligible products provided by the Hong Kong bank under the Southbound Scheme, or provide a hard copy or electronic leaflet of the product list upon an individual Mainland investor's request. The basic principle is that Hong Kong banks and Mainland partner banks should not proactively display or proactively provide the list of eligible products under the Southbound Scheme on their websites or by other means;

(b) Hong Kong banks may, in Hong Kong, display and provide a general description of the number of available products, nature, features, risks, fees and charges, and product return, etc. of each type of eligible products under the Southbound Scheme according to the Southbound Scheme services offered by Hong Kong banks.

Take funds as an example. Hong Kong banks may disclose:

- (i) the number of eligible funds under the Southbound Scheme offered by Hong Kong banks;
- (ii) a breakdown by the types of eligible funds under the Southbound Scheme offered by Hong Kong banks and the related number of funds under each sub-type (such as the types of underlying investments (equity funds (e.g. the type of equity markets), bond funds (e.g. the investment grading of the underlying bonds), mixed funds), geographical locations of the underlying investments, risk rating as assigned by the banks concerned);
- (iii) general risks associated with the funds;
- (iv) range of fees and charges of the funds; and
- (v) statistics related to the rate of return of the funds (such as historic average rate of return and median rate of return of the funds).

Information concerning individual products should follow the requirements set out in paragraph (a).

Q20: How do Southbound Scheme customers terminate their dedicated remittance account and dedicated investment account under the Southbound Scheme?

A20: If a Southbound Scheme customer indicates to the Hong Kong bank his/her intention to terminate his/her dedicated investment account,

the Southbound Scheme customer should redeem the wealth management product(s) and remit all funds in the dedicated investment account back to the dedicated remittance account. The Hong Kong bank should ensure that no wealth management product(s) or funds remain in the dedicated investment account of such customer, and should notify its Mainland partner bank after the successful termination of the customer's dedicated investment account, then dismiss the pairing relationship between the dedicated remittance account and the dedicated investment account.

If a Southbound Scheme customer indicates to the Mainland partner bank his/her intention to terminate his/her dedicated remittance account, the Mainland partner bank should ascertain with its partnering Hong Kong bank that no wealth management product(s) or funds remain in the dedicated investment account of such customer, and should confirm that no funds remain in his/her dedicated remittance account before terminating the dedicated remittance account for such customer. The Mainland partner bank should also notify its partnering Hong Kong bank, then dismiss the pairing relationship between the dedicated remittance and the dedicated investment account.

Q21: Can Southbound Scheme customers open a dedicated investment account with another Hong Kong bank?

A21: Each eligible investor under the Southbound Scheme should, at all times, open only one dedicated investment account in a Hong Kong bank. If investors wish to open a dedicated investment account with another Hong Kong bank, they should first terminate the dedicated investment account maintained with the other Hong Kong bank.

Northbound Scheme

Q22: Hong Kong banks may assist Northbound Scheme investors to open dedicated investment accounts with Mainland partner banks. In connection, what account opening tasks can Hong Kong banks perform?

A22: Hong Kong banks may, according to customers' instructions and acting on customers' behalf, assist customers to fill in and pass the requisite account opening documents to their Mainland partner banks. Such account opening documents of a Mainland partner

bank should include a prominent warning, indicating that the Mainland partner bank is not an AI as defined in the BO, and that deposits maintained with the Mainland partner bank are not protected by the Deposit Protection Scheme in Hong Kong. An example of such warning can be “[Name of the Mainland partner bank] is incorporated in [name of jurisdiction where it is incorporated] and is not an authorized institution in Hong Kong as defined in the Banking Ordinance and is not subject to the supervision of the Monetary Authority. [Name of the Mainland partner bank] cannot carry on any banking business or business of taking deposits in Hong Kong. Any deposits maintained with [Name of the Mainland partner bank] are not protected under the Deposit Protection Scheme in Hong Kong.”.

Q23: Can Hong Kong residents open a dedicated investment account with Mainland banks before opening a dedicated remittance account with Hong Kong banks?

A23: Hong Kong banks and Mainland partner banks can handle this with flexibility, for example, to complete account opening formalities for the dedicated investment account first, then enable the dedicated investment account only after the opening of and pairing with the dedicated remittance account, and the establishment of closed-loop funds management between the accounts.

Q24: What measures can be taken by Hong Kong banks to ascertain that investors have not conducted Northbound Scheme activities with other banks?

A24: Applicable measures include requesting investors to declare that they do not hold any dedicated remittance account with other banks under the Northbound Scheme. Mainland regulatory authorities will also conduct screening afterwards. In the event that repeated account opening is identified, Hong Kong banks should follow up accordingly upon receipt of relevant notice.

Q25: What should Mainland partner banks be aware of when accepting deposits from Hong Kong investors?

A25: Unless authorized under the BO, Mainland partner banks are prohibited from carrying on banking business or business of taking deposits in Hong Kong.

Where a Mainland partner bank does not carry on banking business or business of taking deposits in Hong Kong, in taking deposits from Hong Kong investors under the Northbound Scheme, the Mainland partner bank should ensure that the deposits are taken and maintained outside of Hong Kong.

Where Mainland partner banks issue advertisements, invitations or documents inviting the Hong Kong public to make any deposits on the Mainland, they should ensure that such advertisements, invitations or documents comply with the Fifth Schedule of the BO on the “Requirements Applicable to Prescribed Advertisements”. Mainland partner banks should not represent themselves to be a bank or an AI in Hong Kong, or to be carrying on banking business or the business of taking deposits in Hong Kong, and there should be no indication of Hong Kong banks being the representatives or agents of Mainland partner banks in Hong Kong, in order to prevent breaches of relevant provisions under BO by Hong Kong banks or Mainland partner banks, such as Section 46 regarding regulations on Hong Kong representative offices.

Q26: What specific promotions may Hong Kong banks carry out for the Northbound Scheme?

A26: Regarding specific promotions, **Hong Kong banks:**

may:

- a. in Hong Kong, to the public (including non-Northbound Scheme customers), through the following approaches, (i) display and provide general information about the Cross-boundary WMC (including the scope and categories of eligible products, quota, funds remittance and transfer arrangements, investor protection, etc.); and (ii) display and provide a factual representation of the Northbound Scheme services provided by the bank (including detailed arrangements for opening a dedicated remittance account under the Northbound Scheme and contact details of the bank):
 - display and provide on various media in Hong Kong (including newspapers, magazines, television and radio, etc.);
 - display or make available leaflets at its place of business;
 - display and provide on its website and social media accounts; and
 - provide through various communication channels (including

Appendix

issuing mass emails or messages and making phone calls) to bank customers (including non-Northbound Scheme customers);

- b. organise briefings and seminars in Hong Kong for the Hong Kong public to introduce the content set out in the above paragraph, and information on macroeconomic conditions, market environment, industry segments, sectoral trends or general financial information, etc.;
- c. provide a hyperlink on its website or provide an address of the bank's webpage (without a hyperlink) on other media for Hong Kong customers who have opened a dedicated investment account with the relevant Mainland partner bank to log into the Mainland bank's website to obtain further information on individual products. The hyperlink should link directly to the public website of the Mainland partner bank. The Hong Kong bank should provide a clear message on its website to remind Hong Kong customers that investment products offered by the Mainland partner bank have not been authorized by the SFC and the relevant offering documents have not been examined by the SFC, and that investors should exercise caution in relation to such offer. When Hong Kong customers click on the hyperlink provided by the Hong Kong bank, a clear message should be prompted to remind Hong Kong customers that they will be redirected to a website not being operated by the Hong Kong bank; and
- d. upon enquiry or request by the Hong Kong public, provide basic contact information of Mainland partner banks (such as name, phone number, branch addresses and website address, etc.).

Nevertheless, Hong Kong banks must be cautious that the information provided on the Northbound Scheme service should be factual and fair representations and should not involve solicitation and recommendation; should not constitute an offer to the Hong Kong public in relation to investment in individual products; and should not constitute active marketing of the Mainland partner bank's Cross-boundary WMC services to the Hong Kong public.

may not:

- a. induce the Hong Kong public to open a dedicated investment account under the Northbound Scheme with a Mainland partner bank, or induce, through any media, the Hong Kong public to browse, via any hyperlinks or web addresses, the information of wealth management services and products provided by Mainland partner banks;
- b. market or conduct the sale of wealth management products under the Northbound Scheme, or display/provide information about individual products not being authorized by the SFC to the Hong Kong public; or
- c. act as, or hold itself out as a representative or an agent of a Mainland partner bank in Hong Kong.

Q27: What specific promotions may Mainland partner banks carry out for the Northbound Scheme?

A27: (1) When carrying out the following promotion and sale activities, **Mainland partner banks** should also comply with relevant guidelines and rules promulgated by Mainland regulatory authorities.

Promotions targeting the Hong Kong public without a dedicated investment account and/or dedicated remittance account under the Northbound Scheme³

- (2) **Mainland partner banks** may through appropriate ways such as media, communication channels, etc., on the Mainland, (i) display and provide general information about the Cross-boundary WMC (including the scope and categories of eligible products, quota, funds remittance and transfer arrangements, and investor protection, etc.); (ii) display and provide factual representations that the bank provides Northbound Scheme services (including the detailed arrangements for opening a dedicated investment account under the Northbound Scheme to conduct investment; categories of products provided by the bank; relevant services provided by the bank; contact details of the bank; and the cooperation between the Hong Kong bank and the Mainland partner bank); and (iii) display and provide broad description of the scope and categories of wealth management products under the Northbound Scheme, for example, number of

³ Includes non-Northbound Scheme customers of the Hong Kong banks / Mainland partner banks.

products (including number of products under sub-categories, such as number of funds by market or industry), nature, risks, features, fees and charges and range of return, etc. The information provided should be factual and fair representations and should not involve solicitation and recommendation; should not constitute an offer to the Hong Kong public in relation to investment in individual products; and should not constitute active marketing of the Mainland partner bank's Cross-boundary WMC services to the Hong Kong public (including not involving information about individual wealth management products or personal circumstances of individual customers).

- (3) Upon request by an individual Hong Kong investor, **Mainland partner banks** may, through appropriate ways such as communication channels, etc., provide information on the services and individual products under the Northbound Scheme (including a list of wealth management products offered), and respond to enquiries on investment services provided by Mainland partner banks and individual products under the Northbound Scheme. Nevertheless, the information provided should be factual and fair representations and should not involve solicitation and recommendation; should not constitute an offer to the Hong Kong public in relation to investment in individual products; and should not constitute active marketing of the Mainland partner bank's Cross-boundary WMC services to the Hong Kong public.
- (4) **Mainland partner banks** may provide information on macroeconomic conditions, market environment, industry segments, sectoral trends, general financial information, or general information on Cross-boundary WMC, etc., and send staff to participate in briefings and seminars organised by the **Hong Kong banks** in Hong Kong, presenting the aforementioned information. Nevertheless, the information provided should be factual and fair representations and should not involve solicitation and recommendation; should not constitute an offer to the Hong Kong public in relation to investment in individual products; and should not constitute active marketing of the Mainland partner bank's Cross-boundary WMC services to the Hong Kong public (including not promoting Northbound Scheme services of the Mainland partner banks to Hong Kong public; promoting or carrying on regulated activities under the SFO; or involving individual wealth

management product or circumstances of individual customers); should not market the banking, deposit or wealth management services of the bank to Hong Kong public (unless the required licenses / registrations for the banking service, deposit-taking service or regulated activities have been obtained).

- (5) **Mainland partner banks should not proactively** market the bank's Northbound Scheme services to the Hong Kong public (unless the required licences/registrations have been obtained); provide a list of wealth management products under the Northbound Scheme or information about individual wealth management product under the Northbound Scheme; or induce them to open an account under the Northbound Scheme (for example, on its social media, proactively provide a link to the application form to Hong Kong public for the opening of a Northbound Scheme account).

Distribution of products to customers with a Northbound Scheme account (including both dedicated investment account and dedicated remittance account)

- (6) In general, Hong Kong customers may, after the login process to the online platform or mobile platform of the **Mainland partner banks**, browse further product information under the Northbound Scheme and place instructions for the sale and purchase of eligible wealth management products, remittance or currency exchange, etc. **Mainland partner banks** should comply with guidelines of the relevant Mainland authorities when conducting transactions for customers, including conducting sales management.
- (7) Mainland partner banks may, upon an individual customer's request provide a list of wealth management products offered under the Northbound Scheme and information on individual products, and respond to customer enquiries on individual products. The information provided should be factual and fair representations and should not involve solicitation and recommendation; should not constitute an offer to the Hong Kong public in relation to investment in individual products; and should not constitute active marketing Mainland partner bank's Cross-boundary WMC services to the Hong Kong public.

- (8) Mainland partner banks may provide customers with research reports produced by the bank for reference, but the content therein should not involve any individual products.
- (9) For Northbound Scheme customers who are present on the Mainland, Mainland partner banks should provide services to such customers in accordance with local laws, regulations and regulatory guidance on the Mainland, as well as ensuring compliance with the requirements set out in this guidance, including but not limited to the scope of eligible wealth management products and quota requirements.

Post-sale follow up

- (10) Mainland partner banks may proactively contact customers to provide updates on their investment portfolios. They may also provide information on macroeconomic, market and industry conditions, etc., or general financial and investment information and concepts. Mainland partner banks should establish a mechanism to ensure that their interaction with customers does not involve solicitation and recommendation; does not constitute an offer to the Hong Kong public in relation to investment in individual products; and does not constitute active marketing Mainland partner bank's Cross-boundary WMC services to the Hong Kong public.
- (11) Mainland partner banks may refer to the requirements in paragraph (7) above in responding to customer enquiries on individual products.

Q28: In what specific ways may Hong Kong banks and Mainland partner banks disclose the scope, types and list of eligible products available under their Northbound Scheme?

A28: (a) Mainland partner banks can provide filtering function⁴ on their websites to allow the Hong Kong public to identify, in a self-directed manner, the eligible products provided by the Mainland partner bank under the Northbound Scheme, or provide a hard copy or electronic leaflet of the product list upon an individual Hong Kong investor's request. The basic principle is that Hong Kong banks and

⁴ The filtering results should only display the name of the products, but not accompanied with the hyperlink of the relevant product information.

Appendix

Mainland partner banks should not proactively display or proactively provide the list of eligible products under the Northbound Scheme on their websites or by other means. Hong Kong banks and Mainland partner banks should also ensure that Hong Kong investors cannot purchase directly, through online platform of the Mainland partner bank, products under the Northbound Scheme, unless such Hong Kong investor takes multiple steps proactively, including conducting the requisite account opening procedures and becoming a customer of the Mainland partner bank;

(b) Hong Kong banks and Mainland partner banks may, in Hong Kong and on the Mainland respectively, proactively display and provide a general description of the number of available products, nature, features, risks, fees and charges, and range of return, etc. of each category of eligible products under the Northbound Scheme according to the Northbound Scheme services offered by Mainland partner banks.

Taking funds as an example. Hong Kong banks and Mainland partner banks may disclose:

- (i) the number of eligible funds under the Northbound Scheme offered by Mainland partner banks;
- (ii) a breakdown by the types of eligible funds under the Northbound Scheme offered by Mainland partner banks and the related number of funds under each sub-type (such as the types of underlying investments (equity funds (e.g. the type of equity markets), bond funds (e.g. the investment grading of the underlying bonds), mixed funds), geographical locations of the underlying investments, risk rating as assigned by the banks concerned);
- (iii) general risks associated with the funds;
- (iv) range of fees and charges of the funds; and
- (v) statistics related to the rate of return of the funds (such as historic average rate of return and median rate of return of the funds).

Information concerning individual products should follow the requirements set out in paragraph (a).

In general, as individual products are not authorized under the SFO, Hong Kong banks and Mainland partner banks should not proactively disclose the names and information about individual

products to the Hong Kong public. If Hong Kong public make an enquiry with Hong Kong banks on an individual product, Hong Kong banks should refer such enquiry to Mainland partner banks for handling (please refer to Q26 and 27 of FAQs for details).

(c) As for providing information on deposits to be taken by Mainland partner banks under the Northbound Scheme, please refer to question 25 of the FAQs.

Q29: Can Hong Kong banks arrange for direct dialogue or video conference between Hong Kong investors and Mainland partner banks on Northbound Scheme services, and participate in the three-party dialogue or video conference?

A29: If a Hong Kong investor requests a Hong Kong bank to assist in arranging a direct dialogue or video conference with the Mainland partner bank on the Northbound Scheme service, in respect of the first request, the Hong Kong bank may provide the contact information of the Mainland partner bank (such as telephone number) to allow the Hong Kong investor to initiate the relevant dialogue or conference (Hong Kong bank representatives can participate in such dialogue or video-conference).

If the Hong Kong investor and the Mainland partner bank agree that the Hong Kong bank can assist the Hong Kong investor in arranging a direct dialogue or conference with the Mainland partner bank in the future, the Hong Kong bank can arrange the relevant dialogue or conference in the future upon the investor's request.

There should not be any indication which suggests that the Hong Kong bank is the representative or agent of the Mainland partner bank in Hong Kong.

Q30: How do Northbound Scheme customers terminate their dedicated remittance account and dedicated investment account under the Northbound Scheme?

A30: If a Northbound Scheme customer indicates to the Mainland partner bank his/her intention to terminate his/her dedicated investment account, the Northbound Scheme customer should redeem the wealth management product(s) and remit all funds in the dedicated investment account back to the dedicated remittance account. The Mainland partner bank should ensure that no wealth management

product(s) or funds remain in the dedicated investment account of such customer, and should notify its partnering Hong Kong bank after the successful termination of the customer's dedicated investment account, then dismiss the pairing relationship between the dedicated remittance account and the dedicated investment account.

If a Northbound Scheme customer indicates to the Hong Kong bank his/her intention to terminate his/her dedicated remittance account, the Hong Kong bank should ascertain with its partnering Mainland partner bank that no wealth management product(s) or funds remain in the dedicated investment account of such customer, and should confirm that no funds remain in his/her dedicated remittance account before terminating the dedicated remittance account for such customer. The Hong Kong bank should also notify its partnering Mainland partner bank, then dismiss the pairing relationship between the dedicated remittance and the dedicated investment account.

Q31: Can Northbound Scheme customers open a dedicated remittance account with another Hong Kong bank?

A31: Each eligible investor under the Northbound Scheme should, at all times, open only one dedicated remittance account and one dedicated investment account. If investors wish to open a dedicated remittance account with another Hong Kong bank, they should first terminate the dedicated remittance account maintained with the other Hong Kong bank.