

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 and basic contact information (e.g. general enquiry or hotline number, branch address, website address, etc.) of its partnering Mainland partner bank on the Hong Kong bank's public website and promotional materials;
- (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; and
- (3) the Hong Kong bank may place a hyperlink on its promotional materials that links to the webpage of the Hong Kong Monetary

Appendix

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 3 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 “non-complex” by Hong Kong banks distributing such products and fulfilling the specified requirements set out in Section 7 of Annex 1) 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 “non-complex” by Hong Kong banks distributing such products and fulfilling the specified requirements set out in Section 7 of Annex 1), 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: Are “structured deposits” included as one of the eligible wealth management products under the Southbound Scheme? (added on 25 June 2024)

A14: After discussion with other relevant regulatory authorities, Standardised Non-SFO-regulated Structured Deposit that is principal-protected and assessed as “low” risk to “medium” risk by the Hong Kong bank distributing such products can be included as the eligible wealth management product under the Southbound Scheme. This type of product is consistent with the principle of

proper risk controls and ensuring proper protection for investors under the Cross-boundary WMC. Standardised Non-SFO-regulated Structured Deposit is defined as: a deposit with an AI that falls within the meaning of “currency-linked instrument” / “interest rate-linked instrument” under Part 1 of Schedule 1 to the SFO; makes reference to a single major currency pair (HK dollar, US dollar, Euro, UK Pound Sterling, Australian dollar, New Zealand dollar, Canadian dollar, Swiss Franc, Japanese Yen, Renminbi (both CNY and CNH) and Singapore dollar) or interest rate only; is not leveraged; and does not consist of a series of contracts or a series of settlements, where customers are obliged to purchase / sell / settle periodically within a specified period. For detailed definition of Standardised Non-SFO-regulated Structured Deposit, please refer to the circular issued by the HKMA on 30 October 2018 entitled “Requirements Applicable to Online and Offline Distribution of Non-SFO-Regulated Structured Investment Products”.

For Standardised Non-SFO-regulated Structured Deposit, Hong Kong banks should comply with the aforementioned HKMA’s circular, including the relevant requirements in respect of distribution of Standardised Non-SFO-regulated Structured Deposit, and other applicable regulatory requirements, including requirements applicable to investment products in this Circular; provision of Important Facts Statement for Currency-Linked Instruments and Interest Rate-Linked Instruments to retail customers; disclosing that the product is not protected by the Deposit Protection Scheme in Hong Kong.

(Note: Footnote 8 of Annex 1 to this Circular regarding “deposits” correspondingly revised as: Refer to the definition of “deposits” in the Banking Ordinance (“BO”). For the purpose of this Circular, deposits are regarded as wealth management products.)

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 promotion and sale may Hong Kong banks carry out for the Southbound Scheme?

A17: Regarding specific promotion and sale, Hong Kong banks:

may:

Promotion targeting at the Mainland public¹ not having opened a dedicated investment account and/or dedicated remittance account under the Southbound Scheme yet

- a. display and provide in Hong Kong (including the place of business or through appropriate ways such as through telephone, video conferences (if the Mainland investor requests the Mainland partner bank to assist in arranging a direct dialogue or conference with the Hong Kong bank, the Mainland partner bank can assist in arranging the relevant dialogue or conference), online channels (e.g. Internet platforms, mobile platforms, emails, instant messaging applications), media, etc.):
 - (i) general information about the Cross-boundary WMC (including the scope and categories of eligible products, quota, funds remittance and transfer arrangements, investor protection, etc.);
 - (ii) factual representations 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 and relevant services provided by the bank, contact details of the bank, and a representation on the cooperation between the Mainland partner bank and the Hong Kong bank made in accordance with Q3 of the FAQs); and
 - (iii) broad description of the scope and categories of wealth management products under the Southbound Scheme, for example, the number of products (including the number of products under sub-categories, such as the number of funds by market or industry), nature, risks, features, fees and charges and range of return, etc.
- b. provide filtering function via electronic channels, e.g. on their websites, mobile platforms etc. to allow the Mainland public to

¹ Includes non-Southbound Scheme customers of Hong Kong banks / Mainland partner banks.

identify, in a self-directed manner, the eligible products provided by the Hong Kong bank under the Southbound Scheme;

- c. upon request by an individual Mainland investor, provide factual information on the services and individual products under the Southbound Scheme (including a list of wealth management products offered, offering documents / prospectuses of individual products, product key fact statements), and respond to enquiries on investment services provided by Hong Kong banks and individual products under the Southbound Scheme (e.g. explaining the features (such as underlying assets, past investment performance) and risks of individual products or certain product categories);
- d. provide information on macroeconomic conditions, market environment, industry segments, sectoral trends, or general financial information, or general information on the Cross-boundary WMC, etc., and provide investor education (for example, educate investors how to interpret different types of product documents). Hong Kong banks may send staff to participate (and may participate jointly with staff of partner fund companies that have entered into distribution agreements with the Hong Kong banks) in briefings and seminars organised by their Mainland partner banks on the Mainland for the Mainland public, presenting the aforementioned information in paragraphs (a) and (d). However, Hong Kong banks (and staff of partner fund companies) which do not have qualification for securities investment consultancy business on the Mainland should not provide information² which involves investment analysis, forecast or advice on securities and their product values, market trends, etc. in briefings and seminars on the Mainland.
- e. disclose on public marketing materials that the Hong Kong bank offers gifts and/or promotional offers for Southbound investors opening dedicated investment accounts (nonetheless, investors need to approach the relevant bank to enquire about details of the gifts and/or promotional offers). Upon request by an individual investor, introduce the details of gifts and/or promotional offers for opening dedicated investment accounts;

² For the avoidance of doubt, irrespective of whether the target audience is Mainland public or customers with a Southbound Scheme account, Hong Kong banks and their partner fund companies should comply with the requirements in paragraph (d) and relevant Mainland laws and regulations when sending staff to attend briefings and seminars on the Mainland.

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

- f. conduct transactions and relevant services with customers through appropriate channels in their place of business. In general, Mainland customers may, after the login process to the online platform or mobile platform of the Hong Kong banks, browse further product information under the Southbound Scheme and conduct transactions directly. When dealing with customers, Hong Kong banks should adequately disclose relevant key information, including product nature and risks. In addition, to assist customers to make investment decision, Hong Kong banks should assess customers' risk profile³, and ensure the risk profiling result is valid when conducting transactions of investment products with the customers. Where there is a risk mismatch in such transaction (i.e. the risk rating of the product being higher than the customer's risk profiling result), the Hong Kong bank should alert the customer, and seek confirmation from the customer as to whether to proceed with such transaction;
- g. upon an individual customer's request, provide services and a list of wealth management products available under the Southbound Scheme and factual information on individual products, and respond to customer enquiries on the investment service and individual products provided by Hong Kong banks under the Southbound Scheme;
- h. upon an individual customer's request and after considering the customer's personal circumstances, introduce products which meet the risk appetite of the customer⁴;
- i. provide customers with research reports for reference, but the content thereof should not involve any individual products.
- j. offer gifts (including gifts specific for Cross-boundary WMC

³ Please refer to Q2 and Q3 of the FAQs on Compliance with Suitability Obligations by Licensed or Registered Persons and paragraph 5.7 of Guidelines on Online Distribution and Advisory Platforms issued by the SFC.

⁴ Hong Kong banks should comply with the requirements in paragraph 5.2 of the SFC Code of Conduct.

services) to Southbound Scheme customers. Nonetheless, gifts should not be offered in promoting a specific investment product⁵. Hong Kong bank may also provide other promotional offers (including promotional offers specific for Cross-boundary WMC services), such as discounts / waivers / rebates for transaction / remittance fees, other fees or charges; more favourable exchange rates / deposit rates, etc.;

Post-sale follow-up

- k. proactively contact the Mainland customers who have purchased wealth management products under the Southbound Scheme from the bank to provide updates on their investment portfolios. They may also provide information on macroeconomic conditions, etc.; and
- l. refer to the requirements in paragraph (g) above in responding to customer enquiries on individual products.

Arrangements when Southbound Scheme customers are present in Hong Kong

- m. for Southbound Scheme customers who are present in Hong Kong, Hong Kong banks should provide services to such investors in accordance with Hong Kong's laws and regulatory requirements, as well as ensuring compliance with the requirements set out in this guidance, including but not limited to the requirements on quotas and scope of eligible wealth management products. Hong Kong banks may make solicitation or recommendation to Southbound Scheme customers present in Hong Kong, but should ensure compliance with suitability requirements and make sure that the solicitation or recommendation to such customer is reasonable in all the circumstances.

⁵ For Southbound Scheme, please also refer to paragraph 3.11 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission issued by the Securities and Futures Commission.

General principle

Nevertheless, Hong Kong banks must be cautious that their information provided in paragraphs (a) to (g) are factual and fair representations and should not (i) involve solicitation or recommendation; (ii) constitute an offer to the Mainland public in relation to investment in individual products; or (iii) constitute active marketing of the Hong Kong bank's Cross-boundary WMC services to the Mainland public. In addition, when Hong Kong banks send staff to participate in briefings and seminars organised by their Mainland partner banks on the Mainland for the Mainland public as mentioned in paragraph (d), the Hong Kong bank should not (i) promote Southbound Scheme services of the bank to the Mainland public; (ii) promote or carry on regulated activities, or involve individual wealth management products or circumstances of individual customers; or (iii) market the banking, deposit or wealth management services of the bank to the Mainland public (unless the required licenses / registrations for relevant banking service, deposit-taking service or regulated activities have been obtained).

may not:

- a. **proactively** market the Hong Kong bank's Southbound Scheme services to the Mainland public, 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 the Mainland public for the opening of a Southbound Scheme account) (unless the required licenses / registrations for the relevant activities have been obtained on the Mainland), or proactively provide the list of wealth management products or information about individual products under the Southbound Scheme; and
- b. indicate to the investor on the Mainland that Hong Kong banks will offer gifts and/or promotional offers if the Mainland investor open Southbound dedicated investment account, or offer gifts and/or promotional offers to induce the investor to open Cross-boundary WMC account or purchase wealth management products.

Q18: What specific promotion 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. display and provide on the Mainland, to the public (including non-Southbound Scheme customers):
 - (i) 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) factual representations 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 the cooperation between the Mainland partner bank and the Hong Kong bank (including the name and basic contact information (e.g. general enquiry or hotline number, branch address, website address, etc.) of the Hong Kong bank)).
- b. upon request by a Mainland investor who has opened a Southbound Scheme account, provide a list of eligible products under the Southbound Scheme;
- c. organise briefings and seminars on the Mainland for the Mainland public to introduce the content set out in paragraph (a), and information on macroeconomic conditions, market environment, industry segments, sectoral trends or general financial information, etc.;
- d. Mainland partner bank may disclose on public marketing materials that Mainland partner bank provides promotional offers for Mainland investors opening dedicated remittance account. Nonetheless, details of the promotional offers can only be provided upon request by the Mainland investor; and
- e. provide a hyperlink on its website or provide an address of the bank's webpage (without a hyperlink) on other media for

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.

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 (i) involve solicitation or recommendation; (ii) constitute an offer to the Mainland public in relation to investment in individual products; or (iii) 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 relevant Mainland authorities 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 via electronic channels, e.g. on their websites, mobile platforms, etc. 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 to the Mainland public 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 range of return, etc. of each type of eligible products under the Southbound Scheme to the public 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 or cancel the designation of the account maintained with the Mainland partner bank as the dedicated remittance account, the Mainland partner bank should ascertain with its partnering Hong Kong bank that no wealth management product(s) or funds under the Southbound Scheme 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 or cancelling the designation of the account maintained with the Mainland partner bank as the dedicated remittance account. 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 and designate any dedicated remittance account with other banks under the Northbound Scheme to pair with a dedicated investment account of a Mainland partner bank. 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 promotion may Hong Kong banks carry out for the Northbound Scheme?

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

may:

- a. in Hong Kong, to the public (including non-Northbound Scheme customers), through the following approaches:
 - on various media in Hong Kong (including newspapers, magazines, television and radio, etc.);
 - in its place of business;
 - on its website and social media accounts; and
 - through various communication channels (including issuing mass emails or messages and making phone calls) to bank

customers (including non-Northbound Scheme customers),

display and provide:

- (i) 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) factual representations of the Northbound Scheme services provided by the bank (including detailed arrangements for opening a dedicated remittance account under the Northbound Scheme, relevant services provided by the bank, contact details of the bank, and a representation on the cooperation between the Mainland partner bank and the Hong Kong bank made in accordance with Q3 of the FAQs);
- b. upon request by a Hong Kong investor who has opened a Northbound Scheme account (and maintain a non-Cross-boundary WMC investment account with the Hong Kong bank at the same time), provide a list of eligible products under the Northbound Scheme;
- c. organise briefings and seminars in Hong Kong for the Hong Kong public to introduce the content set out in paragraph (a), and information on macroeconomic conditions, market environment, industry segments, sectoral trends or general financial information, etc.;
- d. 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

- e. offer gifts (including gifts specific for Cross-boundary WMC services) to Northbound Scheme customers. Hong Kong banks may also provide other promotional offers (including promotional offers specific for Cross-boundary WMC services), such as discounts / waivers / rebates for transaction / remittance fees, other fees or charges; more favourable exchange rates / deposit rates, etc.

Hong Kong banks may disclose on public marketing materials that the Hong Kong bank offers gifts and/or promotional offers for Northbound investors opening remittance accounts (nonetheless, investors need to approach the relevant bank to enquire about details of the gifts and/or promotional offers). Upon request by an individual investor, introduce the details of gifts and/or promotional offers for opening remittance accounts.

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 (i) involve solicitation or recommendation; (ii) constitute an offer to the Hong Kong public in relation to investment in individual products; or (iii) 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;
- c. act as, or hold itself out as a representative or an agent of a Mainland partner bank in Hong Kong; or

- d. offer gifts and/or promotional offers on the **Mainland** to induce investors to open a Cross-boundary WMC account.

Q27: What specific promotion and sale 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.

Promotion targeting at the Hong Kong public without a dedicated investment account and/or dedicated remittance account under the Northbound Scheme⁶

(2) **Mainland partner banks** may display and provide, on the Mainland (including the place of business or through appropriate ways such as through telephone, video conferences, online channels and media etc.):

- (i) 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) 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 and 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) broad description of the scope and categories of wealth management products under the Northbound Scheme, for example, number of 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.

(3) Provide filtering function⁷ via electronic channels, e.g. on their websites and mobile platforms, etc. to allow the Hong Kong public to identify, in a self-directed manner, the eligible products

⁶ Includes non-Northbound Scheme customers of the Hong Kong banks / Mainland partner banks.

⁷ The filtering results should only display the name of the products, but not accompanied with the hyperlink of the relevant information.

provided by the Mainland partner bank under the Northbound Scheme.

- (4) Upon request by an individual Hong Kong investor, **Mainland partner banks** may provide factual information on the services and individual products under the Northbound Scheme (including a list of wealth management products offered, offering documents / prospectuses of individual products, product key fact statements), and respond to enquiries on investment services provided by Mainland partner banks and individual products under the Northbound Scheme (e.g. explaining the features (such as underlying assets, past investment performance) and risks of individual products or certain product categories).
- (5) **Mainland partner banks** may provide information on macroeconomic conditions, market environment, industry segments, general financial information, or general information on Cross-boundary WMC, etc., and send staff to participate (and may participate jointly with staff of the bank's partner institutions (including wealth management subsidiary companies and fund companies)) in briefings and seminars organised by the **Hong Kong banks** in Hong Kong, presenting the aforementioned information in paragraphs (2) and (5).
- (6) **Mainland partner bank** may disclose on public marketing materials that Mainland partner bank provides promotional offers for Hong Kong investors opening dedicated investment account. Nonetheless, details of the promotional offers can only be provided upon request by the Hong Kong investor.
- (7) **Mainland partner banks should not proactively** market the bank's Northbound Scheme services to the Hong Kong public 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); or provide a list of wealth management products under the Northbound Scheme or information about individual wealth management product under the Northbound Scheme.

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

- (8) 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.
- (9) Mainland partner banks may, upon an individual customer's request, provide services and a list of wealth management products offered under the Northbound Scheme and factual information on individual products, and respond to customer enquiries on the investment services and individual products provided by Mainland partner banks under the Northbound Scheme.
- (10) Mainland partner banks may, upon an individual customer's request and after considering the customer's personal circumstances, introduce products which meet the risk appetite of the customer.
- (11) Mainland partner banks may provide customers with research reports for reference, but the content thereof should not involve any individual products.

Post-sale follow up

- (12) 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 the process of their interaction with customers does not involve solicitation or 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.

- (13) Mainland partner banks may refer to the requirements in paragraph (9) above in responding to customer enquiries on individual products.

Arrangements when Northbound Scheme customers are present on the Mainland

- (14) For Northbound Scheme customers who are present on the Mainland, Mainland partner banks should provide services in accordance with the Mainland's laws and regulatory requirements, as well as ensuring compliance with the requirements set out in this guidance, including but not limited to the requirements on quotas and scope of eligible wealth management products.

General principle

- (15) The information provided by Mainland partner banks in paragraphs (2) to (9) should be factual and fair representations, should not (i) involve solicitation or recommendation; (ii) constitute an offer to the Hong Kong public in relation to investment in individual products; or (iii) constitute active marketing of the Mainland partner bank's Cross-boundary WMC services to the Hong Kong public. In addition, when Mainland partner banks send staff to participate in briefings and seminars organised by Hong Kong banks in Hong Kong for the Hong Kong public as mentioned in paragraph (5), the Mainland partner bank should not (i) promote Northbound Scheme services of the bank to the Hong Kong public; (ii) promote or carry on regulated activities under the SFO, or involve individual wealth management products or circumstances of individual customers; or (iii) market the banking, deposit or wealth management services of the bank to the Hong Kong public.

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 function⁸ via electronic channels, e.g. on their websites and mobile platforms, etc. 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 Mainland partner banks should not proactively display or proactively provide the list of eligible products under the Northbound Scheme to the Hong Kong public 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 to the public 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),

⁸ The filtering results should only display the name of the products, but not accompanied with the hyperlink of the relevant product information.

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 Q25 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 or cancel the designation of the account maintained with the Hong Kong bank as the 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 under the Northbound Scheme remain in his/her dedicated remittance account before terminating the dedicated remittance account for such customer or cancelling the designation of the account maintained with the Hong Kong bank as the dedicated remittance account. 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 or designate only one dedicated remittance account and

Appendix

one dedicated investment account. If investors wish to open or designate a dedicated remittance account with another Hong Kong bank, they should first terminate or cancel the designation of the dedicated remittance account maintained with the other Hong Kong bank.