Our Ref: G16/1C
B1/15C

25 July 2000

The Chief Executive
All authorized institutions which are exempt dealers

Dear Sir/Madam,

Amendments to SFC's Client Identity Rule and Policy

I am writing to inform you that the Securities and Futures Commission (SFC) has recently revised the Client Identity Rule (the revised Rule) and made consequential changes to its Client Identity Rule Policy (the amended Policy). A copy of the revised Rule and the amended Policy is enclosed for your information.

The changes restrict the operation of the client identity rule to securities listed and futures contracts traded on the Hong Kong exchanges and to derivatives written over these securities and futures contracts. The SFC believes that the changes would lighten the regulatory burden on intermediaries whilst at the same time meeting the primary purpose of the Client Identity Rule and Policy, namely to enhance the transparency of trading in Hong Kong's markets.

The changes will take effect on 28 July 2000.

Yours faithfully,

Y.K. Choi
Executive Director
(Banking Supervision)

Encls.