



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B1/21C
B1/15C

27 May 2016

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Supervisory Policy Manual (SPM)

SB-1: “Supervision of regulated activities of SFC-registered authorized institutions” (Revised)

I am writing to inform you that, following consultation with the banking industry, the Monetary Authority issues by notice in the Gazette today a revised version of the above SPM module as a statutory guideline under section 7(3) of the Banking Ordinance.

The first version of SPM module SB-1 was issued in 2003, which was prepared in the light of the commencement of the Securities and Futures Ordinance (SFO) and the then new securities and futures supervisory regime. The major changes of this revised version include:

- an elaboration of the HKMA’s supervisory and enforcement approaches in a new subsection 2.1 for enhanced transparency;
- an elaboration of the one-off nature of grace period for a relevant individual who has yet to pass the local regulatory framework paper in paragraph 4.2.6;
- highlights of major regulatory requirements for selling of investment products, including the HKMA’s enhanced investor protection measures, in subsection 4.6; and
- removal of the parts on transitional arrangements under the securities and futures supervisory regime as the transitional period under the SFO has expired.

The HKMA has also taken this opportunity to update and simplify the module, so as to make it more coherent and concise.

On-line access to the SPM module is available under the icon for “Supervisory Policy Manual” on the HKMA’s public (<http://www.hkma.gov.hk>) and private (<http://www.stet.iclnet.hk>) websites.

Should you have any questions relating to this SPM module, please contact Ms Florence To at 2878 1582 or Ms Anita Chan at 2878 1538.

Yours faithfully,

Carmen Chu
Executive Director (Banking Conduct)

Encl.

c.c. The Chairman, Hong Kong Association of Banks
The Chairman, The DTC Association
The Chairman, Private Wealth Management Association
FSTB (Attn: Mr Jackie Liu)
SFC (Attn: Mr Paul Yeung)