HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B10/1C
B1/15C

29 September 2016

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Frequently Asked Questions on Customer Due Diligence

Further to the circular on "De-risking and Financial Inclusion" issued by the Hong Kong Monetary Authority ("HKMA") on 8 September 2016[1], I am writing to inform you that the HKMA is issuing today certain frequently asked questions ("FAQs") on customer due diligence ("CDD").

These FAQs address some common issues relating to interpretation of HKMA legal and regulatory requirements in relation to CDD which were raised during our recent engagement with various stakeholders over problems encountered upon the establishment and ongoing maintenance of business relationships. In addition to these FAQs, the HKMA is continuing to work on a number of other issues which have been raised in this engagement and further guidance will be issued in due course.

Authorized institutions ("AIs") should review their policies and procedures to ensure they are consistent with these FAQs and that they are taken into account when making decisions about whether or not to provide their services to a potential customer, or maintain a relationship with an existing customer.

[1] http://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2016/20160908e1.pdf

If you have any questions relating to this letter, please contact Ms Joyce Chan at 2878 8281 or Mr Jason Chan at 2878 1315.

Yours faithfully,

Meena Datwani
Executive Director (Enforcement and AML)

Encl.