HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

28 Sep 2006

Controls to ensure the fitness and propriety of staff of authorized institutions

Our Ref: B1/15C

28 September 2006

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

Controls to ensure the fitness and propriety of staff of authorized institutions

The purpose of this letter is to highlight certain internal control measures that authorized institutions (AIs) should consider adopting to ensure the fitness and propriety of their employees.

Our supervisory experience shows that registered institutions (RIs) generally have implemented controls to ensure the fitness and propriety of their relevant individuals when the Securities and Futures Ordinance regime commenced operation in April 2003. Nevertheless, as RIs increase the number of relevant individuals for existing and/or new regulated activities, we have come across cases of assessment errors and control issues relating to the registration of relevant individuals. I would therefore like to draw your attention to the circular issued on 21 February 2005 about the recommended controls for the registration of relevant individuals under section 20(1)(ea) of the Banking Ordinance as well as some good practices which we have identified through our supervisory process and now set out in Annex 1.

In addition, I would like to take this opportunity to remind all AIs of the need to perform comprehensive review of potential employees regarding their history of terminated employments and convictions of offences. Please refer to Annex 2 for our recommendations in this regard.

If you have any questions on the contents of this letter, please feel free to contact Ms Alice Lee at 2878-1603.

Yours faithfully,

Arthur Yuen
Executive Director

(Banking Supervision)

Encl. Annex 1 (Word file, 38KB)
Annex 2 (Word file, 32KB)

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