



HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

26 Feb 2009

Circular Issued by the Securities and Futures Commission (SFC) Regarding Self-Examination of Controls and Procedures on Suitability Obligations

Our Ref.: B1/15C

26 February 2009

The Chief Executive
All Registered Institutions

Dear Sir/Madam,

Circular Issued by the Securities and Futures Commission (SFC) Regarding Self-Examination of Controls and Procedures on Suitability Obligations

I am writing to draw your attention to a circular issued by the SFC on 23 February 2009 ("the SFC Circular"). The SFC Circular requires intermediaries who make investment recommendations or solicitations to clients to conduct a formal self-examination of their controls and procedures to ensure compliance with applicable suitability obligations under the Code of Conduct for Persons Licensed by or Registered with the SFC. A copy of the SFC Circular is attached as [Annex 1](#).

If your institution makes investment recommendations or solicitations to clients, you are required to conduct a formal self-examination of such controls and procedures and to ensure that such examination is properly documented and reviewed by senior management. The self-examination should also take into account the Questions and Answers on suitability obligations issued by the SFC in May 2007.

For the avoidance of duplication, RIs which participate in our Self-Assessment on Compliance with the HKMA Supervisory Policy Manual Module SB-1 and Other Requirements over Regulated Activities ("CSA") process in 2009 are not required to separately conduct such formal self-examination. For RIs which do not participate in the HKMA's CSA process in 2009, they are required to conduct this formal self-examination and the HKMA will be looking for documentary evidence in the course of our regular on-site examinations that a formal self-examination has been carried out in accordance with the requirements in the SFC Circular. Please refer to [Annex 2](#) for a list of RIs that the HKMA intends to invite participation in the 2009 CSA process. The participating RIs will receive a separate letter from the HKMA for the 2009 CSA in due course.

Should you have any questions on this letter, please contact Ms Gillian Hui at 2878-1303.

Yours faithfully,

Nelson Man
Executive Director
(Banking Supervision)

Encl. [Annex 1 - SFC circular](#) (PDF file, 69KB)
 [Annex 2 - list of RIs that the HKMA intends to invite participation in the 2009 CSA process](#) (PDF file, 60KB)

c.c. SFC (Attn: Mr Chung Hing Hing, Director, Intermediaries Supervision Department)

Last revision date : 01 August 2011