



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
G16/1C

28 November 2011

The Chief Executive
All Registered Institutions

Dear Sir / Madam,

Circular issued by the Securities and Futures Commission (SFC) regarding provision of services to clients for conducting transactions in other jurisdictions

I am writing to draw your attention to the attached circular issued by the SFC on 23 November 2011 (“the SFC Circular”). The SFC Circular requires intermediaries which provide services to their clients for conducting transactions in other jurisdictions through overseas counterparties to establish and maintain policies and procedures to ensure the proper management of risks. In this connection, intermediaries should evaluate and monitor the risks associated with their relationship with overseas counterparties concerned and, subject to any instructions from clients, avoid placing excessive client money with overseas counterparties. In addition, intermediaries are reminded to explain to their clients the risks associated with such trading activities, including those as set out in the Code of Conduct¹. In dealing with clients’ enquiries and concerns, intermediaries should take a proactive role, and obtain and provide any updated information to the clients in relation to their overseas transactions.

Yours faithfully,

Meena Datwani
Executive Director (Banking Conduct)

Encl.

c.c. SFC (Attn: Mr Stephen Po, Senior Director of Intermediaries Supervision)

¹ Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.