



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
B9/103C
G16/1C
C2/5C

4 March 2013

The Chief Executive
All Authorized Institutions

Dear Sir/ Madam,

Mystery Shopping Programme (MSP) in respect of Sale of Investment and Insurance Products

The Hong Kong Monetary Authority (HKMA) will institute a MSP to assist it in understanding the sale practices of Authorized Institutions (AIs) with respect to investment and insurance products. The MSP will be used to complement the HKMA's regulatory work. The objective of the MSP is to assess the extent of AIs' compliance with the relevant regulatory requirements, including those relating to the "Know-Your-Client" procedures, risks disclosure and suitability of recommendations. AIs which engage in selling investment and/ or insurance products will be subject to the MSP.

The HKMA has engaged a service provider to undertake the MSP. The service provider will recruit and provide training to mystery shoppers who will then pose as potential buyers of investment and/ or insurance products. The mystery shoppers will be of various age groups and with different investment experience and financial position. To facilitate an objective review and assessment of the results of the MSP, the service provider will ask the mystery shoppers to audio-record their interviews with staff members of AIs. The service provider is required to implement appropriate controls and measures to properly handle the data collected.

Subject to the completion of all the preparatory work, the MSP will commence shortly. Depending on the findings, certain cases may necessitate follow-up action with the AIs concerned. Any industry-wide issues identified through the MSP will be shared with the industry as appropriate. AIs are required to communicate to their relevant staff the contents of this circular.

If you have any questions on this circular, please contact Ms Florence To at 2878-1582, or Ms Candy Tam at 2878-1292.

Yours faithfully,

Meena Datwani
Executive Director (Banking Conduct)

c.c. SFC (Attn: Mr Stephen Po, Senior Director of Intermediaries Supervision)
Insurance Authority (Attn: Ms Nancy Chien, Acting Assistant Commissioner
of Insurance (Enforcement))