HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
G16/1C

30 July 2014

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

**Issues and good practices in relation to the sale of investment products**

The purpose of this circular is to share with Authorized Institutions (AIs) certain issues and good practices in relation to the sale of investment products identified during our supervisory process, and to reiterate the applicable regulatory requirements as well as the Hong Kong Monetary Authority (HKMA)'s expected standards.

In our recent rounds of on-site examinations and off-site surveillance of AIs' controls in respect of the sale of investment products, it was revealed that whilst AIs in general had put in place policies and procedures to comply with relevant regulatory requirements, some issues and good practices identified warrant further attention by AIs. The details are set out in **Annex**. AIs should give due regard to these issues, review their own policies and procedures, and implement necessary enhancement measures. AIs are also encouraged to adopt the good practices, as applicable, to improve their sales practices and relevant controls.

The HKMA will continue to monitor compliance of AIs and take appropriate supervisory action against AIs found to have failed to observe the regulatory requirements and expected standards.

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

Yours faithfully,

Meena Datwani

Executive Director (Banking Conduct)

Encl.

c.c. Securities and Futures Commission (Attn: Mr James Shipton, Executive Director (Intermediaries)