



HONG KONG MONETARY AUTHORITY
香港金融管理局

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

24 September 2021

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Distribution of Investment and Insurance Products through Non-face-to-face Channels

With the advancement of financial technology and increasing receptiveness of customers to online activities, there is an increasing use of non-face-to-face (“non-F2F”) channels by authorized institutions (“AIs”) in the provision of investment and insurance services to customers. In light of this, I am writing to provide some guidance to facilitate AIs in distributing investment and insurance products through non-F2F channels in a customer-friendly manner whilst according protection to customers.

Guidance is provided in respect of non-F2F channels (such as online distribution and advisory platforms, video-conference and phone banking), including the appropriateness of non-F2F service mode for certain customers; handling of transactions with vulnerable customers (“VCs”); and controls and monitoring. To streamline the processes and enhance customer experience, clarifications are provided to the applicability of some existing requirements (such as VC Assessment, Companion Requirement and Pre-investment Cooling-off Period (“PICOP”)) in certain non-F2F channels, considering the practicality of these requirements under such channels. Guidance is also provided on system controls for assessing the justifications for transactions with mismatch(es) or exception(s) under the online environment such that the transactions may proceed. Details are set out in the **Annex**.

To facilitate implementation by AIs, some “practical examples” are provided in this Circular to illustrate how AIs may put the requirements into practice. These “practical examples” are not prescribed standards, and AIs can design their own operational arrangements appropriate for specific circumstances.

AIs are also reminded to comply with the “Guidelines on Online Distribution and Advisory Platforms” issued by the Securities and Futures Commission (“SFC”) when distributing investment products through online platforms, and the circular on “Sandbox application for the distribution of long term insurance policies via video conferencing tools” dated 5 August 2020 issued by the Insurance Authority (“IA”) when distributing long term insurance products through video-conference.

Implementation arrangements

AIs should comply with the new requirements set out in this Circular as soon as practicable and in any case not later than 12 months from the date of issuance of this Circular.

If you have any questions on this Circular, please contact Ms Yolanda Chan at 2878-1372 or Ms Anita Chan at 2878-1538 in respect of investment products, or Mr Chris Wong at 2878-1450 or Ms Candy Tam at 2878-1292 in respect of insurance products.

Yours faithfully,

Alan Au
Executive Director (Banking Conduct)

c.c. Securities and Futures Commission

(Attn: Ms Julia Leung, Deputy Chief Executive Officer and Executive Director (Intermediaries))

Insurance Authority

(Attn: Ms Carol Hui, Executive Director (Long Term Business))

Mr Peter Gregoire, Head of Market Conduct (Acting) and General Counsel)