Our Ref : G16/1C
B1/15C

9 March 1999

The Chief Executive
All authorised institutions

Dear Sir / Madam,

SFC's Client Identity Rule

The Securities and Futures Commission ("SFC") announced and published today its policy ("Policy") for enforcing the client identity rule ("Rule") under paragraph 5.4 of the Code of Conduct for persons registered with it. The Policy explains the Rule and the general approach adopted by the SFC in enforcing the Rule. While the Rule applies to persons registered with the SFC, authorised institutions including those with an exempt dealer status are also expected to comply with the Rule. A copy of the Policy and the Rule are enclosed with this letter.

Institutions should note the requirements under the Rule and the Policy and ensure that

- proper systems are in place for recording client identity information as required by the Rule; and

- proper arrangements are made with clients and other financial intermediaries to enable the disclosure of client identity information to the SFC and/or the exchanges (i.e. the Stock Exchange of Hong Kong and the Hong Kong Futures Exchange).

Where necessary, the HKMA will review compliance with the Rule and the Policy in its on-site examinations of authorised institutions. Institutions that do not have adequate systems in place to comply with the Rule will be required to justify the reason for non-compliance.

Yours faithfully,

D T R Carse
Deputy Chief Executive

Encl.