Summary of Client Identity Rule Policy

1. The Rule applies to all registered persons and all securities and futures traded by them (as principal or as agent) in Hong Kong and overseas both on and off-market. It is expected that all exempt dealers will comply with the Rule.

2. If upon request from the one of the Exchanges and/or the SFC (singularly or collectively "the Regulators" unless the distinction is important) client identity information is provided within two business days, disciplinary action will not be taken.

3. For collective investment schemes, discretionary accounts or discretionary trusts, the only information normally required is the name of the scheme, account or trust in question and the person who ultimately originates the instruction in relation to that transaction (i.e. usually the individual investment manager responsible for the investment decision). The Regulators will not ask for information in relation to subscriptions in, redemptions from or switches between collective investment schemes.

4. The SFC will not specify any particular way to comply with the Rule as long as a registered person has systems in place to ensure that the information can be provided within two business days of the request. One method is by using an agreement whereby the registered person's client would agree to provide the details of the ultimate beneficiary and of the person originating the instruction for a transaction directly to the Regulators on request. The agreement would have to provide that the information would still be available even after the agreement ended.

5. Failure to follow the Rule may reflect on a registered person's fitness and properness. However, where the registered person can demonstrate that it was satisfied on reasonable grounds at the time of the transaction that the required information would be provided in due time, disciplinary action will not be taken.

6. In summary, a registered person is under a duty to know with whom it is dealing. A registered person should ask a client if it is acting as principal or agent. If it is acting as principal, the registered person should record the details as set out in the Rule. If it is acting as an agent, the registered person should find out who the principal is and obtain the required information about the principal. If this information can be provided it should be recorded before the transaction or within two business days. If, for a genuine reason (e.g. confidentiality) it cannot be, the registered person can enter into an arrangement that the information will be provided to the Regulators upon request. A registered person should be satisfied on reasonable grounds about the accuracy of the information obtained or that the information will be provided within the required time upon request.