



HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

10 May 2007

Questions and Answers on Suitability Obligations Published by the Securities and Futures Commission (SFC)

Our Ref.: B1/15C
G16/1C

10 May 2007

The Chief Executive
All Registered Institutions

Dear Sir/Madam,

Questions and Answers on Suitability Obligations Published by the Securities and Futures Commission (SFC)

I am writing to draw your attention to the list of questions and answers on the suitability obligations of Investment Advisers ("FAQ") that has recently been published by the SFC.

The FAQ are applicable to licensed and registered persons who are engaged in financial planning and wealth management business activities relating to the provision of investment advice, making of recommendations and/or solicitation (referred to as "Investment Advisers" or "IAs" in the FAQ). In connection with the suitability obligations stated in paragraph 5.2 of the Code of Conduct¹, the FAQ set out some practical considerations that Investment Advisers should take into account when they seek to comply with the expected standards of conduct stipulated under the Code of Conduct and the Internal Control Guidelines².

I would like to emphasise that, in addition to the requirements in the Code of Conduct and the Internal Control Guidelines, the SFC and the HKMA will take into account compliance with the guidance provided in the FAQ to determine whether a registered institution or its relevant individual is fit and proper to carry out financial planning and wealth management activities in Hong Kong.

You should review the existing systems and practices adopted by your institution to see if they are in compliance with the standards set out in the FAQ. Where necessary, your institution should enhance the systems and controls to meet the standards. The HKMA would monitor the progress of your review in our on-going supervisory process.

Copies of the FAQ are attached as [Annex 1](#) (English version) and [Annex 2](#) (Chinese version). They are also posted on the SFC's public website (www.sfc.hk).

Last revision date : 01 August 2011