HONG KONG MONETARY AUTHORITY
香港金融管理局

Our ref : B1/15C
G16/1C
C2/5C
G12/34/6C

23 December 2020

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

**Frequently Asked Questions on Investor Protection Measures**

Further to the circular issued by the Hong Kong Monetary Authority ("HKMA") on 25 September 2019 in relation to "Investor Protection Measures in respect of Investment, Insurance and Mandatory Provident Fund Products" ("the HKMA Circular"), I am writing to provide further guidance in light of development of the market, enquiries received and recent dialogues with the banking industry.

In particular, guidance is provided regarding provision of investment services using non-face-to-face channels and assessment of customer's concentration risk. Further, flexibility is given to streamlining of the product disclosure of investment products for non-retail banking customers that have financial sophistication to understand the investment products.

The guidance is provided in the form of Frequently Asked Questions ("FAQs") as attached in the **Appendix**.

I would also like to draw your attention to the circular issued by the Securities and Futures Commission ("SFC") to intermediaries today entitled "Frequently Asked Questions on Compliance with Suitability Obligations and Requirements for Complex Products" ("the SFC Circular"), whereby the SFC has updated its

relevant FAQs. In the updated FAQs, the SFC clarifies how to conduct suitability assessment in a proportionate and risk-based manner, including concentration risk assessments. The SFC also clarifies the obligations of intermediaries to explain the features and risks of investment products to clients with different degrees of financial sophistication, and provides guidance on performing product due diligence, disclosing product information and providing warning statements for the sale of complex products on an unsolicited basis.

If you have any questions on this circular, please contact Ms Phielle Lau on 2878-1750 or Ms Anita Chan on 2878-1538 in respect of investment products, and Mr Chris Wong on 2878-1450 or Ms Candy Tam on 2878-1292 in respect of insurance or mandatory provident fund products.

Yours faithfully,

Alan Au
Executive Director (Banking Conduct)

Encl.

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) & General Counsel)

Mandatory Provident Fund Schemes Authority
(Attn: Mr Leo Chu, Chief Operating Officer and Executive Director)

**"The HKMA's circular on "Foreign Exchange Accumulators and Non-leveraged Renminbi-Linked Deposits" dated 7 March 2014 referred in footnote 3 of the Appendix has been superseded by the HKMA's circular dated 14 March 2025 on "Guidance on Selling of Accumulators"."**