

## Hong Kong Investor Identification Regime (HKIDR)

### 1.1 What is the Hong Kong Investor Identification Regime (HKIDR) and the Over-the-Counter Securities Transaction Reporting Regime (OTCR)?

The HKIDR is a real name measure used for trading securities on the trading system of the Stock Exchange of Hong Kong ("SEHK"). Broker is required to disclose to SEHK a Broker-to-Client Assigned Number ("BCAN") which includes relevant identifying information of the client at the time of submission of the client's trading transactions in accordance with SEHK's rules.

Under the OTCR, broker has to: (1) report the Client Identification Data ("CID") of clients, including the transferee and/or transferor of shares, to the Securities and Futures Commission ("SFC") when the broker, whether as principal or agent for clients, makes the relevant transfer; or (2) report the CID of clients to the SFC when the broker, whether as principal or agent for clients, deposits or withdraws physical share certificates.

HKIDR and OTCR are expected to be launched in the second half of 2022 and first half of 2023 respectively (subject to the final announcement of SFC and SEHK).

### 1.2 What is Fast Interface for New Issuance (FINI)?

The Hong Kong Exchanges and Clearing Limited ("HKEX") intends to introduce a new Initial Public Offering ("IPO") settlement platform – FINI tentatively in the second quarter of 2023. Investors can subscribe for shares in either the public offer tranche (EIPO or "e-White" channels) or the international offer tranche of a Hong Kong IPO via FINI.

### 1.3 Why is this system implemented?

It is based on the requirements of the SFC. It helps to identify investors who place orders, thus enhancing risk monitoring of the market.

### 1.4 Will my personal data be sent to the SEHK and the SFC under the HKIDR and the OTCR?

With the express consent of the customer, the customer's personal data will be submitted to the SEHK and the SFC. The information submitted will be used by the regulators for market surveillance and monitoring purposes only and will not be made available for public inspection.



## 1.5 What is Client Identification Data? What information do I need to update?

For individual, client identification data includes the full name of the customer in English and Chinese, the issuing country or jurisdiction of the identity document, the identity document type and the identity document number.

The SFC has specific requirements for verifying the identity of an individual client and the following priority should be observed for the collection of Client Identification Data.

- (1) Hong Kong Identity Card.
- (2) National Identification Document; or
- (3) Passport.

Therefore,

- Hong Kong residents are required to submit their Hong Kong Identity Card
- China residents must submit their Chinese Identity Card (neither the Exit-Entry Permit for Travelling to and from Hong Kong and Macao nor the Exit-Entry Permit for Travelling to and from Hong Kong and Macao will be considered as CID-related documents)
- Macao residents must submit their Macao Identity Card

Simply put, if you open a securities account with a Hong Kong Identity Card and has not changed personal information (e.g. name), you do not need to update your identification information with us. However, if your identification information has been changed or if the account is not opened with the above identification documents in accordance with the mentioned priority, you are required to bring the original identity document to our office to update your identity record with us.

If you fail to provide the specific identification documents in order of priority within the specified time, we can only provide limited service to you after the implementation of HKIDR, i.e. only sell orders to sell your securities holdings.

## 1.6 What is the Identity Document for Corporate Client?

For corporate client, the identity document should be collected in order of (1) a Legal Entity Identifier ("LEI") registration document, (2) a Certificate of Incorporation, (3) a Business Registration Certificate or (4) other equivalent identity document.

If you fail to provide the specific identification documents in order of priority within the specified time, we can only provide limited service to you after the implementation of HKIDR, i.e. only sell orders to sell your securities holdings.



**1.7 Will the implementation of the Hong Kong Investor Identification Code Regime affect my participation in the trading of securities listed on the Stock Exchange of Hong Kong?**

You must expressly agree to authorize us to submit your personal information (i.e., submit the broker client assigned code together with your Client Identification Data to the SEHK and the SFC) in order to continue trading after the implementation of the HKIDR, otherwise you can only place sell orders to sell your securities holdings.

**1.8 Why do I need to give express consent for you to submit my personal data?**

As personal data is protected by the Personal Data (Privacy) Ordinance, we must obtain your express consent before we can submit your personal data, either by signing a paper consent form or by giving express consent to us to submit your personal data through the online trading platform or mobile application.

**1.9 Do I need to provide separate express consent for each individual and joint account?**

Yes, you must provide express consent for all your securities accounts with us. For joint account, all joint account holders have to provide their consents.

Note: Submission of express consent via the online trading platform or mobile application is only available to individual who hold a Hong Kong Identity Card and does not authorize a third party to operate the account. For joint account and individual account with third party authorization, submission via paper consent form is required.

**1.10 How can I give my consent for HKIDR on the online trading platform or mobile application?**

Submission of consent via online channels is very simple. When you login the online stock trading platform or mobile application, the system will pop up the HKIDR Consent Form. If you agree to the consent clauses, simply tick the box at the bottom left and click the "Agree" button.

**1.11 What will happen if I do not give my consent to submit my personal data after the implementation of HKIDR?**

After the implementation of the HKIDR, you will no longer be able to place buy orders on the SEHK and will only be able to place sell orders to sell your securities holdings. And the normal trading services will be resumed after we have received your consent and completely updated your CID.



Note: The SFC and SEHK have announced that the Hong Kong Investor Identification Code Regime will be launched tentatively in Q4 of 2022.

#### **1.12 How do I know if my consent is provided successfully?**

If you do not receive a rejection notice from us after you have submitted your consent, you can assume that the consent was provided successfully.

In addition, if your client identification data does not pass the Exchange's validity check, we will notify you for follow up upon receipt of the Exchange's notification.

#### **1.13 Why did I receive a notification requesting new identification documents?**

As required by the SFC, client identification document need to be kept relevant and up-to-date. So when we conduct regular customer due diligence, and find that your identification document is outdated or do not meet the requirements, we will contact you to request for new identification document. If you fail to provide new identification documents within the specified period, we can only provide limited service to you after the deadline, i.e., only sell orders to sell the securities holding.

#### **1.14 For further enquiry, who should I contact?**

Please refer to the information provided by related parties:

Securities and Futures Commission (SFC)

<https://www.sfc.hk/en/faqs/Investor-identification-and-OTC-securities-reporting>

Hong Kong Exchanges and Clearing Limited (HKEX)

[https://www.hkex.com.hk/Services/Trading/Securities/Overview/Trading-Mechanism/HKIDR?sc\\_lang=en](https://www.hkex.com.hk/Services/Trading/Securities/Overview/Trading-Mechanism/HKIDR?sc_lang=en)