

Hong Kong SFC: E-Signature Verification Proposal to Boost Online Investing

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On 12 July 2018, the Hong Kong Securities and Futures Commission (**SFC**) distributed a [circular](#) providing guidance to Hong Kong intermediaries which intend to onboard and verify individual clients digitally. This guidance was drafted in response to the increasingly common occurrence of electronic transactions where a more efficient onboarding process is necessary.

Intermediaries are required to take all reasonable steps to establish the identity of their clients, including adopting a satisfactory account opening approach for their clients. If clients are not physically present for identification purposes, there will be a higher chance of risks eventuating including impersonation.

Accordingly, to provide flexibility while being consistent with the current approach of the “Code of Conduct for Persons Licensed by or Registered with the SFC”, the SFC has stated that it will accept online verification where an intermediary:

1. obtains an agreement signed with the client’s electronic signature;
2. obtains a copy of the client’s identification document eg an identity card or passport;
3. obtains a transfer of HK\$10,000 or more from each Hong Kong bank account in the client’s name that will be used (**Designated Bank Accounts**);
4. conducts all future deposits and withdrawals only through the Designated Bank Accounts; and
5. maintains readily accessible, proper records of the account opening process for each client.

Intermediaries are reminded to be mindful of the requirements imposed by overseas regulatory authorities when onboarding overseas clients. The SFC will provide further guidance in response to future technological developments.

The circular can be accessed [here](#).

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