

PRESS RELEASE

ASIFMA Report Proposes Industry Guidelines for Know-Your-Client Requirements in Hong Kong

A collaborative approach towards common practices can benefit the entire industry

Hong Kong, 22 April 2020 – [ASIFMA](#), the financial industry's leading regional trade association, today released its new industry report "[ASIFMA Hong Kong Common Practices for Client Onboarding and Refresh](#)". The Hong Kong-specific guidelines were developed with an ASIFMA member group led by [EY](#).

Know Your Customer (KYC) regulations require financial institutions to adopt measures which mitigate the risk of money laundering in a manner that is tailored and commensurate with a financial institution's business profile. In developing a risk-based approach, a financial institution will typically consider factors associated with the geographies it operates in, the clients it seeks to provide services to, the types of products and services it offers and the service channels with which it engages clients. Typically, however, a financial institution will not seek to engage with peer banks to discuss the measures that they adopt.

"Through this report, ASIFMA is seeking to demonstrate that there are benefits to be realised when peer banks take a collaborative approach on KYC requirements in Hong Kong," said Laurence Van der Loo, Director of Technology and Operations at ASIFMA. "Pursuing a collaborative approach may later lead to efficiencies in KYC operations if requirements can be streamlined across different institutions. Specifically, streamlined requirements can improve the likelihood of consistent monitoring measures being adopted by different financial institutions for the same customer."

"Furthermore, from a client's perspective, the application of greater consistency and common practices for KYC requirements would improve the efficiency of information provision and reduce friction in onboarding and renewal processes," added Ms Van der Loo.

"KYC remains a challenge for all financial institutions. The proposal of this ASIFMA common practices in KYC for Hong Kong is an important step towards enhancing and aligning firms' capabilities, enabling efficiency and consistently identifying risk," said David Scott, EY Asia-Pacific Financial Crime Compliance Leader.

The common practices set out in this report aim to provide useful guidance for opening and refreshing new accounts. For this initiative, ASIFMA established a KYC working group including representatives from 15 financial institutions that are active in capital markets, with the objective of documenting common practices for meeting KYC requirements in Hong Kong. The common practices reflect an assessment of actual KYC requirements used by onboarding teams in ASIFMA member banks.

The initiative focused on banks that have both a strong global and regional footprint. Accordingly, participating members often comply with a global or multi-jurisdictional KYC policy which can incorporate

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KYC requirements from other jurisdictions in addition to Hong Kong requirements. As such, this exercise addresses overall requirements that are followed by banks which operate in Hong Kong as opposed to simply Hong Kong regulatory standards.

The common practices set out categorize requirements that apply to the customer at the legal entity level as well as requirements that apply to individuals that hold a specific role associated with that entity. The common practices further categorize requirements that involve obtaining information or a datapoint and requirements that are typically satisfied by obtaining a specific document.

“Our report provides the common baseline requirements for onboarding and KYC refresh in financial institutions which should help establish industry guidelines and further streamline the process for all participants,” concluded Ms Van der Loo.

The full report can be downloaded [here](#).

For media queries, please contact:

Corliss Ruggles, Head of Communications, ASIFMA

Tel: +852 2537 3029 / +852 9359 6996

Email: cruggles@asifma.org

About ASIFMA

[ASIFMA](#) is an independent, regional trade association with over 130 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative and competitive Asian capital markets that are necessary to support the region’s economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the [GFMA](#) alliance with [SIFMA](#) in the United States and [AFME](#) in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

More information about ASIFMA can be found at: www.asifma.org.