

## ASIFMA Hong Kong Common Practices for Client Onboarding and Refresh

10 June 2021

In April 2020, ASIFMA members of the Business KYC Working group (“WG”) agreed on certain Common Practices for Client Onboarding to bring uniformity to the process across the member firms. These Common Practices were published in the form of data points and documents ([ASIFMA Hong Kong Common Practices for Client Onboarding and Refresh](#)). The WG decided to identify potential other commonalities amongst the member firms for best practices, specifically on golden sources of information, certification requirements and the use of the Wolfsberg questionnaire.

In December 2020, ASIFMA, with the support of Protiviti, created a survey that was circulated to the WG, 15 respondents who represent the sell-side responded. These members represent a good cross-section of geographies. Based on the responses the common practices as they relate to the three focus areas are:

### 1. Acceptable Golden Sources:

Almost 60% of respondents use the repositories provided by either Factiva (71%) or Refinitiv (64%) for their Corporate Information Sources and for their Electronic Know Your Customer (“eKYC”) vendors either IHSMARKIT – KYC.com (57%) or Swift (57%). 93% of participants rely on their services to obtain hard copy KYC documentation (director information, ownership structure, authorised signatories etc.) while 86% use their services for sanction and name screening purposes. As expected, 100% of the respondents use Government Registries to obtain KYC information.

### 2. Wolfsberg Questionnaire

Relationship Management Application (“RMA”): 46% of the respondents believe that the Financial Crimes Compliance Questionnaire (“FCCQ”) is sufficient to fulfil internal KYC requirements for RMA relationships only. The remaining 54% of respondents state that the FCCQ meets Anti-Money Laundering (“AML”) requirements for regulated entities but requires additional information when dealing with unregulated entities and to meet relevant sanctions requirements.

Correspondent Banking Relationships: 60% of respondents believe that the Correspondent Banking Due Diligence (“CBDDQ”) is sufficient to fulfil internal KYC requirements. Much like RMA, 40% believe it is a good base but require additional documents either for sanctions or KYC following a risk-based approach.

### 3. Certifications

The vast majority - over 70% of respondents - require at a minimum the following documents to be certified:

- Government-issued identity cards and passports (93%)
- Certificate of incumbency issued by registered agent (79%)
- Certificate of incorporation (71%)

When a financial institution (“FI”) is unable to obtain the aforementioned documents, 64% of respondents report having exception mechanisms in place, which require Compliance approval. Similarly, 43% of FIs have put exemptions in place to allow onboarding to proceed without obtaining “inked” signature documents, whilst still

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requiring the originals to be mailed, with 36% of respondents proceeding with soft copies and additional controls. As customers struggle to find adequate certifiers, all participating FIs maintain a list of acceptable certifiers aligned with the current [HKMA FAQ](#) on this topic and 63% conduct further internet searches or full background checks to determine if the specific certifier used by customers are qualified and reputable.