

Frequently asked questions for the circular on expected controls for account opening and maintaining relationships with clients with investment accounts

(I) Closure of investment accounts that were opened using questionable or forged documents (Measure 1 in Annex 1)

1. If an RI decides to terminate its business relationship with a client after discovering the use of questionable or forged documents but the client is uncontactable, what measures should it take?

The RI should suspend the relevant account from processing and executing any new client-initiated transactions (except for transactions required to close the existing positions or reduce the account balances for settlement of obligations or liabilities) and terminate the business relationship with the client in accordance with the terms of the client agreement.

The RI should continue its attempts to contact the client and ensure that the client assets are properly safeguarded to protect the client's interests until the account is formally closed.

2. If an RI fails to close the relevant accounts within the specified timeframe, how will the HKMA handle the matter?

The RI should notify the HKMA explaining the reasons why the relevant accounts remain open. The HKMA will consider the justifications provided by the RI and handle the matter on a case-by-case basis taking into account the relevant circumstances of the RI.

(II) Closure of zero-balance dormant investment accounts (Measure 2 in Annex 1)

3. If an investment account under an integrated account of a Chinese Mainland investor is identified as a zero-balance dormant investment account, are banks expected to apply the same measures (including suspending and/or closing the account) under Measure 2 in Annex 1 to the non-investment account(s) (e.g. saving account, current account)?

The additional measures specified in Annex 1 are applicable to investment accounts only, including investment accounts under integrated banking accounts, while the non-investment functions (e.g. general saving, current and time deposits, payments, loans and credit cards, etc.) are outside the

scope of the measures. In other words, the suspension and closure only need to be applied on the investment functions of the integrated banking accounts.

4. **If a Chinese Mainland investor maintains more than one investment account with the same RI, and one or some (but not all) of the investment accounts are zero-balance dormant investment accounts, is the RI required to suspend and/or close only those zero-balance dormant investment accounts while the other accounts can be maintained?**

RIs may adopt a relationship-based approach. Where a client maintains at least one non-zero-balance or non-dormant investment account with the RI, the RI is not required to close any zero-balance dormant investment accounts maintained by that client in the client's own name.

5. **For accounts identified as zero-balance dormant investment accounts, where transactional activities occur after the reference date but before suspension takes place, and thus make such accounts no longer dormant, are RIs still required to suspend and close those accounts under the steps in (ii) and (iii) of Measure 2?**

For investment accounts identified as zero-balance dormant investment accounts as of the reference date but subsequently record transactional activities after the reference date and before suspension takes place (e.g. due to the time required for RIs to make preparations, notify the relevant clients and execute suspension actions), RIs are expected to cease accepting further fund deposits, acquisitions of investment products or opening new investment positions until and unless the client has completed the reactivation procedures stated under step (ii) of Measure 2.

In other words, RIs should follow the reactivation procedures to confirm with the clients their information is up-to-date and relevant, obtain the clients' written declarations and ensure the clients would use bank accounts held in their own name with banks licensed in Hong Kong (e.g. the RI itself) or supervised by banking regulators in eligible jurisdictions for settlement and fund deposit and withdrawal purposes, within two weeks from the date when the zero-balance dormant investment accounts are identified.

(III) Opening new investment accounts (Measure 3 in Annex 1)

- 6. In the case of integrated banking accounts, are banks expected to apply the same measures (including written declaration from the Chinese Mainland investor) under Measure 3 in Annex 1 to the non-investment account(s) (e.g. current account, saving account) under the integrated account?**

In the case of integrated banking accounts, Measure 3 only applies to the investment functions but not the non-investment functions. AIs should continue to follow the existing requirements as regards opening of non-investment accounts or non-investment functions of integrated banking accounts.

- 7. Are RIs required to obtain the declaration from Chinese Mainland investors in paper form for opening investment accounts?**

The declaration should be obtained in writing. Such written declaration may be obtained in paper form or via electronic means (e.g. through a website, mobile application, email or other appropriate channels).

(IV) Internal review on account opening documentation as mentioned in the cover circular

- 8. Are there any specific requirements for personnel conducting internal reviews to detect any questionable or forged documents accepted during account opening?**

The personnel should possess the relevant knowledge and skills to conduct the internal review and be independent of the RI's account opening process. Depending on the circumstances, the personnel may be the RI's compliance staff, internal audit staff, or external consultants.

- 9. Regarding the internal review to detect if any questionable or forged documents have been accepted for account opening (as mentioned in the cover circular), could the HKMA provide more guidance on how to scope the review?**

While the HKMA does not prescribe the methods for identifying clients who used questionable or forged documents to open accounts, RIs may refer to

the SFC Circular¹ for examples of irregularities in documents. RIs may adopt a risk-based approach with reasonable methodology and selection criteria for identifying any such case(s). If the review reveals significant deficiencies, the RI should extend the scope, including increasing the sample size of the review.

10. What should RIs pay attention to if they detect suspected questionable or forged documents during the internal review and decide to terminate the relationship with the clients?

Where an RI detects questionable or forged documents, it should follow steps (ii) to (vii) of Measure 1 in Annex 1 to close the identified accounts. When RI terminates the business relationship with the relevant clients, it should ensure proper disclosure of information and adequate communication with the clients regarding the handling of client assets. RIs should also act in accordance with the relevant client agreements and ensure that client assets are properly safeguarded.

(V) Others

11. The HKMA's circular reminds AIs to comply with all relevant legal and regulatory requirements in applicable jurisdictions and refers to the notice jointly issued by the CSRC and other Chinese Mainland authorities on 22 May 2026. Can RIs open new investment accounts for Chinese Mainland investors who come to Hong Kong in person? Can RIs continue to provide services to the existing Chinese Mainland investors?

When Chinese Mainland investors come to Hong Kong in person and approach RIs to open investment accounts or for other investment services, RIs should implement Measure 3 in Annex 1 in relation to declarations and designation of bank accounts, in addition to fulfilling know-your-customer and customer due diligence requirements. RIs may continue to serve existing Chinese Mainland investors provided that, among other things:

- i. No questionable or forged documents were used in their account opening;
- ii. The relevant measures in Annex 1 are adequately implemented; and
- iii. The service is conducted in a manner compliant with the applicable requirements under the notice.

¹ The SFC's circular on expected controls for account opening and maintaining relationships with clients, issued on 22 May 2026.

If the relevant Chinese Mainland investors intend to invest in securities in Hong Kong, RIs may guide eligible investors to make use of cross-boundary investment channels between the Chinese Mainland and Hong Kong. These include opening investment accounts with RIs under the Cross-boundary WMC to invest in eligible wealth management products or investing in eligible Hong Kong-listed stocks and exchange-traded funds via the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect through Chinese Mainland brokers.

Where an RI has questions regarding the interpretation or application of the notice, including whether certain activities carried out by the RI on the Chinese Mainland may be unlawful, it should seek legal advice from a qualified legal adviser.

12. Are the additional measures in Annex 1 applicable to corporate clients and institutional clients?

No. The additional measures target at individual clients and are not applicable to corporate clients and institutional clients.