

## **Additional measures for opening and managing investment accounts of Chinese Mainland investors**

For the purpose of this circular, a “Chinese Mainland investor” refers to an individual investor who uses either or both a resident identity card and a passport issued by the People’s Republic of China as an identification document according to an RI’s records or when opening an investment account.

All RIs should implement Measures 2 and 3 below starting from the date of this circular for managing and opening new investment accounts for Chinese Mainland investors.

All RIs should also ensure that Chinese Mainland investors’ legitimate interests are protected, client assets are properly safeguarded, and applicable requirements are complied with, including but not limited to the Client Securities Rules<sup>1</sup>, the SFC Code of Conduct, the Banking Ordinance, the Anti-Money Laundering and Counter-Terrorist Financing Ordinance and the Code of Banking Practice, as well as relevant guidance issued by the SFC and the HKMA<sup>2</sup>.

For the avoidance of doubt, investment accounts opened under schemes or arrangements jointly developed by regulators in Hong Kong and the Chinese Mainland, such as the Southbound Scheme clients under the Cross-boundary Wealth Management Connect Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area, shall continue to follow the existing requirements and guidance and do not need to follow the measures stated in this Annex 1.

### **Measure 1: Closure of investment accounts that were opened using questionable or forged documents**

- (i) Conduct a review of account opening activities (“Account Opening Review”) upon the HKMA’s request<sup>3</sup>:
  - (a) Identify client investment accounts opened since January 2023, or any other timeframe specified by the HKMA, that have used questionable

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<sup>1</sup> Securities and Futures (Client Securities) Rules.

<sup>2</sup> Including but not limited to the HKMA’s circular dated 23 February 2017 on “Guidance on selling of investment products and handling of client securities” and the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Authorized Institutions) (“AML Guideline”).

<sup>3</sup> The HKMA will adopt a risk-based approach and request selected RIs to implement Measure 1. The selected RIs will be notified by the HKMA separately.

or forged documents, including proof of identity<sup>4</sup>;

- (b) For each of those accounts opened using questionable or forged documents, identify the party(ies) responsible for providing the questionable or forged documents and the person(s) responsible for the control failings; and
- (c) The Account Opening Review shall be conducted by an independent party (internal or external) and in accordance with the scope and methodology prescribed by the HKMA. It should be completed within three months from the date of the HKMA's request. RIs which are unable to complete the review within this timeframe must notify the HKMA<sup>5</sup> immediately upon becoming aware of the situation, and in any case no later than one month after the HKMA's request, unless there is reasonable justification.

RIs may refer to Finding 1 in Appendix A to the SFC Circular for examples of irregularities in documents.

- (ii) Give advance written notice to the clients of the accounts identified in (i) above for the suspension of 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 the intended closure of the accounts.

RIs should allow reasonable time for clients to manage the assets in their accounts, such as unwinding their positions and transferring funds to their bank accounts (particularly from which the funds were first transferred to their accounts, to the extent possible). Once all client assets have been withdrawn or disposed of, RIs should close the accounts as soon as practicable.

- (iii) RIs are expected to close the identified accounts in (i) above within six months from the date of the completion of the Account Opening Review, unless under exceptional circumstances (e.g. investment accounts subject to court orders). RIs should maintain proper records of the justifications for

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<sup>4</sup> For proof of identity, client identity verification through the use of certification services provided by certification authorities whose electronic certificates have obtained [mutual recognition status](#) accepted by the HKSAR Government is considered low risk. RIs may exclude from their reviews the documentation generated by such certification authorities for proof of a client's identity if the clients were onboarded using this account opening approach.

<sup>5</sup> RIs may discuss with the HKMA for any reasonable justification (e.g. more time is required by the internal party or external consultant engaged by RIs for identifying such accounts).

not closing the accounts in time.

- (iv) Act in accordance with client agreements and ensure that all client assets, if any, are properly safeguarded and that client interests remain adequately protected until the accounts are formally closed.
- (v) Allocate sufficient resources to handle any client enquiries and complaints.
- (vi) Review the transactions in the identified accounts for any red flags of suspicious activities and make appropriate reports to law enforcement agencies (e.g. report on the use of questionable or forged document, suspicious transaction reports) where necessary.
- (vii) Prohibit the clients of the accounts concerned identified in (i) above from opening any investment accounts with the RI or any of its affiliated firms in the future.

## **Measure 2: Closure of zero-balance dormant investment accounts**

A “zero-balance dormant investment account” refers to an investment account held by a Chinese Mainland investor that has no asset balance as of 22 May 2026 (“reference date”) and did not have client-initiated activity in the 12 months preceding the reference date.

RIs should implement the following measures to reduce unnecessary risks (e.g. accounts being exploited by illicit actors) associated with the zero-balance dormant investment accounts.

- (i) Conduct a review to identify all zero-balance dormant investment accounts (“Dormant Account Review”) within three months from the date of this circular.
- (ii) Give advance written notice to clients of the identified accounts about the suspension of the accounts and the closure of the accounts (refer to (iii) of this Measure 2), if the procedures in (a) and (b) of this measure cannot be satisfactorily completed, and suspend the accounts from any new transactions unless and until the RI is able to satisfactorily complete the following reactivation procedures:
  - (a) Contact the identified clients and confirm with them the know-your-client and customer due diligence information are up-to-date and

relevant<sup>6</sup>; and

- (b) Perform the measures in (i) and (ii) of Measure 3 below in relation to clients' declarations and bank accounts respectively.

RIs should maintain proper records for the procedures conducted for each client's account in a manner that is readily accessible for compliance checks and audit purposes.

- (iii) Close the identified accounts within six months from the date of this circular if the RI could not satisfactorily complete the steps in (ii) above unless under exceptional circumstances (such as extenuating circumstances of the clients). RIs should maintain proper records of the justifications for not closing the accounts in time.
- (iv) Act in accordance with client agreements and provide support to the clients as appropriate with a view to ensuring that client interests remain adequately protected until the accounts are formally closed.
- (v) Allocate sufficient resources to handle any client enquiries and complaints.

If the client accounts identified in the Dormant Account Review involved the use of questionable or forged documents, RIs should terminate the business relationship with these clients by following steps (ii) to (vii) of Measure 1 above for the closure of accounts, instead of following steps (ii) to (v) of this Measure 2.

RIs shall provide reports of the Account Opening Review and the Dormant Account Review to the HKMA upon request. For RIs found to be conducting the reviews or handling the account closures and client enquiries and complaints unsatisfactorily, the HKMA will consider appropriate risk mitigation measures and supervisory action to restrict the RI's regulated activities, including but not limited to solicitation and account opening activities.

### **Measure 3: Opening new investment accounts**

Where Chinese Mainland investors approach RIs for opening investment accounts, RIs should implement the following measures, irrespective of the account opening approaches used by RIs for onboarding them.

- (i) Obtain a written declaration from the Chinese Mainland investor:

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<sup>6</sup> Paragraph 5.2 of the AML Guideline.

- (a) Confirming that all funds which support the investment activities and related settlements are from lawful sources outside of the Chinese Mainland;
  - (b) Confirming that the investor does not have an account that was previously closed or suspended by any LCs or RIs due to the use of questionable or forged documents;
  - (c) Undertaking that the investor will notify the RI within 7 business days in the event of any changes in the information in the investor's written declaration; and
  - (d) Confirming that the investor understands that upon requests from law enforcement agencies or regulatory authorities, the RI may disclose the investor's personal and other relevant information.
- (ii) Require the investor to use bank accounts held in the investor's own name with banks licensed in Hong Kong (e.g. the RI itself) or supervised by banking regulators in eligible jurisdictions<sup>7</sup> for settlement purposes, and ensure that all future deposits and withdrawals for the investment account are conducted exclusively through these bank accounts.
  - (iii) Close the client investment account if the client's funding sources are subsequently found to be unlawful or in violation of any capital control regulations of the Chinese Mainland. RIs should refer to steps (ii) to (vii) under Measure 1 above for the closure of these accounts.
  - (iv) Maintain proper records for each client's account opening process in a manner that is readily accessible for compliance checks and audit purposes.
  - (v) Provide information to the HKMA upon request, including but not limited to, the number and details of the new investment accounts opened during a specified period and the clients' written declarations as per (i) above.

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<sup>7</sup> The [list of eligible jurisdictions](#) published on the SFC's webpage under "Acceptable account opening approaches" is adopted for this purpose.