

Appendix B

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 LC’s records or when opening an investment account.

All LCs should implement Measure 3 below starting from the date of this circular when opening new investment accounts for Chinese Mainland investors.

All LCs 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 Money Rules¹ and the Client Securities Rules², the Code of Conduct and the AML/CFT Guideline, as well as relevant guidance issued by the SFC.

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 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 Appendix.

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 SFC’s request³:
 - (a) Identify client investment accounts opened since January 2023, or any other timeframe specified by the SFC, that have used questionable or forged documents, including documents submitted as proof of having investment accounts maintained with other LCs (such as statements of account issued by those LCs) and proof of identity⁴;
 - (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 external consultant and in accordance with the scope and methodology prescribed by the

¹ Securities and Futures (Client Money) Rules.

² Securities and Futures (Client Securities) Rules.

³ The SFC will adopt a risk-based approach and request selected LCs to implement Measure 1. The selected LCs will be notified by the SFC separately.

⁴ 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. LCs 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.

SFC. It should be completed within three months from the date of the SFC's request. LCs which are unable to complete the review within this timeframe must notify the SFC⁵ immediately upon becoming aware of the situation, and in any case no later than one month after the SFC's request, unless there is reasonable justification.

LCs may refer to Finding 1 in **Appendix A** to this 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.

LCs 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, LCs should close the accounts as soon as practicable.

- (iii) LCs 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 (eg, investment accounts subject to court orders). LCs should maintain proper records of the justifications for 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 (eg, 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 LC 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 or any other date specified by the SFC (**reference date**) and did not have client-initiated activity in the 12 months preceding the reference date.

⁵ LCs may discuss with their case officers for any reasonable justification (eg, more time is required by the external consultant engaged by LCs for identifying such accounts).

Upon the SFC's request, LCs should implement the following measures to reduce unnecessary risks (eg, accounts being exploited by illicit actors⁶) associated with the zero-balance dormant investment accounts⁷.

- (i) Conduct a review to identify all zero-balance dormant investment accounts (**Dormant Account Review**) within three months from the date of the SFC's request.
- (ii) Give advance notice to clients of the identified accounts and suspend the accounts from any new transactions unless and until the LC 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 relevant⁸; and
 - (b) Perform the measures in (i) and (ii) of Measure 3 below in relation to clients' declarations and bank accounts respectively.

LCs 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 the SFC's request if the LC could not satisfactorily complete the steps in (ii) above unless under exceptional circumstances (such as extenuating circumstances of the clients). LCs 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, LCs 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.

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

⁶ In particular, as set out in paragraph 7 of the SFC's [circular](#) on "Detection and prevention of potential layering activities in money laundering", most of the accounts exhibiting patterns of layering activities typically remain inactive after all funds have been withdrawn. In addition, some of these accounts were found to be held by Chinese Mainland clients who provided forged documents to brokers during account opening.

⁷ The SFC will adopt a risk-based approach and request selected LCs to implement Measure 2. The selected LCs will be notified by the SFC separately.

⁸ Paragraph 5.2 of the AML/CFT Guideline.

Measure 3: Opening new investment accounts

Where Chinese Mainland investors approach LCs for opening investment accounts, LCs should implement the following measures, irrespective of the account opening approaches used by LCs for onboarding them. These measures are in addition to LCs' ongoing legal and regulatory obligations, including those relating to account opening, AML/CFT (e.g. transaction monitoring) and record keeping.

- (i) Obtain a written declaration from the Chinese Mainland investor:
 - (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 banks due to the use of questionable or forged documents;
 - (c) Undertaking that the investor will notify the LC 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 LC 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 or supervised by banking regulators in eligible jurisdictions⁹ 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. LCs should refer to steps (ii)-(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 SFC 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.

⁹ The [list of eligible jurisdictions](#) published on the SFC's webpage under "Acceptable account opening approaches" is adopted for this purpose.