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Consultation Paper on proposals to amend the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission in relation to the establishment of the Financial Dispute Resolution Centre Ltd and the enhancement of the regulatory framework

Q1. Do you agree that firms should be obliged to inform clients of their right to make complaints to the FDRC if the complaints cannot be resolved internally?

ipac HK: We agree that firms should be obliged to inform clients of their right to make complaints to the FDRC if the complaints cannot be resolved internally; such information should be included in the Client Agreement.

Q2 Do you think that firms should consider the subject matter of a complaint received from a client and if the subject matter of the complaint relates to other clients, or raises issues of broader concern, firms should take steps to investigate and remedy these issues notwithstanding that the other clients may not have filed complaints with the licensed or registered persons and/or the FDRC?

ipac HK: We agree that firms should consider the subject matter of a complaint received from a client and if the subject matter of the complaint relates to other clients, or raises issues of broader concern, firms should take steps to investigate and remedy these issues notwithstanding that the other clients may not have filed complaints with the licensed or registered persons and/or the FDRC. However, it should be made clear in the Code that whilst the issues should be investigated, there should be no obligation to inform all the clients unless the matter relates to them.

Q3 Do you agree that:

(a) firms should notify the SFC upon receipt of a complaint to the FDRC?

ipac HK: We do not agree that firm should notify the SFC upon receipt a complaint to the FDRC. Reference from similar requirements in the UK, Australia and Singapore, the reports are provided to the relevant regulator on a quarterly or semi-annually basis; complaints to the FDRC should also be submitted to the SFC on a quarterly basis.

Furthermore, complaint report should be provided to the SFC from the FDRC directly. Requiring firms to submit complaint report to the SFC incurs additional compliance costs to the firms, while the firms should focus on working out a solution towards a complaint with the FDRC.

Q3 Do you agree that:

(b) firms should provide the documentation and information referred to in paragraph 21(b) and (c) above?

ipac HK: We agree that firms should provide all information necessary to the SFC, but the complaint report should be provided to the SFC directly from the FDRC on a quarterly basis.

Q4 Para. Do you agree that licensed or registered persons should make full and frank disclosure before mediators and/or arbitrators, and render all reasonable assistance to the FDRC process?

ipac HK: We agree that licensed or registered persons should make full and frank disclosure before mediators and/or arbitrators, and render all reasonable assistance to the FDRC process.

Q5 Do you agree that telephone recordings of order instructions received from clients should be retained for at least six months?

ipac HK: We agree that telephone recordings of order instructions received from clients should be retained for at least six months.

Q6 Do you agree with the proposed prohibition on using mobile phones for receiving order instructions from clients? If not, do you have any alternative proposals that would achieve the same objective (e.g. permit the use of corporate mobile phones that record all incoming and outgoing calls)?

ipac HK: We agree with the proposed prohibition on using mobile phones for receiving order instructions from clients.

Q7 Do you agree with the proposed IP address record keeping requirement?

ipac HK: We agree that the IP address records should be retained for a minimum period of six months. However, it should be made clear in the Code that this requirement is only applicable to trading system which records clients' online transactions, but not systems where investment information is accessed without any transactional capability or functionality of any kind.

Q8 Do you agree with the proposed amendments to paragraph 7.1 of the Code?

ipac HK: We agree with the proposed amendments to paragraph 7.1 of the Code.

Q9 Do you agree with the proposed extension of the reporting requirement?

ipac HK: We agree with the proposed extension of the reporting requirement.

Q10 Do you agree with this proposal requiring firms not to prohibit their employees from performing expert witness services?

ipac HK: We agree with this proposal requiring firms not to prohibit their employees from performing expert witness services. It should also be made clear in the Code that this requirement "not to prohibit" does not override the individual's right to consent to act as an expert witness.