

hkaob

The HK Association of Online Brokers

香港網上經紀協會

CB(1)842/10-11(03)

By Fax : 2121 0420

14 December 2010

The Chairman

Bills Committee on Anti-Money Laundering and Counter-Terrorist Financing

(Financial Institutions) Bill

Legislative Council

Dear Sirs/Madam,

We refer to your letter of 2 December 2010 (Ref: CB1/BC/01/10) inviting our Association to give views on the Bill.

There were two areas of concern which we would like to draw the attention of the Committee as follows:-

- 1) We find the customer due diligence and record-keeping requirements similar to the Know Your Client provisions in the Securities and Futures Ordinance ("SFO"). However, under the Bill, we are additionally required to update clients' data every two years irrespective whether they are active or inactive clients. Under the normal client account agreement it is stipulated that in case of any change of client's particulars, the client is required to notify the other party immediately to ensure that all data are kept current and updated. With the introduction of the provisions under the Bill, our members will be obliged to follow up on particulars of each and every client and will be exposed to possible regulatory sanctions and liability as a result of non-responding clients; and
- 2) Under the SFO pecuniary penalty has been introduced under the Fining Provision and a fining guideline has been established to ensure that such power will not be abused by the relevant authority. The provision under the SFO has been in force for quite some time and we would recommend that a compatible legislation be introduced under the Bill to avoid double standards to be administrated by the relevant authority.

香港網上經紀協會有限公司

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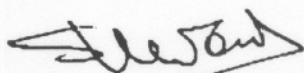
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We would appreciate it very much if the concerned areas will be properly addressed by the Bills Committee.

Yours sincerely,

For and on behalf of

The Hong Kong Association of Online Brokers Limited



Peter Wong

Chairman