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SFC reminds licensed corporations to handle clients' enquiries

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The Securities and Futures Commission (SFC) today issued a [circular](#) to require all licensed corporations to establish and maintain policies and procedures to ensure the proper management of risks if they provide services to clients through overseas counterparties.

Licensed corporations are also reminded to explain to their clients the risks associated with such trading activities as set out in the Code of Conduct (Note 1). These include the risks of client assets received or held outside Hong Kong as such assets may not be subject to the same protection as that conferred on client assets received or held in Hong Kong.

It would also be in the interests of clients for licensed corporations to inform them of other risks of conducting transactions in other jurisdictions. For example, overseas markets may be subject to regulation which may offer different or diminished investor protection and a local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where the clients' transactions have been effected.

In addition, licensed corporations involved in transactions conducted through MF Global Group are again reminded to take a proactive role in dealing with clients' enquiries and concerns. Licensed corporations should also maintain close contact with the Provisional Liquidators in order to address clients' enquiries and concerns, particularly regarding client assets (Note 2).

End

Notes:

1. Code of Conduct for Persons Licensed by or Registered with the SFC.
2. For MF Global Hong Kong Limited, Mr Patrick Cowley, Mr Fergal Thomas Power and Ms Lui Yee Man of KPMG are appointed as Provisional Liquidators of the firm and may be contacted at 2913 2539 or by email at mfglobalhk@kpmg.com.

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