



## Investor identification regime

This leaflet briefly summarises the investor identification regime and draws investors' attention to some important matters. The regime will be implemented in the second half of 2022 at the earliest. Please visit the Securities and Futures Commission's (SFC) [website](https://www.sfc.hk) for more information.

### Why introduce an investor identification regime?



- Currently, the SFC can only identify exchange participants (ie, brokers) which place securities orders directly through the Stock Exchange of Hong Kong's (SEHK) trading system.
- When the SFC detects suspicious trading activities, it needs to seek information from brokers about the actual investors behind the trades. This limits the effectiveness of its market surveillance work.
- With an investor identification regime, the SFC could quickly obtain information about investors who place orders. This will enhance the SFC's market surveillance function, help maintain market integrity and strengthen investor protection, thereby promoting the long-term development of the market.



### Key features and cooperation required from investors

- Under the investor identification regime, brokers will submit individual clients' identity information (including name and identity document number, type, and place of issue) to a secured data repository of SEHK. If investors have Hong Kong identity cards but used different identity documents to open accounts, brokers will need to follow up with them to update their identity information with their Hong Kong identity card information.



- To comply with the Personal Data (Privacy) Ordinance, brokers will have to obtain their clients' consent before submitting their personal identity information to the secured data repository. Clients who have not provided this consent will still be able to sell their securities but will not be able to purchase securities until they do so.
- When investigating suspicious market activity, the SFC will use the Broker-to-Client Assigned Number, which is inputted by brokers when placing a securities order, to access the identity information in the secured data repository to identify the investor.



### Data security



The information in the data repository is encrypted and is only accessible by authorised personnel of the SFC and SEHK. Data security and access control measures will be updated regularly with the latest technological developments. Detailed audit trails are maintained of all access, and unauthorised access will be investigated.

Note 1: If an investor's investment account is maintained at a bank, the bank will obtain the individual's consent and submit the identity information to the secured data repository.

Note 2: The "Broker-to-Client Assigned Number" is an internal code assigned by brokers and banks to each of their clients. When placing a securities order, brokers and banks must input their own central entity number and their client's internal code. Personal information, including names and identity card numbers, will not be included in securities orders.