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The Chief Executive All Registered Institutions

Dear Sir / Madam,

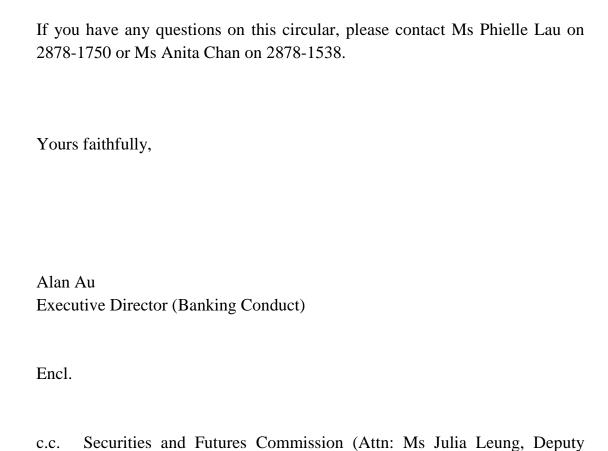
Simplified Arrangements for Sale and Distribution of Eligible Retail Bonds Issued by Government and Related Organisations

Following a holistic review, the Hong Kong Monetary Authority ("HKMA") issued on 25 September 2019 a circular on "Investor Protection Measures in respect of Investment, Insurance and Mandatory Provident Fund Products" to refine the investor protection measures with an objective to enhance customer experience while according protection to customers. In line with this spirit and following a risk-based approach, the HKMA considers it appropriate to correspondingly streamline the sale and distribution process for eligible plain vanilla and low-risk retail bonds issued by government and related organisations.

Registered institutions ("RIs") can execute customers' orders of these bonds without triggering the suitability requirement if solicitation or recommendation is not involved. Where there is solicitation recommendation, RIs may adopt a risk-based approach in performing suitability assessment, having regard to the nature, structure and risks of these bonds. Further, RIs are not required to audio-record face-to-face sale process or implement companion requirement for vulnerable customers in respect of these bonds. Detailed guidance is set out in the Annex.

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Chief Executive Officer and Executive Director (Intermediaries))