FREQUENTLY ASKED QUESTIONS IN RELATION TO THE REQUIREMENTS ON ACCOUNT OPENING AND CLIENT ONBOARDING

(1) Issue :   Knowledge about client

Relevant Rule :   Rule 4.11(1)(a) and Paragraph 6 of Directive No. 4-001

Question :   Any guideline(s) or benchmarks(s) from BMDC on how should this Rule be implemented?

Answer :   General Clearing Participants should start with the account opening forms where adequate questionnaires be provided for potential Clients to fill up. For existing Clients, the same questionnaires should be filled up by Clients as to the requirements of the said Rule. Thereon the General Clearing Participant should categorize such persons as to their creditworthiness, background, investment objectives and knowledge in investment management. This will assist the General Clearing Participant to know which Clients need detailed guidance and which Clients can be left to their own complete judgment.

General Clearing Participants may also obtain essential information about a potential Client through the usage of reliable electronic know-your-client database services.

(2) Issue :   Account opening through electronic means

Relevant Rule : Rule 4.11(1)(b)

Question :   Can a General Clearing Participant allow a potential Client to submit an application form to open an account through electronic means?

Answer :   A General Clearing Participant may allow the submission of an account opening application through an online or paperless account opening submission, which may include the use of digital signature or electronic signature complying with the relevant laws such as Digital Signature Act 1997 and Electronic Commerce Act 2006.

(3) Issue: New Technology to on-board a Client

Relevant Rule : Rule 4.11(1)(b) and Paragraph 7.1(4)(f) of Directive 4-001

Question :   What are the standards that General Clearing Participants need to adhere to in using new technology, such as biometric technology, to on-board a Client?

Answer :   General Clearing Participants that rely on new technology solutions to perform a non face-to-face verification method should ensure that these solutions must be able to effectively identify and verify the identity of the potential Client. For example, the solution should be able to, amongst others:

a)   perform facial recognition and match against the photo on the potential Client's identification document;

b)   detect any manipulation or alteration made to a video or photo, if any; or

c)   verify the biometric or information of the potential Client against a government database.

[End of Frequently Asked Questions]