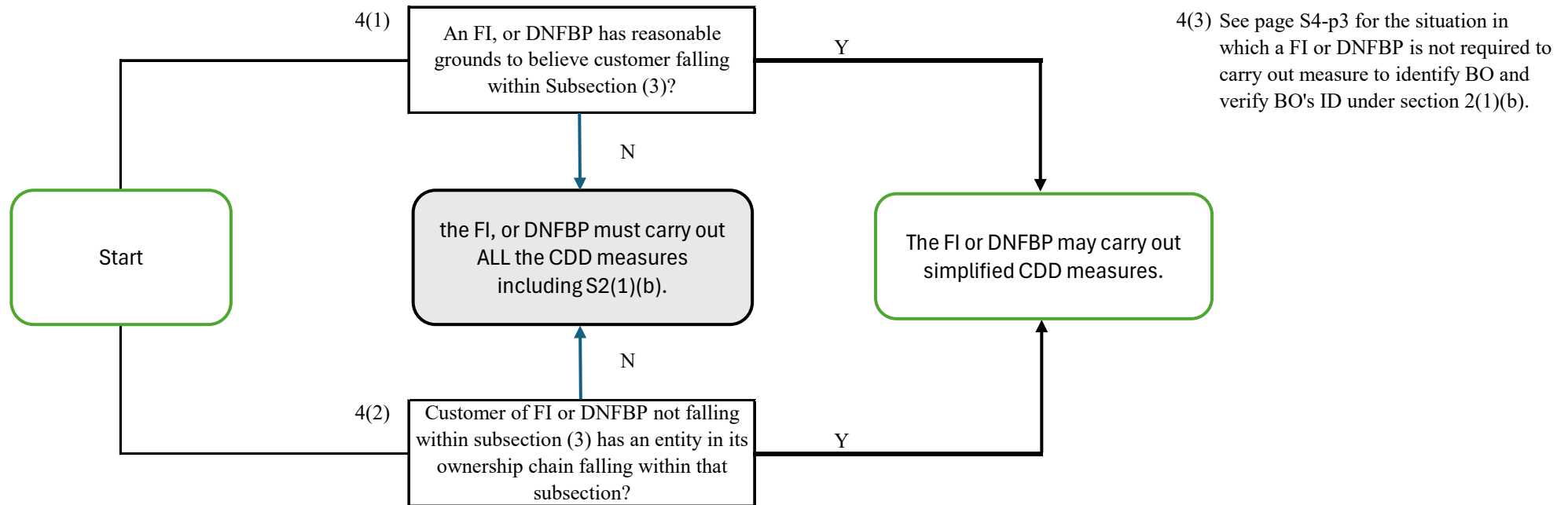
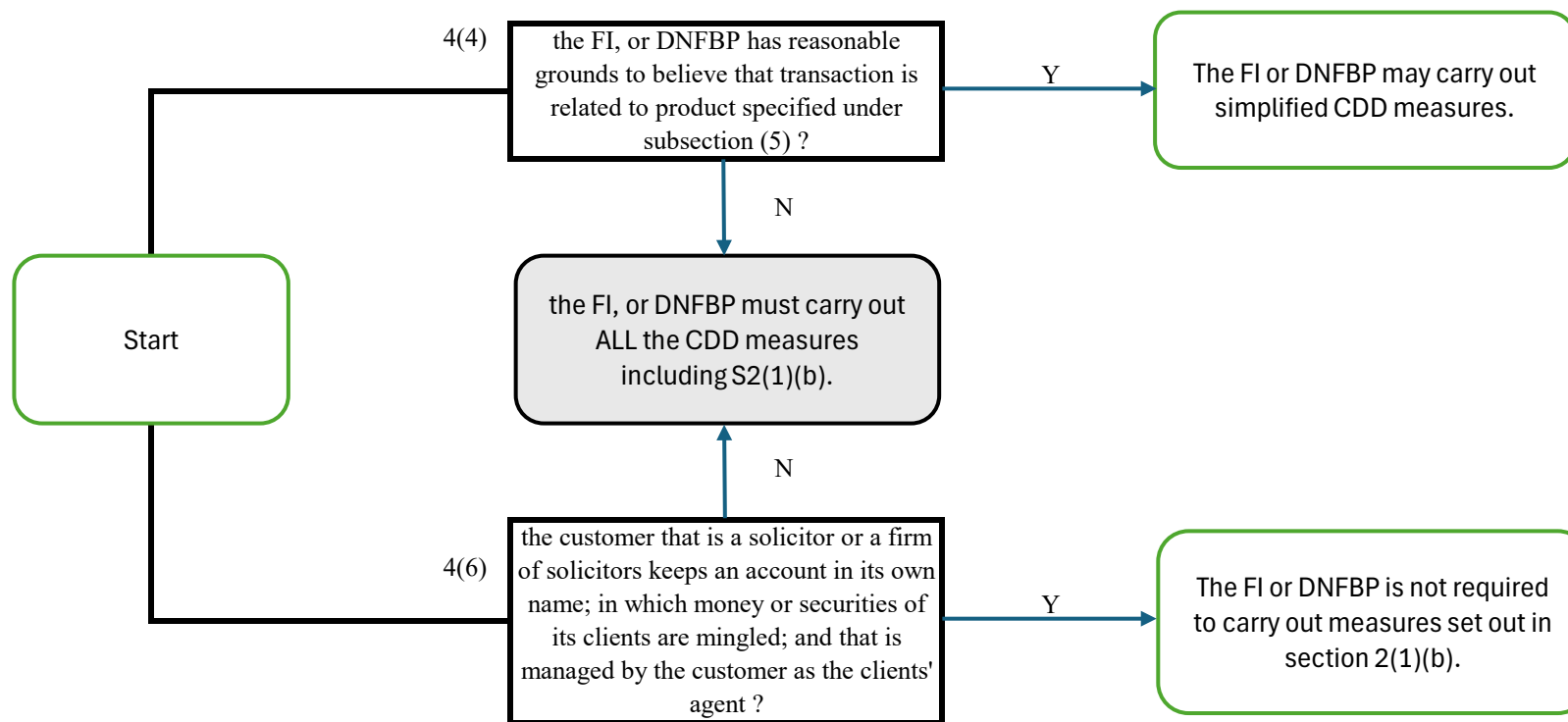


4. Simplified customer due diligence

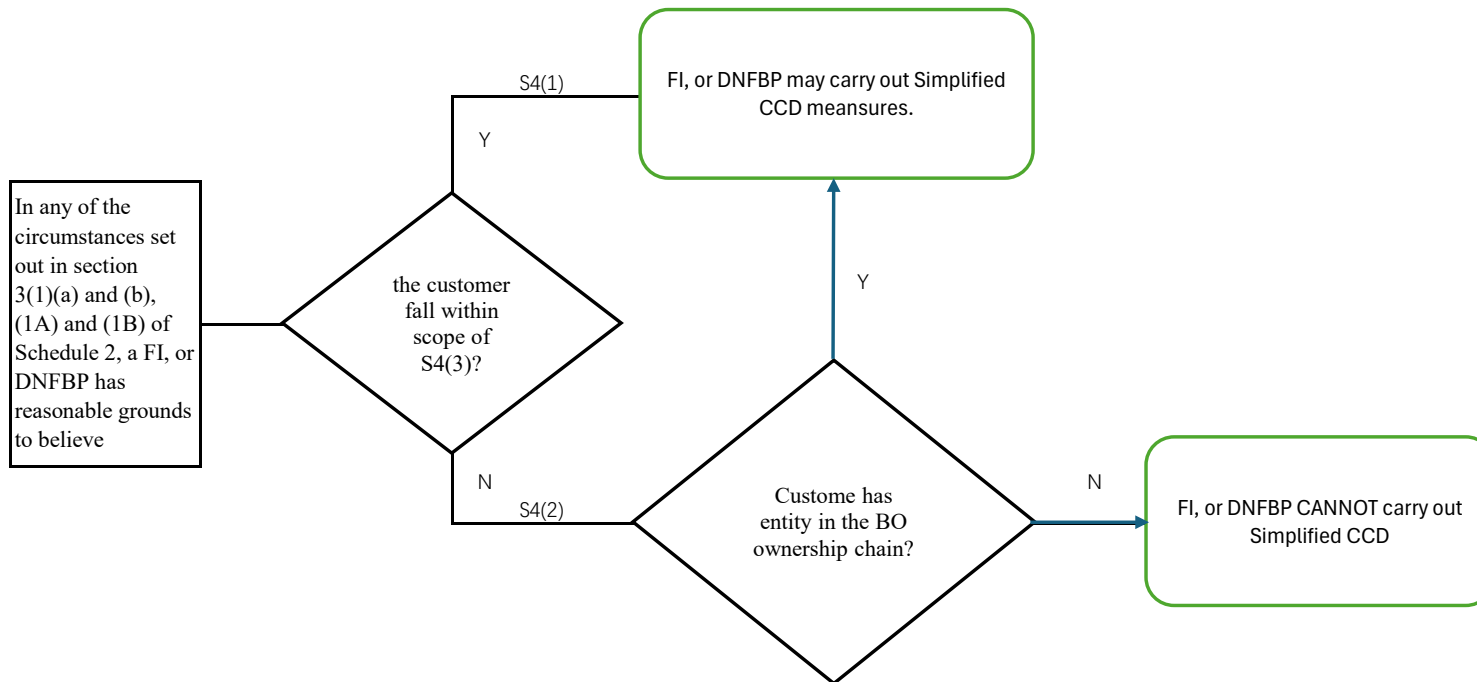
- (1) In any of the circumstances set out in section 3(1)(a) and (b), (1A) and (1B) of this Schedule, a financial institution or a DNFBP may, instead of carrying out all the customer due diligence measures, carry out only the measures set out in section 2(1)(a), (ab), (c) and (d) of this Schedule in relation to a customer if the financial institution or the DNFBP has reasonable grounds to believe that the customer falls within subsection (3).
- (2) If a customer of a financial institution or a DNFBP not falling within subsection (3) has in the customer's beneficial ownership chain an entity that falls within that subsection, the financial institution or the DNFBP is not required, when carrying out the measure set out in section 2(1)(b) of this Schedule in respect of the beneficial owners in that chain in any of the circumstances set out in section 3(1)(a) and (b), (1A) and (1B) of this Schedule, to identify, or verify the identities of, the beneficial owners of that entity or of any person in that chain beyond that entity.



- (4) In any of the circumstances set out in section 3(1)(a) and (b), (1A) and (1B) of this Schedule, a financial institution or a DNFBP may, instead of carrying out all the customer due diligence measures, carry out only the measures set out in section 2(1)(a), (ab), (c) and (d) of this Schedule in relation to a customer if the financial institution or the DNFBP has reasonable grounds to believe that the product related to the transaction falls within subsection (5).



- (5) The product is—
- (a) a provident, pension, retirement or superannuation scheme (however described) that provides retirement benefits to employees, where contributions to the scheme are made by way of deduction from income from employment and the scheme rules do not permit the assignment of a member's interest under the scheme;
 - (b) an insurance policy for the purposes of a provident, pension, retirement or superannuation scheme (however described) that does not contain a surrender clause and cannot be used as a collateral; or
 - (c) a life insurance policy in respect of which—
 - (i) an annual premium of no more than \$8,000 or an equivalent amount in any other currency is payable; or
 - (ii) a single premium of no more than \$20,000 or an equivalent amount in any other currency is payable.
- (6) If a customer of a financial institution is a solicitor or a firm of solicitors, the financial institution is not required, in any of the circumstances set out in section 3(1)(a) and (b), (1A) and (1B) of this Schedule, to carry out the measure set out in section 2(1)(b) of this Schedule in relation to an account—
- (a) that is kept in the name of the customer;
 - (b) in which moneys or securities of the customer's clients are mingled; and
 - (c) that is managed by the customer as those clients' agent.



- 4(3) The customer is—
- (a) a financial institution;
 - (b) an institution that—
 - (i) is incorporated or established in an equivalent jurisdiction;
 - (ii) carries on a business similar to that carried on by a financial institution;
 - (iii) has measures in place to ensure compliance with requirements similar to those imposed under this Schedule; and
 - (iv) is supervised for compliance with those requirements by an authority in that jurisdiction that performs functions similar to those of any of the relevant authorities;
 - (c) a corporation listed on any stock exchange;
 - (d) an investment vehicle where the person responsible for carrying out measures that are similar to the customer due diligence measures in relation to all the investors of the investment vehicle is—
 - (i) a financial institution;
 - (ii) an institution that—
 - (A) is incorporated or established in Hong Kong;
 - (B) has measures in place to ensure compliance with requirements similar to those imposed under this Schedule; and
 - (C) is supervised for compliance with those requirements; or
 - (iii) an institution that—
 - (A) is incorporated or established in an equivalent jurisdiction;
 - (B) has measures in place to ensure compliance with requirements similar to those imposed under this Schedule; and
 - (C) is supervised for compliance with those requirements;
 - (e) the Government or any public body in Hong Kong; or
 - (f) the government of an equivalent jurisdiction or a body in an equivalent jurisdiction that performs functions similar to those of a public body.

It is observed that -

The entities provided under S4(3) are similar to the exempt beneficial owners (FATCA), and some of the non-reporting financial institutions (CRS).