



Hong Kong Investor Protection Data Package

Comprehensive Regulatory Data Coverage for Traditional and Digital Investment Products

Coping with crypto-related regulations is a new challenge for Wealth Advisors and banks who offer products with direct or indirect Crypto exposure to investors. SIX continuously monitors globally regulatory changes affecting crypto products to support financial intermediaries in being compliant with Investor Protection regulatory requirements.

The Challenge

On 28 January 2022, the Hong Kong Monetary Authority (HKMA) and Securities and Futures Commission (SFC) released a new joint circular on intermediaries' virtual asset-related activities aimed at banks, intermediaries, and insurers providing services in connection with virtual assets, which came with a series of challenges for financial institutions:

- Labour-intensive and difficult task to perform product suitability checks manually.
- Difficulty to develop required flags in-house.
- Data is not available from most providers as they are not looking to develop this solution in the near term.
- Serious repercussions and penalties for non-compliance, which can include heavy fines, reputational loss, and imprisonment.
- Very tight implementation phase, as the regulations will come into force in Q3 2022, which leaves little time to acquire, test and implement solutions.

The SIX Solution

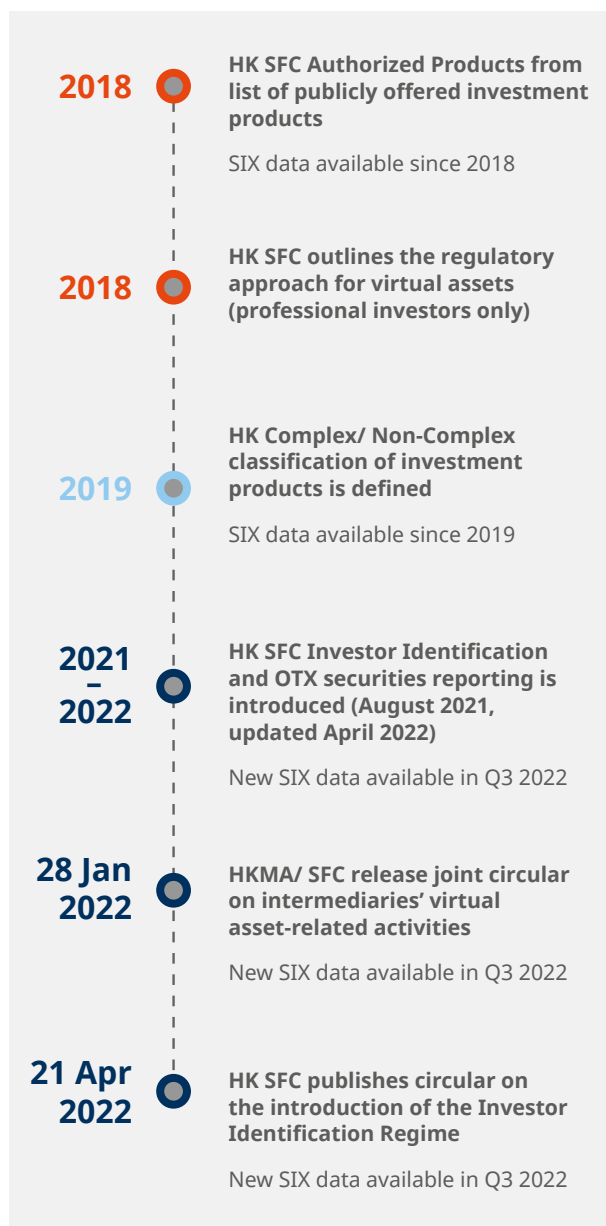
The Digital Assets Reference and Regulatory Data offering from SIX is a way to ensure that Crypto products are classified and offered or distributed to target investor groups as defined in the Circular. The SIX solution ensures that the Asset Taxonomy for Crypto Assets, combined with the existing SIX offering, support our customers in being compliant with Investor Protection regulations.

Our offering will include new classifications for HK Virtual Asset and Virtual Asset-related instruments, as well as HK SFC Authorized Products, HK Complex/ Non-complex classification.

Key Benefits

- ➔ Comply easily with the suitability requirements for Investor Protection in Hong Kong regulatory regimes.
- ➔ Gain access to a complete data package from a trusted provider with proven track-record of offering high-quality regulatory data.
- ➔ Use of industry-proven HK Complex/ Non-complex flag.
- ➔ Investor Protection data and Crypto classification will be delivered in existing SIX data structures facilitating an on-time implementation of the data.
- ➔ SIX HK Investor Protection data in use by established service facilitators and partners of SIX.
- ➔ Data can be delivered in both our proprietary VDF (EDIFACT) format or .csv format.

Regulatory Timeline for the Hong Kong Investor Protection Data Package from SIX



Comprehensive Hong Kong Data Offering

- Hong Kong Securities & Futures Commission Non-complex and complex products
- Hong Kong Securities & Futures Commission Authorized Products
- Hong Kong Monetary Authority Authorized Debt Products
- Hong Kong Investor Identification Regime (HKIDR)
- Marking of virtual asset (VA) and VA-related products
- Non-complex/complex classification of VA-related products
- Selling restrictions/ target market assignment
- Classification of SFC-licensed VA trading platforms (SFC-licensed platforms)

Content Features on Digital Assets/Reference data

- Classification of asset tokens, payment/exchange tokens and utility tokens
- Classification of cryptocurrencies
- Classification of traditional or virtual instruments/ tokens that reference to Crypto Asset Underlying
- Identification across financial instruments of "Exposure to crypto underlying"
- Instrument delivery mode: Digital form and place of settlement
- More content features to come soon

Delivery Options

The data is fully integrated in VDF and is also available via SIX Flex, as well as Suitability as a Service.

Why You Can Rely on SIX and Their Service

Designing products with our customers is an important step to us. We want to know their pain points, expectations and questions, so we have gathered feedback from clients in Asia to understand their requirements on the regulation in order to offer the right solution.

Our high-quality data, combined with our established regulatory expertise, makes us your trusted partner for meeting the new Crypto compliance challenge.

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