

12 November 2001

Debt Collection Practice

It has come to the SFC's attention that some of the registered persons employ debt collection agencies to recover overdue debts from their clients. The SFC has concerns with the approach adopted by some of these agencies in recovering debts.

It would be damaging to the status and standing of the registered persons concerned, and the financial industry in general, if registered persons were seen to be employing debt collection agencies which use inappropriate means to recover debts. In view of this, the SFC is setting out the following guidelines to be implemented with immediate effect for all registered persons who use debt collection agencies.

1. Registered persons should take adequate steps to monitor and control the manner of operation of the debt collection agencies employed by them.
2. Registered persons should not pass information about referees or third parties other than debtors or guarantors to their debt collection agencies.
3. Registered persons and their debt collection agencies should not cause public embarrassment, humiliation, anxiety or distress to the person, members of his family or any other person in the course of recovering debts, such as putting up debt notices or approaching debtor at his workplaces.
4. Registered persons and their debt collection agencies should not try to recover debt from persons other than debtors and their guarantors, including referees, family members or friends of the persons concerned who have not entered into a formal contractual agreement with the registered persons to guarantee liabilities of the debtors.
5. A debt collector should not resort to violence or use any intimidating or illegal means in connection with the collection of any debt.

The Code of Conduct for Persons Registered with the SFC would be amended in due course to incorporate the new debt collection guidelines. The Commission views seriously the failure of its registered persons to comply with the relevant Codes and Guidelines and will take disciplinary action against such non-compliance.

The Guideline is available in SFC's website www.hksfc.org. Registered persons who have maintained a FinNet account will receive a copy of this press release by email.