



**EAA to issue new practice circular on
verifying the identity of vendors**

(19 October 2016) In response to news about fraudsters impersonating flat owners and swindling the deposit, the Estate Agents Authority (“EAA”) issued a new practice circular on “Verifying the Identity of Vendors” today and briefed the representatives of trade associations on the gist of the circular at the quarterly trade liaison meeting. The new circular will take effect on 1 December 2016.

To ensure the trade’s compliance, the new circular sets out detailed guidelines for the trade to follow and will replace the relevant existing circular (No. 09-08 (CR)). For example, when entering into an estate agency agreement with the vendor, estate agents should ask the vendor to produce his Hong Kong identity card and record the name of the vendor and the number of his identity card in the estate agency agreement.

Moreover, estate agents are required to advise their clients in writing to arrange for the stakeholding of all deposits by a firm of solicitors, before arranging the parties to enter into the provisional agreement for sale and purchase and the risk of not doing so. If the parties decide to proceed with the transaction without arranging for the stakeholding of the deposit, estate agents should obtain a written acknowledgement from the purchaser that the advice has been given. In such a case, estate agents should also obtain a copy of the last assignment to ascertain whether the type and number of the identification document as presently presented by the vendor and that of the owner of the property recorded in the last assignment are the same, and to advise the clients to seek legal advice if there are any suspicious circumstances on verifying the vendor’s identity. Where licensees have reasons to suspect that the vendor is a fraudster,



they should cease to act for the parties and report the case to the Police.

According to Ms Ruby Hon, the EAA Chief Executive Officer, “estate agents have the responsibility to protect and promote the interest of their clients and they are expected to be one of the gatekeepers in verifying the identity of the vendors. Therefore, the EAA has issued this new practice circular, providing guidelines to the trade on the precautionary steps to be taken on the prevention of similar fraud cases.”

The new practice circular is available on the EAA’s website (www.eaa.org.hk) from today onwards and related Continuing Professional Development seminars will be organised for licensees in due course.

In addition to briefing the above new practice circular to the trade at the trade liaison meeting today, other topics of mutual concern were also discussed. For example, further to the recent report from the Equal Opportunities Commission, the EAA Administration reminded the trade to pay attention to the anti-discrimination ordinances and treat all their clients equally. The trade was also encouraged to alert their clients about the availability of the e-Alert Service by the Land Registry in the course of their business dealings.

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