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HKMA × INSURANCE AUTHORITY · JOINT CIRCULAR, 13 MAY 2026

Cross-sector Reference Checking Arrangement (Phase 3A)

A Practical Guide for Banks and Insurers

1 JULY 2026

Effective date of Phase 3A

7 YEARS

Conduct lookback period

BIDIRECTIONAL

Banking ↔ Insurance

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Executive Summary

On 13 May 2026, the HKMA and the IA jointly announced Phase 3A of the Cross-sector Reference Checking Arrangement between banking and insurance, effective from 1 July 2026.

Phase 3A does not create a new reference checking scheme. It connects the existing Banking Mandatory Reference Checking (MRC) Scheme and the Insurance Reference Checking (RC) Scheme when an in-scope individual moves between the two sectors.

The arrangement is bidirectional and focuses on individual insurance intermediaries carrying on long term insurance business, with conduct-related information considered over a seven-year lookback. Recruiting firms must identify whether the hire is in scope, apply their own sector's procedural rules and use the counterpart sector's reference template.

Sits alongside — not instead of — wider screening. Phase 3A should be embedded within a broader risk-based background screening programme covering employment, education, identity, licence, sanctions and adverse media checks.

At a Glance

Mandatory cross-sector reference checking between the banking and insurance sectors

EFFECTIVE DATE

1 July 2026

REGULATORS

Hong Kong Monetary Authority (HKMA) and Insurance Authority (IA)

INDUSTRY ASSOCIATIONS

Banking: HKAB, DTCA · Insurance: HKFI, HKCIB, PIBA

SCOPE

Individual insurance intermediaries carrying on long term insurance business

DIRECTION & LOOKBACK

Bidirectional · 7-year lookback

WHO SHOULD READ THIS

HR, Compliance, Legal, Risk and Talent Acquisition teams in AIs and insurance entities

1. Background: How the Two Schemes Developed

Phase 3A builds on machinery already used by both sectors — the two schemes were rolled out in phases before being connected.

Date	Scheme	Phase	Scope
May 2023	Banking MRC Scheme	Phase 1	Senior positions in authorized institutions under the Banking Ordinance
Sept 2024	Insurance RC Scheme	Phase 1	Appointment of individual insurance agents carrying on long term business by authorized insurers
30 Sept 2025	Banking MRC Scheme	Phase 2	A substantially wider group of staff, including those licensed or registered to carry on securities, insurance or MPF regulated activities
1 Jan 2026	Insurance RC Scheme	Phase 2	Extended to technical representatives (agent) and technical representatives (broker) carrying on long term business
1 July 2026	Cross-sector Arrangement	Phase 3A	Individual insurance intermediaries carrying on long term business, moving between the two sectors

2. Scoping Framework

Phase 3A does not apply to every applicant joining a bank or insurer. It applies to all authorized institutions and insurance entities, but whether a particular hire triggers an obligation depends on the entity, the role and the candidate's history.

Entity Scope

Relevant AIs (banking)

Authorized institutions under the Banking Ordinance that are also licensed insurance agencies under the Insurance Ordinance to carry on long term insurance business.

Insurance entities

Authorized insurers, licensed insurance agencies other than AIs, and licensed insurance broker companies carrying on long term insurance business.

Individual Scope

Relevant AIs (banking)

IN SCOPE Staff to be licensed to carry on long term insurance business, i.e. technical representatives

OUTSIDE General banking staff; operations, IT and HR personnel

Insurance entities

IN SCOPE Individuals to be licensed as individual insurance agents, technical representatives (agent) or technical representatives (broker), carrying on long term business

OUTSIDE General insurance-only agents and brokers; non-regulated corporate staff

Important: Falling outside Phase 3A does not mean falling outside reference checking altogether. Many bank staff who are not long term insurance intermediaries may still be subject to Phase 1 or Phase 2 of the Banking MRC Scheme, and insurance intermediaries moving within their own sector remain subject to the Insurance RC Scheme.

3. Trigger Conditions and the Seven-Year Lookback

7

YEARS

What Does the Seven-Year Lookback Mean?

The framework considers prescribed conduct-related information covering the seven years preceding the application. The recruiting entity should review whether the candidate has relevant counterpart-sector appointment history in that period.

No counterpart-sector history in the window? Phase 3A is not triggered — but the recruiting entity's own MRC or RC requirements may still apply.

When Is a Cross-sector Check Triggered?

A cross-sector check is required where both of the following conditions apply:

1. The recruiting entity intends to appoint the individual to carry on long term insurance business; and

AND

2. The individual is currently, or was within the previous seven years, appointed by an entity in the counterpart sector to carry on long term insurance business.

How Phase 3A Fits with the Existing Schemes

Phase 3A does not replace the Banking MRC Scheme or the Insurance RC Scheme — it creates a mechanism for the two to work together when an in-scope individual moves between sectors.

The recruiting entity continues to follow the procedural requirements of its own sector's scheme, while using the counterpart sector's reference template. There is no separate Phase 3A or "cross-sector" form.

4. Applying the Correct Framework: Rules vs. Templates

One of the most operationally important aspects of Phase 3A: the recruiting entity follows its own sector's procedural rules, but uses the reference-providing sector's template.

Insurance → Banking

Recruiting entity	**Relevant AI**
Reference-providing entity	**Insurance entity**
Recruiting entity follows	**Banking MRC Scheme rules**
Request submitted on	**Insurance RC Scheme template**
Provider responds under	**Insurance RC Scheme**
Expected response time	**Typically within 15 calendar days**

Banking → Insurance

Recruiting entity	**Insurance entity**
Reference-providing entity	**Relevant AI**
Recruiting entity follows	**Insurance RC Scheme rules**
Request submitted on	**Banking MRC Scheme template**
Provider responds under	**Banking MRC Scheme**
Expected response time	**As soon as practicable, and in any case within one month**

Easy way to remember: follow your own scheme's rules, and ask on their scheme's form.

5. Worked Examples

Two directional scenarios showing how the trigger test and the rules-versus-template principle work in practice.

Relevant AI → Life insurer

TRIGGER

Candidate carried on long term business at a counterpart-sector entity within the past seven years.

PROCESS

1. Recruiting insurer follows Insurance RC Scheme rules
2. Request submitted on the Banking MRC Scheme template
3. Bank responds under the Banking MRC Scheme — in any case within one month

Insurance agency → Relevant AI

TRIGGER

Candidate carried on long term business at an insurance entity within the past seven years.

PROCESS

1. Recruiting bank follows Banking MRC Scheme rules
2. Request submitted on the Insurance RC Scheme template
3. Agency responds under the Insurance RC Scheme — typically within 15 calendar days

6. Practical Recruitment Workflow

1 Conditional offer & scoping

Issue a conditional offer. Assess whether the role is in scope and whether the seven-year history includes a counterpart-sector appointment in long term business.

2 Candidate consent

Obtain written consent for cross-sector conduct reference checking, consistent with the Personal Data (Privacy) Ordinance (Cap. 486).

3 Dispatch request

Send the correct template to the counterparty's designated MRC or RC contact point.

4 Track turnaround

Monitor against the applicable expectation: typically 15 calendar days for insurance responders, within one month for bank responders.

5 Assess

Evaluate conduct disclosures against fit and proper considerations before confirming the appointment.

6 Retain records

Archive consents, templates, correspondence and assessment rationale for governance and supervisory review.

7. Governance and Supervisory Expectations

Authorized institutions and insurance entities are expected to establish the internal controls, policies and procedures required for smooth implementation: documented procedures, a named contact point for inbound requests, defined escalation paths for late responses and an auditable record of each check.

Repeated or systematic failure may indicate weaknesses in corporate governance or internal controls and may prompt supervisory follow-up.

8. Common Misconceptions

✗ *Our institution can choose whether to take part.*

✓ The arrangement applies to authorized institutions and insurance entities; whether a particular hire triggers a check depends on entity, role and candidate history.

✗ *Phase 3A replaces pre-employment background screening.*

✓ It addresses conduct-related reference checking. Employment, education, identity, licence, sanctions, adverse media, directorship and legally permissible criminal checks remain separate.

✗ *Anyone joining a bank is caught.*

✓ Phase 3A concerns long term insurance intermediary roles, although other bank staff may fall under Banking MRC Phase 1 or Phase 2.

✗ *General insurance staff are covered.*

✓ Phase 3A is limited to long term business.

Frequently Asked Questions

Does Phase 3A apply to existing employees?

It is triggered by an intended appointment, so it applies prospectively to hiring rather than as a retrospective review of current staff. A new appointment or licensing of an existing employee into an in-scope role should be assessed against the trigger conditions.

What if the candidate worked overseas or outside the regulatory perimeter?

Those periods sit outside the arrangement, but firms should not treat the resulting gap as cleared. Broader employment screening remains appropriate.

Does a negative response automatically block the hire?

No. The information supports a fit and proper assessment. The recruiting entity makes the hiring decision and should document its reasoning.

Where are the operational details?

The joint circular sets the scope. Detailed procedures, templates and contact protocols sit in the guidelines issued by the respective industry associations.

9. Looking Ahead: Phase 3B

The regulators will conduct a post-implementation review at the end of 2026. Industry feedback and Phase 3A implementation experience will inform the refinement and expansion of the arrangement.

The stated common goal for Phase 3B is to extend cross-sector reference checking to all authorized institutions and insurance entities, covering remaining individuals already subject to the Banking MRC Scheme and Insurance RC Scheme who are not captured by Phase 3A. The precise scope and timing will follow the review.

10. How eeCheck Supports Implementation

- **Directional routing**

  Requests matched to the correct scheme's rules and the counterpart sector's template.

- **Turnaround monitoring**

  Tracking and alerting against the 15-calendar-day and one-month expectations.

- **Consent & audit trail**

  Structured consent capture and retrievable records for supervisory review.

- **Full screening coverage**

  Employment, education, identity and licence verification, sanctions, adverse media and directorship searches.

Final Strategic Takeaway

Phase 3A is not a standalone background check and does not replace the Banking MRC or Insurance RC schemes. It is a cross-sector bridge ensuring prescribed conduct information follows in-scope long term insurance intermediaries between banking and insurance.

Identify scope correctly · apply the seven-year trigger · obtain written consent · follow your own scheme's rules · use the counterpart sector's template · track the correct response timeline · keep an auditable record.