

The DTC Association



Code of Practice for the Multiple Credit Reference Agencies Model

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PART I – INTRODUCTION

1.1 Multiple Credit Reference Agencies Model

1.1.1 Overview

The Multiple Credit Reference Agencies Model (“Multiple CRAs Model”, “the Model”) was established on 28 November 2022 under the industry’s initiative supported by the Hong Kong Monetary Authority (“HKMA”) to enhance the resilience and sustainability of services provided by Credit Reference Agencies (each, a “CRA”) for Credit Providers.

The Multiple CRAs Model aims to provide choices for the provision of Consumer Credit Reference Service to Credit Providers with the objectives of:

- promoting competition by introducing a level-playing field for Credit Reference Agencies;
- enhancing the resilience of Consumer Credit Reference Service to Credit Providers and preventing a single point of failure in the industry;
- enhancing the governance of Consumer Credit Reference Service providers and the protection of Consumer Credit Data involved in the provision of Consumer Credit Reference Service; and
- strengthening the protection for consumers’ interest in respect of Consumer Credit Reference Service.

1.1.2 Status of the Code

This Code of Practice for Multiple Credit Reference Agencies Model (“the Code”) is issued by the Industry Associations, and endorsed by the HKMA.

This is a non-statutory Code. The Code sets out a framework for Selected CRAs and Subscribed Members under the Multiple CRAs Model in relation to the provision and use of Consumer Credit Reference Service. It deals with issues relating to the duties of and governance requirements for Subscribed Members and Selected CRAs under the Multiple CRAs Model.

The requirements set out in the Code are additional requirements from an operational and business perspective to the existing applicable legal and regulatory requirements (the “Applicable Laws”), including but not limited to those set out in the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) (“PDPO”), the Code of Practice on Consumer Credit Data (“CCD Code”) and other applicable rules, guidelines, codes or guidance issued by the Office of the Privacy Commissioner for Personal Data (“PCPD”)¹, the Supervisory Policy Manual IC-6 (“SPM IC-6”) on “The Sharing and Use of Consumer

¹ The applicable rules, guidelines, codes or guidance shall include but not limited to Information Leaflet and Guidance issued by the PCPD, e.g. “Outsourcing the Processing of Personal Data to Data Processors” issued by the Privacy Commissioner for Personal Data (September 2012) and “Guidance on the Proper Handling of Customers’ Personal Data for the Banking Industry” issued by the Privacy Commissioner for Personal Data (last revised on October 2014).

Credit Data through a Credit Reference Agency” issued by the HKMA, and the Competition Ordinance (Cap. 619 of the Laws of Hong Kong). A breach of the Applicable Laws shall give rise to a presumption that the Code has been breached unless there is evidence that the requirement of the Code was actually complied with in a different way. For the avoidance of doubt, in the event of any conflict between the requirements of the Code and the requirements of the PDPO, the CCD Code or SPM IC-6, the requirements of the PDPO, the CCD Code and/or SPM IC-6, as the case may be, shall prevail to the extent of the conflict.

Selected CRAs and Subscribed Members are expected to comply with the Code and the Applicable Laws. Failure by a Selected CRA to comply with the requirements set out in the Code or the Applicable Laws in any material respect may call into question whether the Selected CRA continues to satisfy the relevant selection criteria in the Model, and may result in the suspension or termination of the Master Service Agreement (“MSA”, or the “Agreement”) and the subscription agreement of the Selected CRA in accordance with their terms. Similarly, failure by a Subscribed Member to comply with the Code or the Applicable Laws in any material respect may result in the suspension or termination of the membership of the Subscribed Member in the Model.

The Code is subject to review and revision by the Multiple Credit Reference Agencies User Group (the “MCRAUG”) from time to time (pursuant to the process set out in Clause 6.1). Unless otherwise stated, the Code is effective from 28 November 2022. Selected CRAs and Subscribed Members shall take active steps to comply with the provisions of this Code, and shall achieve compliance at the time of their onboarding to the Multiple CRAs Model pursuant to the Framework and at all times thereafter. For subsequent revisions of the Code, Selected CRAs and Subscribed Members shall achieve compliance within 6 months of the effective date of the revised Code, which period may be extended for such period as the MCRAUG may specify at the sole discretion of the MCRAUG after consulting Applicable Authorities.

Selected CRAs and Subscribed Members shall have regard to the relevant recommendations and best practice recommendations of the PCPD relating to data protection, including the PCPD’s “Ethical Accountability Framework” and the “Data Stewardship Accountability, Data Impact Assessments and Oversight Models”.

1.1.3 Interpretation

Unless the context otherwise requires, the terms used in the Code have the following meanings:

“Applicable Authorities” means the regulator(s) of the Credit Provider(s) (including the Hong Kong Monetary Authority in respect of authorized institutions within the meaning of section 2 of the Banking Ordinance (Cap. 155 of the Laws of Hong Kong)) and relevant authorities or public bodies, which: (i) regulate the handling of Personal Data and Consumer Credit Data by Credit Reference Agencies or the Model under the Applicable Laws; and/or (ii) the MCRAUG considers it appropriate to consult for comments or directions on governance and operation of the Model, in each case, from time to time;

“Applicable Laws” means any applicable local, national, federal, supranational, state, regional, provincial or other statute, law, ordinance, regulation, rule, code, guidance, approach document, order, direction, circular, published practice or concession, regulatory requirement or expectation, judgment or decision of an Applicable Authority or any other governmental or regulatory authority;

“Business Day” means a day, other than a Saturday, Sunday or public holiday in Hong Kong, when banks in Hong Kong are open for business;

“Business Operator” shall be a company engaged by the Industry Associations for the administrative support of the Model pursuant to the Framework;

“Calendar Day” means any day of the year, including Saturdays, Sundays and public holidays. The term “day” shall mean Calendar Day whether or not expressly identified.

“CCD Code” means the “Code of Practice on Consumer Credit Data” issued by the PCPD (last revised in January 2013 (fourth edition)) as updated or superseded from time to time;

“Consumer Credit” means any loan, overdraft facility or other kind of credit provided by a Credit Provider to and for the use of an individual, or to and for the use of another person for whom an individual acts as mortgagor or guarantor. For credit involving leasing or hire-purchase, an individual acquiring motor vehicles, equipment or vessels financed by a Credit Provider by way of leasing or hire-purchase is deemed to be provided with credit by the Credit Provider to the extent of the value of those goods, any amount overdue under the lease or hire-purchase agreement is deemed to be an amount in default under the individual’s account with the Credit Provider, and all related terms and expressions are to be construed accordingly;

“Consumer Credit Data” means any Personal Data concerning an individual collected by a Credit Provider in the course of or in connection with the provision of Consumer Credit, or any Personal Data collected by or generated in the database of a CRA (including the mortgage count) in the course of or in connection with the provision of Consumer Credit Reference Service;

“Consumer Credit Forum” or “CCF” means the joint forum of HKAB, DTCA and LMLA to discuss and consider consumer-lending and personal bankruptcy related issues affecting the financial services industry, and to share subject matter knowledge and experience on Consumer Credit industry with the MCRAUG.

“Consumer Credit Reference Service” means the service of compiling and/or processing Personal Data (including Consumer Credit Scoring and providing Credit Reports), for disseminating such data and any data derived therefrom to a Credit Provider or any other Subscribed Member for Consumer Credit purposes and for performing any other functions directly related to Consumer Credit transactions permitted under the CCD Code;

“Consumer Credit Scoring” means the process whereby Personal Data relating to an individual held in the database of a CRA is used, either separately or in conjunction with other information held in the system, for the purpose of generating a Credit Score to be included in a Credit Report on the individual issued by the relevant CRA;

“Control” means the possession by person, directly or indirectly, of the power to direct or cause the direction of the management and policies of the other person (whether through the ownership of voting shares, by contract or otherwise);

“CRA Termination Event” has the meaning given in the Agreement;

“Credit Facility Document” means any application form, approval letter, rejection letter or any other document in relation to an application for a credit facility;

“Credit Provider” means any person who is: (1) an authorized institution within the meaning of section 2 of the Banking Ordinance (Cap. 155 of the Laws of Hong Kong), (2) a subsidiary of an authorized institution within the meaning of section 2 of the Banking Ordinance (Cap. 155 of the Laws of Hong Kong), (3) a money lender licensed under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong), or (4) a person whose business (whether or not the person carries on any other business) is that of providing finance for the acquisition of goods by way of leasing or hire purchase;

“Credit Reference Agency” or “CRA” means any data user who carries on a business of providing a Consumer Credit Reference Service, whether or not that business is the sole or principal activity of that data user;

“Credit Report” provided by a CRA on an individual means a disclosure made by the CRA, in whatever form, of Consumer Credit Data relating to such individual held in its database;

“Credit Score” means a numerical value and/or a categorization derived from a statistical tool or modelling system and used by a person who makes or arranges a loan or any other form of credit facility to predict the likelihood of certain credit behaviours, including default (and the numerical value or the categorization derived from such analysis may also be referred to as a “risk predictor” or “risk score”);

“Data Breach” means any event that results, or may result, in unauthorised access to Personal Data held by any Selected CRA under the Agreement (including but not limited to any Consumer Credit Data), and/or actual or potential loss and/or destruction of Personal Data in breach of the Agreement, the Code or Applicable Laws, including any security incidents occurring on the Selected CRA or its systems or its equipment or its employees or its third party suppliers, in which there is a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, Personal Data transmitted, stored or otherwise processed or there is a compromise of the confidentiality or security or integrity of any Personal Data in the possession or under the control of the Selected CRA; and for the avoidance of doubt, the aforesaid includes, without limitation to, misappropriation of data, loss or theft of data or equipment,

unauthorized or inappropriate access, attack on or malfunctioning of systems, equipment failure, human error, acts of God, malicious acts such as hacking, viruses or deception;

“Data Subject” has the meaning under the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong);

“Hong Kong” means Hong Kong Special Administrative Region of the People’s Republic of China;

“Industry Associations” has the meaning given in the Appendix I of the Framework;

“Level 1 Reportable Event” has the meaning given in Clause 3.8(1);

“Level 2 Reportable Event” has the meaning given in Clause 3.8(1);

“Level 3 Reportable Event” has the meaning given in Clause 3.8(1);

“Level 4 Reportable Event” has the meaning given in Clause 3.8(1);

“Master Service Agreement”, “MSA” or the “Agreement” means an agreement signed between the Industry Associations jointly and each CRA to govern the relationship between the Industry Associations and a CRA that has been selected by the MCRAUG based on the CRA selection regime administered by the MCRAUG and to govern the CRA as a Selected CRA; and, when the term is used with respect to any Selected CRA, means the Agreement signed with that Selected CRA;

“Multiple Credit Reference Agencies User Group” or “MCRAUG” means the user group established among the representatives from the Industry Associations to carry out the functions, duties and powers conferred on it under the Model, the Code and the Framework;

“Multiple Credit Reference Agencies Model”, “Multiple CRAs Model” or “the Model” means the multiple CRAs model which allows the sharing and use of Consumer Credit Data collected by Subscribed Members to all Selected CRAs for the provision of Consumer Credit Reference Service;

“Multiple Credit Reference Agencies Model Governance Framework” or the “Framework” means a framework issued jointly by the Industry Associations to define the Model’s governance structure, entities’ obligations, the principles of the Model’s operation and implementation, and the Model’s high level operating procedures.

“PCPD” means the Privacy Commissioner for Personal Data;

“Personal Data” has the meaning under the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong);

“Platform” has the meaning given in the Framework;

“Prescribed Consent” (where under the Code an act may be done with the Prescribed Consent of an individual) means the express consent of an individual given voluntarily but does not include any consent which has been withdrawn by notice in writing served on the person to whom the consent has been given (but without prejudice to so much of that act that has been done pursuant to the consent at any time before the notice is so served);

“Reportable Event” has the meaning given in Clause 3.8(1);

“Selected CRA” means, from time to time, a CRA which has been selected by the MCRAUG based on the CRA selection regime administered by the MCRAUG to be a provider of Credit Reference Service in the Multiple CRAs Model, during such time as the CRA has the Selected Status;

“Selected Status” means the status (with or without condition) granted by the MCRAUG to a Selected CRA from time to time;

“Subscribed Member” means a Credit Provider or other entity permitted to participate in the Model as a Subscribed Member, as contemplated in the Framework which has been onboarded to the Model and signed the terms of use pursuant to the Framework, for itself and on behalf of any of its subsidiaries which is also a Credit Provider or other entity permitted to participate in the Model as contemplated in the Framework;

“subsidiary” has the meaning given in section 15 of the Companies Ordinance, Cap. 622 of the Laws of Hong Kong;

“Third Party”, in relationship to handling of Personal Data under Multiple CRAs Model, means any person other than the Data Subject, Subscribed Members and Selected CRAs under the Model;

“Type One Member” means an authorized institution or a subsidiary of an authorized institution within the meaning of section 2 of the Banking Ordinance (Cap. 155 of the Laws of Hong Kong);

“Type One Special Member” means an insurer or a subsidiary of an insurer authorized under Section 8(1)(a) or 8A(1)(a) of the Insurance Ordinance (Cap. 41 of the Laws of Hong Kong) to carry on insurance business with the need to use Consumer Credit Data for purposes permitted under the CCD Code; and

“Type Two Member” means a money lender under Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) or a person whose business (whether or not the person carries on any other business) is that of providing finance for the acquisition of goods by way of leasing or hire purchase.

1.1.4 Purpose of the Code

The purpose of the Code is to set out a framework for –

- (1) Subscribed Members, in relation to –
 - (a) the provision of Consumer Credit Data by Subscribed Members (except for Type One Special Members) to Selected CRAs for the purpose of Selected CRAs' provision of Consumer Credit Reference Service or any other forms of business approved by the MCRAUG; and
 - (b) their use and disclosure of data received from Selected CRAs in the course of the Selected CRAs' provision of Consumer Credit Reference Service, including such Consumer Credit Data that is provided in a Credit Report.
- (2) Selected CRAs, in relation to –
 - (a) their provision of Consumer Credit Reference Service to Subscribed Members; and
 - (b) their collection and use of Consumer Credit Data from Subscribed Members for the provision of Consumer Credit Reference Service or any other forms of business approved by the MCRAUG; and matters relating to or connected with the above.

1.2 General Principles

1.2.1 Governance Arrangements

The governance arrangements for Selected CRAs and Subscribed Members should ensure accountability, transparency and effectiveness in managing risks associated with the business and fair access to information by consumers and other stakeholders under the Model.

1.2.2 Disclosure and Transparency

Selected CRAs and Subscribed Members (excluding Type One Special Members) shall provide consumers with clear explanation of the key features, risks and terms (including fees and charges) of products and services derived from the use of Consumer Credit Data, for example credit card, personal loan and mortgage, and shall do so in an appropriate manner. Without limiting the generality of the foregoing, Selected CRAs and Subscribed Members (excluding Type One Special Members) shall clearly explain the purpose of collection and processing of Consumer Credit Data as part of their products and services. Additional disclosures, including appropriate warnings, shall be provided as appropriate to the nature and risks of the products and services derived from the use of Consumer Credit Data. Appropriate information shall be provided at all stages of the relationship with consumers. Where requested by a consumer, a Subscribed Member shall provide

information on the rationale on which it determines the Selected CRA(s) it enquires and uses in a specific instance.

1.2.3 Consumer Education and Awareness

Recognising that consumers have their responsibilities in making a proper assessment of their ability to repay the loan and provide accurate information to Credit Providers, it is encouraged that Selected CRAs and Subscribed Members shall join forces with the government, Applicable Authorities and other relevant stakeholders to promote education and awareness to help existing and future consumers understand the credit risk, including provision of accurate Consumer Credit Data, interpretation of Credit Report, prevention of suspicious fraud and identity theft, take effective action to improve their own credit posture, etc.

The provision of broad based financial education and information in relation to Consumer Credit to deepen consumer financial knowledge and capability shall be promoted, especially to vulnerable groups. Clear information on consumer protection, rights and responsibilities shall be easily accessible by consumers.

1.2.4 Fraud Management

Selected CRAs and Subscribed Members shall have in place relevant information, control and protection mechanisms to protect and safeguard Consumer Credit Data appropriately and with a high degree of certainty, including against fraud, misappropriation or other misuses.

1.2.5 Protection of Consumer Data and Privacy

Selected CRAs and Subscribed Members shall have in place appropriate control and protection mechanisms to protect Consumer Credit Data. These mechanisms shall comply with all Applicable Laws and in particular the requirements under the PDPO. For example, the mechanisms shall define the purposes for which the Consumer Credit Data may be collected, processed, held, transferred, used and disclosed. Moreover, the mechanisms shall protect the data against unauthorised or accidental access and modification, secure the retention, deletion and disposal of the data, as well as acknowledge and ensure the rights of consumers to be informed about data-sharing, to access their Consumer Credit Data and to obtain prompt correction and/or deletion of inaccurate, or unlawfully collected or processed Consumer Credit Data in accordance with the Applicable Laws. In the case of any actual or reasonably suspected breach of the PDPO and/or CCD Code in relation to discharging their obligations under the Code and the Framework, the relevant Selected CRA(s) and Subscribed Member(s) shall notify the MCRAUG in accordance with the manner specified by the MCRAUG in this Code or otherwise.

1.2.6 Competition

Selected CRAs and Subscribed Members are expected to act in accordance with the law and the spirit of Competition Ordinance, Cap. 619 of the Laws of Hong Kong.

1.3 Enquiry

- (1) Enquiries about the Code should be addressed to the Industry Associations. Their current addresses and telephone numbers are as follows -

The Hong Kong Association of Banks (“HKAB”)
Room 2202, Gloucester Tower
The Landmark,
Central
Hong Kong
Tel: 2521 1160 or 2521 1169
Fax: 2868 5035
Website: www.hkab.org.hk

The DTC Association (The Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies) (“DTCA”)
Unit 1704
17/F Strand 50
50 Bonham Strand East
Sheung Wan
Hong Kong
Tel: 2526 4079
Fax: 2523 0180
Website: www.dtca.org.hk

The Hong Kong S.A.R. Licensed Money Lenders Association Ltd. (“LMLA”)
21/F, Allied Kajima Building
138 Gloucester Road
Wan Chai
Hong Kong
Tel: 2827 8281
Website: www.lmla.com.hk

- (2) The Code may be viewed or downloaded from the websites of the Industry Associations.

PART II – DUTIES OF SUBSCRIBED MEMBERS OF MULTIPLE CREDIT REFERENCE AGENCIES MODEL

2.1 Access and Use of Consumer Credit Data

- (1) A Subscribed Member shall only access and use Consumer Credit Data (including any Credit Report) for –
 - (a) purposes permitted in the PDPO² and/or the CCD Code; or
 - (b) any other purposes permissible by Applicable Laws from time to time.
- (2) Clause 2.1(1) also applies to corrected or updated data received by the Subscribed Member from Selected CRAs, any other Subscribed Members or Data Subjects.

2.2 Security and Integrity of Consumer Credit Data

- (1) A Subscribed Member shall comply with the CCD Code³ and the Applicable Laws to –
 - (a) ensure the integrity of any Consumer Credit Data it provides to the Selected CRAs;
 - (b) protect any Consumer Credit Data received from the Selected CRA(s) by making reasonable security arrangements to prevent unauthorised or accidental access, collection, use, disclosure, copying, modification, disposal or similar risks; and
 - (c) dispose of any Consumer Credit Data received from the Selected CRA(s) if –
 - (i) the purpose (including any directly related purpose) for which that data was provided has been fulfilled; and
 - (ii) retention is no longer necessary for the Subscribed Member's legal, regulatory, business, or other purposes in accordance with the Applicable Laws⁴.

² The purpose permitted in the PDPO means for example the exemptions set out in *Section 58 of the PDPO*, and not the general principle that a purpose notified to the Data Subjects under the PICS or privacy policy statement is permitted.

³ The Subscribed Member may find it useful to draw references for the security standard for handling Consumer Credit Data from Part II – Handling of Consumer Credit Data by Credit Providers under the CCD Code.

⁴ The retention of Personal Data by the Subscribed Member is expected to comply with the requirement specified in *Section 26 of the PDPO*.

2.3 Correction of Consumer Credit Data

- (1) A Data Subject (or, in accordance with the PDPO, a relevant person acting on behalf of a Data Subject) may request a Subscribed Member to correct an error or omission in any Consumer Credit Data⁵ of the Data Subject that –
 - (a) has been processed by the Selected CRAs; and
 - (b) is in the possession of or under the control of the Subscribed Member.
- (2) Upon receiving a request from a Data Subject under Clause 2.3(1), the Subscribed Member shall, as soon as practicable but in any case not later than 40 Calendar Days after receiving the request (or, such longer period of time where permitted in accordance with the PDPO), –
 - (a) comply with the request in accordance with the requirements in the PDPO and CCD Code, if the Subscribed Member is satisfied that the Personal Data to which the data correction request relates is inaccurate, and shall –
 - (i) make the necessary correction to the Consumer Credit Data in its possession or under its control;
 - (ii) provide the corrected data to all Selected CRAs under the Model; and
 - (iii) supply the requestor with a copy of the data as so corrected; or
 - (b) provide a written notice and reasons for the refusal of the data correction to the requestor if the Subscribed Member is satisfied on reasonable grounds that a correction shall not be made.
- (3) Upon being consulted by a Selected CRA under Clause 3.5(2)⁶, the Subscribed Member shall, as soon as practicable but in any case within such period as agreed with the Selected CRA under Clause 3.5(2), –
 - (a) handle the consultation in accordance with the requirements in the PDPO and shall –
 - (i) investigate and verify the data correction request; and

⁵ The correction request referred herein means data correction requests made pursuant to the relevant requirements in the PDPO and the CCD Code, including but not limited to *Section 22 of the PDPO*.

⁶ For the avoidance of doubt, provided that the Subscribed Member has the Consumer Credit Data in dispute in its possession, such Subscribed Member may be consulted by any Selected CRA, regardless of whether it has entered into a subscription agreement with the Selected CRA that has received the data correction request.

- (ii) confirm the correction to the Selected CRA if the Subscribed Member is satisfied that a correction should be made, via correcting the Consumer Credit Data in its possession or under its control and providing the corrected data to all Selected CRAs under the Model; or
 - (b) notify the Selected CRA the reasons for the refusal of the data correction if the Subscribed Member is satisfied on reasonable grounds that a correction shall not be made.
- (4) If a Subscribed Member discovers any error or omission in the Consumer Credit Data which has been provided to the Selected CRAs, the Subscribed Member shall correct the relevant Consumer Credit Data and provide the corrected Consumer Credit Data to all Selected CRAs as soon as reasonably practicable.
- (5) Clause 2.3 shall apply to Type One Special Members, subject to any exemptions available under the Applicable Laws.

2.4 Consumer Credit Data Provision to Selected CRAs

- (1) A Subscribed Member shall provide Consumer Credit Data to all Selected CRAs under the Model, and the scope of such data provision shall be limited to the scope specified in the CCD Code⁷.
- (2) Within the scope of Consumer Credit Data that may be shared with Selected CRAs as stipulated in the CCD Code, if applicable, such Consumer Credit Data provision by the Subscribed Member shall be limited to the extent recommended by their respective Industry Associations and/or the MCRAUG from time to time (e.g. the types of Consumer Credit Data that should be provided to Selected CRAs for different credit products and/or credit facility types).
- (3) Clause 2.4 shall not apply to Type One Special Member.

2.5 Information Provision in Credit Facility Document

- (1) A Subscribed Member shall notify customers, by including the relevant details in the appropriate Credit Facility Document, –
- (a) the Selected CRA(s) that have been or may be engaged for the provision of Consumer Credit Reference Service to assess the credit facility application and make credit decisions (this information in particular shall be provided in the relevant Credit Facility Document prior to a credit facility application);

⁷ The Subscribed Member shall refer to *Clauses 2.4 to 2.7B of the CCD Code* to establish a proper procedure to share the data with Selected CRA.

- (b) that the relevant Consumer Credit Data of the Data Subject will be shared by the Subscribed Member with all Selected CRAs under the Model and may be shared with a Type One Special Member in relation to the provision of insurance coverage to the Subscribed Member by the Type One Special Member (this information in particular shall be provided in the relevant Credit Facility Document prior to a credit facility application)⁸;
 - (c) the contact details of the Selected CRA(s) that have been engaged;
 - (d) that the customer is entitled to, if the customer is the Data Subject of the Credit Report, request for and receive a copy of the Credit Report from the Selected CRA(s) free of charge if the customer is an individual who has been refused credit within the past thirty (30) Business Days by the Subscribed Member, to whom a Credit Report on the customer has been provided by the Selected CRA(s)⁹; and
 - (e) that the customer is entitled to request for a Credit Report from each Selected CRA without charge in any twelve-month period respective to each Selected CRA.
- (2) The MCRAUG may, by notice in writing to a Subscribed Member from time to time, require the Subscribed Member to include any information related to risk warning and consumer education as specified by the MCRAUG in its sole discretion from time to time, to the extent permissible by the Applicable Laws, in any Credit Facility Document that the Subscribed Member provides to its customers.
- (3) Clause 2.5 shall not apply to Type One Special Member.

⁸ While Subscribed Members should have stipulated this purpose in their personal information collection statement (“PICS”) to comply with the PDPO for their collection of Consumer Credit Data, it is expected that they should also state this clearly in the relevant Credit Facility Document to serve the purpose of consumer education.

⁹ For the avoidance of doubt, such free Credit Report shall not be included in and is in addition to the Data Subject’s quota of free Credit Report over a twelve-month period under Clause 3.6(7).

PART III – DUTIES OF SELECTED CREDIT REFERENCE AGENCIES

3.1 Forms of Business for Selected CRAs

(1) A Selected CRA shall engage in any one or more of the following forms of business –

- (a) to collect, process and collate Consumer Credit Data on customers of all Credit Providers which are Subscribed Members;
- (b) to provide Consumer Credit Data directly to consumers, the relevant persons acting on behalf of the consumers in accordance with the PDPO, and/or Subscribed Members with which it has entered into a subscription agreement under the Model;
- (c) to provide Consumer Credit Scoring directly to consumers, the relevant persons acting on behalf of the consumers in accordance with the PDPO, and/or Subscribed Members with which it has entered into a subscription agreement under the Model, in each case, using Consumer Credit Data it has collected; and
- (d) to provide any other uses of Consumer Credit Data directly to consumers, the relevant persons acting on behalf of the consumers in accordance with the PDPO, and/or Subscribed Members with which it has entered into a subscription agreement under the Model, without contravening the original purpose of collecting Consumer Credit Data (directly or indirectly) from Data Subjects and any permissible use of Consumer Credit Data specified in the CCD Code.

(2) If a Selected CRA plans to engage in other form(s) of business not mentioned under Clause 3.1(1) that involves the use of Consumer Credit Data provided by Subscribed Members, the Selected CRA shall disclose to the MCRAUG a self-assessment result for the MCRAUG's consideration as to whether the Selected CRA remains suitable to be included in the Model, and for the MCRAUG's approval under Clause 3.7. The assessment shall be made to evaluate whether the other form of business concerned has potential or actual conflict of interest, whether there is any potential or actual data security risk, and if applicable, the proposed arrangement to obtain Prescribed Consent from the Data Subjects. Mitigation plans shall also be provided to the MCRAUG if any actual, perceived, or potential conflict of interest or data security risk exists. Prescribed Consent shall be obtained by the Selected CRA from Data Subjects regarding any new purpose.

(3) No Selected CRA shall engage in any form of business which will involve the use of any Consumer Credit Data provided by the Subscribed Members to such Selected CRA other than those referred in Clause 3.1(1) unless reviewed and approved by the MCRAUG in accordance with Clause 3.1(2) above.

3.2 Collection and Retention of Consumer Credit Data

(1) A Selected CRA shall, for the Consumer Credit Reference Service which it provides, only collect the categories of Consumer Credit Data within the scope specified in the CCD Code issued by the PCPD¹⁰ from –

(a) Subscribed Members; and

(b) any other authorized source for public record as specified in the CCD Code.

(2) A Selected CRA shall, prior to providing Consumer Credit Reference Services to a Subscribed Member, review Subscribed Member's privacy notices and consents and ensure that Data Subjects have –

(a) been informed of the purpose of collection, transfer and usage of their Consumer Credit Data prior to collection; and

(b) provided their Prescribed Consents to any new purposes of collection, transfer and usage of their Consumer Credit Data, in accordance with the PDPO,

and the model form of the Prescribed Consent, privacy policy statement, or the PICS (where applicable) used by the Selected CRA shall be formulated in a way to fully comply with the PDPO and the applicable data protection principles.

(3) A Selected CRA shall establish a formal Consumer Credit Data retention policy in accordance with the requirement specified in the CCD Code¹¹. A Selected CRA shall notify the MCRAUG of any and all changes to such Consumer Credit Data retention policy within three (3) Business Days from effective date of such change.

(4) A Selected CRA shall immediately delete any Consumer Credit Data received from the Data Subjects or Subscribed Members if –

(a) the purpose (including any directly related purpose) for which that data was provided has been fulfilled; and

(b) retention is no longer necessary for the Selected CRA's legal, regulatory, business, or other purposes in accordance with the Applicable Laws¹².

¹⁰ *Clauses 2.4 and 3.1 of the CCD Code* list out the scope of Consumer Credit Data to be collected by a Selected CRA. The Selected CRA shall not obtain any Personal Data from consumer other than the scope defined.

¹¹ The retention of Consumer Credit Data by a Selected CRA is expected to comply with the requirements specified in *Clauses 3.2 to 3.7 of the CCD Code* for each specific data under different scenarios.

¹² The retention of Personal Data and Consumer Credit Data by a Selected CRA is expected to comply with requirements specified in *Section 26 of the PDPO* and *the CCD Code*.

3.3 Security and Integrity of Consumer Credit Data

- (1) A Selected CRA shall, in respect of any Consumer Credit Data that it collects from a Subscribed Member,
 - (a) ensure the integrity of the data for the processing of Consumer Credit Reference Service (except following the secure erasure of such data); and
 - (b) protect the data by implementing security measures to prevent unauthorised or accidental access, processing, collection, use, disclosure, copying, modification, disposal, loss or similar risks.
- (2) A Selected CRA shall assess the implementation of security controls with reference to the provision of the Code and CCD Code¹³.
- (3) A Selected CRA shall specify the requirements of ensuring quality, accuracy, security and integrity of data in the contracts with Third Parties, if applicable, and with the restriction of purpose for handling the data.
- (4) A Selected CRA shall perform an annual review of the authentication procedures applicable to the access and use of Consumer Credit Data by Subscribed Members and consumers, with the objective of identifying and fixing loopholes as well as improving such authentication procedures.
- (5) A Selected CRA shall make available a privacy policy statement in a written format and in an easily accessible, understandable, and readable manner in both English and Chinese language for the public to access, by following the best practices in the applicable guidance issued by the PCPD¹⁴ from time to time, and shall notify the MCRAUG of any and all changes to such privacy policy statement within three (3) Business Days from effective date of such change.

3.4 Access and Use of Consumer Credit Data

- (1) Upon receipt of an access request from a Data Subject directly or indirectly on behalf of a Data Subject via a relevant person in relation to the Data Subject in the manner specified in PDPO, a Selected CRA shall, as soon as practicable but in any case within 40 Calendar Days after receiving the request (or, such longer period of

¹³ A Selected CRA shall ensure the security controls implemented for handling Consumer Credit Data be aligned with the requirements specified in *Clauses 3.11 and 3.12 of the CCD Code*. A Selected CRA shall assess its compliance by performing independent assessment with reference to those requirements as required in Clause 5.1 of this Code.

¹⁴ The applicable guidance shall include but not limited to the “Guidance on Preparing Personal Information Collection Statement and Privacy Policy Statement” issued by the Privacy Commissioner for Personal Data (July 2013).

time where permitted in accordance with the PDPO), provide the Data Subject or the relevant person with a copy of the Data Subject's Credit Report¹⁵.

(2) If –

- (a) a Data Subject applies for a credit facility from a Subscribed Member to whom a Credit Report on such Data Subject has been provided by a Selected CRA; and
- (b) the Data Subject requests, within thirty (30) Business Days after the Subscribed Member has rejected the application for the credit facility, the Data Subject's Credit Report from the concerned Selected CRA in relation to the Data Subject's application,

the Selected CRA shall, within three (3) Business Days after (i) receiving a request pursuant to paragraph (b) and (ii) satisfying itself as to the identity of the requestor in accordance with the PDPO, or such shorter period as the MCRAUG may specify by notice in writing, provide the Data Subject with a copy of the Data Subject's Credit Report free of charge by mail or any methods agreed with the Data Subject¹⁶.

(3) A Selected CRA shall use and disclose Consumer Credit Data only for –

- (a) purposes permitted in accordance with the CCD Code;
- (b) purposes as otherwise permitted in accordance with Part 8 of the PDPO¹⁷; or
- (c) any other purpose compliant with Applicable Laws approved by the MCRAUG in accordance with Clause 3.7,

and in each case, in accordance with Applicable Laws and shall be communicated to consumers in a clear manner.

3.5 Alteration of Consumer Credit Data

- (1) A Data Subject (or, in accordance with the PDPO, a relevant person acting on behalf of a Data Subject) may request a Selected CRA to correct an error or

¹⁵ *Clauses 3.18 of the CCD Code* define the flow and requirement for the Credit Reference Agency to handle the data access request.

¹⁶ For the avoidance of doubt, such free Credit Report shall not be included in the Data Subject's quota of free Credit Report over a twelve-month period under Clause 3.6(7).

¹⁷ The purpose permitted in the PDPO means for example the exceptions set out in *Section 58 of the PDPO*, and not the general principle that a purpose notified to the Data Subjects under the PICS or privacy policy statement is permitted.

omission in any Consumer Credit Data of the Data Subject that is in possession or under the control of the Selected CRA¹⁸.

(2) Except for the case where the request received under Clause 3.5(1) above is related to update of bankruptcy status after discharge of bankruptcy or any other public record data, the Selected CRA shall, as soon as practicable but in any case within five (5) Business Days after receiving the request and where applicable, consult the appropriate Subscribed Member(s)¹⁹ and set a reasonable reply deadline for the Subscribed Member(s) to verify and/or confirm the data correction request in accordance with Clause 2.3(3), and subsequently within the 40 Calendar Days after receipt of the request (or, such longer period of time where permitted in accordance with the PDPO), the Selected CRA shall, –

(a) in the case that the Subscribed Member(s) is (are) satisfied that a data correction shall be made, –

(i) update the relevant Consumer Credit Data that is in its own possession or under its control;

(ii) send the corrected Consumer Credit Data, accompanied by a written notice stating the reasons for the correction, to every Subscribed Member to which the Selected CRA has disclosed the data within a year before the date the correction was made;

(iii) supply the requestor with a copy of the data as so corrected; and

(iv) notify other relevant Subscribed Member(s) which has (have) Consumer Credit Data of such Data Subject in its possession²⁰; or

(b) in the case that the Subscribed Member(s) is (are) satisfied that a data correction shall not be made, –

(i) provide a written notice and reasons for the refusal of the data correction to the requestor.

(3) If the Selected CRA does not receive from the Subscribed Member(s) any written confirmation or correction of the disputed data within 40 Calendar Days from the

¹⁸ *Clauses 3.19 and 3.20 of the CCD Code* define the flow and requirement for data correction request to Credit Reference Agency.

¹⁹ For the avoidance of doubt, the appropriate Subscribed Member(s) shall mean any Subscribed Member that has the Consumer Credit Data in dispute in its possession, regardless of whether it has entered into a subscription agreement with the Selected CRA that has received the data correction request.

²⁰ For the avoidance of doubt, if the data under correction is the Data Subject's general particulars (e.g. HKID, names, etc.), then all Subscribed Member(s) having a credit relationship with the Data Subject, and hence possessing such data, shall be notified. On the other hand, if the data under correction is the Data Subject's specific credit data (e.g. repayment history, account status, etc.), there is no relevant Subscribed Members other than the Subscribed Member who has made the data correction in the first place, and this clause shall be inapplicable in such case.

receipt of the correction request (or, such longer period of time where permitted in accordance with the PDPO), the Selected CRA shall upon expiry of the 40 Calendar Days (or, such longer period of time where permitted in accordance with the PDPO) delete or otherwise amend the relevant data as requested by the requestor, and shall follow Clause 3.5(2)(a)(ii) to (iv) to notify relevant Subscribed Member(s) and requestor, and inform other Selected CRAs about such data correction in accordance with the manner specified in the PDPO.

- (4) In the case that the request received under Clause 3.5(1) is related to the update of bankruptcy status after discharge of bankruptcy by the Data Subject or any other public record data, the Selected CRA shall comply with such data correction request in accordance with the CCD Code. If the Selected CRA corrects such record that is in its possession or under its control, it shall follow Clause 3.5(2)(a)(ii) to (iv) to notify relevant Subscribed Member(s) and requestor, and inform other Selected CRAs about such data correction in accordance with the manner specified in the PDPO.
- (5) A Selected CRA shall develop its internal policies and procedures to handle requests for data correction or update, which shall be in accordance with Applicable Laws and the requirements for correction request handling specified in the PDPO and the CCD Code.

3.6 Credit Reporting

- (1) Upon the request for a Credit Score or Credit Report directly by a Data Subject, by the relevant person on behalf of the Data Subject, or indirectly through a Subscribed Member, a Selected CRA shall include in the Credit Report a statement indicating that the information and Consumer Credit Scoring model may be different from those that may be used by the Subscribed Member, and a notice which shall include
 -
 - (a) the current Credit Score of the Data Subject or the most recent Credit Score of the Data Subject that was previously calculated by the Selected CRA for a purpose related to the extension of credit;
 - (b) the range of possible Credit Scores under the model used;
 - (c) all of the key factors that adversely affected the Credit Score of the Data Subject in the model used;
 - (d) the date on which the Credit Score was created;
 - (e) the Data Subject's right to request to freeze the Credit Provider's access to its Credit Report for opening new credit account and put in place security arrangements, or freeze the relevant credit or financial account in Credit Providers in cases of suspected fraud or identity theft;

- (f) consumer education, e.g. in relation to how to understand Credit Scores, factors that affect Credit Scores, how Data Subjects should manage their Credit Scores, and the Data Subject's right to be provided with a free Credit Report in any twelve-month period;
 - (g) information about the Data Subject's history in relation to credit;
 - (h) any other information relating to the Data Subject's creditworthiness.
- (2) A Selected CRA shall supply the Data Subject or Subscribed Members with a Credit Score that is derived from its trained and tested Consumer Credit Scoring model.
 - (3) A Selected CRA shall review and perform testing at least annually to evaluate the validity, consistency and accuracy of the Consumer Credit Scoring model with industrial testing methodology and benchmarking against the industrial standards.
 - (4) A Selected CRA shall notify Subscribed Members with which it has entered into a subscription agreement under the Model as soon as practicable if any material change to its Credit Report format, Consumer Credit Scoring methodology, Consumer Credit Scoring model validation method, or the analysis and reporting of Credit Score has been made by the Selected CRA.
 - (5) A Selected CRA shall render necessary assistance to the Data Subject in understanding the Consumer Credit Scoring assessment of the credit behaviour of the Data Subject and prediction about the future credit behaviour of the Data Subject.
 - (6) A Selected CRA shall render necessary assistance at no additional cost or expense to the Data Subject in cases of suspected fraud or identity theft.
 - (7) Each of the Selected CRAs under the Model shall, upon request of a Data Subject, provide a Credit Report to him/her without charge in any twelve-month period to validate his/her own credibility and data accuracy. The comprehensiveness and completeness of such Credit Report shall not be materially different from the Credit Report provided under Clause 3.4(1).
 - (8) A Selected CRA shall observe good industry practice, and give due consideration to the industry practice or guidelines recommended by Applicable Authorities from time to time, when utilising Fintech for Consumer Credit Scoring, such as –
 - (a) Tips for Using Fintech from the PCPD; or
 - (b) any other applicable common baseline from the industry.

3.7 Matters Requiring Approval from the MCRAUG

- (1) A Selected CRA shall apply in writing for approval from the MCRAUG –

- (a) at least ninety (90) Calendar Days before carrying on any business which will involve the use of Consumer Credit Data provided by the Subscribed Members to the Selected CRA other than Consumer Credit Reference Service under Clause 3.1(1);
 - (b) at least ninety (90) Calendar Days before procuring Third Party to provide service(s) which will involve the use of Consumer Credit Data provided by the Subscribed Members to the Selected CRA under Clause 4.5(1);
 - (c) at least ninety (90) Calendar Days before disclosing Consumer Credit Data provided by the Subscribed Members to any Third Party, to the extent the disclosure is permitted and in accordance with the Applicable Laws (including as specified in the CCD Code);
 - (d) at least ninety (90) Calendar Days before making any change in any matter that may impact or potentially impact or compromise the confidentiality, security or integrity of any Consumer Credit Data held by or under the control of the Selected CRA; and
 - (e) at least twenty-one (21) Calendar Days (unless otherwise agreed by the MCRAUG) before taking copies of historical Consumer Credit Data from the Platform in order to recover its database of Consumer Credit Data in the event of loss or damage.
- (2) Upon receiving application from the Selected CRA under 3.7(1), the MCRAUG shall assess and evaluate the application with reference to the provision of the Code and the Applicable Laws in a reasonable and objective manner as soon as practicable, and if necessary the MCRAUG may appoint an independent assessor to participate in the evaluation, to –
- (a) grant approval, with or without conditions;
 - (b) at any time vary or revoke any condition of approval in Clause 3.7(2)(a), or impose conditions or additional conditions in respect of any approval granted under Clause 3.7(2)(a); or
 - (c) reject the application.

After the review, the MCRAUG shall notify the Selected CRA in writing of the above decision together with the rationale behind such decision.

- (3) Upon obtaining approval from the MCRAUG under Clause 3.7(2), the Selected CRA shall notify the Subscribed Members with which it has entered into a subscription agreement under the Model about the approved matters within five (5) Business Days.

- (4) A Selected CRA may appeal a MCRAUG decision to reject an application made in accordance with Clause 3.7(2). The appeal shall be raised in writing to the Business Operator, within thirty (30) Business Days after having been informed of the rejection of the proposal concerned. All appeals will then be referred to and assessed by an appeal panel formed among the CCF and other members of Industry Associations.

3.8 Obligation to Notify MCRAUG of Certain Events

- (1) A Selected CRA shall notify the MCRAUG and, if applicable, the Applicable Authorities, in the manner and timeframe stipulated in Clause 3.9(1) below after the occurrence of any of the following events and circumstances:

- (a) any Data Breach;
- (b) any failure or potential failure to carry on any Consumer Credit Reference Service or any intention to cease or ceases business in Hong Kong;
- (c) any event (including an irregularity in any operations of the Selected CRA, or as and when applicable, impacts from the Selected CRA's headquarters/branch outside Hong Kong or a material change in the Selected CRA's business threats outside Hong Kong) that impedes or impairs the operations of the Selected CRA and affects the service provision to Subscribed Members;

(items (a) to (c) above being "**Level 1 Reportable Events**")

- (d) any potential or actual breach of or non-compliance with any terms of the Agreement, any provisions in the Code, the Framework, of the Applicable Laws relevant to the provision of Consumer Credit Reference Service (to the extent the notification is allowed by the Applicable Laws) and/or any condition or restriction imposed or any notice issued by the MCRAUG, which may adversely affect or prejudice the operation, business, reputation or goodwill of the Model, the Industry Associations, MCRAUG or any Subscribed Member or the Selected CRA itself;
- (e) any amalgamation, demerger, merger or corporate reconstruction or taking any step with a view to dissolution, liquidation or winding up;
- (f) any action or potential action taken regarding or in connection with the winding up of the Selected CRA;
- (g) any material audit finding, including but not limited to the high risk findings reported in the relevant audits or assessments of Consumer Credit Reference Service;

- (h) any event or happening which may render the continued operation of the Selected CRA contrary to the public interest;

(items (d) to (h) above being “**Level 2 Reportable Events**”)

- (i) any potential conduct or behavioural issues of any of the officers, employees, substantial shareholders and controllers of the Selected CRA (specifically those involved directly or indirectly in processing Consumer Credit Data and providing Consumer Credit Reference Service) which may render him/her no longer a fit and proper person;
- (j) any appointment or intention to appoint an administrator over the business of the Selected CRA;
- (k) any claim or action or proceedings or investigations or suits in any part of the world which has been commenced, threatened or is otherwise pending against the Selected CRA or any of its directors and/or substantial shareholders which is material and potentially adversely affects the ability of the Selected CRA to perform its obligations;
(items (i) to (k) above being “**Level 3 Reportable Events**”)

- (l) any suspension or intention to suspend payment of its debts or is unable to pay its debts as they fall due or admits inability to pay its debts;
- (m) any commencement or intention to commence negotiations with all or any class of its creditors with a view to rescheduling any of its debts, or makes a proposal for or enters into any compromise or arrangement with any of its creditors;
- (n) any sale, lease, transfer or disposal of all or substantially all of its assets and properties;
- (o) any appointment or potential appointment of a receiver by its creditors over all or any of the assets of the Selected CRA or a receiver is appointed over all or any of the assets of such CRA; and
- (p) any other event that the MCRAUG may prescribe or specify by notice in writing from time to time

(items (l) to (p) above being “**Level 4 Reportable Events**” and Level 1 Reportable Events, Level 2 Reportable Events, Level 3 Reportable Events and Level 4 Reportable Events together being “**Reportable Events**”).

- (2) A Selected CRA shall notify the MCRAUG in the manner and timeframe stipulated in Clause 3.9(3) below after the occurrence of any of the following events:

- (a) any change of the name of the Selected CRA;
 - (b) any change of business address of the Selected CRA;
 - (c) any change of the Control of the Selected CRA;
 - (d) any change of the composition of the board of directors or the senior management team of the Selected CRA (excluding any change to the chairman or chief executive officer of the Selected CRA);
 - (e) any information or documents provided to MCRAUG which may or is false or misleading.
- (3) A Selected CRA shall provide the MCRAUG with no less than thirty (30) Calendar Days' prior notice before making any change to its chairman or chief executive officer, provided that if such change is made on an emergency basis, such as due to the resignation or incapacitation of the current holder of the office, then the Selected CRA shall provide the MCRAUG with as much prior notice as is reasonably practicable in the circumstances. Following such notice, the Selected CRA shall consult with the MCRAUG and take the MCRAUG's comments into account in appointing a replacement chairman or chief executive officer. The MCRAUG shall within ten (10) Calendar Days upon receipt of the notice from the Selected CRA issue its comments if any for the consideration of the Selected CRA.

3.9 Notification of Reportable Events

- (1) Upon the occurrence of or a Selected CRA becoming aware of any Reportable Event, the Selected CRA shall –
- (a) without undue delay and within the applicable Mandatory Reporting Period after having become aware of it, notify the MCRAUG in writing by delivering to the MCRAUG a notice which shall at least contain the following –
 - (i) general description of what occurred;
 - (ii) date and time of the Reportable Event and its duration, if applicable, including, in the case of Level 1 and Level 2 Reportable Events resulting in service failure by the Selected CRA, providing expected date and time for recovery of the services;
 - (iii) the cause of the Reportable Event;
 - (iv) how the Reportable Event was discovered and the date and time the Reportable Event was discovered;

- (v) assessment of the risk of harm (such as identity theft or fraud) as a result of the Reportable Event;
 - (vi) information of any potential financial impact to the Selected CRA; and
 - (vii) description of the measures already taken or to be taken to mitigate the losses and damages arising from the Reportable Event and remediate the Reportable Event.
- (b) and provide, in the case of a Data Breach, the following additional information within the applicable Mandatory Response Period:
- (i) source and cause of the Data Breach;
 - (ii) number of affected Data Subjects;
 - (iii) analysis of the Personal Data involved;
 - (iv) description of the measures already taken or to be taken to prevent further loss, unauthorized access to or leakage of Personal Data;
 - (v) contact information of a department or an individual designated by the Selected CRA within the Selected CRA for affected Data Subjects to obtain more information and assistance;
 - (vi) information and advice on actions the Data Subjects can take to protect themselves from the adverse effects of the breach and against identity theft or fraud; and
 - (vii) whether and when the law enforcement agencies, the PCPD, relevant Data Subjects and such other parties have been or will be notified.
- (c) within five (5) Business Days from the notification to the MCRAUG, notify the Subscribed Member(s) with which it has entered into a subscription agreement under the Model about the Reportable Event, including the information provided under clause 3.9(1)(a) and 3.9(1)(b).
- (d) within one month from the occurrence of a Level 1 Reportable Event, submit a full incident report to the MCRAUG.
- (e) to the extent permissible under the Applicable Laws, timely and proactively provide all information, details, correspondence with Applicable Authorities and documents and updates and status in relation to such Reportable Event and remedial or rectifications actions thereof as may be requested by the MCRAUG or Applicable Authorities from

time to time unless and until such Reportable Event is properly rectified and remedied to the satisfaction of the MCRAUG.

- (f) at its sole expense and in consultation with the MCRAUG and/or Applicable Authorities, remedy and rectify any such Reportable Event to the satisfaction of the MCRAUG and regularly provide the MCRAUG and/or Applicable Authorities with update and progress of such remedial or rectification actions in such manner as prescribed by the MCRAUG from time to time.
 - (g) work with the MCRAUG to make any required notifications to Applicable Authorities.
 - (h) in the case that the Reportable Event has any impact on consumers, notify such Reportable Event to the affected consumers, or to the public when affected consumers are not identifiable immediately or where public interest exists.
 - (i) in the case of Level 1 and Level 2 Reportable Events, hold daily operational meetings and reviews in respect of the Reportable Event, and in the case of Level 3 and Level 4 Reportable Events, hold weekly operational meetings and reviews.
 - (j) without affecting the generality of Clause 3.9, in the event of a Data Breach, in addition to:
 - (i) do all such things as necessary at its sole expense to assist the Subscribed Members in mitigating the effects of the Data Breach;
 - (ii) implement any measures necessary to restore the confidentiality, integrity and security of any compromised Personal Data;
 - (iii) make any required notifications to the PCPD as well as the affected Data Subjects and, as and when necessary, the public in accordance with the Applicable Laws²¹; and
 - (iv) not do anything which may damage the reputation of the MCRAUG, save as required by the Applicable Laws.
- (2) The MCRAUG may, if deemed desirable after a Reportable Event, appoint an independent assessor to the concerned Selected CRA at the cost of the Selected CRA, or directly require the concerned Selected CRA, to conduct a post-incident assessment and submit the relevant assessment reports to the MCRAUG for review.

²¹ The applicable guidance on how and when to give notification shall include but not limited to the “Guidance on Data Breach Handling and the Giving of Breach Notification” issued by the Privacy Commissioner for Personal Data (January 2019).

(3) Upon the occurrence of those matters specified in Clause 3.8(2) of the Code (collectively referred to as the “**General Events**”, or each a “**General Event**”), the Selected CRA shall –

(a) notify the MCRAUG in writing within five (5) Business Days from the General Event by delivering to the MCRAUG a notice which shall at least contain the following –

(i) general description of what occurred; and

(ii) date and time of the General Event.

(4) The applicable Mandatory Reporting Periods for Reportable Events are as follows:

(i) Level 1 Reportable Event – 12 hours;

(ii) Level 2 Reportable Event – 24 hours;

(iii) Level 3 Reportable Event – 48 hours; and

(iv) Level 4 Reportable Event – 72 hours.

PART IV – CORPORATE GOVERNANCE AND INTERNAL CONTROL FOR SELECTED CREDIT REFERENCE AGENCIES

4.1 Board and Management Overview

- (1) A Selected CRA shall take reasonable care to maintain a clear and appropriate apportionment of significant responsibilities among its directors, senior managers and key functions so that –
 - (a) there is clear allocation of responsibilities between its personnel; and
 - (b) the business and affairs relating to the provisioning of Consumer Credit Reference Service under the Model can be adequately and properly monitored, supervised and controlled by the directors and its relevant senior managers.
- (2) The board of directors and senior management have the ultimate responsibility and accountability to manage and control the risks associated with the business operation of the Selected CRA. They shall take the responsibility to ensure the systems and controls established for risk management are robust enough to identify, assess, monitor and control the risks associated to the Consumer Credit Reference Service.
- (3) A Selected CRA shall have an adequate number of directors who –
 - (a) are capable of exercising independent judgement and oversight;
 - (b) have sufficient knowledge, skills, experience, competency and understanding of the business on provisioning of Consumer Credit Reference Service under the Model, and the risks to which the Selected CRA is exposed, to ensure that the board is able to fulfil its responsibilities.
- (4) A Selected CRA shall have an independent audit committee which shall have sufficient independent non-executive directors to ensure more than half the members of the audit committee are independent non-executive directors.
- (5) The board of a Selected CRA shall have the following responsibilities:
 - (a) acting on business principles and ensuring the strategy development and corporate governance framework complying with the Code and not detrimental to the operation of the Model;
 - (b) approving and periodically reviewing the significant policies and procedures of the Selected CRA;
 - (c) ensuring that –

- (i) the Selected CRA has adequate and sufficiently qualified, competent and experienced senior managers and other employees;
- (ii) appropriate and effective systems and controls are established, maintained and implemented for giving effect to the strategies and policies of the Selected CRA, which shall include internal controls and systems and controls with respect to risk management; and
- (iii) the Selected CRA complies with its regulatory obligations and the requirements under this Code;
- (d) establishing standards of conduct for business conduct and ethical behaviour for directors, senior management and other employees; and
- (e) monitoring, and ensuring, the financial soundness and robustness of the Selected CRA.

4.2 Risk Management

- (1) A Selected CRA shall understand the types of risk to which it is exposed and put in place appropriate frameworks to identify, measure, assess, monitor and control these risks and report regularly to the board of directors to ensure oversight over the risk of the business. It shall be aware that certain types of risk, e.g. liquidity, regulatory, operational (including protection of customer data), technology and cybersecurity, and reputation risk based on its nature of operation. For this reason, amongst others, a Selected CRA shall establish and maintain –
 - (a) a clearly defined strategy, and if the board considers it appropriate, policies, for the effective management of all significant risks that the Selected CRA is or may be exposed to; and
 - (b) frameworks and controls that are sufficient to ensure that the risk management strategy and policies are effectively implemented.
- (2) The risk management strategy and policies shall –
 - (a) be appropriate for and commensurate with the nature, size, complexity, structure and diversity of the Selected CRA's business;
 - (b) specify how risks are to be identified, measured, assessed, monitored, controlled and reported;
 - (c) where appropriate, set the level of risk that the Selected CRA is prepared to accept and authority levels for members of staff, together with corresponding measures; and

- (d) be approved, and reviewed on at least an annual basis, by the board.
- (3) The risk management strategy, policies, systems and controls shall be fully and clearly documented and effectively communicated and readily available to the directors and to those senior managers, staff and other functionaries of the Selected CRA who have responsibility for implementing them.
- (4) A Selected CRA shall, on at least an annual basis, assess its risk(s) in relation to the provision of Consumer Credit Reference Service under the Model in accordance with the defined risk management strategy and policies in Clause 4.2(2).
- (5) A Selected CRA shall pay regard to the good industry practices to establish relevant personnel or functions for the risk management purposes, including but not limited to –
 - (a) designating a data protection officer to ensure compliance with the PDPO;
 - (b) establishing and maintaining a technology risk management function to oversee information security, system resilience and business continuity management to prevent any security breaches;
 - (c) appointing a compliance officer with direct reporting lines to the board to govern the compliance matters (including compliance with the Applicable Laws) and public communication; and
 - (d) establishing and maintaining a fraud management function to prevent any suspicious internal and external fraud activities, including employee impersonation and fraudulent requests.

4.3 Communication with Relevant Stakeholders or Regulators

- (1) A Selected CRA shall establish a formal communication protocol for timely communications with Subscribed Members, the MCRAUG or Applicable Authorities if necessary for any CRA-related matters with consideration to fulfil its obligations as a Selected CRA under the Code, the Agreement and the Framework.

4.4 Internal Audit

- (1) A Selected CRA shall maintain an internal audit function that is appropriate for the size, nature, scope and complexity of the institution's operations.
- (2) The internal audit function shall –
 - (a) possess sufficient independence to carry out the Selected CRA's internal audit obligations objectively;

- (b) report directly to the board or to the audit committee and shall be given sufficient status within the Selected CRA to ensure that senior management and the board react to, and act on, its recommendations;
 - (c) have unrestricted access to –
 - (i) the staff of the Selected CRA, in order to carry out the Selected CRA’s internal audit obligations; and
 - (ii) documents and information relating to the business of the Selected CRA and its customers;
 - (d) have sufficient human resources with adequate professional qualifications, relevant auditing experience and training to understand and evaluate the business they audit; and
 - (e) employ a methodology that identifies all significant risks run by the Selected CRA and allocate resources accordingly.
- (3) A Selected CRA shall perform an audit at least annually to assess the risks relating to its Consumer Credit Reference Service and shall submit an internal audit report to the MCRAUG for its review and records. The MCRAUG may share such audit reports with Applicable Authorities such as the HKMA if deemed appropriate, and with Subscribed Members that have entered into subscription agreements with the Selected CRA upon request.

4.5 Third Party Management

- (1) A Selected CRA may, with the prior written approval of the MCRAUG under Clause 3.7, engage any Third Party to handle or manage the Consumer Credit Data obtained under the Model. The Selected CRA shall demonstrate to the MCRAUG that the engagement of such Third Party –
- (a) only involves the Third Party in processing Consumer Credit Data for the purposes of collecting such Consumer Credit Data from Data Subject, as indicated in the original collection purpose or the Data Subject’s Prescribed Consent (if any) and as permitted under the CCD Code;
 - (b) is consistent with the provisions of this Code and Applicable Laws; and
 - (c) does not bring adverse impact to the operation of the Model (e.g. damaging the reputation, interruption in business to consumers, Subscribed Members and other Selected CRAs in the Model).
- (2) A Selected CRA shall ensure the transparency of its Consumer Credit Data disclosure to Third Party under Clause 4.5(1) and the data handling practices of such Third Party by –

- (a) informing and notifying relevant Subscribed Members and Data Subjects in a clear and understandable language when collecting their Consumer Credit Data that such data may be processed by the engaged Third Party (e.g. updating the privacy policy statement), and, where the engaged Third Party may process their Consumer Credit Data for any new purposes, obtaining Data Subjects' Prescribed Consent.
- (3) When managing the Third Party, the Selected CRA shall have regard to the following controls –
- (a) the Selected CRA shall commission a detailed assessment of the Third Party's IT control environment before engaging the Third Party and shall re-assess the Third Party no less frequently than annually. The assessment shall be conducted by an independent assessor that is deemed competent and qualified by the MCRAUG;
 - (b) the Selected CRA shall enter into a contract with the Third Party clearly specifying –
 - (i) the security measures required to be applied by the Third Party to protect the Consumer Credit Data entrusted to it and obligating the Third Party to protect the Consumer Credit Data by complying with the Selected CRA's relevant IT control policies and procedures and the purpose of data transfer for processing and applicable data protection principles;
 - (ii) the prohibition of any use or disclosure of Consumer Credit Data to Third Party for the purpose other than the purpose as written in the original collection purpose and the Prescribed Consent, or for the Third Party's own purposes;
 - (iii) an obligation on the Third Party to immediately report any sign of abnormalities or security breaches by the Third Party;
 - (iv) the consequence for breaches of the contract, including damages, indemnification, termination of contract, suspension of services, etc; and
 - (v) the post-termination obligations to ensure that the service of the Selected CRA and the Model will not be disrupted, and that Consumer Credit Data will not be retained by the Third Party longer than is necessary.
 - (c) the Selected CRA shall ensure timely return, destruction or deletion of Consumer Credit Data by the Third Party when it is no longer required for the purpose for which it has been entrusted;

- (d) the Selected CRA shall be fully responsible and liable for the Third Party's conduct in processing the Consumer Credit Data and is responsible to ensure any Third Party it engages complies with this Code;
- (e) the Selected CRA shall ensure absolute prohibition or qualified prohibition (e.g. unless with the approval from the Selected CRA) on the Third Party against sub-contracting the service that it is engaged to provide;
- (f) where sub-contracting is allowed by the Selected CRA, the service agreement with the sub-contractor should impose the same obligations in relation to processing on the sub-contractor as are imposed on the Third Party by the Selected CRA; where the sub-contractor fails to fulfil its obligations, the Third Party shall remain fully liable to the Selected CRA for the fulfilment of its obligations;
- (g) the Selected CRA shall ensure measures required to be taken by the Third Party (such as having Personal Data protection policies and procedures in place and providing adequate training to its relevant staff) to ensure that its relevant staff will carry out the security measures and comply with the obligations under the contract regarding the handling of Consumer Credit Data;
- (h) the Selected CRA shall ensure its right to audit and inspect the Third Party's relevant operations in relation to the handling and storage of Consumer Credit Data, and shall ensure the Third Party consents to any audit or inspection as may be conducted by the MCRAUG and Applicable Authorities; and
- (i) the Selected CRA shall develop a contingency plan and exit management plan for the Third Party, which may include identification of additional or alternate Third Party for such support and services, to protect it from unavailability of services due to unexpected problems or termination of the Third Party.

4.6 Internal Procedures and Staff Training

- (1) To ensure proper handling of Consumer Credit Data and security measures carried out by suitably qualified staff, a Selected CRA shall –
 - (a) establish data protection policies and procedures;
 - (b) define the obligations of handling data clearly under staff contracts and employee handbooks and policies, as applicable; and

- (c) provide appropriate training to its staff with access to Consumer Credit Data and relevant sensitive information during the onboarding, and subsequently no less frequently than annually.

(2) To ensure accountability to the public, a Selected CRA shall –

- (a) maintain a proper channel for Data Subjects, Subscribed Members, or relevant stakeholders to express their opinions and queries;
- (b) establish operational procedures, with corresponding service levels and performance pledges, for customer service and complaints handling;
- (c) develop relevant programmes to promote consumer education and awareness in relation to Consumer Credit Reference Service; and
- (d) provide appropriate training no less frequently than annually to its staff relating to handling of queries or complaints from the public.

PART V – ASSESSMENT AND TESTING FOR SELECTED CREDIT REFERENCE AGENCIES

5.1 Independent Assessment

- (1) A Selected CRA should refer to and adopt industry standards or best practices on cybersecurity and privacy when designing, maintaining, and enhancing its systems, policies and procedures, including but not limited to:
 - (a) Control objectives of the ISO/IEC 27701 Security techniques — Extension to ISO/IEC 27001 and ISO/IEC 27002 for privacy information management — Requirements and guidelines (or its equivalent as approved by the MCRAUG).
- (2) A Selected CRA shall establish formal procedures to, at least annually, engage an independent assessor for performing compliance assessment and afterwards submit relevant assessment reports to the MCRAUG for review. The scope of the compliance assessment shall include –
 - (a) an Independent Assessment with reference to the requirements specified in Part III – IV of the Code;
 - (b) a Privacy Impact Assessment / Ethical Data Impact Assessment (depending on the complexity of data processing with reference to the PCPD’s Ethical Accountability Framework);
 - (c) an Assessment on the IT security arrangement covering control objectives of the ISO/IEC 27002 Best Practice on Information Security Management (or its equivalent as approved by the MCRAUG);
 - (d) A cyber risk assessment with reference to international guidelines or cybersecurity frameworks; and
 - (e) Infrastructure and Application Vulnerability Assessment and Penetration Testing on risk-based approach.
- (3) The intervals of each compliance assessment shall not exceed 12 months.
- (4) The MCRAUG may appoint an independent assessor to Selected CRA at the cost of the Selected CRA if the Selected CRA fails to appoint an independent assessor that is deemed competent and qualified by the MCRAUG.
- (5) The MCRAUG may share the submitted assessment reports of a Selected CRA with the Applicable Authorities such as the HKMA if deemed appropriate, and with Subscribed Members that have entered into subscription agreements with the Selected CRA upon request.

- (6) For high risk findings observed in the submitted assessment reports, the MCRAUG may, after consultation with Applicable Authorities where appropriate, issue remedial order by notice in writing to require the concerned Selected CRA to take necessary steps to mitigate such findings.

5.2 Technical Testing

- (1) A Selected CRA shall consider to perform technical testing on a risk-based approach to obtain a comprehensive assessment of the security capabilities of the information system and organization, including the potential vulnerabilities and the effectiveness of detection and response, the technical testing shall include –
 - (a) Cloud Assessment (if applicable);
 - (b) Red Team Testing; and
 - (c) Scenario-based Testing;
- (2) The tests shall be carefully planned and carried out so as not to unduly disrupt the Selected CRA's production systems/channels.
- (3) A Selected CRA shall ensure that the testing is conducted by tester with adequate knowledge, experience and qualification.

PART VI – POWER OF THE MULTIPLE CREDIT REFERENCE AGENCIES USER GROUP

In view of the inherent operational, reputation, and legal risks associated with multiple CRAs, the MCRAUG is established as the governance committee under the Industry Associations and may exercise the following powers –

6.1 Power to Amend the Code

- (1) The MCRAUG may amend this Code or make rules to carry out the provision of this Code –
 - (a) after consultation with the Applicable Authorities, Subscribed Members, Selected CRAs, and any other relevant stakeholders, if deemed necessary or appropriate by the MCRAUG; and
 - (b) by notification in writing to Subscribed Members and Selected CRAs in the Model.
- (2) The amendments shall be consistent with the provision of the Code as appear to it to be necessary for the governance of the Model.

6.2 Power to Inspect Selected CRAs

- (1) The MCRAUG may assign its representatives or independent parties to conduct inspection of a Selected CRA, with the costs of such inspection borne by the Selected CRA unless otherwise agreed by the Selected CRA and MCRAUG, under the condition of secrecy and subject to the Applicable Laws, as it considers necessary or expedient for any of the following purposes –
 - (a) to determine whether –
 - (i) a Selected CRA is carrying on its business in a manner likely to bring any adverse impact to the operation of the Model (e.g. damaging the reputation of or interrupting the operation of the Model or the business of any Subscribed Member, other Selected CRAs or, damage to any Data Subject); or
 - (ii) a Selected CRA is conducting its Consumer Credit Reference Service in a proper manner;
 - (b) to investigate an alleged or suspected contravention of any requirement of the Code or any complaint received;
 - (c) to investigate suspected fraud and identity theft within a Selected CRA's internal environment; or

- (d) to ensure compliance with the Code or any notice in writing issued by the MCRAUG under the Code.
- (2) For the purpose of Clause 6.2(1), the MCRAUG may –
 - (a) by notice in writing, require any person of the concerned Selected CRA to provide information relating to the operation of the concerned Selected CRA, including the books or audited financial statement of the concerned Selected CRA or to produce self-investigation result relating to any matter under investigation, and such person shall immediately comply with that requirement; and
 - (b) by notice in writing, require the person that produced the self-investigation result to the MCRAUG to explain, to the best of the person's knowledge and belief, any matter about the compilation of self-investigation result.
- (3) The MCRAUG shall, after completion of inspection, notify the Subscribed Members that have entered into subscription agreements with the inspected Selected CRA and Applicable Authorities, and share a written investigation report with them on request basis, with details –
 - (a) setting out the inspection result and any recommendation that the MCRAUG considers appropriate in promoting compliance of the Code; and
 - (b) such other comments arising from the investigation as it deems fit to make.
- (4) The written investigation report produced by the MCRAUG shall prevent identity of any individual being ascertained, unless such report is to be shared with Applicable Authorities, in which case the report shall disclose the minimum Personal Data of the individuals concerned to the extent permissible under the exemption provided in Section 58 of the PDPO.
- (5) For high risk findings observed in the inspection, the MCRAUG may, after consultation with Applicable Authorities where appropriate, issue remedial order by notice in writing to require the concerned Selected CRA to take necessary steps to mitigate such findings.
- (6) Upon receipt of remedial order, the Selected CRA shall take necessary steps to comply with the requirements stated in the order. Upon completion of remediation, the Selected CRA shall submit relevant supporting information to the MCRAUG relating to the remediation.

6.3 Power to Suspend or Terminate Selected CRAs

- (1) The MCRAUG may suspend or terminate the Selected Status of a Selected CRA if the MCRAUG finds, in consultation with the Applicable Authority(ies) where appropriate, that such Selected CRA –
 - (a) commits a material breach of any provisions under the Framework, the Code or the applicable Agreement, or any condition or restriction imposed or any notice issued by the MCRAUG under the Code;
 - (b) undergoes a CRA Termination Event;
 - (c) is failing, has failed, or fails to submit any relevant documents, provide any information or offer inspection of its company operations in any material respects when reasonably requested by officers or independent parties assigned by the MCRAUG from time to time;
 - (d) is failing, has failed, or fails to satisfy any of its material obligations under or arising from the Framework, the Code or the Agreement, or any Applicable Laws;
 - (e) fails to put in place adequate systems and procedures to ensure honest, fair and competent performance by its officers, staffs or employees of their duties under the Framework, the Code or the Agreement, or fails to remedy, on a timely basis, a failure by its officers or employees to perform their duties honestly, or fairly or competently; or
 - (f) ceases to carry on the Consumer Credit Reference Service for which it is selected.
- (2) Before suspending or terminating the Selected Status of a Selected CRA, unless the Selected CRA has provided notice of its intention to terminate its Selected Status or notice that a CRA Termination Event has occurred (“**Self-Initiated Termination**”), such Selected CRA shall be given a reasonable opportunity to be heard and its explanations considered by the MCRAUG. The MCRAUG shall provide reason(s) for its decision and specify the suspension period in writing if applicable, and grant a reasonable amount of time to such Selected CRA on such terms as the MCRAUG may deem appropriate for the Selected CRA to take necessary steps to comply with the requirements. The MCRAUG has the right to terminate the Selected Status of such Selected CRA immediately if –
 - (a) there are repeated breaches of the requirements in the Framework, the Code, the Agreement and the Applicable Laws by the Selected CRA;
 - (b) a Self-Initiated Termination occurs; or
 - (c) the Agreement expires, is terminated or becomes invalid or unenforceable for any reason.

- (3) If the MCRAUG determines to suspend or terminate such Selected CRA, the MCRAUG shall submit their decision for the endorsement by the Industry Associations, and notify the relevant parties in accordance with the Framework, ninety (90) Calendar Days prior to the suspension or termination of the Selected Status of such Selected CRA to ensure operation of the Subscribed Members and other Selected CRAs will not be affected, provided that the MCRAUG may shorten or dispense with such notice period where it determines that arrangements may be made immediately or over a shorter timeframe to suspend or terminate the Selected CRA's Selected Status without materially affecting Subscribed Members' and other Selected CRAs' operations. During any period of suspension, the Selected CRA will only provide such Consumer Credit Reference Services to Subscribed Members as may be agreed with MCRAUG as necessary to minimise the potential impact to consumers due to the suspension. Moreover, where applicable, such Selected CRA shall take any action as agreed with the MCRAUG as soon as practicable to minimise the potential impact to consumers due to its suspension or termination.
- (4) During the suspension of the Selected Status, the Agreement shall remain effective and, except as provided under Clause 6.3(3) the suspended Selected CRA shall continue to observe the obligations it has under the Agreement.
- (5) The MCRAUG may extend the suspension for a period specified in writing unless such Selected CRA has taken necessary steps that the MCRAUG deem appropriate to remediate the conditions under Clause 6.3(1).
- (6) The Agreement will be automatically terminated in full effect, except as otherwise stated in the Agreement, upon termination of the Selected Status, following the lapse of any applicable appeal period without any appeal being raised in accordance with Clause 6.3(7), or, where an appeal has been raised in accordance with that Clause, following the failure of any such appeal. The former Selected CRA ceases to be a Selected CRA from the date of which the Agreement is terminated and must contact relevant Subscribed Member(s) to perform post-termination obligation under the Agreement and respective subscription agreement(s).
- (7) A Selected CRA may appeal against the suspension or termination of Selected Status by the MCRAUG. Such appeal shall be raised in writing to the Business Operator, within thirty (30) Business Days after having been informed in writing about the suspension or termination of the Selected Status by the MCRAUG. All appeals will then be referred to and assessed by an appeal panel formed among the CCF and other members of the Industry Associations. For the avoidance of doubt, the right of appeal does not apply in the case of a Self-Initiated Termination.