



# **Customs and Excise Department**

## **Guidance Notes on the Competence Assessment for**

### **Money Service Operators**

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## Guidance Notes on the Competence Assessment for Money Service Operators

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# **Guidance Notes on the Competence Assessment for Money Service Operators**

## **1. Introduction**

- 1.1 The implementation of Competence Assessment (Assessment) aims at ensuring that the senior management of a licensed Money Service Operator (MSO) has a fundamental knowledge and clear understanding of anti-money laundering and counter-financing of terrorism (AML/CFT) to duly oversee all aspects of the AML/CFT systems set out for operating the money service business with a view to effectively mitigating the risks of money laundering and terrorist financing (ML/TF) arising from the business and complying with the statutory and regulatory AML/CFT requirements. The Assessment is conducive to uplifting the compliance level of the MSO sector and safeguarding the integrity of the AML/CFT regime under Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Chapter 615 (AMLO).
- 1.2 The purpose of this Guidance Notes is to provide candidates with more information with respect to the Assessment, especially on the examination format as well as the Assessment criteria, so that candidates can better prepare for the Assessment.

## **2. Statutory and Regulatory Requirements**

- 2.1 Under section 30 and 31 of the AMLO, the Commissioner of Customs and Excise (CCE) may grant/renew an MSO licence to an applicant/a licensee only if the CCE is satisfied that the sole proprietor/each partner/each director and the ultimate owner of the applicant/licensee is a fit and proper (F&P) person to be associated with the business of operating a money service. Besides, the sections detail the matters, in addition to any other matter that the CCE considers relevant, the CCE must have regard to in determining whether an applicant for an MSO licence/a licensee is a F&P person in considering the grant/renewal of a licence to operate a money service.
- 2.2 To provide greater clarity to licence applicants as well as licensees on the criteria for determining the fitness and propriety of a person, the CCE promulgated the Guideline on Criteria for Determining Fitness and Propriety (F&P Guideline) and the Supplementary F&P Guideline in April 2018 and January 2020 respectively. The Guidelines provide the matters and examples that the CCE considers relevant in determining the F&P status of a person to be associated with the business of operating a money service which include, among others, *“Whether the person is equipped with the skills, knowledge, experience and professionalism necessary to perform the business’s functions efficiently and effectively. In making such an assessment, the person is generally expected to be able to display an understanding of the statutory and regulatory requirements that apply to the business. Examples are a person who did not take or failed to pass the relevant test if any conducted by the Customs and Excise Department in the course of processing licence application.”*

### **3. Licensing Requirement**

- 3.1 To tie in with the implementation of the Assessment, the application procedures for the grant/renewal of an MSO licence stipulated in the Licensing Guide are revised accordingly. The Licensing Guide is promulgated by the CCE to set out the licensing requirements for an MSO licence under the AMLO and its updated version in March 2021 provides that at least one member of the senior management of a licence applicant/a licensee must pass the Assessment. The result of the Assessment will constitute a substantial weighting in the evaluation of the overall F&P person status and thus be one of the factors that the CCE will have regard to in considering the grant or renewal of an MSO licence. Failure of a licence applicant/ a licensee to attend or pass the Assessment may result in refusal of the licence application.

### **4. Eligible Person(s) for the Assessment**

- 4.1 An eligible person of an MSO for the Assessment means the person who:
- (i) must be the senior management of the licence applicant/licensee in overseeing the operation of money service business;
  - (ii) has a direct involvement in making decision on company policy and governance arrangement; and
  - (iii) is held accountable in the compliance functions and systems of the company.
- 4.2 The senior management of an MSO is defined as follows:
- (i) where the MSO licence applicant/licensee is a natural person –
    - (a) the sole proprietor; or
    - (b) the partners in the partnership (not more than THREE partners can be nominated to participate in the Assessment).
  - (ii) where the MSO licence applicant/licensee is a legal person, i.e. corporation –
    - (a) the sole director of a corporation; or
    - (b) the individual directors, who must be natural persons, of a corporation (not more than THREE directors can be nominated to participate in the Assessment).
- 4.3 Given that the Assessment is conducted on a company basis, the candidates of the same company/corporation under an application/an MSO licence must attend the same session of the Assessment in all circumstances.
- 4.4 Nomination for eligible person(s) to attend the Assessment would be made by a licence applicant / a licensee only for once and under the following circumstances:
- (i) A new licence application is filed;
  - (ii) Within 90 days before the expiry of the licence and the licensee has no eligible person who has passed the Assessment; and
  - (iii) Upon notification by a licensee of the deletion of the only eligible person who has passed the Assessment.

- 4.5 For granting an MSO licence, the eligible person(s) of the licence applicant shall attend the Assessment within 30 days upon attending the interview with the officers of the Customs and Excise Department (C&ED). In case that the eligible person(s) of the applicant fail the Assessment, the applicant will be given another opportunity to arrange the eligible person(s) to re-take the Assessment after 30 days upon the notification of result. The corresponding licence application could be refused by the CCE upon the circumstance that the CCE considers the licence applicant to be not fit and proper to operate the money service business.
- 4.6 For renewing an MSO licence, the eligible person(s) of the licensee shall attend the Assessment within 30 days upon the issue of reminder letter, which would be delivered to each licensee 90 days before the expiry of the licence. In case that the eligible person(s) of the licensee fail the Assessment, the licensee will be given another opportunity to arrange the eligible person(s) to re-take the Assessment after 30 days upon the notification of result and before the expiry of the licence. If all the eligible person(s) of the licensee still fail the Assessment before the expiry of the licence, the corresponding licence application for licence renewal could be refused upon the circumstance that the CCE considers the licensee to be no longer fit and proper to operate the money service business.

## **5. Mode and Scope of the Assessment**

- 5.1 The Assessment comprises 35 multiple-choice questions in Chinese or English languages, and there is only one correct answer for each question. Candidates are required to complete the Assessment in 1 hour and 15 minutes.
- 5.2 The Assessment is composed of seven modules and each module consists of five multiple-choice questions. The seven modules are:
- (1) General knowledge on AML/CFT and Counter Proliferation Financing
  - (2) Part 1-7 of the AMLO
  - (3) Schedules to the AMLO
  - (4) Guidelines promulgated by the C&ED
  - (5) MSO's systems and controls (i) Institutional governance and strategy
  - (6) MSO's systems and controls (ii) AML/CFT control areas
  - (7) MSO's systems and controls (iii) Demonstrating and monitoring compliance
- 5.3 To obtain a "Pass" in the Assessment, the candidate must not make more than two mistakes in each module AND attain a total score of 25 or above for the entire Assessment paper.

## **6. Suggested Reference**

- 6.1 All the multiple-choice questions of the Assessment are set mainly based on the following publicly available materials:
- (1) Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)
  - (2) Guideline on Anti-Money Laundering and Counter-Financing of Terrorism for MSOs promulgated by C&ED

- (3) Licensing Guide issued by C&ED to MSOs
- (4) Guidelines issued by C&ED to MSOs
- (5) Circulars issued by C&ED to MSOs

## 7. Sample Question

7.1 The following is the sample question for the Assessment:

1. *What are the three common stages of Money Laundering?*

- 1. *Layering*
- 2. *Identifying*
- 3. *Integrating*
- 4. *Placement*
- 5. *Collection*

- a) *1,2 and 3*
- b) *2,3 and 4*
- c) *1,3 and 4*
- d) *1,2 and 5*
- e) *3,4 and 5*

*Correct Answer: C*

## 8. Validity of the Assessment's result

- 8.1 "A pass in the Assessment" is considered by the CCE to be a ***company-based qualification*** which is also one of the F&P person statuses to be associated with the business of operating a money service.
- 8.2 **Please note that when the licensee no longer has at least one member of the senior management, i.e. the sole proprietor, partner or director, who passed the Assessment, the validity of this company-based qualification will be void automatically.** Under such circumstance, except for the licensee belonging to sole proprietorship, the licensee belonging to partnership and corporation will be given an opportunity to arrange any eligible person(s) of its senior management to take the Assessment within 30 days upon notification to the C&ED of change in partnership or directorship. In case that the eligible person(s) fail the Assessment, the licensee will be given another opportunity to arrange the eligible person(s) to re-take the Assessment after 30 days upon notification of result. For licensees that are due for renewal within 180 days, the Assessment arrangement will follow para. 4.6 relating to the renewal of licence.
- 8.3 Having considered the merits of each case, the CCE may exercise discretion to allow the licensee to continue its money service business when none of eligible person of the licensee passed the Assessment. In granting the exemption, the CCE will impose relevant licensing condition(s) that the CCE deemed appropriate and necessary for

ensuring the licensee to have the capability to operate the money service business with effective AML/CFT systems.

## 9. Documents and Papers for the Assessment

- 9.1 Candidates should present the following documents and papers for inspection when attending the Assessment:
- (1) Hong Kong Identity Card or an alternative identification document with photo, e.g. valid travel documents;
  - (2) Authorization letter, i.e. only for the partnership company and corporation; and
  - (3) Assessment invitation letter.
- 9.2 Any candidate who is unable to present the above documents will not be allowed to attend the Assessment as scheduled.
- 9.3 If the identification documents presented by a candidate is damaged or defaced, the candidate may not be allowed to attend the Assessment. Candidates are therefore recommended to carefully inspect their identification documents before the Assessment.

## 10. Important Notes to Candidates

- 10.1 Candidates **MUST** follow the rules set out in this set of Guidance Notes and instructions of the invigilators. Anyone who violates the rules or acts dishonestly in any way during the Assessment, is **LIABLE TO BE DISQUALIFIED**. You may also be requested to leave the Assessment centre immediately.
- 10.2 Candidates **MUST** take the Assessment at the time and place specified in the invitation letter. Any requests for change of Assessment date/time/centre will not be considered. Once the Assessment has started, you will **NOT** be allowed to enter the premises to take the Assessment.

### Before the Assessment

- 10.3 Candidates should check your body temperature before departing for the Assessment centre. If you have a fever and/or contagious diseases, you should **NOT** attend the Assessment. If you have respiratory symptoms, such as cough and runny nose, you should put on surgical mask properly whenever you are within the Assessment centre but will be required by the invigilators to remove your mask for verification of your identity.
- 10.4 You **MUST** bring to the Assessment centre your personal identification document, e.g. Hong Kong Identity Card, valid local/foreign Passport and etc., **AND** a **printed** copy of the invitation letter for identity verification. **If you fail to produce your personal identification document for identity verification, you will NOT be allowed to sit for the Assessment. Please note that you may be required to undergo identity verification at different stages of the Assessment.** In case of any doubt on your identity, the invigilator may make copy(ies) of your identification document at the

Assessment centre for further verification as and when required.

10.5 Stationery will be provided at the Assessment centre.

### During the Assessment

10.6 Do not leave the Assessment centre without permission from the invigilator. Early leavers must make sure the answer scripts and related materials have been collected by the invigilator on the spot. Candidates are strictly forbidden to take away any question book or answer sheet, whether used or unused, out of the Assessment centre.

10.7 Only necessary and permitted stationery can be put on the desk. All other personal belongings, such as books, dictionaries, notes, paper, notebooks and all kind of electronic devices (e.g. calculators, tablets, PDA, mobile phones, Bluetooth headsets, pagers, MP3 players, electronic dictionaries, digital cameras/recorders, databank watches, smart watches with mobile applications installed or wireless technologies supported, etc.), **MUST** be put under your chair. Mobile phones must **NOT** be covered by anything and should be clearly seen by the invigilators. You must **NOT** put any unauthorized articles (including mobile phones and other electronic devices) on/in your desk, on your body or in your pockets during the Assessment. Mobile phones, other electronic devices or articles that can emit sound **MUST** be switched off throughout the examination. Please keep safe custody of your personal belongings, the C&ED or Assessment centre assumes no responsibility for any loss or damage.

10.8 You must **NOT** –

- (a) communicate or attempt to communicate improperly with any person inside or outside the Assessment centre; or
- (b) disturb other candidates in whatever way; or
- (c) take photographs, audio-record or video-record inside the Assessment centre.

10.9 You must mark the answers on the multiple-choice answer sheet provided. Answers not written on the multiple-choice answer sheet will **NOT** be marked. You must **NOT** copy anything from the question book onto the invitation letter, and, or your personal belongings or parts of your body.

## **11. Proper Ways of Filling in the Multiple-choice Answer Sheet**

11.1 Failure to follow the instructions below may result in your answers being rejected with **NO MARKS** given to you.

11.2 Before going to the questions, you have to write down the following particulars on the multiple-choice answer sheet as instructed by the Presiding Invigilator:

- (a) Name of Company : Write down full name of your company in Chinese and/or English and in block letters.



- (b) Application Number : Write down your Application Number. Your Application Number is shown in the invitation letter.
- (c) Name of Candidate : Write down your full name in Chinese and/or English and in block letters.
- (d) Status of Candidate : Write down your position in the company.
- (e) Date of Assessment : Write down the date you take the Assessment
- (f) Signature of Candidate : Sign your name

11.3 An example of the instructions at paragraph (11.2) (a) to (f) is given below :



香港海關  
**Customs and Excise Department**  
 金錢服務監理科  
**Money Service Supervision Bureau**

<b>For Internal Use</b>	
Ref:	MSSB/CA/21/01
Seat no.:	1
Date:	X June 2021
Marks:	/ 35
<b>PASS / FAIL</b>	

**Competence Assessment  
 for Money Service Operators**

**<< ANSWER SHEET >>**

Please fill in the blanks below in Block letter:	
(a) Name of Company:	ABC Limited
(b) Application Number:	E-NL-21-123456
(c) Name of Candidate:	陳大文 Chan Tai Man
(d) Status of Candidate:	Sole Director
(e) Date of Assessment:	01/06/2021
(f) Signature of Candidate:	CHAN

a b c d e					<i>Shade ONE letter only for each question.        Make sure you put your answer in line with the correct question number.</i>																		
<b>Module 1</b>					<b>Module 3</b>					<b>Module 5</b>					<b>Module 7</b>								
1	a	b	c	d	e	11	a	b	c	d	e	21	a	b	c	d	e	31	a	b	c	d	e
	○	○	●	○	○		○	○	○	○	○		○	○	○	○	○		○	○	○	○	○
2	a	b	c	d	e	12	a	b	c	d	e	22	a	b	c	d	e	32	a	b	c	d	e
	○	○	○	○	○		○	○	○	○	○		○	○	○	○	○		○	○	○	○	○

11.4 Fill in the answer boxes in the same way as the example shown above. Erase wrong answers thoroughly and do not fold the answer sheet.

11.5 You will score **NO** marks for marking two or more answers to the same question.

11.6 When you fill in an answer, check to see that you are answering the right question.

Any requests for amending the answers made beyond the Assessment time will **NOT** be considered.

## **12. Notification of the Results**

- 12.1 Candidates will only be notified of the results, i.e. PASS or FAIL, by **E-MAIL only** within 14 days after the Assessment. Please keep this notification as a certification of the Assessment result in any future event.
- 12.2 Candidates who are not satisfied with their Assessment results may, within seven days after the date of issuance of the result notification, write to the Licensing Control Division at Units 1218-1222, 12/F., Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon or by e-mail: [msoenquiry@customs.gov.hk](mailto:msoenquiry@customs.gov.hk) for re-checking of the Assessment papers. Late submission will not be considered.
- 12.3 The C&ED will re-check the candidate's answers of the answer sheet and the result will be sent to the candidates concerned in writing within 14 days after receipt of the re-checking request. The answer sheet will be re-checked for technical errors such as incorrect mark entries and data inconsistencies.
- 12.4 The result of the re-checking is final. The C&ED will not disclose the exact scores, the Assessment questions and the corresponding correct answers in any case.
- 12.5 **VERY IMPORTANT:** A pass in the Assessment does not necessarily mean that you are eligible for a licence. For granting a licence, applicants are also required to meet the licensing requirements stipulated in the AMLO and the licensing guide promulgated by the C&ED.

## **13. Severe Weather Arrangements**

- 13.1 As a general rule, the Assessment will be held as scheduled when typhoon signal No. 3 or lower, and/or rainstorm signal "Amber" or "Red" is issued by the Hong Kong Observatory. If typhoon signal No. 8 or above, and / or rainstorm warning "Black" is still hoisted at or after 8:00 a.m. on the scheduled date, the Assessment will be suspended. Alternative arrangements, if any, will be published on the website of Money Service Operators Licensing System on the first working day that follows.

## **14. Other Matters**

- 14.1 The invitation to the Assessment does not imply that a candidate has fully met the licensing requirements as the vetting process is still in progress. Applicants/Licensees who do not meet the licensing requirements will not be further considered irrespective of their Assessment results.
- 14.2 Where changes to the Assessment arrangements are required by C&ED, candidates will be informed by email before the Assessment as soon as practicable.
- 14.3 As regards the facilitating arrangements of Assessment available for persons with

disabilities, candidates may contact the C&ED at 2707 7837 for enquiries. The C&ED may require, as appropriate, the candidates to produce medical proof to confirm their disabilities in order to make suitable arrangements.

14.4 You should not, without permission, enter the offices, classrooms or any area in the Assessment centre not open to candidates. C&ED and the Assessment centre should not be held responsible for any injury suffered by candidates due to their unauthorized entry into the aforesaid places.

14.5 In case of any dispute, the decision made by the C&ED shall be final and conclusive.

## **15. Enquiries**

15.1 You may find more information about the Assessment at <https://eservices.customs.gov.hk/MSOS/>. You can also make enquiry to the department by the following ways:

- (i) By phone at 2707 7837 (during office hours from Monday to Friday except Public Holidays);
- (ii) By post to the Money Service Supervision Bureau, Customs and Excise Department at Units 1218-1222, 12/F., Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon;
- (iii) By fax to 2707 7838 ; or
- (iv) By email to [msoenquiry@customs.gov.hk](mailto:msoenquiry@customs.gov.hk)

**- End -**