



MSSB/MIS_03/2017

29 September 2017

**Circular to Money Service Operators
Anti-Money Laundering / Counter-Terrorist Financing**

**Gazettal of the Anti-Money Laundering and Counter-Terrorist Financing
(Financial Institutions) (Amendment) Bill 2017**

We would like to draw the Money Service Operators' ("MSOs") attention that, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017 (the "Bill") was published in the Gazette on 23 June 2017. Subject to the passage of the Bill by LegCo, the Government proposes to implement the amendments on 1 March 2018.

The Bill can be found on the Government's website

<http://www.gld.gov.hk/egazette/pdf/20172125/es32017212522.pdf>.

The Bill seeks to (1) apply statutory customer due diligence ("CDD") and record-keeping requirements to solicitors, accountants, real estate agents, and trust or company service providers ("TCSPs") when these businesses and professions engage in specified transactions; and (2) introduce a licensing regime for TCSPs to require them to apply for a licence from the Registrar of Companies and satisfy a "fit-and-proper" test before they can provide trust or company services as a business in Hong Kong.

The Government has also taken this opportunity to propose certain improvements to the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap.615) ("AMLO") to bring it up to date in line with the latest Financial Action Task Force ("FATF") requirements and to facilitate compliance by regulatees.

The improvement changes, which are more relevant to the MSOs sector, include –

- (a) relaxing the threshold of defining beneficial ownership from the current "not less than 10%" to "more than 25%", having regard to the prevailing FATF standard and international practice;
- (b) introducing flexibility to measures permitted to be taken for verifying a customer's identity, in the light of technological development in the methods used by financial institutions for obtaining information relating to customers;
- (c) removing a sunset clause in the AMLO so that financial institutions will have the flexibility to rely on solicitors, accountants, TCSP licensees as well as other financial institutions (including a foreign financial institution in the same parent group) as intermediaries to carry out CDD measures.

Should you have any queries regarding the contents of this circular, please contact us on 2707 7819.

Money Service Supervision Bureau

Customs and Excise Department

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