



MSSB/Guide_01/2017
11 October 2017

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

**Guideline on Anti-Money Laundering and Counter-Terrorist Financing –
Address Verification Requirements**

The Customs and Excise Department (“C&ED”) and the other relevant authorities (“RAs”)¹ have been reviewing various aspects of the anti-money laundering and counter-financing of terrorism (“AML/CFT”) regulatory requirements for financial institutions (“FIs”)², which include the address verification requirements stipulated in the Guideline on Anti-Money Laundering and Counter-Terrorist Financing (“AML Guideline”).

Taking into account feedback from various stakeholders about AML/CFT processes and industry developments, the C&ED and the other RAs have agreed to remove the address verification requirements currently set out in the AML Guideline. As a result, FIs are only required to collect address information of customers and/or beneficial owners without the need to collect documentary evidence for AML/CFT purpose.

Relevant paragraphs of the AML Guideline that will be amended to reflect the removal of the address verification requirements are listed in the Appendix. Such amendments to the AML Guideline are expected to be gazetted tentatively in the first half of 2018, in conjunction with other revisions to the AML Guideline resulting from the passage of Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017 (“Bill”)³.

In the meantime, any absence of verification of address (as otherwise envisaged by paragraphs in the Appendix) will be regarded by the C&ED and the other RAs as justified under paragraph 1.7 of the AML Guideline. Money Service Operators (MSOs) may start reviewing and adopt the changes as appropriate.

It should be noted that MSOs may, under certain circumstances, still require address verification from a customer for other purposes (e.g. group requirements, other local or overseas legal and regulatory requirements). In such circumstances, MSOs should communicate clearly the reasons of requiring verification of address to the customer.

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

End

¹ The other RAs are: the Hong Kong Monetary Authority, the Securities and Futures Commission and the Insurance Authority.

² These FIs are: authorized institutions; licensed corporations; authorized insurers, appointed insurance agents and authorized insurance brokers carrying on or advising on long term business; and licensed money service operators.

³ The Bill, which is being scrutinized by the Legislative Council, includes the proposal to amend the requirements in relation to wire transfers, so consequential amendments will also be made to Chapter 10 of the AML Guideline, including relevant address verification requirements.



Summary of relevant paragraphs of the AML Guideline that will be amended

Customers – Individual (Paragraph 4.8.8)	An FI should obtain and verify the residential address (and permanent address if different) of a direct customer with whom it establishes a business relationship as this is useful for verifying an individual's identity and background.	FIs are required to collect residential address ¹ .
Customers – Trust (Paragraph 4.8.9)	For avoidance of doubt, it is the trustee of the trust who will enter into a business relationship or carry out a transaction on behalf of the trust and who will be considered to be the customer. The address of the trustee in a direct customer relationship should therefore always be verified.	FIs are required to collect the address of the trustee.
Customers – Corporation (Paragraph 4.9.7)	An FI should obtain and verify the following information in relation to a customer which is a corporation: (a) full name; (b) date and place of incorporation; (c) registration or incorporation number; and (d) registered office address in the place of incorporation. If the business address of the customer is different from the registered office address in (d) above, the FI should obtain information on the business address and verify as far as practicable.	FIs are required to collect the registered address and principal place of business.
Customers – Corporation (Paragraph 4.9.10(c))	FIs should verify the company's registered office address in the place of incorporation.	To be repealed
Beneficial owners (Paragraph 4.3.6)	For beneficial owners, FIs should obtain the residential address (and permanent address if different) and may adopt a risk-based approach to determine the need to take reasonable measures to verify the address, taking account of the number of beneficial owners, the nature and distribution of the interests in the entity and the nature and extent of any business, contractual or family relationship.	FIs are required to collect the residential address of beneficial owners ¹ .

¹ Besides, FIs are no longer required to collect and verify permanent address of a natural person customer and beneficial owner.



<p>- Other connected parties (Footnote 34 – High risk situations)</p>	<p>Consideration might be given to obtaining, and taking reasonable measures to verify, the addresses of directors and account signatories.</p>	<p>To be repealed</p>
<p>Delay in identity verification (Footnote 16)</p>	<p>The same principle applies to the verification of address for a direct customer; an example of a reasonable timeframe being 90 working days.</p>	<p>To be repealed</p>
<p>Verification methods (Paragraph 4.8.10)</p>	<p>Methods for verifying residential addresses may include obtaining:</p> <ul style="list-style-type: none">(a) a recent utility bill issued within the last 3 months;(b) recent correspondence from a Government department or agency (i.e. issued within the last 3 months);(c) a statement, issued by an authorized institution, a licensed corporation or an authorized insurer within the last 3 months;(d) a record of a visit to the residential address by the FI;(e) an acknowledgement of receipt duly signed by the customer in response to a letter sent by the FI to the address provided by the customer;(f) a letter from an immediate family member at which the individual resides confirming that the applicant lives at that address in Hong Kong, setting out the relationship between the applicant and the immediate family member, together with evidence that the immediate family member resides at the same address (for persons such as students and housewives who are unable to provide proof of address of their own name);(g) mobile phone or pay TV statement (sent to the address provided by the customer) issued within the last 3 months;(h) a letter from a Hong Kong nursing or residential home for the elderly or disabled, which an FI is satisfied that it can place reliance on, confirming the residence of the applicant;(i) a letter from a Hong Kong university or college, which an FI is satisfied that it can place reliance on, that confirms residence at a stated address;(j) a Hong Kong tenancy agreement which has been duly stamped by the Inland Revenue Department;(k) a current Hong Kong domestic helper employment contract stamped by an	<p>To be repealed</p>



	<p>appropriate Consulate (the name of the employer should correspond with the applicant's visa endorsement in their passport);</p> <ul style="list-style-type: none">(l) a letter from a Hong Kong employer together with proof of employment, which an FI is satisfied that it can place reliance on and that confirms residence at a stated address in Hong Kong;(m) a lawyer's confirmation of property purchase, or legal document recognising title to property; and(n) for non - Hong Kong residents, a government-issued photographic driving license or national identity card containing the current residential address or bank statements issued by a bank in an equivalent jurisdiction where the FI is satisfied that the address has been verified.	
<p>Verification methods (Paragraph 4.8.11)</p>	<p>It is conceivable that FIs may not always be able to adopt any of the suggested methods in the paragraph above. Examples include countries without postal deliveries and virtually no street addresses, where residents rely upon post office boxes or their employers for the delivery of mail. Some customers may simply be unable to produce evidence of address to the standard outlined above. In such circumstances FIs may, on a risk sensitive basis, adopt a common sense approach by adopting alternative methods such as obtaining a letter from a director or manager of a verified known overseas employer that confirms residence at a stated overseas address (or provides detailed directions to locate a place of residence).</p> <p>There may also be circumstances where a customer's address is a temporary accommodation and where normal address verification documents are not available. For example, an expatriate on a short-term contract. FIs should adopt flexible procedures to obtain verification by other means, e.g. copy of contract of employment, or bank's or employer's written confirmation. FIs should exercise a degree of flexibility under special circumstances (e.g. where a customer is homeless). For the avoidance of doubt, a post office box address is not sufficient for persons residing in Hong Kong or corporate customers registered and/or operating in Hong Kong.</p>	<p>To be repealed</p>