



**Circular to Money Service Operators
Anti-Money Laundering / Counter-Terrorist Financing
Amendments to Guideline on Anti-Money Laundering and Counter-Terrorist Financing**

The Customs & Excise Department (“C&ED”) published in the Gazette today (G.N. 7768 of 2018) the revised Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (“the Guideline”) to ensure that it keeps in line with the latest international Anti-Money Laundering and Counter-Terrorist Financing (“AML/CFT”) standards and make the Guideline more useful and relevant in light of development in the money service operator (“MSO”) sector.

The Guideline is issued by the Commissioner of Customs and Excise and sets out the relevant AML/CFT statutory and regulatory requirements, and the AML/CFT standards which MSOs should meet in order to comply with the statutory requirements under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Cap. 615 (“AMLO”). Compliance with the Guideline is enforced through the AMLO.

The amendments include, among others, the following:

- (a) renaming the Guideline as “Guideline on Anti-Money Laundering and Counter-Financing of Terrorism” to better align with the terminology used throughout the Guideline and the Financial Action Task Force standards;
- (b) rewriting the Chapter on Risk-based Approach (“RBA”) and renumbering it as Chapter 2 to implement the Institutional Risk Assessment and Customer Risk Assessment;
- (c) allowing MSOs the flexibility to adopt reasonable risk-based measures to verify customer identification information and clarifying the address verification requirements;
- (d) expanding the categories of politically exposed persons (‘PEPs’) to include international organisation PEPs who are persons entrusted with a prominent function by an international organisation and extending the enhanced scrutiny for foreign PEPs to domestic PEPs and international organisation PEPs where their business relationships with an MSO are assessed to be of high risk;
- (e) requiring MSOs to screen their customers and any beneficial owners of the customers against all new and updated United Nations sanctions lists regardless of whether they have been implemented in Hong Kong; and
- (f) clarifying that the record-keeping requirements also apply to occasional transactions.

The aforesaid Gazette and the Guideline can be found on the Government’s website at <http://www.gld.gov.hk/cgi-bin/gld/egazette/index.cgi?lang=e>.

The Guideline will come into effect on 1 November 2018 and can be downloaded at the C&ED’s website from the commencement date at https://eservices.customs.gov.hk/MSOS/index?request_locale=en.

MSOs should review their existing policies and procedures in light of the changes in the Guideline and take any necessary steps to ensure continued compliance with all applicable requirements of the Guideline. Should you have any queries regarding the contents of this circular, please contact us at 2707 7819.