



**Circular to Money Service Operators
Anti-Money Laundering / Counter-Terrorist Financing
Sanctions imposed by the US Government
on Individuals in Mainland China and Hong Kong**

On 7 August 2020, the United States Government imposed unilaterally the so-called “sanctions” against individuals in Mainland China and Hong Kong. This circular clarifies the expectation of the Customs and Excise Department for money service operators (“MSOs”) to distinguish unilateral sanctions imposed by foreign governments from targeted financial sanctions imposed by the United Nations Security Council and implemented under Hong Kong laws.

Hong Kong fully observes targeted financial sanctions imposed by the relevant United Nations Security Council Resolutions, which are implemented in Hong Kong through the United Nations Sanctions Ordinance (“UNSO”) (Cap. 537) and the United Nations (Anti-Terrorism Measures) Ordinance (“UNATMO”) (Cap. 575). The list of persons and entities sanctioned by the United Nations Security Council are published in the Gazette and on the websites of the Commerce and Economic Development Bureau (in the case of the UNSO) and the Security Bureau (in the case of the UNATMO).

MSOs should be aware that unilateral sanctions imposed by foreign governments out of their own considerations do not form part of the targeted financial sanctions regime recognised by the United Nations. Such unilateral sanctions do not have legal effect under Hong Kong laws and, as stated in paragraph 6.11 of the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism for MSOs (“AML/CTF Guideline”), do not create any legal obligations on MSOs to follow. The AML/CTF Guideline may be accessed via:

https://eservices.customs.gov.hk/MSOS/download/guideline/AMLO_Guideline_en.pdf

In assessing the potential impact arising from the unilateral sanctions, MSOs are reminded that they should take into account the legal, business and commercial risks involved. MSOs should treat their customers fairly and transparently.

Money Service Supervision Bureau
Customs and Excise Department

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