



Circular to Money Service Operators

Revisions to Licensing Guide

We would like to draw your attention to the revised Licensing Guide published by the Customs and Excise Department (“C&ED”) on 4 March 2021. The revised Licensing Guide comes into immediate effect and applies to an applicant for grant or renewal of a money service operator (“MSO”) licence or a licensee as the case may be.

To tie in with the implementation of the Competence Assessment (“Assessment”), the revised Licensing Guide explains new or renewal licence application procedures in details and also sets out notes on revised licensing requirements imposed on all MSO licence applicants and licensees. Failure to comply with requirements set out in the revised Licensing Guide can result in the new/renewal licence application being deemed as invalid which will not be processed by C&ED and/or result in refusal to grant licence, or if a licence has been granted, the licensee could be subject to suspension and revocation of licence.

Examples of revisions (non-exhaustive) set out in the revised Licensing Guide are extracted below for reference.

(a) Paragraph 4.15:

“(ii) The sole proprietor, any one of the partners and directors of an applicant or a licensee must pass a Competence Assessment (Assessment) conducted by the C&ED with a view to ensuring that the senior management of an applicant or a licensee has clear understanding of ML/TF risks to which it is exposed, and is capable of implementing effective AML/CFT systems to adequately manage and mitigate the ML/TF risks identified in order to meet the statutory AML/CFT obligations. Applicants and licensees may refer to the “Guidance Notes on the Competence Assessment for MSOs” issued by the CCE for further details.”

(b) Paragraph 5.4:

“When all the requisite documents are submitted, the applicant will receive a notice for an interview together with a demand note for the payment of fees regarding the application for the grant of a licence and fit and proper person test and an invitation letter for nominating the eligible person(s), i.e. sole proprietor, partner(s) or director(s) of the applicant to attend the Assessment...”

“An appointment letter for the Assessment will be sent to the applicant. The eligible person(s) nominated for the Assessment must attend the Assessment at the specified date, time and centre. The result of the Assessment will be one of the factors that the CCE considers relevant in determining whether the applicant is fit and proper to operate the business of a money service. Failure to attend the designated session of the Assessment may result in refusal of the licence application.”



“For more details about the Assessment, applicants and licensees may refer to the “Guidance Notes on the Competence Assessment for MSOs.”

(c) Paragraph 5.5:

“The processing time may vary and depend on various factors including the time taken in collecting requisite documents from the applicant, on-site inspection at the business premises, the time required in obtaining records from other authorities to perform a fit and proper person test, and the time taken for completing the Assessment.”

(d) Paragraph 5.9:

“...(i) none of the senior management of an applicant, i.e. the sole proprietor, partner or director, attends the Assessment designated by C&ED;”

“(j) none of the senior management of an applicant, i.e. the sole proprietor, partner or director, passes the Assessment designated by C&ED; or...”

(e) Paragraph 6.2:

“Yes, the department will send a reminder enclosing with the invitation letter for nominating the eligible person(s), i.e. sole-proprietor, partner(s) or director(s) of the licensee, to attend the Assessment to each licensee 90 days before the expiry of the licence...”

“It is to note that attending the Assessment is also a licensing requirement for the CCE to determine whether the licensee or applicant is fit and proper to operate the business of a money service. The licensee is required to nominate the eligible person(s) for the Assessment within seven days upon receipt of the invitation letter. The eligible person(s) nominated for the Assessment will attend the Assessment within 30 days upon receipt of the invitation letter.”

“An appointment letter for the Assessment will be sent to the licensee. The eligible person(s) nominated for the Assessment must attend the Assessment at the specified date, time and centre. The result of the Assessment will be one of the factors that the CCE considers relevant in determining whether the licensee is still fit and proper to operate the business of a money service. Failure to attend the designated session of the Assessment will result in rejection of the corresponding application.”

“For more details about the Assessment, applicants and licensees may refer to the “Guidance Notes on the Competence Assessment for MSOs”.”

(f) Paragraph 6.4:

“...c) a licensee fails to nominate any eligible person(s) for the Assessment within seven day upon receipt of the invitation letter.”



(g) Paragraph 11.1:

“(viii) A licensee must ensure at least one of the members of the senior management, i.e. sole-proprietor, partner or director, having attended the Assessment;...”

(h) Paragraph 11.4:

“Why does the C&ED require the senior management of a licensee to attend the Assessment?”

To comply with relevant statutory and regulatory AML/CFT requirement on senior management oversight prescribed under the AMLO and guidelines issued by the CCE, the senior management of a licensee should have a clear understanding of ML/TF risks to which it is exposed and be capable of implementing effective AML/CFT systems that can adequately manage the ML/TF risks identified.”

All MSO licence applicants or licensees are strongly advised to review the revised Licensing Guide carefully and ensure that they are in compliance with the requirements set out therein. The revised Licensing Guide is available on the C&ED's website at https://eservices.customs.gov.hk/MSOS/download/guideline/Licensing_Guide_en.pdf.

For more details about the Assessment, please refer to the “Circular to Money Service Operators - Competence Assessment for Money Service Operators” and “Guidance Notes on the Competence Assessment for Money Service Operators” which are available on the C&ED's website at https://eservices.customs.gov.hk/MSOS/common/circulars?request_locale=en and https://eservices.customs.gov.hk/MSOS/common/licissus?request_locale=en respectively.

Should you have any queries regarding the contents of this circular, please contact us at 2707 7837.

Money Service Supervision Bureau
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