



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

**Gazettal of Anti-Money Laundering and Counter-Terrorist Financing
(Amendment) Bill 2022**

We would like to draw the attention of money service operators (“MSOs”) that the Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022 (“the Amendment Bill”) was published in the Gazette on 24 June 2022. Subject to the passage of the Amendment Bill by the Legislative Council, the Government proposes to implement the amendments on 1 January 2023.^{Note¹}

The Amendment Bill can be found on the Government’s website (<https://www.gld.gov.hk/egazette/pdf/20222625/es32022262516.pdf>).

The Amendment Bill aims to enhance the anti-money laundering and counter-terrorist financing (“AML/CTF”) regulatory regime of Hong Kong in fulfilment of relevant Financial Action Task Force (“FATF”) obligations. It seeks to introduce a licensing regime for virtual asset service providers; and a registration regime for dealers in precious metals and stones, so as to impose statutory AML/CTF obligations on these two sectors.

The Government has also taken this opportunity to address a number of miscellaneous and technical issues under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap.615) (“AMLO”) which have been identified in the Mutual Evaluation and other FATF contexts.

The proposed amendments, which are more relevant to the MSO sector, include –

- (a) amending the technical definition of politically exposed person (“PEP”) in accordance with the FATF requirement, and allowing more flexibility in the treatment of former PEPs who are no longer entrusted with a prominent public function by allowing an MSO to take a risk-sensitive approach in determining the degree of customer due diligence that is to be taken in respect of such persons;
- (b) better aligning the definition of “beneficial owner” in relation to a trust under the AMLO with that of “controlling person” under the Inland Revenue Ordinance (Cap.112), by clarifying that, where a trust is concerned, it includes trustees, beneficiaries and class(es) of beneficiaries;

^{Note¹} It is proposed that the amended Anti-Money Laundering and Counter-Terrorist Financing Ordinance will come into effect on 1 January 2023 except for the Part and provisions relating to the virtual asset service providers regime which will come into effect on 1 March 2023.



香港海關
Customs and Excise Department

- (c) allowing the engagement of digital identification systems to assist the conduct of customer due diligence in situations where a customer is not physically present for customer identification and verification purposes (i.e. non-face-to-face (“NFTF”) situations) so as to provide more flexibility for MSOs who adopt NFTF technologies;
- (d) enhancing the deterrent effect for unlicensed money service operation by providing for a penalty of a fine of HK\$1 million and imprisonment for two years on conviction on indictment; and
- (e) consolidating the different provisions under individual Parts of the AMLO (which provide for confidentiality of information obtained under the AMLO for AML/CTF purposes and permit disclosure to specified persons) into provisions applicable across different Parts of the AMLO and including a prohibition on a person subject to inspection, investigation or disciplinary action from disclosing information.

Should you have any queries regarding the contents of this circular, please contact us at 2707 7800.

Money Service Supervision Bureau
Customs and Excise Department

End