

**Customs and Excise
Department**



香港海關

Money Service Supervision Bureau (MSSB)

**Speaker: Mr. Vincent KH Chan,
Senior Trade Controls Officer**

27 September 2016





Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (“AMLO”)

- ▶ Under the AMLO, the Commissioner of Customs and Excise (“CCE”) is the relevant authority for Money Service Operators (“MSOs”), i.e., remittance agents and money changers.
- ▶ AMLO came into operation on **1 April 2012**.



MSOs

- ▶ Licensed MSOs are required to comply with the same statutory requirements as those of the other regulatees (such as the banks) under the AMLO.





MSOs



Licensing Regime for MSOs:

- a) Supervise the licensed MSOs on-
 - compliance with the customer due diligence (“**CDD**”) and record-keeping requirements
 - licensing requirements (e.g. seeking prior approval for addition of director/partner/ultimate owner)
 - licensing conditions (e.g. attending courses/seminars to enhance its staff’s understanding & compliance with AMLO)
- b) Combat unlicensed operation of money service
- c) Validity of Licence : 2 years



Criminal Offences

- ▶ operate a money service in HK as a business **without** obtaining a licence from the CCE.

- ▶ Penalty:

- Fine : \$100,000
- Imprisonment for 6 months
- Disqualified from holding a licence for a certain period





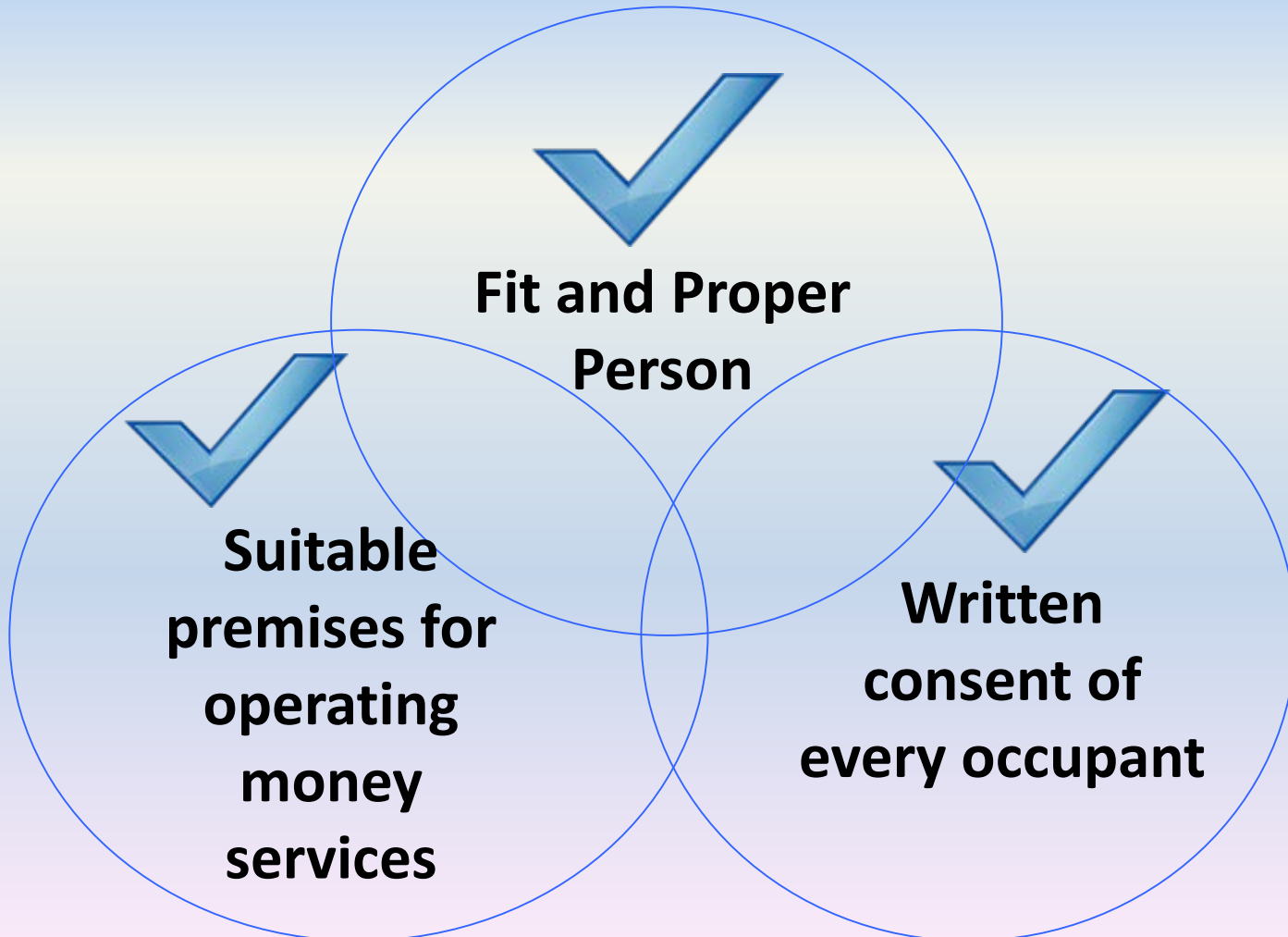
Sources of Unlicensed MSOs

- ▶ Suspicious Transaction Reports
- ▶ Public complaints
- ▶ Referrals from other authorities
- ▶ Street-level and cyber patrol





Conditions for Granting a MSO licence





Fit and Proper Person Test (F&P)

- a) Sole proprietor, each and every partner, director and ultimate owner
 - b) Conviction record and/or adverse record regarding honesty, integrity and reliability
 - c) Persistently failed to comply with the Requirements under the AMLO
 - d) Undischarged bankrupt / bankruptcy proceedings
 - e) Liquidation / winding up order / receiver appointed
- ▶ **Fail** the F&P - **Refuse** the MSO licence application



Supervision of licensed MSOs

➤ Compliance Inspection

- On/Off-site

□ Selection Criteria

- Risk Indicators
- Risk-based Approach



Actions Taken Against Non-compliance

▶ Non-compliance

a) Criminal Prosecution

- Summary conviction:
 - ❑ Fine: \$100,000 &
 - ❑ Imprisonment for 6 months
- Indictment:
 - ❑ Fine: \$1,000,000 &
 - ❑ Imprisonment for 2 years

THE PROSECUTION



Actions Taken Against Non-compliance

b) Disciplinary (Civil) Actions

- Pecuniary fine up to \$10,000,000
- Public reprimand
- Remedial action(s)

c) Suspension of licence

d) Revocation of licence

e) Imposition of licensing condition(s)





Significant Cases

- Significant cases could be obtainable from the following hyperlink
- <https://eservices.customs.gov.hk/MSOS/common/enforcenew>



Training/Outreaching Programmes for MSOs

- a) Seminars for licensed MSOs (at least twice a year)
- b) Small group meetings



- c) Face-to-face interview during licence renewal exercise





AML/CFT Circulars

- ▶ updating MSOs on AML/CFT related matters and giving advice in the mitigation of AML/CFT risks





Thank you