



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref.: B10/1C  
B1/15C

23 June 2017

The Chief Executive  
All Authorized Institutions

Dear Sir/Madam,

**Anti-Money Laundering and  
Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017**

I am writing to inform you that the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017 (“the Bill”) was published in the Government Gazette today and will be introduced into the Legislative Council on 28 June 2017. Subject to the passage of the Bill by the Legislative Council, the Government proposes to implement the amendments on 1 March 2018. The Bill is available on the Government’s website (<http://www.gld.gov.hk/egazette/pdf/20172125/es32017212522.pdf>).

The primary objectives of the Bill are to (1) apply statutory customer due diligence (“CDD”) and record-keeping requirements to solicitors, accountants, real estate agents, and trust or company service providers (“TCSPs”) when these professionals engage in specified transactions; and (2) introduce a licensing regime for TCSPs to require them to apply for a licence from the Registrar of Companies and satisfy a “fit-and-proper” test before they can provide trust or company services as a business in Hong Kong. The Government has also taken this opportunity to propose certain improvements to the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) to ensure that it is in line with the latest Financial Action Task Force (“FATF”) requirements and to facilitate compliance by regulatees. The enhancements, which are more relevant to the banking sector, include –

- (a) relaxing the threshold of defining beneficial ownership from the current “not less than 10%” to “more than 25%”, having regard to the prevailing FATF standard and international practice;
- (b) introducing flexibility to measures permitted to be taken for verifying a customer’s identity, in the light of technological development in the methods used by financial institutions for obtaining information relating to customers;

- (c) reflecting the current criteria relating to wire transfers in the FATF recommendations by requiring the recording of basic information about a recipient and, where applicable, an intermediary institution involved in a transaction; and
- (d) removing a sunset clause in the AMLO so that financial institutions will have the flexibility to rely on solicitors, accountants, TCSP licensees as well as other financial institutions (including a foreign financial institution in the same parent group) as intermediaries to carry out CDD measures.

If you have any questions relating to this letter, please contact Ms Sophia Lam at 2878 1356 or Mr Gavin Cheung at 2878 8305.

Yours faithfully,

Meena Datwani  
Executive Director (Enforcement and AML)

c.c. The Chairman, The Hong Kong Association of Banks  
The Chairman, The DTC Association