



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref: B10/21C

8 August 2020

The Chief Executive  
All Stored Value Facility Licensees

Dear Sir/Madam,

**Financial Sanctions**

In the light of the unprecedented circumstances caused by “sanctions” imposed by foreign governments on certain persons<sup>1</sup> in Mainland China and the Hong Kong Special Administrative Region recently, I am writing to explain the expectations of the Hong Kong Monetary Authority (HKMA) on stored value facility (SVF) licensees to ensure that a distinction is made between targeted financial sanctions applicable under Hong Kong law and unilateral sanctions imposed by foreign governments. SVF licensees should carefully assess all risks involved and endeavour to treat customers fairly.

**Hong Kong’s Targeted Financial Sanctions Regime**

Hong Kong fully implements targeted financial sanctions in compliance with United Nations Security Council Resolutions, which are implemented in Hong Kong via the United Nations Sanctions Ordinance (Cap.537) and the United Nations (Anti-Terrorism Measures) Ordinance (Cap.575)<sup>2</sup>. The HKMA does not issue or maintain any form of sanctions or designation list but it has a supervisory role within the targeted financial sanctions regime in relation to SVF licensees’ systems and controls for complying with these legal requirements.

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<sup>1</sup> “Persons” under the “sanctions” include both individuals and entities.

<sup>2</sup> Sanctions lists are published and updated on the Commerce and Economic Development Bureau’s website and in the Government Gazette for the relevant legislation.

### Foreign Government Unilateral Sanctions

For the avoidance of doubt, unilateral sanctions imposed by foreign governments are not part of the international targeted financial sanctions regime and have no legal status in Hong Kong. Therefore, no obligation is created for SVF licensees under Hong Kong law.

SVF licensees are reminded of the need to establish and implement policies for their Hong Kong businesses that are informed by a thorough assessment of any legal, business and commercial risks involved and based on a balanced approach. In assessing whether to continue to provide services to an individual or entity designated under a unilateral sanction which does not create an obligation under Hong Kong law, boards and senior management of SVF licensees should have particular regard to the treat customers fairly principles.

Should you have any questions regarding this circular, please contact your usual supervisory contact at the HKMA.

Yours faithfully,

Arthur Yuen  
Deputy Chief Executive