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B1/15C

7 December 2022

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

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

I am writing to inform you that the Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022 has been passed by the Legislative Council today. Details can be found at the Government's press release.

The amended Anti-Money Laundering and Counter-Terrorist Financing Ordinance introduces (1) a licensing regime for virtual asset service providers and (2) a two-tier registration regime for dealers in precious metals and stones. The Government has also taken this opportunity to make a number of miscellaneous amendments to ensure alignment with the latest international standards set by the Financial Action Task Force (FATF). Those amendments relevant to the banking sector include –

- (a) amending the definition of “politically exposed person” (PEP) to align with the FATF requirement;
- (b) facilitating a risk-based approach in determining the degree of customer due diligence (CDD) that former PEPs are subject to;
- (c) supporting the use of technology by clarifying that a recognized digital identification system can be used for the purposes of CDD and satisfying the additional requirements where a customer is not physically present for identification purposes; and
- (d) clarifying that, where a trust is concerned, a beneficial owner includes a trustee of the trust, a beneficiary and a class of beneficiaries of the trust entitled to a vested interest in the trust.

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The above amendments will come into operation on 1 June 2023 to provide sufficient time for preparatory work. To help Authorized Institutions implement these changes, the Hong Kong Monetary Authority will soon consult the banking sector on corresponding changes to the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Authorized Institutions) as well as specific guidance on topical issues.

Should you have any questions regarding this circular, please contact us at aml@hkma.iclnet.hk.

Yours faithfully,

Carmen Chu
Executive Director (Enforcement and AML)

c.c. The Chairman, The Hong Kong Association of Banks
The Chairman, The DTC Association
The Chairman, The Private Wealth Management Association