



HONG KONG MONETARY AUTHORITY
香港金融管理局

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

19 October 2018

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Amendments to Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Authorized Institutions)

I am writing to inform you that, following consultation with the industry Associations, the Hong Kong Monetary Authority (HKMA) published in the Gazette today (G.N. 7769 of 2018) the revised Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Authorized Institutions)¹ (AML/CFT Guideline) under section 7 of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO) and section 7(3) of the Banking Ordinance. The revised AML/CFT Guideline will be effective on 1 November 2018.

The amendments to the AML/CFT Guideline will:

- (a) better align it with the latest international requirements, including Financial Action Task Force Recommendations (e.g. inclusion of a new category of international organisation politically exposed persons);
- (b) better facilitate implementation of the risk-based approach by providing principle-based guidance which allows flexibility for Authorized Institutions (AIs) in the implementation of risk-based requirements (e.g. identity verification requirements of customers who are natural persons, legal persons, trusts and other similar legal arrangements) and enhancing relevant guidance on risk assessments and management (e.g. further guidance on simplified due diligence and enhanced due diligence);

¹ The Guideline on Anti-Money Laundering and Counter-Terrorist Financing (For Authorized Institutions) was renamed as the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Authorized Institutions).

- (c) address implementation challenges of certain requirements (e.g. amending the requirements on persons purporting to act on behalf of the customer); and
- (d) reduce unintentional barriers to the use of technology in AIs' anti-money laundering and counter-financing of terrorism systems (e.g. allowing the use of different methods to mitigate the risk during non-face-to-face account opening).

AIs should review the revised AML/CFT Guideline and implement appropriate measures, consistent with the risk-based approach, to ensure compliance. To assist AIs in implementing the principle-based guidance set out in the Guideline, the HKMA is also working with the Hong Kong Association of Banks to develop a set of sector-specific frequently asked questions (FAQs). The first batch of FAQs will be published in the coming weeks.

On-line access to the revised AML/CFT Guideline is available on the HKMA website (<http://www.hkma.gov.hk/eng/key-functions/banking-stability/aml-cft.shtml>) and supervisory communication website (<http://www.stet.iclnet.hk>). If you have any questions relating to the Guideline, please approach your usual supervisory contact at the HKMA.

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, Private Wealth Management Association
Financial Services and the Treasury Bureau (Attn: Ms Eureka Cheung)