



# *Anti-Money Laundering & Counter-Financing of Terrorism Requirements for Licensed Money Lenders*

## ***Important***

This pamphlet is intended to provide a general guide. It should be read in conjunction with the provisions of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615) and the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Money Lenders).

## **Contact us**

Address : 13th floor, Queensway Government Offices,  
66 Queensway, Hong Kong.

Website : [www.cr.gov.hk](http://www.cr.gov.hk)

e-Services Portal : [www.e-services.cr.gov.hk](http://www.e-services.cr.gov.hk)

Email : [mlu@cr.gov.hk](mailto:mlu@cr.gov.hk)

Enquiry : (852) 2867 2634

24-hour Enquiry Hotline : (852) 2867 2600



## Licensed money lenders (“Licensees”) are required to

- mitigate the risks of money laundering and/or terrorist financing (“ML/TF”); and
- comply with the provisions in the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Money Lenders) (“the Guideline”).

### Relevant Legislation

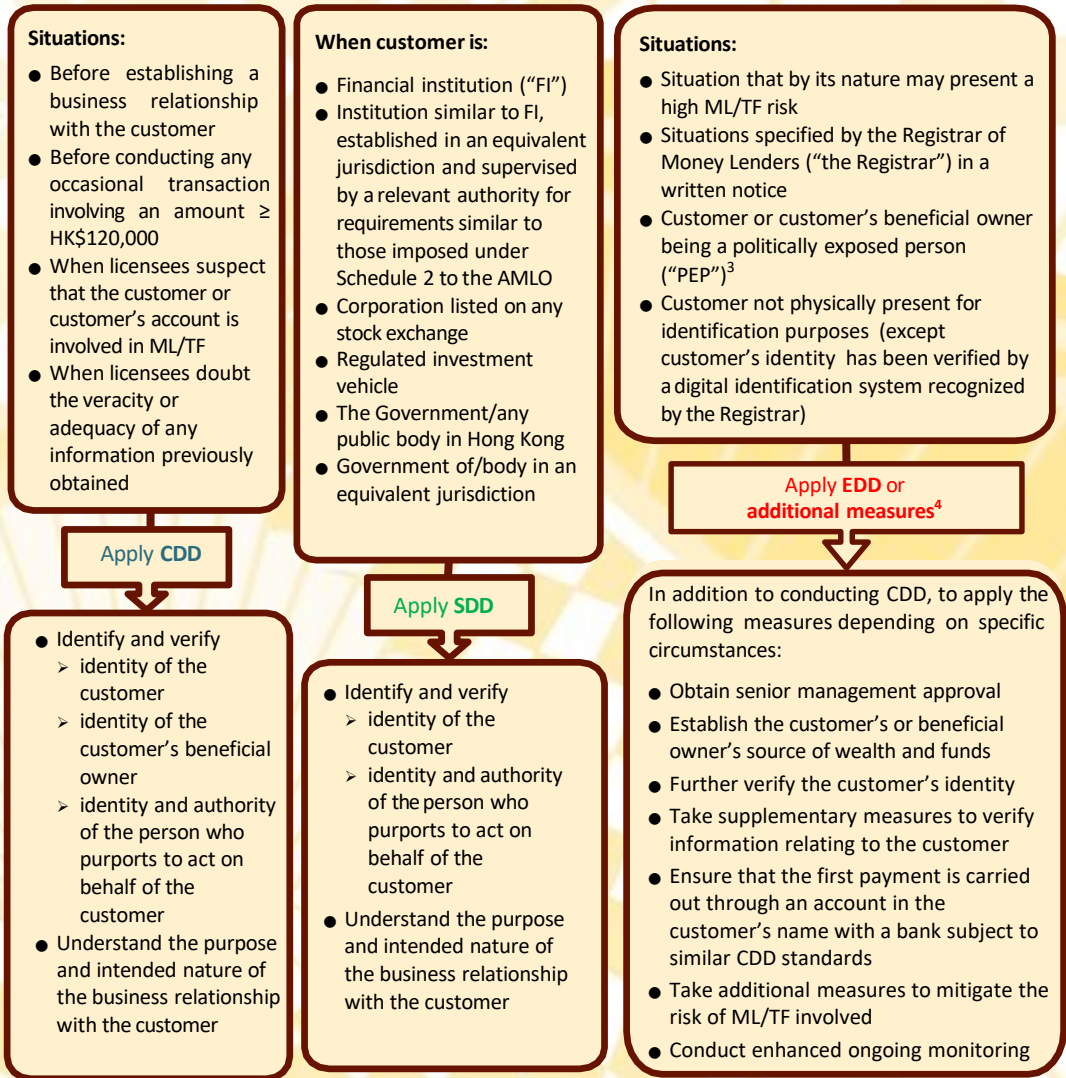


**Licensees must adopt a risk-based approach, based on the institutional ML/TF risk assessment, in the design and implementation of their anti-money laundering and counter-financing of terrorism policies, procedures and controls with a view to managing and mitigating ML/TF risks, which must include:**



## Application of customer due diligence

In addition to conducting customer due diligence (“CDD”), licensees may, depending on the circumstances, need to conduct enhanced due diligence (“EDD”) or take additional measures. In certain situations, licensees may apply simplified due diligence (“SDD”) <sup>1&2</sup>.



<sup>1</sup> In addition to the situations with their applicable SDD measures listed below, a licensee may apply SDD in relation to a business relationship or transaction if it determines that, taking into account its risk assessment, the business relationship or transaction presents a low ML/TF risk. Please refer to the examples of possible SDD measures and further guidance set out in paragraph 4.8 of the Guideline.

<sup>2</sup> SDD must not be applied or continued to be applied where a licensee no longer considers that there is a low degree of ML/TF risk, or it suspects ML or TF, or there are doubts about the veracity or adequacy of documents or information previously obtained for the purposes of identification or verification.

<sup>3</sup> For respective requirements of different types of PEPs, please refer to paragraph 4.9 of the Guideline.

<sup>4</sup> For the applicable EDD measures and additional measures, please refer to Chapters 4 and 5 of the Guideline.

## Record-keeping requirements

Original or copy of the documents, records, data and information in respect of transactions carried out by licensees and in respect of customers must be kept in accordance with the requirements of Schedule 2 to the AMLO.

### In respect of each customer

The following documents and records must be kept throughout the continuance of the business relationship with each customer and for a period of **at least 5 years** beginning on the date on which the business relationship ends:

- Documents and records obtained in the course of identifying and verifying the identity of:
  - the customer
  - the beneficial owner/beneficiary
  - the person who purports to act on behalf of the customer
  - other connected parties to the customer
- Other documents and records obtained throughout the CDD and ongoing monitoring process, including SDD and EDD
- Documents and records kept on the purpose and intended nature of the business relationship
- Documents and records relating to the customer's account and business correspondence with the customer and any beneficial owner of the customer
- Results of any analysis undertaken

For occasional transaction involving an amount  $\geq$  HK\$120,000, the above documents and records must be kept for a period of **at least 5 years** beginning on the date on which the occasional transaction is completed.

### In respect of each transaction

Documents, and a record of the data and information, obtained in connection with each transaction licensee carries out must be kept for a period of **at least 5 years** beginning on the date on which the transaction is completed, regardless of whether the business relationship ends during the period. Such documents and record must be sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activity.

### Licensees must ensure that

Audit trail for funds movement in transactions is clear and complete

All CDD information and transaction records are available swiftly to the Registrar, other authorities and auditors upon appropriate authority

Compliance with the relevant requirements specified in the Guideline and other guidelines issued by the Registrar can be demonstrated

## Financial sanctions, terrorist financing and financing of proliferation of weapons of mass destruction

Licensees must comply with the legislation and regulations in relation to financial sanctions, terrorist financing and financing of proliferation of weapons of mass destruction. Please refer to the information pamphlet "Requirements Relating to Financial Sanctions, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction (For Licensed Money Lenders)" for further details.