

Points to Note for Applicants / Holders of TCSP Licences

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Quick Review (1) – Background

• Commencement of a licensing regime for trust or company service providers with effect from 1 March 2018

• Unless exempted, any person who carries on or wishes to carry on a trust or company service business in Hong Kong is required to apply for a licence and satisfy a "fit-and-proper" test before they can provide trust or company services as a business in Hong Kong

• Any person who carries on a trust or company service business in Hong Kong without a licence commits an offence and is liable on conviction to a maximum penalty of a fine of HK\$100,000 and imprisonment for six months.



Quick Review (2) – Ordinance governing TCSP Licensing Regime



Part 5A of Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) ("AMLO")



Quick Review (3) – Guidelines issued by the Registrar of Companies ("Registrar")



公司註冊處 COMPANIES REGISTRY

Guideline on Licensing of
Trust or Company Service Providers

May 2025

("Licensing Guideline")



公司註冊處 COMPANIES REGISTRY

Guideline on Anti-Money Laundering and Counter-Financing of Terrorism

(For Trust or Company Service Provider Licensees)

March 2025

("AML/CFT Guideline")



公司註冊處 COMPANIES REGISTRY

Guideline on Imposition of Pecuniary Penalty

March 2018

("Penalty Guideline")



Quick Review (4) – Who is subject to the "fit-and-proper" test?

For an applicant that is an individual carrying on business as sole proprietor

- The individual
- Each ultimate owner

For an applicant that is a partnership

- Each partner
- Each ultimate owner

For an applicant that is a corporation

- Each director (including alternate director)
- Each ultimate owner



Quick Review (5) – Who is exempted from the licensing requirement (including the "fit-and-proper" test)?

Accounting professional

(i.e. a Certified Public
Accountant ("CPA") as
defined in the Professional
Accountants Ordinance
(Cap. 50) or a CPA
(practising), a corporate
practice or a CPA firm as
defined in the Accounting
and Financial Reporting
Council
Ordinance (Cap. 588))

Legal professional

(i.e. a solicitor or a foreign lawyer as defined in the Legal Practitioners Ordinance (Cap. 159))

Authorized institution

(as defined in the Banking Ordinance (Cap. 155))

Licensed corporation

(as defined in the
Securities and Futures
Ordinance, Cap. 571))
that operates a trust or
company service
business in Hong Kong
that is ancillary to the
corporation's principal
business

Person of a class
or description
prescribed by the
Secretary for
Financial Services
and the Treasury
by regulation



Licensing Requirements

Apply for a TCSP licence Form TCSP1 **BEFORE** carrying on a trust or company service business in Hong Kong (section 53G of the AMLO) Apply for renewal of a TCSP licence Form TCSP2 AT LEAST 60 DAYS BEFORE expiry of the licence (section 53K of the AMLO) Obtain prior approval from the Registrar Form TCSP3 **BEFORE** adding an ultimate owner / a partner / a director (sections 53S, 53T and 53U of the AMLO) Notify the Registrar of a change in particulars WITHIN ONE MONTH beginning on the date on which the Form TCSP6 change takes place (section 53W of the AMLO) Notify the Registrar of cessation of trust or company service business Form TCSP7 **BEFORE** the intended date of cessation (section 53X of the AMLO)

^{*} All forms can be delivered to the TCSP Registry by electronic means via www.tcsp.cr.gov.hk. You are encouraged to register a user account for the online services under the Licensing Regime for Trust or Company Service Providers.



Application for a TCSP Licence



Points to note

- Do NOT commence any trust or company service business unless a licence is granted.
- Submit a copy of valid business (not branch) registration certificate.
- Provide information of the ultimate owner *(not shareholder)*. *(paragraph 4.3 of Licensing Guideline)*
- Appoint at least one Compliance Officer ("CO") and one Money Laundering Reporting Officer ("MLRO") and keep records of the appointment and responsibilities of the CO and MLRO. (paragraph 3.5 of AML/CFT Guideline)
- Keep a copy of the completed application form for record.



Application for Renewal of TCSP Licence (1)



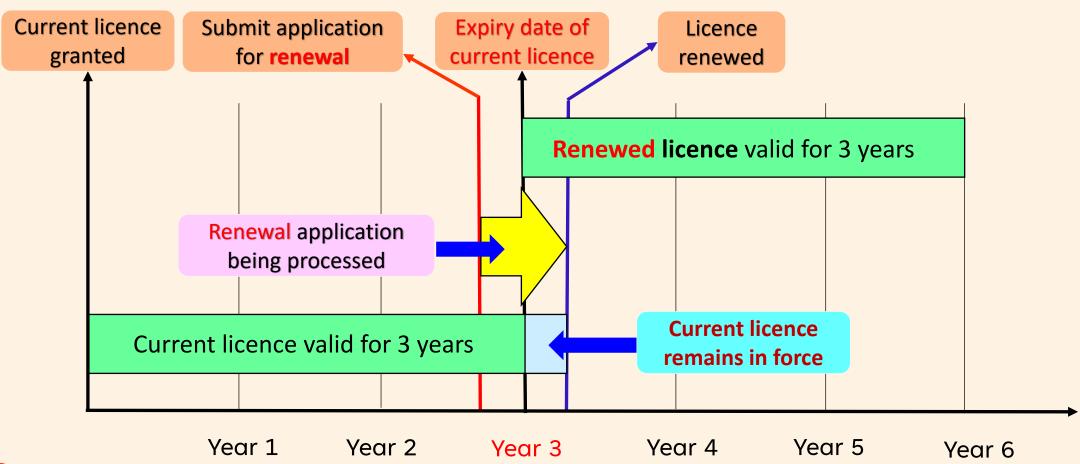
Points to note

- There is NO grace period and licensees have to apply for a new licence if they
 miss the deadline for renewal of licence.
- Licensees are advised to apply for renewal of their licences 3-4 months before their licences are due to expire. Application must be submitted at least 60 days before the expiry. (Reminder email will be sent to licensees 4 months before the expiry of their licences.)
- Information filled in Form TCSP2 should be consistent with the records previously provided to the Registrar.
- Upon making the application for renewal of licence successfully, unless your application is withdrawn or the current licence is revoked or suspended by the Registrar, your current licence remains in force until it is renewed, or if it is not renewed, until the decision not to renew takes effect. (Section 53K(4) of the AMLO)



Application for Renewal of TCSP Licence (2)

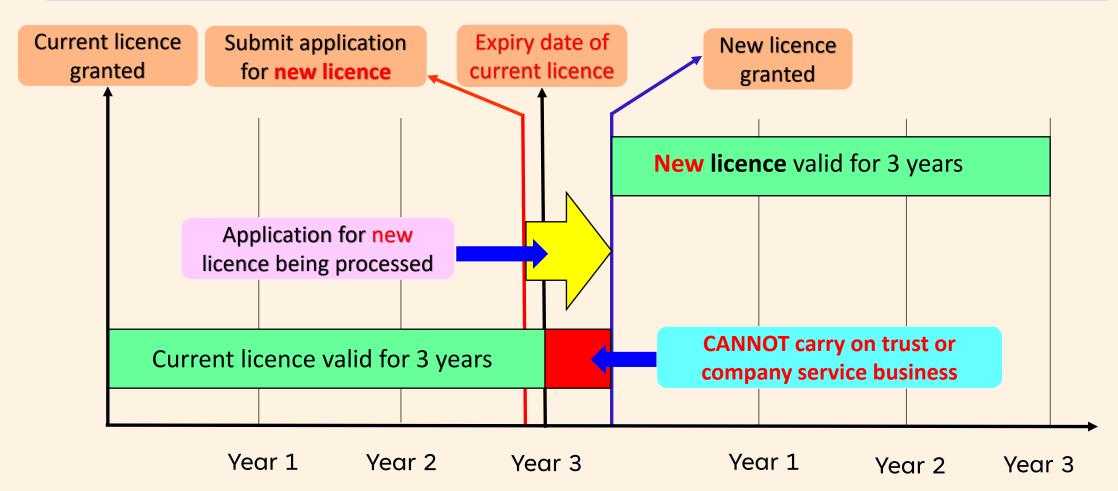
Application must be submitted at least 60 days before the licence expires





Application for Renewal of TCSP Licence (3)

Licensee fails to submit application at least 60 days before the licence expires





Licensing Conditions

All TCSP licensees are required to comply with the licensing conditions imposed by the Registrar pursuant to section 53J of the AMLO: -



The Licensee should appoint a CO and an MLRO during the term of the licence and should ensure that a new CO or MLRO (as the case may be) is appointed within 7 days where a vacancy occurs in the two posts.



The Licensee should put in place adequate and proper anti-money laundering and counter-financing of terrorist policies, procedures and controls, as evidenced by policy statement(s) or other written documents.



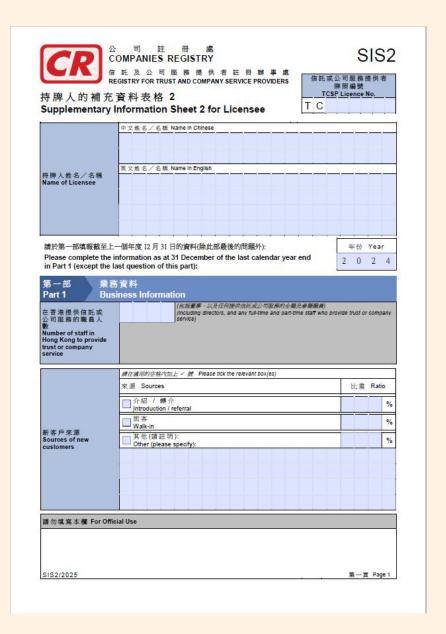
The Licensee should provide information relating to his business during the term of the licence as may be required by the Registrar and such information should be provided within such time as the Registrar may specify.

A TCSP Licensee may be subject to disciplinary actions by the Registrar for any non-compliance with the licensing conditions.



Form SIS2

- Form SIS2 will be sent to all TCSP licensees for completion through email as an annual exercise
- Failure to provide information before the deadline will constitute a breach of Licensing Condition 3 and disciplinary actions may be taken by the Registrar under section 53Z of the AMLO





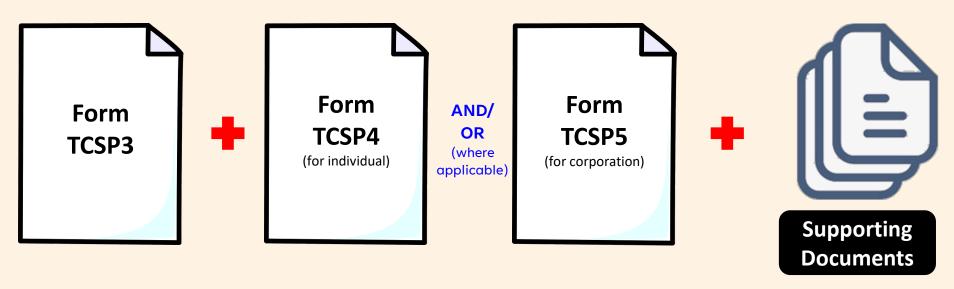
Application for approval to become an ultimate owner / a partner / a director of a TCSP Licensee (1)

When to apply?

• **BEFORE** adding an ultimate owner / a partner / a director who is subject to the "fit-and-proper" test

How to apply?

 Submit the following forms and documents together with the correct fees electronically, in person or by post to the TCSP Registry: -





Application for approval to become an ultimate owner / a partner / a director of a TCSP Licensee (2)

Example:

Step 1: Submit a Form TCSP3 to apply for approval for the proposed person to become a director



after approval is given

<u>Step 2</u>: Make arrangements for the approved person to become a director



after the appointment is made

Step 3: Submit a Form ND2A within 15 days and a Form TCSP6 within one month



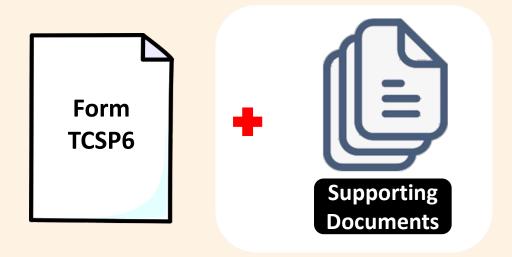
Notification of Changes in Particulars (1)

When to notify?

• WITHIN ONE MONTH beginning on the date on which a change takes place

How to notify?

 Submit the following form and documents electronically, in person or by post to the TCSP Registry: -





Notification of Changes in Particulars (2)

Type of changes which a TCSP licensee must notify the Registrar

Changes in particulars of licensee, for example, the licensee's business name, business address, business email address, business telephone number etc.

Addition /
Cessation of
the licensee's
ultimate owner
/ partner /
director / CO /
MLRO

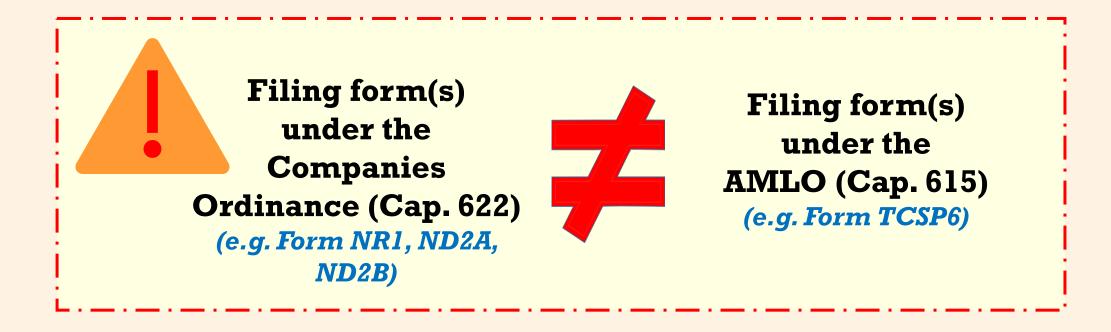
Changes in particulars of the licensee's ultimate owner / partner / director / CO/ MLRO

Changes in the fit and proper status of persons who have undergone the "fit-and-proper" test

Licensee has registered as a re-domiciled company under s.820C of the Companies Ordinance



Notification of Changes in Particulars (3)





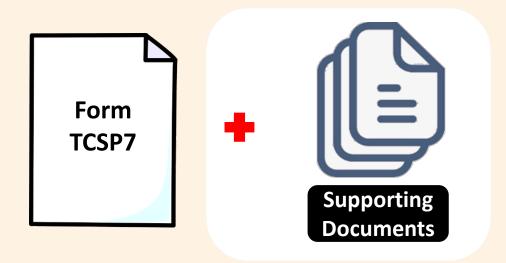
Notification of Cessation of TCSP business

When to notify?

• **BEFORE** the intended date of cessation

How to notify?

 Submit the following form and documents electronically, in person or by post to the TCSP Registry: -





Revised AML/CFT Guideline (1)

• The AML/CFT Guideline for TCSPs has been revised since March 2025 which covered the following major amendments: -

Revising the format and contents to align with the guidelines published by other regulatory authorities in HK

Introducing the requirement and guidance for TCSP licensees to conduct ML/TF risk assessment at an institutional level

Introducing
simplified and
enhanced AML/CFT
policies, procedures
and controls
("AML/CFT
Systems")

providing practical
guidance to facilitate
application of SDD and
EDD under a risk-based
approach with examples
of potentially
lower/higher risk factors
and possible SDD and
EDD measures



Revised AML/CFT Guideline (2)

Institutional ML/TF Risk Assessment

Should be conducted by the TCSP licensee to identify, assess and understand its ML/TF risks in relation to:

- a) its customers;
- b) the countries/jurisdictions its customers are from or in;
- c) the countries/jurisdictions the TCSP licensee has operations in; and
- d) the products, services, transactions and delivery channels of the TCSP licensee

>Appropriate steps should include:

- a) documenting the risk assessment process which includes the identification and assessment of relevant risks supported by qualitative and quantitative analysis, and information obtained from relevant internal and external sources;
- b) considering all the relevant risk factors* before determining what the level of overall risk is, and the appropriate level and type of mitigation to be applied;
- c) obtaining the approval of senior management on the risk assessment results;
- d) having a process by which the risk assessment is kept up-to-date; and
- e) having appropriate mechanisms to provide the risk assessment to the Registrar when required to do so

*(see paragraph 2.4 of AML/CFT Guideline)



Revised AML/CFT Guideline (3)

AML/CFT Systems

TCSP licensee:

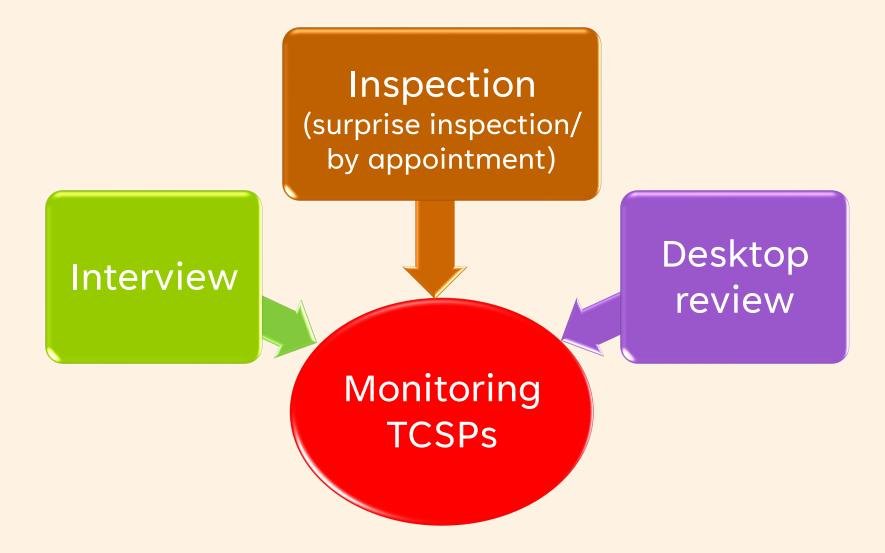
- > should implement appropriate AML/CFT Systems following the risk-based approach
- > should have AML/CFT Systems approved by senior management to enable effective management and mitigation of risks that are relevant to the TCSP licensee
- > should have the implementation of AML/CFT Systems monitored and enhanced if necessary
- > should take enhanced measures to manage and mitigate the risks where higher risks are identified
- > may have the nature, scale and complexity of its AML/CFT Systems simplified provided that -
 - it complies with the statutory requirements set out in Schedule 2 of the AMLO and the requirements set out in paragraphs 2.2, 2.3 and 3.2 of the AML/CFT Guideline
 - the lower ML/TF risks which form the basis for doing so have been identified through an appropriate risk assessment (e.g. institutional ML/TF risk assessment)
 - the simplified AML/CFT Systems are approved by senior management and subject to review from time to time

TCSP licensee should implement AML/CFT Systems having regard to the nature, size and complexity of its businesses and the ML/TF risks arising from those businesses, which should include:

- a) compliance management arrangements;
- b) an independent audit function
- c) employee screening procedures; and
- d) an ongoing employee training programme

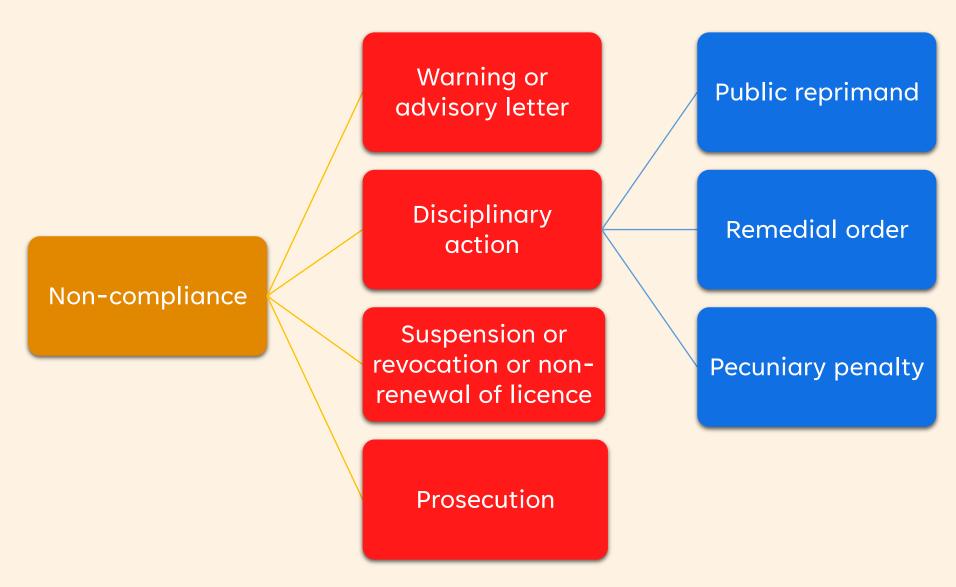


Enforcement of the Licensing Regime (1)





Enforcement of the Licensing Regime (2)





Enforcement of the Licensing Regime (3)





Common deficiencies identified during interviews / inspections (1)

Policy Statement

- has not established its own written policy statement(s)
- > the following areas/details are omitted:
 - institutional risk assessment
 - procedures and/or documents required for customer due diligence on persons purporting to act on behalf of the customers
 - additional measures for customers not physically present for identification purposes
 - screening of customers against the lists of sanction designations and terrorists
 - screening of beneficial owners of customers on politically exposed persons ("PEPs")
 - employee screening procedures



Common deficiencies identified during interviews / inspections (2)

<u>Risk</u> Assessment

- unable to demonstrate that the licensee has conducted institutional risk assessment
- unable to demonstrate that the licensee has conducted risk assessment on its customers
- no risk assessment records/results kept

<u>Customer</u> <u>Screening</u>

- no screening on customers against the updated lists of sanction designations and terrorists
- In not conducted as soon as practicable after the relevant lists are updated
- no screening on beneficial owners of customers on PEPs
- no screening records/results kept

Customer not physically present for identification

no other additional measures or EDD have been conducted against customers except online interviews with snapshot of his /her picture holding the identification document

Ongoing Monitoring

- In not aware of the changes in the particulars of customers and their beneficial owners
- unable to demonstrate that the information of customers are upto-date and relevant

Person purports to act on behalf of the customer

- In verification of authority of persons purport to act on behalf of the customers who are corporations
- ➤ no authorisation documents from the corporate customers



Highlights on Key Updates in 2025

3 March

Revised AML/CFT Guideline for TCSPs came into effect

23 May

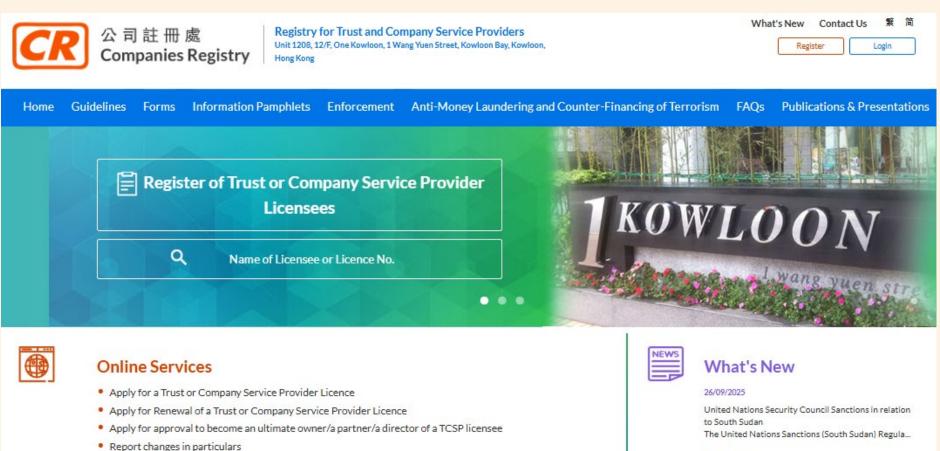
- New company re-domiciliation regime to facilitate non-Hong Kong corporations to re-domicile to Hong Kong came into effect
- Revised Forms TCSP1, TCSP2, TCSP3, TCSP5 and TCSP6 put in use

25 June

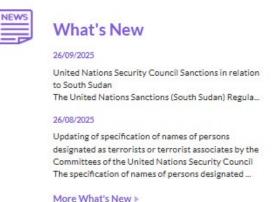
 All TCSP licensees were required to complete and return the Form SIS2 for 2024 to the TCSP Registry by email or by post by 25 July 2025



Website of TCSP Registry







(A) Login

Report Cessation of Trust or Company Service Business

Register

More Online Service -

