**Companies Registry**

The Government of the Hong Kong Special Administrative Region

# Latest Updates on Guideline on Anti-Money Laundering and Counter-Financing of Terrorism for Trust or Company Service Provider Licensees

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# Guidelines issued by the Registrar of Companies

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")

*** The AML/CFT Guideline was revised in June 2023 and March 2025**

# Revised AML/CFT Guideline (1)

- Amendments made in 2023: -

Amending the definition of "beneficial owner" in relation to a trust

Updating the definition of politically exposed person ("PEP"), and the introduction of "former PEP"

"Recognized Digital Identification System" to verify a customer's identity where the client is not physically present

Requirements of employee screening and independent audit function

Professional company secretary as one of the suitable persons for certifying verification of identity documents

Record-keeping requirement for occasional transaction

Risk assessment in relation to new services, new business practices and use of new technologies

Counter-Financing of Proliferation of Weapons of Mass Destruction

# Revised AML/CFT Guideline (2)

- Amendments made in 2025: -

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

Introducing the requirement and guidance for TCSP licensees to conduct money laundering and/or terrorist financing ("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 simplified due diligence ("SDD") and enhanced due diligence ("EDD") under a risk-based approach ("RBA") and setting out examples of potentially lower/higher risk factors and examples of possible SDD and EDD measures

# Revised AML/CFT Guideline (3)

## Institutional ML/TF Risk Assessment

- forms the basis of the RBA, enabling a TCSP licensee to understand how and to what extent it is vulnerable to ML/TF
- should be conducted by the TCSP licensee to identify, assess and understand its ML/TF risks in relation to:
  (1) its customers;
  (2) the countries or jurisdictions its customers are from or in;
  (3) the countries or jurisdictions the TCSP licensee has operations in; and
  (4) the products, services, transactions and delivery channels of the TCSP licensee
- its scale and scope should be commensurate with the nature, size and complexity of the TCSP licensee's business
- should be conducted every two years and upon trigger events which are material to the licensee's business and risk exposure

# Revised AML/CFT Guideline (4)

## Institutional ML/TF Risk Assessment

- Appropriate steps should include:

  (1) 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;

  (2) 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;

  (3) obtaining the approval of senior management on the risk assessment results;

  (4) having a process by which the risk assessment is kept up-to-date; and

  (5) 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 (5)

## AML/CFT Systems

A TCSP licensee should:

- implement appropriate AML/CFT Systems following the RBA;
- have AML/CFT Systems, which are approved by senior management, to enable the licensee to effectively manage and mitigate the risks that are relevant to the licensee;
- monitor the implementation of those AML/CFT Systems and to enhance them if necessary; and
- take enhanced measures to manage and mitigate the risks where higher risks are identified

# Revised AML/CFT Guideline (6)

## AML/CFT Systems

A TCSP licensee 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); and
- the simplified AML/CFT Systems are approved by senior management and subject to review from time to time.

# Revised AML/CFT Guideline (7)

COMPANIES REGISTRY
REGISTRY FOR TRUST AND COMPANY SERVICE PROVIDERS

## Anti-Money Laundering & Counter-Financing of Terrorism Requirements for Trust or Company Service Provider Licensees

***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 Trust or Company Service Provider Licensees).


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### Application of customer due diligence

In addition to conducting customer due diligence ("CDD"), TCSP licensees may, depending on the circumstances, need to conduct enhanced due diligence ("EDD") or take additional measures. In certain situations, TCSP licensees may apply simplified due diligence ("SDD")[1&2].

**Situations:**

- Before establishing a business relationship with the customer
- Before conducting any occasional transaction involving an amount ≥ HK$120,000
- When licensees suspect that the customer or the customer's account is involved in ML/TF
- When licensees doubt the veracity or adequacy of any information previously obtained

**Apply CDD**

- Identify and verify
  - identity of the customer
  - identity of the customer's beneficial owner
  - identity and authority of the person who purports to act on behalf of the customer
- Understand the purpose and intended nature of the business relationship with the customer

**When customer is:**

- Financial institution ("FI")
- Institution similar to FI, established in an equivalent jurisdiction and supervised by a relevant authority for requirements similar to those imposed under Schedule 2 to the AMLO
- Corporation listed on any stock exchange
- Regulated investment vehicle
- The Government/any public body in Hong Kong
- Government of/body in an equivalent jurisdiction

**When product involves:**

- Provident, pension, retirement or superannuation scheme
- Insurance policy for the purposes of a provident, pension, retirement or superannuation scheme
- Life insurance policy:
  - annual premium ≤ HK$8,000
  - single premium ≤ HK$20,000

**Apply SDD**

- Identify and verify
  - identity of the customer
  - identity and authority of the person who purports to act on behalf of the customer
- Understand the purpose and intended nature of the business relationship with the customer

**Situations:**

- Situation that by its nature may present a high ML/TF risk
- Situations specified by the Registrar of Companies ("the Registrar") in a written notice
- Customer or customer's beneficial owner being a politically exposed person ("PEP")[3]
- Customer not physically present for identification purposes (except customer's identity has been verified by a digital identification system recognized by the Registrar)

**Apply EDD or additional measures[4]**

In addition to conducting CDD, to apply the following measures depending on specific circumstances:

- Obtain senior management approval
- Establish the customer's or beneficial owner's source of wealth and funds
- Further verify the customer's identity
- Take supplementary measures to verify information relating to the customer
- Ensure that the first payment is carried out through an account in the customer's name with a bank subject to similar CDD standards
- Take additional measures to mitigate the risk of ML/TF involved
- Conduct enhanced ongoing monitoring

# Revised AML/CFT Guideline (8)

## Examples of potentially lower/higher risk factors

Examples of potentially **lower** risk factors include:

(a) customer risk factors:

(i) a government entity or a public body in Hong Kong or in an equivalent jurisdiction;

(ii) a corporation listed on a stock exchange and subject to disclosure requirements (e.g. either by stock exchange rules, or through law or enforceable means), which impose requirements to ensure adequate transparency of beneficial ownership;

(iii) a financial institution (FI) as defined in the AMLO, or other FI incorporated or established in an equivalent jurisdiction and is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF; or

(iv) a collective investment scheme authorised for offering to the public in Hong Kong or in an equivalent jurisdiction.

# Revised AML/CFT Guideline (9)

**Examples of potentially lower/higher risk factors**

(b) product, service, transaction or delivery channel risk factors:

(i) a provident, pension, retirement or superannuation scheme (however described) that provides retirement benefits to employees, where contributions to the scheme are made by way of deduction from income from employment and the scheme rules do not permit the assignment of a member's interest under the scheme;

(ii) an insurance policy for the purposes of a provident, pension, retirement or superannuation scheme (however described) that does not contain a surrender clause and cannot be used as a collateral; or

(iii) a life insurance policy in respect of which:

(A) an annual premium of no more than $8,000 or an equivalent amount in any other currency is payable; or

(B) a single premium of no more than $20,000 or an equivalent amount in any other currency is payable.

# Revised AML/CFT Guideline (10)

## Examples of potentially lower/higher risk factors

(c) country risk factors:

(i) countries or jurisdictions identified by credible sources, such as mutual evaluation or detailed assessment reports, as having effective AML/CFT Systems; or

(ii) countries or jurisdictions identified by credible sources as having a lower level of corruption or other criminal activity.

*(see paragraph 4.8.7 of AML/CFT Guideline)*

# Revised AML/CFT Guideline (11)

## Examples of potentially lower/higher risk factors

Examples of potentially **higher** risk factors include:

(a) customer risk factors:

(i) business relationship is conducted in unusual circumstances (e.g. significant unexplained geographic difference between the TCSP licensee and the customer);

(ii) legal persons or legal arrangements that involve a shell vehicle without a clear and legitimate commercial purpose;

(iii) companies that have nominee shareholders, nominee directors, bearer shares or bearer share warrants;

(iv) cash intensive business; or

(v) the ownership structure of the legal person or legal arrangement appears unusual or excessively complex given the nature of the legal person's or legal arrangement's business.

# Revised AML/CFT Guideline (12)

**Examples of potentially lower/higher risk factors**

(b) product, service, transaction or delivery channel risk factors:

- (i) anonymous transactions (which may involve cash); or
- (ii) frequent payments received from unknown or unassociated third parties.

(c) country risk factors:

- (i) countries or jurisdictions identified by credible sources, such as mutual evaluation or detailed assessment reports, as not having effective AML/CFT Systems;
- (ii) countries or jurisdictions identified by credible sources as having a significant level of corruption or other criminal activity;
- (iii) countries or jurisdictions subject to sanctions, embargoes or similar measures issued by, for example, the United Nations; or
- (iv) countries, jurisdictions or geographical areas identified by credible sources as providing funding or support for terrorist activities, or that have designated terrorist organisations operation.

*(see paragraph 4.9.5 of AML/CFT Guideline)*

# Important Notice

- Launch of electronic Form SIS2 for collecting information as at 31 December 2025
- All forms can be delivered to the TCSP Registry by electronic means via www.tcsp.cr.gov.hk

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