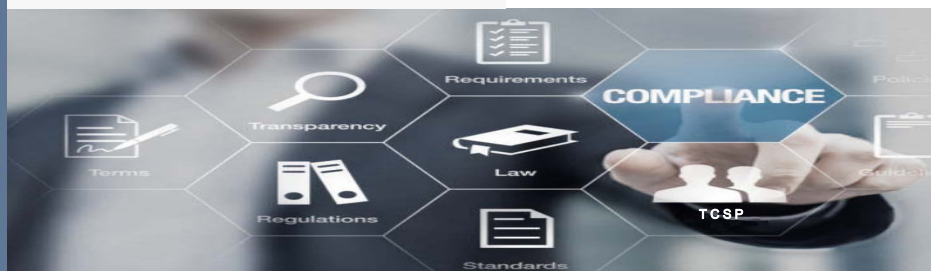


Regulation of Trust or Company Service Providers



Ms Ada Chung
Registrar of Companies
4.8.2018



《 Anti-Money Laundering and Counter-Terrorist Financing Ordinance 》 (1)

- To prescribe statutory CDD and record-keeping requirements to DNFBPs when these professionals engage in specified transactions.

<p>Legal Professionals</p>  <p>《 Legal Practitioners Ordinance 》 (Chapter 159)</p> <p>The Law Society of Hong Kong</p>	<p>Accounting Professionals</p>  <p>《 Professional Accountants Ordinance 》 (Chapter 50)</p> <p>Hong Kong Institute of Certified Public Accountants</p>	<p>Estate Agents</p>  <p>《 Estate Agents Ordinance 》 (Chapter 511)</p> <p>Estate Agents Authority</p>	<p>Trust or Company Service Providers</p>  <p>《 Anti-Money Laundering and Counter-Terrorist Financing Ordinance 》 (Chapter 615)</p> <p>Companies Registry</p>
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《 Anti-Money Laundering and Counter-Terrorist Financing Ordinance 》 (2)

- The licensing regime for TCSPs came into operation on 1 March 2018
- Introduce a licensing regime for TCSPs to require them to apply for a licence from the Registrar of Companies (“the Registrar”) and satisfy a “fit-and-proper” test before they can provide trust or company services as a business in Hong Kong. (AMLO sections 53F, 53G and 53H)
- The Registrar keeps a register of all TCSP licensees, which is open for public inspection. (AMLO section 53D)



“Fit and Proper” Test (1)



- Applicants, and their directors / partners / ultimate owners (where applicable), will be subject to a “fit and proper” test.
- In determining whether a person is fit and proper to carry on, or be associated with, a TCSP business, the Registrar will have regard to any matter that the Registrar considers relevant.

“Fit and Proper” Test (2)

Other matters to be taken into account include :-



- whether the person has any criminal conviction, in particular, those relating to money laundering or terrorist financing or involving fraud or dishonesty
- whether the person is an undischarged bankrupt/ in liquidation or receivership (AMLO sections 53H and 53I)



Licensing Regime for TCSPs

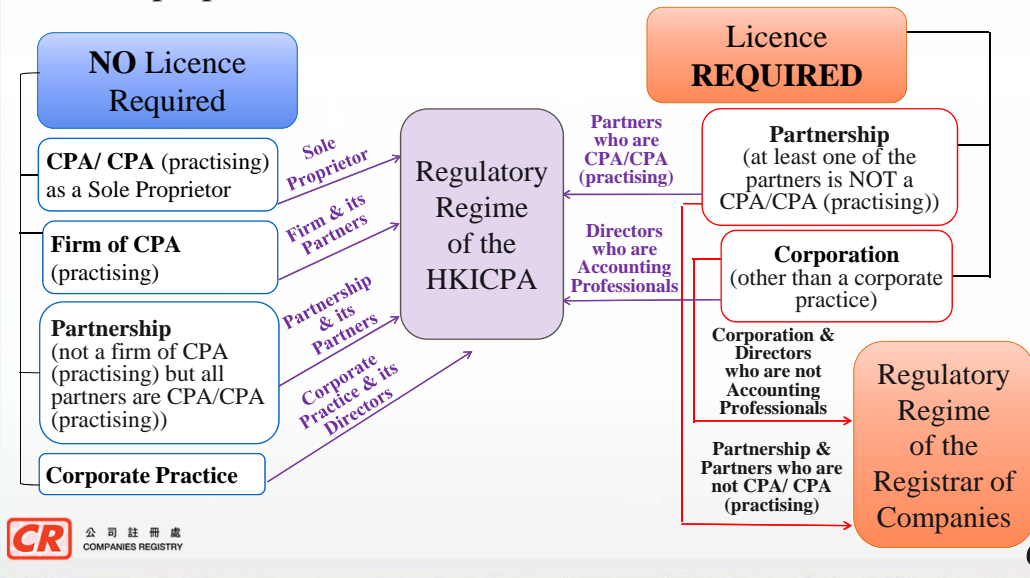
The TCSP licensing requirement (including the fit and proper test) does not apply to:

- an authorized institution;
- a licensed corporation that operates a TCSP business that is ancillary to the corporation’s principal business;
- an accounting professional;
- a legal professional.
(AMLO section 53B)



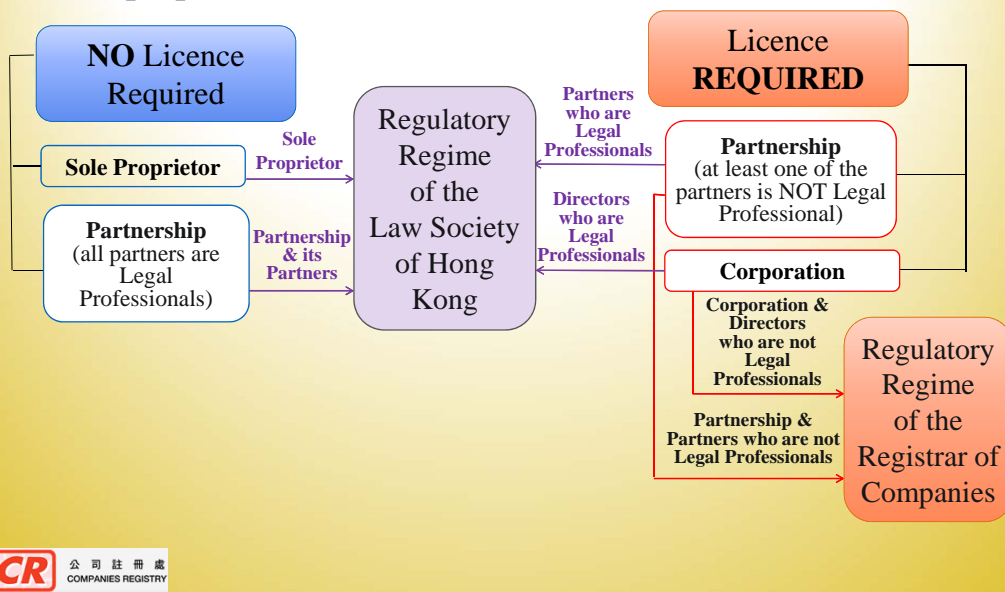
Licensing Regime and Accounting Professional

- Certified Public Accountant and Certified Public Accountant (Practising) are not subject to the “fit and proper” test.



Licensing Regime and Legal Professional

- Legal Professionals are not subject to the “fit and proper” test.



Validity Period and Renewal of Licence

- In usual circumstances, a licence, once granted, will last for 3 years.
- A licensee may apply to the Registrar for a renewal of the licence.
- Applicants for renewal of a licence will be subject to the same “fit and proper” test applicable to an application for a new licence.

(AMLO sections 53K and 53O)



Revocation or Suspension of Licence

- The Registrar may revoke a licence or suspend a licence for a specified period if the Registrar considers that an individual licensee, any partner, director or ultimate owner of a licensee is no longer a fit and proper person to carry on, or be associated with, a trust or company service business. (AMLO section 53Q)
- The Registrar must inform the licensee of the revocation or suspension by notice in writing.
- The revocation or suspension of licence takes effect at the time specified in the notice.
(AMLO section 53R)



Registrar's Approval to Become a Partner/ Director/ Ultimate Owner of a TCSP Licensee

- Any person proposing to become a partner, director or an ultimate owner of a licensee is required to obtain the Registrar's prior written approval.
- The application for the approval is to be made by the licensee.
- The Registrar will apply the same "fit and proper" test.

(AMLO sections 53S, 53T & 53U)



Licensee's Duty to Give Notifications

- A licensee has the duty to notify the Registrar if :-
 - There is any change in the particulars previously provided in connection with the licensee's application for the grant or renewal of a licence;
 - The licensee intends to cease to carry on the trust or company service business.

(AMLO sections 53W and 53X)



Application for Approval to Become a TCSP Licensee's Ultimate owner / Partner/ Director (1)

Application

For **each** person whom approval is required

Individual

Corporation

TCSP3



TCSP4

and/
or

TCSP5



Application fee:
HK\$1,140 for each person

Application for Approval to Become a TCSP Licensee's Ultimate owner / Partner/ Director (2)

Example: Applicant – TCSP Licensee Corporation Z

Corporation Z

Individual A –
Director

Corporation B –
Director

TCSP3

TCSP4

TCSP5

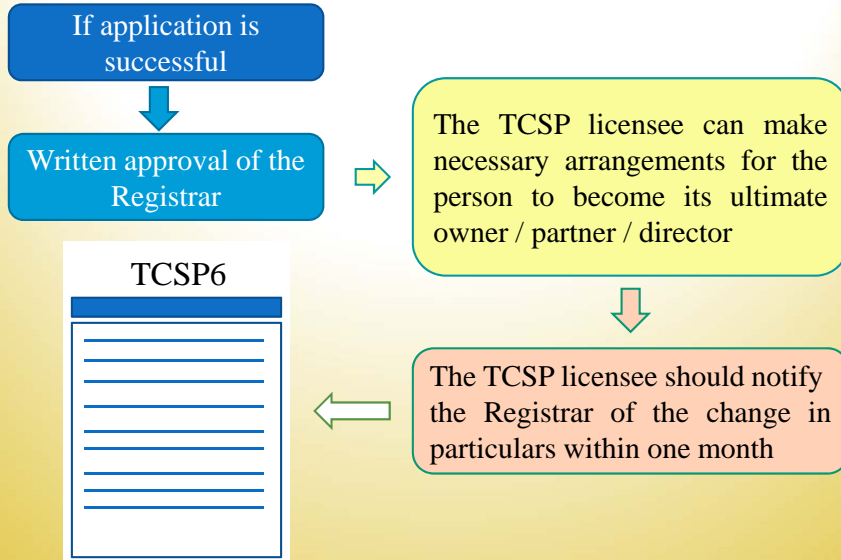


Application fee:
HK\$1,140



Application fee:
HK\$1,140

Application for Approval to Become a TCSP Licensee's Ultimate owner / Partner/ Director (3)



Power of Inspection and Discipline

- Site inspections will be carried out to ensure compliance with the CDD and record-keeping requirements.
- Licensees will be subject to disciplinary sanctions to be imposed by the Registrar as follows:-
 - Public reprimand;
 - Remedial order to remedy the contravention;
 - Payment of a pecuniary penalty not exceeding \$500,000.
(AMLO section 53Z)



Inspections and Interviews

- Up to 30 June 2018
 - Number of onsite inspections
> 392
 - Number of interviews
> 213



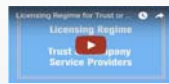
Applications for TCSPs licences

- Up to 30 June 2018
 - Number of applications
> 6,504
 - Number of enquiries
> 14,185
 - Number of visits on TCSP website
> 194,130



Guidelines and Reference Materials

- The Registrar has published the following guidelines:-
 - Guideline on Licensing of Trust or Company Service Providers;
 - Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Trust or Company Service Providers;
 - Guideline on Imposition of Pecuniary Penalty.
- External circulars, pamphlets, demonstration videos, hotline, FAQs, etc.



FAQs



Thank You

Registry for Trust and Company Service Providers
<https://www.tcsp.cr.gov.hk>