



MSSB/MIS\_08/2022

**Circular**

12 December 2022

**Circular to Money Service Operators  
Anti-Money Laundering / Counter-Terrorist Financing**

**Passage of Anti-Money Laundering and  
Counter-Terrorist Financing (Amendment) Bill 2022 in the LegCo**

Money Service Operators (“MSOs”) are reminded that the Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022 (“the AMLO”) has been passed by the Legislative Council on 7 December 2022 and will come into effect in phases from 1 April 2023.

With effective from 1 April 2023, any person who seeks to carry on a business of dealing in precious metals and stones in Hong Kong and engage in transactions at or above HK\$120,000 is required to register with the Commissioner of Customs and Excise. The Customs and Excise Department (“C&ED”) will promulgate the details of the registration regime shortly. In addition, starting from 1 June 2023, any person who engages in virtual asset service business is required to apply for a licence from the Securities and Futures Commission. MSOs who are currently engaging in or who plan to engage in these two side businesses are strongly advised to read the relevant provisions in the AMLO and seek legal advice if necessary, in order to comply with the latest statutory requirements.

To be in line with the latest international standards, the AMLO will implement the miscellaneous and technical amendments proposed by the Government from 1 June 2023, including the following provisions which are more relevant to the MSO sector –

- (a) amending the technical definition of politically exposed person (“PEP”) in accordance with the Financial Action Task Force’s (FATF’s) requirement, and allowing more flexibility in the treatment of former PEPs by allowing MSOs to take a risk-sensitive approach in determining the degree of customer due diligence that is to be taken in respect of such persons;
- (b) clarifying the definition of “beneficial owner” in relation to a trust under the AMLO, including a trustee of the trust, a beneficiary and a class of beneficiaries of the trust entitled to a vested interest in the trust;
- (c) allowing the use of a recognized digital identification system to assist the conduct of customer due diligence in situations where a customer is not physically present for customer identification and verification purposes (i.e. non-face-to-face situations) and clarifying the additional requirements where a customer is not physically present for identification purposes, so as to support the use of new technologies; and



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- (d) enhancing the deterrent effect for unlicensed money service operation by imposing a maximum penalty of a fine of HK\$1 million and imprisonment for two years on conviction on indictment;

The C&ED has started the review on the “Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Money Service Operators)” and will make corresponding amendments in accordance with the latest AMLO requirements so as to provide practical guidance to the MSOs. The C&ED will consult the MSO sector on the amendments before the Guideline is published in Gazette for implementation.

Should you have any queries regarding the contents of this circular, please contact us at 3742 7761.

Money Service Supervision Bureau  
Customs and Excise Department

End