

7 July 2017

Direct line: 2153 2181

Our Ref: INS/TEC/6/45

To: Chief Executive of all authorized insurers
carrying on long term business

Dear Sirs,

Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017

We are writing to inform you that the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017 (the “Bill”) was published in the Government Gazette on 23 June 2017 and was introduced into the Legislative Council on 28 June 2017. Subject to the passage of the Bill by the Legislative Council, the Government proposes to implement the amendments on 1 March 2018. The Bill is available on the Government’s website (<http://www.gld.gov.hk/egazette/pdf/20172125/es32017212522.pdf>).

The Bill aims to (1) apply statutory customer due diligence (“CDD”) and record-keeping requirements to solicitors, accountants, real estate agents, and trust or company service providers (“TCSPs”) when these non-financial businesses and professions engage in specified transactions; and (2) introduce a licensing regime for TCSPs to require them to apply for a licence from the Registrar of Companies and satisfy a “fit-and-proper” test before they can provide trust or company services as a business in Hong Kong.

The Government has also taken this opportunity to propose certain improvements to the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) (“AMLO”) to ensure that it is in line with the latest Financial Action Task Force (“FATF”) requirements and to facilitate compliance by the regulatees.

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The proposed improvements, which are more relevant to the insurance sector, include –

- (a) relaxing the threshold of defining beneficial ownership from the current “not less than 10%” to “more than 25%”, having regard to the prevailing FATF standard and international practice;
- (b) introducing flexibility to measures permitted to be taken for verifying a customer’s identity, in the light of technological development in the methods used by financial institutions for obtaining information relating to customers; and
- (c) removing a sunset clause in the AMLO so that financial institutions will have the flexibility to rely on solicitors, accountants, TCSP licensees as well as other financial institutions (including a foreign financial institution in the same parent group) as intermediaries to carry out CDD measures.

Should you have any enquiries on the above, please contact Mr Edward Li at 2153 2754 or Ms Christy Wong at 2153 2751.

Yours faithfully,

Dickson Chui
Senior Manager
Market Conduct Division
Insurance Authority