

## Hong Kong Licensed Money Service Operator (“MSO”) Ongoing Compliance Obligations

This brief note provides information about ongoing compliance requirements of Money Service Operator Licensee in Hong Kong. The information may be changed over the time that the latest information should be updated in the website of Hong Kong Customs and Excise Department: [https://eservices.customs.gov.hk/MSOS/index?request\\_locale=en](https://eservices.customs.gov.hk/MSOS/index?request_locale=en)

### 1. Notification of Changes in Particular

Licensee of Money Service Operator must report any changes in particulars to the Commissioner of Customs and Excise (the “CCE”) in writing within one month beginning on the date on which the change takes place with copies of relevant supporting documents in person or by post.

#### Notification of Change in Particulars of Business / Corporation

- Business / Corporation Name
- Business / Branch Name
- Nature of Money Service Business
- Principal (Correspondence) Address
- Contact Information

#### Notification of Change in Particulars of Business Premises

- Business Premises Information including relocation, expansion or reduction in the same location
- Telephone and Fax No. of Business Premises
- Information of other Business Being run in the Business Premises
- Occupants of Domestic Business Premises

#### Notification of Change in Particulars of the Licensee/ Licensee’s Partners/ Directors/ Ultimate Owner

- Name, identification documents
- Principal (Correspondence) Address
- Contact Information

Notification of Particulars of the Incoming / Outgoing of Partners / Directors / Ultimate Owners

- Approval letter from the Commissioner of Customs & Excise for the addition of Licensee's partner / director / ultimate owner
- A copy of Extract of information on the Business Register
- A copy of the Notification of Change of Secretary and Director (Form D2A)
- A copy of the Notification of Resignation of Secretary and Director (Form D4)

Notification of Change in "Fit and Proper" status of Licensee / Licensee's Partners / Directors / Ultimate Owners

Notification of Deletion / Addition of the Bank Account used for operating the Licensee's Money Service

## **2. Renewal of License**

The Licensee is required to renew the MSO license not later than **45 days** before the license is due to expire.

The Licensee must submit its application for renewal and photo copies of the requisite documents by post or in person or via C&ED website. On receipt of the application for renewal and fit and proper person test, CCE will acknowledge receipt of the renewal applications and a reminder for provision of any outstanding documents will be issued to the applicant where necessary.

When all the requisite documents are found to be in order, CCE will issue a notice for an interview together with a payment note to the Licensee.

## **3. Periodic Return for Statement of Transactions**

The Licensee shall lodge a periodic return to the CCE within 2 weeks beginning from each quarter unless specified by the CCE by notice in writing. Any failure to submit a periodic return on time may result in the suspension and/or revocation of the license.

#### 4. Anti-Money Laundering and Counter-Terrorist Financing Requirements

##### Ongoing Customer Due Diligence

The Licensee should undertake reviews of existing customer due diligence (“CDD”) records of customers on a regular basis and/or upon trigger events. Clear policies and procedures should be developed, especially on the frequency of periodic review or what constitutes a trigger event.

All customers that present high Money Laundering/Terrorist Financing risks should be subject to a minimum of an annual review, or more frequent reviews if deemed necessary by the Licensee, to ensure the CDD information retained remains up-to-date and relevant.

##### Transaction Monitoring

The Licensee should ensure that the transaction monitoring systems and processes can provide all relevant staff who are tasked with conducting transaction monitoring and investigation with timely and sufficient information required to identify, analyse and effectively monitor customers’ transactions.

The Licensee should ensure that the transaction monitoring systems and processes can support the ongoing monitoring of a business relationship in a holistic approach, which may include monitoring activities of a customer’s multiple accounts within or across lines of businesses, and related customers’ accounts within or across lines of businesses.

The Licensee should regularly review the adequacy and effectiveness of its transaction monitoring systems and processes, including parameters and thresholds adopted. The parameters and thresholds should be properly documented and independently validated to ensure that they are appropriate to its operations and context.

##### Record-Keeping

For transaction records, the Licensee should keep the original or a copy of the documents as well as records of data and information obtained in connection with the transaction. Records must be kept for a period of **5 years** beginning on the date on which the transaction is completed.



For customer records, the Licensee should keep the original or a copy of the documents as well as records of data and information obtained in the course of identifying and verifying the identity of the customer or any beneficial owner of the customer. Records must be kept for a period of **5 years** beginning on the date on which the business relationship ends.

### Staff Training

The Licensee should provide training to all relevant staff in order to ensure they are made aware of the Anti-Money Laundering Requirements. Apart from the initial training, the Licensee shall also provide refresher training regularly to ensure that its staff are reminded of their responsibilities and are kept informed of new developments related to Money Laundering/Terrorists Financing.

No matter which training approach is adopted, an MSO should monitor and maintain records of who have been trained, when the staff received the training and the type of the training provided. Records should be maintained for **a minimum of 3 years**.

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