



**SECURITIES AND
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Prevention of Money Laundering and Terrorist Financing Guideline issued by the Securities and Futures Commission for Associated Entities

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Introduction		
s.399, SFO	1	This Guideline is published under section 399 of the Securities and Futures Ordinance, Cap. 571 (the SFO).
	2	Following the enactment of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Cap. 615 (the AMLO), the Securities and Futures Commission (SFC) has prepared a Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) (the Guideline for LCs) which sets out the relevant anti-money laundering and counter-financing of terrorism (AML/CFT) statutory and regulatory requirements, and the AML/CFT standards which licensed corporations (LCs) should meet in order to comply with the statutory requirements under the AMLO and the SFO.
	3	<p>The Guideline for LCs also:</p> <ul style="list-style-type: none"> (a) provides a general background on the subjects of money laundering and terrorist financing (ML/TF), including a summary of the main provisions of the applicable AML/CFT legislation in Hong Kong; and (b) provides practical guidance to assist LCs and their senior management in designing and implementing their own policies, procedures and controls in the relevant operational areas, taking into consideration their special circumstances so as to meet the relevant AML/CFT statutory and regulatory requirements.

4	<p>Terms and abbreviations used in this Guideline shall be interpreted by reference to the definitions set out in the Glossary part of the Guideline for LCs. Where applicable, interpretation of other words or phrases should follow those set out in the SFO.</p>
<p>Associated Entities to comply with the Guideline for LCs</p>	
5	<p>This Guideline is intended for use by associated entities (AEs) that are not authorized financial institutions and their officers and staff.</p>
6	<p>The Guideline for LCs provides a comprehensive explanation of the AML/CFT legislation in Hong Kong and practical guidance in designing and implementing policies, procedures and controls so as to meet the relevant AML/CFT statutory and regulatory requirements and the AML/CFT standards. AEs that are not authorized financial institutions are expected to have regard to the provisions of the Guideline for LCs as if they were themselves LCs.</p>
7	<p>An AE that is an authorized financial institution should have regard to the provisions of the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Authorized Institutions) issued by the Hong Kong Monetary Authority for use by authorized institutions, and any of the following provisions of the Guideline for LCs that is applicable: paragraph 4.1.6 about the definition of “customer” for the securities, futures and leveraged foreign exchange businesses (hereafter collectively referred to as “securities sector” or “securities businesses”); paragraphs 4.20 about cross-border correspondent relationships applicable to the securities sector; and Appendix B about illustrative indicators of suspicious transactions and activities in the securities sector.</p>
8	<p>For the avoidance of doubt, the use of the word “must” or “should” in relation to an action,</p>

		<p>consideration or measure referred to in this Guideline and the Guideline for LCs indicates that it is a mandatory requirement. Given the significant differences that exist in the organisational and legal structures of different AEs, and the LCs with which they are in a controlling entity relationship, as well as the nature and scope of the business activities conducted by them, there exists no single set of universally applicable implementation measures. The content of this Guideline and the Guideline for LCs is not intended to be an exhaustive list of the means of meeting the statutory and regulatory requirements. AEs therefore should use this Guideline and the Guideline for LCs as a basis to develop measures appropriate to their structure and business activities.</p>
	9	<p>The Guideline for LCs will assist AEs to meet their AML/CFT legal and regulatory obligations when tailored by AEs to their particular business risk profile.</p>
s.399, SFO	10	<p>A failure by any person to comply with any provision of this Guideline does not by itself render the person liable to any judicial or other proceedings but, in any proceedings under the SFO before any court, this Guideline is admissible in evidence; and if any provision set out in this Guideline appears to the court to be relevant to any question arising in the proceedings, the provision must be taken into account in determining that question.</p>
	11	<p>Any failure by an AE to have regard to the provisions of the Guideline for LCs may reflect adversely on its fitness and properness and the fitness and properness of the intermediary of which the AE is in a controlling entity relationship.</p>
	12	<p>Any failure by an AE that is an authorized financial institution to have regard to the provisions of the Guideline on Anti-Money Laundering and Counter-</p>

		Financing of Terrorism (For Authorized Institutions) issued by the Hong Kong Monetary Authority for use by authorized institution, or to paragraphs 4.1.6 and 4.20 of, and Appendix B to the Guideline for LCs may reflect adversely on its fitness and properness and the fitness and properness of the intermediary of which the AE is in a controlling entity relationship.
	13	The relevance and usefulness of this Guideline will be kept under review and it may be necessary to issue amendments from time to time.