



SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

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

April 2012



Effective Date

This Guideline comes into effect on 1 April 2012. This Guideline, together with the Guideline on Anti-Money Laundering and Counter-Terrorist Financing, supersede the Prevention of Money Laundering and Terrorist Financing Guidance Note dated September 2009.



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Introduction		
s.399 of SFO	1	This Guideline is published under section 399 of the Securities and Futures Ordinance, Cap. 571 (SFO).
	2	Following the enactment of the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (AMLO), the SFC has prepared a Guideline on Anti-Money Laundering and Counter-Terrorist Financing (the Guideline for LCs) which provides guidance to assist licensed corporations (LCs) and others to implement and comply with the AMLO and other applicable anti-money laundering (AML) / counter-terrorist financing (CFT) legislation and regulatory requirements.
	3	The purposes of the Guideline for LCs are to: (a) provide a general background on the subjects of money laundering and terrorist financing (ML/TF), including a summary of the main provisions of the applicable anti-money laundering and counter-financing of terrorism (AML/CFT) legislation in Hong Kong; and (b) provide 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	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.
Associated Entities to comply with the Guideline for LCs		
	5	This Guideline is intended for use by associated entities (AEs) that are not authorized financial institutions and their officers and staff.
	6	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. AEs that are not authorised financial institutions are expected to have regard to the provisions of the Guideline for LCs as if they were themselves LCs.
	7	An AE that is an authorized financial institution should have regard to the provisions of the Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the Hong Kong Monetary Authority, and to paragraphs 7.39 and 7.40 of the Guideline for LCs in identifying securities, futures and leveraged foreign exchange businesses specific suspicious transactions.
	8	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. It must also be emphasized that the contents of this Guideline and the Guideline for LCs are neither intended to, nor should be construed as, an exhaustive list of the



		means of meeting the statutory and regulatory requirements.
	9	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. Departures from this Guideline, and the rationale for so doing, should be documented, and AEs will have to stand prepared to justify departures to the SFC.
s.399 of SFO	10	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.
	11	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.
	12	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-Terrorist Financing issued by the Hong Kong Monetary Authority or to paragraphs 7.39 and 7.40 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.
	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.