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| INSTRUCTIONS ON COMPLETING THE AML / CFT SELF-ASSESSMENT CHECKLIST | |
| **Background** | The AML / CFT Self-Assessment Checklist has been designed to provide a structured and comprehensive framework for licensed corporations ("LCs") and associated entities ("AEs") to assess compliance with key AML / CFT requirements. LCs and AEs are advised to use this as part of their regular review to monitor their AML/CFT compliance. The frequency and extent of such review should be commensurate with the risks of ML/TF and the size of the firm's business.  **The AML / CFT Self-Assessment Checklist is neither intended to, nor should be construed as, an exhaustive list of all AML/CFT requirements**. |
| **Instructions** | LCs / AEs will be able to save and print the self-assessment checklist as required to enable internal review and follow-up. |
| Completion of the self-assessment checklist should be organised and directed by the compliance officer having overall responsibility for the establishment and maintenance of the firm's AML/CFT Systems who should also approve and sign the completed checklist. (Note: The MIC of AML/CFT can be the compliance officer provided that the requirements set out in paragraphs 3.7 and 3.8 of the AML/CFT Guideline are met.) |
| Please read each question carefully before answering and use the text box to provide comments where the response to the question requires further elaboration. Wherever appropriate, cross-references to related provisions of the SFC's Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) (“AML/CFT Guideline”) have been provided for the reader's reference. |
| Each question in the self-assessment checklist provides a number of response options including ‘Yes’, ‘No’, 'Not applicable ("N/A")'.   1. When the LC / AE confirms the response to be ‘Yes’ to any of the questions in the tick box, it represents a compliance with the requirement. For some of the questions, further specified information should be given in the text box for a 'Yes' response. 2. When the LC / AE confirms the response to be ‘No’ to any of the questions in the tick box, it represents a potential non-compliance with the requirement. If the response to a question is 'No', the LC / AE should use the text box to additionally document:    1. How does the LC / AE plan to remediate the potential gap identified    2. When does the LC / AE plan to complete the remediation for any potential gaps identified 3. When the LC / AE confirms the response to be ‘N/A’ to any of the questions in the tick box, it represents that the requirement is not applicable to the LC / AE. |
| All terms used in the self-assessment checklist are, unless otherwise specified, as defined in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap.615) (“AMLO”) and AML/CFT Guideline.  Some key terms and abbreviations are provided in the Glossary for easy reference. |

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| AML / CFT SELF-ASSESSMENT CHECKLIST (version January 2022) | |
| **Name of the LC / AE** |  |
| **Checklist completed by (Name)** |  |
| **Checklist completed by (Position)** |  |
| **Date of completion** |  |

| **Reference (AML/CFT Guideline)** | **Question #** | **Question** | **Yes** |  | **No** |  | **N/A** |  | **Document where your response to the question requires further elaboration.**  **Additionally document the following details, if the response to any of the question is 'No'':**  **1) How does the LC / AE plan to remediate the potential gap identified**  **2) When does the LC / AE plan to complete the remediation for any potential gaps identified** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(A) Risk-based approach ("RBA")** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to identify, assess and understand the ML/TF risks to which they are exposed (“institutional risk assessment”), so as to facilitate the design and implementation of adequate and appropriate AML/CFT policies, procedures and controls ( “AML/CFT Systems”) that are commensurate with the ML/TF risks identified in order to properly manage and mitigate them.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 2.1 | A.01 | Do you identify, assess and understand the ML/TF risks to which you are exposed and take AML/CFT measures that are commensurate with those risks in order to mitigate them effectively? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | A.02 | Do you take the following steps to identify, assess, and understand your ML/TF risks? |  |  |  |  |  |  |  |
| 2.6, 2.7, Appendix A |  | 1. Holistically consider all relevant risk factors including country risk, customer risk, product/service/transaction risk, delivery/distribution channel risk and, where applicable, other risks that you are exposed to depending on your specific circumstances, having regard to (i) the range of factors set out in paragraph 2.7 of the AML/CFT Guideline and (ii) the list of illustrative risk indicators set out in Appendix A to the AML/CFT Guideline whenever relevant |  |  |  |  |  |  |  |
| 2.8 |  | 1. Prior to the launch of new products, new business practices or the use of new or developing technologies, identify and assess the ML/TF risks that may arise in relation to: |  |  |  |  |  |  |  |
|  |  | 1. the development of new products and new business practices, including new delivery mechanisms (especially those that may lead to misuse of technological developments or facilitate anonymity in ML/TF schemes) |  |  |  |  |  |  |  |
|  |  | 1. the use of new or developing technologies for both new and pre-existing products |  |  |  |  |  |  |  |
| 2.9 |  | 1. Keep the risk assessment up-to-date by reviewing the institutional risk assessment at least every 2 years, or more frequently upon trigger events with material impact on your business and risk exposure |  |  |  |  |  |  |  |
| 2.10 |  | 1. Maintain records and relevant documents of the institutional risk assessment |  |  |  |  |  |  |  |
| 2.11 |  | 1. Communicate the institutional risk assessment to your senior management, who should review and approve the institutional risk assessment |  |  |  |  |  |  |  |
| 2.3 |  | 1. Have appropriate mechanisms to provide risk assessment information to the SFC upon request |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 2.4 | A.03 | In conducting the institutional risk assessment, do you consider quantitative and qualitative information obtained from relevant internal and external sources to identify, manage and mitigate the risks? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 2.5 | A.04 | Are the nature and extent of your institutional risk assessment procedures commensurate with the nature, size and complexity of your business? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 2.12 | A.05 | Are you a Hong-Kong incorporated LC / AE with overseas branches and subsidiary undertakings that carry on the same business as an FI as defined in the AMLO? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, do you conduct a group-wide ML/TF risk assessment? |  |  |  |  |  |  |  |
| **LCs / AEs are required to assess the ML/TF risks associated with a customer or proposed business relationship (“customer risk assessment”) to determine the degree, frequency or extent of CDD measures and ongoing monitoring conducted which should vary in accordance with the assessed ML/TF risks associated with the customer or business relationship.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 2.13, 2.14 | A.06 | Do you assess the ML/TF risks associated with a customer or a proposed business relationship, which would determine the level of CDD measures and the level and type of ongoing monitoring, and support your decision on whether to enter into, continue or terminate the business relationship? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 2.17 | A.07 | Do you adopt an RBA in the design and implementation of your customer risk assessment framework, which should be designed taking into account the results of your institutional risk assessment and commensurate with the risk profile and complexity of your customer base? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 2.15 | A.08 | Do you keep your policies and procedures under regular review and assess that your risk mitigation procedures and controls are working effectively? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 2.17 | A.09 | When conducting customer risk assessment, do you take into account relevant risk factors of a customer holistically including the country risk, customer risk, product/service/transaction risk, and delivery/distribution channel risk, having regard to the list of illustrative risk indicators set out in Appendix A to the AML/CFT Guideline, whenever relevant? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 2.14 | A.10 | Do you periodically review and, where appropriate, update your risk assessment of a particular customer and adjust the extent of the CDD and ongoing monitoring to be applied to the customer? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 2.18 | A.11 | Do you keep records and relevant documents of the customer risk assessment mentioned in questions A.06 to A.10? |  |  |  |  |  |  |  |
|  |  | If yes, are you able to demonstrate to the SFC the following? |  |  |  |  |  |  |  |
|  |  | 1. how you assess your customer’s ML/TF risks |  |  |  |  |  |  |  |
|  |  | 1. the extent of CDD measures and ongoing monitoring is appropriate based on that customer's ML/TF risks |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **(B) AML/CFT Systems** | | |  |  |  |  |  |  |  |
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| **LCs / AEs are required to implement adequate and appropriate AML/CFT Systems, having regard to the nature, size and complexity of their businesses and the ML/TF risks arising from those businesses.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.2 | B.01 | Do you: |  |  |  |  |  |  |  |
|  |  | * + - * 1. have AML/CFT Systems, which are approved by senior management, to enable you to manage and mitigate the risks that have been identified |  |  |  |  |  |  |  |
|  |  | * + - * 1. monitor the implementation of the AML/CFT Systems and make enhancements if necessary |  |  |  |  |  |  |  |
|  |  | * + - * 1. implement enhanced AML/CFT Systems to manage and mitigate the risks where higher risks are identified |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Compliance management arrangements | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.5 | B.02 | Have you established appropriate compliance management arrangements that facilitate the implementation of AML/CFT Systems to comply with relevant legal and regulatory obligations as well as to manage ML/TF risks effectively? |  |  |  |  |  |  |  |
|  |  | If yes, do the compliance management arrangements include oversight by your senior management and appointment of a CO and an MLRO? |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Senior management oversight | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.6 | B.03 | Is your senior management responsible for implementing effective AML/CFT Systems that can adequately manage the ML/TF risks identified? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, has your senior management: |  |  |  |  |  |  |  |
|  |  | 1. appointed a CO at the senior management level to have overall responsibility for the establishment and maintenance of your firm’s AML/CFT Systems |  |  |  |  |  |  |  |
|  |  | 1. appointed a senior staff member as the MLRO to act as the central reference point for suspicious transaction reporting |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.7 | B.04 | Does your senior management ensure that CO and MLRO are: |  |  |  |  |  |  |  |
|  |  | 1. appropriately qualified with sufficient AML/CFT knowledge |  |  |  |  |  |  |  |
|  |  | 1. subject to constraint of size of your firm, independent of all operational and business functions |  |  |  |  |  |  |  |
|  |  | 1. normally based in Hong Kong |  |  |  |  |  |  |  |
|  |  | 1. of a sufficient level of seniority and authority within your firm |  |  |  |  |  |  |  |
|  |  | 1. provided with regular contact with, and when required, direct access to senior management to ensure that senior management is able to satisfy itself that the statutory obligations are being met and that the business is taking sufficiently effective measures to protect itself against the risks of ML/TF |  |  |  |  |  |  |  |
|  |  | 1. fully conversant with your firm’s statutory and regulatory requirements and the ML/TF risks arising from your business |  |  |  |  |  |  |  |
|  |  | 1. capable of accessing on a timely basis, all available information (both from internal sources such as CDD records and external sources such as circulars from RAs) |  |  |  |  |  |  |  |
|  |  | 1. equipped with sufficient resources, including staff and appropriate cover for the absence of the CO and MLRO (i.e. an alternate or deputy CO and MLRO who should, where practicable, have the same status) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Compliance officer | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.8 | B.05 | Does the CO assume the following responsibilities? |  |  |  |  |  |  |  |
|  |  | 1. developing and/or continuously reviewing your firm's AML/CFT Systems, including (where applicable) any group-wide AML/CFT Systems, to ensure they remain up-to-date, meet current statutory and regulatory requirements, and are effective in managing ML/TF risks arising from your firm's business |  |  |  |  |  |  |  |
|  |  | 1. overseeing all aspects of your firm’s AML/CFT Systems which include monitoring effectiveness and enhancing the controls and procedures where necessary |  |  |  |  |  |  |  |
|  |  | 1. communicating key AML/CFT issues with senior management, including, where appropriate, significant compliance deficiencies |  |  |  |  |  |  |  |
|  |  | 1. ensuring AML/CFT staff training is adequate, appropriate and effective |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Money laundering reporting officer | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.9 | B.06 | Does the MLRO have oversight of the following functions? |  |  |  |  |  |  |  |
|  |  | 1. review of internal disclosures and exception reports and, in light of all available relevant information, determination of whether or not it is necessary to make a report to the JFIU |  |  |  |  |  |  |  |
|  |  | 1. maintenance of records related to such internal reviews |  |  |  |  |  |  |  |
|  |  | 1. provision of guidance on how to avoid tipping-off |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Independent audit function | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.10 | B.07 | Have you established an independent audit function which has a direct line of communication to senior management of your firm? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, does the function have sufficient expertise and resources to enable it to carry out an independent review of your firm’s AML/CFT Systems? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.11 | B.08 | Does the audit function regularly review the AML/CFT Systems to ensure effectiveness, including evaluation of the following areas? |  |  |  |  |  |  |  |
|  |  | 1. the adequacy of your firm’s AML/CFT Systems, ML/TF risk assessment framework and application of risk-based approach |  |  |  |  |  |  |  |
|  |  | 1. the effectiveness of the system for recognising and reporting suspicious transactions |  |  |  |  |  |  |  |
|  |  | 1. whether instances of non-compliance are reported to senior management on a timely basis |  |  |  |  |  |  |  |
|  |  | 1. the level of awareness of staff having AML/CFT responsibilities |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If appropriate, have you sought review from external parties regarding your firm’s AML/CFT Systems? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Employee screening | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.12 | B.09 | Do you establish adequate and appropriate screening procedures in order to ensure high standards when hiring employees? |  |  |  |  |  |  |  |
|  | | |  |  |  |  |  |  |  |
| **LCs / AEs with overseas branches or subsidiary undertakings that carry on the same business as an FI as defined in the AMLO should implement group-wide AML/CFT Systems to apply the requirements set out in the AML/CFT Guideline (in particular the CDD and record-keeping requirements) to all of their overseas branches and subsidiary undertakings in their financial groups, wherever the requirements in the AML/CFT Guideline are relevant and applicable to the overseas branches and subsidiary undertakings concerned.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.13 | B.10 | Does your firm have overseas branches and subsidiary undertakings?  If your firm does not have overseas branches and subsidiaries, please confirm an N/A response and you are not required to complete questions B.11 to B.14 below. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.13 | B.11 | Do you have group-wide AML/CFT Systems to ensure that all of your firm’s overseas branches and subsidiary undertakings that carry on the same business as an FI as defined in the AMLO, have procedures in place to ensure compliance with the requirements set out in the AML/CFT Guideline, in particular, the CDD and record-keeping requirements similar to those imposed under Parts 2 and 3 of Schedule 2, to the extent permitted by the laws and regulations of that place? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.14 | B.12 | If the AML/CFT requirements in the jurisdiction where the overseas branch or subsidiary undertaking of your firm is located (host jurisdiction) differ from those relevant requirements referred to in paragraph 3.13 of the AML/CFT Guideline, do you require that branch or subsidiary undertaking to apply the higher of the two sets of requirements, to the extent that the host jurisdiction’s laws and regulations permit? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.15 | B.13 | In the case where the host jurisdiction’s laws and regulations do not permit the branch or subsidiary undertaking of your firm to apply the higher AML/CFT requirements, particularly the CDD and record-keeping requirements imposed under Parts 2 and 3 of Schedule 2, have you done the following? |  |  |  |  |  |  |  |
|  |  | 1. inform the SFC of such failure |  |  |  |  |  |  |  |
|  |  | 1. take additional measures to effectively mitigate ML/TF risks faced by the branch or subsidiary undertaking as a result of its inability to comply with the requirements |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 3.16 | B.14 | To the extent permitted by the laws and regulations of the jurisdictions involved and subject to adequate safeguards on the protection of confidentiality and use of information being shared, including safeguards to prevent tipping-off, have you implemented the following through your firm's group-wide AML/CFT Systems? |  |  |  |  |  |  |  |
|  |  | 1. sharing information required for the purposes of CDD and ML/TF risk management |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. provision to your firm's group-level compliance, audit and/or AML/CFT functions, of customer, account, and transaction information from your firm's overseas branches and subsidiary undertakings that carry on the same business as an FI as defined in the AMLO, when necessary for AML/CFT purposes |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **(C) - Customer Due Diligence ("CDD")** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to carry out CDD, which is a vital tool for recognising whether there are grounds for knowledge or suspicion of ML/TF.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.1.4 | C.01 | Do you conduct the following CDD measures? |  |  |  |  |  |  |  |
|  |  | 1. identify the customer and verify the customer's identity using documents, data or information provided by a reliable and independent source |  |  |  |  |  |  |  |
|  |  | 1. where there is a beneficial owner in relation to the customer, identify and take reasonable measures to verify the beneficial owner's identity so that you are satisfied that you know who the beneficial owner is, including in the case of a legal person or trust, measures to enable you to understand the ownership and control structure of the legal person or trust |  |  |  |  |  |  |  |
|  |  | 1. obtain information on the purpose and intended nature of the business relationship established with you unless the purpose and intended nature are obvious |  |  |  |  |  |  |  |
|  |  | 1. if a person purports to act on behalf of the customer: |  |  |  |  |  |  |  |
|  |  | * 1. identify the person and take reasonable measures to verify the person's identity using documents, data or information provided by a reliable and independent source |  |  |  |  |  |  |  |
|  |  | * 1. verify the person's authority to act on behalf of the customer |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.1.9 | C.02 | Do you carry out CDD measures in relation to a customer in the following conditions? |  |  |  |  |  |  |  |
|  |  | 1. at the outset of a business relationship |  |  |  |  |  |  |  |
|  |  | 1. when you suspect that the customer or the customer's account is involved in ML/TF |  |  |  |  |  |  |  |
|  |  | 1. when you doubt the veracity or adequacy of any information previously obtained for the purpose of identifying the customer or for the purpose of verifying the customer's identity |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to identify and verify the true and full identity of each customers by reference to documents, data or information provided by a reliable and independent source.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Customer that is a natural person | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.2 | C.03 | Do you have customers that are natural persons?  If you do not have any customers that are natural persons, please confirm an N/A response and proceed to question C.08. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.2 | C.04 | Do you obtain the following identification information for a customer that is a natural person? |  |  |  |  |  |  |  |
|  |  | 1. Full name |  |  |  |  |  |  |  |
|  |  | 1. Date of birth |  |  |  |  |  |  |  |
|  |  | 1. Nationality |  |  |  |  |  |  |  |
|  |  | 1. Unique identification number and document type |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.3 | C.05 | In verifying the identity of a customer that is a natural person, do you verify the name, date of birth, unique identification number and document type of the customer by reference to documents, data or information provided by a reliable and independent source? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.3 | C.06 | Do you retain a copy of the identification document or record of a customer that is a natural person? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.4 | C.07 | Do you obtain the residential address information of a customer that is a natural person? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Customer that is a legal person | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.5 | C.08 | Do you have customers that are legal persons?  If you do not have any customers that are legal persons, please confirm an N/A response and proceed to question C.12. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.5 | C.09 | Do you obtain the following identification information for a customer that is a legal person? |  |  |  |  |  |  |  |
|  |  | 1. full name |  |  |  |  |  |  |  |
|  |  | 1. date of incorporation, establishment or registration |  |  |  |  |  |  |  |
|  |  | 1. place of incorporation, establishment or registration (including address of registered office) |  |  |  |  |  |  |  |
|  |  | 1. unique identification number and document type |  |  |  |  |  |  |  |
|  |  | 1. principal place of business (if different from the address of registered office) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.6 | C.10 | In verifying the identity of a customer that is a legal person, do you verify the name, legal form, current existence (at the time of verification) and powers that regulate and bind the legal person by reference to documents, data or information provided by a reliable and independent source? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.8 | C.11 | If the customers are associations, clubs, societies, charities, religious bodies, institutes, mutual and friendly societies, co-operative and provident societies, do you satisfy yourself as to the legitimate purpose of the organisation? |  |  |  |  |  |  |  |
|  | | |  |  |  |  |  |  |  |
| Customer that is a trust or other similar legal arrangement | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.9 | C.12 | Do you have customers that are trusts or other similar legal arrangements?  If you do not have any customers that are trusts or other similar legal arrangements, please confirm an N/A response and proceed to question C.15. |  |  |  |  |  |  |  |
|  |  | If yes, do you regard a trustee which enters into a business relationship or carries out occasional transactions on behalf of the trust as your customer, and identify and verify the identity of the trustee in line with the identification and verification requirements for a customer that is a natural person, or where applicable, a legal person? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.10 | C.13 | Do you obtain the following identification information for a customer that is a trust or other similar legal arrangement? |  |  |  |  |  |  |  |
|  |  | 1. the name of the trust or legal arrangement |  |  |  |  |  |  |  |
|  |  | 1. date of establishment or settlement |  |  |  |  |  |  |  |
|  |  | 1. the jurisdiction whose laws govern the trust or legal arrangement |  |  |  |  |  |  |  |
|  |  | 1. unique identification number (if any) granted by any applicable official bodies and document type |  |  |  |  |  |  |  |
|  |  | 1. address of registered office (if applicable) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.11 | C.14 | In verifying the identity of a customer that is a trust or other similar legal arrangement, do you verify the name, legal form, current existence (at the time of verification) and powers that regulate and bind the trust or other similar legal arrangement by reference to documents, data or information provided by a reliable and independent source? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Connected parties | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.2.12 | C.15 | Where a customer is a legal person, a trust or other similar legal arrangement, do you identify the connected parties of the customer by obtaining their names? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to identify and take reasonable measures to verify the identity of a beneficial owner.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.1 | C.16 | Do you identify the beneficial owner in relation to a customer, and take reasonable measures to verify the beneficial owner's identity so that you are satisfied that you know who the beneficial owner is? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.2 | C.17 | When a natural person is identified as a beneficial owner, do you obtain the following identification information? |  |  |  |  |  |  |  |
|  |  | 1. Full name |  |  |  |  |  |  |  |
|  |  | 1. Date of birth |  |  |  |  |  |  |  |
|  |  | 1. Nationality |  |  |  |  |  |  |  |
|  |  | 1. Unique identification number and document type |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Beneficial owner in relation to a natural person | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.3 | C.18 | Do you have customers that are natural persons?  If you do not have any customers that are natural persons, please confirm an N/A response and proceed to question C.20. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.3 | C.19 | Where there are indications that a customer that is a natural person is not acting on his own behalf, do you make appropriate enquiries to identify the beneficial owner of the customer? |  |  |  |  |  |  |  |
|  | | |  |  |  |  |  |  |  |
| Beneficial owner in relation to a legal person | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.7 | C.20 | Do you have customers that are legal persons?  If you do not have any customers that are legal persons, please confirm an N/A response and proceed to question C.23. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.7 | C.21 | For a customer that is a legal person, if there is no natural person who falls within the definition of beneficial owners, do you identify the relevant natural persons who hold the position of senior managing official in the legal person, and take reasonable measures to verify their identities? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.9 | C.22 | If the ownership structure of a customer involves different types of legal persons or legal arrangements, do you pay attention to who has ultimate ownership or control over the customer, or who constitutes the controlling mind and management of the customer? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Beneficial owner in relation to a trust or other similar legal arrangement | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.11 | C.23 | Do you have customers that are trusts or other similar legal arrangements?  If you do not have any customers that are trusts or other similar legal arrangements, please confirm an N/A response and proceed to question C.27. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.11 | C.24 | For trusts, do you identify the settlor, the protector (if any), the enforcer (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate control over the trust, and take reasonable measures to verify their identities? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.11 | C.25 | For other similar legal arrangements, do you identify any natural person in equivalent or similar positions to beneficial owner of a trust as stated in question C.24 and take reasonable measures to verify the identity of such person? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.12 | C.26 | For a beneficiary of a trust designated by characteristics or by class, do you obtain sufficient information concerning the beneficiary to satisfy yourself that you will be able to establish the identity of the beneficiary at the time of payout or when the beneficiary intends to exercise vested rights? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Ownership and control structure | | |  |  |  |  |  |  |  |
| 4.3.13 | C.27 | For a customer who is not a natural person, do you understand its ownership and control structure, including identification of any intermediate layers? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.3.14 | C.28 | Where a customer has a complex ownership or control structure, do you obtain sufficient information to satisfy yourself that there is a legitimate reason behind the particular structure employed? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to identify and take reasonable measures to verify the identity and authority of a PPTA.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.4.1 | C.29 | Have you implemented clear policies for determining who is considered to be a PPTA, having regard to the ML/TF risks associated with a person’s roles and activities which the person is authorised to conduct, as well as the ML/TF risks associated with the business relationship? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.4.2, 4.4.3 | C.30 | Do you identify and take reasonable measures to verify the identity of a PPTA in line with the identification and verification requirements for a customer that is a natural person or, where applicable, a legal person? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.4.2, 4.4.4 | C.31 | Do you verify the authority of each PPTA by appropriate documentary evidence (e.g. board resolution or similar written authorisation)? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to take appropriate measures to ensure reliability of documents, data or information obtained.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.5.2 | C.32 | Do you ensure that documents, data or information obtained for the purpose of verifying the identity of a customer is current at the time they are provided to or obtained by you? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.5.3 | C.33 | When using documents for verification, do you consider applying anti-fraud procedures that are commensurate with the risk profile of the person being verified if the documents are more easily forged than others, or can be reported as lost or stolen? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.5.4 | C.34 | If a natural person customer or person representing a legal person, a trust or other similar legal arrangement to establish a business relationship with you is physically present during the CDD process, do you have sight of original identification document by your staff and retain a copy of the document? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.5.4 | C.35 | In case where an original identification document cannot be produced by the customers, do you take appropriate measures to ensure the reliability of identification documents obtained? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.5.5 | C.36 | Where the documents, data or information being used for the purposes of identification are in a foreign language, do you take appropriate steps to reasonably satisfy yourself that the documents in fact provide evidence of the customer’s identity? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to understand the purpose and intended nature of the business relationship established.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.6.2 | C.37 | Unless the purpose and intended nature of the business relationship are obvious, have you obtained satisfactory information from all new customers as to the intended purpose and reason for opening the account or establishing the business relationship, and recorded the information on the account opening documentation? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to verify the identity of a customer and any beneficial owner of the customer before or during the course of establishing a business relationship.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.7.1 | C.38 | Do you always complete verification of the identity of a customer and any beneficial owner of the customer before or during the course of establishing a business relationship?   If you always complete verification of the identity of a customer and any beneficial owner of the customer before or during the course of establishing a business relationship, please proceed to question C.42 below. Otherwise, please confirm an N/A response and complete questions C.39 to C.41 before proceeding to question C.42. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.7.1 | C.39 | If you allow verification of the identity of a customer and any beneficial owner of the customer after establishing the business relationship, would this be on an exceptional basis only and with consideration of the following: |  |  |  |  |  |  |  |
|  |  | 1. any risk of ML/TF arising from the delayed verification of the customer's or beneficial owner's identity can be effectively managed. |  |  |  |  |  |  |  |
|  |  | 1. it is necessary not to interrupt the normal conduct of business with the customer. |  |  |  |  |  |  |  |
|  |  | 1. verification is completed as soon as reasonably practicable. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.7.3 | C.40 | If you allow verification of the identity of a customer and any beneficial owner of the customer after establishing the business relationship, have you adopted appropriate risk management policies and procedures concerning the conditions under which the customer may utilise the business relationship prior to verification? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, do your policies and procedures include the following? |  |  |  |  |  |  |  |
|  |  | 1. establishing a reasonable timeframe for the completion of the identity verification measures and the follow-up actions if exceeding the timeframe |  |  |  |  |  |  |  |
|  |  | 1. placing appropriate limits on the number, types, and/or amount of transactions that can be performed |  |  |  |  |  |  |  |
|  |  | 1. monitoring of large and complex transactions being carried out outside the expected norms for that type of relationship |  |  |  |  |  |  |  |
|  |  | 1. keeping senior management periodically informed of any pending completion cases |  |  |  |  |  |  |  |
|  |  | 1. ensuring that funds are not paid out to any third party |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.7.5 | C.41 | If verification cannot be completed within the reasonable timeframe set in your risk management policies and procedures, do you terminate the business relationship as soon as reasonably practicable, refrain from carrying out further transactions, assess whether this failure provides grounds for knowledge or suspicion of ML/TF and consider making an STR to the JFIU? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs may conduct simplified customer due diligence ("SDD") instead of full CDD measures given reasonable grounds to support it.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.8.1 | C.42 | Have you conducted SDD instead of full CDD measures for your customers?  If you have not conducted any SDDs for your customers, please confirm an N/A response and proceed to question C.45. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.8.2 | C.43 | Do you refrain from applying SDD when you suspect that the customer, the customer's account or the transaction is involved in ML/TF, or when you doubt the veracity or adequacy of any information previously obtained for the purpose of identifying the customer or verifying the customer’s identity? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.8.1 | C.44 | Before the application of SDD on any of the customer or product categories in C.44.1 to C.44.9 below, have you performed a robust assessment to ensure the conditions or circumstances of specific types of customers or products as set out in respective category below are met? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Financial Institution as defined in the AMLO | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.8.3 (a), 4.8.6 | C.44.1 | It is an FI as defined in the AMLO with the following situations: |  |  |  |  |  |  |  |
|  |  | 1. opens an account in its own name |  |  |  |  |  |  |  |
|  |  | 1. opens an account not in its own name but satisfies the following: |  |  |  |  |  |  |  |
|  |  | * 1. in the name of a nominee company for holding fund units on behalf of an FI customer or its underlying customers |  |  |  |  |  |  |  |
|  |  | * 1. in the name of an investment vehicle in the capacity of a service provider (such as manager or custodian) to the investment vehicle and the underlying investors have no control over the management of the investment vehicle's assets |  |  |  |  |  |  |  |
|  |  | * 1. provided that the abovementioned FI customer: |  |  |  |  |  |  |  |
|  |  | * + 1. has conducted CDD in the case of (i) above on its underlying customers and (ii) above on the investment vehicle |  |  |  |  |  |  |  |
|  |  | * + 1. is authorised to operate the account as evidenced by contractual document or agreement |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Foreign FI | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.8.3 (b) | C.44.2 | It is an institution that opens an account in its own name and satisfies all criteria below: |  |  |  |  |  |  |  |
|  |  | * 1. is incorporated or established in an equivalent jurisdiction |  |  |  |  |  |  |  |
|  |  | * 1. carries on a business similar to that carried on by an FI as defined in AMLO |  |  |  |  |  |  |  |
|  |  | * 1. has measures in place to ensure compliance with requirements similar to those imposed under Schedule 2 |  |  |  |  |  |  |  |
|  |  | * 1. is supervised for compliance with those requirements by an authority in that jurisdiction that performs functions similar to those of any of the RAs |  |  |  |  |  |  |  |
|  | | |  |  |  |  |  |  |  |
| Listed company | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.8.3 (c), 4.8.8 | C.44.3 | It is a listed company on any stock exchange, and there are disclosure requirements (either by stock exchange rules, or through law or enforceable means) which ensure the adequate transparency of the beneficial ownership of companies listed on that stock exchange |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Investment vehicle | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.8.3 (d) | C.44.4 | It is an investment vehicle where the person responsible for carrying out measures that are similar to the CDD measures in relation to all the investors of the investment vehicle is: |  |  |  |  |  |  |  |
|  |  | 1. an FI as defined in the AMLO |  |  |  |  |  |  |  |
|  |  | 1. an institution incorporated or established in Hong Kong, or in an equivalent jurisdiction that satisfies all criteria below: |  |  |  |  |  |  |  |
|  |  | * 1. has measures in place to ensure compliance with requirements similar to those imposed under Schedule 2 AND |  |  |  |  |  |  |  |
|  |  | * 1. is supervised for compliance with those requirements |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.8.12 | C.44.5 | In respect of an investment vehicle customer, if the person responsible for carrying out CDD measures (e.g. investment vehicle itself or appointed institution) does not fall within any of the categories of institution set out in (a) and (b) above, do you identify any investor owning or controlling more than 25% interest of the investment vehicle and take reasonable measures to verify their identities? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Government and public body | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.8.3 (e) | C.44.6 | It is the Government or any public body in HK |  |  |  |  |  |  |  |
| 4.8.3 (f) | C.44.7 | It is the government of an equivalent jurisdiction or a body in an equivalent jurisdiction that performs functions similar to those of a public body |  |  |  |  |  |  |  |
| Specific products | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.8.15 | C.44.8 | The transaction conducted by the customer relates to any one of the following products: |  |  |  |  |  |  |  |
|  |  | 1. a provident, pension, retirement or superannuation scheme that provides retirement benefits to employees, where contributions to the scheme are made by way of deduction from income from employment and the scheme rules do not permit the assignment of a member's interest under the scheme |  |  |  |  |  |  |  |
|  |  | 1. an insurance policy for the purposes of a provident, pension, retirement or superannuation scheme that does not contain a surrender clause and cannot be used as a collateral |  |  |  |  |  |  |  |
|  |  | 1. a life insurance policy in respect of which: |  |  |  |  |  |  |  |
|  |  | * 1. an annual premium of no more than $8,000 or an equivalent amount in any other currency is payable OR |  |  |  |  |  |  |  |
|  |  | * 1. a single premium of no more than $20,000 or an equivalent amount in any other currency is payable |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Solicitor's client account | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.8.17 | C.44.9 | It is a client account of a solicitor or a firm of solicitors (referred as "the customer" below) which satisfies all the following criteria: |  |  |  |  |  |  |  |
|  |  | 1. the client account is kept in the name of the customer |  |  |  |  |  |  |  |
|  |  | 1. moneys or securities of the customer's clients in the client account are mingled |  |  |  |  |  |  |  |
|  |  | 1. the client account is managed by the customer as those clients' agent |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | | |  |  |  |  |  |  |  |
| **LCs / AEs are required, in any situation that by its nature presents a high risk of ML/TF, to comply with special requirements as set out in section 15 of Schedule 2.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.9.2 | C.45 | In any situation that by its nature presents a high risk of ML/TF, do you comply with the special requirements which include the following? |  |  |  |  |  |  |  |
|  |  | 1. obtaining the approval of senior management to commence or continue the relationship |  |  |  |  |  |  |  |
|  |  | 1. either |  |  |  |  |  |  |  |
|  |  | * 1. taking reasonable measures to establish the relevant customer’s or beneficial owner’s source of wealth and the source of the funds that will be involved in the business relationship; or |  |  |  |  |  |  |  |
|  |  | * 1. taking additional measures to mitigate the risk of ML/TF |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to apply equally effective customer identification procedures and ongoing monitoring standards for customers not physically present for identification purposes as for those where the customer is available for interview.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.10.2 | C.46 | Do you accept customers that are not physically present for identification purposes to open an account?   If you do not accept customers that are not physically present at account opening, please confirm an N/A response and proceed to question C.48. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.10.2 |  | If yes, have you taken additional measures to mitigate any risk (e.g. impersonation risk) associated with customers not physically present for identification purposes? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, do they include at least one of the following? |  |  |  |  |  |  |  |
|  |  | 1. further verifying the customer's identity on the basis of documents, data or information referred to in section 2(1)(a) of Schedule 2 but not previously used for the purposes of verification of the customer’s identity under that section |  |  |  |  |  |  |  |
| 4.10.4 |  | 1. taking supplementary measures (including use of an independent and appropriate person to certify identification documents, checking relevant data against reliable databases or registries, using |  |  |  |  |  |  |  |
|  |  | appropriate technology, etc.) to verify information relating to the customer that has been obtained by you |  |  |  |  |  |  |  |
|  |  | 1. ensuring that the first payment made into the customer's account is received from an account in the  customer's name with an authorized institution or a bank operating in an equivalent jurisdiction that has measures in place to ensure compliance with requirements similar to those imposed under Schedule 2 and is supervised for compliance with those requirements by a banking regulator in that jurisdiction |  |  |  |  |  |  |  |
|  |  | If yes, please document your choice of the above options in the text box. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.10.5 | C.47 | In taking risk mitigation measures in this regard, have you also complied with the relevant provisions in the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, having regard to the acceptable non-face-to-face account opening approaches as well as relevant circulars and frequently asked questions published by the SFC from time to time? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to determine whether a customer or the beneficial owner is a politically exposed person ("PEP") and to adopt additional measures on them.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.11.3 | C.48 | Have you implemented appropriate risk management systems to identify PEPs? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.11.7, 4.11.18 – 19 | C.49 | Do you define what a PEP (foreign, domestic and international organisation) is in your AML/CFT policies and procedures? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.11.6 | C.50 | Do you provide sufficient guidance and examples to your staff to enable them to identify all types of PEPs? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.11.9 & 4.11.21 | C.51 | Have you established and maintained effective procedures for determining whether a customer or a beneficial owner of a customer is a PEP (foreign, domestic and international organisation)? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, are screening and searches performed to determine if a customer or a beneficial owner of a customer is a PEP? (e.g. by making reference to publicly available information and/or screening against commercially available databases) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.11.10 | C.52 | When using commercially available databases to identify foreign PEPs, are you aware of their limitations, for example, |  |  |  |  |  |  |  |
|  |  | 1. the databases are not necessarily comprehensive or reliable as they generally draw solely from information that is publicly available |  |  |  |  |  |  |  |
|  |  | 1. the definition of foreign PEPs used by the database providers may or may not align with the definition of foreign PEPs applied by you |  |  |  |  |  |  |  |
|  |  | 1. any technical incapability of such databases that may hinder your effectiveness of foreign PEP identification |  |  |  |  |  |  |  |
|  |  | Also, do you ensure that the databases are fit for the purpose? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Foreign PEPs | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.11.12 | C.53 | Have you applied the following measures when you know that a customer or a beneficial owner of a customer is a foreign PEP? |  |  |  |  |  |  |  |
|  |  | 1. obtaining approval from your senior management for establishing or continuing such business relationship |  |  |  |  |  |  |  |
|  |  | 1. taking reasonable measures to establish the customer's or the beneficial owner's source of wealth and the source of the funds |  |  |  |  |  |  |  |
|  |  | 1. conducting enhanced ongoing monitoring on that business relationship |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.11.17 | C.54 | Do you take into account the following factors when determining the extent of measures to be applied on the foreign PEP? |  |  |  |  |  |  |  |
|  |  | 1. the prominent public functions that a foreign PEP holds |  |  |  |  |  |  |  |
|  |  | 1. the geographical risk associated with the jurisdiction where a foreign PEP holds prominent public functions |  |  |  |  |  |  |  |
|  |  | 1. the nature of the business relationship |  |  |  |  |  |  |  |
|  |  | 1. the level of influence that a foreign PEP may continue to exercise after stepping down from the prominent public function |  |  |  |  |  |  |  |
|  |  | 1. others, please specify and further elaborate |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Domestic PEPs and international organisation PEPs | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.11.22 | C.55 | Do you apply the measures mentioned in question C.53 in any of the following situations? |  |  |  |  |  |  |  |
|  |  | 1. before establishing a high risk business relationship with a customer who is or whose beneficial owner is a domestic PEP or an international organisation PEP |  |  |  |  |  |  |  |
|  |  | 1. when continuing an existing business relationship with a customer who is or whose beneficial owner is a domestic PEP or an international organisation PEP where the relationship subsequently becomes high risk |  |  |  |  |  |  |  |
|  |  | 1. when continuing an existing high risk business relationship where your firm subsequently knows that the customer or the beneficial owner of the customer is a domestic PEP or an international organisation PEP |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Due to the higher ML/TF risks associated with bearer shares and nominee shareholders, LCs / AEs should take appropriate measures to ensure that they are not misused for money laundering.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Bearer shares | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.12.1 | C.56 | For corporate customers that are companies with capital in the form of bearer shares, do you have procedures to establish the identities of the beneficial owners of such shares and ensure that you are notified whenever there is a change of beneficial owner of such shares? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.12.2 | C.57 | Have you sought independent evidence where bearer shares have been deposited with an authorised / registered custodian? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, do you perform an ongoing periodic review for it? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.12.3 | C.58 | In the case where the bearer shares are not deposited with an authorised / registered custodian, do you have procedures to obtain declarations prior to account opening and annually thereafter from each beneficial owner of such shares, and require the customer to notify you immediately of any changes in the ownership of the shares? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Nominee shareholders | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.12.4 | C.59 | In the case where a customer is identified to have nominee shareholders in its ownership structure, do you obtain satisfactory evidence of the identities of the nominees, and the persons on whose behalf they are acting, as well as the details of arrangements in place, in order to determine who the beneficial owner is? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to pay attention to jurisdictions posing a higher risk.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.13.1 | C.60 | Do you pay particular attention to, and exercise extra care in respect of: |  |  |  |  |  |  |  |
|  |  | 1. business relationships and transactions with persons (including legal persons and other FIs) from or in jurisdictions identified by the FATF as having strategic AML/CFT deficiencies |  |  |  |  |  |  |  |
|  |  | 1. transactions and business connected with jurisdictions assessed as higher risk |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.9.2 |  | If yes, have you also performed the following due diligence procedures for such customers? |  |  |  |  |  |  |  |
|  |  | 1. obtaining the approval of senior management to commence or continue the relationship |  |  |  |  |  |  |  |
|  |  | 1. either |  |  |  |  |  |  |  |
|  |  | * 1. taking reasonable measures to establish the relevant customer’s or beneficial owner’s source of wealth and the source of the funds that will be involved in the business relationship; or |  |  |  |  |  |  |  |
|  |  | * 1. taking additional measures to mitigate the risk of ML/TF |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.13.2 | C.61 | Do you consider the following in determining which jurisdictions are identified by the FATF as having strategic AML/CFT deficiencies, or may otherwise pose a higher risk? |  |  |  |  |  |  |  |
|  |  | 1. countries or jurisdictions identified by credible sources, such as mutual evaluation or detailed assessment reports, as not having effective AML/CFT Systems |  |  |  |  |  |  |  |
|  |  | 1. countries or jurisdictions identified by credible sources as having a significant level of corruption or other criminal activity |  |  |  |  |  |  |  |
|  |  | 1. countries or jurisdictions subject to sanctions, embargoes or similar measures issued by, for example, the UN |  |  |  |  |  |  |  |
|  |  | 1. countries, jurisdictions or geographical areas identified by credible sources as providing funding or support for terrorist activities, or that have designated terrorist organisations operation |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Due to the higher ML/TF risks associated with jurisdictions subject to a call by the FATF, LCs / AEs should apply additional measures to mitigate the associated ML/TF risks.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.14.1 | C.62 | Do you apply additional measures, proportionate to the risks and in accordance with the guidance provided in paragraphs 4.9 of the AML/CFT Guideline, to business relationships and transactions with natural and legal persons, and FIs, from jurisdictions for which this is called for by the FATF? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs have the ultimate responsibility for ensuring CDD requirements are met, when intermediaries were used to perform any part of the CDD measures.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.1 | C.63 | Have you used any intermediaries to perform any part of your CDD measures?  If you have not used any intermediaries, please confirm an N/A response and proceed to question C.75. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.2, 4.15.3 | C.64 | When intermediaries (not including outsourcing or agency relationships) are relied on to perform any part of the CDD measures, do you perform the following? |  |  |  |  |  |  |  |
|  |  | 1. obtain written confirmation from the intermediary that the intermediary agrees to act as your intermediary and perform which part of the CDD measures specified in section 2 of Schedule 2 |  |  |  |  |  |  |  |
|  |  | 1. be satisfied that the intermediary will on request provide a copy of any document, or a record of any data or information, obtained by the intermediary in the course of carrying out the CDD measures without delay |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.4 | C.65 | After the intermediaries have carried out that measure,do you immediately obtain from the intermediaries the data or information that the intermediaries obtained in the course of carrying out the CDD measures? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.5 | C.66 | If the CDD related documents and records are kept by an intermediary, do you: |  |  |  |  |  |  |  |
|  |  | 1. obtain an undertaking from the intermediary to keep all underlying CDD information throughout the continuance of your business relationship with the customer and for at least five years beginning on the date on which the business relationship of a customer with you ends or until such time as may be specified by the RA |  |  |  |  |  |  |  |
|  |  | 1. ensure that the intermediary will, if requested by you within the period specified in the record-keeping requirements of AMLO, provide to you a copy of any document, or a record of any data or information, obtained by the intermediary in the course of carrying out that measure as soon as reasonably practicable after receiving the request |  |  |  |  |  |  |  |
|  |  | 1. obtain an undertaking from the intermediary to supply copies of all underlying CDD information in circumstances where the intermediary is about to cease trading or does not act as an intermediary for you anymore |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.6 | C.67 | Do you conduct sample tests from time to time to ensure CDD information and documentation is produced by the intermediary upon demand and without undue delay? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.7 | C.68 | Have you taken reasonable steps to review intermediaries' ability to perform their CDD duties whenever you have doubts as to the reliability of intermediaries? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.8 | C.69 | If the intermediary you use is an eligible domestic intermediary, is the eligible intermediary one of the following below? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. an FI that is an authorized institution, a licensed corporation, an authorized insurer, a licensed individual insurance agent, a licensed insurance agency or a licensed insurance broker company (intermediary FI) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. an accounting professional meaning |  |  |  |  |  |  |  |
|  |  | * 1. a certified public accountant or a certified public accountant (practising), as defined by section 2(1) of the Professional Accountants Ordinance (Cap. 50); |  |  |  |  |  |  |  |
|  |  | * 1. a corporate practice as defined by section 2(1) of the Professional Accountants Ordinance (Cap. 50); or |  |  |  |  |  |  |  |
|  |  | * 1. a firm of certified public accountants (practising) registered under Part IV of the Professional Accountants Ordinance (Cap. 50) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. an estate agent meaning: |  |  |  |  |  |  |  |
|  |  | * 1. a licensed estate agent as defined by section 2(1) of the Estate Agents Ordinance (Cap. 511); or |  |  |  |  |  |  |  |
|  |  | * 1. a licensed salesperson as defined by section 2(1) of the Estate Agents Ordinance (Cap. 511) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. a legal professional meaning: |  |  |  |  |  |  |  |
|  |  | * 1. a solicitor as defined by section 2(1) of the Legal Practitioners Ordinance (Cap. 159); or |  |  |  |  |  |  |  |
|  |  | * 1. a foreign lawyer as defined by section 2(1) of the Legal Practitioners Ordinance (Cap. 159) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. a trust or company service provider (TCSP) licensee meaning: |  |  |  |  |  |  |  |
|  |  | * 1. a person who holds a licence granted under section 53G or renewed under section 53K of the AMLO; or |  |  |  |  |  |  |  |
|  |  | * 1. a deemed licensee as defined by section 53ZQ(5) of the AMLO |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, please document your choice(s) of the above options in the text box. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.9 | C.70 | When you use an eligible domestic intermediary (see question C.69), do you take the following measures? |  |  |  |  |  |  |  |
|  |  | 1. where the domestic intermediary is an accounting professional, an estate agent, a legal professional or a TCSP licensee, ascertain whether the domestic intermediary is required to comply with the relevant requirements set out in Schedule 2 with respect to the customer |  |  |  |  |  |  |  |
|  |  | 1. make enquiries concerning the domestic intermediary’s stature or the extent to which any group AML/CFT standards are applied and audited |  |  |  |  |  |  |  |
|  |  | 1. review the AML/CFT policies and procedures of the domestic intermediary |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.10 | C.71 | If the intermediary you use is an eligible overseas intermediary carrying on business or practising in an equivalent jurisdiction, are you satisfied that the intermediary: |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. falls into one of the following categories of businesses or professions: |  |  |  |  |  |  |  |
|  |  | * 1. an institution that carries on a business similar to that carried on by an intermediary FI; |  |  |  |  |  |  |  |
|  |  | * 1. a lawyer or a notary public; |  |  |  |  |  |  |  |
|  |  | * 1. an auditor, a professional accountant, or a tax advisor; |  |  |  |  |  |  |  |
|  |  | * 1. a trust or company service provider; |  |  |  |  |  |  |  |
|  |  | * 1. a trust company carrying on trust business; and |  |  |  |  |  |  |  |
|  |  | * 1. a person who carries on a business similar to that carried on by an estate agent |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. is required under the law of the jurisdiction concerned to be registered or licensed or is regulated under the law of that jurisdiction |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. has measures in place to ensure compliance with requirements similar to those imposed under Schedule 2 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. is supervised for compliance with those requirements by an authority in that jurisdiction that performs functions similar to those of any of the RAs or the regulatory bodies (as may be applicable) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.11 | C.72 | When you use an eligible overseas intermediary (see question C.71), do you take the following measures? |  |  |  |  |  |  |  |
|  |  | 1. make enquiries concerning the overseas intermediary’s stature or the extent to which any group’s AML/CFT standards are applied and audited |  |  |  |  |  |  |  |
|  |  | 1. review the AML/CFT policies and procedures of the overseas intermediary |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.12 | C.73 | If the intermediary you use is an eligible related foreign FI, are you satisfied that the intermediary: |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. carries on, in a place outside Hong Kong, a business similar to that carried on by an intermediary FI; and falling within any of the following descriptions: |  |  |  |  |  |  |  |
|  |  | * 1. it is within the same group of companies as your firm; |  |  |  |  |  |  |  |
|  |  | * 1. if your firm is incorporated in Hong Kong, it is a branch of your firm; |  |  |  |  |  |  |  |
|  |  | * 1. if your firm is incorporated outside Hong Kong: |  |  |  |  |  |  |  |
|  |  | * + 1. it is the head office of your firm; or |  |  |  |  |  |  |  |
|  |  | * + 1. it is a branch of the head office of your firm |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. is required under group policy: |  |  |  |  |  |  |  |
|  |  | * 1. to have measures in place to ensure compliance with requirements similar to the requirements imposed under Schedule 2; and |  |  |  |  |  |  |  |
|  |  | * 1. to implement programmes against ML/TF |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 1. is supervised for compliance with the requirements mentioned in paragraph (b) at a group level: |  |  |  |  |  |  |  |
|  |  | * 1. by an RA; or |  |  |  |  |  |  |  |
|  |  | * 1. by an authority in an equivalent jurisdiction that performs, in relation to the holding company or the head office of your firm, functions similar to those of an RA under the AMLO |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.15.13 & 4.15.14 | C.74 | When you use an eligible related foreign FI as intermediary (see question C.73), do you take the following measures? |  |  |  |  |  |  |  |
|  |  | 1. ascertain whether the group policy includes CDD and record keeping requirements similar to the requirements imposed under Schedule 2 and group-wide AML/CFT Systems to ensure compliance with those requirements |  |  |  |  |  |  |  |
|  |  | 1. ascertain whether the group policy is able to mitigate adequately any higher country risk in relation to the jurisdiction where the related foreign FI is located |  |  |  |  |  |  |  |
|  |  | 1. satisfy yourself that the related foreign FI is subject to regular and independent reviews over its ongoing compliance with the group policy conducted by any group-level compliance, audit or other similar AML/CFT functions |  |  |  |  |  |  |  |
|  |  | 1. have the ability to demonstrate that the implementation of the group policy is supervised at a group level by either an RA or an authority in an equivalent jurisdiction that performs functions similar to those of an RA under the AMLO, which practises group-wide supervision which extends to the related foreign FI |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to perform CDD measures on pre-existing customers when trigger events occur.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.16.1 | C.75 | Have you performed CDD measures on your pre-existing customers when one of the following trigger events happens? |  |  |  |  |  |  |  |
|  |  | 1. a transaction takes place with regard to the customer, which is, by virtue of the amount or nature of the transaction, unusual or suspicious; or is inconsistent with your knowledge of the customer or the customer's business or risk profile, or with your knowledge of the source of the customer's funds |  |  |  |  |  |  |  |
|  |  | 1. a material change occurs in the way in which the customer's account is operated |  |  |  |  |  |  |  |
|  |  | 1. you suspect that the customer or the customer's account is involved in ML/TF |  |  |  |  |  |  |  |
|  |  | 1. you doubt the veracity or adequacy of any information previously obtained for the purpose of identifying the customer or for the purpose of verifying the customer's identity |  |  |  |  |  |  |  |
|  |  | 1. if there are other trigger events that you consider and defined in your policies and procedures, please elaborate further in the text box |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to take appropriate measures when they fail to satisfactorily complete CDD measures.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.17.1 | C.76 | If you are unable to complete the CDD measures, do you take the following measures? |  |  |  |  |  |  |  |
|  |  | 1. not to establish a business relationship or carry out any occasional transaction with that customer |  |  |  |  |  |  |  |
|  |  | 1. terminate the business relationship as soon as reasonably practicable if you have already established a business relationship with the customer |  |  |  |  |  |  |  |
|  |  | 1. assess whether this failure provides grounds for knowledge or suspicion of ML/TF and where there is relevant knowledge or suspicion, make an STR to the JFIU in relation to the customer |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are not allowed to maintain anonymous accounts or accounts in fictitious names for any new or existing customers.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.18.1 | C.77 | Do you refrain from maintaining (for any customer) anonymous accounts or accounts in fictitious names? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to assess and determine jurisdictional equivalence as this is an important aspect in the application of CDD measures.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.19.2, 4.19.3 | C.78 | Do you document your assessment of jurisdictional equivalence and review your assessment from time to time? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to apply additional due diligence and other risk mitigating measures for cross-border correspondent relationships.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.1 | C.79 | Do you establish or maintain any cross-border correspondent relationships?  If you do not establish or maintain any cross-border correspondent relationships, please confirm an N/A response and proceed to question D.01. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.5 | C.80 | Do you apply the following additional due diligence measures when you establish a cross-border correspondent relationship? |  |  |  |  |  |  |  |
|  |  | 1. collect sufficient information about the respondent institution to enable you to understand fully the nature of the respondent institution’s business |  |  |  |  |  |  |  |
|  |  | 1. determine from publicly available information the reputation of the respondent institution and the quality of regulatory supervision over the respondent institution by authorities in the jurisdictions in which it operates and/or is incorporated which perform functions similar to those of the RAs |  |  |  |  |  |  |  |
|  |  | 1. assess the AML/CFT controls of the respondent institution and be satisfied that the AML/CFT controls of the respondent institution are adequate and effective |  |  |  |  |  |  |  |
|  |  | 1. obtain approval from your senior management |  |  |  |  |  |  |  |
|  |  | 1. understand clearly the respective AML/CFT responsibilities of you and the respondent institution within the cross-border correspondent relationship |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.6 | C.81 | Do you take into account the following factors when adopting an RBA in applying the additional due diligence measures? |  |  |  |  |  |  |  |
|  |  | 1. the purpose of the cross-border correspondent relationship, the nature and expected volume and value of transactions |  |  |  |  |  |  |  |
|  |  | 1. how the respondent institution will provide services to its underlying customers through the account maintained by you for the respondent institution (“correspondent account”), including the potential use of the account by other respondent institutions through a “nested” correspondent relationship and the purpose, and the direct respondent institution’s control framework with respect to the “nested” correspondent relationship |  |  |  |  |  |  |  |
|  |  | 1. the types of underlying customers to whom the respondent institution intends to serve through the correspondent account, and the extent to which any of these underlying customers and their transactions are assessed as high risk by the respondent institution |  |  |  |  |  |  |  |
|  |  | 1. the quality and effectiveness of the AML/CFT regulation as well as supervision by authorities in the jurisdictions in which the respondent institution operates and/or is incorporated |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.7 | C.82 | Do you determine on a risk-sensitive basis the amount of information to collect about the respondent institution to enable you to understand the nature of the respondent institution’s business including the respondent institution’s management and ownership, the financial group to which the respondent institution belongs, major business activities, target markets, customer base and locations of customers? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.8 | C.83 | When determining from publicly available information the reputation of the respondent institution and the quality of regulatory supervision over the respondent institution, do you consider whether and when the respondent institution has been subject to any targeted financial sanction, ML/TF investigation or regulatory action? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.9 | C.84 | When assessing the AML/CFT controls of the respondent institution and ascertaining whether these controls are adequate and effective, do you have regard to the AML/CFT measures of the jurisdictions in which the respondent institution operates and/or is incorporated, and whether the AML/CFT controls of the respondent institution are subject to an independent audit? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.9 | C.85 | For any cross-border correspondent relationship that presents higher risks, do you conduct a more in-depth review of the respondent institution’s AML/CFT controls, possibly by interviewing compliance officers, conducting an on-site visit or reviewing the findings reported by internal or external auditors? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.10 | C.86 | When obtaining approval from your senior management, do you ensure that the level of seniority of the member of your senior management is commensurate with the assessed ML/TF risk? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.11 | C.87 | When understanding the AML/CFT responsibilities of you and the respondent institution within the cross-border correspondent relationship, do you take into account the following information? |  |  |  |  |  |  |  |
|  |  | 1. the type and nature of services to be provided under the cross-border correspondent relationship |  |  |  |  |  |  |  |
|  |  | 1. the respondent institution’s responsibilities concerning compliance with AML/CFT requirements |  |  |  |  |  |  |  |
|  |  | 1. the conditions regarding the provision of documents, data or information on particular transactions and (where applicable) the underlying customers which should be provided by the respondent institution upon your request |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.12 | C.88 | Do you allow the underlying customers of respondent institutions to directly access and operate the correspondent account? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, do you take further steps and satisfy yourself that the respondent institution has carried out/will carry out the following measures? |  |  |  |  |  |  |  |
|  |  | 1. has conducted CDD on the underlying customers having direct access to the correspondent account, including verifying their identities and continuously monitoring its business relationships with them, in accordance with requirements similar to those imposed under the AMLO |  |  |  |  |  |  |  |
|  |  | 1. will, upon your request, provide documents, data or information obtained by the respondent institution in relation to those customers in accordance with requirements similar to those imposed under the AMLO |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.13 | C.89 | Do you on a regular basis and/or upon trigger events, review the information obtained by you from applying the additional due diligence measures under paragraph 4.20.5 of the AML/CFT Guideline in the course of establishing the cross-border correspondent relationship with the respondent institution, together with other existing CDD records of the respondent institution, to ensure that the documents, data and information of the respondent institution obtained are up-to-date and relevant? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If these additional due diligence measures have not previously been performed by you, do you do so during the periodic or event-driven review? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.13 | C.90 | Do you monitor transactions of the respondent institution with a view to detecting any unexpected or unusual activities or transactions, and any changes in the risk profile of the respondent institution for compliance with AML/CFT measures and applicable targeted financial sanctions? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, where unusual activities or transactions are detected, do you follow up with the respondent institution by making a request for information on particular transactions, and where applicable, more information on the underlying customers of the respondent institution on a risk-sensitive basis? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.14 | C.91 | Where a cross-border correspondent relationship is established with a related foreign financial institution, do you adopt the streamlined approach set out in paragraph 4.20.14 of the AML/CFT Guideline to applying additional due diligence measures and other risk mitigating measures for the cross-border correspondent relationship?  If you do not adopt the aforementioned streamlined approach, please confirm an N/A response and proceed to question C.92. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, do you: |  |  |  |  |  |  |  |
|  |  | 1. perform a documented assessment and satisfy yourself that: |  |  |  |  |  |  |  |
|  |  | 1. the group policy which applies to the respondent institution includes: |  |  |  |  |  |  |  |
|  |  | 1. CDD, continuous monitoring of business relationships and record-keeping requirements similar to the requirements imposed under Schedule 2 |  |  |  |  |  |  |  |
|  |  | 1. the AML/CFT responsibilities of the respondent institution within the cross-border correspondent relationship |  |  |  |  |  |  |  |
|  |  | 1. group-wide AML/CFT Systems (including the compliance and audit functions, the provision of customer, account and transaction information to your group-level compliance, audit or AML/CFT functions and the sharing of such information for the purposes of CDD and ML/TF risk management) which monitor and regularly review the effective implementation of CDD, continuous monitoring of business relationships and record-keeping requirements by the respondent institution and support effective group-wide ML/TF risk management |  |  |  |  |  |  |  |
|  |  | 1. the group policy is able to adequately mitigate any higher risk factors including country risk, customer risk, product/service/transaction risk, and delivery/distribution channel risk to which the respondent institution is exposed throughout the business relationship |  |  |  |  |  |  |  |
|  |  | 1. the effective implementation of the group policy and group-wide AML/CFT Systems is supervised at the group level by a competent authority |  |  |  |  |  |  |  |
|  |  | 1. obtain approval from an MIC of AML/CFT, MIC of Compliance or other appropriate senior management personnel for the aforesaid assessment? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.15 | C.92 | Do you refrain from establishing or continuing a cross-border correspondent relationship with a shell financial institution? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.15 | C.93 | Do you take appropriate measures to satisfy yourself that your respondent institutions do not permit their correspondent accounts to be used by shell financial institutions?  *Note: This includes a nested correspondent relationship under which the respondent institution uses the correspondent account to provide services to a shell financial institution with which it has a business relationship.* |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.18 | C.94 | Do you rely on a financial institution within the same group of companies (related FI) to establish a cross-border correspondent relationship and perform the additional due diligence and other risk mitigating measures set out in paragraphs 4.20.5 to 4.20.12 and 4.20.15 of the AML/CFT Guideline? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, do you ensure that your related FI has taken into account your own specific circumstances and business arrangements, and your particular cross-border correspondent relationship with the respondent institution? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 4.20.19 | C.95 | If you have cross-border correspondent relationships with several respondent institutions in different jurisdictions that belong to the same financial group, do you whilst assessing each of the cross-border correspondent relationships independently take into account that these respondent institutions belong to the same group? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **(D) - Ongoing monitoring** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to perform effective ongoing monitoring for understanding customer's activities and it helps the firm to know the customers and to detect unusual or suspicious activities.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.1 | D.01 | Do you continuously monitor your business relationship with a customer by: |  |  |  |  |  |  |  |
|  |  | 1. reviewing from time to time documents, data and information relating to the customer that have been obtained by you for the purpose of complying with the requirements imposed under Part 2 of Schedule 2 to ensure that they are up-to-date and relevant |  |  |  |  |  |  |  |
|  |  | 1. conducting appropriate scrutiny of transactions carried out for the customer to ensure that they are consistent with your knowledge of the customer, the customer’s business, risk profile and source of funds |  |  |  |  |  |  |  |
|  |  | 1. identifying transactions that are complex, unusually large in amount or of an unusual pattern and have no apparent economic or lawful purpose and examining the background and purposes of those transactions and setting out the findings in writing |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to keep the customer information up-to-date and relevant.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.2 | D.02 | Do you undertake reviews of existing CDD records of customers on a regular basis and/or upon trigger events to ensure documents, data and information of a customer obtained are up-to-date and relevant? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.2 | D.03 | Do you have clear policies and procedures on review of existing CDD records, especially on the frequency of periodic review or what constitutes a trigger event? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.3 | D.04 | Are all customers that present high ML/TF risks subject to a minimum of an annual review or more frequent reviews if deemed necessary to ensure the CDD information retained remains up-to-date and relevant? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to establish and maintain adequate systems and processes to monitor transactions.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.4 | D.05 | Do you take into account the following factors in developing the transaction monitoring systems and processes? |  |  |  |  |  |  |  |
|  |  | 1. the size and complexity of your business |  |  |  |  |  |  |  |
|  |  | 1. the ML/TF risks arising from your business |  |  |  |  |  |  |  |
|  |  | 1. the nature of your systems and controls |  |  |  |  |  |  |  |
|  |  | 1. the monitoring procedures that already exist to satisfy other business needs |  |  |  |  |  |  |  |
|  |  | 1. the nature of the products and services provided (which includes the means of delivery or communication) |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.5 | D.06 | Do you 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? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.6 | D.07 | Do you ensure that the transaction monitoring systems and processes can support the ongoing monitoring of a business relationship in a holistic approach? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.7 | D.08 | Do you take into account the following transaction characteristics in designing your transaction monitoring systems and processes? |  |  |  |  |  |  |  |
|  |  | 1. the nature and type of transactions (e.g. abnormal size or frequency) |  |  |  |  |  |  |  |
|  |  | 1. the nature of a series of transactions (e.g. structuring a single transaction into a number of cash deposits) |  |  |  |  |  |  |  |
|  |  | 1. the counterparties of transactions |  |  |  |  |  |  |  |
|  |  | 1. the geographical origin/destination of a payment or receipt |  |  |  |  |  |  |  |
|  |  | 1. the customer's normal account activity or turnover |  |  |  |  |  |  |  |
|  |  | 1. others, please specify and further elaborate |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.8 | D.09 | Do you regularly review the adequacy and effectiveness of your transaction monitoring systems and processes, including (where applicable) parameters and thresholds adopted? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | Are the parameters and thresholds properly documented and independently validated to ensure that they are appropriate to your operations and context? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to link the extent of ongoing monitoring to the ML/TF risk profile of the customer following the RBA.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.9 | D.10 | Do you conduct ongoing monitoring in relation to all business relationships following the RBA? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.10 | D.11 | Do you take additional measures to compensate for any risk of ML/TF in monitoring business relationships involving the following? |  |  |  |  |  |  |  |
|  |  | 1. a customer not having been physically present for identification purposes |  |  |  |  |  |  |  |
|  |  | 1. a customer or a beneficial owner of a customer being a foreign PEP |  |  |  |  |  |  |  |
|  |  | 1. a customer or a beneficial owner of a customer being involved in a situation referred to in section 15 of Schedule 2 |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.11 | D.12 | Do you regularly identify if the basis of the business relationship changes for customers when the following occur? |  |  |  |  |  |  |  |
|  |  | 1. new products or services that pose higher risk are entered into |  |  |  |  |  |  |  |
|  |  | 1. new corporate or trust structures are created |  |  |  |  |  |  |  |
|  |  | 1. the stated activity or turnover of a customer changes or increases |  |  |  |  |  |  |  |
|  |  | 1. the nature of transactions changes or their volume or size increases |  |  |  |  |  |  |  |
|  |  | 1. others, please specify and further elaborate |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.12 | D.13 | In the case where the basis of a business relationship changes significantly, do you carry out further CDD procedures to ensure that the ML/TF risk involved and basis of the relationship are fully understood? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.13 | D.14 | Do you take appropriate steps to identify if there are any grounds for suspicion for the following situations? |  |  |  |  |  |  |  |
|  |  | 1. when the customer’s transactions are not consistent with your knowledge of the customer, the customer’s business, risk profile or source of funds |  |  |  |  |  |  |  |
|  |  | 1. when you identify transactions that (i) are complex, unusually large in amount or of an unusual pattern, and (ii) have no apparent economic or lawful purpose |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.17 |  | If yes, do you document the findings and outcomes of the steps taken, as well as the rationale of any decision made in writing and make them available to RAs, other competent authorities and auditors? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.14 | D.15 | Even if no suspicion is identified, do you consider updating the customer risk profile based on any relevant information obtained? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.15 | D.16 | Do you make an STR to the JFIU where there is any suspicion identified during transaction monitoring? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.16 | D.17 | If you reasonably believe that performing the CDD process will tip off the customer, do you stop pursuing the process, document the basis for your assessment and file an STR to the JFIU? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.18 | D.18 | Where cash transactions (including deposits and withdrawals) and third-party deposits and payments are being proposed by customers, and such requests are not in accordance with the customer’s profile and  normal commercial practices, do you approach such situations with caution and make relevant further enquiries? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.19 | D.19 | Do you conduct enhanced ongoing monitoring of a customer’s account involving cash, third-party deposits and payments, and stay alert to the red flags relating to cash and third-party transactions, having regard to the list of illustrative indicators of suspicious transactions and activities set out in Appendix B to the AML/CFT Guideline? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 5.20 | D.20 | In the case where you have been unable to satisfy yourself that any cash transaction or third-party deposit or payment is reasonable and therefore consider it suspicious, do you make an STR to the JFIU? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **(E) – Terrorist financing, financial sanctions and proliferation financing** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs have to be aware of the scope and focus of relevant financial/trade sanctions regimes.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 6.11 | E.01 | Is your firm operating internationally?  If your firm is not operating internationally, please confirm an N/A response and proceed to question E.02. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, are you aware of the scope and focus of relevant sanctions regimes in those jurisdictions? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | Where these sanctions regimes may affect your firm's operations, do you consider what implications exist and take appropriate measures, such as including relevant overseas designations in your database for screening purpose? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 6.12 | E.02 | Do you take the following measures to ensure compliance with relevant regulations and legislation on TF, financial sanctions and PF? |  |  |  |  |  |  |  |
|  |  | 1. establish and maintain effective policies, procedures and controls |  |  |  |  |  |  |  |
|  |  | 1. ensure relevant legal and regulatory obligations are well understood by staff and adequate guidance and training are provided |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 6.13 | E.03 | Do you maintain a database (internal or through a third party service provider) of names and particulars of terrorists and designated parties which consolidates the various lists that have been made known to you? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 6.15 |  | If yes, are the following included in the database? |  |  |  |  |  |  |  |
|  |  | 1. the lists published in the Gazette or on the website of the Commerce and Economic Development Bureau |  |  |  |  |  |  |  |
|  |  | 1. the lists that RAs draw to the attention of you from time to time |  |  |  |  |  |  |  |
|  |  | 1. any relevant designations by overseas authorities which may affect your firm's operations |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | Is the database subject to timely update whenever there are changes? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | Is the database made easily accessible by relevant staff? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 6.14, 6.16 | E.04 | To avoid establishing business relationship or conducting transactions with any terrorist suspects and possible designated parties, does your screening mechanism include the following? |  |  |  |  |  |  |  |
|  |  | 1. screening your customers and any beneficial owners of the customers against current database at the establishment of the relationship |  |  |  |  |  |  |  |
|  |  | 1. screening your customers and any beneficial owners of the customers against all new and any updated designations to the database (including designations by the United Nations Security Council regardless of whether the relevant sanctions have been implemented in Hong Kong) as soon as practicable |  |  |  |  |  |  |  |
|  |  | 1. screening all relevant parties in a cross-border wire transfer against current database before executing the transfer |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 6.17 | E.05 | Do you extend the screening requirements set out in E.04(a) &(b) above to other connected parties as defined in paragraph 4.2.13 of the AML/CFT Guideline and PPTAs of a customer using an RBA? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 6.18 | E.06 | Do you conduct enhanced checks to determine whether the possible matches are genuine hits when possible name matches are identified during screening? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 6.18 | E.07 | In case of any suspicions of TF, PF or sanction violations, do you perform the following? |  |  |  |  |  |  |  |
|  |  | 1. make a report to the JFIU |  |  |  |  |  |  |  |
|  |  | 1. document or record electronically the records of enhanced checking results, together with all screening records |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **(F) - Suspicious Transaction Reports** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to adopt on-going monitoring procedures to identify suspicious transactions for the reporting of funds or property known or suspected to be proceeds of crime or terrorist activity to the Joint Financial Intelligence Unit ("JFIU").** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.5 | F.01 | Once knowledge or suspicion has been formed, do you: |  |  |  |  |  |  |  |
|  |  | 1. file an STR even where no transaction has been conducted by or through your firm |  |  |  |  |  |  |  |
|  |  | 1. file an STR as soon as reasonably practical after the suspicion was first identified |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.7 | F.02 | Do your AML/CFT Systems in relation to suspicious transaction reporting include the following? |  |  |  |  |  |  |  |
|  |  | 1. appointment of an MLRO |  |  |  |  |  |  |  |
|  |  | 1. implementing clear policies and procedures over internal reporting, reporting to the JFIU, post-reporting risk mitigation and prevention of tipping-off |  |  |  |  |  |  |  |
|  |  | 1. keeping proper records of internal reports and STRs |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.8 | F.03 | Do you have measures in place to check, on an ongoing basis, that your AML/CFT Systems in relation to suspicious transaction reporting comply with relevant legal and regulatory requirements and operate effectively? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.10 | F.04 | Do you provide sufficient guidance to your staff to enable them to form suspicion or to recognise the signs when ML/TF is taking place? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, do you provide guidance to staff on identifying suspicious activity taking into account the following: |  |  |  |  |  |  |  |
|  |  | 1. the nature of the transactions and customer instructions that staff is likely to encounter |  |  |  |  |  |  |  |
|  |  | 1. the type of product or service |  |  |  |  |  |  |  |
|  |  | 1. the means of delivery |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.12, Appendix B | F.05 | Do you have reasonable policies and procedures to identify and analyse relevant red flags of suspicious activities for your customer accounts, having regard to the list of non-exhaustive illustrative indicators of suspicious transactions and activities provided in Appendix B to the AML/CFT Guideline, whenever relevant? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.12 | F.06 | If you detect any relevant red flags mentioned in question F.05 above, do you conduct further investigations and make at least initial enquiries about the source of funds? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.12 | F.07 | Are you aware of elements of individual transactions and situations that might give rise to suspicion of TF in certain circumstances? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs should appoint an MLRO as a central reference point for reporting suspicious transactions and also as the main point of contact with the JFIU and law enforcement agencies.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.9 | F.08 | Does your MLRO play an active role in the identification and reporting of suspicious transactions? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, does your MLRO have oversight of the following? |  |  |  |  |  |  |  |
|  |  | 1. review of internal disclosures and exception reports and, in light of all available relevant information, determination of whether or not it is necessary to make a report to the JFIU |  |  |  |  |  |  |  |
|  |  | 1. maintenance of all records related to such internal reviews |  |  |  |  |  |  |  |
|  |  | 1. provision of guidance on how to avoid tipping-off |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.13 | F.09 | Have you established and maintained clear policies and procedures to ensure that: |  |  |  |  |  |  |  |
|  |  | 1. all staff are made aware of the identity of the MLRO and of the procedures to follow when making an internal report |  |  |  |  |  |  |  |
|  |  | 1. all internal reports must reach the MLRO without undue delay |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.16, 7.31 | F.10 | Does the record of all ML/TF reports made to the MLRO include the following details? |  |  |  |  |  |  |  |
|  |  | 1. sufficient details of the customer concerned |  |  |  |  |  |  |  |
|  |  | 1. the information giving rise to the suspicion |  |  |  |  |  |  |  |
|  |  | 1. the date of the report was made |  |  |  |  |  |  |  |
|  |  | 1. the staff members subsequently handling the report |  |  |  |  |  |  |  |
|  |  | 1. the result of the assessment |  |  |  |  |  |  |  |
|  |  | 1. whether the internal report resulted in an STR to the JFIU |  |  |  |  |  |  |  |
|  |  | 1. the information to allow the papers relevant to the report to be located |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.17 | F.11 | Does the MLRO acknowledge receipt of an internal report and provide a reminder of the obligation regarding tipping-off to the reporting staff member upon internal reporting? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.18 | F.12 | When evaluating an internal report, does the MLRO take reasonable steps to consider all relevant information, including CDD and ongoing monitoring information available? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, does it include the following steps? |  |  |  |  |  |  |  |
|  |  | 1. making a review of other transaction patterns and volumes through connected accounts, preferably adopting a relationship-based approach rather than on a transaction-by-transaction basis |  |  |  |  |  |  |  |
|  |  | 1. making reference to any previous patterns of instructions, the length of the business relationship and CDD and ongoing monitoring information and documentation |  |  |  |  |  |  |  |
|  |  | 1. questioning of the customer per the systematic approach to identify suspicious transactions recommended by the JFIU |  |  |  |  |  |  |  |
|  |  | 1. if there are other steps taken, please specify and further elaborate in the text box |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.19 |  | If yes, do you document the review process together with any conclusions drawn? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to establish and maintain a record of all disclosures made to the JFIU and conduct appropriate measures to mitigate risks upon the filing of the report.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.22 | F.13 | In the event that an urgent reporting is required (e.g. where a customer has instructed you to move funds or other property, close the account, make cash available for collection, or carry out significant changes to the business relationship, etc.), particularly when the account is part of an ongoing law enforcement investigation, do you indicate this in the STR? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.23 | F.14 | When making a report to the JFIU, do you indicate your intention to terminate a business relationship (if appropriate) in the initial disclosure and thus allowing the JFIU to comment on such a course of action? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.24 | F.15 | Do you ensure that the STRs filed with the JFIU are of high quality taking into account feedback and guidance provided by the JFIU and RAs from time to time? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.26 | F.16 | If a no-consent letter is issued by the JFIU, do you act according to the content of the letter and seek legal advice where necessary? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.29 | F.17 | Upon the filing of an STR to the JFIU, do you conduct the following measures to mitigate the risk? |  |  |  |  |  |  |  |
|  |  | 1. conduct an appropriate review of the business relationship, irrespective of any subsequent feedback provided by the JFIU, and apply appropriate risk mitigating measures |  |  |  |  |  |  |  |
|  |  | 1. if necessary, escalate the issue to the senior management to determine how to handle the relationship concerned to mitigate any potential legal or reputational risks posed by the relationship |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.30 | F.18 | When there are further suspicious transactions or events in respect of the same customer, whether or not of the same nature or different to the previous suspicion, do you ensure that they are reported to MLRO who should further report to the JFIU if appropriate? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.32 | F.19 | Does the record of all STRs made to the JFIU include the following details? |  |  |  |  |  |  |  |
|  |  | 1. the date of the STR was made |  |  |  |  |  |  |  |
|  |  | 1. the person who made the STR |  |  |  |  |  |  |  |
|  |  | 1. the information to allow the papers relevant to the STR to be located |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to handle requests from law enforcement agencies in an effective and timely manner.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.33 | F.20 | Have you established clear policies and procedures to handle the requests from law enforcement agencies, e.g. search warrants, production orders, restraint orders or confiscation orders, pursuant to relevant legislation in Hong Kong, in an effective and timely manner, including allocation of sufficient resources and appointment of a staff member as the main point of contact with law enforcement agencies? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 7.37 | F.21 | When you receive a request from a law enforcement agency in relation to a particular customer or business relationship, do you assess the risk involved and the need to conduct an appropriate review on the customer or the business relationship to determine whether there is any suspicion? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **(G) - Record Keeping and Retention of Records** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to maintain customer, transaction and other records that are necessary and sufficient to meet the record-keeping requirements.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 8.3 | G.01 | Do you keep the following documents/ records relating to each customer? |  |  |  |  |  |  |  |
|  |  | 1. the original or a copy of the documents, and a record of the data and information, obtained in the course of identifying and where applicable, verifying the identity of the customer and/ or beneficial owner of the customer and/ or beneficiary and/ or persons who purport to act on behalf of the customer and/ or other connected parties to the customer |  |  |  |  |  |  |  |
|  |  | 1. other documents and records obtained throughout the CDD and ongoing monitoring process, including SDD, situations where special requirements are required, additional due diligence and other requirements for cross-border correspondent relationships, and when taking simplified and enhanced measures |  |  |  |  |  |  |  |
|  |  | 1. where applicable, the original or a copy of the documents, and a record of the data and information, on the purpose and intended nature of the business relationship |  |  |  |  |  |  |  |
|  |  | 1. the original or a copy of the records and documents relating to the customer's account and business correspondence with the customer and any beneficial owner of the customer |  |  |  |  |  |  |  |
|  |  | 1. the results of any analysis undertaken |  |  |  |  |  |  |  |
|  |  | 1. if there are other documents/ records considered, please further elaborate in the text box |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 8.4 |  | If yes, are the documents/ records kept throughout the continuance of the business relationship with the customer and for a period of at least five years after the end of the business relationship?  *Note: While the AMLO identifies relevant documents to be retained for at least five years, the LC / AE should consider other SFC requirements when determining the record keeping and retention period of each document (i.e. under the Securities and Futures (Keeping of Records) Rules).* |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 8.5 | G.02 | Do you maintain the original or a copy of the documents, and a record of the data and information, obtained in connection with each transaction your firm carries out, both domestic and international, that are sufficient to permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of criminal activity? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 8.6 |  | If yes, are the documents/ records kept for a period of at least five years after the completion of a transaction, regardless of whether the business relationship ends during the period?  *Note: While the AMLO identifies relevant documents to be retained for at least five years, the LC / AE should consider other SFC requirements when determining the record keeping and retention period of each document (i.e. under the Securities and Futures (Keeping of Records) Rules).* |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 8.10 | G.03 | In the case where customer identification and verification documents are held by intermediaries, do you ensure that the intermediaries have systems in place to comply with all the record-keeping requirements? |  |  |  |  |  |  |  |
| **(H) - Staff Training** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to provide adequate ongoing training for staff in what they need to do to carry out their particular roles with respect to AML/CFT.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 9.2, 9.3 | H.01 | Have you implemented a clear and well articulated policy to ensure that relevant staff receive adequate AML/CFT training (including initial training and regular refresher training)? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 9.4 | H.02 | Do you provide AML/CFT training to your staff to maintain their AML/CFT knowledge and competence? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, does the training program cover the following topics? |  |  |  |  |  |  |  |
|  |  | 1. your firm’s and the staff’s own personal statutory obligations and the possible consequences for failure to comply with CDD and record-keeping requirements under the AMLO |  |  |  |  |  |  |  |
|  |  | 1. your firm's and the staff's own personal statutory obligations and the possible consequences for failure to report suspicious transactions under relevant laws and regulations |  |  |  |  |  |  |  |
|  |  | 1. any other statutory and regulatory obligations that concern your firm and the staff under the relevant laws and regulations, and the possible consequences of breaches of these obligations |  |  |  |  |  |  |  |
|  |  | 1. your own policies and procedures relating to AML/CFT, including suspicious transaction identification and reporting |  |  |  |  |  |  |  |
|  |  | 1. any new and emerging techniques, methods and trends in ML/TF to the extent that such information is needed by your staff to carry out their particular roles in your institution with respect to AML/CFT |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 9.5 (a) | H.03 | Do you provide AML/CFT training for all your new staff, irrespective of their seniority and before work commencement? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, does the training program cover the following topics? |  |  |  |  |  |  |  |
|  |  | 1. an introduction to the background to ML/TF and the importance placed on ML/TF by your firm |  |  |  |  |  |  |  |
|  |  | 1. the need for identifying and reporting of any suspicious transactions to the MLRO, and the offence of tipping-off |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 9.5 (b) | H.04 | Do you provide AML/CFT training for your front-line personnel who are dealing directly with the public? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, does the training program cover the following topics? |  |  |  |  |  |  |  |
|  |  | 1. the importance of their role in the institution's ML/TF strategy, as the first point of contact with potential money launderers |  |  |  |  |  |  |  |
|  |  | 1. your policies and procedures in relation to CDD and record-keeping requirements that are relevant to their job responsibilities |  |  |  |  |  |  |  |
|  |  | 1. training in circumstances that may give rise to suspicion, and relevant policies and procedures, including, for example, lines of reporting and when extra vigilance might be required |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 9.5 (c) | H.05 | Do you provide AML/CFT training for your back-office staff? |  |  |  |  |  |  |  |
|  |  | If yes, does the training program cover the following topics? |  |  |  |  |  |  |  |
|  |  | 1. appropriate training on customer verification and relevant processing procedures |  |  |  |  |  |  |  |
|  |  | 1. how to recognise unusual activities including abnormal settlements, payments or delivery instructions |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 9.5 (d) | H.06 | Do you provide AML/CFT training for managerial staff including internal audit officers and COs? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, does the training program cover the following topics? |  |  |  |  |  |  |  |
|  |  | 1. higher level training covering all aspects of your AML/CFT regime |  |  |  |  |  |  |  |
|  |  | 1. specific training in relation to their responsibilities for supervising or managing staff, auditing the system and performing random checks as well as reporting of suspicious transactions to the JFIU |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 9.5 (e) | H.07 | Do you provide AML/CFT training for your MLROs? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, does the training program cover the following topics? |  |  |  |  |  |  |  |
|  |  | 1. specific training in relation to their responsibilities for assessing suspicious transaction reports submitted to them and reporting of suspicious transactions to the JFIU |  |  |  |  |  |  |  |
|  |  | 1. training to keep abreast of AML/CFT requirements/developments generally |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 9.7 | H.08 | Do you maintain the training record details for a minimum of 3 years? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, does the training record include the following details: |  |  |  |  |  |  |  |
|  |  | 1. which staff has been trained |  |  |  |  |  |  |  |
|  |  | 1. when the staff received training |  |  |  |  |  |  |  |
|  |  | 1. the type of training provided |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 9.8 | H.09 | Do you monitor and maintain the effectiveness of the training conducted by staff by: |  |  |  |  |  |  |  |
|  |  | 1. testing staff's understanding of your firm’s policies and procedures to combat ML/TF |  |  |  |  |  |  |  |
|  |  | 1. testing staff's understanding of their statutory and regulatory obligations |  |  |  |  |  |  |  |
|  |  | 1. testing staff's ability to recognize suspicious transactions |  |  |  |  |  |  |  |
|  |  | 1. monitoring the compliance of staff with your AML/CFT Systems as well as the quality and quantity of internal reports |  |  |  |  |  |  |  |
|  |  | 1. identifying further training needs based on training / testing assessment results identified above |  |  |  |  |  |  |  |
|  |  | 1. monitoring attendance and following up with staff who miss such training without reasonable cause |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **(I) - Wire Transfers** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **LCs / AEs are required to comply with section 12 of Schedule 2 and the guidelines in this part if they act as an ordering/beneficiary/intermediary institution as defined in the AMLO.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Ordering institutions | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | I.01 | Where your firm acts in the role of an ordering institution (for a wire transfer), please complete questions I.02 to I.05 below.  If your firm does not act in the role of an ordering institution, please confirm an N/A response and proceed directly to question I.06 relating to "Beneficiary institution". |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.5 | I.02 | Do you ensure that all wire transfers of amount equal to or above $8,000 (or an equivalent amount in any other currency) are accompanied by the following originator and recipient information? |  |  |  |  |  |  |  |
|  |  | 1. the originator's name |  |  |  |  |  |  |  |
|  |  | 1. the number of the originator's account maintained with your firm and from which the money for the wire transfer is paid or, in the absence of such an account, a unique reference number assigned by your firm |  |  |  |  |  |  |  |
|  |  | 1. the originator's address or, the originator's customer identification number or identification document number or, if the originator is an individual, the originator's date and place of birth |  |  |  |  |  |  |  |
|  |  | 1. the recipient's name |  |  |  |  |  |  |  |
|  |  | 1. the number of the recipient’s account maintained with the beneficiary institution and to which the money for the wire transfer is paid or, in the absence of such an account, a unique reference number assigned to the wire transfer by the beneficiary institution. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.6 | I.03 | Do you ensure that all wire transfers of amount below $8,000 (or an equivalent amount in any other currency) are accompanied by the following originator and recipient information: |  |  |  |  |  |  |  |
|  |  | 1. the originator's name |  |  |  |  |  |  |  |
|  |  | 1. the number of the originator's account maintained with your firm and from which the money for the wire transfer is paid or, in the absence of such an account, a unique reference number assigned by your firm |  |  |  |  |  |  |  |
|  |  | 1. the recipient's name |  |  |  |  |  |  |  |
|  |  | 1. the number of the recipient’s account maintained with the beneficiary institution and to which the money for the wire transfer is paid or, in the absence of such an account, a unique reference number assigned to the wire transfer by the beneficiary institution. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.8 | I.04 | For a wire transfer of an amount equal to or above $ 8,000 (or an equivalent amount in any other currency), do you ensure that the required originator information accompanying the wire transfer is accurate? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.9 | I.05 | For an occasional wire transfer involving an amount equal to or above $ 8,000 (or an equivalent amount in any other currency), do you verify the identity of the originator? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.9 |  | For an occasional wire transfer below $ 8,000 (or an equivalent amount in any other currency), do you verify the originator's identity when several transactions are carried out which appear to your firm to be linked and are equal to or above $ 8,000 (or an equivalent amount in any other currency), or when there is a suspicion of ML/TF? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Beneficiary institutions | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | I.06 | Where your firm acts in the role of a beneficiary institution (for a wire transfer), please complete questions I.07 to I.10 below.  If your firm does not act in the role of a beneficiary institution, please confirm an N/A response and proceed directly to question I.11 relating to "Intermediary institution". |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.18 | I.07 | Do you establish and maintain effective procedures for identifying and handling incoming wire transfers that do not comply with the relevant originator or recipient information requirements, which include: |  |  |  |  |  |  |  |
|  |  | 1. take reasonable measures (e.g. post-event monitoring) to identify domestic or cross-border wire transfers that lack required originator information or required recipient information |  |  |  |  |  |  |  |
|  |  | 1. have risk-based policies and procedures for determining: (i) when to execute, reject, or suspend a wire transfer lacking required originator information or required recipient information; and (ii) the appropriate follow-up action |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.19 | I.08 | In respect of the risk-based policies and procedures mentioned in question I.07 above, if a domestic or cross-border wire transfer is not accompanied by the required originator information or required recipient information, do you, as soon as reasonably practicable, obtain the missing information from the institution from which you receive the transfer instruction? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If such information cannot be obtained, do you consider one of the following? |  |  |  |  |  |  |  |
|  |  | 1. restrict or terminate your business relationship with that institution OR |  |  |  |  |  |  |  |
|  |  | 1. take reasonable measures to mitigate the risk of ML/TF involved |  |  |  |  |  |  |  |
|  |  | If yes, please document your choice of the above options in the text box. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.20 | I.09 | If you are aware that the accompanying information that purports to be the required originator information or required recipient information is incomplete or meaningless, do you, as soon as reasonably practicable, take reasonable measures to mitigate the risk of ML/TF involved? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.21 | I.10 | For a wire transfer of amount equal to or above $ 8,000 (or an equivalent amount in any other currency), do you verify the identity of the recipient, if the identity has not been previously verified? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Intermediary Institutions | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | I.11 | Where your firm acts in the role of an intermediary institution (for a wire transfer), please complete questions I.12 to I.16 below.  If your firm does not act in the role of an intermediary institution, please confirm an N/A response and proceed to question J.01. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.13 | I.12 | Do you ensure that all originator and recipient information which accompanies the wire transfer is retained with the transfer and is transmitted to the institution to which you pass on the transfer instruction? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.14 | I.13 | Where technical limitations prevent the required originator or recipient information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer, or where technical limitations prevent the required originator or recipient information accompanying a domestic wire transfer from remaining with a related cross-border wire transfer, do you keep a record, for at least five years, of all the information received from the ordering institution or another intermediary institution? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.15 | I.14 | Do you establish and maintain effective procedures for identifying and handling incoming wire transfers that have not complied with the relevant originator or recipient information requirements, which include: |  |  |  |  |  |  |  |
|  |  | 1. take reasonable measures, which are consistent with straight-through processing, to identify cross-border wire transfers that lack required originator information or required recipient information |  |  |  |  |  |  |  |
|  |  | 1. have risk-based policies and procedures for determining: (i) when to execute, reject, or suspend a wire transfer lacking required originator information or required recipient information; and (ii) the appropriate follow-up action |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.16 | I.15 | In respect of the risk-based policies and procedures mentioned in question I.14 above, if a cross-border wire transfer is not accompanied by the required originator information or required recipient information, do you, as soon as reasonably practicable, obtain the missing information from the institution from which you receive the transfer instruction? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If such information cannot be obtained, do you consider one of the following? |  |  |  |  |  |  |  |
|  |  | 1. restrict or terminate your business relationship with that institution OR |  |  |  |  |  |  |  |
|  |  | 1. take reasonable measures to mitigate the risk of ML/TF involved |  |  |  |  |  |  |  |
|  |  | If yes, please document your choice of the above options in the text box. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 10.17 | I.16 | If you are aware that the accompanying information that purports to be the required originator information or required recipient information is incomplete or meaningless, do you, as soon as reasonably practicable take reasonable measures to mitigate the risk of ML/TF involved? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **(J) - Third-party deposits and payments** | | |  |  |  |  |  |  |  |
|  | | |  |  |  |  |  |  |  |
| **LCs / AEs are required to take all reasonable measures to mitigate the ML/TF risks associated with transactions involving third-party deposits and payments, having regard to the provisions in Chapter 11 of the AML/CFT Guideline as well as relevant circulars and frequently asked questions published by the SFC from time to time.** | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Policies and procedures | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.3 | J.01 | Do you accept third-party deposits or payments only under exceptional and legitimate circumstances and when they are reasonably in line with the customer’s profile and normal commercial practices? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.3 | J.02 | Have you put in place policies and procedures to mitigate the inherently high risk of third-party deposit or payment arrangement and meet all applicable legal and regulatory requirements? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, do these policies and procedures address the following? |  |  |  |  |  |  |  |
|  |  | 1. the exceptional and legitimate circumstances under which third-party deposits or payments may be accepted and their evaluation criteria |  |  |  |  |  |  |  |
|  |  | 1. the monitoring systems and controls for identifying transactions involving third-party deposits |  |  |  |  |  |  |  |
|  |  | 1. if applicable, the due diligence process for assessing whether third-party deposits or payments meet the evaluation criteria for acceptance |  |  |  |  |  |  |  |
|  |  | 1. if you allow the due diligence on the source of a deposit or the evaluation of a third-party deposit to be completed after settling transactions with the deposited funds in exceptional situations, the identification of those exceptional situations and the risk management policies and procedures concerning the conditions under which such delayed due diligence or evaluation may be allowed |  |  |  |  |  |  |  |
|  |  | 1. the enhanced monitoring of client accounts involving third-party deposits or payments, and the reporting of any ML/TF suspicions identified to the JFIU |  |  |  |  |  |  |  |
|  |  | 1. the respective designated managers or staff members responsible for carrying out these policies and procedures |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.3 | J.03 | Are the policies and procedures mentioned in question J.02 approved by senior management? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.3 | J.04 | Do you designate an MIC of AML/CFT, MIC of Compliance or other appropriate senior management personnel to oversee the proper design and implementation of the policies and procedures mentioned in question J.02 above? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Due diligence process for assessing third-party deposits and payments | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | J.05 | If your firm accepts third-party deposits or payments, please complete questions J.06 to J.09 below. If your firm does not accept any third-party deposits or payments, please confirm an N/A response and proceed to question J.10. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.5 | J.06 | Does your due diligence process for assessing third-party deposits and payments include the following? |  |  |  |  |  |  |  |
|  |  | 1. critically evaluating the reasons and the need for third-party deposits or payments |  |  |  |  |  |  |  |
|  |  | 1. taking reasonable measures on a risk-sensitive basis to: |  |  |  |  |  |  |  |
|  |  | * 1. verify the identities of the third parties |  |  |  |  |  |  |  |
|  |  | * 1. ascertain the relationship between the third parties and the customers |  |  |  |  |  |  |  |
|  |  | 1. obtaining the approval of the MIC of AML/CFT, another member of senior management with a relevant role at your firm with respect to AML/CFT, or MLRO (“third-party deposit or payment approvers”) for the acceptance for a third-party deposit or payment |  |  |  |  |  |  |  |
|  |  | 1. documenting the findings of inquiries made and corroborative evidence obtained during the due diligence process as well as the approval of a third-party deposit or payment |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.6 | J.07 | If a standing approval is given by third-party deposit or payment approvers for accepting deposits or payments from or to a particular third party after assessing the risks and reasonableness of the third-party arrangement, is the standing approval subject to review periodically or upon trigger events to ensure that it remains appropriate? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.7 | J.08 | Do you apply enhanced scrutiny to those third parties which might pose higher risks, and require the dual approval of deposits or payments from or to such third parties by the third-party deposit or payment approvers for enhanced control? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.8 | J.09 | Do you exercise extra caution when the relationship between the customer and the third party is hard to verify, the customer is unable to provide details of the identity of the third-party payor for verification before the deposit is made, or one third party is making or receiving payments for or from several seemingly unrelated customers? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Delayed due diligence on the source of a deposit or evaluation of a third-party deposit | | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | J.10 | Do you always perform due diligence on the source of a deposit and evaluation of any third-party deposit (“third-party deposit due diligence”) before settling transactions with the deposited funds?  If yes, you are not required to complete questions J.11 to J.14. Otherwise, please confirm an N/A response and complete questions J.11 to J.14. |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.9 | J.11 | If you allow third-party deposit due diligence to be delayed, would this be in exceptional situations only and subject to the following conditions: |  |  |  |  |  |  |  |
|  |  | 1. any risk of ML/TF arising from the delay in completing the third-party deposit due diligence can be effectively managed |  |  |  |  |  |  |  |
|  |  | 1. it is necessary to avoid interruption of the normal conduct of business with the customer |  |  |  |  |  |  |  |
|  |  | 1. the third-party deposit due diligence is completed as soon as possible after settling transactions with the deposited funds |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.10 | J.12 | If you allow third-party deposit due diligence to be delayed in exceptional situations, have you adopted appropriate risk management policies and procedures setting out the conditions under which the customer may utilise the deposited funds prior to the completion of the third-party deposit due diligence? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | If yes, do these policies and procedures include the following? |  |  |  |  |  |  |  |
|  |  | 1. establishing a reasonable timeframe for the completion of the third-party deposit due diligence, and the follow-up actions if the stipulated timeframe is exceeded (eg, to suspend or terminate the business relationship) |  |  |  |  |  |  |  |
|  |  | 1. placing appropriate limits on the number, types, and/or amount of transactions that can be performed |  |  |  |  |  |  |  |
|  |  | 1. performing enhanced monitoring of transactions carried out by or for the customer |  |  |  |  |  |  |  |
|  |  | 1. ensuring senior management is periodically informed of all cases involving delay in completing third-party deposit due diligence |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.11 | J.13 | If the third-party deposit due diligence cannot be completed within the reasonable timeframe set out in the risk management policies and procedures mentioned in question J.12 above, do you refrain from carrying out further transactions for the customer? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| 11.11 | J.14 | Further to question J.13, do you assess whether there are grounds for knowledge or suspicion of ML/TF and filing an STR to the JFIU, particularly where the customer refuses without reasonable explanation to provide information or document requested by you, or otherwise refuses to cooperate with the third-party deposit due diligence process? |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
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| **GLOSSARY OF KEY TERMS AND ABBREVIATIONS** | |
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| **Please note that the terms / abbreviations below are extracted from the AMLO and the SFC's Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) for easy reference.** | |
|  |  |
| **AMLO** – Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap.615) | |
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| **AML/CFT** – Anti-money laundering and counter financing of terrorism | |
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| **AML/CFT Guideline** – Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) | |
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| **AML/CFT Systems** – AML/CFT policies, procedures and controls | |
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| **Beneficial owner** | |
| 1. in relation to a corporation— | |
| * 1. means an individual who— | |
| * + 1. owns or controls, directly or indirectly, including through a trust or bearer share holding, more than 25% of the issued share capital of the corporation; | |
| * + 1. is, directly or indirectly, entitled to exercise or control the exercise of more than 25% of the voting rights at general meetings of the corporation; or | |
| * + 1. exercises ultimate control over the management of the corporation; or | |
| * 1. if the corporation is acting on behalf of another person, means the other person; | |
|  | |
| 1. in relation to a partnership— | |
| * 1. means an individual who— | |
| * + 1. is entitled to or controls, directly or indirectly, more than 25% share of the capital or profits of the partnership; | |
| * + 1. is, directly or indirectly, entitled to exercise or control the exercise of more than 25% of the voting rights in the partnership; or | |
| * + 1. exercises ultimate control over the management of the partnership; or | |
| * 1. if the partnership is acting on behalf of another person, means the other person; | |
|  | |
| 1. in relation to a trust, means— | |
| * 1. an individual who is entitled to a vested interest in more than 25% of the capital of the trust property, whether the interest is in possession or in remainder or reversion and whether it is defeasible or not; | |
| * 1. the settlor of the trust; | |
| * 1. a protector or enforcer of the trust; or | |
| * 1. an individual who has ultimate control of the trust; and | |
|  |  |
| 1. in relation to a person not falling within paragraph relating to (a), (b) or (c)— | |
| * 1. means an individual who ultimately owns or controls the person; or | |
| * 1. if the person is acting on behalf of another person, means the other person. | |
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| **Bearer shares** – Equity security that is wholly owned by whoever holds the physical stock certificate. The issuing corporation does not register the owner of the stock or track transfers of ownership. Transferring the ownership of the stock only involves delivering the physical document. | |
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| **CO** – Compliance Officer | |
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| **Cross-border correspondent relationships** – For the purposes of the AML/CFT Guideline, this refers to the provision of services for dealing in securities, dealing in futures contracts, or leveraged foreign exchange trading[[1]](#footnote-1), by an FI[[2]](#footnote-2) (“correspondent institution”) to another financial institution[[3]](#footnote-3) located in a place outside Hong Kong (“respondent institution”), where transactions effected on a principal or agency basis under the business relationships are initiated by the respondent institution. | |
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| **CDD** – Customer due diligence | |
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| **Equivalent jurisdiction** – means: | |
| 1. a jurisdiction that is a member of the FATF, other than Hong Kong; or | |
| 1. a jurisdiction that imposes requirements similar to those imposed under Schedule 2 to the AMLO. | |
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| **FATF** – Financial Action Task Force, means the Financial Action Task Force on Money Laundering established by the G-7 Summit held in Paris in 1989. | |
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| **FI** **as defined in the AMLO** – This means an authorized institution, a licensed corporation, an authorized insurer, a licensed individual insurance agent, an licensed insurance agency, a licensed insurance broker company, a licensed money service operator, the Postmaster General, or an SVF licensee. | |
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| **Individual** – Individual means a natural person, other than a deceased natural person. | |
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| **JFIU** – Joint Financial Intelligence Unit | |
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| **MIC of AML/CFT** – The Manager-In-Charge of Core Function responsible for managing the Anti-Money Laundering and Counter-Terrorist Financing function | |
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| **MLRO** – Money Laundering Reporting Officer | |
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| **ML/TF** – Money laundering and terrorist financing | |
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| **Nested correspondent relationship** – refers to the use of a correspondent account by a number of respondent institutions through their relationships with the FI’s direct respondent institution, to  conduct transactions and obtain access to other financial services. | |
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| **PEP(s)** – Politically exposed person(s) | |
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| A foreign politically exposed person is | |
|  | |
| 1. an individual who is or has been entrusted with a prominent public function in a place outside the People's Republic of China and | |
| * 1. includes a head of state, head of government, senior politician, senior government, judicial or military official, senior executive of a state-owned corporation and an important political party official; but | |
| * 1. does not include a middle-ranking or more junior official of any of the categories mentioned in subparagraph (i); | |
| 1. a spouse, a partner, a child or a parent of an individual falling within paragraph (a) above, or a spouse or a partner of a child of such an individual; or | |
| 1. a close associate of an individual falling within paragraph (a). | |
|  | |
| A domestic politically exposed person is | |
|  | |
| 1. an individual who is or has been entrusted with a prominent public function in a place within the People's Republic of China and | |
| * 1. includes a head of state, head of government, senior politician, senior government, judicial or military official, senior executive of a state-owned corporation and an important political party official; | |
| * 1. but does not include a middle-ranking or more junior official of any of the categories mentioned in subparagraph (i); | |
| 1. a spouse, a partner, a child or a parent of an individual falling within paragraph (a) above, or a spouse or a partner of a child of such an individual; or | |
| 1. a close associate of an individual falling within paragraph (a). | |
|  | |
| An international organisation politically exposed person is | |
|  | |
| 1. an individual who is or has been entrusted with a prominent function by an international organisation, and | |
| * 1. includes members of senior management, i.e. directors, deputy directors and members of the board or equivalent functions; | |
| * 1. but does not include a middle-ranking or more junior official of the international organisation; | |
| 1. a spouse, a partner, a child or a parent of an individual falling within paragraph (a) above, or a spouse or a partner of a child of such an individual; or | |
| 1. a close associate of an individual falling within paragraph (a). | |
|  | |
| **PF** – Financing of proliferation of weapons of mass destruction | |
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| **PPTA** – Person purporting to act on behalf of the customer | |
|  | |
| **RA(s)** – Relevant authority (authorities) | |
|  | |
| **RBA** – Risk-based approach | |
|  | |
| **Schedule 2** – Schedule 2 to the AMLO | |
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| **SDD** – Simplified customer due diligence | |
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| **Senior management** – Senior management means directors (or board) and senior managers (or equivalent) of a firm who are responsible, either individually or collectively, for management and supervision of the firm’s business. This may include a firm's Chief Executive Officer, Managing Director, Responsible Officer, Manager-In-Charge of Core Function(s) or other senior operating management personnel (as the case may be). | |
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|  | |
| **Shell financial institution** –This means a corporation that:   * + - * 1. is incorporated in a place outside Hong Kong;         2. is authorised to carry on financial services businesses[[4]](#footnote-4) in that place;         3. does not have a physical presence in that place; and         4. is not an affiliate[[5]](#footnote-5) of a regulated financial group that is subject to effective group-wide supervision. | |
| A corporation is considered to have **physical presence**[[6]](#footnote-6) in a place or jurisdiction if:   * + - * 1. the corporation carries on financial services businesses at any premises in that place or jurisdiction; and         2. at least one full-time employee of the corporation performs duties related to financial services businesses at those premises. | |
| **STR(s)** – Suspicious transaction report(s) | |
|  | |
| **Third party** – Third party means any person other than the customer. | |
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| **Trust** – A trust means an express trust or any similar arrangement for which a legal-binding document (i.e. a trust deed or in any other form) is in place. | |
|  | |
| **Wire transfer** – A wire transfer is a transaction carried out by an institution (the ordering institution) on behalf of a person (the originator) by electronic means with a view to making an amount of money available to that person or another person (the recipient) at an institution (the beneficiary institution), which may be the ordering institution or another institution, whether or not one or more other institutions (intermediary institutions) participate in completion of the transfer of the money. | |

1. For the avoidance of doubt, paragraphs 4.20 of the AML/CFT Guideline may be applicable to an FI providing these services to a respondent institution even where the FI may rely on any incidental or other exemptions provided in the Securities and Futures Ordinance to be exempt from the requirement of being licensed or registered for Type 1, 2 or 3 regulated activity. For example, paragraphs 4.20 are applicable to an FI dealing in fund shares or units for its customer that is a distributor located outside Hong Kong for funds under the FI’s management. [↑](#footnote-ref-1)
2. For the purposes of paragraphs 4.20 of the AML/CFT Guideline, the term “FI” means a licensed corporation or a registered institution. [↑](#footnote-ref-2)
3. Financial institution in this context refers to businesses falling within the definition of the term “financial institutions” under the FATF Recommendations and which are conducted for or on behalf of customers. [↑](#footnote-ref-3)
4. In this context, this refers to businesses falling within the definition of the term “financial institutions” under the FATF Recommendations and which are conducted for or on behalf of customers. [↑](#footnote-ref-4)
5. In this context, a corporation is an affiliate of another corporation if (a) the corporation is a subsidiary of the other corporation; or (b) at least one individual who is a controller of the corporation is at the same time a controller of the other corporation. [↑](#footnote-ref-5)
6. In general, physical presence means meaningful mind and management located within a jurisdiction. The mere existence of a local agent or junior staff does not constitute physical presence. [↑](#footnote-ref-6)