



DPSB/AML/2023/01
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Circular

**Customer Due Diligence and Record-keeping requirements under the
Anti-Money Laundering and Counter-Terrorist Financing Ordinance
(For Category B Registrants)**

Pursuant to section 5A(5A) of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (“AMLO”), a Category B registrant (“CBR”) shall conduct Customer Due Diligence measures (“CDD”) and record-keeping when carrying out any cash transaction(s) with total value at or above HKD120,000 in Hong Kong.

CDD

Regarding the CDD requirements to be fulfilled in accordance with sections 2(1) and 3 of Schedule 2 of the AMLO, the following measures and screening procedures in respect of the customer information collected would have to be observed:

(1.1) Identification of customer and verification of customer’s identity

CBR should identify the customer and verify the customer’s identity on the basis of an identity proofing document of the customer (e.g. HKID card or passport). If the customer is acting on behalf of an individual or a company, CBR should request the customer to provide relevant information of the customer and the individual or company he/she acted on behalf (e.g. name, date of birth, company name, company’s registration number or business registration number, etc.), and enquire if that individual or company is the beneficial owner of the transaction.

(1.2) Terrorists or sanctioned entities

Based on the information obtained in paragraph (1.1), a CBR should verify if the customer (including the customer and the individual or the company he/she acted on behalf) is a terrorist/terrorist associate designated by the Committee of the United Nations Security Council (“UNSC”) or a designated person/entity subject to financial sanctions by the UNSC. If it is found to be such an entity, CBR shall stop carrying out the transaction with that customer and report to the Joint Financial intelligence Unit.

(Open source reference: lists uploaded in the websites of the Security Bureau and the Commerce and Economic Development Bureau

<https://www.sb.gov.hk/eng/special/terrorist/terrorist.html>

<https://www.cedb.gov.hk/en/policies/united-nations-security-council-sanctions.html>)

(1.3) Requirements for Political Exposed Person (“PEP”)/other high risk situations

A CBR must establish and maintain effective procedures (e.g. by making reference to publicly available information and/or screening against commercially available databases) for determining whether a customer or a beneficial owner of a customer is a PEP. If a CBR knows that the customer



or the beneficial owner is a PEP/from a high risk jurisdiction^{Note 1}, or encounters any situation specified by the Customs and Excise Department in a notice in writing given to the CBR, etc., the CBR should carry out enhanced CDD measures, which include obtaining approval from its senior management, taking reasonable measures to ascertain the source of wealth of the customer and source of funds for the transaction, etc.

Record-keeping

Sections 20 and 21 of Schedule 2 of the AMLO have stipulated the duty and manners in record keeping, which include, inter alia, that:

- (2.1) For customers: maintain the original or a copy of the identity proofing document (e.g. a copy of HKID card) and related information obtained in the verification of the identity of the customer or the beneficial owner(s) as well as the correspondences with the customer or the beneficial owner(s) for at least 5 years after the end of the business relationship.
- (2.2) For transactions: maintain the original or a copy of the documents and related information obtained in connection with the transaction for at least 5 years beginning on the date on which the transaction is completed.

The above introduction is intended to provide Category B registrants with information of a general nature and does not cover all the relevant requirements stipulated in the AMLO. If you have any queries about the specific circumstances of your business operations, please refer to Schedule 2 of the AMLO and the “Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Category B Registrants Dealing in Precious Metals and Stones)”.

Dealers in Precious Metals and Stones Supervision Bureau Customs and Excise Department

^{Note 1} Reference can be made to the website of Financial Action Task Force at (<https://www.fatf-gafi.org/en/home.html>).