



Anti-Money Laundering & Counter-Terrorist Financing Requirements for Licensed Money Lenders

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Licensed Money Lenders are required to

- mitigate the risk of money laundering / terrorist financing (“ML / TF”); and
- comply with the provisions in the “Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Licensed Money Lenders”.

Relevant Legislation



Licensed Money Lenders must assess the ML / TF risk of their businesses, develop and implement policies, procedures and controls on the following aspects



Customer Due Diligence (“CDD”)

CDD are required to be performed by Licensed Money Lenders

before establishing a business relationship with the customer

before conducting any occasional transaction that involves an amount \geq HK\$120,000

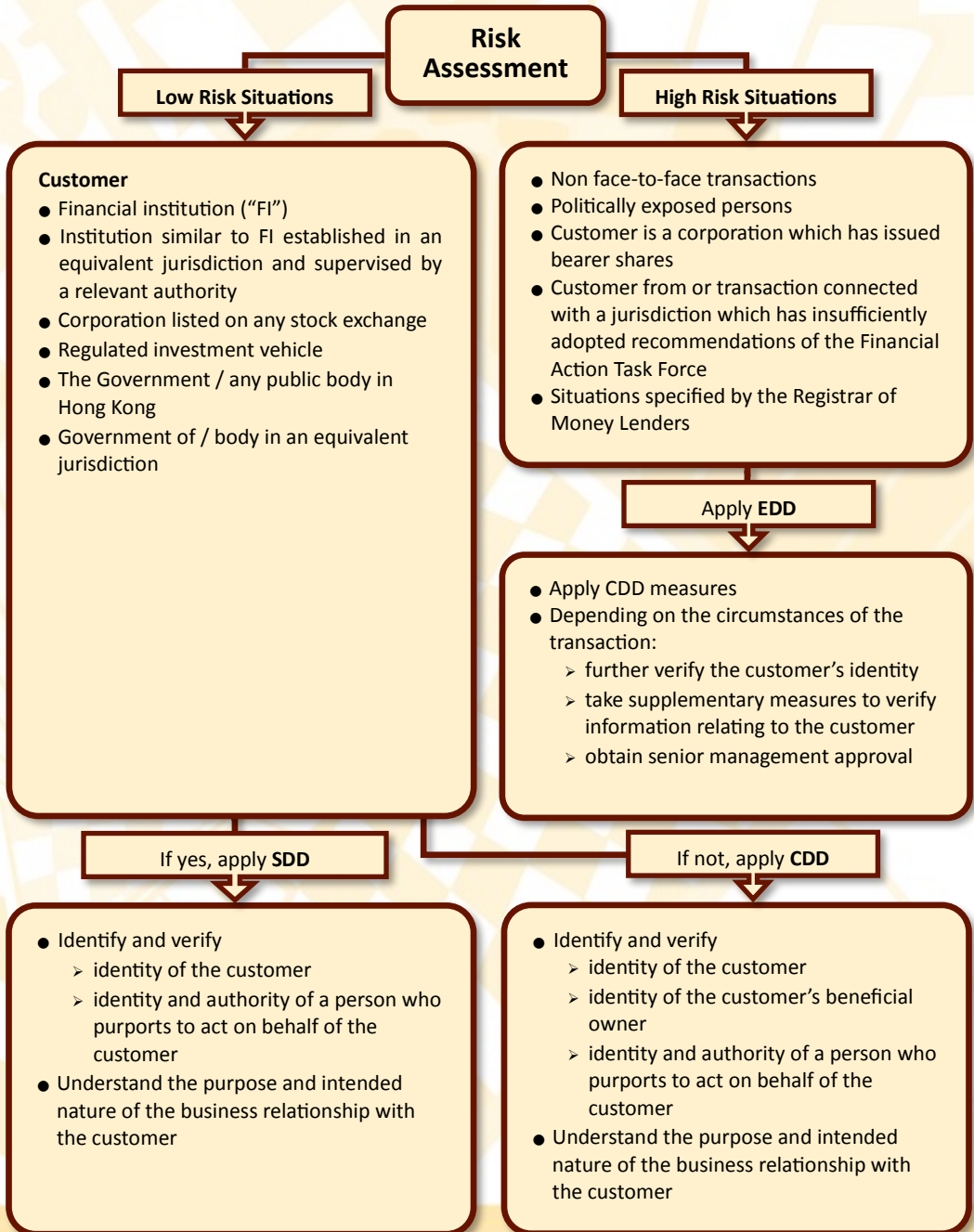
when they suspect that the customer or the customer’s account is involved in ML / TF

when they doubt the veracity or adequacy of any information previously obtained

Licensed Money Lenders should take steps to keep customer information up-to-date and undertake periodic reviews of existing records of customers.

Application of CDD

Depending on the circumstances of the transactions, Licensed Money Lenders may need to take additional measures, i.e. Enhanced Customer Due Diligence (“EDD”), or may conduct Simplified Customer Due Diligence (“SDD”).



Record-keeping Requirements

Original or copy of the documents, records, data and information in respect of customers and their transactions should be kept in accordance with the requirements of Schedule 2 to the AMLO

In respect of each customer	In respect of each transaction
<p>Records should be kept throughout the continuance of the business relationship with the customer and for a period of at least 5 years after the end of the business relationship. These include:</p> <ul style="list-style-type: none">● Records obtained in the course of identifying and verifying the identity of:<ul style="list-style-type: none">➢ the customer➢ the beneficial owner➢ the person who purports to act on behalf of the customer➢ other connected parties● Records kept on the purpose and intended nature of the business relationship● Files relating to the customer's business relationship and business correspondence with the customer and any beneficial owner of the customer	<p>Records should be kept for at least 5 years after the completion of a transaction regardless of whether the business relationship ends during the period. These include:</p> <ul style="list-style-type: none">● Records obtained in connection with the transaction:<ul style="list-style-type: none">➢ the identity of the parties involved➢ the nature and date of the transaction➢ the type and amount of currency involved➢ the origin of the funds➢ the form of the funds offered or withdrawn➢ the destination of the funds➢ the form of instruction and authority➢ the type and identifying number of any account involved in the transaction

Under Schedule 2 to the AMLO, Licensed Money Lenders should ensure

Audit trail for funds movement in transactions is clear and complete

Customer and customer's beneficial owner can be properly identified and verified

All customer / transaction records and information are available on a timely basis to the Registrar of Money Lenders, other authorities and auditors

Requirements specified in the "Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Licensed Money Lenders" and other requirements imposed by the Registrar are complied with