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| **INSTRUCTIONS ON COMPLETING THE AML/CFT SELF-ASSESSMENT CHECKLIST** | |
| **Background** | The AML/CFT Self-Assessment Checklist is designed to provide a structured and comprehensive framework for licensed corporations, virtual asset service providers licensed by the Securities and Futures Commission (SFC) under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (AMLO) and their associated entities (hereafter collectively referred to as "firms") to assess their compliance with key anti-money laundering and counter-financing of terrorism (AML/CFT) requirements. Firms are advised to use this checklist 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 money laundering and terrorist financing (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** | Unless otherwise specified, terms used in the self-assessment checklist bear the same meaning given to them in the AMLO and the SFC's Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations and SFC-licensed Virtual Asset Service Providers) (AML/CFT Guideline).  Some key terms and abbreviations are provided in the Glossary for easy reference. |
| Firms are 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 arranged and supervised by the Compliance Officer (CO) who has the overall responsibility for the establishment and maintenance of the firm's AML/CFT Systems. The CO should also review and approve the completed checklist. (Note: The Manager-In-Charge (MIC) of AML/CFT can be the CO 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 AML/CFT Guideline have been provided for reference. |
| Each question in the self-assessment checklist provides a number of answer options including 'Yes', 'No', and 'Not applicable (N/A)'.   1. When the Firm selects 'Yes' as the answer to any of the questions in the tick box, it means no apparent non-compliance issue noted. For some of the questions, further information should be provided in the text box to substantiate the 'Yes' answer. 2. When the Firm selects 'No' as the answer to any of the questions in the tick box, it means potential non-compliance with the requirement. If the answer to a question is 'No', further information should be provided in the text box as to:    1. how the Firm plans to remediate the potential gap identified; and    2. when the Firm plans to complete the remediation for any potential gaps identified. 3. When the Firm selects 'N/A' as the answer to any of the questions in the tick box, it means that the requirement is not applicable to the Firm. |

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| **AML/CFT SELF-ASSESSMENT CHECKLIST (version November 2023)** | |
| **Name of the Firm** |  |
| **Checklist completed by (Name and Position)** |  |
| **Checklist reviewed by (Name and Position)** |  |
| **Date of completion** |  |

| **Reference (AML/CFT Guideline)** | **Question #** | **Question** | **Yes** | |  | **No** | |  | **N/A** |  | **Please provide further elaboration to substantiate your firm’s response.**  **In particular, if the answer to any of the question is** '**No**'**,** **further information should be provided as to:**  **1) how the firm plans to remediate the potential gap identified; and**  **2) when the firm plans to complete the remediation for any potential gaps identified.** |
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| **(A) Risk-based approach (RBA)** | | | | | | | | | | | |
|  | | | | | | | | | | | |
| **Firms 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 | Does your firm identify, assess and understand the ML/TF risks to which it is exposed and take AML/CFT measures that are commensurate with those risks in order to mitigate them effectively? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | A.02 | Does your firm take the following steps to identify, assess, and understand its 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 your firm is exposed to depending on its 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 sets 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 firm’s 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 firm’s 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, does your firm 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 firm’s institutional risk assessment procedures commensurate with the nature, size and complexity of your firm’s business? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 2.12 | A.05.1 | Is your firm incorporated in Hong Kong with overseas branches and subsidiary undertakings that carry on the same business as a financial institution (FI) as defined in the AMLO? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | A.05.2 | If yes, does your firm conduct a group-wide ML/TF risk assessment? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms 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 customer due diligence (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 | Does your firm 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 its decision on whether to enter into, continue or terminate the business relationship? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 2.17 | A.07 | Does your firm adopt an RBA in the design and implementation of its customer risk assessment framework, which should be designed taking into account the results of its institutional risk assessment and commensurate with the risk profile and complexity of its customer base? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 2.15 | A.08 | Does your firm keep its policies and procedures under regular review and assess that its risk mitigation procedures and controls are working effectively? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 2.17 | A.09 | When conducting customer risk assessment, does your firm 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 | Does your firm periodically review and, where appropriate, update its 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.11.1 | Does your firm keep records and relevant documents of the customer risk assessment mentioned in questions A.06 to A.10? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | A.11.2 | If yes, is your firm able to demonstrate to the SFC the following? |  |  | |  | |  |  |  |  |
|  |  | 1. How it assesses its 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** | | | | | | | | | | | |
|  | | | | | | | | | | | |
| **Firms 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 | Does your firm: |  |  | |  | |  |  |  |  |
|  |  | * + - * 1. have AML/CFT Systems, which are approved by senior management, to enable it 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.02.1 | Has your firm 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | B.02.2 | If yes, do the compliance management arrangements include oversight by your firm's senior management and appointment of a CO and a Money Laundering Reporting Officer (MLRO)? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Senior management oversight | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 3.6 | B.03.1 | Is your firm’s senior management responsible for implementing effective AML/CFT Systems that can adequately manage the ML/TF risks identified? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | B.03.2 | If yes, has your firm’s 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 firm’s senior management ensure that the 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 firm’s 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 relevant authorities (RAs)) |  |  | |  | |  |  |  |  |
|  |  | 1. equipped with sufficient resources, including staff and appropriate cover for the absence of the CO and MLRO (ie, 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 Joint Financial Intelligence Unit (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.07.1 | Has your firm established an independent audit function which has a direct line of communication to the senior management of your firm? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | B.07.2 | 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.08.1 | 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 |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | B.08.2 | If appropriate, does your firm seek review from external parties regarding its AML/CFT Systems? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Employee screening | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 3.12 | B.09 | Has your firm established adequate and appropriate screening procedures in order to ensure high standards when hiring employees? |  |  | |  | |  |  |  |  |
|  | | | | | | | | | | | |
| **Firms 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 select 'N/A' as the answer to this question and proceed to question C.01 below. Otherwise, please complete questions B.11 to B.14 before proceeding to question C.01. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 3.13 | B.11 | Does your firm have group-wide AML/CFT Systems to ensure that all of its 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 AMLO (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, would your firm 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, would your firm do 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, has your firm implemented the following measures 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 |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
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| **(C) Customer Due Diligence (CDD)** | | | | | | | | | | | |
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| **Firms 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 | Does your firm 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 your firm is satisfied that it knows who the beneficial owner is, including in the case of a legal person or trust, measures to enable it 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 your firm 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 | Does your firm carry out CDD measures in relation to a customer in the following conditions? |  |  | |  | |  |  |  |  |
|  |  | 1. Before establishing a business relationship with the customer |  |  | |  | |  |  |  |  |
|  |  | 1. When your firm suspects that the customer or the customer's account is involved in ML/TF |  |  | |  | |  |  |  |  |
|  |  | 1. When your firm doubts 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 |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to identify and verify the true and full identity of each customer 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 | Does your firm have customers that are natural persons?  If your firm does not have any customers that are natural persons, please select 'N/A' as the answer to this question and proceed to question C.08. Otherwise, please complete questions C.04 to C.07 before proceeding to question C.08. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.2.2 | C.04 | Does your firm 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 |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.2.1, 4.2.3 | C.05 | In verifying the identity of a customer that is a natural person, does your firm 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 | Does your firm retain a copy of the identification document or record of a customer that is a natural person? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.2.4 | C.07 | Does your firm obtain the residential address information of a customer that is a natural person? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Customer that is a legal person | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.2.5 | C.08 | Does your firm have customers that are legal persons?  If your firm does not have any customers that are legal persons, please select 'N/A' as the answer to this question and proceed to question C.12. Otherwise, please complete questions C.09 to C.11 before proceeding to question C.12. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.2.5 | C.09 | Does your firm 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) |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.2.1, 4.2.6 | C.10 | In verifying the identity of a customer that is a legal person, does your firm 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, would your firm satisfy itself as to the legitimate purpose of the organisation, eg, by requesting sight of the constitutive document? |  |  | |  | |  |  |  |  |
|  | | | | | | | | | | | |
| Customer that is a trust or other similar legal arrangement | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.2.9 | C.12 | Does your firm have customers that are trusts or other similar legal arrangements?  If your firm does not have any customers that are trusts or other similar legal arrangements, please select 'N/A' as the answer to this question and proceed to question C.16. Otherwise, please complete questions C.13 to C.15 before proceeding to question C.16. |  | |  |  |  | |  |  |  |
| 4.2.9 | C.13 | If a trustee enters into a business relationship or carries out occasional transactions on behalf of the trust, would your firm regard the trustee as its 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.14 | Does your firm 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) |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.2.1, 4.2.11 | C.15 | In verifying the identity of a customer that is a trust or other similar legal arrangement, does your firm 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.16 | Where a customer is a legal person, a trust or other similar legal arrangement, does your firm identify the connected parties of the customer by obtaining their names? |  | |  |  |  | |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to identify and take reasonable measures to verify the identity of a beneficial owner.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.3.1, 4.3.3 | C.17 | Does your firm identify the beneficial owner in relation to a customer, and take reasonable measures to verify the beneficial owner's identity so that your firm is satisfied that it knows who the beneficial owner is? |  | |  |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.3.2 | C.18 | When identifying a beneficial owner, does your firm obtain the following identification information? |  | |  |  | |  |  |  |  |
|  |  | 1. Full name |  |  | |  | |  |  |  |  |
|  |  | 1. Date of birth |  |  | |  | |  |  |  |  |
|  |  | 1. Nationality |  |  | |  | |  |  |  |  |
|  |  | 1. Unique identification number and document type |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.3.4 | C.19 | If the ownership structure of a customer involves different type of legal persons or legal arrangements, would your firm pay attention to who has ultimate ownership or control over the customer, or who constitutes the controlling mind and management of the customer when determining who the beneficial owner is? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Beneficial owner in relation to a natural person | | | | | | | | | | | |
| *Note: Skip question C.20 if the answer to question C.03 is 'N/A'.* | | | | | | | | | | | |
|  | | | | | | | | | | | |
| 4.3.5 | C.20 | Where there are indications that a customer that is a natural person is not acting on his own behalf, does your firm make appropriate enquiries to identify the beneficial owner of the customer? |  | |  |  | |  |  |  |  |
|  | | | | | | | | | | | |
| Beneficial owner in relation to a legal person | | | | | | | | | | | |
| *Note: Skip question C.21 if the answer to question C.08 is 'N/A'.* | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.3.9 | C.21 | For a customer that is a legal person, if there is no natural person who falls within the definition of beneficial owners, would your firm 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? |  | |  |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Beneficial owner in relation to a trust or other similar legal arrangement | | | | | | | | | | | |
| *Note: Skip questions C.22 to C.24 if the answer to question C.12 is 'N/A'.* | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.3.11 | C.22 | For a customer that is a trust, does your firm identify the settlor, the trustee, 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.23 | For a customer that is an other similar legal arrangement, does your firm identify any natural person in equivalent or similar positions to beneficial owner of a trust as stated in question C.22 and take reasonable measures to verify the identity of such person? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.3.12 | C.24 | For a beneficiary of a trust designated by characteristics or by class, does your firm obtain sufficient information concerning the beneficiary to satisfy itself that it 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.25 | For a customer who is not a natural person, does your firm take steps to understand its ownership and control structure, including identification of any intermediate layers? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.3.14 | C.26 | Where a customer has a complex ownership or control structure, does your firm obtain sufficient information to satisfy itself that there is a legitimate reason behind the particular structure employed? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to identify and take reasonable measures to verify the identity and authority of a person purporting to act on behalf of the customer (PPTA).** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.4.1 | C.27 | Has your firm 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.28 | Does your firm 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.29 | Does your firm verify the authority of each PPTA by appropriate documentary evidence (eg, board resolution or similar written authorisation)? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to take appropriate measures to ensure reliability of documents, data or information obtained.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.5.2 | C.30 | Does your firm 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 your firm? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.5.3 | C.31 | When using documents for verification, would your firm 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.32 | If a natural person customer or a person representing a legal person, a trust or other similar legal arrangement to establish a business relationship with your firm is physically present during the CDD process, would your firm’s staff have sight of the original identification document and retain a copy of the document? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.5.4 | C.33 | In case where an original identification document cannot be produced by the customers, would your firm take appropriate measures to ensure the reliability of identification documents obtained? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.5.5 | C.34 | Where the documents, data or information being used for the purposes of identification are in a foreign language, does your firm take appropriate steps to reasonably satisfy itself that the documents in fact provide evidence of the customer’s identity? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to understand the purpose and intended nature of the business relationship established.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.6.2 | C.35 | Does your firm obtain satisfactory information from all new customers as to the intended purpose and reason for opening the account or establishing the business relationship, and record the information on the account opening documentation, unless the purpose and intended nature of the business relationship are obvious? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms 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.36 | Does your firm allow the verification of the identity of a customer and any beneficial owner of the customers to take place after establishing a business relationship, ie, delayed identity verification?   If your firm does not allow delayed identity verification, please select 'N/A' as the answer to this question and proceed to question C.40. Otherwise, please complete questions C.37 to C.39 before proceeding to question C.40. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.7.1 | C.37 | Does your firm: |  |  | |  | |  |  |  |  |
|  |  | 1. apply delayed identity verification on an exceptional basis; and |  |  | |  | |  |  |  |  |
|  |  | 1. consider the following conditions before applying delayed identification verification? |  |  | |  | |  |  |  |  |
|  |  | * 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.38.1 | Has your firm adopted appropriate risk management policies and procedures for delayed identity verification concerning the conditions under which the customer may utilise the business relationship prior to verification? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | C.38.2 | If yes, does your firm’s 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.39 | If identity verification cannot be completed within the reasonable timeframe set in your firm’s risk management policies and procedures, would your firm 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 a suspicious transaction report (STR) to the JFIU? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms may conduct simplified customer due diligence (SDD) instead of full CDD measures given reasonable grounds to support it.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.8.1 | C.40 | Does your firm apply SDD instead of full CDD measures for your firm’s eligible customers?  If your firm does not apply SDD for your firm’s customers, please select 'N/A' as the answer to this question and proceed to question C.43. Otherwise, please complete questions C.41 to C.42 before proceeding to question C.43. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.8.2 | C.41 | Does your firm refrain from applying SDD when it suspects that the customer, the customer's account or the transaction is involved in ML/TF, or when your firm doubts 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.42 | Does your firm perform a robust assessment to ensure the respective conditions or circumstances of the following specific types of customers or products related to the transactions of the customers are met before applying SDD?  If your firm does not have the specific types of customers or customers that conduct transactions relating to the specific type of products specified in sub-questions C.42.1 to C.42.9, please select 'N/A' as the answer to the sub-question and proceed to the next sub-question. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| FI as defined in the AMLO | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.8.3 (a), 4.8.6 | C.42.1 | A customer that 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.42.2 | A customer that 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 the 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.42.3 | A customer that 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.42.4 | A customer that 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.42.5 | In respect of a customer that is an investment vehicle, if the person responsible for carrying out CDD measures (eg, investment vehicle itself or appointed institution) does not fall within any of the categories of institution set out in section 4(3)(d) of Schedule 2, would your firm identify and take reasonable measures to verify the identity of any investor of the investment vehicle in accordance with the requirements for identification and verification of a beneficial owner of a specific type of customer? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Government and public body | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.8.3 (e) | C.42.6 | A customer that is the Government or any public body in Hong Kong. |  |  | |  | |  |  |  |  |
| 4.8.3 (f) | C.42.7 | A customer that 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.42.8 | The transaction conducted by a 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.42.9 | A customer that 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. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms 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.43 | In any situation that by its nature presents a high risk of ML/TF, does your firm comply with the following special requirements? |  |  | |  | |  |  |  |  |
|  |  | 1. Obtaining the approval of senior management to establish a business relationship, or continue an existing business relationship where the relationship subsequently presents a high risk of ML/TF |  |  | |  | |  |  |  |  |
|  |  | 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 |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms 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.44 | Does your firm accept customers that are not physically present for identification purposes to open an account?   If your firm does not accept customers that are not physically present at account opening, please select 'N/A' as the answer to this question and proceed to question C.47. Otherwise, please complete questions C.45.1 to C.46 before proceeding to question C.47. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.10.2, 4.10.3 | C.45.1 | Does your firm take additional measures to mitigate any risk (eg, impersonation risk) associated with customers who are not physically present for identification purposes (save for those customers whose identities have been verified on the basis of data or information provided by a digital identification system that is a reliable and independent source that is recognised by the RA)? |  | |  |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | C.45.2 | If yes, do such additional measures 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 |  |  | |  | |  |  |  |  |
| 4.10.5 |  | 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 your firm |  |  | |  | |  |  |  |  |
|  |  | 1. Ensuring that the payment or, if there is more than one payment, the first payment made in relation to the customer's account is carried out through an account opened in the customer's name with an authorized institution, or an institution that: |  |  | |  | |  |  |  |  |
|  |  | 1. is incorporated or established in an equivalent jurisdiction; |  |  | |  | |  |  |  |  |
|  |  | 1. carries on a business similar to that carried on by an authorized institution; |  |  | |  | |  |  |  |  |
|  |  | 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 by authorities in that jurisdiction that perform functions similar to those of the Hong Kong Monetary Authority |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.10.6 | C.46 | Does your firm also comply 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to determine whether a customer or the beneficial owner is a politically exposed person (PEP) and, where appropriate, apply special requirements and additional measures for PEPs.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.11.3 | C.47 | Has your firm implemented appropriate risk management systems to identify PEPs? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.11.7, 4.11.20 – 21 | C.48 | Does your firm define what a PEP (non-Hong Kong PEP, Hong Kong PEP and international organisation PEP) is in its AML/CFT policies and procedures? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.11.6 | C.49 | Does your firm provide sufficient guidance and examples to its staff to enable them to identify all types of PEPs? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.11.9 and 4.11.23 | C.50.1 | Has your firm established and maintained effective procedures for determining whether a customer or a beneficial owner of a customer is a PEP? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | C.50.2 | If yes, does your firm perform screening and searches (eg, by making reference to publicly available information and/or screening against commercially available databases) to determine if a customer or a beneficial owner of a customer is a PEP? |  |  | |  | |  |  |  |  |
| Non-Hong Kong PEPs | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.11.12 | C.51 | Does your firm apply the following measures when it knows that a customer or a beneficial owner of a customer is a non-Hong Kong PEP? |  |  | |  | |  |  |  |  |
|  |  | 1. Obtaining approval from its 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.52 | Does your firm take into account the following factors when determining the extent of measures to be applied on the non-Hong Kong PEP? |  |  | |  | |  |  |  |  |
|  |  | 1. The prominent public functions that a non-Hong Kong PEP holds |  |  | |  | |  |  |  |  |
|  |  | 1. The geographical risk associated with the jurisdiction where a non-Hong Kong PEP holds prominent public functions |  |  | |  | |  |  |  |  |
|  |  | 1. The nature of the business relationship |  |  | |  | |  |  |  |  |
|  |  | 1. In relation to a former non-Hong Kong PEP, the risk factors specified in C.54 |  |  | |  | |  |  |  |  |
|  |  | 1. Others, please specify and further elaborate |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.11.19 | C.53 | Does your firm adopt an RBA and decide not to apply, or not to continue to apply, the measures set out in C.51 to a former non-Hong Kong PEP who no longer presents a high risk of ML/TF after stepping down?  If your firm applies, or continues to apply, the measures set out in C.51 to a former non-Hong Kong PEP who no longer presents a high risk of ML/TF after stepping down, please select 'N/A' as the answer to this question and proceed to question C.55. Otherwise, please complete question C.54 before proceeding to question C.55. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.11.19 | C.54 | To determine whether a former non-Hong Kong PEP no longer presents a high risk of ML/TF, does your firm conduct an appropriate assessment of the ML/TF risk associated with the previous PEP status taking into account the following factors? |  |  | |  | |  |  |  |  |
|  |  | 1. The level of (informal) influence that the individual could still exercise |  |  | |  | |  |  |  |  |
|  |  | 1. The seniority of the position that the individual held as a non-Hong Kong PEP |  |  | |  | |  |  |  |  |
|  |  | 1. Whether the individual’s previous and current functions are linked in any way (eg, formally by appointment of the former non-Hong Kong PEP’s successor, or informally by the fact that the former non-Hong Kong PEP continues to deal with the same substantive matters) |  |  | |  | |  |  |  |  |
|  |  | 1. Others, please specify and further elaborate |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Hong Kong PEPs and international organisation PEPs | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.11.24 | C.55 | Does your firm apply the measures mentioned in question C.51 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 Hong Kong PEP or an international organisation PEP |  |  | |  | |  |  |  |  |
|  |  | 1. When continuing an existing business relationship with a customer who is or whose beneficial owner is a Hong Kong 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 Hong Kong PEP or an international organisation PEP |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.11.25 | C.56 | Does your firm adopt an RBA and decide not to apply, or not to continue to apply, the measures to a Hong Kong PEP or an international organisation PEP who has been but not currently entrusted with a prominent (public) function (hereafter referred to as "former Hong Kong PEP" or "former international organisation PEP") and no longer presents a high risk of ML/TF after stepping down?  If your firm applies, or continues to apply, the measures set out in C.51 to a former Hong Kong PEP or a former international organisation PEP who no longer presents a high risk of ML/TF after stepping down, please select 'N/A' as the answer to this question and proceed to question C.58. Otherwise, please complete question C.57 before proceeding to question C.58. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.11.25 | C.57 | To determine whether a former Hong Kong PEP or a former international organisation PEP no longer presents a high risk of ML/TF, does your firm conduct an appropriate assessment of the ML/TF risk associated with the previous PEP status taking into account the following risk factors? |  |  | |  | |  |  |  |  |
|  |  | 1. The level of (informal) influence that the individual could still exercise |  |  | |  | |  |  |  |  |
|  |  | 1. The seniority of the position that the individual held as a Hong Kong PEP or an international organisation PEP |  |  | |  | |  |  |  |  |
|  |  | 1. Whether the individual’s previous and current functions are linked in any way (eg, formally by appointment of the successor of the former Hong Kong PEP or the former international organisation PEP, or informally by the fact that the former Hong Kong PEP or the former international organisation PEP continues to deal with the same substantive matters) |  |  | |  | |  |  |  |  |
|  |  | 1. Others, please specify and further elaborate |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Due to the higher ML/TF risks associated with bearer shares, bearer share warrants and nominee shareholders, Firms should take appropriate measures to ensure that they are not misused for ML.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| Bearer shares and bearer share warrants | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.12.1 | C.58 | Has your firm adopted procedures to establish the identities of the beneficial owners of the physical bearer share certificate or bearer share warrant certificate and ensure that your firm is notified whenever there is a change of beneficial owner of such shares or share warrants? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.12.2 | C.59.1 | Does your firm seek independent evidence where bearer shares or bearer share warrants have been deposited with an authorised/registered custodian? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.12.2 | C.59.2 | If yes, does your firm obtain evidence to confirm the holding of the bearer shares or bearer share warrants by the authorised/registered custodian as part of the ongoing periodic review for it? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.12.3 | C.60 | In the case where the bearer shares or bearer share warrants are not deposited with an authorised/registered custodian, would your firm obtain declarations prior to account opening and annually thereafter from each beneficial owner of such shares or share warrants, and require the customer to notify your firm immediately of any changes in the ownership of the shares or share warrants? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Nominee shareholders | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.12.4 | C.61 | In the case where a customer is identified to have nominee shareholders in its ownership structure, would your firm 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to pay attention to jurisdictions posing a higher risk.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.13.1 | C.62.1 | Does your firm 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 Financial Action Task Force (FATF) as having strategic AML/CFT deficiencies; |  |  | |  | |  |  |  |  |
|  |  | 1. transactions and business connected with jurisdictions assessed as higher risk? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.9.2 | C.62.2 | If yes, does your firm perform the following due diligence procedures for such business relationships? |  |  | |  | |  |  |  |  |
|  |  | 1. Obtaining the approval of senior management to establish a business relationship, or continue an existing business relationship where the relationship subsequently presents a high risk of ML/TF |  |  | |  | |  |  |  |  |
|  |  | 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.63 | Does your firm 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 United Nations |  |  | |  | |  |  |  |  |
|  |  | 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, Firms should apply additional measures to mitigate the associated ML/TF risks.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.14.1 | C.64 | Does your firm 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are ultimately responsible for ensuring CDD requirements are met when intermediaries were relied upon to perform any part of the CDD measures.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.15.1 | C.65 | Does your firm rely on any intermediaries to perform any part of your firm’s CDD measures set out in section 2 of Schedule 2?  If your firm does not rely on any intermediaries, please select 'N/A' as the answer to this question and proceed to question C.77. Otherwise, please complete questions C.66 to C.76.2 before proceeding to question C.77. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.15.2, 4.15.3 | C.66 | When intermediaries (not including outsourcing or agency relationships) are relied on to perform any part of the CDD measures, does your firm perform the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Obtain written confirmation from the intermediary that the intermediary agrees to act as your firm’s 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.67 | After the intermediaries have carried out the CDD measure(s),does your firm immediately obtain from the intermediaries the data or information that the intermediaries obtained in the course of carrying out that measure(s)? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.15.5 | C.68 | If the CDD related documents and records are kept by an intermediary, would your firm perform the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Obtain an undertaking from the intermediary to keep all underlying CDD information throughout the continuance of your firm’s business relationship with the customer and for at least five years beginning on the date on which the business relationship of a customer with your firm ends or until such time as may be specified by the RA |  |  | |  | |  |  |  |  |
|  |  | 1. Ensure that the intermediary will, if requested by your firm within the period specified in the record-keeping requirements of AMLO, provide to your firm 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 your firm anymore |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.15.6 | C.69 | Does your firm 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.70 | Does your firm take reasonable steps to review intermediaries' ability to perform their CDD duties whenever your firm has doubts as to the reliability of intermediaries? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | C.71 | Does your firm rely on a domestic intermediary to perform any part of the CDD measures set out in section 2 to Schedule 2?  If your firm does not rely on a domestic intermediary to perform any part of the CDD measures set out in section 2 to Schedule, please select 'N/A' as the answer to this question and proceed to question C.73. Otherwise, please complete questions C.72.1 and C.72.2 before proceeding to question C.73. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.15.8 | C.72.1 | Is your firm satisfied that the domestic intermediary falls into one of the following categories?  If your firm does not rely on a domestic intermediary that belongs to specific categories specified in (a) – (e), please select 'N/A' for that business or profession. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  |  | 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, as defined by section 2(1) of the Professional Accountants Ordinance (Cap. 50), or a certified public accountant (practising) as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588); |  |  | |  | |  |  |  |  |
|  |  | * 1. a corporate practice as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588); or |  |  | |  | |  |  |  |  |
|  |  | * 1. a CPA firm as defined by section 2(1) of the Accounting and Financial Reporting Council Ordinance (Cap. 588) |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  |  | 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 |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.15.9 | C.72.2 | Does your firm take the following measures to ascertain that a domestic intermediary is eligible (see C.72.1) to be relied upon to perform any part of the CDD 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 |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | C.73 | Does your firm rely on an overseas intermediary carrying on business or practising in an equivalent jurisdiction to perform any part of the CDD measures set out in section 2 to Schedule 2?  If your firm does not rely on an overseas intermediary to perform any part of the CDD measures set out in section 2 to Schedule, please select 'N/A' as the answer to this question and proceed to question C.75. Otherwise, please complete questions C.74.1 and C.74.2 before proceeding to question C.75. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.15.10 | C.74.1 | Is your firm satisfied that the overseas 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.74.2 | Does your firm take the following measures to ascertain that an overseas intermediary is eligible to be relied upon to perform any part of the CDD 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 |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | C.75 | Does your firm rely on a related foreign FI to perform any part of the CDD measures set out in section 2 of Schedule 2?  If your firm does not rely on a related foreign FI to perform any part of the CDD measures set out in section 2 of Schedule 2, please select 'N/A' as the answer to this question and proceed to question C.77. Otherwise, please complete questions C.76.1 and C.76.2 before proceeding to question C.77. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.15.12 | C.76.1 | Is your firm satisfied that the intermediary that is a related foreign FI: |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  |  | 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 and 4.15.14 | C.76.2 | To ensure that a related foreign FI being relied upon satisfies the criteria set out in question C.76.1(b) above, does your firm: |  |  | |  | |  |  |  |  |
|  |  | 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 itself 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to perform CDD measures on pre-existing customers when trigger events occur.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.16.1 and 12.5.1 | C.77 | Does your firm perform CDD measures on its 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 firm’s knowledge of the customer or the customer's business or risk profile, or with your firm’s 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. Your firm suspects that the customer or the customer's account is involved in ML/TF |  |  | |  | |  |  |  |  |
|  |  | 1. Your firm doubts 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 your firm considers and defined in your firm’s policies and procedures, please elaborate further in the text box |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to take appropriate measures when they fail to satisfactorily complete CDD measures.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.17.1 | C.78 | Does your firm take the following measures when it is unable to complete the CDD 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 your firm has 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 |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are not allowed to open, or maintain, any anonymous accounts or accounts in fictitious names for any customer.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.18.1 | C.79 | Does your firm refrain from opening, or maintaining, any anonymous account or account in fictitious names for any customer? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms 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.80 | Does your firm document its assessment of jurisdictional equivalence and review its assessment from time to time? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to apply additional due diligence and other risk mitigating measures for cross-border correspondent relationships.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.1 | C.81 | Does your firm establish or maintain any cross-border correspondent relationships?  If your firm does not establish or maintain any cross-border correspondent relationships, please select 'N/A' as the answer to this question and proceed to question D.01. Otherwise, please complete questions C.82 to C.97 before proceeding to question D.01. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.5 | C.82 | Does your firm apply the following additional due diligence measures when it establishes a cross-border correspondent relationship? |  | |  |  | |  |  |  |  |
|  |  | 1. Collect sufficient information about the respondent institution to enable your firm 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 firm’s senior management |  |  | |  | |  |  |  |  |
|  |  | 1. Understand clearly the respective AML/CFT responsibilities of your firm and the respondent institution within the cross-border correspondent relationship |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.6 | C.83 | Does your firm 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 your firm for the respondent institution (hereafter referred to as "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.84 | Does your firm determine on a risk-sensitive basis the amount of information to collect about the respondent institution to enable your firm 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.85 | When determining from publicly available information the reputation of the respondent institution and the quality of regulatory supervision over the respondent institution, does your firm 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.86 | When assessing the AML/CFT controls of the respondent institution and ascertaining whether these controls are adequate and effective, does your firm 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.87 | For any cross-border correspondent relationship that presents higher risks, does your firm 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.88 | When obtaining approval from your firm’s senior management, does your firm ensure that the level of seniority of the member of your firm’s senior management is commensurate with the assessed ML/TF risk? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.11 | C.89 | When understanding the AML/CFT responsibilities of your firm and the respondent institution within the cross-border correspondent relationship, does your firm 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 firm’s request |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.12 | C.90.1 | Does your firm allow the underlying customers of respondent institutions to directly access and operate the correspondent account? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | C.90.2 | If yes, does your firm take further steps and satisfy itself 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 firm’s 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.91.1 | Does your firm, on a regular basis and/or upon trigger events, review the information obtained by your firm 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | C.91.2 | If these additional due diligence measures have not previously been performed by your firm, would your firm do so during the periodic or event-driven review? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.13 | C.92.1 | Does your firm 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | C.92.2 | If yes, where unusual activities or transactions are detected, would your firm 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.93.1 | Where a cross-border correspondent relationship is established with a related foreign financial institution, does your firm 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 your firm does not adopt the aforementioned streamlined approach, please select 'N/A' as the answer to this question and proceed to question C.94. Otherwise, please complete question C.93.2 before proceeding to question C.94. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | C.93.2 | Does your firm: |  | |  |  | |  |  |  |  |
|  |  | 1. perform a documented assessment and satisfy itself 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; and |  |  | |  | |  |  |  |  |
|  |  | 1. group-wide AML/CFT Systems (including the compliance and audit functions, the provision of customer, account and transaction information to your firm’s 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.94 | Does your firm refrain from establishing or continuing a cross-border correspondent relationship with a shell financial institution? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.15 | C.95 | Does your firm take appropriate measures to satisfy itself that its 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.96.1 | Does your firm 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | C.96.2 | If yes, does your firm ensure that the related FI has taken into account your firm’s own specific circumstances and business arrangements, and your firm’s particular cross-border correspondent relationship with the respondent institution? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.19 | C.97 | If your firm has cross-border correspondent relationships with several respondent institutions in different jurisdictions that belong to the same financial group, would your firm 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** | | | | | | | | | | | |
|  | | | | | | | | | | | |
| **Firms are required to perform effective ongoing monitoring for understanding customer's activities and it helps the Firms to know the customers and to detect unusual or suspicious activities.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 5.1 | D.01 | Does your firm continuously monitor its 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 your firm 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 firm’s 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to keep the customer information up-to-date and relevant.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 5.2 | D.02 | Does your firm 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 | Does your firm 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to establish and maintain adequate systems and processes to monitor transactions.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 5.4 | D.05 | Does your firm take into account the following factors in developing the transaction monitoring systems and processes? |  |  | |  | |  |  |  |  |
|  |  | 1. The size and complexity of your firm’s business |  |  | |  | |  |  |  |  |
|  |  | 1. The ML/TF risks arising from your firm’s business |  |  | |  | |  |  |  |  |
|  |  | 1. The nature of your firm’s 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 | Does your firm 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 | Does your firm 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 | Does your firm take into account the following transaction characteristics in designing its transaction monitoring systems and processes? |  |  | |  | |  |  |  |  |
|  |  | 1. The nature and type of transactions (eg, abnormal size or frequency) |  |  | |  | |  |  |  |  |
|  |  | 1. The nature of a series of transactions (eg, 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.09.1 | Does your firm regularly review the adequacy and effectiveness of its transaction monitoring systems and processes, including (where applicable) parameters and thresholds adopted? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | D.09.2 | If yes, are the parameters and thresholds properly documented and independently validated to ensure that they are appropriate to your firm’s operations and context? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms 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 | Does your firm conduct ongoing monitoring in relation to all business relationships following the RBA? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 5.10 | D.11 | Does your firm 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 non-Hong Kong 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 | Does your firm 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, would your firm carry out further CDD procedures to ensure that the ML/TF risk involved and basis of the relationship are fully understood? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 5.13 | D.14.1 | Does your firm 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 firm’s knowledge of the customer, the customer’s business, risk profile or source of funds |  |  | |  | |  |  |  |  |
|  |  | 1. When your firm identifies 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 | D.14.2 | If yes, does your firm 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, does your firm consider updating the customer risk profile based on any relevant information obtained? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 5.15 | D.16 | Does your firm make an STR to the JFIU where there is any suspicion identified during transaction monitoring? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 5.16 | D.17 | If your firm reasonably believes that performing the CDD process will tip off the customer, would your firm stop pursuing the process, document the basis for its 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, does your firm approach such situations with caution and make relevant further enquiries? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 5.19 | D.19 | Does your firm 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 your firm has been unable to satisfy itself that any cash transaction or third-party deposit or payment is reasonable and therefore consider it suspicious, would your firm make an STR to the JFIU? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **(E) Terrorist financing, financial sanctions and proliferation financing** | | | | | | | | | | | |
|  | | | | | | | | | | | |
| **Firms have to be aware of the scope and focus of relevant financial/trade sanctions regimes.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 6.11 | E.01.1 | Does your firm operate internationally?  If your firm does not operate internationally, please select 'N/A' as the answer to the question and proceed to question E.02. Otherwise, please complete questions E.01.2 to E.01.3 before proceeding to question E.02. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | E.01.2 | If yes, is your firm aware of the scope and focus of relevant sanctions regimes in those jurisdictions? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | E.01.3 | Where these sanctions regimes may affect your firm’s operations, does your firm consider what implications exist and take appropriate measures having regard to sanctions imposed by other organisations or authorities in other jurisdictions? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 6.12 | E.02 | Does your firm implement 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.03.1 | Does your firm maintain a database (internally 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 your firm? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 6.15 | E.03.2 | If yes, are the following lists 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 your firm from time to time |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | E.03.3 | Does the database subject to timely update whenever there are changes? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | E.03.4 | Is the database made easily accessible by relevant staff? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 6.16 | E.04 | To avoid establishing business relationship or conducting transactions with any terrorist suspects and possible persons or entities falling within paragraph 6.7(a) of the AML/CFT Guideline, does your firm’s screening mechanism include the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Screening your firm’s customers and any beneficial owners of the customers against current database at the establishment of the relationship |  |  | |  | |  |  |  |  |
|  |  | 1. Screening your firm’s 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 | Does your firm extend the screening requirements set out in questions E.04(a) and (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 | Does your firm 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, would your firm 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** | | | | | | | | | | | |
|  | | | | | | | | | | | |
| **Firms 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 JFIU).** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 7.5 | F.01 | Once knowledge or suspicion has been formed, does your firm: |  |  | |  | |  |  |  |  |
|  |  | 1. file an STR even where no transaction has been conducted by or through your firm; and |  |  | |  | |  |  |  |  |
|  |  | 1. file an STR as soon as reasonably practical after the suspicion was first identified? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 7.7 | F.02 | Has your firm implemented appropriate AML/CFT Systems in order to fulfil its statutory reporting obligation, and properly manage and mitigate the risk associated with any customer or transaction involved in an STR which 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 | Does your firm have measures in place to check, on an ongoing basis, that your firm’s AML/CFT Systems in relation to suspicious transaction reporting comply with relevant legal and regulatory requirements and operate effectively? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 7.10 | F.04.1 | Does your firm provide sufficient guidance to its staff to enable them to form suspicion or to recognise the signs when ML/TF is taking place? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | F.04.2 | If yes, does your firm provide guidance to its 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; and |  |  | |  | |  |  |  |  |
|  |  | 1. the means of delivery? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 7.12, Appendix B | F.05 | Does your firm have reasonable policies and procedures to identify and analyse relevant red flags of suspicious activities for its 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 your firm detects any relevant red flags mentioned in question F.05 above, would your firm conduct further investigations and make at least initial enquiries about the source of funds? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 7.12 | F.07 | Is your firm aware of elements of individual transactions and situations that might give rise to suspicion of TF in certain circumstances? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms 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.08.1 | Does your firm’s MLRO play an active role in the identification and reporting of suspicious transactions? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | F.08.2 | If yes, does your firm’s 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 | Has your firm 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; and |  |  | |  | |  |  |  |  |
|  |  | 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.12.1 | When evaluating an internal report, does the MLRO take reasonable steps to consider all relevant information, including CDD and ongoing monitoring information available? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | F.12.2 | 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 | F.12.3 | If yes, does your firm document the review process together with any conclusions drawn? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms 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 (eg, where a customer has instructed your firm 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, would your firm indicate this in the STR? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 7.23 | F.14 | Does your firm indicate its intention (if any) to terminate a business relationship in the initial disclosure to the JFIU? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 7.24 | F.15 | Does your firm 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 an imminent action (eg, a restraint order) is needed against an account to which an STR is filed, would your firm take appropriate action and seek legal advice about the operation of the account where necessary? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 7.29 | F.17 | Upon the filing of an STR to the JFIU, does your firm 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 of the same nature or different to the previous suspicion, does your firm ensure that they are reported to the MLRO who should make further reports 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 |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **Firms are required to handle requests from law enforcement agencies in an effective and timely manner.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 7.33 | F.20 | Has your firm established clear policies and procedures to handle the requests from law enforcement agencies, eg, 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 your firm receives a request from a law enforcement agency in relation to a particular customer or business relationship, does your firm timely 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** | | | | | | | | | | | |
|  | | | | | | | | | | | |
| **Firms are required to maintain customer, transaction and other records that are necessary and sufficient to meet the record-keeping requirements.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 8.3 | G.01.1 | Does your firm 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 | G.01.2 | 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 Firm should consider other SFC requirements when determining the record keeping and retention period of each document (ie, under the Securities and Futures (Keeping of Records) Rules).* |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 8.5 | G.02.1 | Does your firm 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 | G.02.2 | 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 Firm should consider other SFC requirements when determining the record keeping and retention period of each document (ie, 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, would your firm ensure that the intermediaries have systems in place to comply with all the record-keeping requirements? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **(H) Staff Training** | | | | | | | | | | | |
|  | | | | | | | | | | | |
| **Firms are required to provide adequate ongoing training for staff in what they need to carry out their particular roles with respect to AML/CFT.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 9.2, 9.3 | H.01 | Has your firm 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.02.1 | Does your firm provide AML/CFT training to its staff to maintain their AML/CFT knowledge and competence? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | H.02.2 | 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 firm’s 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 firm’s staff to carry out their particular roles in your firm with respect to AML/CFT |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 9.5 (a) | H.03.1 | Does your firm provide AML/CFT training for all its new staff, irrespective of their seniority and before work commencement? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | H.03.2 | 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.04.1 | Does your firm provide AML/CFT training for its front-line personnel who are dealing directly with the public? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | H.04.2 | 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 firm’s 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.05.1 | Does your firm provide AML/CFT training for its back-office staff? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | H.05.2 | 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.06.1 | Does your firm provide AML/CFT training for managerial staff including internal audit officers and COs? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | H.06.2 | If yes, does the training program cover the following topics? |  |  | |  | |  |  |  |  |
|  |  | 1. Higher level training covering all aspects of your firm’s 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.07.1 | Does your firm provide AML/CFT training for its MLROs? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | H.07.2 | 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.08.1 | Does your firm maintain the training record details for a minimum of 3 years? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | H.08.2 | 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 | Does your firm monitor the effectiveness of the training 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 firm’s 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** | | | | | | | | | | | |
|  | | | | | | | | | | | |
| **Firms are required to comply with section 12 of Schedule 2 and Chapter 10 of the AML/CFT Guideline if they act as an ordering/beneficiary/intermediary institution as defined in the AMLO.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| Ordering institutions | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
|  | I.01 | Does your firm act as an ordering institution for wire transfers?  If your firm does not act as an ordering institution, please select 'N/A' as the answer to this question and proceed to question I.08 relating to "Beneficiary institution". Otherwise, please complete questions I.02 to I.07.2 before proceeding to question I.08. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.5 | I.02 | Does your firm 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 | Does your firm 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), does your firm 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), does your firm verify the identity of the originator? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.9 | I.06 | For an occasional wire transfer involving an amount below $8,000 (or an equivalent amount in any other currency), does your firm 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.13 | I.07.1 | Has your firm established and maintained effective procedures to ensure that proper safeguards exist to prevent carrying out outgoing wire transfers that do not comply with the relevant originator or recipient information requirements? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | I.07.2 | If yes, does your firm: |  |  | |  | |  |  |  |  |
|  |  | 1. take reasonable measures to identify whether domestic or cross-border wire transfers lack required originator information or required recipient information; |  |  | |  | |  |  |  |  |
|  |  | 1. have risk-based policies and procedures for handling wire transfers lacking required originator information or required recipient information, and timely rectifying any control deficiencies identified? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Beneficiary institutions | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
|  | I.08 | Does your firm act as a beneficiary institution for wire transfers?  If your firm does not act as a beneficiary institution, please select 'N/A' as the answer to this question and proceed to question I.13 relating to "Intermediary institution". Otherwise, please complete questions I.09.1 to I.12 before proceeding to I.13. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.19 | I.09.1 | Has your firm established and maintained effective procedures for identifying and handling incoming wire transfers that do not comply with the relevant originator or recipient information requirements? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | I.09.2 | If yes, does your firm: |  |  | |  | |  |  |  |  |
|  |  | 1. take reasonable measures (eg, 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.20 | I.10.1 | In respect of the risk-based policies and procedures mentioned in question I.09 above, if a domestic or cross-border wire transfer is not accompanied by the required originator information or required recipient information, would your firm, as soon as reasonably practicable, obtain the missing information from the institution from which your firm receives the transfer instruction? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | I.10.2 | If such information cannot be obtained, would your firm consider one of the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Restrict or terminate your firm’s business relationship with that institution |  |  | |  | |  |  |  |  |
|  |  | 1. Take reasonable measures to mitigate the risk of ML/TF involved |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.21 | I.11 | If your firm is aware that the accompanying information that purports to be the required originator information or required recipient information is incomplete or meaningless, would your firm, as soon as reasonably practicable, take reasonable measures to mitigate the risk of ML/TF involved? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.22 | I.12 | For a wire transfer of amount equal to or above $8,000 (or an equivalent amount in any other currency), does your firm verify the identity of the recipient, if the identity has not been previously verified? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Intermediary Institutions | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
|  | I.13 | Does your firm act as an intermediary institution for wire transfers?  If your firm does not act as an intermediary institution, please select 'N/A' as the answer to this question and proceed to question J.01. Otherwise, please complete questions I.14 to I.18 before proceeding to question J.01. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.14 | I.14 | Does your firm 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 your firm passes on the transfer instruction? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.15 | I.15 | 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, does your firm keep a record, for at least five years, of all the information received from the ordering institution or another intermediary institution? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.16 | I.16.1 | Has your firm established and maintained effective procedures for identifying and handling incoming wire transfers that have not complied with the relevant originator or recipient information requirements? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | I.16.2 | If yes, does your firm: |  |  | |  | |  |  |  |  |
|  |  | 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.17 | I.17.1 | In respect of the risk-based policies and procedures mentioned in question I.16.2 above, if a cross-border wire transfer is not accompanied by the required originator information or required recipient information, would your firm, as soon as reasonably practicable, obtain the missing information from the institution from which your firm receives the transfer instruction? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | I.17.2 | If such information cannot be obtained, would your firm consider one of the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Restrict or terminate your firm’s business relationship with that institution |  |  | |  | |  |  |  |  |
|  |  | 1. Take reasonable measures to mitigate the risk of ML/TF involved |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 10.18 | I.18 | If your firm is aware that the accompanying information that purports to be the required originator information or required recipient information is incomplete or meaningless, would your firm, as soon as reasonably practicable, take reasonable measures to mitigate the risk of ML/TF involved? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **(J) Third-party deposits and payments** | | | | | | | | | | | |
|  | | | | | | | | | | | |
| **Firms 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 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 | Does your firm 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.02.1 | Has your firm 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | J.02.2 | If yes, does your firm’s policies and procedures address the following aspects? |  |  | |  | |  |  |  |  |
|  |  | 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 in the form of funds (ie, fiat currency) |  |  | |  | |  |  |  |  |
|  |  | 1. If applicable, the due diligence process for assessing whether third-party deposits or payments meet the evaluation criteria for acceptance |  |  | |  | |  |  |  |  |
|  |  | 1. If your firm allows 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 | Does your firm 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 | Does your firm accept third-party deposits or payments?  If your firm does not accept any third-party deposits or payments under all circumstances, please select 'N/A' as the answer to this question and proceed to question J.10. Otherwise, please complete questions J.06 to J.09 before proceeding to question J.10. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 11.5 | J.06 | Does your firm’s 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, would the standing approval subject to review periodically or upon trigger events to ensure that it remains appropriate? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 11.7 | J.08 | Does your firm 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 | Does your firm 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 in the form of funds | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
|  | J.10 | Does your firm allow due diligence on the source of a deposit and evaluation of any third-party deposit ("third-party deposit due diligence") to be delayed?  If your firm does not allow third-party deposit due diligence to be delayed, please select 'N/A' as the answer to this question and proceed to question K.01. Otherwise, please complete questions J.11 to J.14 before proceeding to question K.01. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 11.9 | J.11 | Does your firm subject to the following conditions when it allows third-party deposit due diligence to be delayed: |  |  | |  | |  |  |  |  |
|  |  | 1. such delay is accepted in exceptional situations; |  |  | |  | |  |  |  |  |
|  |  | 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.12.1 | Has your firm 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | J.12.2 | 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, would your firm refrain from carrying out further transactions for the customer? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 11.11 | J.14 | Further to question J.13, would your firm 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 your firm, or otherwise refuses to cooperate with the third-party deposit due diligence process? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| **(K) Virtual assets** | | | | | | | | | | | |
|  | | | | | | | | | | | |
| **Firms are required to take all reasonable measures to ensure that proper safeguards exist to prevent a contravention of any requirement under Part 2 or 3 of Schedule 2 and to mitigate the ML/TF risks in relation to virtual assets, having regard to the guidance and requirements set out in Chapter 12 of the AML/CFT Guideline as well as relevant circulars and frequently asked questions published by the SFC from time to time.** | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.01 | Is your firm (i) an SFC-licensed VAS Provider or (ii) a licensed corporation that carries out businesses associated with virtual assets or businesses which give rise to ML/TF risks in relation to virtual assets?  If your firm is neither an SFC-licensed VAS Provider nor a licensed corporation that carries out businesses associated with virtual assets or businesses which give rise to ML/TF risks in relation to virtual assets, please select 'N/A' as the answer to this question and this is the end of the AML/CFT Self-Assessment Checklist for your firm. Otherwise, please complete questions K.02 to K.67.3 below. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Risk-based approach | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 2.6, 2.7, 12.2.1, 12.2.3, 12.15 and Appendix A | K.02 | Does your firm holistically consider the range of factors set out in paragraph 12.2.1 of the AML/CFT Guideline and the lists of illustrative risk indicators set out in paragraphs 12.15 of and Appendix A to the AML/CFT Guideline when conducting institutional risk assessment and customer risk assessment? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 2.8, 12.2.2 | K.03.1 | Does your firm identify and assess the ML/TF risks that may arise from conducting virtual asset transactions involving the use of anonymity-enhancing technologies or mechanisms, including but not limited to anonymity-enhanced virtual assets, mixers, tumblers, privacy wallets and other technologies that obfuscate the identity of the originator, recipient, holder, or beneficial owner of a virtual asset? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.03.2 | If yes, would your firm take appropriate measures to mitigate and manage the risks identified and refrain from conducting the virtual asset transactions if the identified risks cannot be mitigated and managed? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.4.1, 12.7.5 | K.04 | Does your firm obtain and monitor the following additional customer information that enables your firm to identify, manage and mitigate the ML/TF risks associated with the channels (eg, non-face-to-face channels such as web-based platforms and mobile applications) through which your firm establishes business relationship with its customers, and/or through which its customers conduct virtual asset transactions? |  |  | |  | |  |  |  |  |
|  |  | 1. IP address(es) with an associated time stamp |  |  | |  | |  |  |  |  |
|  |  | 1. Geo-location data |  |  | |  | |  |  |  |  |
|  |  | 1. Device identifier(s) |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Cross-border correspondent relationships in the context of virtual asset trading transaction for a virtual asset service provider (VASP) or a financial institution | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.1, 12.6.1 | K.05 | Does your firm establish or maintain any cross-border correspondent relationships?  If your firm does not establish or maintain any cross-border correspondent relationships, pleas select 'N/A' as the answer to this question and proceed to question K.12. Otherwise, please complete questions K.06 to K.11 before proceeding to question K12. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.7, 12.6.3 | K.06 | Does your firm understand the following aspects when determining on a risk-sensitive basis the amount of information to collect about a respondent institution to enable your firm to understand the nature of the respondent institution’s business? |  |  | |  | |  |  |  |  |
|  |  | 1. Whether the respondent institution engages in activities or transactions involving virtual assets that provide higher anonymity such as anonymity-enhanced virtual assets |  |  | |  | |  |  |  |  |
|  |  | 1. The extent to which any of the activities or transactions are conducted for non-resident customers of the respondent institution |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.9, 12.6.4 | K.07 | Does your firm assess and ascertain the adequacy and effectiveness of the following areas of the AML/CFT controls of a respondent institution which handles virtual asset transactions? |  |  | |  | |  |  |  |  |
|  |  | 1. AML/CFT controls implemented by the respondent institution in relation to, among other things, virtual asset transfers |  |  | |  | |  |  |  |  |
|  |  | 1. Screening of virtual asset transactions and the associated wallet addresses |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.13(b), 12.6.5 | K.08.1 | Does your firm monitor transactions of the respondent institution with a view to detect 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? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.6.5, 12.7.2 – 12.7.4, 12.7.6 | K.08.2 | If yes, does your firm take into account the requirements for ongoing monitoring of virtual asset transactions and the associated wallet addresses in paragraphs 12.7.2 to 12.7.4 and 12.7.6 of the AML/CFT Guideline? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.6.6 | K.09 | Does your firm prohibit to establish or continue a cross-border correspondent relationship with a shell VASP? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.6.6 | K.10 | Does your firm take appropriate measures to satisfy itself that the respondent institutions do not permit their correspondent accounts to be used by shell VASPs?  *Note: This includes a nested correspondent relationship under which the respondent institution uses the correspondent account to provide services to a shell VASP with which your firm has a business relationship.* |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 4.20.5 – 4.20.13, 12.6.3 – 12.6.4, 12.6.8 | K.11 | When your firm establishes similar business relationships with VASPs or financial institutions operating in Hong Kong ("correspondent relationships"), does your firm adopt an RBA in applying the additional due diligence and other risk mitigating measures for the correspondent relationships with VASPs or financial institutions operating in Hong Kong? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Ongoing monitoring in relation to virtual asset transactions and activities | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.12 | Does your firm accept deposit or payment from or to its customers and/or third parties in the form of virtual assets?  If your firm does not accept deposit or payment from or to its customers and/or third parties in the form of virtual assets, please select 'N/A' as the answer to this question and proceed to question K.22. Otherwise, please complete questions K.13 to K.21.2 before proceeding to question K22. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.7.2 | K.13 | Has your firm implemented effective risk-based transaction monitoring procedures to detect the origin and destination of the virtual assets transferred from or to its customers or other parties in relation to virtual asset transactions conducted for its customers, particularly those from or to a VA transfer counterparty that presents a higher ML/TF risk or an unhosted wallet, and to identify and report suspicious transactions as well as take appropriate follow-up actions? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.7.3 | K.14.1 | Has your firm established and maintained adequate and effective systems and controls to conduct screening of virtual asset transactions and the associated wallet addresses? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.14.2 | If yes, does your firm perform the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Track the transaction history of virtual assets to more accurately identify the source and destination of these virtual assets |  |  | |  | |  |  |  |  |
|  |  | 1. Identify transactions involving wallet addresses that are directly and/or indirectly associated with illicit or suspicious activities/sources, or designated parties |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.7.3 | K.15.1 | Does your firm adopt appropriate technological solutions (eg, blockchain analytic tools) that enable the tracking of virtual assets and the associated wallet addresses and identification of potentially suspicious transactions? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.7.4 | K.15.2 | If yes, is your firm’s technological solution provided by an external party to conduct screening of virtual asset transactions and the associated wallet addresses? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.15.3 | If your firm’s technological solution is provided by an external party, would your firm conduct due diligence on the solution before deploying it, taking into account relevant factors such as:   1. the quality and effectiveness of the tracking and detection tools; 2. the coverage, accuracy and reliability of the information maintained in the database that supports its screening capability (eg, whether the list of wallet addresses that are directly and/or indirectly associated with illicit or suspicious activities/sources, or designated parties, is subject to timely review and update); and 3. any limitations (eg, limited reach of the blockchain analytical tools or inability to deal with virtual assets or wallet addresses involving the use of anonymity-enhancing technologies or mechanisms such as anonymity-enhanced virtual assets, mixers or tumblers)? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.7.6 | K.16 | Has your firm put in place policies and procedures to identify and analyse any additional red flags of suspicious transactions and activities in connection with the screening of virtual asset transactions and the associated wallet addresses as well as the ongoing monitoring of additional customer information, having regard to the list of illustrative indicators of suspicious transactions and activities set out in paragraphs 12.16 of and Appendix B to the AML/CFT Guideline? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.7.6 | K.17 | If your firm detects any relevant red flags mentioned in question K.16 above, would your firm conduct further investigations and take appropriate steps such as making appropriate enquiries with customers to identify if there are any grounds for suspicion? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.7.6 | K.18 | When your firm becomes aware of any heightened ML/TF risks from the screening of virtual asset transactions and the associated wallet addresses or the ongoing monitoring of additional customer information, would your firm apply enhanced CDD and ongoing monitoring, and take other additional preventive or mitigating actions as necessary to mitigate the ML/TF risks involved? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Terrorist financing, financial sanctions and proliferation financing | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 6.16, 12.8.1 | K.19 | Does your firm’s screening mechanism include screening the following relevant parties in a virtual asset transfer against current database before executing the virtual asset transfer? |  |  | |  | |  |  |  |  |
|  |  | 1. The recipient if your firm acts as the ordering institution or the virtual asset is transferred to an unhosted wallet |  |  | |  | |  |  |  |  |
|  |  | 1. The originator if your firm acts as the beneficiary institution or the virtual asset is transferred from an unhosted wallet |  |  | |  | |  |  |  |  |
|  |  | 1. Both the originator and recipient if your firm acts as the intermediary institution |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.8.2 | K.20 | If your firm conducts screening against the relevant parties mentioned in question K.19, would your firm’s screening cover the following information? |  |  | |  | |  |  |  |  |
|  |  | 1. The required originator and recipient information as set out in questions K.29 and K.30 in relation to a virtual asset transfer (including information which may be held separately to the virtual asset itself) |  |  | |  | |  |  |  |  |
|  |  | 1. The required originator and recipient information as set out in questions K.65 and K.66 as obtained from the customer in relation to a virtual asset transfer to or from an unhosted wallet |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.8.3 | K.21.1 | When an incoming virtual asset transfer is conducted without the screening mentioned in questions K.19 and K.20 or when any of the required originator and recipient information in relation to an incoming virtual asset transfer is missing (which renders your firm unable to conduct screening), does your firm take appropriate risk mitigating measures, having regard to its business practices? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.21.2 | If yes, does your firm document the risk mitigating measures that it has taken? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Record-keeping and retention of records | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.9.2 | K.22 | Does your firm keep the following information for a period of at least five years after the completion of a virtual asset transfer, regardless of whether the business relationship ends during the period? |  |  | |  | |  |  |  |  |
|  |  | 1. The required originator and recipient information set out in questions K.29 and K.30 obtained or received by your firm in relation to a virtual asset transfer |  |  | |  | |  |  |  |  |
|  |  | 1. The required originator and recipient information set out in questions K.65 and K.66 obtained by your firm in relation to a virtual asset transfer to or from an unhosted wallet |  |  | |  | |  |  |  |  |
|  | | | | | | | | | | | |
| Third-party deposits and payments | | | | | | | | | | | |
| *Note: Skip questions K.23 to K.26 if the answer to question K.12 is 'N/A'.* | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 11.5 – 11.8, 12.10.7 | K.23 | Does your firm accept third-party deposits or payments in the form of virtual assets only under exceptional and legitimate circumstances and when they are reasonably in line with the customer’s profile and normal commercial practices? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 11.3, 12.10.3 | K.24 | Does your firm’s policies and procedures address the monitoring systems and controls for identifying transactions involving third-party deposits or payments in the form of virtual assets? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.10.4 | K.25 | Does your firm prohibit the delayed due diligence on the source of a deposit or evaluation of a third-party deposit in the form of virtual assets considering the nature and ML/TF risks associated with virtual assets? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.10.6 | K.26 | For deposits and payments in the form of virtual assets: |  |  | |  | |  |  |  |  |
|  |  | 1. are the nature and extent of monitoring systems and controls for identifying transactions involving third-party deposits or payments in the form of virtual assets commensurate with the channel of deposits or payments (ie, whether the deposits or payments were made via a VA transfer counterparty or an unhosted wallet), having regard to the associated ML/TF risks? |  |  | |  | |  |  |  |  |
| 11.5 – 11.8, 12.10.6, 12.10.7 |  | 1. does your firm take reasonable measures on a risk-sensitive basis to ascertain the ownership or control of the account (or wallet address as appropriate)? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Virtual asset transfers | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.3 | K.27 | Does your firm conduct virtual asset transfers to or from an institution including an institution that is a VASP or financial institution (referred to in paragraph 12.6.1 of the AML/CFT Guideline) located in a place within or outside Hong Kong?  If your firm does not conduct virtual asset transfers to or from an institution, please select 'N/A' as the answer to this question and proceed to question K.64. Otherwise, please complete questions K.28 to K.63 before proceeding to question K.64. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| *Ordering institutions* | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.28 | Does your firm act as an ordering institution for a virtual asset transfer?  If your firm does not act as an ordering institution, please select 'N/A' as the answer to this question and proceed to question K.37 relating to "Beneficiary institutions". Otherwise, please complete questions K.29 to K.36 before proceeding to question K.37. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.5 | K.29 | Before carrying out a virtual asset transfer involving virtual assets that amount to not less than $8,000, does your firm obtain and record 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 virtual assets are transferred or, in the absence of such an account, a unique reference number assigned to the virtual asset transfer by your firm |  |  | |  | |  |  |  |  |
|  |  | 1. The originator’s address, 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 virtual assets are transferred or, in the absence of such an account, a unique reference number assigned to the virtual asset transfer by the beneficiary institution |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.6 | K.30 | Before carrying out a virtual asset transfer involving virtual assets that amount to less than $8,000, does your firm obtain and record 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 virtual assets are transferred or, in the absence of such an account, a unique reference number assigned to the virtual asset transfer 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 virtual assets are transferred or, in the absence of such an account, a unique reference number assigned to the virtual asset transfer by the beneficiary institution |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.9 | K.31.1 | Does your firm submit the required originator and recipient information obtained and held as stated in questions K.29 and K.30 (hereafter referred to as "required information") to the beneficiary institution securely? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.12 | K.31.2 | If yes, does your firm perform the following measures to ensure that the required information is submitted in a secure manner? |  |  | |  | |  |  |  |  |
|  |  | 1. Undertake the VA transfer counterparty due diligence measures as set out in paragraphs 12.13 of the AML/CFT Guideline to determine whether the beneficiary institution and, where applicable, the intermediary institution can reasonably be expected to adequately protect the confidentiality and integrity of the information submitted to it |  |  | |  | |  |  |  |  |
|  |  | 1. Take other appropriate measures and controls, for example: |  |  | |  | |  |  |  |  |
|  |  | 1. entering into a bilateral data sharing agreement with the beneficiary institution and, where applicable, the intermediary institution and/or (where applicable) a service-level agreement with the technological solution provider for travel rule compliance which specifies the responsibilities of the institutions involved and/or of the provider to ensure the protection of the confidentiality and integrity of the information submitted |  |  | |  | |  |  |  |  |
|  |  | 1. using, or ensuring the technological solution adopted for travel rule compliance (where applicable) uses, a strong encryption algorithm to encrypt the information during the data submission |  |  | |  | |  |  |  |  |
|  |  | 1. implementing adequate information security controls to prevent unauthorised access, disclosure or alteration |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.12 | K.32 | Does your firm refrain from executing a virtual asset transfer when it could not ensure that the required information could be submitted to a beneficiary institution, and where applicable, an intermediary institution, in a secure manner having regard to the guidance and the VA transfer counterparty due diligence results? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.10, 12.11.13 | K.33 | Does your firm submit the required information to the beneficiary institution immediately (ie, the submission must occur before or when the virtual asset transfer is conducted)? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.14 | K.34 | Does your firm keep records and relevant documents so that it can demonstrate to the RA whether and how the required information is submitted to a beneficiary institution in accordance with the requirements set out in paragraphs 12.11.9 and 12.11.10 of the AML/CFT Guideline? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.15 | K.35 | For a virtual asset transfer involving virtual assets that amount to not less than $8,000, does your firm ensure that the required originator information submitted with the virtual asset transfer is accurate? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.17 | K.36 | Would your firm refrain from executing a virtual asset transfer if your firm is unable to obtain and record the required information or unable to submit the required information to beneficiary institution securely and immediately, having regard to the requirements in paragraphs 12.11.5 to 12.11.16 of the AML/CFT Guideline? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| *Beneficiary institutions* | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.37 | Does your firm act as a beneficiary institution for a virtual asset transfer?  If your firm does not act as a beneficiary institution, please select 'N/A' as the answer to this question and proceed to question K.44 relating to "Intermediary institutions". Otherwise, please complete questions K.38 to K.43 before proceeding to question K.44. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.20 | K.38 | Does your firm obtain and record the required information submitted to it by the institution from which it receives the transfer instruction? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.21 | K.39 | For a virtual asset transfer involving virtual assets that amount to not less than $8,000, would your firm verify the identity of the recipient if the identity has not been previously verified as part of its CDD process? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.21 | K.40 | Does your firm confirm whether the recipient’s name and account number obtained from the institution from which your firm receives the transfer instruction match with the recipient information verified by your firm? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.22 | K.41.1 | Has your firm established and maintained effective procedures for identifying and handling incoming virtual asset transfers that do not comply with the relevant requirements on required originator or recipient information? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.41.2 | If yes, does your firm’s procedures include the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Taking reasonable measures (eg, real-time or post-event monitoring) to identify virtual asset transfers that lack the required information |  |  | |  | |  |  |  |  |
|  |  | 1. Having risk-based policies and procedures for determining: (i) whether and when to execute, suspend (ie, prevent the relevant virtual assets from being made available to the recipient) a virtual asset transfer lacking the required information or, where appropriate, return the relevant virtual assets to the account of the ordering institution or another intermediary institution (hereafter referred to as "instructing institution") from which your firm receives the transfer instruction; and (ii) the appropriate follow-up action? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.23 | K.42.1 | In respect of the risk-based policies and procedures mentioned in question K.41.2(b) above, if the instructing institution does not submit all of the required information in connection with the virtual asset transferred to your firm, would your firm, as soon as reasonably practicable, obtain the missing information from the instructing institution? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.42.2 | If the missing information cannot be obtained, would your firm consider one of the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Restrict or terminate your firm’s business relationship with the institution in relation to virtual asset transfers |  |  | |  | |  |  |  |  |
|  |  | 1. Take reasonable measures to mitigate the risk of ML/TF involved |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.21, 12.11.24 | K.43 | Does your firm, as soon as reasonably practicable, take reasonable measures to mitigate the risk of ML/TF involved in the following circumstances, having regard to the procedures set out in question K.41.2(b)? |  |  | |  | |  |  |  |  |
|  |  | * + - * 1. The recipient’s name and account number obtained from the institution from which your firm receives the transfer instruction does not match with the recipient information verified by your firm |  |  | |  | |  |  |  |  |
|  |  | * + - * 1. If your firm is aware that any of the information submitted to it that purports to be the required information is incomplete or meaningless |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| *Intermediary institutions* | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.44 | Does your firm act as an intermediary institution for a virtual asset transfer?  If your firm does not act as an intermediary institution, please select 'N/A' as the answer to this question and proceed to question K.50. Otherwise, please complete questions K.45 to K.49 before proceeding to question K.50. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.18 | K.45 | Does your firm ensure that all the required information which it receives in connection with the virtual asset transfer is retained with the required information submission, and is transmitted to the institution to which your firm passes on the transfer instruction? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.19 | K.46 | Does your firm transmit the required information as submitted by an ordering institution to another intermediary institution or the beneficiary institution in accordance with the manner set out in paragraphs 12.11.12 to 12.11.13 of the AML/CFT Guideline and the requirement set out in paragraph 12.11.14 of the AML/CFT Guideline? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.22 | K.47.1 | Has your firm established and maintained effective procedures for identifying and handling incoming virtual asset transfers that do not comply with the relevant requirements on required originator or recipient information? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.47.2 | If yes, does your firm’s procedures include the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Taking reasonable measures (eg, real-time or post-event monitoring) to identify virtual asset transfers that lack the required information |  |  | |  | |  |  |  |  |
|  |  | 1. Having risk-based policies and procedures for determining: (i) whether and when to execute, suspend (ie, prevent the relevant virtual assets from being made available to the recipient) a virtual asset transfer lacking the required information or, where appropriate, return the relevant virtual assets to the account of the instructing institution from which your firm receives the transfer instruction; and (ii) the appropriate follow-up action |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.23 | K.48.1 | In respect of the risk-based policies and procedures mentioned in question K.47.2(b) above, if the instructing institution does not submit all of the required information in connection with the virtual asset transferred to your firm, would your firm, as soon as reasonably practicable, obtain the missing information from the instructing institution? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.48.2 | If the missing information cannot be obtained, would your firm consider one of the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Restrict or terminate your firm’s business relationship with the institution in relation to virtual asset transfers |  |  | |  | |  |  |  |  |
|  |  | 1. Take reasonable measures to mitigate the risk of ML/TF involved |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.11.24 | K.49 | If your firm is aware that any of the information submitted to it that purports to be the required information is incomplete or meaningless, would your firm, as soon as reasonably practicable take reasonable measures to mitigate the risk of ML/TF involved having regard to the procedures set out in question K.47.2(b)? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Technological solutions for travel rule compliance | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.50 | Does your firm adopt technological solution for compliance with the virtual asset transfers requirements under paragraphs 12.11.5 to 12.11.24 (a.k.a. travel rule)?  If your firm does not adopt technological solution for travel rule compliance, please select 'N/A' as the answer to this question and proceed to question K.53.1. Otherwise, please complete questions K.51.1 to K.52 before proceeding to question K.53.1. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.12.2 | K.51.1 | Does your firm conduct due diligence to satisfy itself that the solution enables it to comply with the travel rule in an effective and efficient manner? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.51.2 | If yes, does your firm consider whether the solution enables it to perform the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Identify VA transfer counterparties |  |  | |  | |  |  |  |  |
|  |  | 1. Submit the required information immediately and securely (ie, whether the solution could protect the submitted information from unauthorised access, disclosure or alteration), and obtain the required information. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.12.3 | K.52 | Does your firm consider the following range of factors as appropriate when conducting due diligence on the technological solution for travel rule compliance? |  |  | |  | |  |  |  |  |
|  |  | 1. The interoperability of the solution with other similar solution(s) adopted by the VA transfer counterparties that your firm may deal with |  |  | |  | |  |  |  |  |
|  |  | 1. Whether the solution allows the required information for a large volume of virtual asset transfers to be submitted immediately and securely to and/or obtained from multiple VA transfer counterparties in a stable manner |  |  | |  | |  |  |  |  |
|  |  | 1. Whether the solution enables your firm to implement measures or controls for the effective scrutiny of virtual asset transfers to identify and report suspicious transactions, and screening of virtual asset transfers to meet the sanctions obligations |  |  | |  | |  |  |  |  |
|  |  | 1. Whether the solution facilitates your firm in conducting VA transfer counterparty due diligence and requesting additional information from the VA transfer counterparty as and when necessary |  |  | |  | |  |  |  |  |
|  |  | 1. Whether the solution facilitates your firm in keeping the required information |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| VA transfer counterparty due diligence and additional measures | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.13.1, 12.13.3, 12.13.5 | K.53.1 | Does your firm conduct due diligence measures on a VA transfer counterparty before conducting a virtual asset transfer, or making the transferred virtual assets available to the recipient? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.53.2 | If yes, when your firm conducts due diligence measures, does your firm assess the ML/TF risk associated with a VA transfer counterparty to which your firm is exposed to by taking into account the following factors? |  |  | |  | |  |  |  |  |
|  |  | 1. The types of products and services offered by the VA transfer counterparty |  |  | |  | |  |  |  |  |
|  |  | 1. The types of customers to which the VA transfer counterparty provides services |  |  | |  | |  |  |  |  |
|  |  | 1. Geographical exposures of the VA transfer counterparty and its customers |  |  | |  | |  |  |  |  |
|  |  | 1. The AML/CFT regime in the jurisdictions in which the VA transfer counterparty operates and/or is incorporated |  |  | |  | |  |  |  |  |
|  |  | 1. The adequacy and effectiveness of the AML/CFT controls of the VA transfer counterparty |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.53.3 | If yes, do the due diligence measures involve the following procedures? |  |  | |  | |  |  |  |  |
|  |  | * + - * 1. Determining whether the virtual asset transfer is or will be with a VA transfer counterparty or an unhosted wallet |  |  | |  | |  |  |  |  |
|  |  | * + - * 1. Where applicable, identifying the VA transfer counterparty (eg, by making reference to lists of licensed or registered VASPs or financial institutions in different jurisdictions) |  |  | |  | |  |  |  |  |
|  |  | * + - * 1. Assessing whether the VA transfer counterparty is an eligible counterparty to deal with and to send the required information to |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.13.3 | K.54 | If your firm conducts virtual asset transfers with several VA transfer counterparties located in different jurisdictions but belonging to the same group, would your firm, whilst conducting due diligence on each of the VA transfer counterparties independently, also take into account that these counterparties belong to the same group in order to holistically assess the ML/TF risks posed by the counterparties? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.13.6 – 12.13.7 | K.55 | Does your firm adopt an RBA in applying the following due diligence measures on a VA transfer counterparty, having regard to the measures set out in questions C.84 to C88 and K.06 to K.07? |  |  | |  | |  |  |  |  |
|  |  | 1. Collect information about the VA transfer counterparty to enable your firm to understand fully the nature of the VA transfer counterparty’s business |  |  | |  | |  |  |  |  |
|  |  | 1. Understand the nature and expected volume and value of virtual asset transfers with the VA transfer counterparty |  |  | |  | |  |  |  |  |
|  |  | 1. Determine from publicly available information the reputation of the VA transfer counterparty and the quality and effectiveness of the AML/CFT regulation and supervision over the VA transfer counterparty 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 VA transfer counterparty and be satisfied that the AML/CFT controls of the VA transfer counterparty are adequate and effective |  |  | |  | |  |  |  |  |
|  |  | 1. Obtain approval from your firm’s senior management |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.13.8 | K.56.1 | Does your firm assess whether the VA transfer counterparty can comply with the travel rule as part of the VA transfer counterparty due diligence measures in relation to its AML/CFT controls? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.56.2 | If yes, does your firm take into account the following factors? |  |  | |  | |  |  |  |  |
|  |  | 1. Whether the VA transfer counterparty is subject to requirements similar to the travel rule imposed under section 13A of Schedule 2 and Chapter 12 of the AML/CFT Guideline in the jurisdictions in which the VA transfer counterparty operates and/or is incorporated |  |  | |  | |  |  |  |  |
|  |  | 1. The adequacy and effectiveness of the AML/CFT controls that the VA transfer counterparty has put in place for ensuring compliance with the travel rule |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.13.8 | K.57 | Does your firm assess whether the VA transfer counterparty can protect the confidentiality and integrity of personal data (eg, the required information), taking into account the adequacy and robustness of data privacy and security controls of the VA transfer counterparty? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.13.9 | K.58 | When assessing the ML/TF risks posed by a VA transfer counterparty, does your firm take into account the following factors that may indicate a higher ML/TF risk? |  |  | |  | |  |  |  |  |
|  |  | 1. The VA transfer counterparty operates or is incorporated in a jurisdiction posing a higher risk or with a weak AML/CFT regime |  |  | |  | |  |  |  |  |
|  |  | 1. The VA transfer counterparty is not (or is yet to be) licensed or registered and supervised for AML/CFT purposes in the jurisdictions in which it operates and/or is incorporated by authorities which perform functions similar to those of the RAs |  |  | |  | |  |  |  |  |
|  |  | 1. The VA transfer counterparty does not have in place adequate and effective AML/CFT Systems, including measures for ensuring compliance with the travel rule |  |  | |  | |  |  |  |  |
|  |  | 1. The VA transfer counterparty does not implement adequate measures or safeguards for protecting the confidentiality and integrity of personal data |  |  | |  | |  |  |  |  |
|  |  | 1. The VA transfer counterparty is associated with ML/TF or other illicit activities |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.13.10 | K.59.1 | Does your firm monitor the VA transfer counterparties on an ongoing basis? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.59.2 | If yes, does your firm monitor the VA transfer counterparties on an ongoing basis include the following? |  |  | |  | |  |  |  |  |
|  |  | 1. Adopting an RBA in monitoring virtual asset transfers with VA transfer counterparties with a view to detecting any unexpected or unusual activities or transactions and any changes in the risk profiles of the VA transfer counterparties, taking into account the transaction monitoring requirements in Chapter 5 and paragraphs 12.7.2 to 12.7.4 and 12.7.6 of the AML/CFT Guideline |  |  | |  | |  |  |  |  |
|  |  | 1. Reviewing the information obtained by your firm from applying the VA transfer counterparty due diligence measures on a regular basis and/or upon trigger events and, where appropriate, updating your firm’s risk assessment of a VA transfer counterparty |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.13.11 | K.60.1 | Does your firm assess how the ML/TF risks identified from the VA transfer counterparty due diligence may affect your firm? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.60.2 | If yes, does your firm take the following measures on a risk-sensitive basis to mitigate and manage the ML/TF risks posed by a VA transfer counterparty when dealing with a VA transfer counterparty that may presents a higher ML/TF risk: |  |  | |  | |  |  |  |  |
|  |  | 1. perform enhanced and/or more frequent due diligence reviews; |  |  | |  | |  |  |  |  |
|  |  | 1. conduct enhanced monitoring of virtual asset transfers with the VA transfer counterparty; |  |  | |  | |  |  |  |  |
|  |  | 1. (where appropriate) impose transaction limits? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.13.12 | K.61 | Does your firm determine on a risk-sensitive basis whether to restrict or continue to deal with, or refrain from executing or facilitating any virtual asset transfers to or from, a VA transfer counterparty that presents higher ML/TF risks? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.13.12 | K.62 | If your firm cannot mitigate and manage the ML/TF risks posed by a VA transfer counterparty, would your firm refrain from executing or facilitating the virtual asset transfers to or from such VA transfer counterparty? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.13.13 | K.63 | Does your firm refrain from conducting virtual asset transfers with a VA transfer counterparty that is a shell VASP or shell financial institution? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| Virtual asset transfers to or from unhosted wallets | | | | | | | | | | | |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.64 | Does your firm conduct virtual asset transfers to or from unhosted wallets on behalf of its customer?  If your firm does not conduct virtual asset transfer to or from unhosted wallets on behalf of its customer, please select 'N/A' as the answer to this question and this is the end of the AML/CFT Self-Assessment Checklist for your firm. Otherwise, please complete questions K.65 to K.67.3 below. |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.14.2 | K.65 | Before your firm sends virtual assets to an unhosted wallet on behalf of its customer (ie, the originator), does your firm obtain from the customer and record 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 virtual assets are transferred or, in the absence of such an account, a unique reference number assigned to the virtual asset transfer by your firm |  |  | |  | |  |  |  |  |
|  |  | 1. The originator’s address, 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 recipient’s wallet address |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.14.2 | K.66 | Before your firm receives virtual assets from an unhosted wallet on behalf of its customer (ie, the recipient), does your firm obtain from the customer and record the following originator and recipient information? |  |  | |  | |  |  |  |  |
|  |  | 1. The originator’s name |  |  | |  | |  |  |  |  |
|  |  | 1. The originator’s wallet address |  |  | |  | |  |  |  |  |
|  |  | 1. The originator’s address, 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 your firm and to which the virtual assets are transferred to, in the absence of such an account, a unique reference number assigned to the virtual asset transfer by your firm |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
| 12.14.3 | K.67.1 | Does your firm assess the ML/TF risks associated with virtual asset transfers to or from unhosted wallets? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.67.2 | If yes, does your firm take the following measures on a risk-sensitive basis to mitigate and manage the ML/TF risks associated with the transfers? |  |  | |  | |  |  |  |  |
|  |  | 1. Conduct enhanced monitoring of virtual asset transfers with unhosted wallets |  |  | |  | |  |  |  |  |
|  |  | 1. Accept virtual asset transfers only to or from unhosted wallets that your firm has assessed to be reliable, having regard to:   the results of screening the virtual asset transactions and the associated wallet addresses by performing the measures set out in questions K.13 to K.18; and  the results of assessing the ownership or control of the unhosted wallet by performing the measures set out in question K.26(b) |  |  | |  | |  |  |  |  |
|  |  | 1. (Where appropriate) impose transaction limits |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |
|  | K.67.3 | Has your firm implemented appropriate measures to mitigate and manage the risks posed by virtual asset transfers to or from unhosted wallets owned or controlled by third parties, and ensure compliance with the requirements in Chapter 11 and paragraphs 12.10 of the AML/CFT Guideline? |  |  | |  | |  |  |  |  |
|  |  |  |  |  | |  | |  |  |  |  |

| **GLOSSARY OF KEY TERMS AND ABBREVIATIONS** | |
| --- | --- |
| **Please note that the terms/abbreviations below are extracted from the AMLO and the AML/CFT Guideline for easy reference.** | |
| **AMLO** – Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap.615) | |
|  | |
| **AML/CFT** – Anti-money laundering and counter-financing of terrorism | |
|  | |
| **AML/CFT Guideline** – Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations and SFC-licensed Virtual Asset Service Providers) | |
|  | |
| **AML/CFT Systems** – AML/CFT policies, procedures and controls | |
|  | |
| **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. a beneficiary or a class of beneficiaries of the trust entitled to a vested interest in 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. the trustee of the trust; | |
| * 1. a protector or enforcer of the trust; or | |
| * 1. an individual who has ultimate control over 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. | |
|  | |
| **Bearer shares** – Equity security that is wholly owned by whoever holds the physical stock certificate, and any other similar instruments without traceability. 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. | |
| **Bearer share warrants** – Negotiable instruments that accord entitlement to ownership in a legal person to the person who possesses the physical bearer share warrant certificate, and any other similar warrants or instruments without traceability. | |
|  | |
| **CO** – Compliance Officer | |
|  | |
| **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-2), by a licensed corporation or a registered institution ("correspondent institution") to another financial institution[[2]](#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. | |
| In the context of virtual assets, this also refers to the provision of services by a licensed corporation or a virtual asset service provider licensed by the SFC under the AMLO in the course of providing a VA service as defined in section 53ZR of the AMLO (hereafter referred to as ("correspondent institution") to a VASP or financial institution[[3]](#footnote-4) located in a place outside Hong Kong (hereafter referred to as "respondent institution"), where transactions effected on a principal or agency basis under the business relationships are initiated by the respondent institution. | |
|  | |
| **CDD** – Customer due diligence | |
|  | |
| **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. | |
|  | |
| **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. | |
|  | |
| **FI** **as defined in the AMLO** – This means an authorized institution, a licensed corporation, an authorized insurer, a licensed individual insurance agent, a licensed insurance agency, a licensed insurance broker company, a licensed money service operator, the Postmaster General, an SVF licensee, or subject to section 20A of the AMLO, a licensed VAS provider. | |
|  | |
| **Individual** – Individual means a natural person, other than a deceased natural person. | |
|  | |
| **JFIU** – Joint Financial Intelligence Unit | |
|  | |
| **MIC of AML/CFT** – The Manager-In-Charge of Core Function responsible for managing the Anti-Money Laundering and Counter-Terrorist Financing function | |
|  | |
| **MLRO** – Money Laundering Reporting Officer | |
|  | |
| **ML/TF** – Money laundering and terrorist financing | |
|  | |
| **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. | |
|  | |
| **PEP(s)** – Politically exposed person(s) | |
|  | |
| A non-Hong Kong politically exposed person is— | |
|  | |
| 1. an individual who is or has been entrusted with a prominent public function in a place outside Hong Kong 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 former non-Hong Kong politically exposed person is— | |
|  | |
| 1. an individual who, being a non-Hong Kong PEP, has been but is not currently entrusted with a prominent public function in a place outside Hong Kong; | |
| 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 Hong Kong politically exposed person is— | |
|  | |
| 1. an individual who is or has been entrusted with a prominent public function Hong Kong and | |
| * 1. includes head of government, senior politician, senior government, or judicial official, senior executive of a government-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, ie, 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 | |
|  | |
| **PPTA** – Person purporting to act on behalf of the customer | |
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| **RA(s)** – Relevant authority (authorities) | |
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| **RBA** – Risk-based approach | |
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| **Required information** – For the purposes of Chapter 12 of the AML/CFT Guideline, the term "required information" refers to the required originator and recipient information obtained and held under paragraphs 12.11.5 and 12.11.6 of the AML/CFT Guideline. | |
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| **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-5) in that place;         3. does not have a physical presence in that place; and         4. is not an affiliate[[5]](#footnote-6) of a regulated financial group that is subject to effective group-wide supervision. | |
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| **Shell VASP** –This means a corporation that:   * + - * 1. is incorporated in a place outside Hong Kong;         2. is authorised to carry on virtual asset businesses[[6]](#footnote-7) in that place;         3. does not have a physical presence in that place; and         4. is not an affiliate[[7]](#footnote-8) of a regulated financial group that is subject to effective group-wide supervision. | |
| A corporation is considered to have **physical presence**[[8]](#footnote-9) 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); also referred to as reports or disclosures. | |
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| **Third party** – Third party means any person other than the customer. | |
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| **Travel rule** – The travel rule refers to the application of the wire transfer requirements set out in FATF Recommendation 16 in a modified form in the context of virtual asset transfers (in particular, the requirements to obtain, hold, and submit required and accurate originator and required recipient information immediately and securely when conducting virtual asset transfers), recognising the unique technological properties of virtual assets | |
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| **Trust** – A trust means an express trust or any similar arrangement for which a legal-binding document (ie, a trust deed or in any other form) is in place. | |
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| **Unhosted wallet** – An unhosted wallet refers to software or hardware that enables a person to store and transfer virtual assets on his own behalf, and in relation to which the private key is controlled or held by that person. | |
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| **VASP(s)** – For the purposes of the AML/CFT Guideline, VASP refers to businesses falling within the definition of the term "virtual asset service providers" under the FATF Recommendations and which are conducted for or on behalf of customers.  **VA transfer counterparty** – For the purposes of Chapter 12 of the AML/CFT Guideline, a VA transfer counterparty refers to the institution (which may be the ordering institution, intermediary institution or beneficiary institution) with which a licensed corporation or a virtual asset service provider licensed by the SFC under the AMLO conducts virtual asset transfers.  **Virtual assets** – For the purposes of Chapter 12 of the AML/CFT Guideline, the term "virtual assets" means (i) any "virtual assets" as defined in section 53ZRA of the AMLO; and (ii) any security token. The term "security token" means a cryptographically secured digital representation of value which constitutes "securities" as defined in section 1 of Part 1 of Schedule 1 to the SFO. | |
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| **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 a licensed corporation or registered institution providing these services to a respondent institution even where the licensed corporation or registered institution 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 a licensed corporation or registered institution dealing in fund shares or units for its customer that is a distributor located outside Hong Kong for funds under the licensed corporation's or registered institution's management. [↑](#footnote-ref-2)
2. 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)
3. For the purposes of Chapter 12 of the AML/CFT Guideline, financial institution 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)
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-5)
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-6)
6. In this context, this refers to businesses falling within the definition of the term "virtual asset service providers" under the FATF Recommendations and which are conducted for or on behalf of customers. [↑](#footnote-ref-7)
7. 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-8)
8. 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-9)