



Annual Review

Over the past year, the Hong Kong Money Service Operators Association ("Our Association") strived and attained certain level of achievement in promoting compliant operation and serving the industry. The continuous increase in the number of members reflected the recognition and affirmation of our industry counterparts on our ideas and the work we have performed. **Since our Association is a non-profit organization, our establishment and operation rely on fundraising and sponsorship from our enthusiastic counterparts. As a result, support from our members is vital to the operation of our Association as well as the enhancement of our member services. Your generous support will definitely lead to betterment of our services.**

Recent news reports on isolated cases where money service operators ("MSOs") engaged in unfair practices have severely damaged the business culture of Hong Kong and have affected the image of money service industry in Hong Kong. Our Association would like call upon all MSOs again to take note that: (1) **Displayed rate of exchange and/or verbal quote should be consistent with the final settlement rate;** (2) **MSOs must issue transaction note as required by law;** and (3) **Charges collected should be clearly specified.**

Our Association will continue to foster the culture of compliant operation in order to enhance social image of the money service industry as well as the compliance level of the industry. Our Association will also strive for the rights and interests of the industry and promote positive messages through different channels. Our Association affairs include:

Enhanced Communication • Rights Protection

- Communication with governmental departments and financial institutions:
 - ▶ Hong Kong Customs and Excise Department ("HKC&ED") – Exchanged opinions and reflected industry condition in relation to a number of issues related to money service industry. Issues discussed include **customer due diligence, ongoing monitoring, record-keeping, training of practitioners, building sustainable business relationship with banks, change in business particulars, virtual commodities, license renewal, Trades Description Ordinance**, etc.
 - ▶ Legislative Council - Met with Legislative Council members Hon Ng Leung-sing and Hon Starry Li Wai-king **to discuss about problems encountered by MSOs when dealing with banks. Also suggested regulatory body to formulate relevant bank guidelines** which clearly provide guidance on the operation between banks and MSOs
 - ▶ Narcotics Division, Security Bureau - Provided professional opinion on the proposed measures on carrying state currency into and out of Hong Kong
 - ▶ Consumer Council - **Allow the Consumer Council to understand more about the money service industry in Hong Kong and to enable our Association to learn about cases related to MSOs**
- Our Association was invited to meet with 7 local banks to discuss how MSOs can build a sustainable business relationship with banks:
 - ▶ Our Association explained to respective banks the licensing mechanism of MSOs, **enabling the banks to gain more knowledge of the money service industry in Hong Kong**
 - ▶ Regardless of the scale of business of MSOs, respective banks expressed that they hold a positive and open attitude towards licensed money changers opening accounts at their banks as long as they are operating in compliance with relevant laws
 - ▶ Banks believed it is currently an adaptation period for banks and MSOs since Cap 615 Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance became effective. As long as licensed money changers properly implement their compliance procedures as required by law, **it will definitely enhance the confidence in building a sustainable business relationship for both parties**
 - ▶ Our Association suggests licensed MSOs to perform the followings:
 - Lay down and obtain understanding in compliance policies and procedures (including due-diligence, on-going monitoring etc.) and to put these relevant policies and procedures into practice
 - Keep proper transaction records
 - **Provide banks accurate information and adequate assistance during sample-testing of records**
 - Provide staff with more comprehensive training on anti-money laundering





Serve the Industry

Training and Development

- Organized 4 anti-money laundering training sessions covering in details **customer due diligence, ongoing monitoring, process and importance of suspicious transaction reporting and relevant case studies**
- Discussed with internationally-renowned organization, Association of Certified Anti-Money Laundering Specialists, to discuss about training and recruitment of professional compliance personnel in Hong Kong



Provide Industry Information

- Provide MSOs free industry information over our website, including **circulars and publications issued by the HK&ED to MSOs**
- Provide information to MSOs regularly through mail, email and facsimile so that industry counterparts can receive industry information through various channels
- Provide free consultation on compliance regulations and anti-money laundering tools, basic compliance assessment and assistance in drafting compliance manual and policy
- Provide **FAQ and industry discussion forum as well as publishes hot issues related to the industry** e.g. license renewal, counterfeit money detectors, security measures and facilities in money changers, the new Companies Ordinance and virtual commodities etc. for MSOs reference

Promote Compliant Operations

- Met with a number of different international institutions and organizations
 - ▶ Obtained in depth understanding of the suitability of various anti-money laundering tools to compliant operation and customer management of industry counterparts
 - ▶ Proactively participated in social activities with numerous professional organizations, of which includes the CEO of our Association being invited as one of the speakers to the ACAMS 6th Annual AML & Financial Crime Conference Asia Pacific held by the Association of Certified Anti-Money Laundering Specialists



Future Planning

- Our Association will continue to enhance member services, provide MSOs with industry news, and answer their inquiries to enable industry counterparts to receive industry information more effectively in order to increase their competitiveness in the market
- Proactively participate in social activities held by various professional organizations and organize courses on anti-money laundering and daily operations of practitioners to promote compliant operation and adequate training for practitioners, thereby increasing social image of the money service industry
- Through strengthening communication with various financial institutions and government departments, understand bank's compliance requirements towards MSOs and exchange views with government departments as well as reflect to them industry's current condition
- Protect mutual benefits of the industry and assist the Hong Kong government and the industry to operate in accordance to and be line with requirements set out by international organizations

Sponsor Us

All members are welcomed to browse our website and forum frequently and we welcome sponsorship from all parties. **Support from your company is vital to our Association's operation as well as the enhancement of member services we provide. A sponsorship form is attached to this letter and your generous support will definitely lead to betterment of our services.**

We hope that you will provide us with the much needed support.

We would hereby like to express special thanks to numerous enthusiastic parties who have sponsored our Association.

Date: 26 June 2014



Sponsorship Form

To : Hong Kong Money Service Operators Association Limited

Date : _____

*I/We would like to sponsor *HK\$30,000 / HK\$50,000 / HK\$100,000 / HK\$ _____ towards your Association's expenditures on operation and organization of classes.

Details of Sponsor

Sponsor/Company : _____ *Mr/Ms/Mrs/Others

Name on Receipt : _____

Mailing Address : _____

Tel : _____ Mobile : _____

Email : _____ Fax : _____

Sponsor Methods : Cash Cheque (Cheque No. : _____)
(Bank Name : _____)

#Cheque payable please see remarks

Receipt : Mailing Receipt Email Receipt To save administrative costs, I/We don't need a receipt

Authorized signature and company chop : _____

Remarks : Sponsorship may be given in the form of cash or cheque. Please make the cheque payable to "**Hong Kong Money Service Operators Association Limited**". We/I am aware that the Association is a non-profit organization (CR No.:1922067), all sponsorship are used to support operational purpose.

Please ✓ the appropriate box(es).

* Please delete where appropriate.

Completed by the Association :

Receipt Date : _____ Receipt no. : _____ Handled by : _____

Our Mission

MSOA aims to create synergy amongst talents of the money service industry, to assist all licensed money service operators in understanding relevant law and regulations, to provide the industry with a high quality business environment with compliant operations as well as to safeguard the common interest of money service operators.

Association Affairs

Bridge of Communication :

- Discuss with respective banks on how licensed money service operators and banks can build sustainable business relationships
- Communicate with government departments (including Hong Kong Customs and Excise Department, Hong Kong Monetary Authority, Legislative Council and Narcotics Division of Security Bureau, etc.) to deliver feedback collected from the industry counterparts
- Understand points of views of licensed money changers and share market information and experiences with them

Industry Information :

- Latest circulars and press releases issued by the Hong Kong Customs and Excise Department and related government departments
- Latest updates on relevant legislations in Hong Kong and other major countries
- Latest local and overseas industry information
- Consultation on applying for Money Service Operators Licence

Enhance Professionalism :

- Organize and participate in courses and seminars relevant to compliance and Certified Anti-Money Specialists certification
- Provide compliance and legal related courses
- Consultation on anti-money laundering system tools
- Consultation on compliance software and system tools
- Assistance on attaining required legal compliance standard and consultation on compliant operation
- Compliance self-evaluation services
- Industry discussion forum

Hotline :

Hotline has been set up to answer other queries of industry practitioners

Register as a member of MSOA

Any licensed money service operators (formally known as remittance agent and currency exchange operators) can register as our member to receive money service industry related information, relevant legislation updates in Hong Kong, current affairs updates, attend courses and seminars, participate in industry discussion forum and to enquire various industry related issues for **FREE**.

Membership application form can be obtained via telephone request or downloaded from the internet. Please email, post or fax the completed application form to us to register as our member for FREE.

Application Form can be downloaded here: <http://www.msoa.hk/joinus.pdf>

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Legislations relevant to Money Service Industry

Hong Kong Law Cap 615 Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (AMLO) came into effect on 1st April 2012. Under AMLO, any person operating a currency exchange or remittance service in Hong Kong is required to obtain licence from the Commissioner of Customs and Excise (CCE). Operating a money service without obtaining a money service operator licence from the CCE is an offence.

Introduction to MSOA

Since the establishment of the money service operators licensing system, the number of licensed money service operators has exceeded 1,700. At the same time, the industry had been seeking for a **well-recognized and credible association to represent them and protect the interests of industry practitioners.**

In view of this, a number of enthusiastic money service operators collectively prepared and founded an industry association which led to the registration and set up of the **Hong Kong Money Service Operators Association Limited** as a **non-profit organization** under the Hong Kong Companies Ordinance.

MSOA aims to **represent and protect the interests of money service operators, maintain communication with government departments, strive to assist Hong Kong to align with requirements set out by international organizations,** and at the same time provide members a platform to share market information and experiences as well as to provide workshops and seminars on relevant law and regulations for working and non-working force.

Organization Structure

A management team is responsible for daily affairs of the Association. Our team of Professional Advisors is voluntarily formed by independent professionals from the legal, accounting, compliance, finance and banking sectors as well as experienced money changers.

The Professional Advisors aim to provide comprehensive, objective, independent and professional advice to assist the Association in long-term development and to achieve its mission.

Our Goal

- To assist the Hong Kong SAR government and Hong Kong financial service sector to comply and align with requirements set out by relevant international organizations
- As one of the key players in the Hong Kong financial service industry, to provide assistance to the legislation, judicature and law enforcement of Hong Kong SAR in order to better suit the condition and requirement of the industry
- To promote compliant operations to industry counterparts in accordance with the Hong Kong law
- To protect and ensure common interests of the industry and to promote and enhance industry's image in society
- To provide industry information to money service operators in order to enhance their competitiveness in the market
- To strengthen communication with various financial institutions and government departments
- To organize regulation-related workshops and seminars for working and non-working force
- To cultivate industry talents, to foster the setting up of qualification program and to enhance quality of practitioners

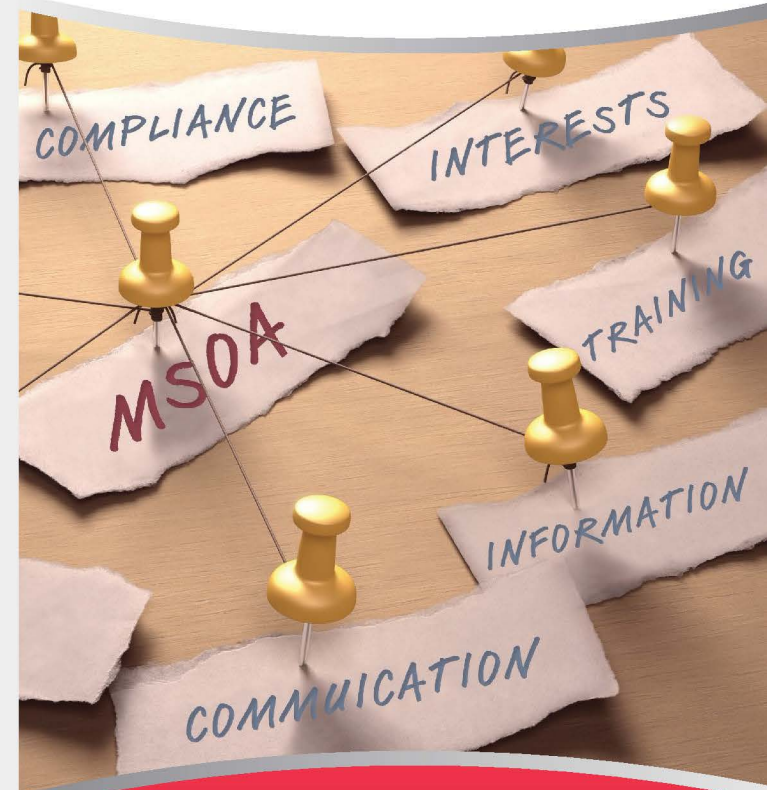
Declaration

Hoping to create a better and healthier business environment for the industry and to secure the reputation of Hong Kong in the financial industry internationally, counterparts of the money service industry have provided MSOA sponsorships and collectively supported MSOA's operation and expenses in daily affairs and organizing of courses. The future operations of the Association will **rely heavily on fundraising and sponsorships** and we **hope that all of you can provide us with the much needed support.**



HONG KONG
MONEY SERVICE OPERATORS
ASSOCIATION

香港金錢服務業協會



Serve the Industry
Promote compliance operations
Strengthen communication with
financial institutions and
government departments

www.msoa.hk