

13 January 2014

Dear Members,

### Review

The MSOA would like to wish you a happy new year in 2014!

While the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) ("AMLO") has been implemented for over one and a half year, our Association finds that some of our counterparts still have certain misunderstandings or are not clear on the content of the [law](#). We would like to remind licensed money service operators that they are required to understand a number of legislation, of which include Cap. 34 Money Changers Ordinance, Cap. 615 AMLO and the Trade Descriptions Ordinance newly amended last July, etc. Licenced money service operators and staff should take part in more money-changing and compliance related trainings in order to enhance their knowledge in the industry and relevant laws. Customer due diligence, record keeping, identification of source of funds and the use of risk-based approach methodology can all lower the chance of being used for money laundering!

We would like to take this opportunity to report main areas which we have served you in since the establishment of our Association over half a year ago:

- Discussed with a number of banks problems encountered by industry counterparts during their interactions with banks, assisted some of the industry counterparts with high compliance level to receive compliance audit conducted by global big four accounting firms and to follow up with recommended issues;
- Met with Legislative Council members Hon Ng Leung-sing and Hon Starry Lee Wai-king and mainly discussed about problems encountered by our counterparts during interactions with banks in daily operations;
- Met with HKCE and the Security Bureau to discuss about the proposed measures on carrying state currency into and out of the country, requirement on licence renewal and to share and exchange views with them on the current situation of the industry in relation to the newly amended Trade Descriptions Ordinance and other relevant issues;
- Two AML seminars organized by our Association were successfully held. Our Association will continue to hold different types of seminars in relation to AML and MSO in order to promote compliant operations in the industry and to provide training to money service practitioners;

- Met with international organization Thomson Reuters, NICE Actimize and Accuity respectively to obtain in-depth understanding on the appropriateness of various types of anti-money laundering tools on compliant operation and customer management of industry counterparts. Reasonable service conditions were also requested.

Over the past half a year, the following topics have concerned the money service industry:

- Counterfeit banknotes – Recently, counterfeit HK\$1,000 banknotes were found in Hong Kong and Macau every now and then. We would like to remind our members that you should report to the police or the bank immediately if you suspect that you have received fake banknotes. Do not attempt to use the fake banknotes again. It is a criminal offence to knowingly use or believe to be using counterfeit banknotes under Cap 200 Crimes Ordinance. Such person is liable on conviction on indictment to imprisonment for 14 years. The Hong Kong Monetary Authority provides online tutorial to citizens in distinguishing counterfeit HK\$1,000 banknote.....[Read more](#)
- Trade Descriptions Ordinance – Recent news reported money changers being alleged in engaging in unfair trades. Our Association remains neutral to the report but money service operators are reminded to comply with the Trade Descriptions Ordinance at all times. At the same time, frontline staff should explain to customers transaction details and provide written receipts in order to prevent disputes due to misunderstanding.....[Read more](#)
- Account termination by banks – It is an international trend for regulatory bodies to request banks to strengthen their AML policies. However, accounts of businesses that require large amount of cash transactions (such as remittance companies) were being terminated because of the stringent requirements set out by the banks.....[Read more](#)

Members are welcomed to refer to our website updates regularly and to visit our forum ([www.msoa.hk/forum2](http://www.msoa.hk/forum2)). If you have any questions, please feel free to contact Mr Yuen of our Association.

MSOA is a non-profit organization and we are thankful to the collective effort of our enthusiastic money service operators for our set up. The future operations of the Association will need the concerted supports of our industry counterparts in sponsorship and we hope that all of you will support us.

Yours faithfully,

Hong Kong Money Service Operators Association

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