

30 May 2014

Dear Members

HKC&ED Seminar, Meeting with Consumer Council, etc

Through this Circular, our Association would like to take this opportunity to provide all members latest updates on Association affairs and information relevant to licensed money service operators:

- Attended the Seminar on "Importance of an [Effective Ongoing Monitoring System](#) and Certain New Provisions of Prohibited Unfair Trade Practices under the Trade Descriptions Ordinance" organized by the HKC&ED. The following points were covered by staff of the HKC&ED:
 - **Ongoing Monitoring**
 - ✓ Risk identification and assessment (including delivery/distribution risk, [country risk](#), etc), continuous monitoring, continuous review, internal monitoring system, and allocation of responsibilities, etc
 - **Trade Descriptions Ordinance**
 - ✓ For the [new provisions](#), the false trade description of goods & services and misleading omissions are most relevant to the licensed MSOs
 - ✓ A verbal quote (an oral statement) during business amounts to use of trade description, hence it may be an offence if the verbal quote is different from the final settlement rate
 - License Renewal Application
 - ✓ The HKC&ED reminds licensees that a MSO licence **must be made within 90 days but not later than 45 days before the licence is due to expire. Otherwise, the licensee needs to apply for a fresh new MSO licence.** Please read the relevant license application form [guidance notes](#), [online demo](#) and [relevant forms](#).
 - ✓ If there is any addition/termination of bank accounts used for the purpose of operating money services, licensed MSOs are required to fill in and submit [Form 6 \(Notification of Changes in Particulars\)](#), [Appendix 6](#) and relevant identification documents within a month from the date of change of account, and to notify the Commissioner of HKC&ED.
 - Our Association suggests that licensed MSOs must have full understanding of [Cap. 615 AML Ordinance](#) and [Cap. 362 Trade Descriptions Ordinance](#). At the same time, MSOs can consider using computer systems with ongoing monitoring functionality and to execute such procedures accordingly in order to avoid violation of relevant laws.
- In the seminar [Anti-Money Laundering for MSOs - Ongoing Monitoring and Case Studies](#) organized by our Association, our speaker Mr. Jimlian Chan (experienced Compliance Officer and Accountant) explained in detail **measures to be in place for an effective on-going monitoring and the importance of such monitoring**. Content of the seminar includes: **monitoring measures, risk assessment, ongoing review, suspicious transaction and case studies**, etc. MSOs were also reminded to **pay attention to the renewal of their licenses**.
- Our Association met with the Consumer Council ("the Council") to allow staff of the Council to **understand more about the money service industry in Hong Kong and to enable our Association to learn about cases related to MSOs**. The following are covered during the meeting:
 - Licensing mechanism of MSOs
 - Our Association is a non-profit organization aiming to assist all licensed MSOs to understand relevant laws and to provide the industry with a business environment with high compliance level



HONG KONG
MONEY SERVICE OPERATORS
ASSOCIATION

香港金錢服務業協會

- The Council shared with us a number of case studies which **mainly involve differences between rates of exchange displayed and/or oral quotations and the final transaction rate**
- Our Association holds a neutral view on relevant cases, yet MSOs should at all times abide to [Cap. 34 Money Changers Ordinance](#) and Cap. 362 Trade Descriptions Ordinance, especially:
 - ✓ Any money changer shall **provide a sufficiently large board to display the net rates of exchange in a clearly visible and legible manner to the customer** of which include current net rate of exchange offered by him to customers for both buying and selling the currencies. Money changers may offer a net rate of exchange that is not shown on the board if the offered rate is more favourable to a customer.
 - ✓ Money changers, **before completing an exchange transaction by handing any currency to a customer in exchange for currency tendered by the customer, shall legibly make out in duplicate a transaction note and provide a copy to the customer. The transaction note shall include details including date of the transaction, type and amount of currency tendered by the customer and the net rate of exchange, etc.**
- At the same time, our Association suggests **customers to read the exchange rate display board clearly and to pay attention to staff's explanation on transaction details as well as to read in detail information on the physical transaction notes** in order to avoid disputes due to misunderstanding.
- Our Association met with representatives from Dow Jones, an international organization, to **exchange and further understand its online customer background check system. An adequate background checking tool is particularly useful for MSOs to detect suspicious customer at an early stage when performing customer due diligence and ongoing monitoring. This greatly reduces risks associated with money laundering and terrorist-financing.**
- Our Association has recently prepared a leaflet which aims to deliver to the public a positive message about money service industry and to introduce our Association. **Please see attached for your information.**

HKMSOA 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 fundraising and sponsorship. We hope that all members can provide us with much needed support.

Yours faithfully,
Hong Kong Money Service Operators Association

If you wish to stop receiving messages from the HKMSOA, please unsubscribe by calling (852) 3176 2004 or by emailing to info@msoa.hk.