



## Frequently Asked Question

### Customer Due Diligence

**Q1 I am a TCSP licensee and one of my customers has not been physically present for identification purposes. In addition to complying with the customer due diligence (“CDD”) and on-going monitoring requirements, are there any additional measures I should take?**

**Answer:** Yes, you are required to take additional measures under section 5(3)(a) (which is subject to section 5(4)) and section 9 of Part 2 of Schedule 2 to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Cap. 615 (“the AMLO”) in order to mitigate the increased risk in respect of the customer in such a situation. Except where you have verified the identity of the customer on the basis of data or information provided by a digital identification system that is a reliable and independent source that is recognized by the Registrar of Companies, if a customer has not been physically present for identification purposes, you are required to take the following additional measures:

- (i) Carrying out at least one of the following measures to mitigate the risk posed:
  - (a) further verifying the customer’s identity on the basis of documents, data or information referred to in section 2(1)(a) of Part 2 of Schedule 2 to the AMLO but not previously used for the purposes of verification of the customer’s identity;
  - (b) taking supplementary measures to verify information relating to the customer that you have obtained;
  - (c) ensuring that 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 a bank operating in an equivalent jurisdiction that has measures in place to ensure compliance with requirements similar to those imposed under Schedule 2 to the AMLO and is supervised for compliance with those requirements by a banking regulator in that jurisdiction.

You should consider to mitigate money laundering and terrorist financing risk by obtaining copies of documents that have been certified by a suitable certifier. Please refer to section 9 of Part 2 of Schedule 2 to the AMLO, and paragraphs 5.29 to 5.32 and the text box under paragraph 5.32 of the Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Trust or Company Service Providers (“the Guideline”) for further guidance.

- (ii) In monitoring the business relationship with the customer, taking additional measures to compensate for any money laundering or terrorist financing risk that may be caused by the fact that the customer has not been physically present for identification purposes. Please refer to section 5(3)(a) and (4) of Part 2 of Schedule 2 to the AMLO, and paragraph 6.6 of the Guideline for further guidance.

**Q2 I am a TCSP licensee. Can I choose to engage any third party to carry out CDD measures as an intermediary?**

**Answer:** Subject to the requirements set out in section 18 of Part 2 of Schedule 2 to the AMLO, you may carry out CDD measures required under the AMLO by means of an intermediary specified in section 18(3) of Part 2 of Schedule 2. However, the ultimate responsibility for ensuring that CDD requirements are met remains with you.

Specified intermediaries in Hong Kong are listed in section 18(3)(a) and (b) of Part 2 of Schedule 2 to the AMLO as follows:

- (a) a financial institution that is an authorized institution, a licensed corporation, an authorized insurer, a licensed individual insurance agent, a licensed insurance agency and a licensed insurance broker company; and
- (b) an accounting professional, an estate agent, a legal professional and a TCSP licensee, provided that these intermediaries are able to satisfy you that they have adequate procedures in place to prevent money laundering and terrorist financing and are required to comply with the requirements set out in Schedule 2 to the AMLO with respect to customers.

For provisions in relation to specified intermediaries in an equivalent jurisdiction, please refer to section 18(3)(c) of Part 2 of Schedule 2 to the AMLO.

Please also note the following conditions set out in section 18(1) of Part 2 of Schedule 2 to the AMLO for reliance on intermediaries to carry out CDD measures:

- (a) the intermediary consents in writing to be your intermediary; and
- (b) you are 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.

You shall ensure compliance with the requirements set out in section 18 of Part 2 of Schedule 2 to the AMLO. Please refer to paragraphs 5.53 to 5.60 and the text boxes under paragraph 5.60 of the Guideline for guidance.