

**Chandrawat
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Guide on Obtaining Money Services Operator License in Hong Kong



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WHAT IS A MONEY SERVICE OPERATOR LICENSE?

A money service operator (“MSO”) is a type of money system business (“MSB”) that is licensed and regulated by a government agency to provide financial services such as currency exchange, money orders, wire transfers, and check cashing. The term MSO is often used to describe a financial institution or company that operates as an MSB in a specific country or region.



ELIGIBILITY CRITERIA FOR MSO LICENSE APPLICANTS

Under section 30(3) of the AMLO (Anti-Money Laundering and Counter-Terrorist Financing Ordinance), the CCE (The Customs & Excise Department) may grant or renew a license to an applicant to operate a money service only if the CCE is satisfied that —

(a) Where the applicant is an individual, the individual and each ultimate owner is a fit and proper person to operate a money service.

(b) Where the applicant is a partnership, each partner and each ultimate owner in the partnership is a fit and proper person to operate a money service.

(c) Where the applicant is a corporation, each director and each ultimate owner of the corporation is a fit and proper person to be associated with the business of operating a money service.

STEP BY STEP GUIDE TO THE MSO LICENSE APPLICATION

1. Complete Application Form: An applicant needs to complete an application form (Form 1),

2. Complete relevant Annexures: Supplementary information sheet and the relevant annex and submit (i) A Business Plan; and (ii) AML/CFT policies (hereafter referred to as “AML Policy”).

The applicant may complete the form, supplementary information sheet and annex in either English or Chinese, or both if the case requires, and has to fill in all the parts in the form, supplementary information sheet and annex that are applicable to the applicant.

3. Submission of documents: The completed form, supplementary information sheet and annex must be submitted to the C&ED together with the photocopies of the requisite documents.

For a new application to operate a money service at a particular premises, at least two photographs of size 102x152 mm (i.e. 4R-size) should be attached to the application form. One photograph should show the inner part, such as a counter or office of the particular premises, whereas another photograph should show the outer part, such as a signboard of the particular premises.

If an applicant also has separate premises which serve as LPS and/or LMO, at least two photographs must be attached for each additional LPS and/or LMO. The photograph requirements for LPS and LMO are the same as those applicable to the particular premises.

Where there is a failure to submit the information or documents required for new license application in a specified period, the application will be deemed an invalid application and will not be processed by C&ED.

4. Acknowledgment Receipt of Application : On receipt of a license application by C&ED, an applicant will receive an acknowledgment receipt of the application. A reminder for provision of any outstanding documents will be issued to the applicant where necessary. If the applicant fails to provide requisite information on the application form, annex and supplementary information sheet, or produce the requisite documents including Business Plan and AML Policy within a specified period, the application will be considered invalid and will not be processed by the C&ED.

5. Notice for Submission of Additional Documents: When all the requisite documents are submitted, the applicant will receive a notice for an interview together with a demand note for the payment of fees regarding the application for the grant of a license and fit and proper person test and an invitation letter to nominate the eligible person(s), i.e. sole proprietor, partner(s) or director(s) of the applicant to attend the Assessment.

6. Notice for interview and record of payment: The applicant will be required to bring along the notice, payment record, and the relevant original documents when attending an interview at the scheduled time with departmental officers.

7. Sign application of MSO license: During the interview, the original documents and the payment record will be verified, and the applicant will be required to sign the application for an MSO licence in the presence of the C&ED officers. Besides, the applicant will be required to clarify and elaborate on any information in the submitted documents in relation to the licence application, e.g. its Business Plan and AML Policy provided for the application. To ensure the applicant fully understands and fulfill the obligations of an MSO licensee, the applicant will be briefed on the statutory requirements for licensing and compliances applicable to MSOs.

8. An appointment letter for the Assessment will be sent to the applicant. The eligible person(s) nominated for the Assessment must attend the Assessment at the specified date, time and centre. The result of the Assessment will be one of the factors that the CCE considers relevant in determining whether the applicant is fit and proper to operate the business of a money service. Failure to attend the designated Assessment session may result in refusal of the license application.

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FIT AND PROPER PERSON TEST

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If the applicant is an individual, the individual and each ultimate owner, or is a partnership, each partner in a partnership and each ultimate owner, or is a corporation, each director and each ultimate owner of the corporation to be associated with the business of operating a money service is required to apply for the fit and proper person test.

A form of Fit & Proper person Declaration must be filled out by the applicant for an MSO license in Hong Kong.

For an individual, form 3A with Appendices I and II, and for a business, form 3B is required.

The application must be sent to Hong Kong's Customs & Excise Department together with any supporting documentation.

RENEWAL OF THE MSO LICENSE

A licensee must renew the MSO license at least 45 days before its expiration.

The department will send a reminder enclosing with the invitation letter for nominating the eligible person(s), i.e. sole proprietor, partner(s) or director(s) of the licensee, to attend the assessment to each licensee 90 days before the license expiry.

However, the licensee is legally responsible for applying for renewal 45 days before license expiry.

Note that attending the Assessment is a licensing requirement for the CCE to determine whether the licensee or applicant is fit and proper to operate a money service.

The licensee is required to nominate the eligible person(s) for the Assessment within seven days of receiving the invitation letter.

The eligible person(s) nominated for the Assessment must attend the Assessment within 30 days of receiving the invitation letter.

An appointment letter for the Assessment will be sent to the licensee.

The eligible person(s) nominated for the Assessment must attend the Assessment at the specified date, time and centre.

The result of the Assessment will be one of the factors the CCE considers relevant when determining whether the licensee is still fit and proper to operate a money service.

COMPLIANCE OBLIGATIONS FOR MSO LICENSEES

A licensee is obliged to comply with all the applicable provisions of the AMLO and guidelines issued by the CCE. A non-exhaustive list of obligations of a licensee is provided as follows:

1. A licensee must report suspicious transactions;
2. A licensee must develop and maintain an effective AML Policy to mitigate ML/TF risks;
3. The individual, any partner, any director and ultimate owner in relation to a licensee must remain fit and proper at all times;
4. A licensee must secure the written consent of the occupants in premises that are situated in mixed commercial and residential building (i.e. situated in domestic premises) for an authorized person to conduct a routine inspection;

5. A licensee who is licensed to operate a money service at premises specified in the license must display the original copy of the license in a conspicuous place at the specified premises;
6. A licensee must maintain an LPS;
7. Where a licensee operates a money service without particular premises, the licensee must maintain a LMO and ensure the LMO can serve as a point of contact for interface with C&ED;
8. A licensee must ensure at least one of the members of the senior management, i.e. sole proprietor, partner or director, attends the Assessment;
9. A licensee must submit periodic returns to the CCE in the form specified by the CCE in a timely manner; and
10. Where bank account(s) are used for operation of the money service business, the bank account must be in the name of the licensee's company, the sole proprietor, partner, director, or ultimate owner of the licensee.

OVERVIEW OF THE MSO LICENSING PROCESS

- The key stages of the application process are as follows:
- Completion of the application form- An applicant needs to complete an application form (form-1).
- Completion of the relevant annexures-
 1. Business plan
 2. AML/CFT Policies
- Submission of documents- The Information sheets and annex must be submitted to the C&ED together with requisite documents.
- Complete application sent to the Customs and Excise Department- The photograph requirements for LPS and LMO are the same as those applicable to particular premises.
- Acknowledgment of the application being received by the Customs and Excise Department- On receipt of a license application by C&ED, an applicant will have an acknowledgment of the receipt of application.

- Notice for any additional required documents to assist the application- A reminder for provision of any outstanding documents will be issued to the applicant where necessary.
- Notice sent for the interview and payment of fees-The applicant will be required to bring along payment record & the relevant original document to attend the interview.
- Signing the MSO License application- The applicant will be required to sign the application for an MSO license in the presence of the C&ED officers.

PROCESSING TIME FOR MSO LICENSE APPLICATIONS

In most cases, an MSO license is valid for a period of two years in Hong Kong, after which the license must be renewed.

All applicants who wish to continue operating their money service must apply for renewal before the expiry date of their existing license.

However, there are certain cases in which an MSO license cannot be renewed:

- 1.If the applicant is an individual, the license ceases to be valid upon the death of the applicant.
- 2.If the applicant is a partnership, the license ceases to be valid if the partnership is dissolved.
- 3.If the licensee is a corporation, the license ceases to be valid if the corporation is wound up.

WHY OBTAIN AN MSO LICENSE IN HONG KONG

An MSO license in Hong Kong is essential for businesses offering money transfer, foreign exchange or virtual asset services.

Key benefits include-

1. Regulatory Compliance- Ensures adherence to Anti-Money Laundering (AML) & Counter-Terrorism Financing (CFT) laws.
2. Credibility- Builds trust with clients, partners and investors.
3. Global Reach- Facilitates international business & access to global markets.
4. Competitive Advantage- Differentiates your company in a competitive market.
5. Business Growth- Expands service offering & enhances client base.

Obtaining an MSO license opens doors for secure transparent & compliant operations in the financial sector.