

**Chandrawat  
& Partners**



# **OBTAINING A TCSP LICENSE IN HONG KONG**

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Hong Kong is an important financial hub, attracting enterprises eager to capitalize on its dynamic market and robust regulatory framework. With a transparent financial system and emphasis on investor protection, Trust or Company Service Providers (“TCSP”) are regulated by the Companies Registry (“CR”) in Hong Kong.

As of June 2024, there are 6981 TCSP licensees. The high number of licensees suggests that there are significant opportunities that a TCSP license grants to companies in this highly competitive industry. Companies with the intention to provide trust and/or company services should apply for a TCSP license as a matter of utmost priority.

# WHAT TYPES OF ACTIVITIES CAN TCSP LICENSED COMPANIES CONDUCT?

A TCSP is a regulated entity in Hong Kong that provides one or more of the following services to other persons:

- Forming corporations or other legal persons.
- Acting, or arranging for another person to act:
  1. as a director or a secretary of a corporation;
  2. as a partner of a partnership; or
  3. in a similar position in relation to other legal persons.
- Providing a registered office, business address, correspondence, or administrative address for a corporation, a partnership, or any other legal person or legal arrangement.
- Acting, or arranging for another person to act:
  1. as a trustee of an express trust or a similar legal arrangement; or
  2. as a nominee shareholder for a person other than a corporation whose securities are listed on a recognized stock market.

Some examples of businesses that fall within the scope of the TCSP licensing regime administered and enforced by the Registry for Trust and Company Service Providers of the CR include trust companies and corporate secretarial firms that publicizes the service and carries on the activity continuously with commercial gain. Before applying for a TCSP license, it is essential to assess feasibility first.

## WHO CAN OBTAIN A TCSP LICENSE?

The cornerstone of the licensing process is the fit and proper test, which is a statutory requirement for determining whether a TCSP and every relevant person of the TCSP are fit and proper to carry on or be associated with a trust or company service business. This evaluation assesses the suitability, integrity, competence, and financial soundness of the person seeking a TCSP license.

Depending on the business structure, the fit and proper test applies to different persons:

- For an applicant who is a sole proprietor, the individual and each ultimate owner are subject to the test.
- For an applicant that is a partnership, each partner and each ultimate owner are subject to the test.
- For an applicant that is a corporation, each director (including alternate director) and each ultimate owner are subject to the test.



Some key considerations of the fit and proper test include:

- Whether the person has been convicted of an offense in or outside Hong Kong (e.g., with regard to Anti-Money Laundering (“AML”), drug trafficking, etc.);
- Whether the person has breached a requirement imposed under the Anti-Money Laundering Ordinance (“AMLO”) or a regulation made by the CR;
- Whether the individual is an undischarged bankrupt or is the subject of any bankruptcy proceedings; or
- Whether the corporation is in liquidation or is the subject of a winding-up order.

The persons exempted from the TCSP licensing requirement (including fit and proper test) include:

- Accounting professional (i.e. a Certified Public Accountant (“CPA”), a corporate practice, or a CPA firm);
- Legal professional (i.e. a solicitor or a foreign lawyer);
- An authorised institution; or
- A licensed corporation that operates a trust or company service business in Hong Kong that is ancillary to the corporation’s principal business.

The official [TCSP Registry website](#) provides more details about the requirements and exemptions.

# APPLYING FOR A TCSP LICENSE



## Timeline

Obtaining the TCSP license is not a lengthy process, but applicants should reserve buffer time for unexpected delays. Generally, it takes 2-3 months on an average from the date a license application is submitted to the Registry for Trust and Company Service Providers to the date the license is granted.

Naturally, a TCSP license application's timeline depends on the complexity of the application, the suitability of every relevant person of the TCSP applicant, the availability of an appointed CR Case Officer, the completeness of the license application materials, and the effectiveness of responses to the CR's questions.

## Application Process

### 1. Analysis

At the Analysis stage, a company that intends to apply for a TCSP license is recommended to consult with a compliance consulting firm to ascertain whether their proposed activities in Hong Kong trigger any licensing requirements and if so, which ones.

At this stage, companies should also obtain advice on matters such as key TCSP licensing requirements, timelines, processes, and permitted activities the firm may conduct whilst waiting for their license to be granted.

## 2. Preparation

In the second stage – Preparation, companies should prepare all necessary information and supporting documents required to complete the application form for a TCSP license. Companies can expedite the TCSP application process with assistance from compliance consulting firms to prepare the license application materials and complete the requisite forms. Failing to provide all of the relevant materials when submitting a TCSP license application will result in a return of application and will lengthen the overall time it takes to obtain the license.

The TCSP **application forms** include:

- **Form TCSP1** – Application for a Trust or Company Service Provider License
- **Form TCSP1 - SIS** – Supplementary Information Sheet for Form TCSP1 on the nature of the intended business
- **Form TCSP1 - SIS2A** – Supplementary Information Sheet 2A for Form TCSP1 on the number of employees and the target customer segment
- **Form TCSP4** – Statement as regards Fit and Proper Criteria (for each individual subject to fit and proper test)
- **Form TCSP5** – Statement as regards Fit and Proper Criteria (for each corporate subject to the fit and proper test)



The **essential documents** include:

- A copy of a valid business registration certificate;
- A copy of the corporation's organizational structure;
- A copy of the shareholding structure (percentage of shareholding for each group member);
- Supporting documents for persons exempted from submitting Form TCSP4 or Form TCSP5 (if any);
- A copy of the authorization letter from the Board of Directors stating approval for the TCSP application.

In our experience, it is beneficial for TCSP license applicants to front-load their applications by providing additional information within the initial application submission package to address questions the CR may pose during its assessment of the application.

Therefore, it can be advantageous for TCSP license applicants to engage a service provider who has experience in handling such applications and can advise on the type of information which should be provided to the CR in advance.



### 3. Submission + Payment

The TCSP license application package should be submitted to CR along with the payment of application fees.

The application can be submitted **electronically** at CR's website, in-person or by post to CR's office for each person subject to the fit and proper test.

Payment for the TCSP license application can be settled via online bank transfer, in-person via cheque / cash, or by post via EPS.

### 4. Requisition

Upon the submission of TCSP license application, CR may request for additional information and/or documentary evidence whenever necessary. In addition, relevant persons of the TCSP license applicant (e.g., directors) may be invited to attend interviews with the CR to provide further information and answer questions relating to the application.

### 5. Approval

Once CR approves the TCSP license application and grants the company its license, applicants who had submitted a hard copy of the application form can collect the license at CR's office.

For TCSP license applications which are submitted electronically, applicants can download a copy of the license via CR's website. A TCSP license is valid for 3 years before a renewal is needed.



If the TCSP license application is not approved, then CR will notify applicants in writing of the decision and the reasons for the decision. The applicant could apply to the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal for a review of the decision within 21 days after the issuance of the notice regarding the decision.

# ONGOING OBLIGATIONS OF A TCSP LICENSED COMPANY



## Comply with CR Requests

TCSP licensed companies are required to cooperate with CR and allow their staff to enter the TCSP's business premises to conduct inspections to ascertain whether the firm has complied with the AMLO. Failure to give CR's staff access to, answer any question regarding, or produce such record or document commits an offense and is liable to fine and imprisonment.

## Ongoing Notification and Reporting Requirements

TCSP licensed companies are required to obtain prior approval from CR for a person to become an ultimate owner, partner, or director. TCSP licensed companies are required to file a notification to CR using the Form TCSP6, regarding:

- Changes in particulars of the licensee, licensee's ultimate owner partner, director, compliance officer or money laundering reporting officer (e.g., business name, business address, business email address, business telephone number).

- Changes in licensee's ultimate owner, partner, director, compliance officer or money laundering reporting officer.
- Changes in the fit and proper status of persons who have undergone the fit and proper test.

TCSP licensed companies are required to file a notification to CR using the Form TCSP7 for the intention to cease business and the intended date of cessation, before the intended date of cessation.

## **Comply with Anti Money Laundering (AML) Requirements**

Generally, TCSP licensees must assess the money laundering and/or terrorist financing ("ML/TF") risk of their businesses. TCSP's should develop and implement policies, procedures, and controls, as evidenced by policy statement(s) or other written documents, on the following aspects:

- Risk assessment;
- Customer due diligence ("CDD") measures;
- Ongoing monitoring of customers;
- Suspicious transactions reporting;
- Record keeping;
- Employee screening procedures; and
- Staff training.

The proper implementation of policies and procedures include senior management oversight, the appointment of a Compliance Officer ("CO") and a Money Laundering Reporting Officer ("MLRO"), compliance and audit function, staff screening, and training.

The exact requirements vary depending on the organizational and legal structures of the TCSP licensees, as well as the nature and scope of their business activities.

Please refer to the [official guidelines from CR](#) for more details.

## Comply with AML Audit Requirements

TCSP licensed companies are expected to establish an independent audit function to conduct regular reviews on the following:

- Adequacy of the TCSP licensee's AML/CTF systems, ML/TF risk assessment framework and application of risk-based approach;
- Effectiveness of suspicious transaction reporting systems;
- Effectiveness of the compliance function; and
- Level of awareness of staff having AML/CTF responsibilities.

It is worth noting that whilst a review by an external party is not mandatory in some cases, it is recommended where appropriate (i.e., where the TCSP is unable to maintain a sufficient level of independence when performing such audits).

## Comply with Licensing Conditions

All TCSP licensed companies are required to appoint a CO and a MLRO during the term of the license and should ensure that a new CO or MLRO is appointed within 7 days where a vacancy occurs in the two posts.

When a TCSP license is granted, CR may also impose a condition by notice in writing. During the three-year validity, CR may also impose a new condition, amend, or remove any previously imposed conditions by notice in writing.

Conditions must be satisfied when the licensee carries on business. Otherwise, CR may take disciplinary actions against a TCSP licensee and its staff, which may include fines and/or imprisonment.



## License Renewal

A TCSP license is valid for 3 years, with details of the validity period on the license. To continue to carry on a trust or company service business upon the expiry of the license, TCSPs must apply for renewal of the license at least 60 days before the license is due to expire. The renewal application will not be accepted if the license is due to expire in less than 60 days, and firms must then apply for a new TCSP license.

The TCSP renewal application requires the submission of the following forms:

- Form TCSP2 - Application for Renewal of a Trust or Company Service Provider License
- Form TCSP4 - Statement as regards Fit and Proper Criteria (for each individual subject to fit and proper test)
- Form TSCP5 – Statement as regards Fit and Proper Criteria (for each corporate subject to the fit and proper test)

The TCSP forms should be submitted along with the payment of the application fee along with additional fee of for each person subject to the fit and proper test.

# SUMMARY

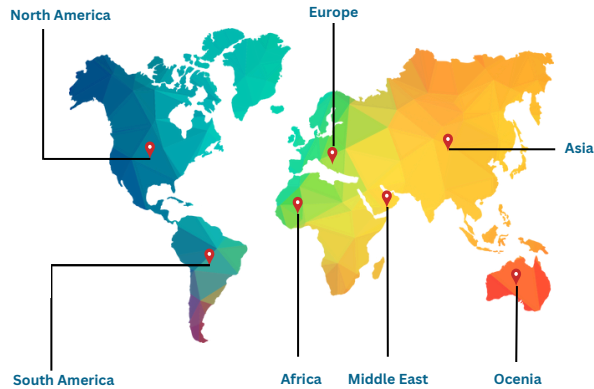


Engaging in trust or company secretarial services in Hong Kong requires a license with the Companies Registry, and therefore it is essential for these types of businesses to obtain the relevant permissions before engaging in such regulated activities in Hong Kong. On an ongoing basis, TCSPs must also comply with all relevant regulatory, compliance, and AML requirements.

If you are not familiar with the licensing application process or ongoing compliance obligations, [Chandrawat & Partners](#) can help.



## SERVING CLIENTS WORLDWIDE



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