

**Chandrawat
& Partners**

**MONEY SERVICE
OPERATORS LICENSING
IN HONG KONG**



www.chandrawatpartners.com



enquiries@chandrawatpartners.com

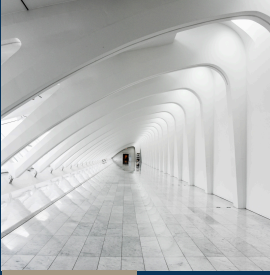
Table of Contents

Introduction	02
Licence application	03
Exemption	06
Eligibility for a licence	08
Application procedures	18
Renewal of licence	26
Revocation and suspension of MSO licence	29
Changes that require CCE's prior approval	31
Notification of changes in particulars	35
Cessation of business	37
Licensee's obligations	39
Register of licensees	41
Disciplinary actions	42
Fee schedule	43
Enquiries	44
Checklist of supporting documents for application for an MSO licence	45



INTRODUCTION

- The Customs and Excise Department (C&ED) is the authority for regulating the money service operators (MSO) with effect from 1 April 2012. Relevant powers are provided under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Chapter 615 (AMLO).
- This licensing guide is for individuals and corporations who operate or wish to operate money service in Hong Kong. It sets out notes on the licensing requirements under the AMLO and explains the application procedures in details. It also provides information relating to the on-going obligations for MSO licensee (licensee) and possible actions taken by C&ED for the improper acts.
- This licensing guide applies to an applicant for grant or renewal of an MSO license (applicant) or a licensee as the case may be.



LICENCE APPLICATION

- Who is required to apply for a licence? If a person who operates or wishes to operate a money service, he or she is required to apply for a licence.
- What is a money service? A money service means a money changing service or a remittance service.
- What is a money changing service? A money changing service means a service for exchanging of currencies that is operated in Hong Kong as a business, but does not include such a service that is incidental to the main business e.g. retail business accepting foreign currencies in transactions or that is operated by a person who manages a hotel if the service:
 - (a) is operated within the premises of the hotel primarily for the convenience of guests of the hotel; and
 - (b) consists solely of transactions for the purchase by that person of non-Hong Kong currencies in exchange for Hong Kong currency

- What is a remittance service? A remittance service means a service of one or more of the following that is operated in Hong Kong as a business —
 - (a) sending, or arranging for the sending of, money to a place outside Hong Kong;
 - (b) receiving, or arranging for the receipt of, money from a place outside Hong Kong;
 - (c) arranging for the receipt of money in a place outside Hong Kong.
- Is there a license application fee? Yes, there is a fee for application for the grant or renewal of a license (see Fee schedule at section XIV).
- Is it required to make a separate application for additional premises in which a money service is operated other than the principal premises during the application for the grant of a license? No, a separate application is not required. The applicant must include each additional premises in which money service is operated in an application for license and pay a fee for each additional business premises to be registered (see Fee Schedule at section XIV).
- When is it required to apply for a license? A person must apply for a license from the CCE before he or she operates a money service.
- Will an application fee collected for processing of the application for grant or renewal of an MSO license be refunded if the CCE refuses to grant or renewal a license? No refund will be made for application fee collected irrespective of whether the application is subsequently approved or refused.
- What will be the form of licence to MSO? A licence to MSO is to be in a form specified by the CCE and must—

(a) specify —

(i) in relation to a license to operate a money service at specified premises, the address of every premises at which the licensee may operate a money service; or

(ii) in any other case, the correspondence address of the licensee;

(b) be endorsed with the conditions imposed or amended under section 30, 31 or 32 of the AMLO; and

(c) specify the period for which the license is valid.

- What is the validity period of a license granted? Normally, the validity period of a license granted will be 2 years. The licensee is required to apply for renewal of the license before expiry if the applicant wishes to continue operating a money service. In any other cases, a license ceases to be valid —
 - (a) if the licensee is an individual, on the death of the individual;
 - (b) if the licensee is a partnership, on the dissolution of the partnership; or
 - (c) if the licensee is a corporation, on the commencement of winding up of the corporation.
- What is the consequence of not applying for a license to operate a money service? Section 29(1) of the AMLO provides that a person commits an offence if the person operates a money service without a licence. Section 29(2) of the AMLO provides that a person who commits an offence under section 29(1) is liable — (a) on conviction on indictment to a fine of HK\$1,000,000 and to imprisonment for 2 years; or (b) on summary conviction to a fine of \$100,000 and to imprisonment for 6 months.



EXEMPTION

- Are there any licensing exemptions? Yes, according to the AMLO, the MSO licensing requirement does not apply to the Government nor to:
 - (a) an authorized institution;
 - (b) a licensed corporation that operates a money service that is ancillary to the corporation's principal business;
 - (c) an authorized insurer that operates a money service that is ancillary to the insurer's principal business;
 - (d) an authorized insurance broker that operates a money service that is ancillary to the broker's principal business;
 - (e) an appointed insurance agent that operates a money service that is ancillary to the agent's principal business;
 - (f) an SVF licensee that operates a money service that is ancillary to the licensee's principal business; or
 - (g) a system operator or settlement institution of a designated retail payment system that operates a money service that is ancillary to its business as a system operator or settlement institution.

CCE will not accept any application for grant or renewal of licence if an applicant has been exempted from the MSO licensing requirements.

- What is an authorized institution?
An authorized institution has the meaning given by section 2(1) of the Banking Ordinance, Chapter 155.

- What is a licensed corporation?

A licensed corporation has the meaning given by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance, Chapter 571.

- What is an authorized insurer?

An authorized insurer means an insurer authorized under the Insurance Companies Ordinance, Chapter 41.

- What is an authorized insurance broker?

An authorized insurance broker has the meaning given by section 2(1) of the Insurance Companies Ordinance, Chapter 41.

- What is an appointed insurance agent?

An appointed insurance agent has the meaning given by section 2(1) of the Insurance Companies Ordinance, Chapter 41.

- What is an SVF licensee?

An SVF licensee means a person who is granted a licence under section 8F of the Payment Systems and Stored Value Facilities Ordinance, Chapter 584.

- What is an SVF licensee?

An SVF licensee means a person who is granted a licence under section 8F of the Payment Systems and Stored Value Facilities Ordinance, Chapter 584.

- What is a system operator?

A system operator has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance, Chapter 584.

- What is a settlement institution?

A settlement institution has the meaning given by section 2 of the Payment Systems and Stored Value Facilities Ordinance, Chapter 584.

ELIGIBILITY FOR A LICENCE

- Who is eligible to obtain a licence?

Under section 30(3) of the AMLO, the CCE 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; or

(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

- Who is an ultimate owner?

1. An ultimate owner in relation to an applicant for a licence or a licensee that is an individual —

(a) means another individual who ultimately owns or controls the money service business of the first-mentioned individual; or

(b) if the first-mentioned individual is acting on behalf of another person, means the other person.

2. An ultimate owner in relation to an applicant for a licence or a licensee that is a partnership, means an individual who —

- (a) is entitled to or controls, directly or indirectly, more than a 25% share of the capital or profits of the partnership;
- (b) is, directly or indirectly, entitled to exercise or control the exercise of more than 25% of the voting rights in the partnership;
- or
- (c) exercises ultimate control over the management of the partnership.

3. An ultimate owner in relation to an applicant for a licence or a licensee that is a corporation, means an individual who —

- (a) owns or controls, directly or indirectly, including through a trust or bearer share holding, more than 25% of the issued share capital of the corporation;
- (b) is, directly or indirectly, entitled to exercise or control the exercise of more than 25% of the voting rights at general meetings of the corporation; or
- (c) exercises ultimate control over the management of the corporation.

- What does a fit and proper person mean?

In determining whether a person is a fit and proper person, the CCE must have regard to the following:

- (a) whether the person has been convicted of
 1. an offence under section 5(5), (6), (7) or (8), 10(1), (3), (5), (6), (7) or (8), 13(1), (3), (5), (6), (7) or (8), 17(9), 20(1), 61(2) or 66(3) of the AMLO;
 2. an offence under section 14 of the United Nations (Anti-Terrorism Measures) Ordinance, Chapter 575;

3. an offence under section 25(1), 25A(5) or (7) of, or any offence specified in Schedule 1 to, the Drug Trafficking (Recovery of Proceeds) Ordinance, Chapter 405; or

4. an offence under section 25(1), 25A(5) or (7) of, or any offence specified in Schedule 1 or 2 to, the Organized and Serious Crimes Ordinance, Chapter 455;

(b) whether the person has been convicted in a place outside Hong Kong-

1. for an offence in respect an act that would have constituted an offence specified in the above paragraph (a)(i), (ii), (iii) or (iv) had it been done in Hong Kong;

2. for an offence relating to money laundering or terrorist financing (ML/TF); or

3. for an offence for which it was necessary to find that the person had acted fraudulently, corruptly or dishonestly;

(c) whether the person has persistently failed to comply with any requirement imposed under this Ordinance or any regulation made by the CCE under section 51;

(d) whether the person, being an individual, is an undischarged bankrupt or is the subject of any bankruptcy proceedings under the Bankruptcy Ordinance, Chapter 6;

(e) whether the person, being a corporation, is in liquidation or is the subject of a winding up order, or there is a receiver appointed in relation to it; and

f) any other matter that the CCE considers relevant.

License applicants and licensees may refer to the Guideline on Criteria for Determining Fitness and Propriety and its Supplementary Guideline issued by the CCE for further details.

- What do particular premises used for operation of a money service mean and do such premises need to be registered?

The particular premises need to be registered are those in which you operate a money changing service and/or a remittance service. Here are some examples of particular premises to operate a money service business:

- (a) the premises are occupied for operating a money service there;
- (b) the premises are advertised (including a signboard on display) for meeting customers there; and
- (c) the premises are regularly controlled by the licensee, i.e. being a landlord or a tenant.

However, premises are not treated as particular premises for operating a money service if you are only a visitor or a customer at premises such as dining establishments or banks, or at accountant or solicitor firms merely for processing accounting or legal documents for your company.

- What if there are no particular business premises?

The following examples are not considered as operating a money service at particular premises:

- (a) operating a money service without any fixed premises, e.g. door-to-door service;
- (b) meeting customers at a customer office; or
- (c) conducting transactions with the use of mobile electronic devices.

If there are no particular premises for operating your money service, you must provide a local management office, a correspondence address, and a local place for storage of books and records in the application form.

- What particular premises are considered suitable or not suitable to be registered for the operation of a money service?

In addition to the relevant statutory requirement stipulated in the AMLO, C&ED will consider the suitability of a particular premises from the perspective of appropriateness and legitimacy of the licensee in operating a money service, e.g. without infringing the consumer's rights under applicable laws.

The following examples are considered suitable to be registered for the operation of a money service:

- (a) Particular premises should be accessible by C&ED officers for carrying out their functions under the MSO regulatory regime; and
- (b) Where particular premises are situated in a mixed commercial and residential building (i.e. situated in domestic premises), the applicant has secured the written consent of every occupant of the premises for any authorized person of C&ED to enter the premises to conduct inspection.

The following examples are considered NOT suitable to be registered for the operation of a money service:

- (a) Particular premises are situated in a wholly residential building;
- (b) Particular premises are being used by other MSO for operating a money service or being declared by other applicant for grant/renewal of an MSO licence;
- (c) Particular premises that are not accessible without the permission or assistance of the occupant/owner of other business sharing the same premises in which the area occupied/owned by another party becomes de facto the entrance to the particular premises; or

(d) Business name displayed on the signboard of the particular premises is different from the business name registered in the Business Registration Certificate which is submitted for the grant or renewal of an MSO licence or notification of changes in particulars in connection with the licence application.

- What is a local management office?

An applicant who chooses to operate a money service without particular premises must maintain a physical presence in Hong Kong, which will be its local management office (LMO) and correspondence address of the business/ corporation. The LMO is a physical office which can be reached in person and through telephone by C&ED officers to perform the functions under the AMLO, as well as receive document/correspondence from C&ED such as circulars and notices to the licensee.

Personnel in the LMO must be the sole proprietor, partner, director, ultimate owner and/or Compliance Officer (CO) of the licensee. As such, residential address/premises of an MSO or the address/premises of its service provider (if any), such as company secretarial firm, accounting firm, or solicitor firm, etc. will not be accepted by the CCE as the LMO of an MSO. This is necessary to provide a local office and the personnel of the licensee as a point of contact for interfacing with C&ED for the effective supervision of the licensee's money service business.

In addition, the landlord of the LMO must grant permission to the licensee to use the premises for money service business, which should be included in the tenancy agreement of the LMO or in a letter issued by the landlord to the applicant.

Failure to submit the information of LMO for licence application/renewal application is deemed as invalid application which will not be processed by C&ED 10 and/or will result in refusal to grant licence. If a licensee fails to maintain the LMO or if the LMO fails to serve as a point of contact for interfacing with C&ED, such as without the presence of the licensee's personnel, it will result in the suspension and/or revocation of the licence. C&ED will conduct check to ensure the suitability of premises applied to be a LMO.

- What if there is other business being run on the same business premises?

Where other business is being run on the same premises of an applicant, the money service business of the MSO must be clearly partitioned and distinguished from the other business. Sharing the premises with other MSO to operate money service business will not be accepted by the CCE.

- What happen if there are premises which are required to be registered but being omitted in the application?

Section 52(2) of the AMLO provides that a person commits an offence if the person in connection with an application for the grant or renewal of a license omits a material particular and knows that or is reckless as to whether, the material particular is omitted. Section 52(3) of the AMLO provides that a person commits an offence under section 52(2) is liable on conviction to a fine up to HK\$50,000 and imprisonment for up to 6 months.

- Is there any other requirement for the particular premises being used to operate a money service?

Where the premises in respect of which an application is made belong to mixed commercial and residential building, the applicant should secure the written consent of every occupant of the premises for any authorized person to enter the premises for routine inspection. In addition, all applicants are required to have a local place for storage of books and records (LPS).

- What is a local place for storage of books and records?

An applicant is required to provide the information of a local place for storage of books and records (LPS) in Hong Kong, which is a physical place for keeping the full set of books and records in respect of its money service transactions. The LPS must be under the control of the licensee so as to facilitate the C&ED officer's access to them to perform the functions under the AMLO. As such, residential address/premises of an MSO or the address/premises of its service provider (if any), such as company secretarial firm, accounting firm or solicitor firm, etc. will not be accepted by the CCE as the LPS of an MSO. In addition, the landlord of the LPS must grant permission to the MSO to use the premises for money service business, which should be included in the tenancy agreement of the LPS or in a letter issued by the landlord to the applicant. 11 Failure to submit the information of LPS for licence application/renewal application is deemed as invalid application which will not be processed by C&ED and/or will result in refusal to grant licence. If a licensee fails to maintain the LPS, it will result in the suspension and/or revocation of the licence.

- Who is an authorized person mentioned in paragraph 4.10?

An authorized person means any person authorized by the CCE under section 9(12) of the AMLO.

- Is there a fee for fit and proper person test?

Yes, there is a one-off fee for each applicant (see Fee Schedule at section XIV).

- Will fit and proper person test fee be refunded?

No, the fee paid for the fit and proper person test is non-refundable.

- Is there any other requirement for the applicant or holder of MSO licence?

(a) An applicant is required to appoint a competent CO and an Money Laundering Reporting Officer (MLRO) to act respectively as the focal point for the oversight of applicant's anti-money laundering and counter-terrorist financing (AML/CFT) systems and compliance measures and the central reference point for reporting suspicious transactions.

Except that the sole proprietor, partner, director, or ultimate owner of the applicant is also the CO and MLRO, the CO and MLRO must be the applicant's employee under the definition of Employment Ordinance, Cap. 57, Laws of Hong Kong. Applicants and licensees may refer to the Guideline on AML/CFT issued by the CCE (AML Guideline) for the requirements of CO and MLRO.

(b) The sole proprietor, any one of the partners and directors of an applicant or a licensee must pass a Competence Assessment (Assessment) conducted by the C&ED with a view to ensuring that the senior management of an applicant or a licensee has clear understanding of ML/TF risks to which it is exposed, and is capable of implementing effective AML/CFT systems to adequately manage and mitigate the ML/TF risks identified in order to meet the statutory AML/CFT obligations. Applicants and licensees may refer to the "Guidance Notes on the Competence Assessment for MSOs" issued by the CCE for further details.

(c) Any person carrying on business in Hong Kong is required to register the business under the Business Registration Ordinance, Cap. 310, Laws of Hong Kong. An applicant or a licensee must have a valid Business Registration Certificate issued by the Commissioner of Inland Revenue, otherwise, the application for a licence will not be processed by C&ED, or if a licence has been granted, the licence will be subject to suspension and/or revocation by the CCE.





Application procedures

Application for a license to operate money service

- How do you apply for a license?

An applicant needs to complete an application form (Form 1), supplementary information sheet and the relevant annex and submit a (i) Business Plan; and (ii) AML/CFT policies (hereafter refers 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 which is applicable to the applicant.

The completed form, supplementary information sheet and annex must be submitted to the C&ED together with the photocopies of the requisite documents (see the checklist of supporting documents in the application Form) by post or via C&ED's website or in person to the Money Service Supervision Bureau, C&ED, Units 402-403, 4/F, Centre Parc, 11 Sheung Yuet Road, Kowloon Bay, Kowloon. The application form, annex, supplementary information sheet and guidelines for submission of Business Plan and AML Policy can be obtained from the above address or downloaded from C&ED's website at <https://eservices.customs.gov.hk/MSOS/>.

For new application to operate a money service at 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 counter or office of the particular premises, whereas another photograph should show the outer part such as signboard of the particular premises. Where an applicant also has separate premises which serve as LPS and/or LMO, at least two photographs should also be attached for each additional LPS and/or LMO. The photograph requirements for LPS and LMO are the same as those applicable to particular premises.

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

- What are Business Plan and AML Policy?

Business Plan should be a comprehensive overview of the business, which includes but not limited to such components as detailed operation mode, organizational structure, payment system, target customer, staffing, and finance of the company. For example, if an applicant intends to operate a money service without using bank account, the applicant is required to provide relevant details as to how its money service business is operated in this circumstance. 13 AML Policy should set out, among others, the applicant's own policies, procedures and controls in the relevant operational areas with a view to mitigating the ML/TF risks to which the applicant is exposed and fulfilling the relevant statutory and regulatory requirements. For example, an applicant is required to elaborate the company's payment/settlement system for remittance transactions, and the company's mechanism for sanction screening and screening of high-risk customers. To prepare Business Plan and AML Policy, applicant should follow the Guidelines for Submission of Business Plan and the Guidelines for Submission of AML Policy, which are available on C&ED's website at <https://eservices.customs.gov.hk/MSOS/>.

- Can applicants submit an application through electronic means?

Yes, an applicant can access the C&ED's website at <https://eservices.customs.gov.hk/MSOS/> and follow the instructions to submit the license application. Applicants may refer to Section XVI of this licensing guide for the documents required in support of the application.

- How will the application be processed?

On receipt of a license application by C&ED, an applicant will have 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.

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 for nominating the eligible person(s), i.e. sole proprietor, partner(s) or director(s) of the applicant to attend the Assessment. The applicant will be required to bring along the notice, payment record, and the relevant original documents in attending an interview at the allotted time with the officers of the department.

During the interview, the original documents and the payment record will be verified, and the applicant will be required to sign on the application for an MSO license in the presence of the C&ED officers. Besides, the applicant will be required to clarify and elaborate any information of the submitted documents in relation to the license application e.g. its Business Plan and AML Policy provided for the application. With a view to ensuring that the applicant can fully understand and fulfil the obligations of an MSO licensee, the applicant will be briefed on the statutory licensing and compliance requirements applicable to MSOs.

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 center. 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 session of the Assessment may result in refusal of the license application.

For more details about the Assessment, applicants and licensees may refer to the “Guidance Notes on the Competence Assessment for MSOs”.

- Who is required to attend the interview?

The person attending the interview must be:

- (a) the sole proprietor, where the applicant belongs to sole proprietorship;
- (b) the partner(s) or staff member(s) of the applicant authorized in writing by every partner, where the applicant belongs to partnership; or
- (c) the directors or staff member(s) of the applicant authorized in writing by the board of directors, where the applicant belongs to corporation.

- How long will the application be processed?

The processing time may vary and depend on various factors including the time taken in collecting requisite documents from the applicant, on-site inspection at the business premises, the time required in obtaining records from other authorities to perform a fit and proper person test, and the time taken for completing the Assessment.

Application for the fit and proper person test

- Who is required to apply for fit and proper person test?

Where 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.

- How do you apply for the fit and proper person test?

The applicant needs to complete a Fit and Proper Person Declaration Form (Form 3A with Appendices I & II for individual and Form 3B for corporation) and submit the Form together with supporting document to C&ED. Regarding the Appendix I which is attached to Form 3A, the declarant has to sign in the presence of a witness who is an authorized officer of the C&ED, a practicing professional (e.g. solicitor, accountant, auditor), a notary public or a Justice of the Peace. The witness shall check the personal particulars as stated in the Appendix I against the original identity document(s) of the declarant and certify that the personal particulars 15 stated therein are true and correct. The witness shall also certify that this Appendix I is signed by the declarant in his or her presence.

- How will the fit and proper person test application be processed?

On receipt of a fit and proper person declaration form, the CCE will undertake a number of checks to confirm the accuracy of the information provided. This will include vetting details against information held by this department, other government and law enforcement agencies.

- Under what circumstances may the CCE refuse to grant a licence to an applicant to operate a money service?

For example, the CCE may refuse to grant a licence on the following situations and inform the applicant by notice in writing of his decision:

- (a) an applicant or one or more applicants within the applicant's business fail to satisfy the fit and proper person test;
- (b) the premises to be used are not suitable for the operation of a money service;
- (c) an applicant cannot obtain the written consent from every occupant of the particular premises which are situated in a mixed commercial and residential building (i.e. situated in domestic premises) to be used for the operation of a money service for any authorized person to enter for routine inspection;
- (d) an applicant fails to provide the information of a LPS;
- (e) an applicant who chooses to operate a money service without particular premises fails to provide the information of a LMO;
- (f) an applicant fails to provide Business Plan and AML Policy in accordance with the relevant guidelines promulgated by C&ED;
- (g) an applicant fails to appoint a competent CO or MLRO;
- (h) an applicant submits an incomplete or invalid application;
- (i) none of the senior management of an applicant, i.e. the sole proprietor, partner or director, attends the Assessment designated by C&ED;
- (j) none of the senior management of an applicant, i.e. the sole proprietor, partner or director, passes the Assessment designated by C&ED; or
- (k) an applicant has been exempted from the MSO licensing regime by virtue of section 25 of the AMLO.

- Can an applicant appeal against the decision of the CCE for the refusal of granting a licence to operate money service?

Yes, the applicant may appeal against CCE's decision to Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal within the period ending 21 days after the notice informing the applicant of the refusal of grant of an MSO licence.



Renewal of licence

- When is it required to renew the MSOLicence?

A licensee is required to renew the MSO licence not later than 45 days before the licence is due to expire.

- Will a reminder be sent to a licensee before the expiry of the licence?

Yes, 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 expiry of the license. However, it is the licensee's legal responsibility to apply for renewal 45 days before expiry of the license.

It is to note that attending the Assessment is also a licensing requirement for the CCE to determine whether the licensee or applicant is fit and proper to operate the business of a money service. The licensee is required to nominate the eligible person(s) for the Assessment within seven days upon receipt of the invitation letter. The eligible person(s) nominated for the Assessment will attend the Assessment within 30 days upon receipt of 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 that the CCE considers relevant in determining whether the licensee is still fit and proper to operate the business of a money service. Failure to attend the designated session of the Assessment will result in rejection of the corresponding application.

For more details about the Assessment, applicants and licensees may refer to the “Guidance Notes on the Competence Assessment for MSOs”.

- How does a licensee renew his or her licence?

A licensee must submit his or her application for renewal (Form 2), supplementary information sheet and the relevant annex together with the fit and proper person declaration forms (number of such forms is subject to the number of persons required for fit and proper person test), its Business Plan, AML Policy and photocopies of requisite documents by post or in person or via C&ED’s website at <https://eservices.customs.gov.hk/MSOS/>.

For renewal application to operate a money service at 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 counter or office of the particular premises, whereas another photograph should show the outer part such as signboard of the particular premises. Where an applicant also has separate premises which serve as LPS and/or LMO, at least two photographs should also be attached for each additional LPS and/or LMO. The photograph requirements for LPS and LMO are the same as those applicable to particular premises.

Upon receipt of the application for renewal and fit and proper person test, CCE will acknowledge receipt of the renewal applications and a reminder for provision of any outstanding documents will be issued to the applicant where necessary. If the applicant fails to produce the documents within a specified period, the application will be considered invalid and will not be processed by C&ED.

When all the requisite documents are found to be in order, CCE will issue a notice for an interview together with a demand note to the licensee for payment of respective fees which are non-refundable.

- What if a licensee cannot submit the renewal application before the 45-day statutory requirement or cannot provide all the requisite documents to C&ED?

The application will be deemed to be an invalid application which will not be further processed by C&ED if —

- a) a licensee cannot submit the duly completed Form 2, supplementary information sheet and the relevant annex to C&ED 45 days before the expiry of the licence;
- b) when a reminder for provision of any outstanding documents issued to the licensee by C&ED but the licensee fails to produce all the supporting documents within specified period; or
- c) a licensee fails to nominate any eligible person(s) for the Assessment within seven days upon receipt of the invitation letter.

If a licensee submits an invalid renewal application which cannot be processed by C&ED, the existing licence will lapse automatically upon the expiry of the validity period. The licensee must cease money service operation. An unlicensed operation of a money service is an offence.

Revocation and suspension of MSO licence

- Under what circumstances the CCE may revoke or suspend an MSO license?

The following is a non-exhaustive list of examples that the CCE may revoke or suspend a license:

a) the licensee, the individual, any partner, any director and any ultimate owner in relation to the licensee is no longer a fit and proper person to operate a money service/to be associated with the business of operating a money service after the grant of a license;

(b) any occupant of the premises revokes his or her written consent previously given 18 for any authorized officer to enter the premises for routine inspection;

(c) any new occupant of the premises refuses to give such a written consent;

(d) the licensee fails to maintain a LPS or the LPS falls foul of the requirements set out in this licensing guide;

(e) where a licensee operates a money service without particular premises, the licensee fails to maintain a LMO or the LMO falls foul of the requirements set out in this licensing guide;

(f) where a licensee fails to submit a periodic return on time;

(g) where a licensee's holding of the licence fails to fulfill the purpose (i.e. provision of money service) for which the licence was issued. An example is a money service has never been provided by the licensee;

For more details about the fit and proper person criteria, licence applicants and licensees may refer to the Guideline on Criteria for Determining Fitness and Propriety and its Supplementary Guideline issued by the CCE.

- Will a licensee have an opportunity to be heard for the revocation or suspension of licence?

Yes, the CCE will inform the licensee of the revocation or suspension of license by notice in writing and give the licensee an opportunity to be heard before revoking or suspending the licence.

- Can a licensee appeal against the decision of the CCE for the revocation or suspension of the license?

Yes, the licensee may appeal against CCE's decision to Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal within the period ending 21 days after the notice informing the licensee of the decision has been sent.

Changes that require CCE's prior approval

- Does a licensee need to seek prior approval from the CCE when there is a person proposing to become licensee's director?

Yes, a licensee needs to make an application in Form 4 and the proposing director needs to submit the fit and proper person declaration form.

- Does a licensee need to seek prior approval from the CCE when there is a person proposing to become the licensee's ultimate owner?

Yes, a licensee needs to make an application in Form 4 and the proposing ultimate owner needs to submit the fit and proper person declaration form.

- Does a licensee need to seek prior approval from the CCE when there is a person proposing to become the licensee's partners?

Yes, a licensee needs to make an application in Form 4 and the proposing partner needs to submit the fit and proper person declaration form.

- Does a licensee need to seek prior approval from the CCE if he or she wishes to add premises to operate a money service at any particular premises?

Yes, if a licensee wishes to add premises to operate a money service, the licensee needs to make an application in Form 5 to add the premises.

If a licensee operating a money service without particular premises wishes to make a change to operation of a money service at particular premises, apart from the need to submit an application in Form 5 to C&ED, the licensee needs to submit a Business Plan and updated AML Policy to notify the CCE of the change in operation mode of its money service.

- What is the consequence if a licensee fails to seek prior approval from the CCE for the addition of director(s)?

Section 35(1) of the AMLO provides that in relation to a licensee that is a corporation, a person must not become a director of the corporation unless the CCE has, on application of the licensee, given his or her approval in writing. Section 35(7) of the AMLO provides that a person who, without reasonable excuse, contravenes section 35(1) commits an offence and is liable on conviction to fine of HK\$50,000 and to imprisonment for 6 months. The CCE may also take disciplinary actions under section 43(1)(c) of the AMLO for contravention of section 35(1) of the AMLO.

- What is the consequence if a licensee fails to seek prior approval from the CCE for the addition of ultimate owner(s)?

Section 36(1) of the AMLO provides that a person must not become an ultimate owner of the licensee unless the CCE has, on application of the licensee, given his or her approval in writing. Section 36(7) of the AMLO provides that a person, who, without reasonable excuse, contravenes section 36(1) commits an offence and is liable on conviction to a fine of HK\$50,000 and to imprisonment for 6 months. The CCE may also take disciplinary actions under section 43(1)(c) of the AMLO for contravention of section 36(1) of the AMLO.

- What is the consequence if a licensee fails to seek prior approval from the CCE for the addition of partner(s)?

Section 37(1) of the AMLO provides that in relation to a licensee that is a partnership, a person must not become a partner in the partnership unless the CCE has, on application of the licensee, given his or her approval in writing. Section 37(7) of the AMLO provides that a person who, without reasonable excuse, contravenes section 37(1) commits an offence and is liable on conviction to a fine of HK\$50,000 and to imprisonment for 6 months. The CCE may also take disciplinary actions under section 43(1)(c) of the AMLO for contravention of section 37(1) of the AMLO

- What is the consequence if a licensee fails to seek prior approval from the CCE for the adding of new business premises?

Section 38(1) of the AMLO provides that a licensee who is licensed to operate a money service at premises specified in the license must not operate a money service at any premises other than those specified premises unless the CCE has, on an application of the licensee, added the new premises to the license. Section 38(8) of the AMLO provides that a person who, without reasonable excuse, contravenes section 38(1) commits an offence and is liable on conviction to a fine of HK\$50,000 and to imprisonment for 6 months. The CCE may also take disciplinary actions under section 43(1)(c) of the AMLO for contravention of section 38(1) of the AMLO.

- What is the consequence if a licensee fails to seek prior approval from the CCE for operating a money service at any particular premises?

Section 39(1) of the AMLO provides that a licensee who is not required to operate a money service at particular premises must not operate a money service at any particular premises unless the CCE has, on an application of the licensee, added the new premises to the licence. Section 39(8) of the AMLO provides that a person who, without reasonable excuse, contravenes section 39(1) commits an offence and is liable on conviction to a fine of HK\$50,000 and to imprisonment for 6 months. The CCE may also take disciplinary actions under section 43(1)(c) of the AMLO for contravention of section 39(1) of the AMLO.

- Is there any other consequence if a licensee fails to comply with sections 35(1), 36(1), 37(1), 38(1), 39(1) or 39A(1) of the AMLO?

Yes. Apart from criminal sanction, a licensee who contravenes sections 35(1), 36(1), 37(1), 38(1), 39(1) or 39A(1) of the AMLO may also be subject to disciplinary and/or administrative sanctions such as suspension and revocation of licence.

Notification of changes in particulars

- Which kind of changes in particulars that a licensee needs to notify the CCE? A licensee needs to notify the CCE the following changes by completing the Notification of Change in Particulars (Form 6):
 - (a) Change in business / corporation name
 - (b) Change in principal (correspondence) address
 - (c) Change in contact information
 - (d) Change in business premises information
 - (e) Change in telephone or fax no. of business premises 21
 - (f) Change in information of other business being run in the business premises
 - (g) Change in occupants of the particular premises which are situated in a mixed commercial and residential building (i.e. situated in domestic premises)
 - (h) Change in particulars of sole proprietor / partners / directors / ultimate owners
 - (i) Change in partners / directors / ultimate owners
 - (j) Change in “Fit and Proper” status of sole proprietor / partner / director / ultimate owner
 - (k) Change in bank account used for operating money service business
 - (l) Change in local management office
 - (m) Change in local place for storage of books and records
 - (n) Change in CO or MLRO

Licensee should be aware that some changes in particulars may result in a review of the validity of an MSO license, for example, changes in the fit and proper status of sole proprietor/ partner/ director/ ultimate owner, etc

- When shall a licensee notify the CCE of the change?

For the changes in particulars mentioned in paragraph 9.1, the licensee must notify the CCE in writing (Form 6) of the changes within one month beginning on the date on which such change takes place

- What is the consequence if a licensee fails to notify the CCE in writing of the change?

Section 40(1) of the AMLO provides that if there is any change in the particulars that are provided to the CCE in connection with a licensee's application under section 30 or 31, the licensee must notify the CCE in writing of the change within one month beginning on the date on which the change takes place. Section 40(4) provides that a licensee who, without reasonable excuse, contravenes section 40(1) commits an offence and is liable on conviction to a fine of HK\$50,000. Apart from criminal sanction, a licensee who contravenes section 40(1) may also be subject to disciplinary and/or administrative sanctions such as suspension and revocation of license.

- Does a licensee need to notify the CCE if he or she intends to change the status of business or the nature of money service business?

If a licensee wishes to change the nature of money service business, e.g. money changing service to remittance service, or vice versa, the licensee is required to file a written submission with the CCE, including the updated Business Plan and AML 22 Policy as well as any relevant supporting documents deemed necessary, for a review of its fit and proper status for the provision of the proposed money service.

Cessation of business

- Does a licensee need to notify the CCE if he or she intends to cease to operate a money service or to cease to operate a money service at any of the premises specified in the license?

Yes, the licensee needs to notify the CCE of the cessation of business or the cessation of operating a money service at any specified premises.

If a licensee operating a money service at particular premises wishes to make a change to operation of a money service without particular premises, the licensee needs to submit an application to notify the CCE of the cessation of its existing business and submit a new application to apply for a licence to operate a money service without particular premises.

- When shall a licensee notify the CCE of his or her intention of cessation of business?

The licensee must notify the CCE before the date of cessation (including expiry of licence) by completing the Notification of Cessation of Business (Form 7) of that intention and the date of cessation. In addition, the licensee needs to return the valid or expired licence to the CCE for cancellation within 7 days beginning on the date of cessation or expiry as the case may be.

- If a licensee cancel his or her licence within its validity period, will the licensee get a refund of the whole or some of the fees paid?
No.

- What is the consequence if a licensee fails to notify the CCE in writing of the change?

Section 41(1) of the AMLO provides that if a licensee intends to cease to operate a money service or (if applicable) to cease to operate a money service at any of the premises specified in the licence with effect from a particular date, the licensee must -

- (a) before the date of cessation, notify the CCE in writing of that intention and that date of cessation; and
- (b) return the licence to the CCE for cancellation or amendment within 7 days beginning on the date of cessation.

Section 41(4) provides that a licensee who, without reasonable excuse, contravenes section 41(1) commits an offence and is liable on conviction to a fine of HK\$50,000. Such contravention will adversely affect the fitness and propriety of the person concerned to operate a money service or to be associated with the business of operating a money service. The CCE may also take disciplinary and/or 23 administrative sanctions under the AMLO for the contravention.

Licensee's Obligations

- What are the obligations of a licensee?

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:

- (a) A licensee must report on suspicious transactions;
- (b) A licensee must develop and maintain an effective AML Policy to mitigate ML/TF risks;
- (c) The individual, any partner, any director and ultimate owner in relation to a licensee must remain fit and proper at all times;
- (d) 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 routine inspection;
- (e) A licensee who is licensed to operate a money service at premises specified in the licence must display the original of the licence in a conspicuous place at the specified premises;
- (f) A licensee must maintain a LPS;
- (g) 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 interfacing with C&ED;
- (h) A licensee must ensure at least one of the members of the senior management, i.e. sole-proprietor, partner or director, having attended the Assessment;
- (i) A licensee must submit periodic return to the CCE in the form specified by the CCE in a timely manner; and
- (j) Where bank account(s) is 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.

- What return shall a licensee lodge to the CCE?

A licensee shall lodge a periodic return to the CCE within 2 weeks beginning from each quarter unless specified by the CCE by notice in writing. The periodic return must be submitted in the form and manner specified by the CCE. Any failure to submit a periodic return on time may result in the suspension and/or revocation of the licence.

- Why does the C&ED require a licensee to further submit “supplementary information form(s)”?

A licensee is required to notify the C&ED of the appointment of a CO and a MLRO to act respectively as the focal point for the oversight of compliance measures and the central reference point for reporting suspicious transactions as required by the AML Guideline

- Why does the C&ED require the senior management of a licensee to attend the Assessment?

To comply with relevant statutory and regulatory AML/CFT requirement on senior management oversight prescribed under the AMLO and guidelines issued by the CCE, the senior management of a licensee should have a clear understanding of ML/TF risks to which it is exposed and be capable of implementing effective AML/CFT Systems that can adequately manage the ML/TF risks identified.



Register of Licensees

- What information will be provided in the Register of Licensees?

The following information will be provided in the Register of Licensees:

- (a) the name of every licensee; and
- (b) in respect of each licensee—
 - (i) if the licensee is licensed to operate a money service at specified premises, the address of every premises at which the licensee may operate a money service; or
 - (ii) in any other case, the correspondence address of the licensee.

- Where can you inspect the register?

The register is available for inspection by members of the public at the office of the C&ED at Units 402-403, 4/F, Centre Parc, 11 Sheung Yuet Road, Kowloon Bay, Kowloon and is accessible through the C&ED's website at

<https://eservices.customs.gov.hk/MSOS/>.



Disciplinary actions

- What disciplinary actions will be taken by the CCE?

If a financial institution contravenes a specified provision as defined by section 5(11) of the AMLO, under section 21 (2) of the AMLO, the CCE may

- (a) publicly reprimand the financial institution;
- (b) order the financial institution to take, by a date specified by the relevant authority, any action specified by the relevant authority for the purpose of remedying the contravention; and
- (c) order the financial institution to pay a pecuniary penalty not exceeding the amount that is the greater of—
 - (i) HK\$10,000,000; or
 - (ii) 3 times the amount of the profit gained, or costs avoided, by the financial institution as a result of the contravention.

If an MSO licensee commits an act referred to in section 43(1) of the AMLO, under section 43(2) of the AMLO, the CCE may-

- (a) publicly reprimand the licensee; (b) order the licensee to take, by a date specified by the CCE, any action specified by the CCE for the purpose of remedying the contravention; and (c) order the licensee to pay a pecuniary penalty not exceeding HK\$1,000,000.

Fee schedule

Item	Fee HK\$
Application for the grant of a licence plus for each additional business premises plus for each person who is subject to the fit and proper person test	3,310 2,220 860
Application for the renewal of a licence plus for each additional business premises plus for each person who is subject to the fit and proper person test	790 355 860
Application for an approval to become a licensee's director/ ultimate owner/ partner	860 For each person in relation to whom the application is made
Application to add new business premises	2,220 For each new business premises
Application to operate a money service at particular premises	2,220 For each business premises



Enquiries

- Where can you ask for further information?

You may find more information about licensing related matters at the C&ED's website at <https://eservices.customs.gov.hk/MSOS/>. You can also make enquiry on licensing related matters to the department by the following ways:

- (a) By phone at 3742 7742 (during office hours from Monday to Friday except Public Holidays);
- (b) By post to the Money Service Supervision Bureau, Customs and Excise Department at Units 402-403, 4/F, Centre Parc, 11 Sheung Yuet Road, Kowloon Bay, Kowloon;
- (c) By fax to 3742 7758; or
- (d) By email to msoenquiry@customs.gov.hk



Checklist of supporting documents for application for an MSO Licence

- To facilitate the application for grant and renewal of an MSO license, applicant is required to submit the following documents (stamped with the applicant's company chop) together with the completed application form, i.e. Form 1 or 2, annex and supplementary information sheet to the Money Service Supervision Bureau of C&ED.
- The list below is not exhaustive. With a view to determining the fitness and propriety of the applicant and the suitability of the premises in accordance with the licensing requirements, the C&ED may require the applicant to produce other supporting documents in processing the application.



- **Supporting Documents of the Applicant's Particulars**

Sole proprietorship

1. A copy of valid Business Registration Certificate
2. A copy of Extract of information on the Business Register

Partnership

1. A copy of valid Business Registration Certificate
2. A copy of Extract of information on the Business Register

Local company

1. A copy of valid Business Registration Certificate
2. A copy of Certificate of Incorporation
3. A copy of the latest Annual Return (Form NAR1) and all documents filed with the Companies Registry after filing of the latest Annual Return
4. A copy of Incorporation Form - Form NNC1 (for company limited by shares) or Form NNC1G (for company not limited by shares) for new established company
5. Information of group structure and percentage of shareholdings of each group member
6. A copy of Memorandum and Articles of Association

Non-Hong Kong company

1. A copy of valid Business Registration Certificate
2. A copy of Certificate of Registration of non-Hong Kong Company
3. A copy of the latest Annual Return (Form NN3) and all documents filed with the Companies Registry after filing of the latest Annual Return
4. A copy of Particulars of a non-Hong Kong Company Registered in Hong Kong (Form NN1) for new established company
5. Information of group structure and percentage of shareholdings of each group member
6. A copy of Memorandum and Articles of Association

• Supporting Documents of Particulars of each premises**Premises used for the operation of a Money Service**

1. A copy of stamped tenancy agreement or record of ownership of the premises
2. Floor plan of the premises
3. Two 4R-sized photographs showing the exterior and interior of the premises
4. A copy of letter issued by the landlord to the applicant permitting the premises to be used for money service business
5. Copies of consent letters from every occupant of the premises (for mixed commercial and residential premises only)

Local place for storage of books and records

1. A copy of stamped tenancy agreement or record of ownership of the premises
2. Floor plan of the premises
3. Two 4R-sized photographs showing the exterior and interior of the premises
4. A copy of letter issued by the landlord to the applicant permitting the premises to be used for local place for storage of books and records

Local management office

1. A copy of stamped tenancy agreement or record of ownership of the premises
2. Floor plan of the premises
3. Two 4R-sized photographs showing the exterior and interior of the premises
4. A copy of valid Business Registration Certificate
5. A copy of letter issued by the landlord to the applicant permitting the premises to be used for local management office

• Supporting Documents of Particulars of the sole proprietor and each individual partner / director / ultimate owner of the Applicant

Hong Kong resident

1. Completed Fit and Proper Person Declaration Form 3A together with Appendices I & II
2. A copy of Hong Kong Identity Card

Non-Hong Kong resident

1. Completed Fit and Proper Person Declaration Form 3A together with Appendices I & II
2. A copy of the Bio-data page of the Travel Document

• Supporting Documents of Particulars of each corporate partner / director of the Applicant**Local company**

1. Completed Fit and Proper Person Declaration Form 3B
2. A copy of valid Business Registration Certificate
3. A copy of Certificate of Incorporation
4. A copy of Memorandum and Articles of Association

Non-Hong Kong company

1. Completed Fit and Proper Person Declaration Form 3B
2. A copy of valid Business Registration Certificate
3. A copy of Certificate of Registration of non-Hong Kong Company
4. A copy of Memorandum and Articles of Association

Corporation not registered in Hong Kong

1. Completed Fit and Proper Person Declaration Form 3B
2. A copy of the Certificate of Incorporation or its equivalent certified in accordance with reg. 3 of the Companies (Forms) Regulations, Chapter 32B

- **Authorization letter**

- Partner**

- 1. A copy of the authorization letter signed by all partners

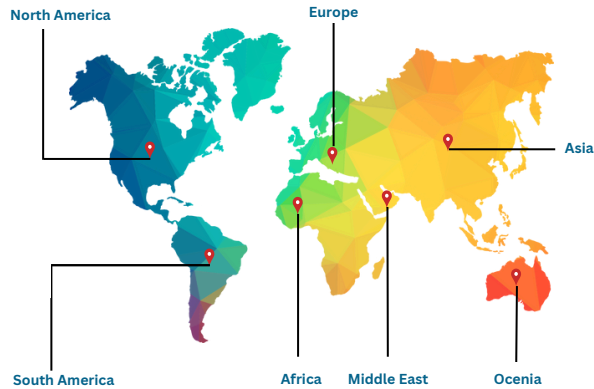
- Corporation**

- 1. A copy of the authorization letter signed by the Board of Directors

- **Other requisite documents as specified in Licensing Guide**

- 1. Business Plan endorsed by sole proprietor / each individual partner / director / ultimate owner
 - 2. Anti-money laundering and counter-terrorist financing policy endorsed by sole proprietor / each individual partner / director / ultimate owner
 - 3. A copy of agreement / contract with each local and/or foreign third party involved in the process of money service
 - 4. A copy of Hong Kong Identity Card of CO and MLRO
 - 5. A copy of valid employment contracts for CO and MLRO
 - 6. A copy of residential address proof of CO and MLRO, e.g. utility bills, bank statement, issued within the last three months from the application date
 - 7. Proof of bank account ownership issued by bank concerned, e.g. a copy of statement of the bank account held by the applicant for money service business
 - 8. An acknowledgement from bank that the bank account held by the applicant is used for operating money service business

SERVING CLIENTS WORLDWIDE



The information contained herein is of a general nature. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. The information is not offered as an advice on any matter, and no one should act or fail to act based on such information without appropriate legal advice after a thorough examination of the particular situation. The information does not make us responsible or liable for any errors and/or omissions, whether it is now or in the future. We do not assume any responsibility and/or liability for any consequences.

Key Contact



Surendra Singh Chandrawat

Managing Partner

✉ surendra@chandrawatpartners.com

☎ (+852) 3153 0022

☎ (+852) 9042 0000

Connect Surendra on



Chandrawat & Partners is a leading and rapidly growing full-service firm providing high quality professional and corporate services to foreign and local clients, representing companies and individuals in a wide range of sectors through separate entities established in various countries worldwide.

Copyright © 2025 | All rights reserved | Chandrawat & Partners | 1101-02, 11th Floor, Euro Trade Centre, 13-14 Connaught Road, Central, Hong Kong
Tel: (+852) 3153 0022 | Fax: (+852) 3153 0077 | Email: enquiries@chandrawatpartners.com | Website: www.chandrawatpartners.com

Follow us on:

