

**Summary of key amendments**

<b>A. Key amendments in relation to revised statutory AMLO provisions</b>	
<b>(a) Recognised digital identification system (Digital ID System)</b>	
<u>Paragraph references in the revised AML/CFT Guideline</u>	<u>Description</u>
Paragraph 4.2.1 and its footnote	<ul style="list-style-type: none"> <li>▪ Incorporate guidance to reflect that data or information provided by a recognised Digital ID system is a reliable and independent source for identifying and verifying a customer’s identity; and</li> <li>▪ Provide elaborative guidance to specify that iAM Smart is a recognised Digital ID System, and Digital ID Systems developed and operated by governments in other jurisdictions may be recognised in future</li> </ul>
Paragraphs 4.10.2, 4.10.3, 4.10.6 and 4.10.7	<ul style="list-style-type: none"> <li>▪ Permit the disapplication of additional measures in paragraph 4.10.2 to a customer (or a natural person acting on behalf of a customer (PPTA)) who is not physically present for identification purposes if that person’s identity has been verified by using the data and information provided by a recognised Digital ID System, while having regard to paragraph 5.1 of the Code of Conduct<sup>1</sup> and acceptable non-face-to-face account opening approaches.</li> </ul>
<b>(b) Beneficial owner of a customer that is a trust</b>	
<u>Paragraph references in the revised AML/CFT Guideline</u>	<u>Description</u>
Paragraph 4.3.10, and paragraph 4.3.11 and its footnote	<ul style="list-style-type: none"> <li>▪ Reflect the revised statutory definition of beneficial owner in relation to a trust (ie, remove the 25% threshold and add the trustee, a beneficiary and a class of beneficiaries); and</li> <li>▪ Provide risk-based guidance on determining the extent of reasonable measures for verifying the identities of the beneficiaries and classes of beneficiaries of a customer that is a trust</li> </ul>
Footnote to paragraph 4.2.9	<ul style="list-style-type: none"> <li>▪ Textual amendments to clarify that the higher of the relevant requirements set out in the AML/CFT Guideline should be applied when a trustee may assume different roles for a customer (eg, customer, beneficial owner, PPTA)</li> </ul>
Paragraph 4.8.12	<ul style="list-style-type: none"> <li>▪ Textual amendments to reflect that the threshold of beneficial owners may not be applicable to an investment vehicle that is a trust</li> </ul>

<sup>1</sup> Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

<b>(c) Politically exposed persons (PEPs) and former non-Hong Kong PEPs</b>	
<u>Paragraph references in the revised AML/CFT Guideline</u>	<u>Description</u>
Paragraphs 4.11.4 – 4.11.7, 4.11.9, 4.11.10, 4.11.12, 4.11.15 – 4.11.17, 4.11.20, 4.11.23, 4.11.24 and footnote to paragraph 2(d) of Appendix C	<ul style="list-style-type: none"> <li>▪ Rename “foreign PEP” as “non-Hong Kong PEP” and “domestic PEP” as “Hong Kong PEP” to reflect the revised statutory definition of PEPs (ie, from one in a place outside the People’s Republic of China to one in a place outside Hong Kong)</li> </ul>
Paragraphs 4.11.18 – 4.11.19 and footnote to paragraph 8.3	<ul style="list-style-type: none"> <li>▪ Incorporate the definition of “former non-Hong Kong PEP”;</li> <li>▪ Permit the disapplication of special requirements and additional measures for non-Hong Kong PEPs if, following an appropriate risk assessment, a former non-Hong Kong PEP no longer presents a high risk of ML/TF; and</li> <li>▪ Add clarity that record-keeping requirements also apply to the ML/TF risk assessment for former non-Hong Kong PEPs</li> </ul>
Paragraph 4.11.25	<ul style="list-style-type: none"> <li>▪ Remove the senior management approval requirement for the disapplication of special requirements and additional measures for non-Hong Kong PEPs to a former Hong Kong PEP or former international organisation PEP who no longer presents a high risk of ML/TF; and</li> <li>▪ Align the risk-based guidance amongst former Hong Kong PEPs or former international organisation PEPs and former non-Hong Kong PEPs</li> </ul>
<b>B. Other key non-substantive amendments</b>	
<b>(a) Textual amendments for keeping in line with the latest FATF standards, existing AMLO and other statutory provisions</b>	
<u>Paragraph references in the revised AML/CFT Guideline</u>	<u>Description</u>
Paragraph 4.3.1	<ul style="list-style-type: none"> <li>▪ Align the term “beneficial owner” with the definition in the FATF Glossary</li> </ul>
Paragraph 4.12.1 and its footnote, and paragraph 2(d) of Appendix A	<ul style="list-style-type: none"> <li>▪ Incorporate the revised definition of “bearer shares and bearer share warrants” in the FATF Glossary</li> </ul>
Paragraph 4.1.9 and footnote to paragraph 5.2	<ul style="list-style-type: none"> <li>▪ Align with the language in the AMLO regarding when customer due diligence (CDD) measures must be carried out</li> </ul>
Paragraph 4.10.2	<ul style="list-style-type: none"> <li>▪ Align with the language in the AMLO regarding special requirements if a customer has not been physically present for identification purposes</li> </ul>
Paragraph 4.15.8	<ul style="list-style-type: none"> <li>▪ Incorporate the revised statutory reference in the Financial Reporting Council (Amendment) Ordinance 2021 in relation to accounting professionals</li> </ul>
Paragraph 6.7 and its footnote, paragraphs 6.8 and 6.16	<ul style="list-style-type: none"> <li>▪ Align with the language in the prevailing regulations made under the United Nations Sanctions Ordinance (Cap. 537)</li> </ul>

Paragraphs 6.11 and 6.15	<ul style="list-style-type: none"> <li>Align with the scope of targeted financial sanctions regime in Hong Kong</li> </ul>
Paragraph 8.8	<ul style="list-style-type: none"> <li>Align with the language in the AMLO regarding the duty to keep records</li> </ul>
<b>(b) Amendments for providing facilitative or elaborative guidance to existing requirements</b>	
<u>Paragraph references in the revised AML/CFT Guideline</u>	<u>Description</u>
Paragraph 4.3.5	<ul style="list-style-type: none"> <li>Provide elaborative guidance on the beneficial owner of a customer that is a natural person</li> </ul>
Footnote to paragraph 4.3.12	<ul style="list-style-type: none"> <li>Provide facilitative guidance on a beneficiary of a trust designated by class that a trust may have no defined existing beneficiaries when it is set up</li> </ul>
Paragraph 4.9.1	<ul style="list-style-type: none"> <li>Provide elaborative guidance on the determination of a situation that may present a high risk of ML/TF</li> </ul>
Paragraph 4.9.2	<ul style="list-style-type: none"> <li>Add clarity that senior management approval is required for continuing an existing business relationship which subsequently presents a high risk of ML/TF</li> </ul>
Paragraph 4.18.1	<ul style="list-style-type: none"> <li>Add clarity that “numbered accounts” should not function as anonymous accounts and should be subject to the same CDD and control measures as all other business relationships</li> </ul>