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By post and email: [aml\\_guideline@sfc.hk](mailto:aml_guideline@sfc.hk)

Intermediaries Supervision Department  
Securities and Futures Commission  
8th Floor, Chater House  
8 Connaught Road  
Central, Hong Kong

Dear Sirs

**Draft Guideline issued by the Securities and Futures Commission under the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) ("Draft SFC AMLO Guideline")**

Thank you very much for the opportunity to comment on the Draft SFC AMLO Guideline.

The Hong Kong Association of Banks ("HKAB") understands that pursuant to paragraph 1.4a of the Draft SFC AMLO Guideline, registered institutions (as defined in the Banking Ordinance (Cap. 155)) are required to have regard to the examples of securities or futures sector-specific suspicious transaction indicators in paragraphs 7.38 and 7.39 of the Draft SFC AMLO Guideline.

Our comments in relation to these specific paragraphs are as follows. Unless otherwise defined, terms used in our response have the meaning given to them in the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) ("AMLO").

**1 Paragraph 7.38(b) ("Customer-related")**

We suggest that the Draft SFC AMLO Guideline confirm that the term "domestic" is intended to mean the "People's Republic of China", as that term is defined in section 3 of the Interpretation and General Clauses Ordinance (Cap. 1).<sup>1</sup> This is also relevant to other terms used in the Guideline, such as "offshore" in paragraph 7.38(h) ("Settlement / custody / transfers-related").

<sup>1</sup> Specifically, the definition reads as follows: "'People's Republic of China" (中華人民共和國) includes Taiwan, the Hong Kong Special Administrative Region and Macau".

Chairman Bank of China (Hong Kong) Ltd  
Vice Chairmen The Hongkong and Shanghai Banking Corporation Ltd  
Standard Chartered Bank (Hong Kong) Ltd  
Secretary Eva Wong Mei Seong

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副主席 香港上海滙豐銀行有限公司  
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**2 Paragraph 7.38(b) (“Trading-related”), paragraph 7.38(a) (“Settlement / custody / transfers-related”) and paragraph 7.39(b)**

HKAB would appreciate guidance on the meaning of “unusual” transactions in these paragraphs - we suggest it should be explained by reference to factors suggesting heightened money laundering or terrorist financing (“ML/TF”) risk, given the potential breadth of this concept. In this respect, we note that the terminology more familiar to members is “suspicious”.

**3 Paragraph 7.38(d) (“Settlement / custody / transfers-related”)**

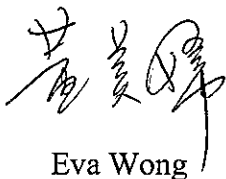
We are very concerned that this paragraph ostensibly captures any transfer of any kind, of any value, to any unconnected third party. We suggest that this captures an exceptionally broad range of transactions that do not inherently imply any particular ML/TF risk. We therefore request that it be deleted, on the basis that it does not provide a meaningful indicator of risk, nor does it add value to the other factors set out in paragraph 7.38.

**4 Paragraph 7.39(a)**

HKAB suggests that the words “without reasonable cause” be added after “avoiding taking holidays”. We suggest that there may be a number of appropriate reasons for employees to defer holidays, including completing supervised work commitments and projects, supplementing upcoming parental leave, etc. We also expect that most financial institutions have policies in place in relation to taking leave that provide the necessary parameters to assess what is reasonable in the circumstances.

Thank you again for conducting this consultation. Should you have any queries in relation to our response, please contact our Manager Ms Caris Wan on 2521 1855.

Yours faithfully



Eva Wong  
Secretary

c.c. Mr Nelson Man, Executive Director (Banking Supervision),  
Hong Kong Monetary Authority