

**Bills Committee on Anti-Money Laundering and
Counter-Terrorist Financing (Financial Institutions) Bill**

**Information/response to be provided by the Administration in response to
members' requests made at the meeting on 22 December 2010**

The Administration is requested to co-ordinate with the Hong Kong Monetary Authority (HKMA) and the banking sector to provide a paper to address members' concern that upon implementation of the Bill, even if a money service operator (MSO) has met the licensing requirements and there is no evidence of any breach of the other requirements under the Bill, a bank may still terminate the account of the MSO (and those of his associates / family members). In this connection, members have requested the Administration/HKMA to clarify what other risks would be of concern to the bank in respect of such a MSO, whether the bank is obliged to give reasons for terminating a client's account, and in the case of inadvertent non-compliance or a light breach of the requirements in the Bill by a MSO, whether the bank should pursue other remedies instead of resorting to terminating the account of the MSO right away.

Council Business Division 1
Legislative Council Secretariat
6 January 2011