

**Bills Committee on
Anti-money Laundering and Counter-terrorist Financing
(Financial Institutions) Bill**

Appointment of "Authorized Persons" for Routine Inspection

This note sets out the policy of the relevant authorities with respect to the authorization of persons to exercise the powers provided under clause 9 of the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Bill ("the Bill").

2. Under clause 9(12) of the Bill, the relevant authorities are empowered to "authorize in writing any person, or any person belonging to a class of persons, as an authorized person" to exercise the powers provided under clause 9 to conduct routine inspections on the financial institutions under their regulation.

3. Clause 9 of the Bill provides for the power to enter business premises etc. for routine inspection. As explained at the Bills Committee meeting on 7 January 2011, clause 9 was drafted with reference to section 180 of the Securities and Futures Ordinance ("SFO")(Cap 571). The established practice of the Securities and Futures Commission (SFC) was to authorize its employees to conduct routine inspections under section 180 of SFO. Wherever it was necessary to bring in other persons, for example certified public accountants, to assist their employees to conduct a routine inspection, the inspection had always been conducted under the supervision of employees of SFC. All the relevant authorities, viz, SFC, the Monetary Authority, the Insurance Authority and the Commissioner of Customs and Excise confirmed that they would adopt this practice as their future policy in exercising the powers under clause 9 of the Bill.

**Financial Services and the Treasury Bureau
12 January 2011**