HKGCC
Hong Kong General Chamber of Commerce
香港總商會 1861

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20 October 2017

Clerk to Bills Committee on Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017 and Companies (Amendment) Bill 2017
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Sir,

Re: Invitation of views by the Bills Committee on Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017 and Companies (Amendment) Bill 2017

The Hong Kong General Chamber of Commerce ("Chamber") is pleased to submit its views to the two Bills that are undergoing scrutiny in the Legislative Council.

The Chamber agrees with and supports the Government's efforts to conform with and fulfil international recommendations as a member of the Financial Action Task Force ("FATF"), by ensuring Hong Kong's regulatory regime is sufficiently effective in countering money laundering and terrorist financing activities. We would however take this opportunity to re-emphasize the need for the Government to avoid compromising our ability to compete by taking a holistic and balanced approach to regulating. FATF's recommendations give its members a degree of flexibility, and a number of options, for implementing them. In Hong Kong's case, the assumption should be that the least intrusive and least onerous option should be chosen, in keeping with our international reputation for light touch regulation, which has been a cornerstone of our economic success.

These, and our other views on the two Government proposals, are set out in detail in our response to the Government's consultations ("HKGCC's Submission"), which can be found **at this link:-**
http://www.chamber.org.hk/FileUpload/201703140851408862/Consultations.pdf.

With respect to the Companies (Amendment) Bill 2017, we welcome the Administration's decision to take onboard our proposal to limit access of a company's significant controllers register ("SCR") to competent authorities and persons who are listed in the SCR instead of making this available for public inspection as had been proposed in the Government Consultation Paper ("CP") earlier in the year. Elimination of the requirement for public inspection has also simultaneously done away with the proposal to impose criminal sanctions, which the Chamber has pointed out as being excessive in our response to the CP.

We are also pleased to note the latest proposal to reduce the period for holding records for a registrable person or legal entity from 10 to 6 years after the person or legal entity is no longer registrable under a company. This would provide some compliance relief to companies especially SMEs.

We shall be putting in detailed comments to the consultation on the draft Guideline on the Keeping of Significant Controllers Register that is currently ongoing.

Save the reiteration of the view that trust or company service providers (TCSPs) should be given the opportunity organise themselves in line with other professionals/businesses that have already set up a self-regulatory body instead of being subject to oversight by the Companies Registry as proposed, we do not have further comments on the two Bills to those that are set out in HKGCC's Submission.

Yours faithfully

Shirley Yuen
CEO

cc: Eureka Cheung, Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)