

**Bills Committee on Anti-Money Laundering and
Counter-Terrorist Financing (Financial Institutions) (Amendment)
Bill 2017 and Companies (Amendment) Bill 2017**

**List of follow-up actions arising from the discussion
at the meeting on 14 November 2017**

Approach in applying statutory customer due diligence and record-keeping requirements to the legal professionals

1. The Administration is requested to respond to some members' suggestions of: (a) making amendments to the Practice Direction P ("PDP") issued by the Law Society of Hong Kong ("LSHK") so that the requirements therein would fully align with the requirements in Schedule 2 to the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) or those requirements promulgated by the Financial Action Task Force; and (b) introducing amendments to the Legal Practitioners Ordinance (Cap. 159) empowering LSHK to enforce the compliance of the legal professionals with the amended PDP.

Implementation of statutory customer due diligence and record-keeping requirements for designated non-financial businesses and professions

2. The Administration is requested to address a member's concern that the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Bill 2017 ("AMLO Bill") has not adopted a risk-based approach in applying the statutory customer due diligence ("CDD") and record-keeping requirements to the designated non-financial businesses and professions ("DNFBPs") (i.e. legal professionals, accountants, real estate agents, and trust or company service providers) and has not recognized the different risks and operation of respective DNFBPs. There is concern about the AMLO Bill would adversely affect the normal operation of DNFBPs.
3. The Administration is requested to consider the following suggestions raised by a member: (a) allowing local legal professionals to rely on qualified legal professionals of overseas jurisdictions to conduct CDD measures on their behalf for their overseas clients; and (b) removing the requirement to apply anti-money laundering and counter-terrorist financing duties to DNFBPs' branches and subsidiary undertakings outside Hong Kong.

4. The Administration is requested to provide information on the how the CDD measures relating to the enquiry into the beneficial owners of both individuals and legal entities are expected to be carried out by DNFBBPs.

Scope of law enforcement officer in the Companies (Amendment) Bill 2017

5. The proposed new section 653B(1) of the Companies Ordinance (Cap. 622) sets out the list of law enforcement officer that are permitted to inspect the register of significant controller kept by a company. The Administration is requested to consider a member's suggestion of adding officers of: (a) the Labour Department; and (b) the Mandatory Provident Fund Schemes Authority to the list.

Council Business Division 1
Legislative Council Secretariat
27 November 2017