

**Anti-Money Laundering and Counter-Terrorist Financing
(Amendment) Bill 2022**

Debate and voting arrangements

Object of the Bill : To amend the Anti-Money Laundering and Counter Terrorist Financing Ordinance (Cap. 615) (“AMLO”) to:

- (a) establish a licensing regime for virtual asset service providers (“VASPs”) and a registration regime for precious metals and stones (“PMS”) dealers;
- (b) apply the customer due diligence and record-keeping requirements under Schedule 2 to AMLO to VASPs and PMS dealers when they conduct certain transactions; and
- (c) make related and miscellaneous amendments.

Joint debate : Clauses with no amendment, and clauses with amendments by the Secretary for Financial Services and the Treasury (“SFST”) — Clauses 1 to 34

Joint debate on the original clauses and the amendments.

SFST’s amendments

Postponement of commencement dates

Clauses 1, 4, 5 and 33

- In order to provide industries concerned with more time to prepare for the new regulatory regimes, **to postpone the commencement of:**
 - (a) the Bill from 1 January 2023 **to 1 April 2023;**
 - (b) the provisions on regulation of VASPs from 1 March 2023 **to 1 June 2023;**
 - (c) the provisions on offences involving fraudulent or deceptive devices in transactions in virtual assets and on offences of fraudulently or recklessly inducing others to invest in virtual assets from 1 March 2023 **to 1 April 2023;** and
 - (d) the provisions concerning “politically exposed persons”, “former politically exposed persons” and “beneficial owners in relation to trusts” from 1 January 2023 **to 1 June 2023**, as financial institutions and designated non-financial businesses and professions will need time to amend their policies and procedures relating to the anti-money laundering and counter-terrorist financing requirements under Schedule 2 to AMLO.
- To make consequential amendments to the references relating to the above commencement dates.

Amendment of the definition of “precious product”

Clause 4

- To amend the definition of “precious product” under the proposed section 53ZTY of AMLO to remove (a) the requirement that **at least 50% of the transaction price of which is attributable to precious metal and/or precious stone**, and (b) the reference to **“apparel”, “accessory”, “ornament” and “other finished product”** and the provision on “does not include any finished product that forms part of any medical device or industrial equipment” from the definition, such that **the definition of “precious product” will not cover these items which generally contain or have attached to them a relatively small amount of precious metal and/or precious stone**. This will alleviate the compliance burden on the industry.

Adjustment of the Category A registration regime of PMS dealers

Clauses 4 and 5

- To provide that only PMS dealers carrying out **non-cash transaction at HK\$120,000 or above (“specified transaction”)** will need to be registered as **“Category A registrants”**¹, while PMS dealers carrying out cash or non-cash transactions below HK\$120,000 will not be required to register.
- To provide that SFST may by notice published in the Gazette amend the amount specified for the definition of “specified transaction”.

Directors of Category B registrants

Clause 4

- To delete the proposed section 53ZVI(4) of AMLO that **excludes accounting professionals or legal professionals** from the application of section 53ZVI (application of disciplinary powers in respect of directors of Category B registrants).

Technical and drafting amendments

Clauses 3 to 7, 18, 27 and 33

- To propose technical and drafting amendments to the above clauses.

Voting order : 1. Clauses (i.e. clauses 2, 8 to 17, 19 to 26, 28 to 32 and 34) with no amendment standing part of the Bill
2. SFST’s amendments (to amend clauses 1, 3 to 7, 18, 27 and 33)
3. Clauses 1, 3 to 7, 18, 27 and 33 with or without amendments standing part of the Bill

SFST’s amendments

(set out in LC Paper No. CB(3)851/2022(01) issued on 29 November 2022)

Council Business Division 3
Legislative Council Secretariat
5 December 2022

¹ PMS dealers carrying out **cash transaction** of at least HK\$120,000 or above would be required to register as “Category B registrant”.