



CHARTERED
SECRETARIES
特許秘書

The Hong Kong Institute of Chartered Secretaries

Anti-Money Laundering and Counter-Terrorist Financing Accreditation Programme



1. This Anti-Money Laundering and Counter-Terrorist Financing Accreditation Programme (AML/CFT Accreditation Programme) of The Hong Kong Institute of Chartered Secretaries (香港特許秘書公會) (HKICS) is issued under Article 20 of the HKICS Anti-Money Laundering and Counter-Terrorist Financing Charter (HKICS AML/CFT Charter or Charter) in relation to certain administrative matters and interpretations of the Charter and its related obligations. The definitions used herein shall have the meanings set out under the Charter.
2. In accordance with paragraph 2 of the Explanatory Memorandum to the Charter, HKICS will require, prior to admitting and accrediting any organisation as an HKICS AML/CFT Organisation, that the organisation's AML/CFT practices are sufficient for ensuring compliance with the 'Charter and its related obligations'. This note is intended to provide guidance on the requirements.
3. Paragraph 3 of the Explanatory Memorandum explains that the Charter and its related obligations refers to compliance with: (1) the guidance issued by HKICS from time to time appropriate in the context of the operations of the HKICS AML/CFT Organisation; (2) all applicable AML/CFT laws and regulations in Hong Kong, and; (3) the material provisions of the Charter and documents issued pursuant thereto, including the Explanatory Memorandum. The footnote to paragraph 3 refers to the HKICS Anti-Money Laundering and Counter-Terrorist Financing Guideline for Self-Regulation (Guideline) amongst HKICS AML/CFT Organisations (found at www.hkics.org.hk) as updated from time-to-time.
4. HKICS will require prior to accrediting an organisation as an HKICS AML/CFT Organisation, a report on an agreed-upon procedures engagement issued by an auditor in accordance with Hong Kong Standard on Related Services 4400 'Engagement to Perform Agreed-Upon Procedures Regarding Financial Information' issued by the Hong Kong Institute of Certified Public Accountants, or the International Standard on Related Services 4400 'Engagements to Perform Agreed-Upon Procedures Regarding Financial Information' issued by the International Auditing and Assurance Standards Board. As a minimum, the agreed-upon procedures should address the matters listed below. In respect of any proposed alternative approaches, HKICS would consider this on a case-by-case basis.

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The Hong Kong Institute of Chartered Secretaries 香港特許秘書公會
(Incorporated in Hong Kong with limited liability by guarantee)
www.hkics.org.hk

Item	Matter	Results	Agreed-Upon Procedures By An Auditor	Reference
A. PRELIMINARY MATTERS				
1.	Has the organisation adopted an AML/CFT Policy?	Yes/No	<ul style="list-style-type: none"> ▪ Sight the written AML/CFT Policy. ▪ Ask the organisation to provide the resolutions and/or internal authorisations adopting the AML/CFT Policy. 	
2.	Has the organisation appointed senior management with oversight to implement the AML/CFT Policy?	Yes/No	<ul style="list-style-type: none"> ▪ The requirement of senior management oversight should be written into the AML/CFT Policy. ▪ There should be a written confirmation. ▪ An item of the written confirmation should be an explanation as to the reporting line to the senior management with oversight to implement the AML/CFT Policy. 	HKICS AML/CFT Guideline, Chapter 2
3.	Has the organisation appointed a Compliance Officer/Money Laundering Reporting Officer under the AML/CFT Policy?	Yes/No	<ul style="list-style-type: none"> ▪ The requirement as to the appointment of the Compliance Officer ('CO') and/or Money Laundering Reporting Officer ('MLRO') (who could be the same person) should be written into the AML/CFT Policy. ▪ An item of the written confirmation should be a confirmation as to the identity of who in the organisation is/are the CO and MLRO. ▪ There should be a meeting with the CO and MLRO to confirm that he/she/they know that he/she/they serve as CO and/or MLRO under the AML/CFT Policy. 	HKICS AML/CFT Guideline, Chapter 2

Item	Matter	Results	Agreed-Upon Procedures By An Auditor	Reference
4.	Has the organisation set up a compliance and audit function under the AML/CFT Policy?	Yes/No	<ul style="list-style-type: none"> ▪ The requirement of the organisation having a compliance and audit function should be written into the AML/CFT Policy. ▪ An item of the written confirmation should be an explanation as to how the organisation's compliance and audit function is performed. 	HKICS AML/CFT Guideline, Chapter 2
5.	Has the organisation set up staff screening and training under the AML/CFT Policy?	Yes/No	<ul style="list-style-type: none"> ▪ The requirement for staff screening and training should be written in the AML/CFT Policy or adopted as a matter of fact by the organisation. ▪ An item of the written confirmation should be a confirmation as to all staff being screened at least prior to employment, and there being annual staff training to senior management and staff. 	HKICS AML/CFT Guideline, Chapter 2
B. RISK BASED APPROACH				
6.	Has the organisation an on-boarding checklist which covers customer risk assessment?	Yes/No	<ul style="list-style-type: none"> ▪ Sight the customer on-boarding checklist for the customer's background and business activities. ▪ An item of the written confirmation should be a confirmation that the on-boarding checklist was designed to help the organisation to assess the customer's ML/TF risks, and to put high risk customers on ongoing monitoring, including as a minimum annual review of high risk customers. 	HKICS AML/CFT Guideline, Chapter 3

Item	Matter	Results	Agreed-Upon Procedures By An Auditor	Reference
C. CUSTOMER DUE DILIGENCE/USE OF INTERMEDIARIES				
7.	Has the organisation an on-boarding checklist which covers customer due diligence/use of intermediaries?	Yes/No	<ul style="list-style-type: none"> ▪ Sight the on-boarding checklist in 6. above; and for customer due diligence conduct G. below. ▪ An item of the written confirmation should be a confirmation as to whether the organisation uses intermediaries, and if so, whether they have an arrangement in place with the intermediary to obtain the underlying due diligence documents from the intermediary upon demand. 	HKICS AML/CFT Guideline, Chapter 4
D. SANCTIONS COMPLIANCE				
8.	Has the organisation a policy to comply with sanctions requirements?	Yes/No	<ul style="list-style-type: none"> ▪ Sight the AML/CFT Policy or other source document which sets out the requirement of the organisation to comply with sanctions requirements. ▪ An item of the written confirmation should be a confirmation that the organisation complies with sanctions requirements. 	HKICS AML/CFT Guideline, Chapter 6
E. SUSPICIOUS TRANSACTION REPORTS				
9.	Has the organisation a policy to consider and file Suspicious Transaction Reports ('STR')?	Yes/No	<ul style="list-style-type: none"> ▪ Sight the AML/CFT Policy or other source document which sets out the requirement of the organisation to consider and file STR. ▪ An item of the written confirmation should be a confirmation that the MLRO does consider whether to file STR. 	HKICS AML/CFT Guideline, Chapter 7

F. RECORD KEEPING

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| 10. | Has the organisation a policy to retain on-boarding and customer documents for at least 7 years after end of the customer relationship? | Yes/No | ▪ Sight the AML/CFT Policy or other source document which sets out the requirement for the organisation to retain documents for at least 7 years after the end of the customer relationship. | HKICS AML/CFT Guideline, Chapter 8 |
| 11. | Are staff training records kept for at least 3 years? | Yes/No | ▪ Sight the AML/CFT Policy or other source document which sets out the requirement for the organisation to retain training records for at least 3 years. | HKICS AML/CFT Guideline, Chapter 9 |

G. TEST OF CUSTOMER DUE DILIGENCE PROCEDURES/CONTROL

- Please sample randomly selected files over 6% of total customers at the end of the previous financial year prior to (i) a new accreditation, or (ii) subsequent biennial re-accreditation of existing accredited organisation.
- In case 6% of total customers yields more than 30 customers, HKICS will accept 30 customers for the purpose of the accreditation.
- HKICS will require that at least 10 of the customers sampled during the accreditation to be new customers (i.e. customers accepted during the last two years for a new accreditation or customers accepted since the last accreditation for existing accredited organisation).
- The aim of the accreditation is to test that the organisation has procedures to identify and verify the customer's identity, beneficial ownership, purpose and intended nature of business relationship, and provisions for enhanced due diligence requirements for high risk customers and PEPs.
- This accreditation programme is subject to change from time-to-time required by HKICS.

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