HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

30 Jun 2005

Self-Assessment of Compliance with Anti-Money Laundering (AML) Requirements

Our Ref: B10/1C

30 Jun 2005

The Chief Executive
All authorized institutions

Dear Sir / Madam,

Self-Assessment of Compliance with Anti-Money Laundering (AML) Requirements

I am writing to inform you that, following consultation with the industry, the HKMA has finalised the self-assessment framework on AML compliance.

Purpose of Self-Assessment

As you are aware, the HKMA issued a revised version of the Supplement to the Guideline on Prevention of Money Laundering, together with a set of Interpretative Notes, in June 2004. AIs were required to comply with the new requirements set out in the Supplement no later than 31 December 2004.

The self-assessment framework is being introduced to facilitate AIs' assessment of their compliance with the regulatory requirements and to supplement the HKMA's on-site examinations. The aim is to encourage AIs to rectify any weaknesses identified at an early stage.

Self-Assessment Framework

AIs are expected to conduct the self-assessment of their compliance with the AML requirements by preparing a report based on the self-assessment framework developed by the HKMA. A copy of the framework, together with the completion instructions, is attached. The framework covers the AML requirements for the core control areas, including:

- Overview of general AML policies and principles;
- Customer due diligence for various types of non-bank customers;
- Correspondent banking;
- Remittance;

- Terrorist financing;
- Record-keeping;
- Detection and reporting of suspicious transactions;
- Compliance and internal audit functions; and
- Staff awareness and training.

The self-assessment should generally be carried out by the Internal Audit Department, the Compliance Department or other equivalent unit within the AI, and be approved and signed off by the Chief Executive of the reporting AI. If necessary, AIs may commission external auditors or consultants to conduct the self-assessment.

Use of Self-Assessment Results

The HKMA will make use of the self-assessment results submitted by AIs to monitor the AML compliance of individual AIs and to follow up on the remedial measures for addressing deficiencies identified as part of its ongoing prudential supervision. Where necessary, the HKMA may validate the self-assessment results of individual AIs during its on-site examination or off-site review, or through the commissioning of an external auditors' report under Section 59(2) of the Banking Ordinance.

The self-assessment results will also enable the HKMA to analyse the compliance position of individual AIs, with a view to identifying common issues within the banking industry and developing supervisory guidance over the longer term. After reviewing the self-assessment results, the HKMA will inform the banking industry of the general findings relating to overall AML compliance and any particular compliance issues that may warrant closer attention by the industry.

Submission of Self-Assessment

AIs are required to submit their self-assessment report to the HKMA for review using the position of 30 June 2005. AIs will have a period of three months to submit the report to the HKMA (i.e. not later than 30 September 2005).

On-line access to the self-assessment framework and the completion instructions is also available on the HKMA's private web-site for AIs.

Should you have any questions relating to the self-assessment, please feel free to contact Mr Edmund Leung at 2878 8281 or Ms Ida Liu at 2878 1095.

Yours faithfully,

Simon Topping
Executive Director (Banking Policy)

Encl. Completion Instructions (MS Word, 36KB)
Self-assessment framework (MS Word, 146KB)

c.c. The Chairman, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn.: Ms Millie Ng)

Last revision date : 01 August 2011