



MEMBERS' HANDBOOK

Update No. 292

(Issued 25 May 2023)

<u>Document Reference and Title</u>	<u>Instructions</u>	<u>Explanations</u>
<u>VOLUME I</u>		
Contents of Volume I	Replace page i with revised page i.	Revised contents page
<u>PROFESSIONAL ETHICS</u>		
<u>COE (Revised 2018), Code of Ethics for Professional Accountants</u>	Replace cover page, pages 2, 4 and Chapter F with revised cover page, pages 2, 4 and Chapter F.	Notes
<u>COE (Revised 2022), Code of Ethics for Professional Accountants</u>	Replace cover page, pages 2, 4 and Chapter F with revised cover page, pages 2, 4 and Chapter F.	- ditto -

Notes:

1. The Institute was designated as the regulatory body for the accounting profession under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) ("AMLO"), when the ordinance was extended to cover designated non-financial businesses and professions, including accounting professionals, commencing 1 March 2018. To help members comply with their anti-money laundering and counter-terrorist financing ("AML/CFT") obligations under AMLO, the Institute issued the Guidelines on Anti-Money Laundering and Counter-Terrorist Financing ("Guidelines"). The Guidelines currently form Chapter F of the Institute's Code of Ethics.
2. Notwithstanding the transfer of most of the Institute's regulatory functions to the Accounting and Financial Reporting Council ("AFRC") with effect from 1 October 2022, under AMLO, the Institute remains the regulatory body for purposes of issuing and amending the Guidelines.

3. Amendments to AMLO were passed by the Legislative Council in early December 2022 and the resulting legislation, the Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Ordinance 2022 (“AML(A)O”) was gazetted on 16 December 2022. AML(A)O enhances Hong Kong’s AML/CFT regulatory regime by setting up a licensing regime for virtual asset service providers (“VASPs”) and a registration process for dealers in precious metals and stones (“DPMS”), extending the scope of the statutory AML/CFT requirements to these two sectors. In addition, AML(A)O makes a number of miscellaneous and technical amendments, as part of the follow-up work to the mutual evaluation of Hong Kong conducted, in 2018/19, by the Financial Action Task Force (“FATF”), the international body leading action against money laundering and terrorist financing, of which Hong Kong is a member. These include a revised definition of a “politically exposed person”, to include all relevant persons outside of Hong Kong, and a new definition of a “former politically exposed person”.
4. Some provisions of AML(A)O, including the registration regime for DPMS, took effect on 1 April 2023, while the licensing requirement for VASPs, as well as other relevant amendments to the AML/CTF requirements affecting DNFBPs, among others, take effect on 1 June 2023.
5. The Guidelines have been updated in the light of the changes introduced by AML(A)O. They also take account of changes to other relevant legislation since April 2018, including the transfer of the Institute’s regulatory functions to the AFRC. In addition, the government requested that updates be made to the sectoral guidelines to help to address certain other gaps identified in Hong Kong’s mutual evaluation, to enable Hong Kong to achieve technical compliance with the FATF Recommendations.
6. Given the need to revise the Guidelines for the above reasons, the Institute has taken the opportunity to review other aspects of the Guidelines and, having regard also to the past five years’ experience of working with them, to make some further technical and clarificatory changes. The aim is to facilitate members’ compliance with their statutory obligations, and Hong Kong’s compliance with the international AML/CFT standards set out by the FATF.
7. The Institute has tried to keep changes to the Guidelines to the minimum necessary to achieve the above objectives. The main categories of changes are:
 - Revisions resulting from AML(A)O.
 - Revisions due to other relevant legislative changes since the Guidelines were first issued in 2018.
 - Other technical revisions and updates, including clarifications and tidying up of some wording, and updates of background material and references to take account of the Institute’s new, more limited, regulatory role under AMLO.
 - Revisions to implement other FATF Recommendations and address gaps identified during the FATF’s mutual evaluation of Hong Kong in 2018/19.
8. The revised Guidelines will be gazetted on 25 May 2023 and become effective on 1 June 2023.