AML and the travel rule in Hong Kong

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Hong Kong's AML regime for virtual assets sits in the same ordinance as the licensing regime. A licensed VATP is a financial institution for the purposes of Schedule 2 to the AMLO and must apply customer due diligence, record-keeping and ongoing monitoring under the SFC's AML Guideline for licensed corporations and VATPs. The travel rule applies to virtual asset transfers from 1 June 2023, with full originator and recipient information required for transfers of HK$ 8,000 or more and reduced information below that figure. For transfers to unhosted wallets the platform must apply a risk-based approach and may transfer only to wallets whose ownership it has verified where the risk warrants it. Banks dealing with virtual asset clients follow the HKMA's circulars, which since 2023 have encouraged banks to serve licensed VATPs and discouraged blanket de-risking.[1]

The threshold is the practical point for a Swiss or Singapore group. Switzerland applies the travel rule to every transfer, Singapore requires full information above S$ 1,500, Hong Kong above HK$ 8,000 and MiCA from the first euro under the Transfer of Funds Regulation. A group policy written to the Swiss standard satisfies all four. A group policy written to the Hong Kong standard fails in Zug. The suspicious-transaction reporting regime goes to the Joint Financial Intelligence Unit

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under the Organized and Serious Crimes Ordinance (Cap. 455) and the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405), with a tipping-off offence that mirrors the one in Singapore's CDSA.[2]

Notes

1. AMLO Cap. 615, Schedule 2, s. 13A ff. (virtual asset transfers). SFC, Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations and SFC-licensed Virtual Asset Service Providers), June 2023, Chapter 12. HKMA, Circular on banking services to virtual asset-related entities, 27 April 2023. ↩
2. Organized and Serious Crimes Ordinance (Cap. 455), ss. 25 and 25A. Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405), ss. 25 and 25A. The Joint Financial Intelligence Unit is run jointly by the Hong Kong Police Force and the Customs and Excise Department. ↩

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