

Hong Kong TCSP Inspection Checklist

This checklist reflects actual inspection priorities under the AMLO and FATF-aligned standards.

1. TCSP Licence & Corporate Information

- Licence within validity period (renewed ≥ 60 days before expiry)
- No unlicensed activities conducted outside permitted scope
- Changes in directors, owners, or controllers properly notified (TCSP6)
- Business address and contact details consistent with Registry records
- Annual submission of **Form SIS2** completed on time
- Evidence of payment of TCSP fees and renewal confirmations

2. Governance, Compliance Officer & MLRO

- Compliance Officer (CO) formally appointed
- Money Laundering Reporting Officer (MLRO) formally appointed
- Clear role descriptions and authority documented
- CO / MLRO possess relevant AML and TCSP experience
- CO / MLRO appointments notified to the Companies Registry
- CO / MLRO vacancy replacement within 7 days (if applicable)
- Direct reporting line to senior management
- Adequate segregation between business and compliance functions

3. Firm-Wide AML Risk Assessment (FWRA)

- Written firm-wide AML risk assessment completed
- Risks assessed by:
 - Client type
 - Jurisdiction
 - TCSP services offered
 - Delivery channels
 - TCSP specific risks addressed (nominee, offshore, complex structures)
- Risk mitigation measures clearly linked to identified risks
- Risk assessment reviewed at least annually

4. AML Policies, Procedures & Controls

- Policies aligned with **AMLO Schedule 2** and TCSP AML Guidelines
- Written AML/CTF policy approved by senior management
- Documented procedures for:
 - Customer Due Diligence (CDD / EDD)
 - Ongoing monitoring

- Sanctions & PEP screening
- Suspicious Transaction Reporting (STR)
- Record-keeping

5. Customer Due Diligence (CDD)

- Client and beneficial owner identification verified
- Ownership and control structures clearly documented
- Purpose and nature of relationship recorded
- Source of funds / wealth assessed for high-risk cases
- Periodic reviews conducted and documented
- Senior management approval for high-risk clients

6. Suspicious Transaction Reporting (STR)

- Written STR procedures in place
- Evidence of internal escalation and MLRO decision-making
- Screening against **UN sanctions and terrorist lists**
- Ongoing rescreening of existing clients

7. AML Audit & Inspection Readiness

- Cooperation procedures for Companies Registry inspections
- Single inspection point of contact identified
- Independent AML review / audit conducted periodically
- Inspection findings tracked and remediated

8. Training & Staff Awareness

- AML/CTSP training programme documented
- Training conducted at least annually
- TCSP-specific risks covered
- Attendance records maintained
- New staff receive onboarding AML training

9. Service-Specific Risk Areas

- Registered office services not used to mask shell companies
- Nominee arrangements supported by agreements and BO disclosure
- Clear commercial rationale for complex or offshore structures
- Shared office confidentiality and access controls assessed
- Enhanced controls for virtual asset / crypto-related clients
- Bank account opening assistance monitored and documented

10. Licence Cessation (If Applicable)

- TCSP7 filed upon cessation of TCSP business
- Clients properly exited
- AML records retained post-cessation
- Residual regulatory risks assessed

Key Inspection Focus Areas

Inspectors typically focus on:

- High-risk and non-resident clients
- Complex ownership structures
- Inconsistent risk ratings
- Gaps between policy and actual practice

Common Inspection Red Flags

- △ Generic AML policies copied from non-TCSP sectors
- △ Risk assessments not reflected in actual CDD files
- △ Weak sanctions screening or one-time checks only
- △ Nominal CO / MLRO appointments
- △ Poor documentation of decisions and reviews

Disclaimer

This Hong Kong TCSP Inspection Checklist is provided for general informational purposes only and does not constitute legal, regulatory, or professional advice. While every effort has been made to ensure accuracy and alignment with the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO) and relevant regulatory guidance, regulatory expectations may change and may vary depending on specific circumstances.

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