

New TCSP licensing regime in Hong Kong

A new licensing regime for trust and company service providers will come into force on March 1 2018 under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance.

Hong Kong trust companies currently do not have their own regulatory regime, however, registration via the Registrar of Companies is required in relation to the use of the word “trust” in a company’s name and through application to the High Court in the case of “trust corporations”. As part of the process, trustees are registered, but not regulated.

Under the new system both trust and corporate service providers (TCSPs) will be required to apply for licences from the Registrar of Companies and satisfy a “fit-and-proper” test before they can provide trust or company services in Hong Kong. TCSPs also have to comply with statutory due diligence and record-keeping requirements.

The Registrar has the power to grant, refuse to grant, renew, suspend or revoke a licence, and impose or vary any conditions in relation to a licence. A TCSP licence will generally be valid for three years.

TCSP licensees are required to obtain prior approval from the Registrar before any person becomes an ultimate owner, a partner or a director. Within one month of any change, TCSPs should also notify the Registrar of any changes of other particulars previously provided in connection with an application for the grant or renewal of a licence. A TCSP licensee who intends to cease to carry on the trust or company service business is also required, before the intended date of cessation, to notify the Registrar of that intention and the intended date of cessation.

Any person who carries on a trust or company service business in Hong Kong without a licence after March 1 2018 will commit an offence.

Chief executive, Chris Eaton said: “ILS World works in a constantly evolving environment and we have been preparing for these changes. As an international fiduciary we embrace the process of bringing Hong Kong into line with international standards and believe it will only increase the advantages of working in this jurisdiction.”

For further information on doing business in the Hong Kong please contact Lilian Cheung at lilian.cheung@ils.world

Please note: ILS World does not offer tax advice. If you are not professionally qualified to give tax advice we will be happy to make an appropriate introduction.

