



Transitional Period

Precious metals and stones dealers who have been in operation before commencement of the registration regime on 1 April 2023 are allowed to apply for registration within the nine-month transitional period (i.e. April to December 2023).

The transitional period is not applicable to any person who would start up a business of dealing in precious metals and stones on or after 1 April 2023. Registration is required before the carrying out of any transaction(s) with total value at or above HKD120,000 (cash or non-cash).

Certificate for Display

Certificate of registration and branch certificates for branches carrying out face-to-face transactions will be issued to a registrant upon granting of registration. Registrants must display the certificates in a conspicuous place at the related premises.

Register of Registrants

A register of registrants is available for public inspection at the registration office during normal office hours or at the website <https://www.drs.customs.gov.hk> to be available upon commencement of the registration regime.

Application Method

Starting from 1 April 2023, a dealer can submit the application through the online application system at <https://www.drs.customs.gov.hk>, or download relevant form(s) from the same website or <https://www.customs.gov.hk> for completion and submit it with the supporting documents in person or by post.



Fee

CATEGORY A REGISTRATION		CATEGORY B REGISTRATION	
Registration fee for the first year:	\$260	Registration fee for the first three years:	\$1,970
Annual fee:	\$195	Renewal application fee:	\$1,060
			(per person subject to fit and proper test) + \$650

For precious metals and stones dealers who have been operating before commencement of the registration regime on 1 April 2023, the registration and relevant fees are waived for first registration to be made within the nine-month transitional period.

Penalty

Any dealer, other than a registrant, claims to be a registrant, claims to be authorized to carry out, or carries out any cash or non-cash transaction(s) with total value at or above HKD120,000 is liable on conviction to a maximum fine of HKD100,000 and imprisonment for six months.

Apart from criminal penalties, any registrant not in compliance with the requirements stipulated in the AMLO (Cap. 615) or any registration condition may be subject to disciplinary actions or suspension/cancellation of registration.

This publication is for general reference only and should not be treated as a complete and authoritative statement of law.



AML/CTF Obligations of Category B Registrant

- Category B registrant, when engages in any cash transaction(s) with total value at or above HKD120,000, is subject to the requirements of Schedule 2 of the AMLO (Cap. 615), such as customer due diligence and record keeping. The objective is to help the registrant to determine the ML/TF risks and take appropriate AML/CTF measures to address them.
- Customer due diligence is an approving process of obtaining customers' identifying information (e.g. Hong Kong Identity Card, passport or other travel document), recording the information and verifying who they are before transacting with them.
- The respective records shall be kept for at least five years after the transaction completed or the business relationship with a customer ended.



When Dealing in Precious Metals & Stones It's your Duty to Register



Dealers in precious metals and stones registration regime has been introduced with effect from 1 April 2023 according to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)



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Introduction of a Regulatory Regime for the Dealers in Precious Metals and Stones

Background

To enhance the regulatory regime for combating money laundering and terrorist financing ("ML/TF") in fulfilment of Hong Kong's obligations under the Financial Action Task Force ("FATF"), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance ("AMLO") (Cap. 615) has been amended to introduce a registration regime for dealers in precious metals and stones for commencement on 1 April 2023. The Customs and Excise Department would take charge of the regime to enforce the registration requirements and supervise the anti-money laundering and counter-terrorist financing ("AML/CTF") conduct of registrants.

Two Categories of Registration

Any person who is seeking to carry on a business of dealing in precious metals and stones in Hong Kong and engage in any transaction(s) (whether making or receiving a payment) with total value at or above HKD120,000 in Hong Kong is required to register with the Commissioner of Customs and Excise.

There are two categories under the registration regime as follows:

- Any dealer who intends to engage in non-cash transaction(s) with total value at or above HKD120,000 in the course of business is required to register as a **Category A registrant**.
- Any dealer who is seeking to engage in cash transaction(s) with total value at or above HKD120,000 and non-cash transaction(s) with total value at or above HKD120,000 in the course of business is required to register as a **Category B registrant**. A Category B registrant is subject to AML/CTF supervision.

For dealers who carry out cash or non-cash transaction(s) with total value below HKD120,000, **no registration** is required.

Remark: In this pamphlet, the HKD120,000 threshold includes an equivalent amount in another currency

Exemptions¹

Entities exempted from the registration requirements include:

- banks;
- certain financial institutions that are already regulated under the AMLO (Cap.615) and whose precious metals and stones business is ancillary to their principal business;
- pawnbrokers which are already subject to the regulation of the Pawnbrokers Ordinance (Cap. 166); and
- non-Hong Kong precious metals and stones dealers².

¹ Please refer to section 53ZUA of the AMLO (Cap. 615).

² Non-Hong Kong precious metals and stones dealers must file a cash transaction report to the Customs and Excise Department in respect of any cash transaction(s) (whether making or receiving a payment) with total value at or above HKD120,000.

Regulated Activities and Articles

"Dealing in precious metals and stones" would include, among others, the following activities by way of business: trading in, importing, exporting, manufacturing, refining or carrying out any value-adding work on precious metals, precious stones or precious products; issuing, redeeming or trading in precious-asset-backed instruments; and acting as an intermediary in respect of such activities. Exception is provided for any person who carries on a logistics service business which only imports and exports precious metals, precious stones or precious products in the ordinary course of that business.

Precious metals, precious stones, precious products and precious-asset-backed instruments are defined as follows:

- Precious metal:** gold, silver, platinum, iridium, osmium, palladium, rhodium or ruthenium, in a manufactured or unmanufactured state;
- Precious stone:** diamond, sapphire, ruby, emerald, jade or pearl, whether natural or otherwise;
- Precious product:** any jewellery and watch that is made up of, containing or having attached to it, any precious metal or precious stone, or both;
- Precious-asset-backed instrument:** any certificate or instrument backed by one or more precious metals, precious stones or precious products that entitles the holder to such assets (in entirety or in part); but does not include any securities, a futures contract, any interest in a collective investment scheme, a structured product or an OTC derivative product as defined by the Securities and Futures Ordinance (Cap 571); or a virtual asset.



Application for Category A Registration

Application for Category A registration is simple and straightforward. An applicant holding a valid business registration certificate or hawkers' licence can file an application accompanied with details on all business premises, a correspondence address and a declaration that the applicant's precious metals and stones business is carried out for a lawful purpose. The Category A registration would remain valid as long as the registrant continues to stay in business and pay the annual fee.

Application for Category B Registration

Application for Category B registration, like other designated non-financial businesses and professions ("DNFBPs") regulated under the AMLO (Cap. 615), is subject to the meeting of a fit-and-proper test by the applicant³. Besides, the applicant is required to demonstrate its capability in fulfilling the AML/CTF requirements stipulated in Schedule 2 of the AMLO (Cap. 615) and the "Guideline on AML/CTF for Category B Registrants dealing in precious metals and stones", in addition to the holding of a valid business registration certificate or hawkers' licence and provision of all business premises addresses and a correspondence address. The Category B registration would normally be valid for three years and renewal application must be submitted at least 60 days before the registration is due to expire.

³ Please refer to sections 53ZUN and 53ZUO of the AMLO (Cap. 615).

