



香港工業總會

Federation of Hong Kong Industries

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Industry News 業界新聞

Ref. No.: 2017/017

15 February 2017

MEMORANDUM TO ALL MEMBERS

Public Consultation: Enhancing Transparency of Beneficial Ownership of Hong Kong Companies

To bring Hong Kong's regulatory regime up to date in line with international requirements, as promulgated by an inter-government body, the Financial Action Task Force*, the Government has launched a public consultation exercise on a legislative proposal to amend the Companies Ordinance (Cap. 622) to improve the transparency of beneficial ownership of companies incorporated in Hong Kong. The consultation will last for two months until 5 March 2017. For details of the consultation paper, please refer to the following website:

<http://www.gov.hk/en/residents/government/publication/consultation/docs/2017/etbo.pdf>

Major points of the Government's proposal are as follows:

- Amend the Companies Ordinance to require companies incorporated in Hong Kong to obtain and hold up-to-date beneficial ownership information for **public inspection** upon request.
- The requirement to keep beneficial ownership information will apply to all companies incorporated in Hong Kong under the Companies Ordinance, including companies limited by shares, companies limited by guarantee, and unlimited companies. (Listed companies will be exempted)
- A beneficial owner in relation to a company is an individual who directly or indirectly holding more than 25% of the shares or more than 25% of the voting rights, the right to appoint or remove a majority of directors or having the right to exercise, or actually exercising, significant influence or control.
- A company is required to identify and keep a "register of people with significant control" (PRC) over the company.
- A company should obtain and ascertain the accuracy of the required particulars in relation to the individual and the legal entity for entry into its PSC register including **the name of the registrable individual or registrable legal entity; the number of the identity card or passport of the registrable individual**; the legal form of the registrable legal entity and the company registration number; and the correspondence address of the registrable individual and the address of the registered or principal office of the registrable legal entity.
- It is a criminal offence for non-compliance with the requirements for the keeping of a PSC register. The maximum penalty for such non-compliance would be a fine at level 4 (i.e. \$25,000) and a further daily fine of \$700.
- If any person knowingly or recklessly makes in the PSC register a statement which is misleading, false or deceptive in any material particular, he or she may commit an offence and may be liable on conviction on indictment to a fine of \$300,000 and to imprisonment for two years.

Members who have any views on the consultation document are invited to inform the FHKI by



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22 February 2017 (Fax No: 2721 3494 or email Jeffreys.tsang@fhki.org.hk). For enquiries, please contact Jeffreys Tsang at 2732 3197.

Policy, Research & Communications Division

* The Financial Action Task Force is an inter-governmental body established in 1989 that sets international standards on combating money laundering and terrorist financing. It currently comprises 35 member jurisdictions including Hong Kong, China, United States and United Kingdom.