

**14. Special requirements for correspondent banking relationships**

- (1) An authorized institution must, before establishing a correspondent banking relationship with an institution located in a place outside Hong Kong that carries on a business similar to that carried on by an authorized institution (referred to in this section as proposed respondent bank)—
- (a) collect sufficient information about the proposed respondent bank to enable it to understand fully the nature of the proposed respondent bank's business;
  - (b) determine from publicly available information the reputation of the proposed respondent bank and the quality of its supervision by authorities in that place that perform functions similar to those of the Monetary Authority; and
  - (c) assess the anti-money laundering and anti-terrorist financing controls of the proposed respondent bank.
- (2) An authorized institution must not establish a correspondent banking relationship with a proposed respondent bank unless—
- (a) it has obtained approval from its senior management;
  - (b) having complied with subsection (1), it is satisfied that the anti-money laundering and anti-terrorist financing controls of the proposed respondent bank are adequate and effective;
  - (c) it has documented its responsibilities and the responsibilities of the proposed respondent bank; and
  - (d) it is satisfied that, in respect of those of the proposed respondent bank's customers who will be able to directly operate the accounts it is to maintain for the proposed respondent bank, the proposed respondent bank—
    - (i) will verify the identities of those customers, and will continuously monitor its business relationships with those customers, in accordance with requirements similar to those imposed under this Schedule; and
    - (ii) will be able to provide to it, on request, the documents, data or information obtained by the proposed respondent bank in relation to those customers in accordance with requirements similar to those imposed under this Schedule.

