

## GOLD TRADES THAT ARE AFFECTED BY HKMA - *Information for buyers*

The **Hong Kong Monetary Authority (HKMA)** can have significant implications for gold deals due to its role as the central banking authority in Hong Kong, a major hub for gold trading. Here's how the HKMA may affect gold transactions:

### 1. Regulatory Oversight

The HKMA oversees financial institutions and ensures compliance with international financial regulations, including anti-money laundering (AML) and counter-financing of terrorism (CFT) standards. This can affect gold deals in the following ways:

- **Due Diligence Requirements:** Buyers and sellers must comply with stringent KYC (Know Your Customer) and AML regulations when conducting transactions involving gold.
- **Transaction Monitoring:** Banks facilitating gold transactions are monitored to prevent illicit activities, which may require additional documentation and transparency.

### 2. Banking Facilitation

The HKMA regulates banks in Hong Kong, which often play a crucial role in gold deals, especially those involving:

- **Bank Guarantees:** Issuance of instruments like MT-199, MT-799, or SBLC (Standby Letter of Credit) for proof of funds and payment security.
- **Payment Processing:** Ensuring smooth processing of large payments related to gold trades.
- **Clearing and Settlement:** Banks regulated by the HKMA provide clearing services for international gold transactions.

### 3. Import and Export Regulations

Gold entering or leaving Hong Kong must comply with customs and trade laws influenced by the HKMA's policies. This affects:

- **Tax-Free Zones:** Hong Kong's tax-free status for gold imports and exports is attractive for traders but subject to strict regulatory oversight.
- **Documentation:** Accurate and complete paperwork, including declarations and proof of origin, may be required for customs clearance.

### 4. Stability and Confidence in the Market

The HKMA's role in maintaining monetary and financial stability ensures:

- **Currency Stability:** The pegged exchange rate system (HKD to USD) reduces currency risk in international gold transactions.
- **Investor Confidence:** A well-regulated market fosters trust among international buyers and sellers, making Hong Kong a preferred hub for gold trading.

### 5. Impact on SKR (Safe Keeping Receipt) Transactions

- For gold stored in Hong Kong under SKR arrangements, the HKMA ensures banks adhere to protocols for verifying the legitimacy of these receipts, which are often used as collateral in gold deals.

#### How It Affects You:

1. **Compliance Costs:** Buyers and sellers must allocate time and resources to meet HKMA-driven compliance requirements.
2. **Transparency:** Expect a need for thorough documentation to satisfy AML, KYC, and banking protocols.
3. **Banking Relationships:** Work with HKMA-regulated banks for smoother transactions and reliable issuance of payment guarantees or instruments.
4. **Strategic Advantage:** Utilize Hong Kong's status as a global trading hub, with its tax-free policy and financial infrastructure backed by the HKMA.



Capital Gateway Partners Pty Ltd complies with all applicable global anti-money laundering (AML) regulations. We utilise First AML as one of our trusted providers to ensure adherence to these standards. All transactions and clients are subject to monitoring and verification under our AML procedures. P.O. Box 666 Broadway N.S.W. 2008

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