Credit Data Smart – Required Documents for Applicants of Type Two Limited Membership

Background and Purpose

Type Two Limited Membership is established specifically to encourage the participation of money lenders under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) in Credit Data Smart (CDS). To address concerns commonly raised by applicants regarding the costs and efforts associated with the required submission of independent assessment reports for Type Two membership applications, Type Two Limited Members (TTLM) will not be subject to this requirement.

TTLM is further characterised by the assistance provided by the Selected CRA at the application stage. Applicants should therefore engage a Selected CRA that provides TTLM Service and submit the required documents to that Selected CRA.

Accordingly, to demonstrate compliance with the CDS onboarding criteria, a TTLM applicant is required to submit the supporting documents set out in this document to a Selected CRA that provides TTLM Service. The Selected CRA will review and summaries information in these documents to prepare the standard reports (namely the **Due Diligence Report** and the **Application Summary Report**) for submission to the Business Operator.

Important Notes on Handling of Supporting Documents

The supporting documents submitted by the applicant will only be kept by its engaged Selected CRA for the purpose of preparing the standard reports (i.e. the **Due Diligence Report** and the **Application Summary Report**). The supporting documents will not be submitted to the MCRAUG for assessment.

Applicants should therefore submit the supporting documents to the Selected CRA only. MCRAUG will review the standard reports prepared by the Selected CRA, together with the Application Assessment Form provided by the Business Operator.

List of Required Documents to be Submitted to the Selected CRA

Applicants should submit the following documents, together with the completed NDA and application form, to the engaged Selected CRA at their own cost. The collection of these documents is intended to provide visibility into the applicant's operational processes and to enable the Selected CRA to prepare the standard reports.

No.	Required Document	Purpose
1	Copy of Certificate of Incorporation / Business Registration Certificate	To verify the applicant's legal existence and registration status.
2	Copy of Valid Money Lender Licence (at least 3 months' remaining validity)*	To confirm that the applicant is a licensed money lender under the Money Lenders Ordinance (Cap. 163).
3	Copy of the latest Annual Return (NAR1)	To verify current company particulars, directors and shareholding.

4	Loans Approval Procedure	To demonstrate that documented and consistently applied loan approval procedures are in place.
5	Loans Approval Policy	To demonstrate that a clear loan approval policy is in place.
6	Application Requirement (i.e. documents required for loan approval)	To show the information and documents required from borrowers for credit assessment.
7	Loan Approval Rate	To provide visibility of the applicant's lending activity.
8	Handling process and procedures regarding loan collection	To demonstrate established processes for loan collection, with appropriate consumer protection safeguards.
9	Handling process and procedures regarding loan application	To demonstrate established processes for handling all loan applications.
10	Forms for New Loan Application	To illustrate the applicant's loan application process.
11	Data Processing Flow for Loan Applications (including processing for credit underwriting, storage, retention and sharing with third parties)	To demonstrate how consumer credit data is processed and protected.
12	Circular to Customers relating to the Personal Data (Privacy) Ordinance	To demonstrate communication with customers on personal data handling.
13	Data Security Control	To demonstrate that sufficient security measures and protection of consumer credit data are in place.
14	Audited financial statements (2 years)**	To support the assessment of sustainable financial capability.
15	Name of Auditor	To support verification of the audited financial statements.
16	Customer Journey Flow (for applicants with a website or mobile app channel)	To provide visibility of the applicant's customer-facing channels, where applicable.

** If the applicant's licence is being renewed, the applicant may submit its existing licence and submit the renewed licence within a given grace period.*

*** Companies established for less than two years are exempted from this requirement.*

Only a **copy of a valid Money Lender Licence** is required to be a certified true copy. It will be treated as a certified true copy if it meets the following requirements:

(a) it is duly certified by an appropriate person, including a certified public accountant (practising), solicitor practising in Hong Kong, notary public practising in Hong Kong or chartered secretary; and

(b) it includes: (i) date of certification, (ii) certifier's full legal name, (iii) certifier's business title and professional capacity including registration number (if any), and (iv) certifier's signature.

For more guidance on application, please refer to the relevant explanatory notes in the application form.

Onboarding Criteria Relevant to the Documents Submitted

The documents listed above will be reviewed by the Selected CRA to assess an applicant's compliance with the CDS onboarding criteria and to summarise the results in the Application Summary Report. For applicants' reference, the onboarding criteria and the corresponding assessment focus are set out below.

Onboarding Criteria	Specific Checklist Items
Positive company background	The engaged Selected CRA will appoint an independent third-party vendor to prepare a Due Diligence Report covering, among other things: • any major ongoing or past regulatory / enforcement actions involving "Red Flag" Issues against the company, its directors or substantial shareholders (effective interest >5%); • any major ongoing or past criminal or civil legal proceedings involving "Red Flag" Issues; • any listing on global watch lists; • any material adverse media reports (recommended screening: past 5 years) relating to "Red Flag" Issues; and • nature of business (existing / target customer groups, distribution channels, products / services). Applicants should be prepared to provide additional information if any of the above items is identified.
Sustainable financial capability	The Selected CRA will assess and confirm that: • financial statements have been issued with no adverse opinion and no qualified opinion by the auditor; and • the financial sustainability assessment is satisfactory, demonstrating adequate capital, liquidity and going-concern status. Applicants should submit audited financial statements (2 years) and the name of the auditor to support this assessment.
Necessity for the Consumer Credit Reference Service	The Selected CRA will validate and summarise that the applicant has: • a valid Business Registration Certificate and money lender licence; • clear, documented and consistently applied loan approval procedures and policy; and • established and effective processes / procedures for loan collection and handling of all loan applications, with appropriate consumer protection safeguards.
Sufficient security measures and protection on Consumer Credit Data	The Selected CRA will assess and confirm that: • a comprehensive and up-to-date information security policy is in place and actively implemented; and • documented procedures exist for the identification, handling, escalation and reporting of data breach incidents, including timely notification to affected parties and relevant authorities in accordance with applicable laws (e.g. PDPO).
Compliance with the CCD Code	The Selected CRA is not required to conduct a detailed assessment of the applicant's compliance with the CCD Code. However, the applicant will be asked to confirm that it complies with the CCD Code, to reinforce the applicant's accountability for its obligations.
Data integrity and data quality	Under TTLM, applicants will not connect directly to the CRP but will contribute data via a Selected CRA. While the Selected CRA is expected to assist applicants in preparing data in the standardised data format, applicants remain fully responsible for ensuring the validity and accuracy of the data they provide.