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# An Overview of Hong Kong's

## Anti-Money Laundering & Counter-Terrorist Financing Regime (AML & CTF Regime)

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# HK AML & CTF Regime - Overview

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- 1989 Drug Trafficking (Recovery of Proceeds) Ord.
- 1994 Organized & Serious Crimes Ord.
- 2002 United Nations (Anti-Terrorism Measures) Ord.
- 2011 Anti-Money Laundering & Counter-Terrorist Financing (Financial Institutions) Ord.



# Financial Action Task Force (FATF)

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- Inter-government organization
- 34 members + 2 regional organizations
- International AML/CFT standard setter
- Develop and promote policies



# FATF Mutual Evaluation 2008

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- **Recognized the strengths of Hong Kong's AML/CFT regimes**
- **Also identified areas requiring improvements**
  - **CDD & record-keeping requirements**
  - **enforcement powers of financial regulators**
  - **criminal or supervisory sanctions**
  - **remittance agents & money changers**



# **Anti-Money Laundering & Counter-Terrorist Financing (Financial Institutions) Ord. (AMLO)**

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- **To be effective : 2012-04-01**
- **Guiding principles for AMLO :**
  - conform with FATF standards**
  - compliance cost minimized**
  - partnership approach to assist market**



# AMLO (1)

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➤ **Apply to whom :**

- **Remittance agents & money changers (RAMCs)**
- **Licensed corporations (by SFC)**
- **Authorized institutions (by HKMA)**
- **Insurers, insurance agents & brokers**



# AMLO (2)

- **Customer due diligence (CDD) requirement :**
  - **identify the customer & verify identity**
  - **identify beneficial owner & verify identity**
  - **understand the purpose & business nature of the business relationship**
- **When : open account, occasional transaction > \$120000, wire transfer > \$8000, or suspect/doubt ML**



# AMLO (3)

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## ➤ Record-keeping requirement :

**FIs must keep records of the following for six years:**

- \* documents/information obtained during CDD**
- \* transaction records**





# Independent Review Tribunal

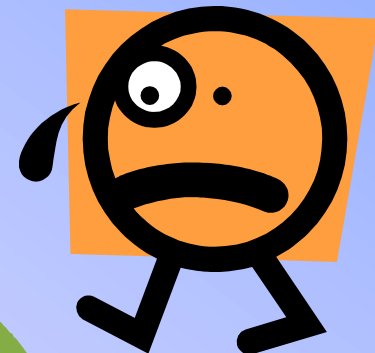
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- **Proper procedural safeguards and checks & balances**
  - **S.21 disciplinary sanctions & other specified decisions of financial regulators**



# Role of Financial Sectors

## Gatekeeper





# Risk Control Measures

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- To develop appropriate AML/CTF compliance management structure (Compliance Officer at senior level)
- To establish internal AML/CTF policies/procedures
  - CDD
  - Record keeping
  - Suspicious transaction reporting



# Conclusion

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- **AML & CFT international standards**
- **CDD & record keeping are a must**
- **Gatekeeper & risk control measures**

**Act now & prepare early !**



Thank you !