



Suspicious Transaction Reporting

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**Joint Financial
Intelligence Unit**
聯合財富情報組



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Agenda

STR

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2. **Key Legislation**
3. **Reporting Requirement**
4. **STR Mechanism**
5. **STR Statistics**
6. **STR Reporting**
7. **STR Observation**
8. **STR Case Examples**

About JFIU

Bureaux / Departments



Financial Services and
the Treasury Bureau



Security Bureau



Department of Justice



Companies Registry



稅務署
Inland Revenue
Department

Inland Revenue
Department

Regulators



Hong Kong Monetary
Authority



Securities and Futures
Commission



Insurance Authority

Law Enforcement Agencies



Hong Kong Police
Force

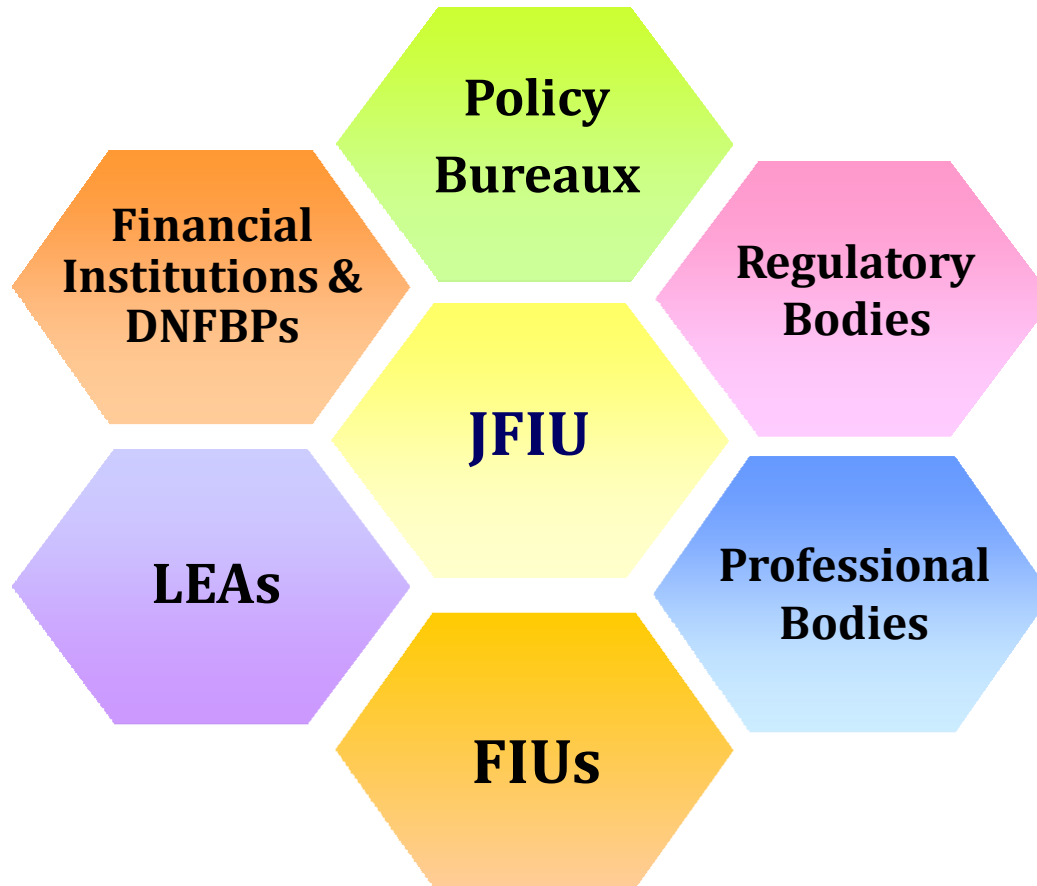


Customs and Excise
Department

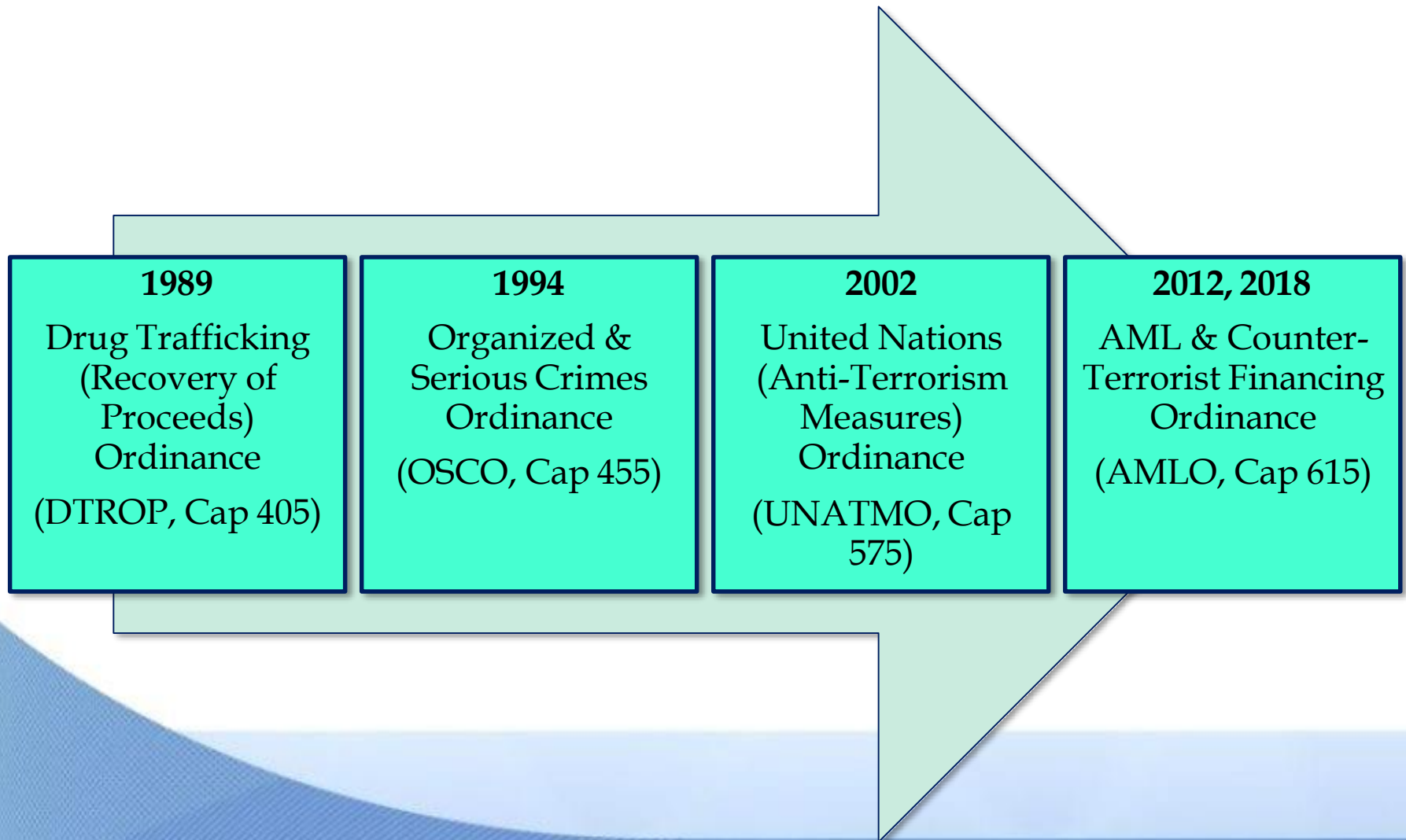


ICAC
Independent
Commission Against
Corruption

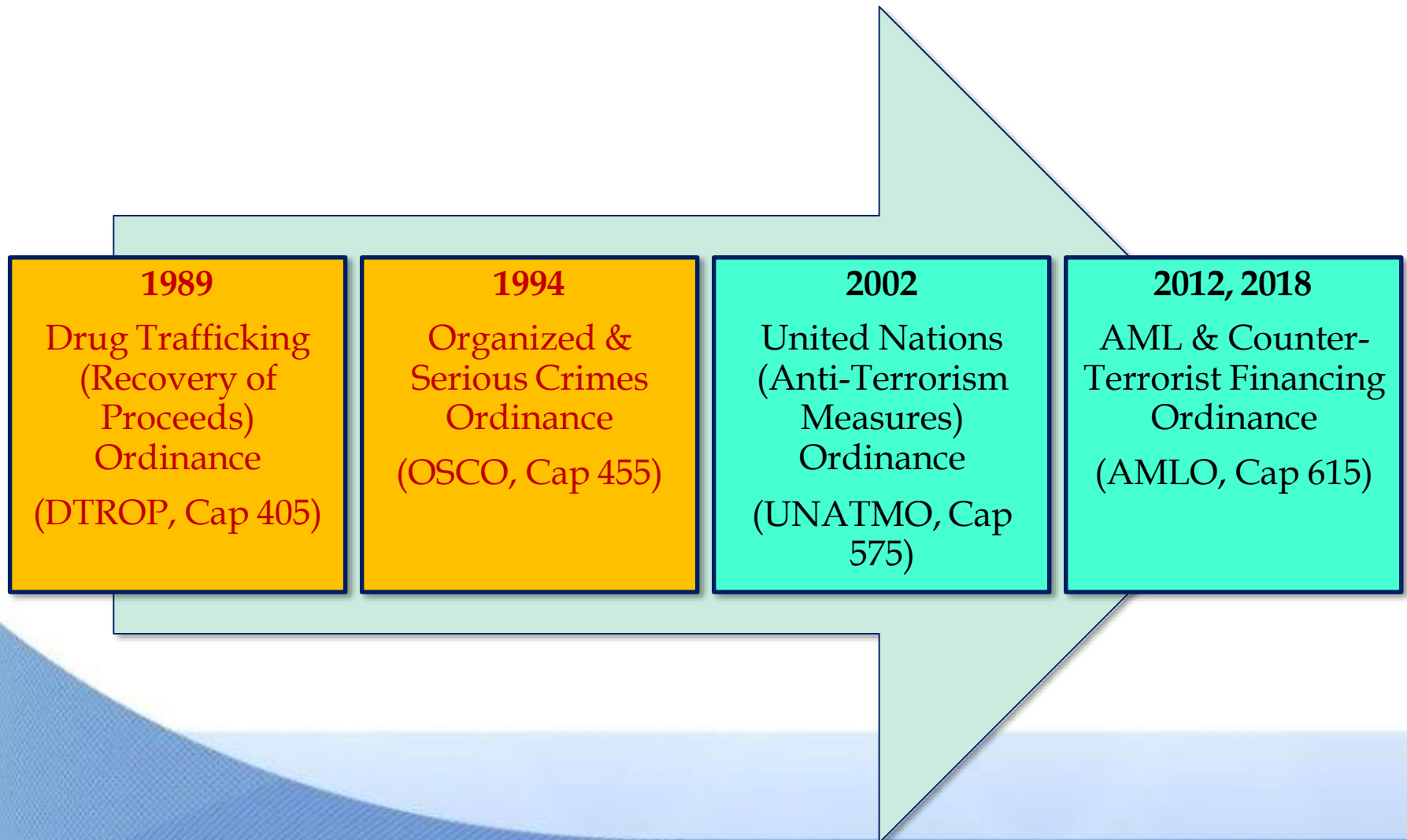
About JFIU



Key Legislation



Key Legislation



Key Legislation

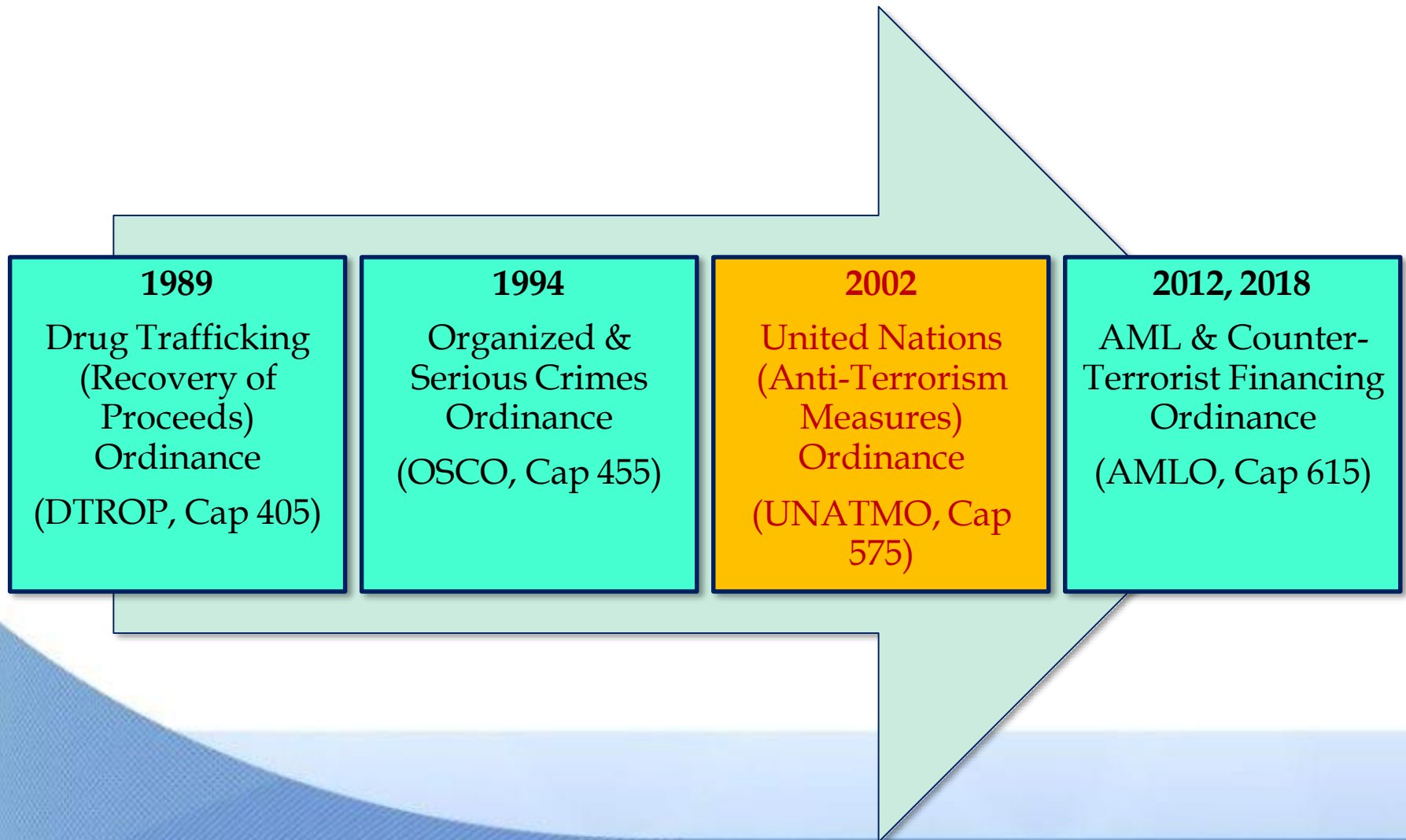
Any person

- knowing / having reasonable grounds to believe any property
- in whole / in part or directly/ indirectly represents proceeds of drug trafficking (S.25 of Cap 405 DTROP) / indictable offence (S.25 of Cap 455 OSCO)
- deals with that property

Maximum Penalty

- HKD 5M fine
- 14 years' imprisonment

Key Legislation



Key Legislation

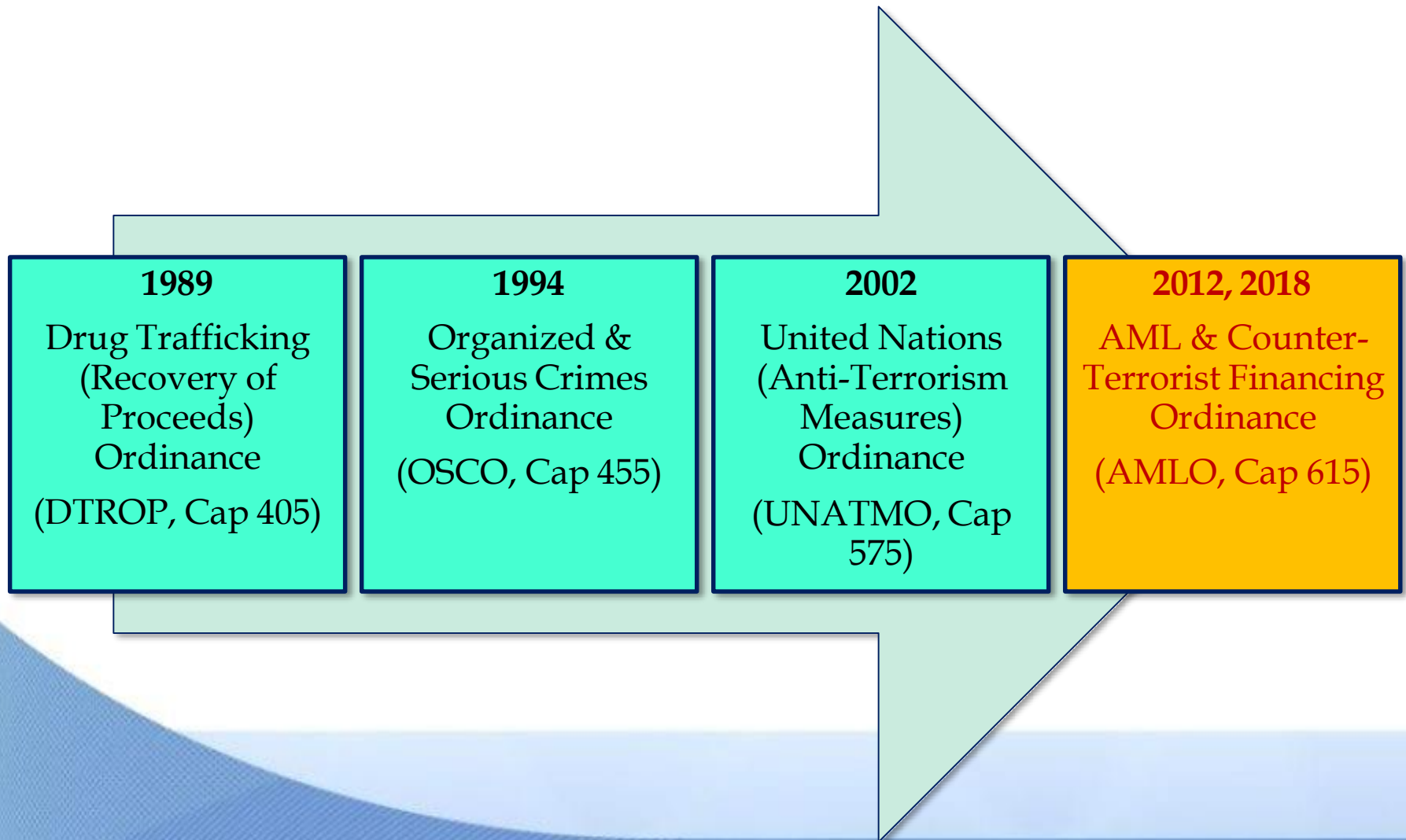
Any person should not

- provide / collect directly or indirectly any property
- with the intention that the property be or will be used in whole or in part
- to commit one or more terrorist act(s) (S.7 of Cap 575 UNATMO)

Maximum Penalty

- A fine
- 14 years' imprisonment

Key Legislation



Key Legislation

- 2012-04-01

Provides for the statutory requirements relating to customer due diligence (CDD) and record-keeping on specified financial institutions; and to provide for the powers of the relevant authorities to supervise financial institutions' compliance.

- 2018-03-01

Amended to extend the statutory CDD and record-keeping requirements to cover designated non-financial businesses and professions (viz. legal professionals, accounting professionals, estate agents, and trust or company service providers).

Reporting Requirement

Any person knows or suspects any property represents the proceeds of

- drug trafficking (S.25A of Cap 405 DTROP) or
 - any serious crimes (S.25A of Cap 455 OSCO) or
 - terrorist property (S.12 of Cap 575 UNATMO)
- shall report to JFIU

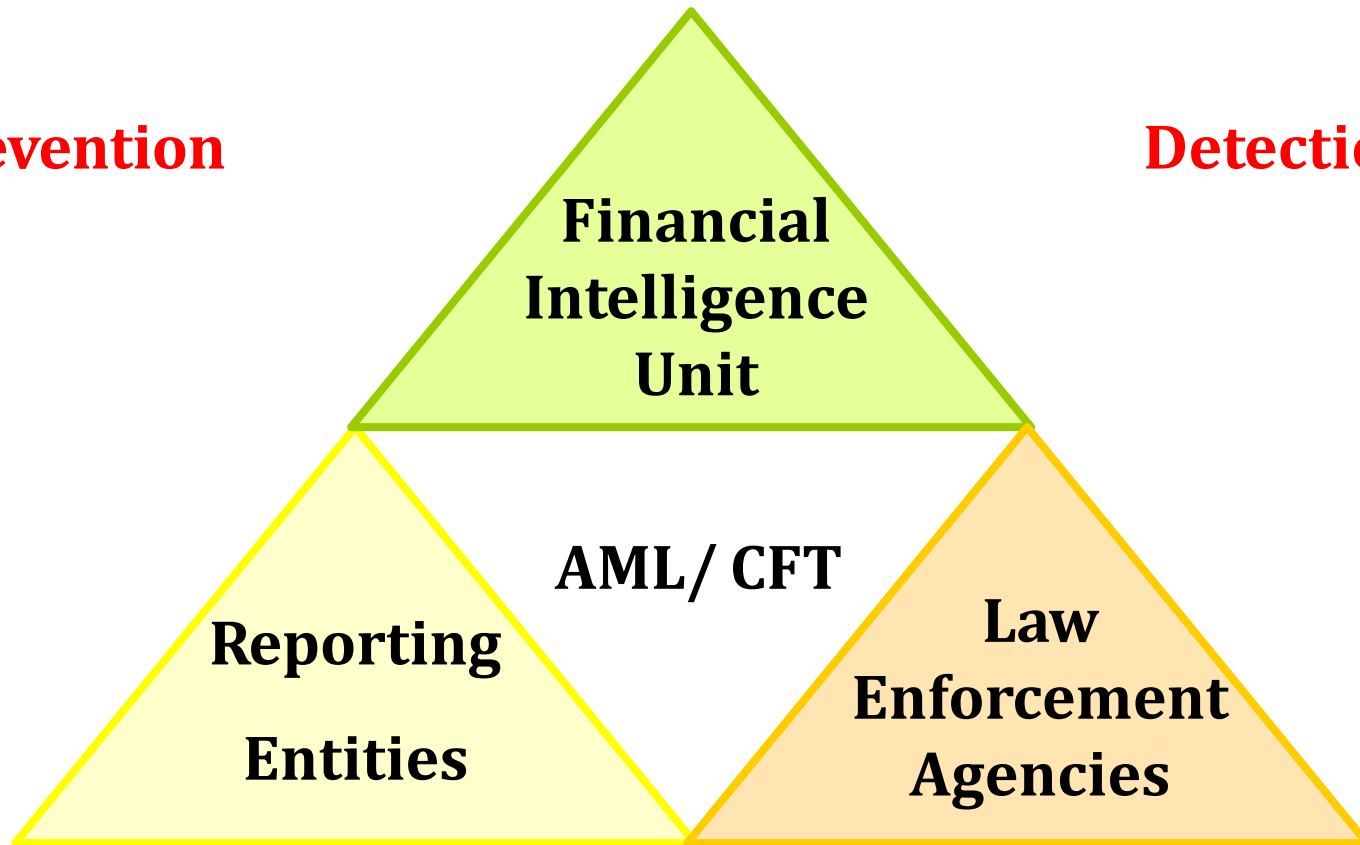
Maximum Penalty

- Level 5 (HKD 50,000) fine
- 3 months' imprisonment

STR Mechanism

Prevention

Detection



STR Mechanism

← Public-Private Partnerships →

Reporting Entities

**Financial Institutions
& DNFBPs**

CDD + KYC

Record Keeping

Internal Controls

STR Filing

Financial Intelligence Unit

FIU

STR Regime

Intelligence Exchange

International Cooperation

Training & Outreach

Law Enforcement Agencies

e.g. Police, Customs, ICAC

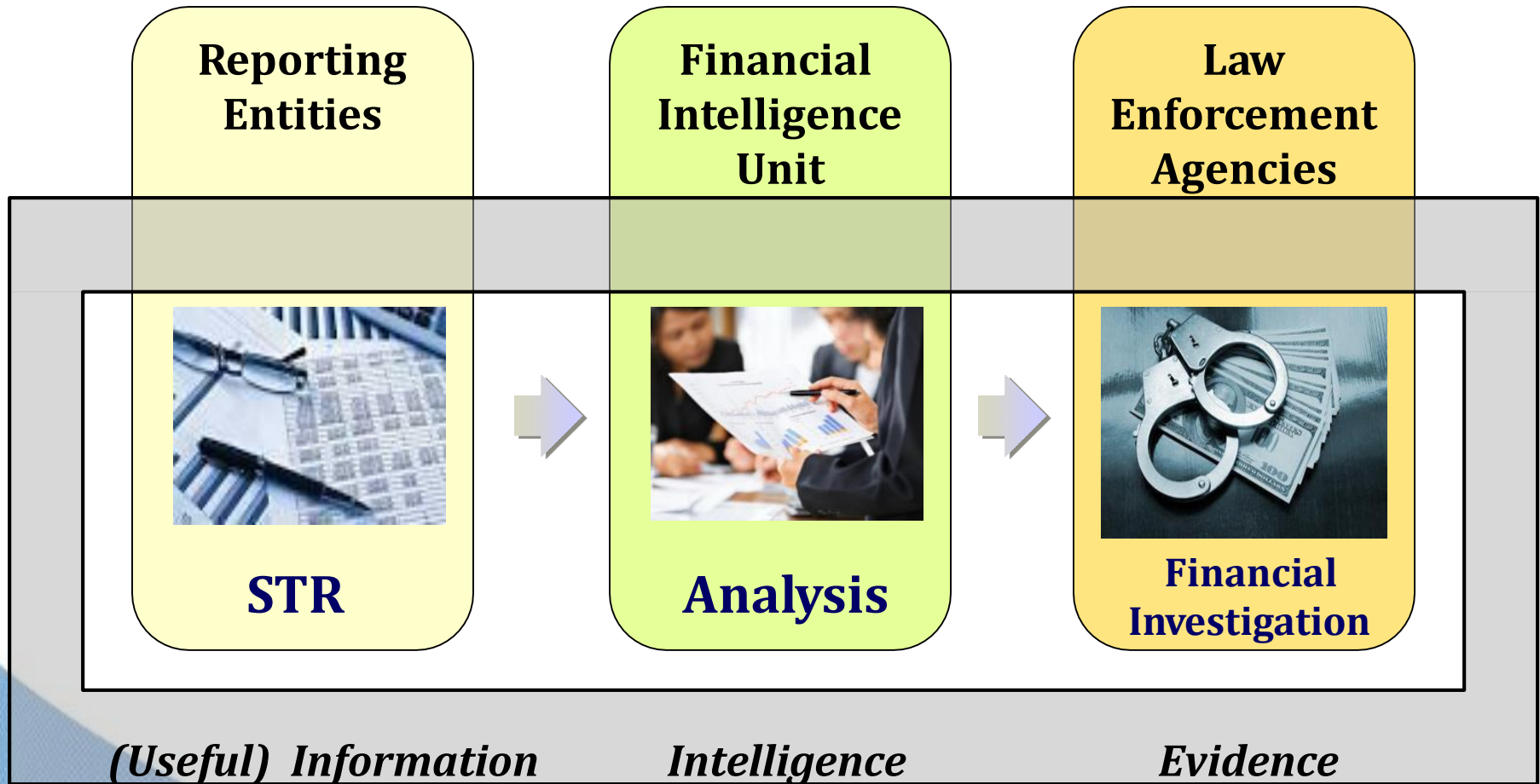
Financial
Investigation

Asset Tracing

Restraint &
Confiscation

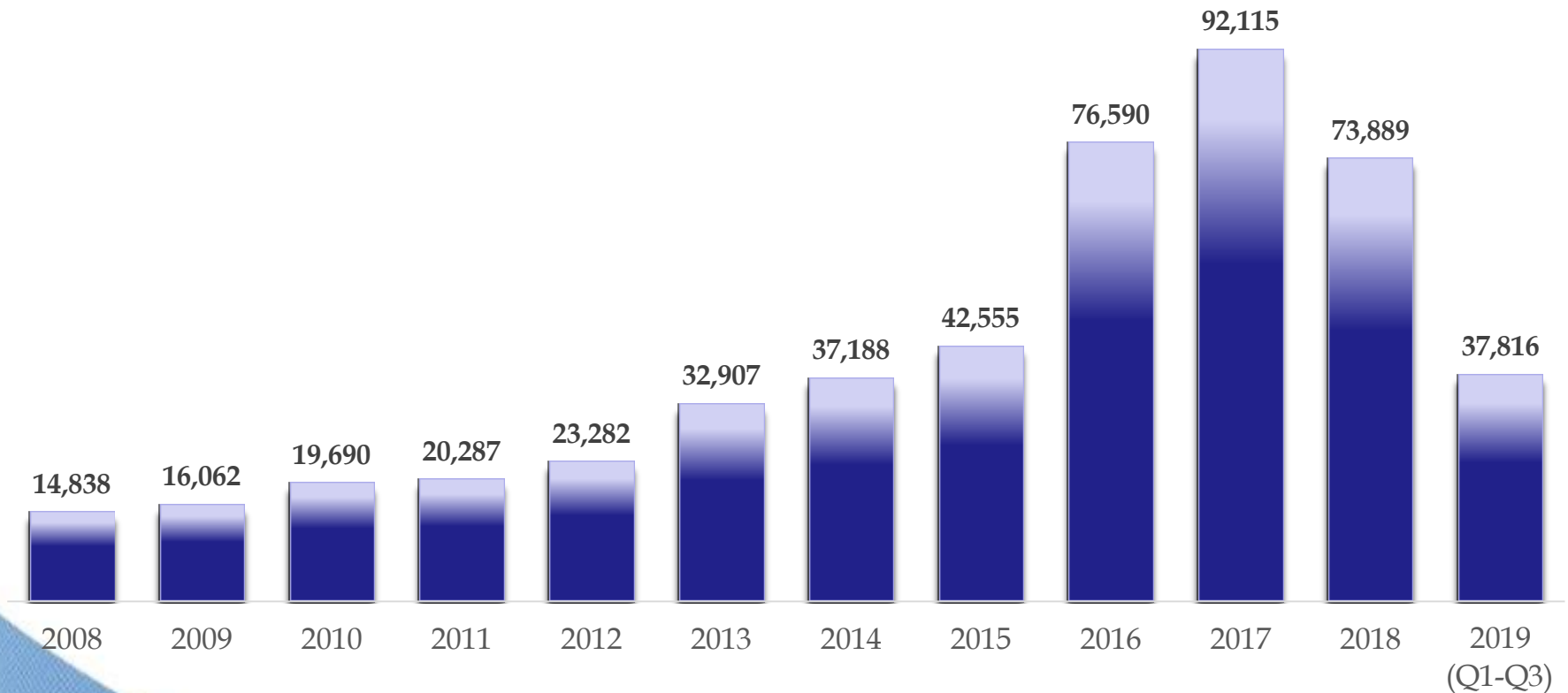
Mutual Legal
Assistance

STR Mechanism



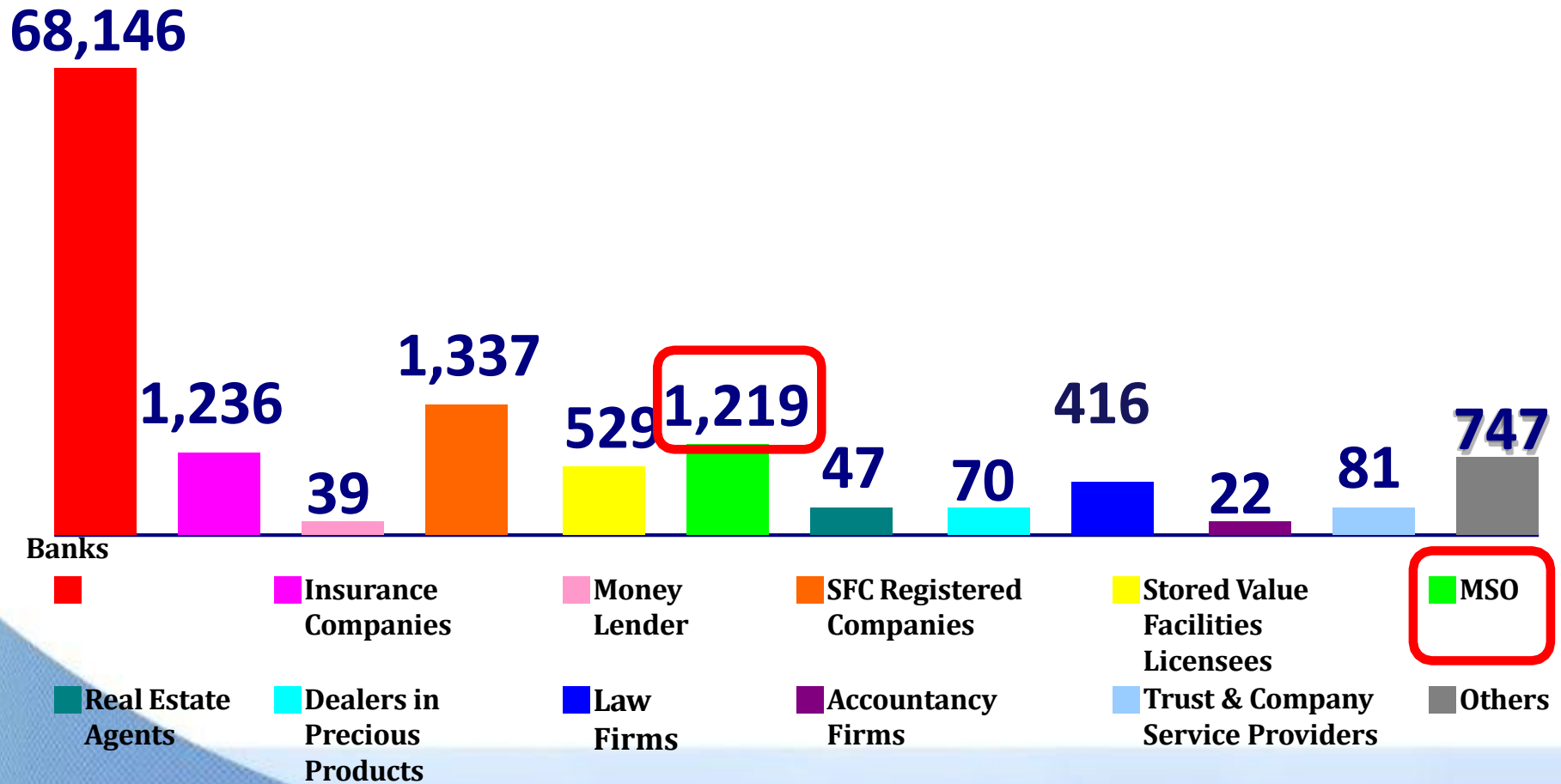
STR Statistics

Number of STRs received in the past 10 years



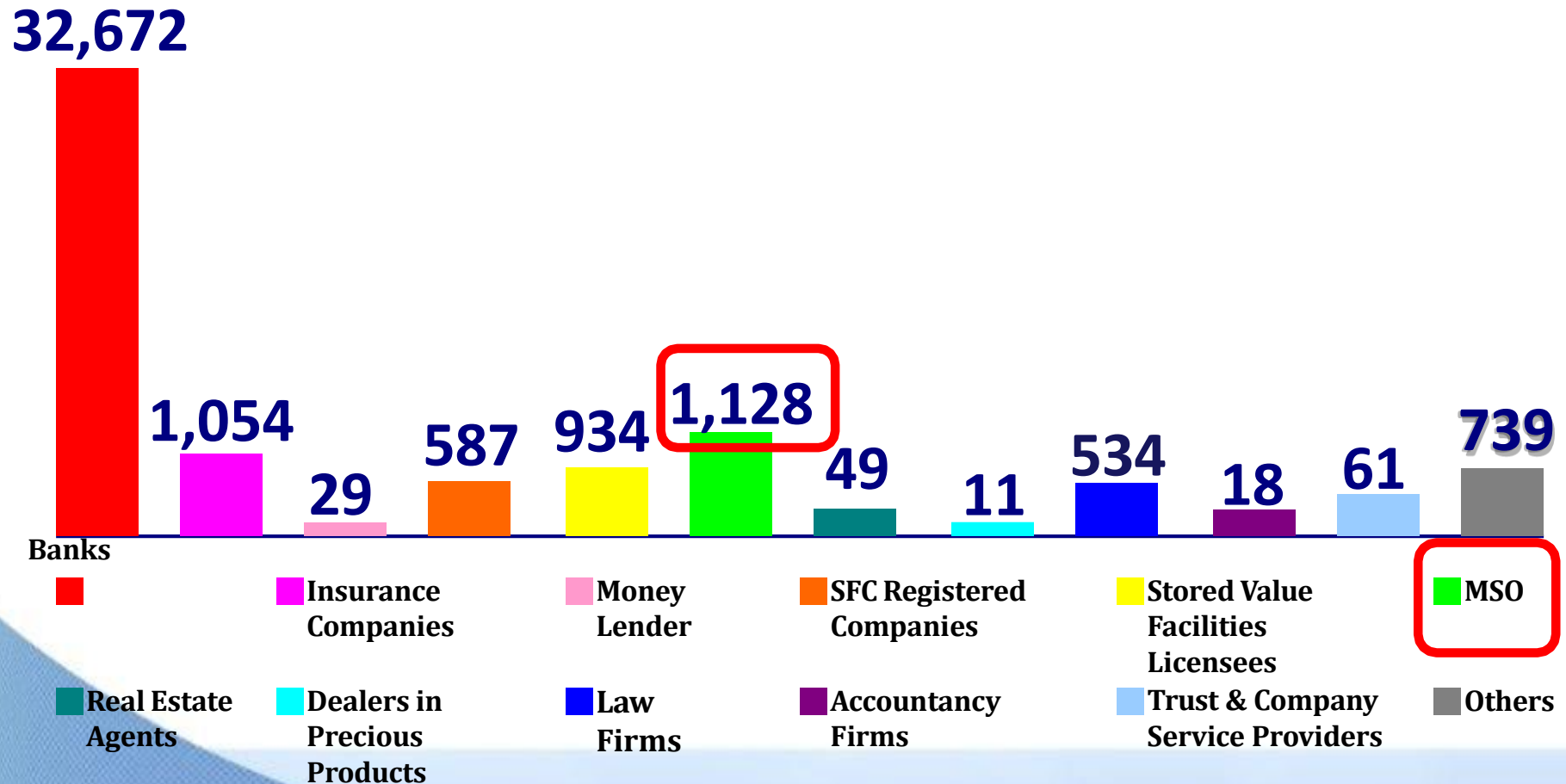
STR Statistics

Sectoral Breakdown of STRs received by JFIU in 2018



STR Statistics

Sectoral Breakdown of STRs received by JFIU in 2019 (Q1-3)



STRs from MSO

Anti-Money Laundering and
Counter-Terrorist Financing Ordinance,
Cap.615 (AMLO)



No. of STRs	2014	2015	2016	2017	2018	2019 Q1-Q3
Annual Total	37,188	42,555	76,590	92,115	73,889	37,816
Filed by MSOs	2,772	3,566	2,554	908	1,219	1,128
	3.4%					

STR Reporting

How to submit an STR?

Suspicious Transaction
Report And Management
System (STREAMS)

Suspicious transaction reports can be made in one of the following ways:

- by e-reporting system, STREAMS
- by email to jfiu@police.gov.hk



- by fax to : (852) 2529 4013



- by mail, addressed to Joint Financial Intelligence Unit, GPO Box 6555 Hong Kong



- by telephone (852) 2866 3366 (for urgent reports during office hours)



If you want to file STR via STREAMS, you have to complete **the application form** and return to JFIU either by fax (2529 4013) or email (jfiu@police.gov.hk). If you need any further information, please feel free to contact JFIU staff.

How to File Quality STRs?

SAFE Approach

Screen

subject entities' background & transactions

Ask

appropriate questions to clarify circumstances

Find

relevant records for review

Evaluate

whether suspicion is substantiated

“SAFE” – Ask

- **Ask appropriate questions and clarify suspicious circumstances**
 - financial background
 - source of funds
 - purpose of transaction
 - counterparts involved
 - ultimate beneficial owner

“SAFE” – Find

- Retrieve the customers’ records
- Review information
- Analyze if any suspicion from:
 - occupation/business activities
 - income/revenue
 - age/period of incorporation
 - previous transaction/counterparts

“SAFE” – Evaluate

- Evaluate information obtained
- Identify ‘suspicious indicators’
 - “Structuring” or “Smurfing”
 - “U-turn” transactions
 - Increased level of account activities after horse racing
 - Incommensurate transaction
 - Politically Exposed Persons
 - Countries commonly associated with international crime/drug trafficking/terrorist activities or identified as having serious deficiencies in AML/CFT regimes
 - Evasive to your enquiry

Recommended Structure of STR Narrative

- 1) Triggering Factors
- 2) Background of Subject(s)
- 3) Transactions
- 4) KYC/CDD Result & Open Source Information
- 5) Conclusion & Way Forward

Recommended Structure of STR Narrative

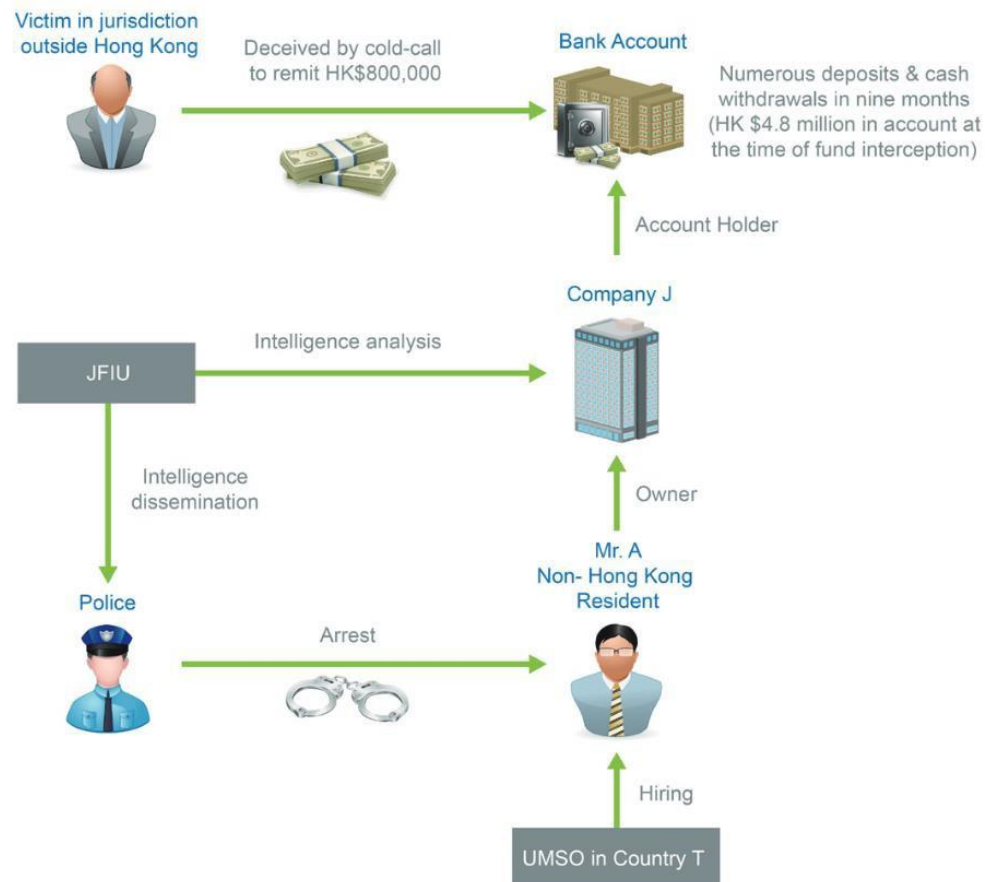
STR Summary		Reporting Body		Subject		Organization		Phone		Address		Account		Transaction	
Suspected Crimes		Suspicious Indicators		Open Source Info.		Entity Lists		Check		Save		Print			
Subject															
Sequence No: 1															
English Name:		Family Name:				Given Name:				Middle Name:					
Chinese Name:		CCC:				HKID:									
Other ID		Type:				if Others:									
		ID No.:				Country:									
DOB:		Gender:				☐ M ☐ F ☒ U				Occupation:					
Nature:															
Phone:															
Email:															
Address:															
Additional Information:															

STR Summary		Reporting Body		Subject		Organization		Phone		Address		Account		Transaction	
Suspected Crimes		Suspicious Indicators		Open Source Info.		Entity Lists		Check		Save		Print			
Account															
Sequence No: 1															
Account Institution:															
Account Number:		Account Type:				if Others:									
Opening Date:		Closing Date:													
Balance:		Currency: HKD				Amount:				Date:					
Related Person:		Role:				if Others:									
Related Company:		Role:				if Others:									
Additional Information:															

STR Feedback

- Acknowledgement of receipt
- Consent/ No Consent/ N/A
- Quarterly STR Analyses
- Meetings with Stakeholders

A simple case example





Thank you



www.jfiu.gov.hk