




Briefing on “Mutual Evaluation Report on Hong Kong, China by the Financial Action Task Force”

23 December 2019

**Money Service Supervision Bureau
Customs and Excise Department**



Part 1

Financial Action Task Force (FATF)

Mutual Evaluations



Financial Action Task Force (FATF)

財務行動特別組織 (特別組織)

- An inter-governmental body established in 1989 by the G-7 Summit
- Sets international standards, develops and promotes policies to combat money laundering & terrorist financing (ML/TF)
- Hong Kong had been a member jurisdiction since 1991

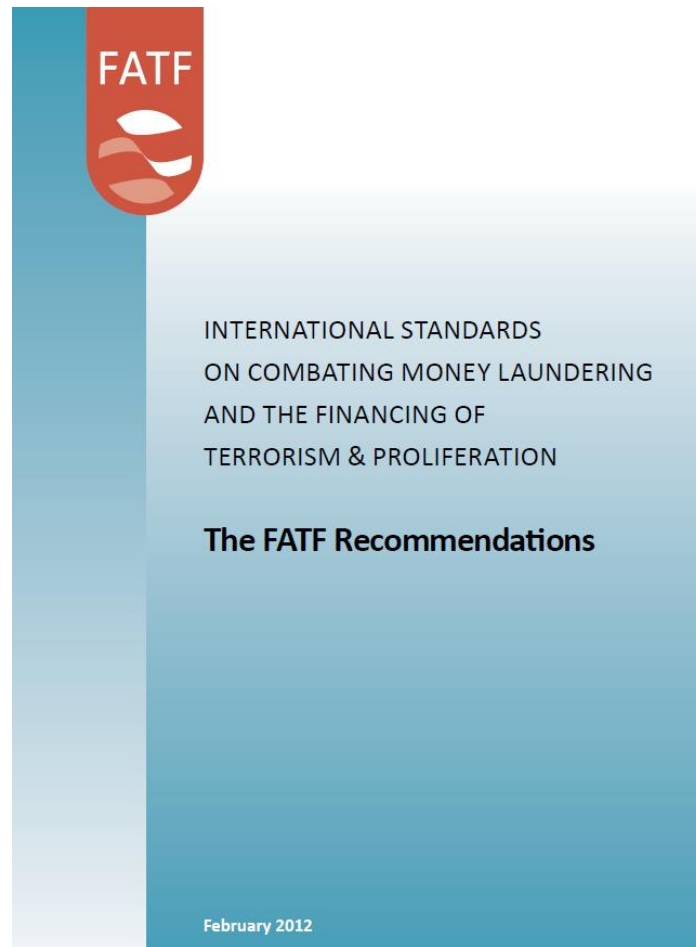


FATF - Style Regional Bodies (FSRB)

- **APG - Asia Pacific Group**
- CFATF - Caribbean FATF
- EAG - East Asian Group
- EASSMLG - Eastern & Southern Africa AML Group
- GABAC - Task Force on ML in Central Africa
- GAFILAT - FATF of Latin America
- GIABA - Intergovernmental Action Group against ML in Africa
- MENAFATF - Middle East & North Africa FATF
- MONEYVAL - European Union countries

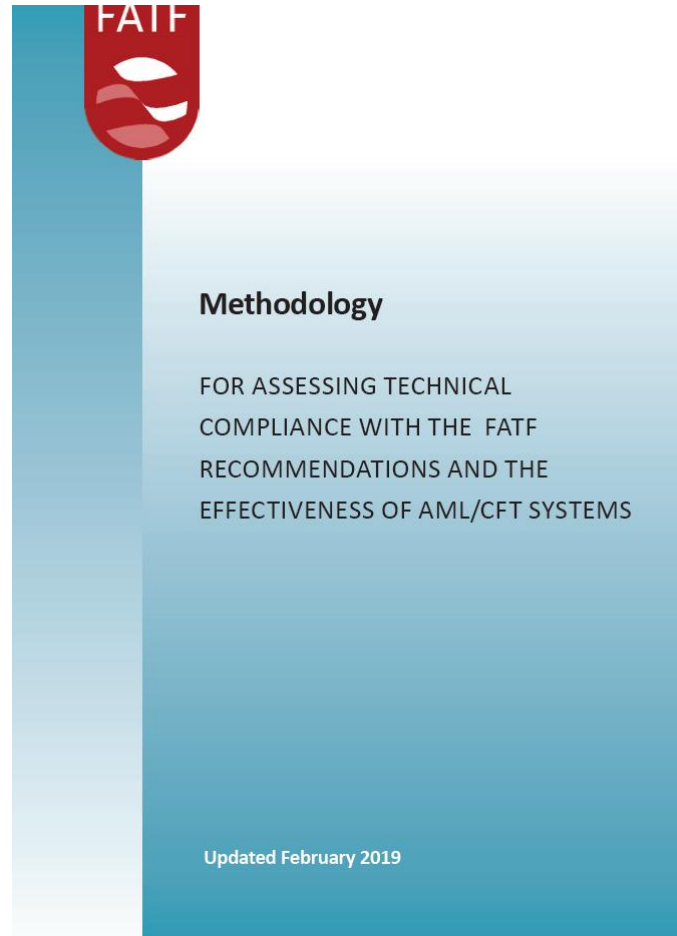
The FATF Recommendations

特別組織的建議



FATF Methodology

特別組織的評核方法





Mutual Evaluation Process (ME)

相互評核過程

- A peer-review mechanism to maintain consistent and effective implementation of the FATF standards
- Desk based review
- On-site visit
- Post on-site work



Mutual Evaluation Process (ME)

相互評核過程

Enhanced measures

- Countries would report more frequently to Plenary meetings
- FATF sends a letter to the member jurisdiction drawing attention to the lack of compliance with the FATF standards
- Arrange a high-level mission to the member jurisdiction to reinforce this message
- Suspend the jurisdiction's FATF membership
- Terminate the FATF membership of the jurisdiction

Mutual Evaluation Reports (MERs)

相互評核報告

11 July 2008 on Hong Kong



THIRD MUTUAL EVALUATION REPORT
ANTI-MONEY LAUNDERING AND
COMBATING THE FINANCING OF TERRORISM
HONG KONG, CHINA

11 JULY 2008

19 October 2012 on Hong Kong



4TH FOLLOW UP REPORT

**Mutual Evaluation
of Hong Kong, China**

19 October 2012




FATF Plenary and Working Group Meetings



Mutual Evaluation Report (MER) of Hong Kong

- Published by FATF
on 4 September 2019
- Downloadable from
FATF official website





Part 2

Significant findings and Recommendations to MSO sector



Overview

- Hong Kong – the first jurisdiction in Asia to pass in the 4th Round ME



Recommended Actions

- Understanding and appreciation of the ML and in particular TF risks
- Implementation of AML/CFT measures



Recommended Actions

- Understanding of specific higher risk situations which require Enhanced CDD (EDD) and have implemented adequate EDD measures, particularly in relation to Targeted Financial Sanctions (TFS) obligations.



Recommended Actions

- Reporting obligations of suspicious transactions
(quantity and quality aspects)



Recommended Actions

- Adequate internal control policies and procedures



Way Forward

- Strengthen risk profiling and risk assessment
- Enhance AML/CFT Training
- Supervisory activities by C&ED



Thank you