




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)

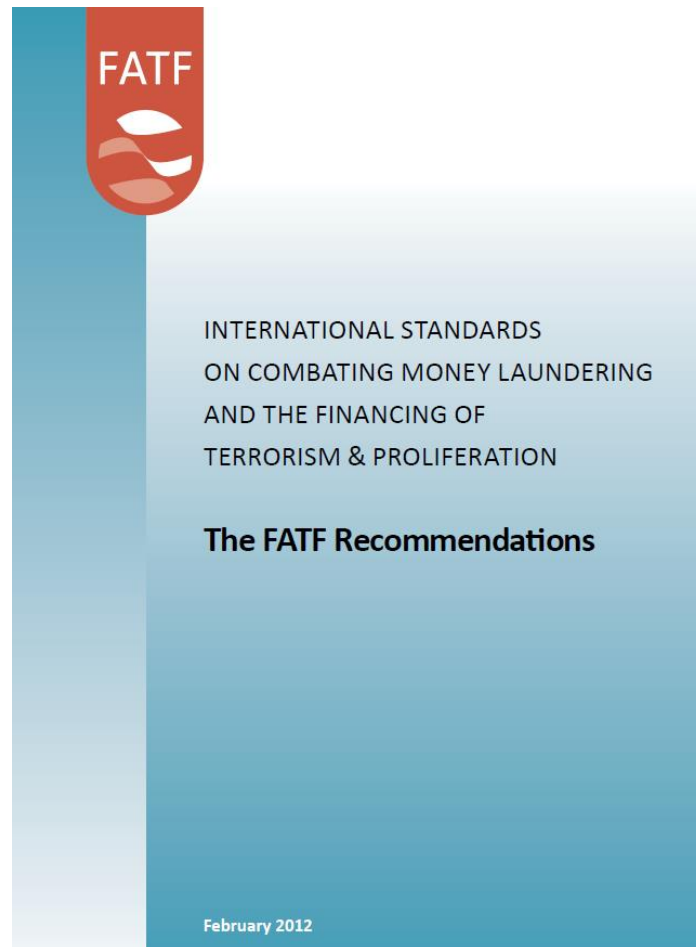
- An inter-governmental body established in 1989 by the G-7 Summit
- Sets international standards, develops and promotes policies to combat money laundering & terrorist financing (ML/TF)
- Hong Kong had been a member jurisdiction since 1991

# 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

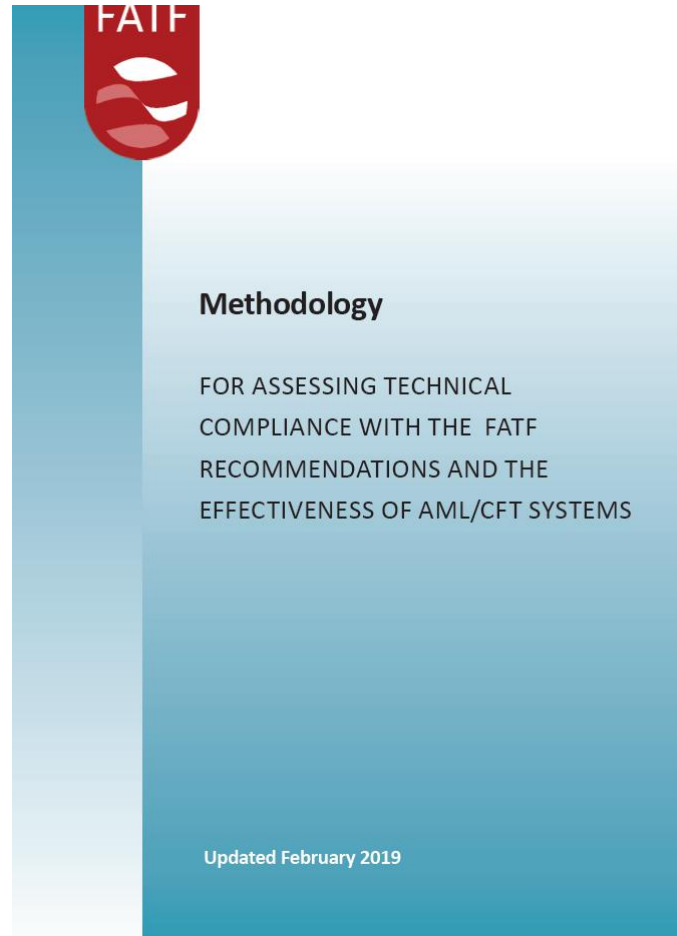
# The FATF Recommendations

## 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



4<sup>TH</sup> 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**