

Suspicious Transaction Reporting

Legal obligations, trend analysis and case study

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- About JFIU & FIIB
- Key Legislation
- STR
- Case Study

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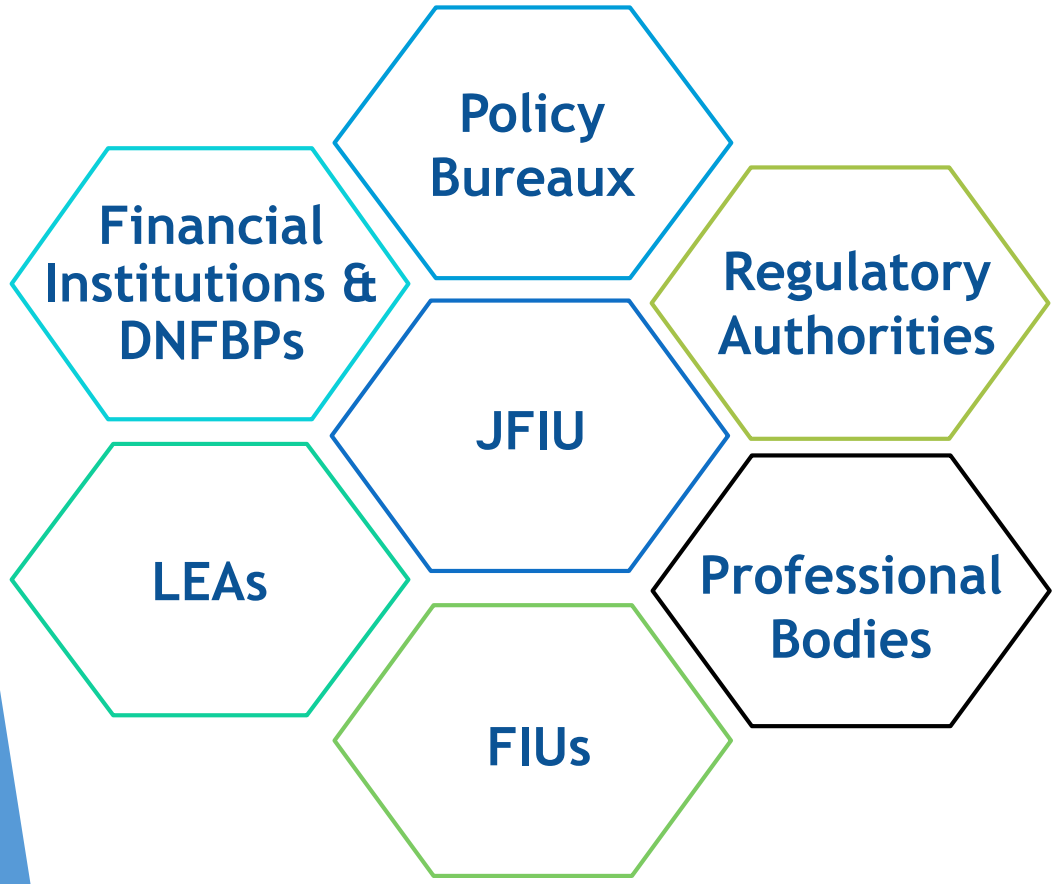
About JFIU

- Set up in 1989
- Co-staffed by officers of HKPF & C&ED
- Sole agency to manage the suspicious transaction reporting regime
- Financial intelligence exchanges with FIUs and LEAs worldwide
- Member of Egmont Group since 1996

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About JFIU



CHARTER

- Operation analysis of STR
- Global exchange of financial intelligence and information
- Strategic analysis of financial intelligence and other information
- Research on ML/TF trends and typologies
- Operation of the STREAMS
- Support on provisional measures to prevent further dealing of suspicious property
- Staffing of local and international AML/CFT policy matters
- Coordination of AML/CFT training and outreach

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Financial Intelligence and Investigation Bureau

Financial Investigation Division	• responsible for money laundering and terrorist financing investigations
Joint Financial Intelligence Unit	• processes and analyses suspicious transaction reports • exchanges financial intelligence with other local and foreign law enforcement agencies (LEAs) • maintains close liaison with banks and other stakeholders
Headquarters	• looks after AML/CFT policy and legislation matters, strategic analysis and ongoing territory-wide risk assessment, training and outreaching

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Key Legislation

1989 Drug Trafficking (Recovery of Proceeds) Ordinance(DTROP, Cap. 405)
販毒(追討得益)條例 (第405章)

1994 Organized and Serious Crimes Ordinance (OSCO, Cap. 455)
有組織及嚴重罪行條例 (第455章)

2002 United Nations (Anti-Terrorism Measures) Ordinance (UNATMO, Cap. 575)
聯合國(反恐怖主義措施)條例 (第575章)

2012 AML & CFT (Financial Institutions) Ordinance (AMLO, Cap. 615)
打擊洗錢及恐怖分子資金籌集(金融機構)條例 (第615章)

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Key Legislation *(AML)*

Any person

- Knowing or having reasonable grounds to believe
- Any property
- In whole or in part directly or indirectly represents proceeds of drug trafficking / indicatable offence
- Deals with the property

S.25 of Cap. 405 DTROP

S.25 of Cap. 455 OSCO

Maximum Penalty:

- **HKD 5 Million fine**
- **14 years' imprisonment**

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Key Legislation *(CFT)*

Any person shall not

- Provide or collect directly or indirectly
- Any property
- With the intention that the property be used or knowing that the property will be used
- In whole or in part to commit one or more terrorist acts

Maximum Penalty:

- **14 years' imprisonment**

S.7 of Cap. 575 UNATMO

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Key Legislation *(STR)*

Any person

- Knows or suspects
- Any property represents / was used / is intended to be used in connection with the proceeds of drug trafficking or terrorist property
- Should disclose that knowledge or suspicion to an authorized officer (i.e. JFIU)

S.25A(1) of Cap. 405 DTROP

S.25A(1) of Cap. 455 OSCO

S.12(1) of Cap. 575 UNATMO

Maximum Penalty:

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

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Key Legislation *(STR – cont'd)*

Where a person

- Knows or suspects that a disclosure has been made
- The person shall not disclose to another person any matter
- Which is likely to prejudice any investigation which might be conducted following that first-mentioned disclosure

Maximum Penalty:

- **HKD 500,000 fine**
- **3 years' imprisonment**

S.25A(5) of Cap. 405 DTROP

S.25A(5) of Cap. 455 OSCO

S.12(5) of Cap. 575 UNATMO

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STR Mechanism

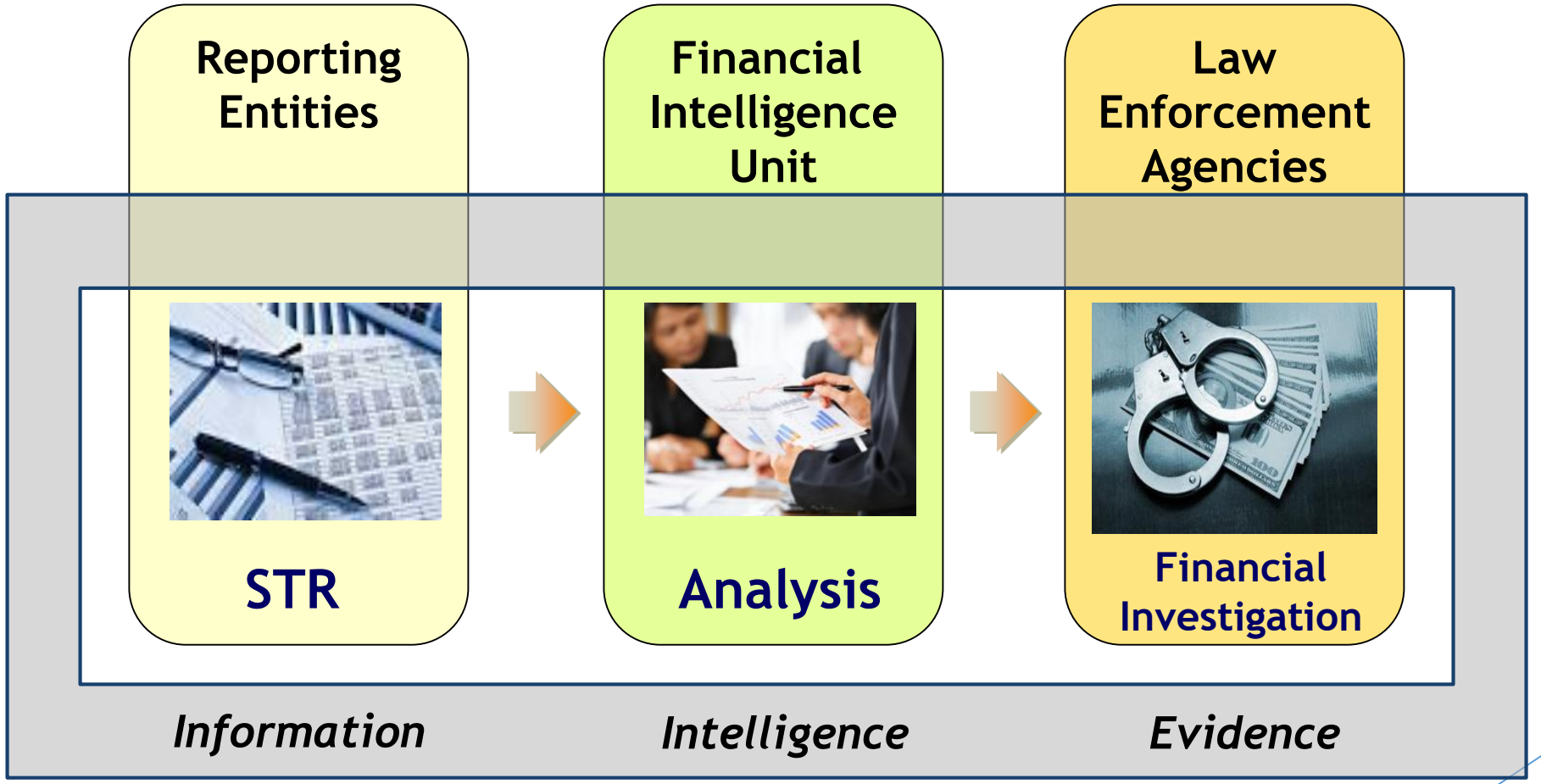
← Public-Private Partnership →

Reporting Entities	Financial Intelligence Unit	Law Enforcement Agencies
Financial Institutions & DNFBPs	**JFIU**	e.g. **Police, Customs, ICAC**
CDD + KYC	STR Regime	Financial Investigation
Record Keeping	Intelligence Exchange	Asset Tracing
Internal Controls	International Cooperation	Restraint & Confiscation
STR Filing	Training & Outreach	Mutual Legal Assistance

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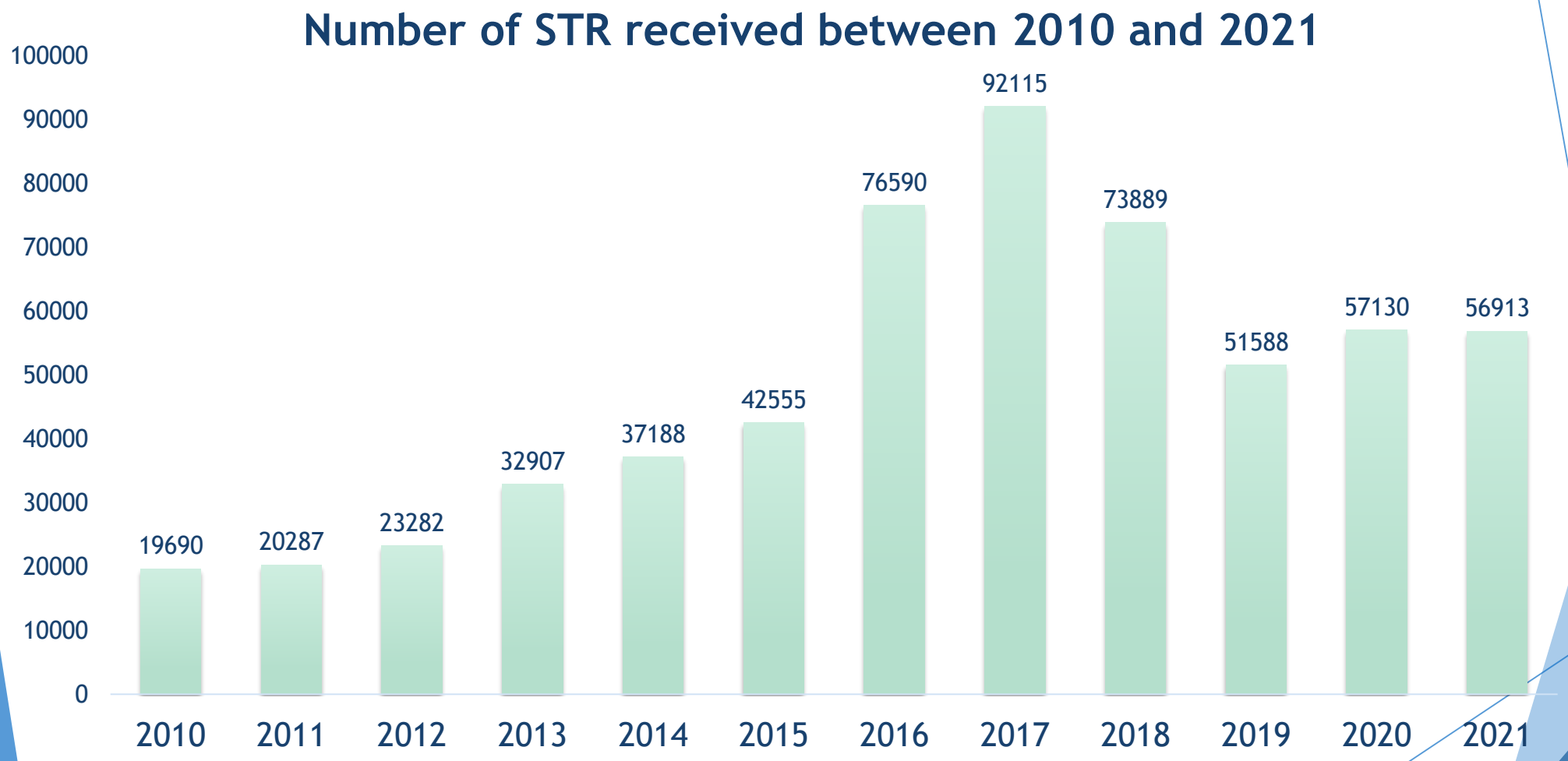
STR Mechanism



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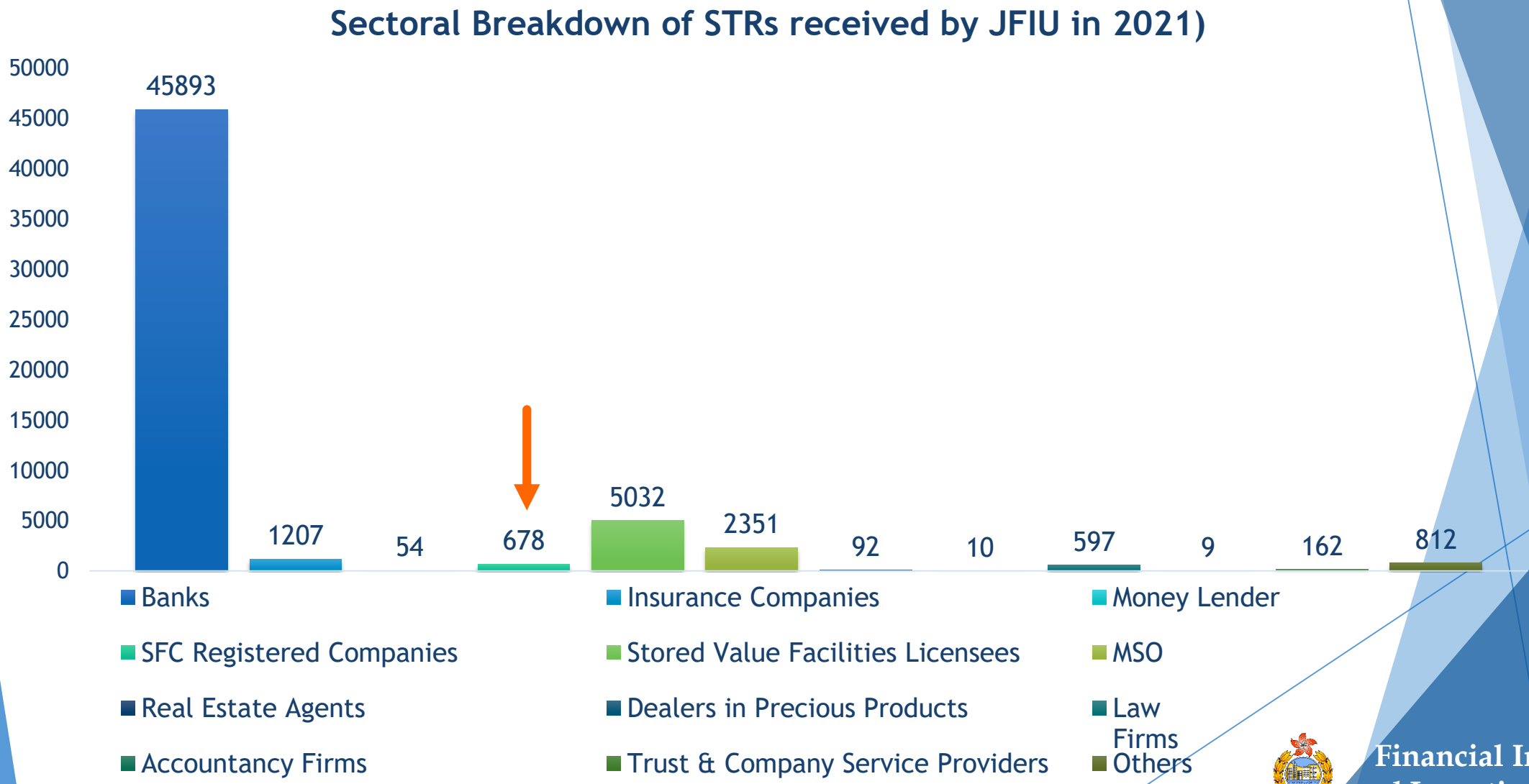
STR Statistics



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STR Statistics



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STR Reporting

How to submit an STR?

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

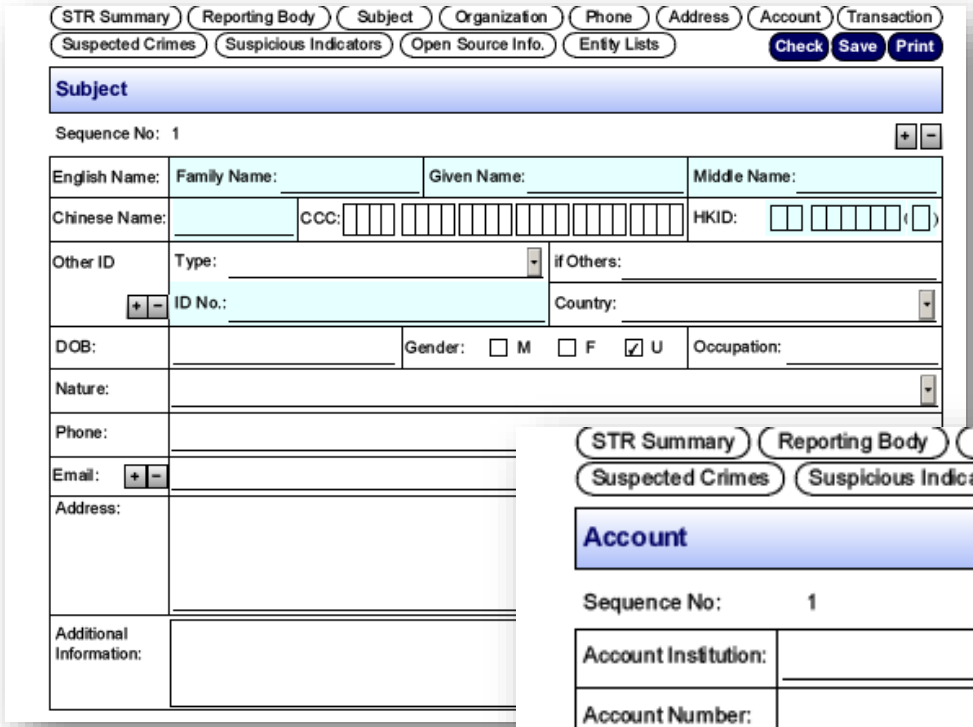
Suspicious Transaction Report And Management System (STREAMS)



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Recommended Structure of STR





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Recommended Structure of STR Narrative

1) Triggering Factors
2) Background of Subject(s)
3) Transactions
4) Reporting Entity's Enquiries & Open Source Information
5) Conclusion & Way Forward

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Recommended Structure of STR Narrative

1) Triggering Factors

- Involved crimes (fraud/corruption/sanctions/terrorist acts, etc.)
- Warrants/court orders received
- Open source information (news/list of regulatory agencies, etc.)
- Pattern of suspicious transactions (large transactions/temporary repository of fund, etc.)

2) Background of Subject(s)

- Personal: Age, occupation, income, transaction history, etc.
- Corporate: Date of establishment, business nature, expected transaction amount, etc.

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Recommended Structure of STR Narrative

3) Transactions

- Reviewed period
- Fund movement pattern (sudden change?)
- Total amount deposited/withdrawn
- Suspicious transactions (Not limited to transactions of large amount/frequent transactions)
- Pattern of suspicious transactions

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Recommended Structure of STR Narrative

4) Reporting Entities' Enquiries & Open Source Information

- Suspicious indicators (KYC queries, world check, etc. → not necessary to report all queries carried out)
- Links of open source information

5) Conclusion & Way Forward)

- Conclusion of the report
- Follow-up actions (Enhanced CDD measure, End of business relationship, etc.)

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STR Feedback

- Acknowledgement of receipt
- Consent / No Consent / N/A
- Quarterly STR analyses
- Meeting with stakeholders

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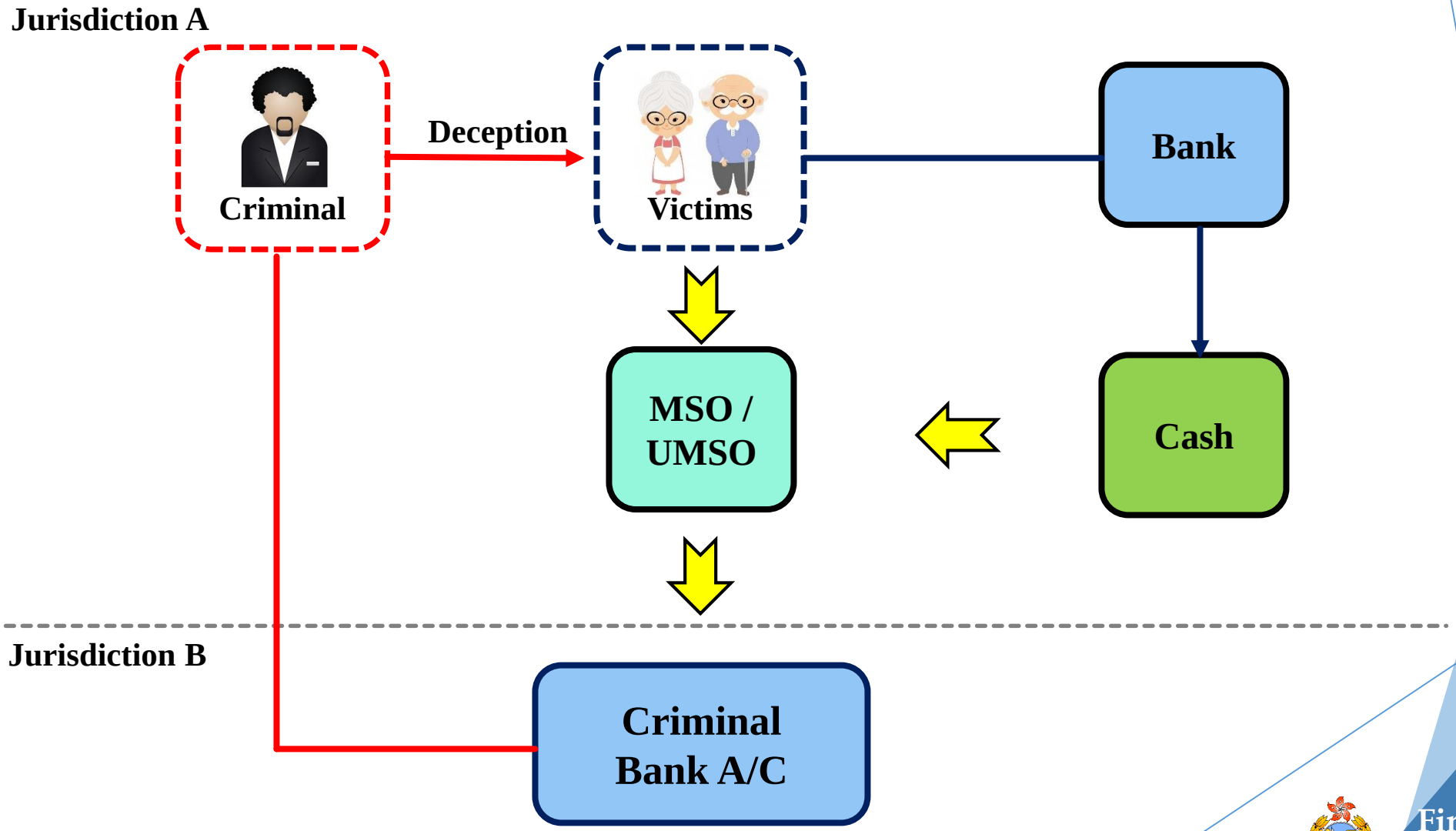
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Thank You!

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