



# Suspicious Transaction Reporting

Legal obligations, trend analysis and case study

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Joint Financial Intelligence Unit



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- ◆ About JFIU
- ◆ Key Legislation
- ◆ STR
- ◆ Case Study



◆ About JFIU

◆ Key Legislation

◆ STR

◆ Case Study



# 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

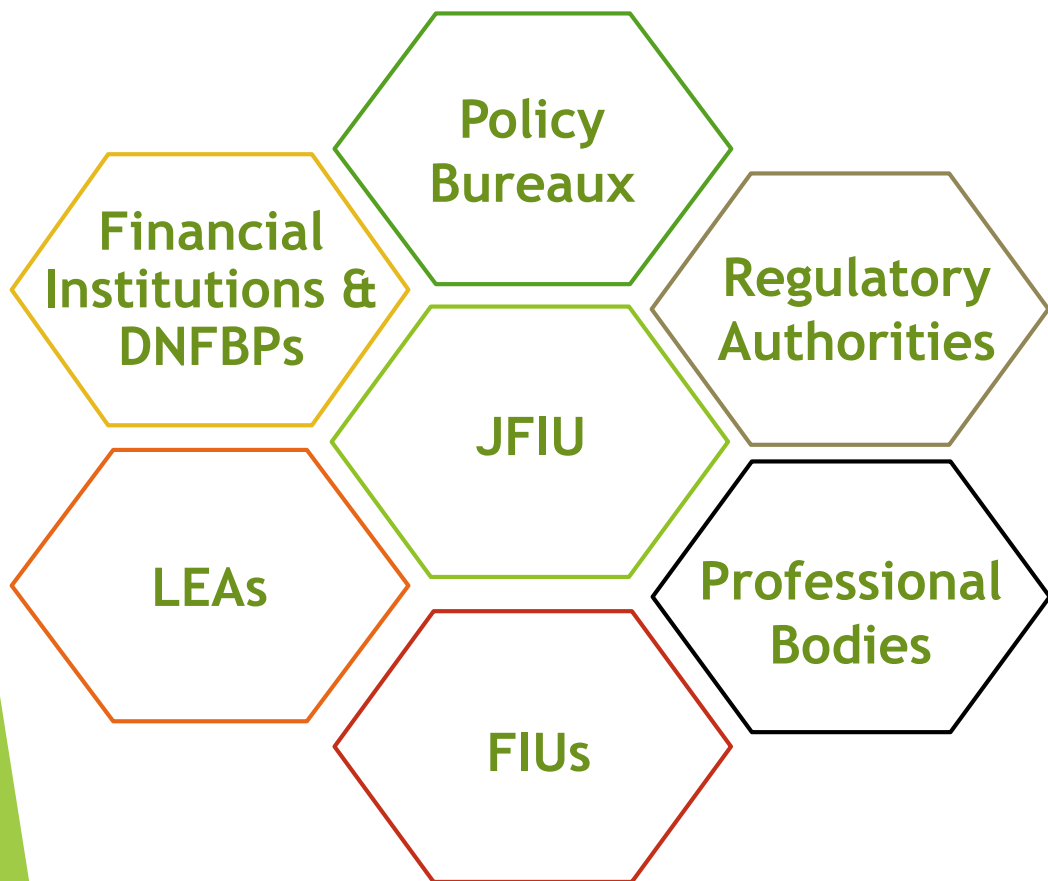
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# About JFIU



## 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**

◆ About JFIU

◆ Key Legislation

◆ STR

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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**

**Maximum Penalty:**

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

*S.25 of Cap. 405 DTRDP*

*S.25 of Cap. 455 OSCO*



# 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*



# 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)

**Maximum Penalty:**

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

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

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

*S.12(1) of Cap. 575 UNATMO*

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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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◆ About JFIU

◆ Key Legislation

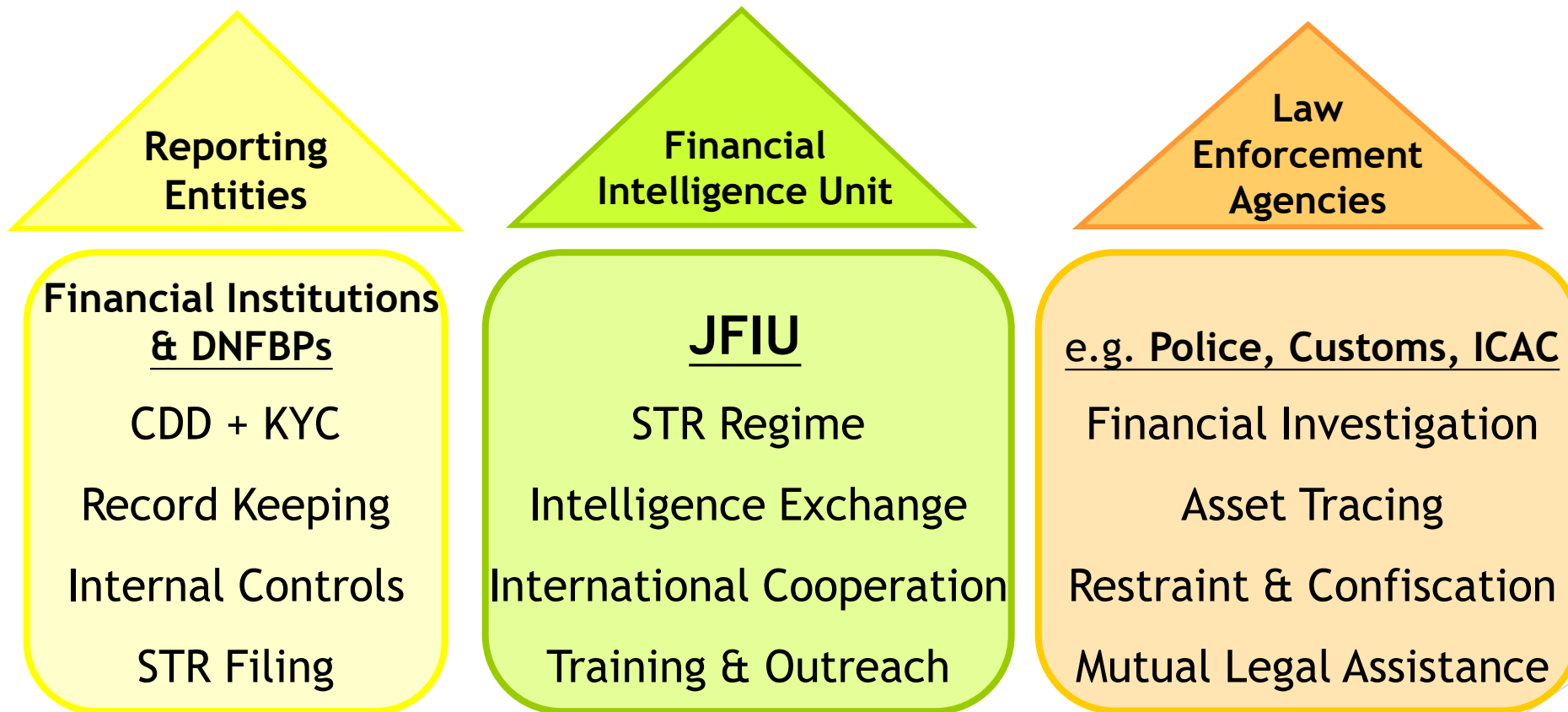
◆ **STR**

◆ Case Study



# STR Mechanism

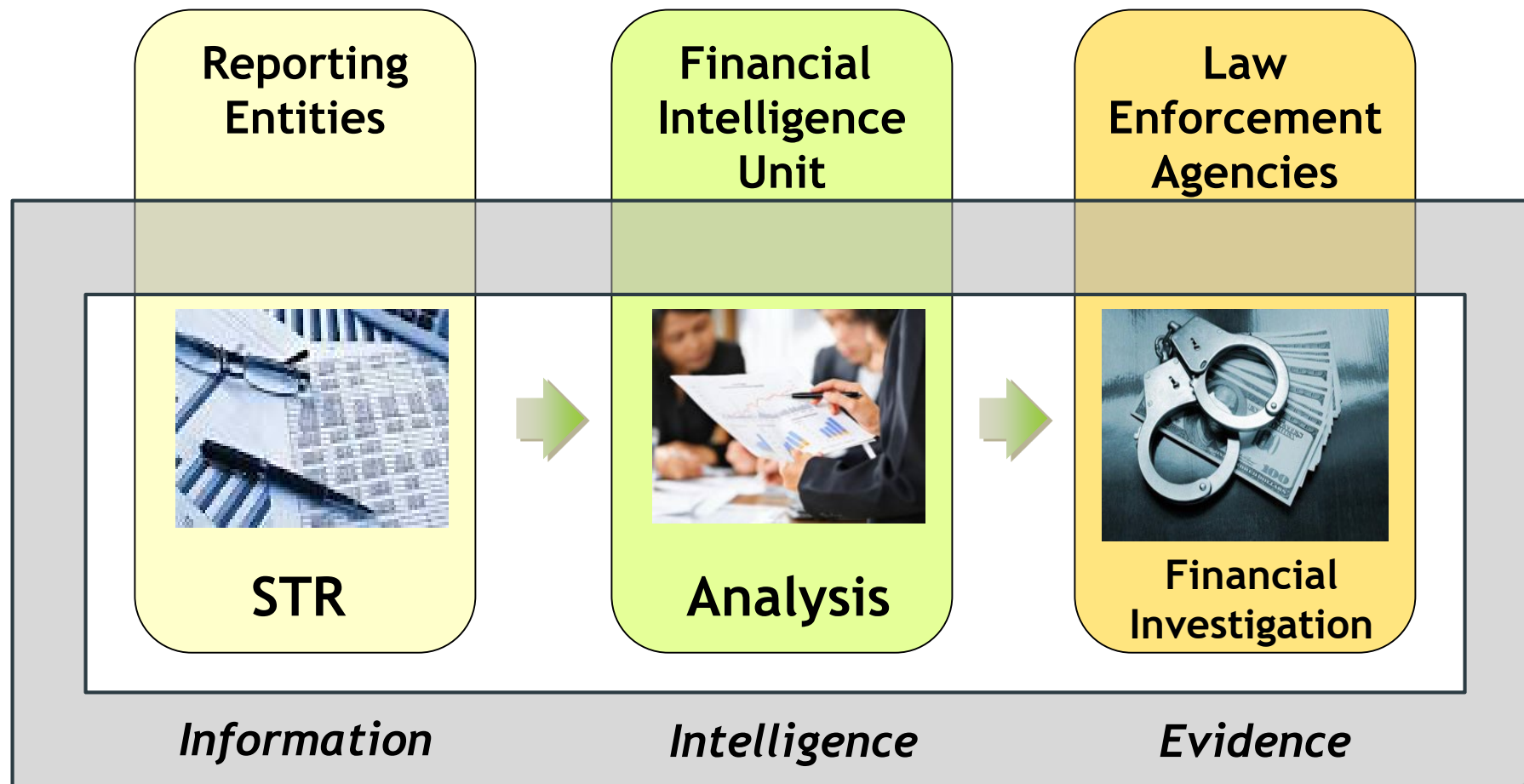
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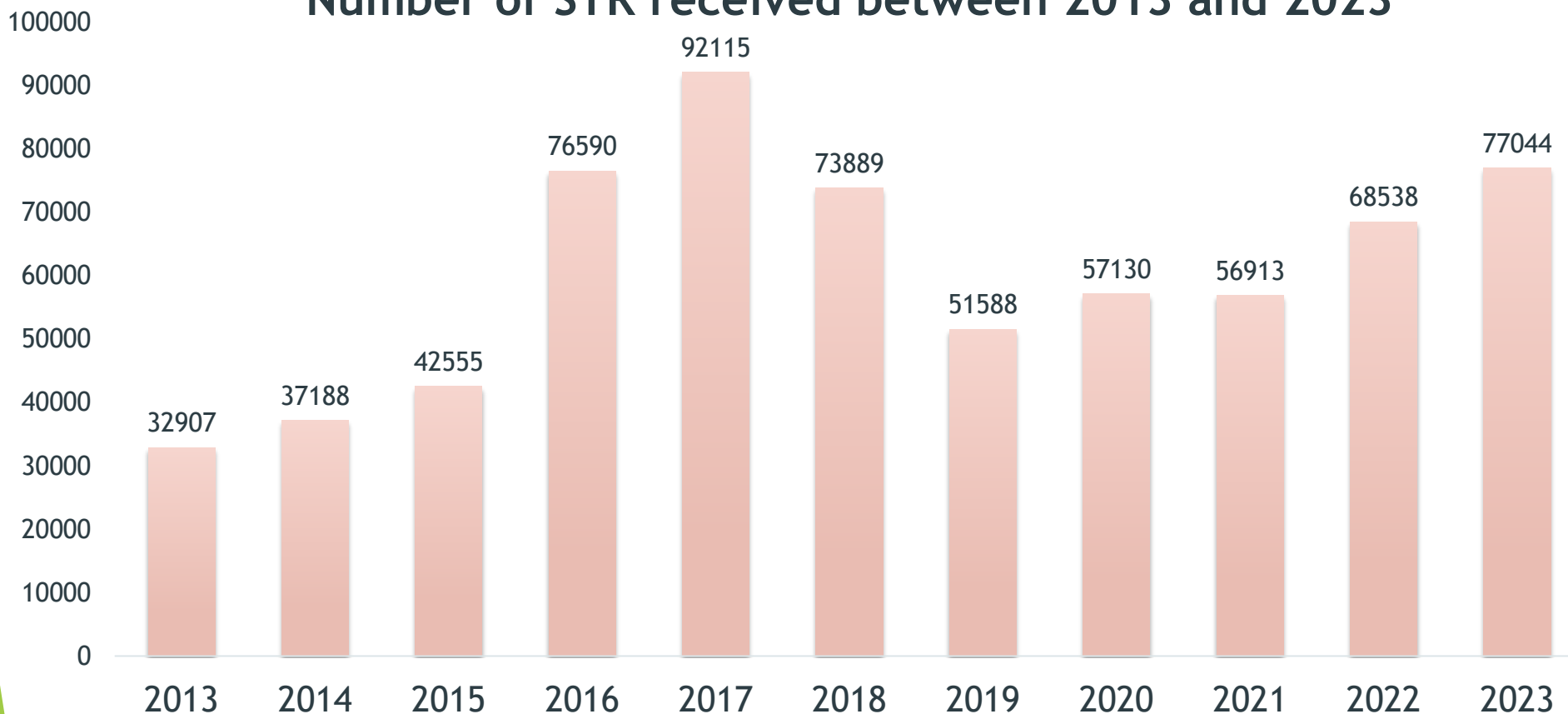
# STR Mechanism



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# STR Statistics

## Number of STR received between 2013 and 2023



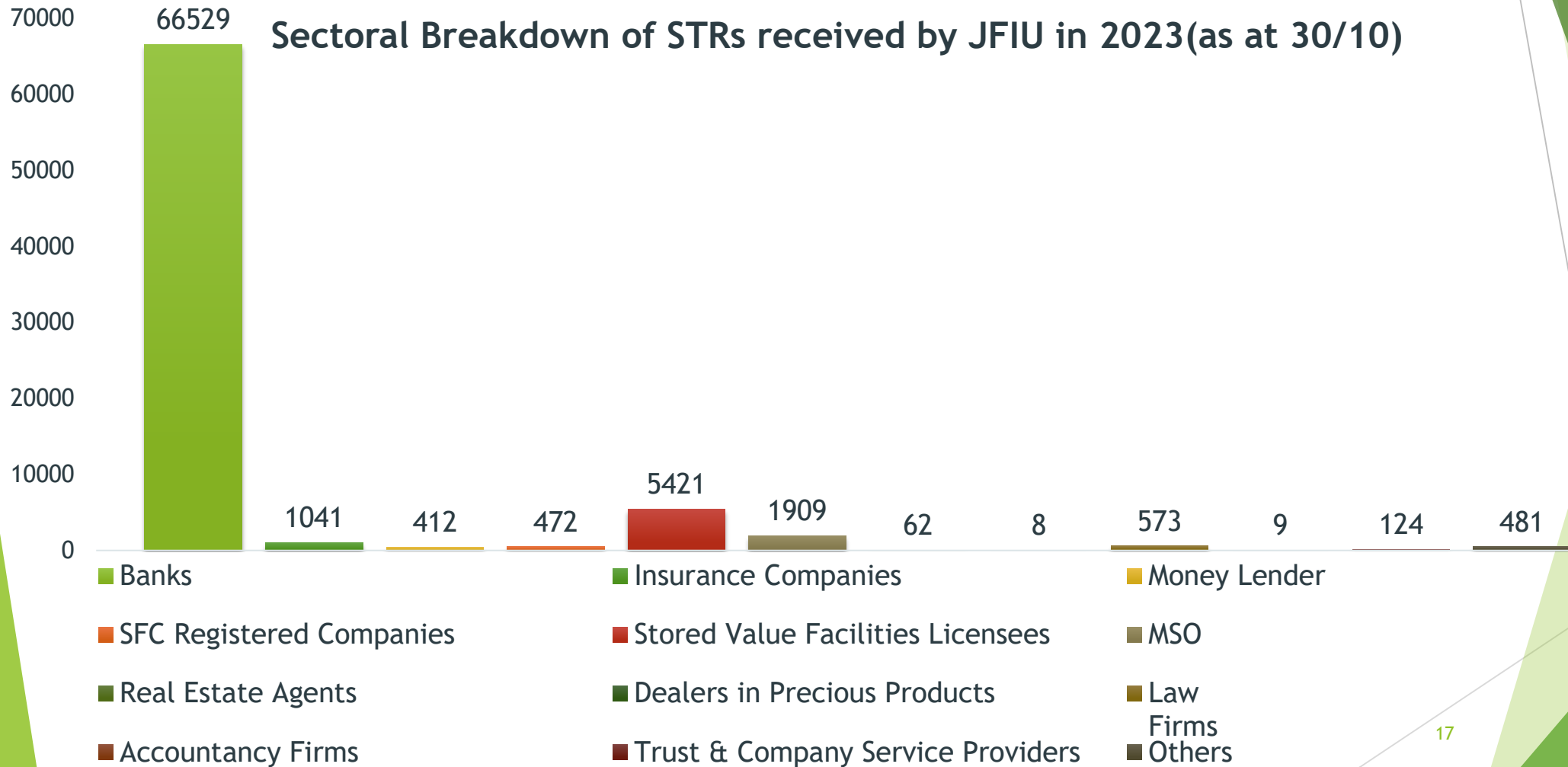
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# STR Statistics

Sectoral Breakdown of STRs received by JFIU in 2023(as at 30/10)



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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](mailto: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)



Suspicious Transaction Report And Management System (STREAMS)



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](mailto:jfiu@police.gov.hk)). If you need any further information, please feel free to contact the JFIU.



# Recommended Structure of STR

STR Summary		Reporting Body		Subject		Organization		Phone		Address		Account		Transaction	
Suspected Crimes		Suspicious Indicators		Open Source Info.		Entity Lists		Check		Save		Print			
<b>Subject</b>															
Sequence No: 1 <span style="float:right">+ -</span>															
English Name:				Family Name:				Given Name:				Middle Name:			
Chinese Name:				CCC:				HKID:							
Other ID		Type:				if Others:									
+ -		ID No.:				Country:									
DOB:				Gender:				<input type="checkbox"/> M <input type="checkbox"/> F <input checked="" type="checkbox"/> 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			
<b>Account</b>															
Sequence No: 1 <span style="float:right">+ -</span>															
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:															



# 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



# 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.



# 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



# 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.)



# STR Feedback

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





◆ About JFIU

◆ Key Legislation

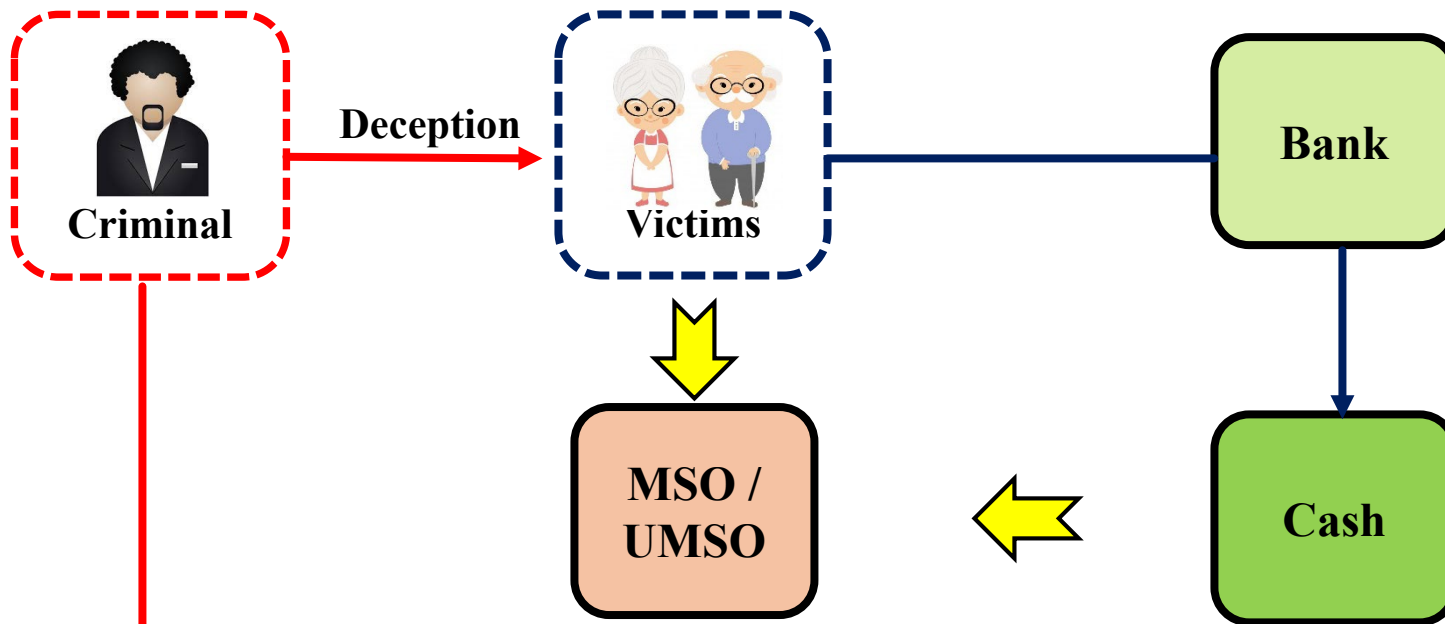
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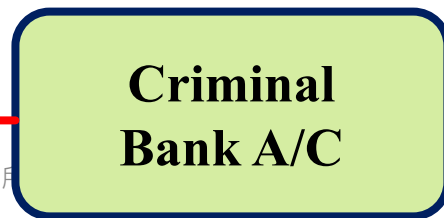


# Case Study

Jurisdiction A



Jurisdiction B





# Thank You!

Website: [www.jfiu.gov.hk](http://www.jfiu.gov.hk)

Email : [jfiu@police.gov.hk](mailto:jfiu@police.gov.hk)

