



# Suspicious Transaction Reporting

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



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# Agenda

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2. Key Legislation
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# About JFIU

## Bureaux / Departments



Financial Services and  
the Treasury Bureau



Security Bureau



Department of Justice



Companies Registry



稅務署  
Inland Revenue  
Department

## Regulators



Hong Kong Monetary  
Authority



Securities and Futures  
Commission



Insurance Authority

SFC  
證監會

保險業監管局  
Insurance Authority

## Law Enforcement Agencies



Hong Kong Police  
Force



Customs and Excise  
Department

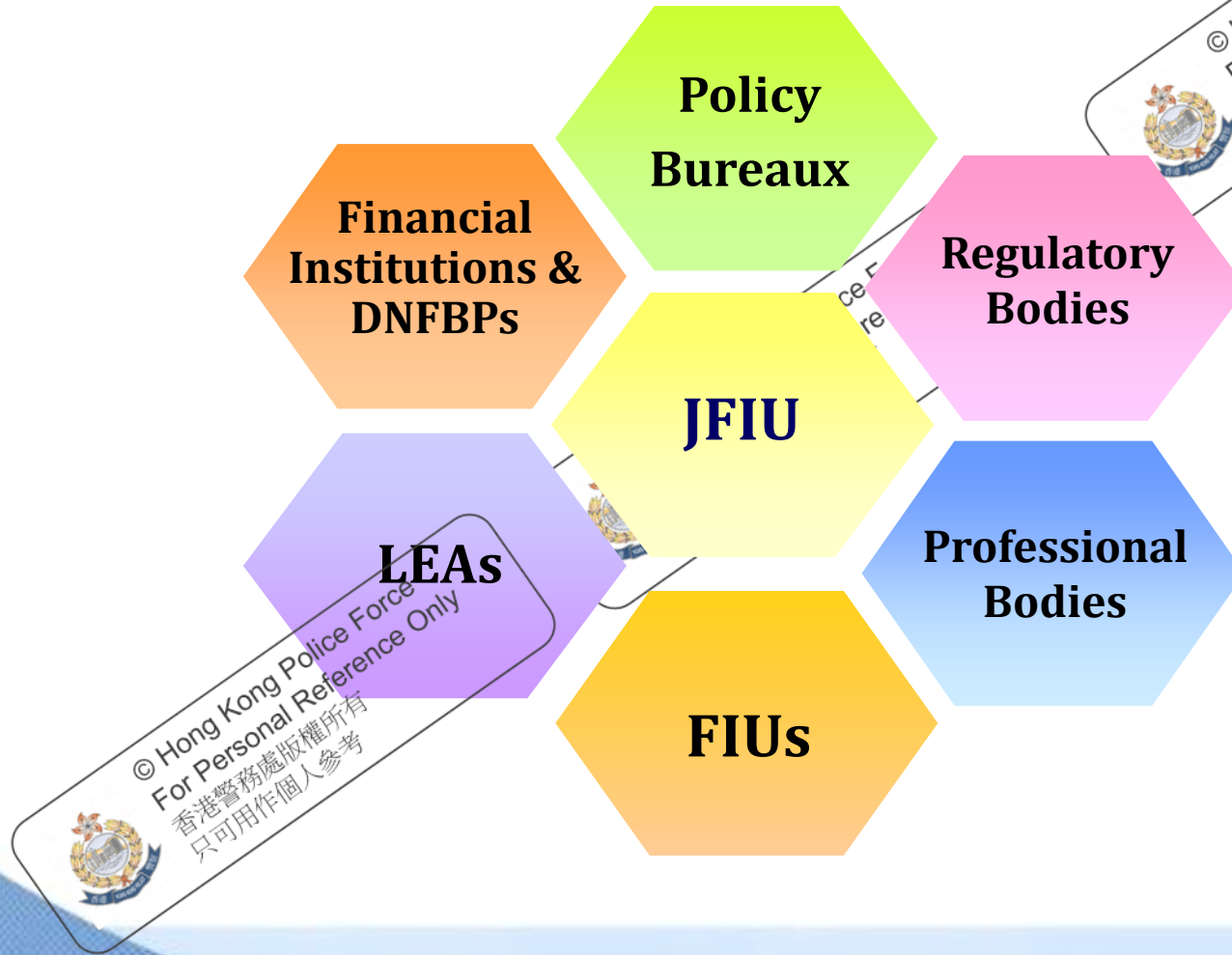


ICAC  
Independent  
Commission Against  
Corruption

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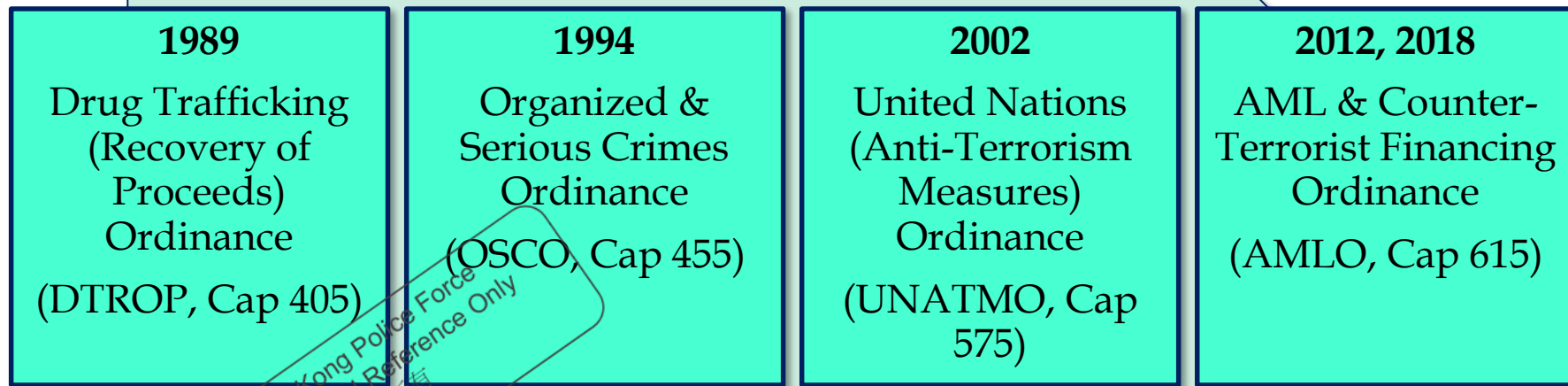
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# About JFIU

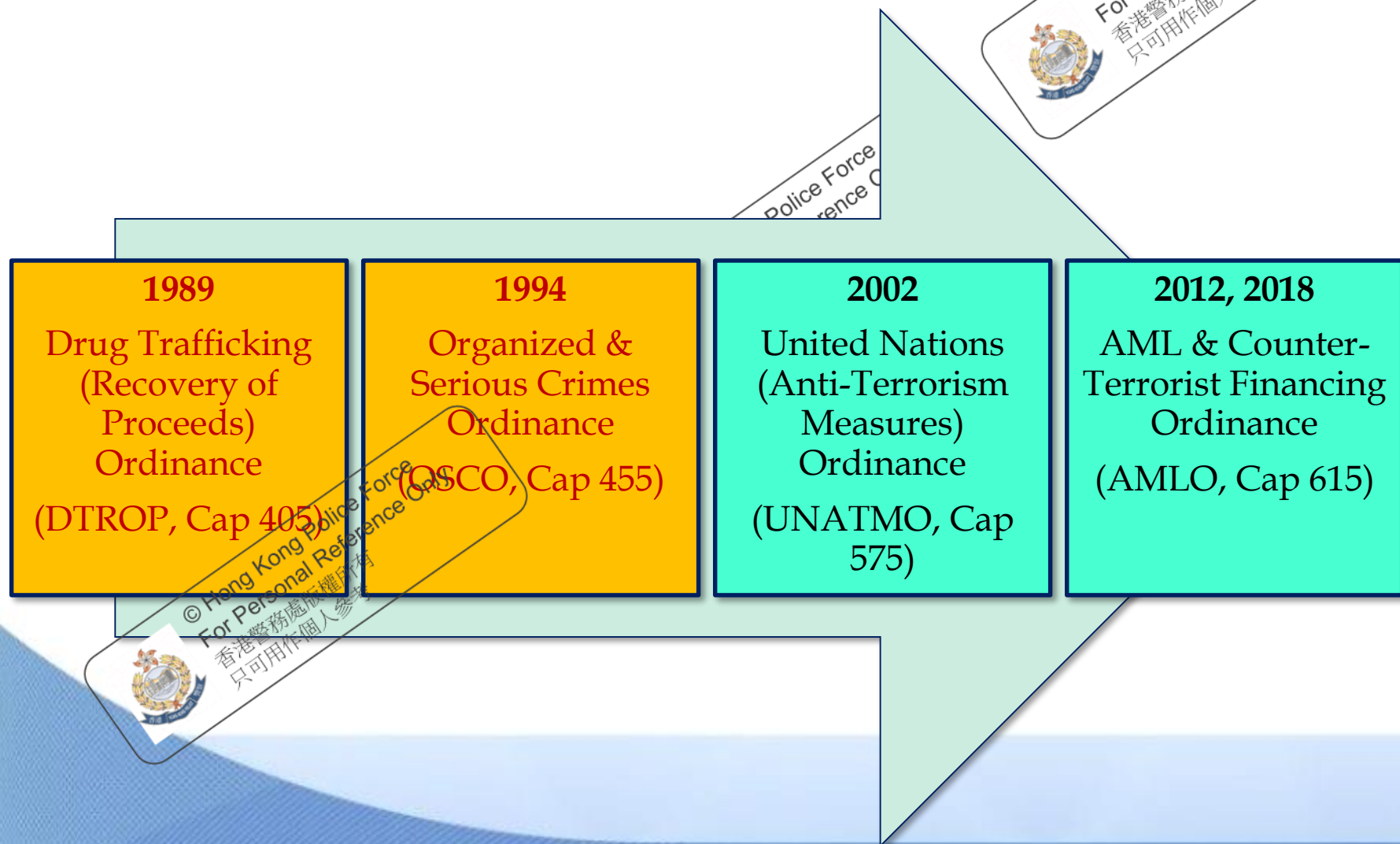




# Key Legislation



# 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

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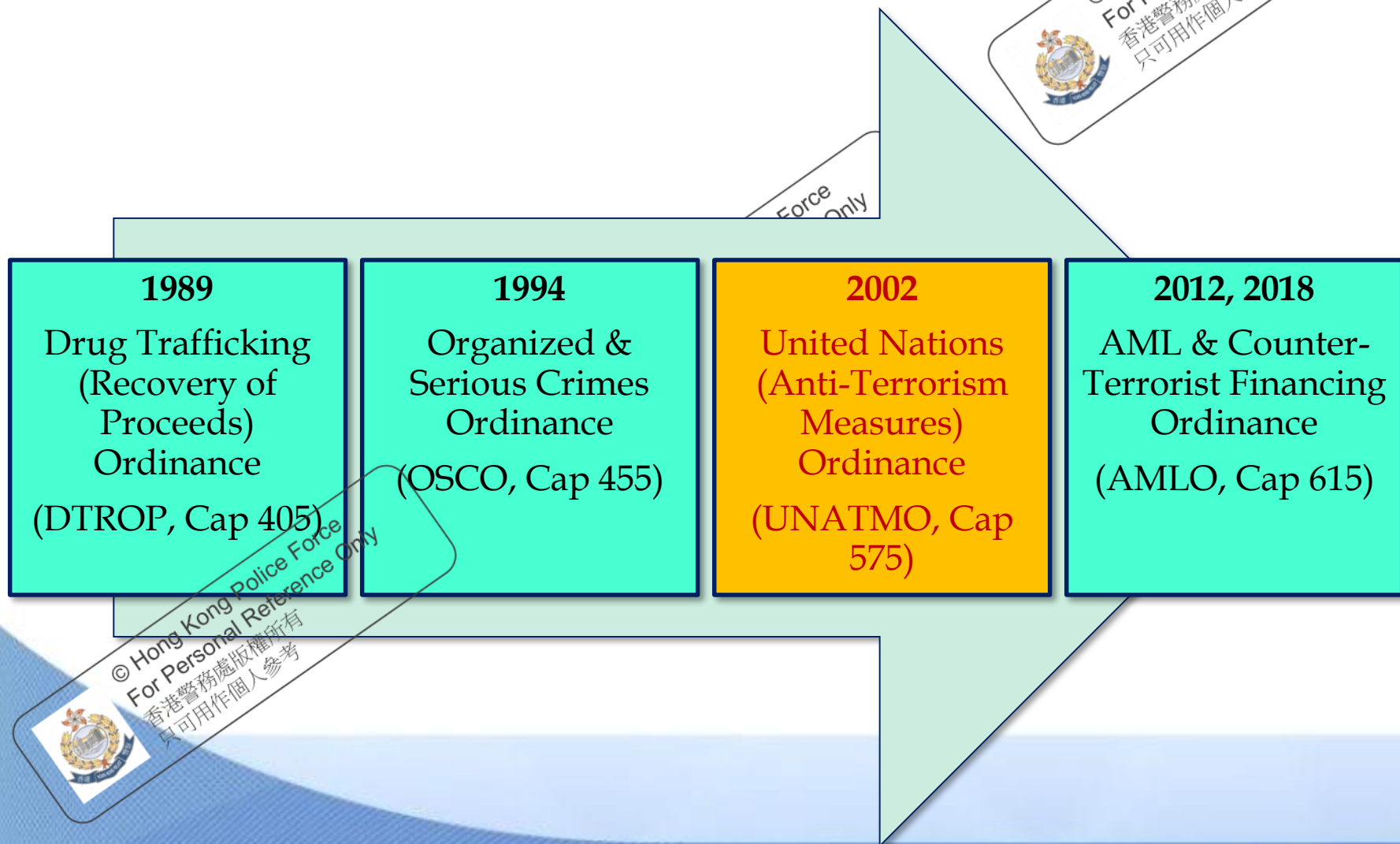
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# Key Legislation



# 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



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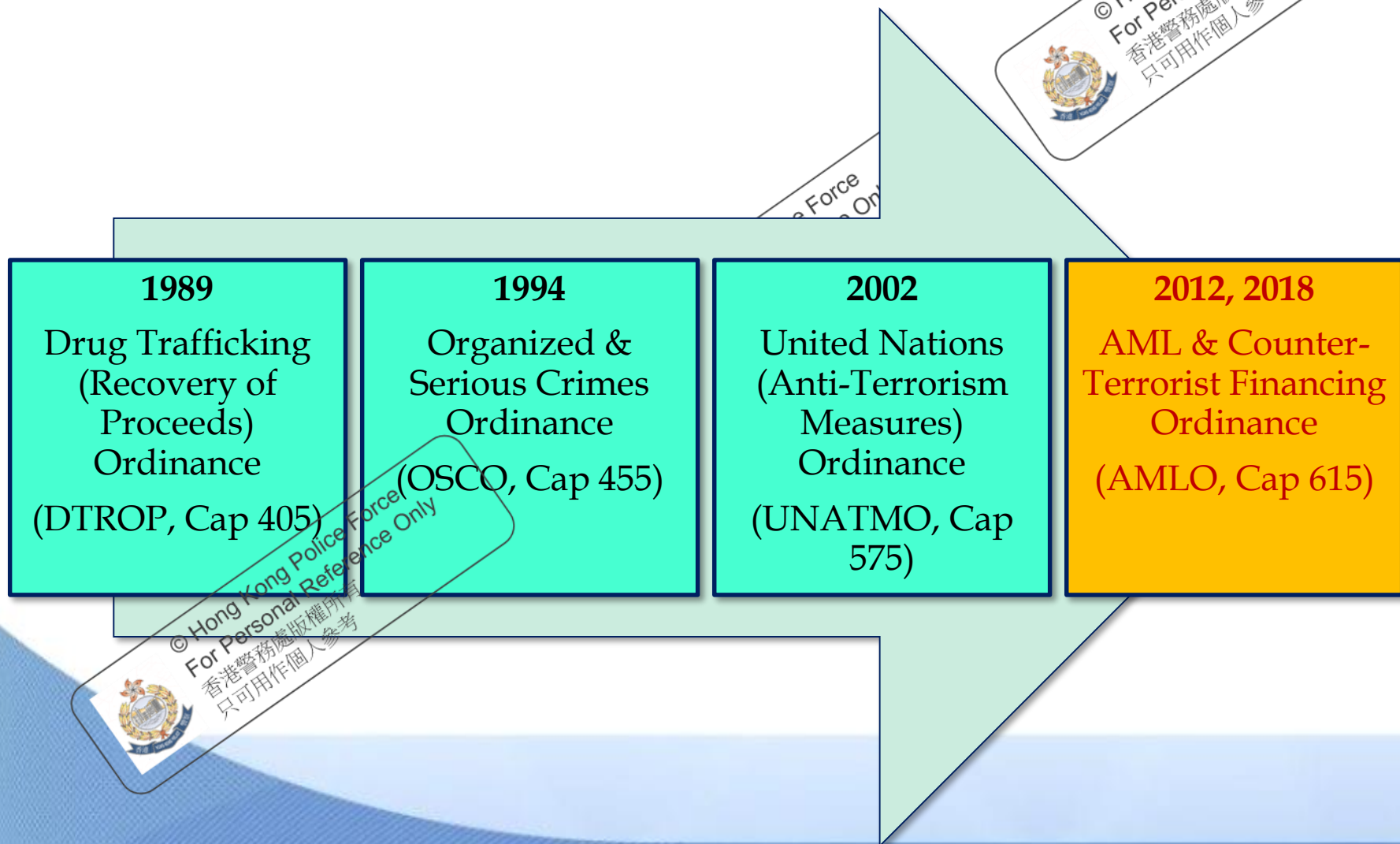


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# Key Legislation



# 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).

- **No AMLO coverage on Licensed Money Lenders.**

# 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**

**Financial  
Intelligence  
Unit**

**AML/ CFT**

**Reporting  
Entities**

**Law  
Enforcement  
Agencies**



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# STR Mechanism

## ← Public-Private Partnerships →

### Reporting Entities

#### Financial Institutions & DNFBPs

CDD + KYC

Record Keeping

Internal Controls

STR Filing

### Financial Intelligence Unit

#### IFIU

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



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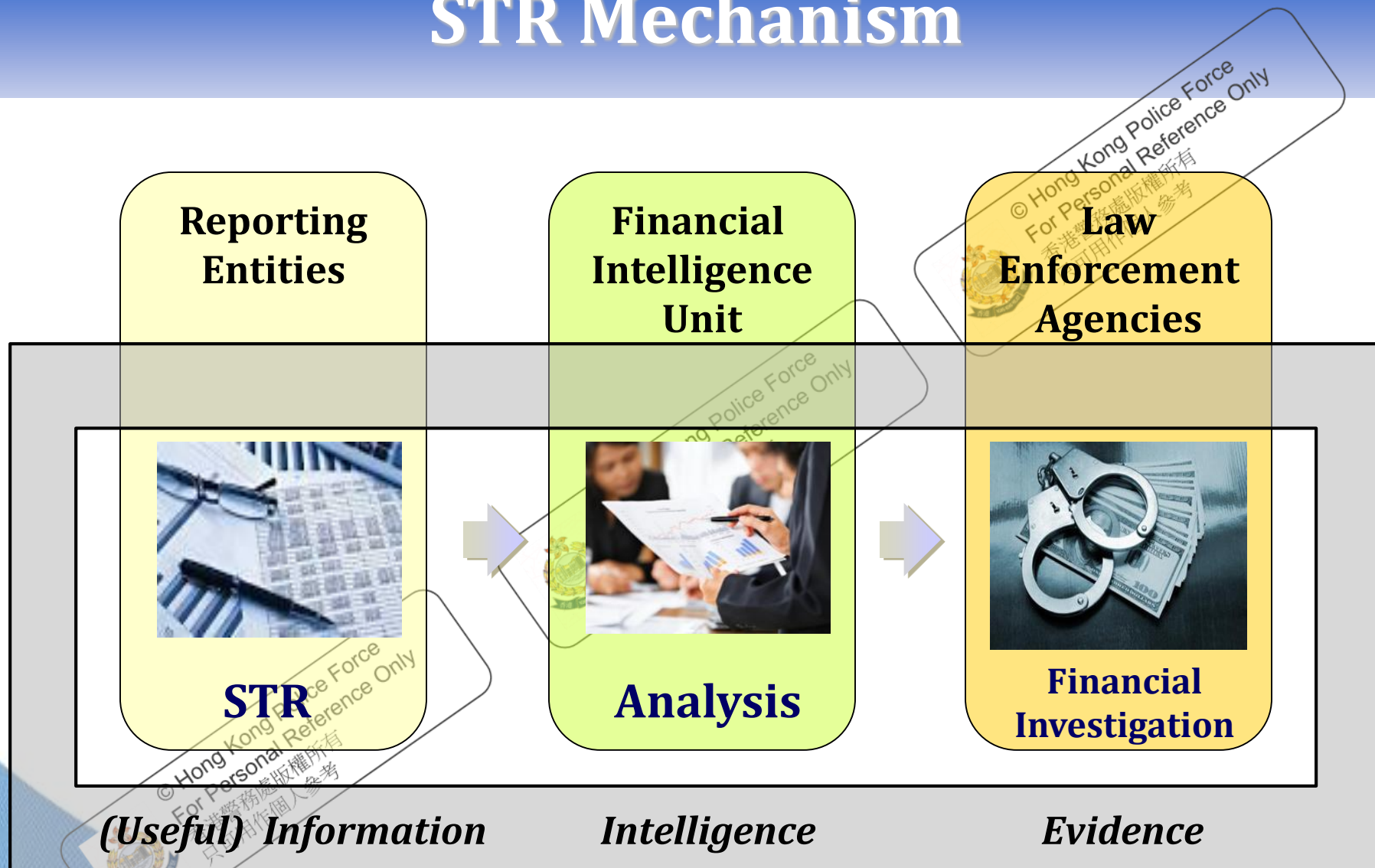


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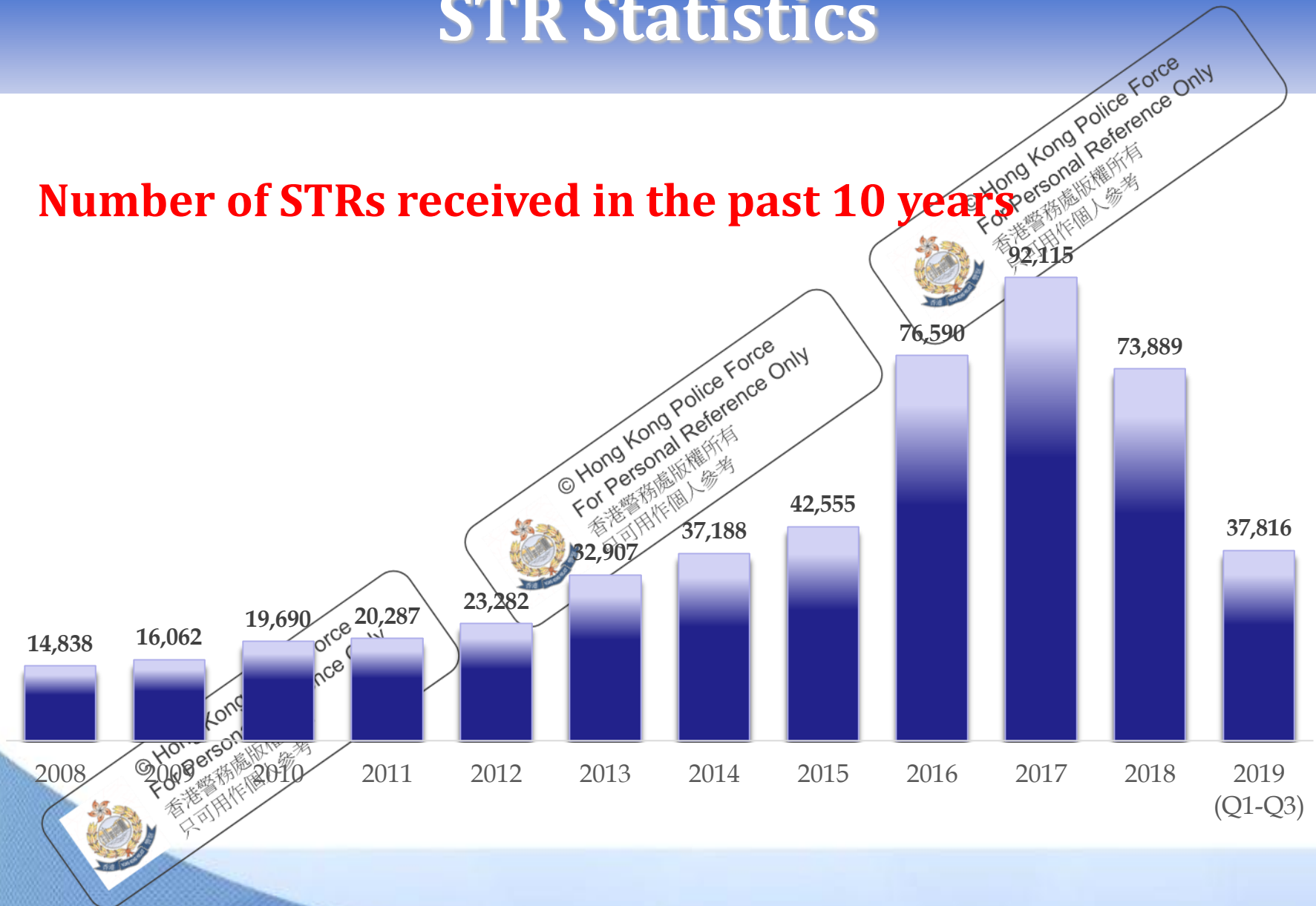
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# STR Mechanism



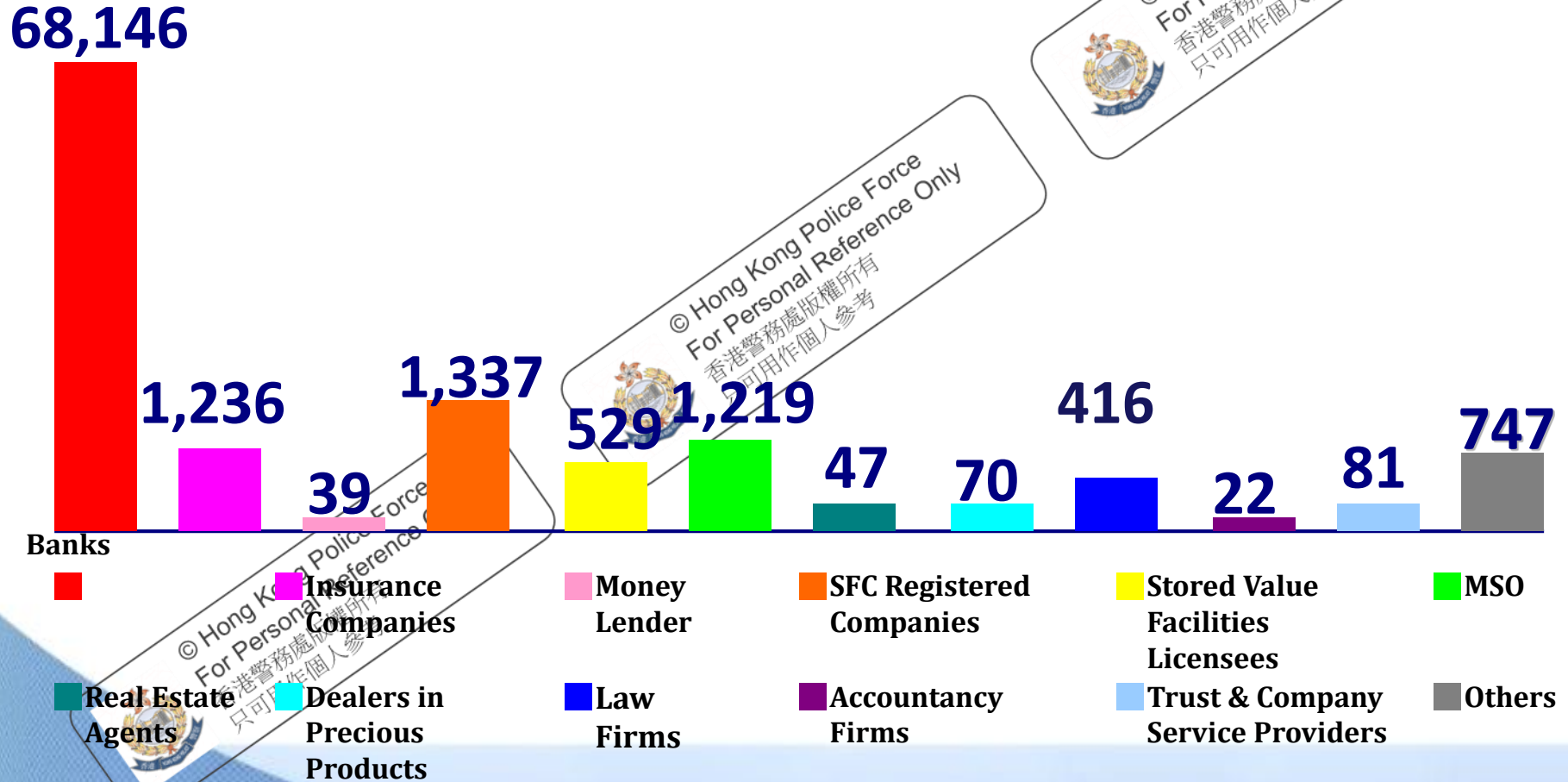
# STR Statistics

**Number of STRs received in the past 10 years**



# STR Statistics

## Sectoral Breakdown of STRs received by JFIU in 2018

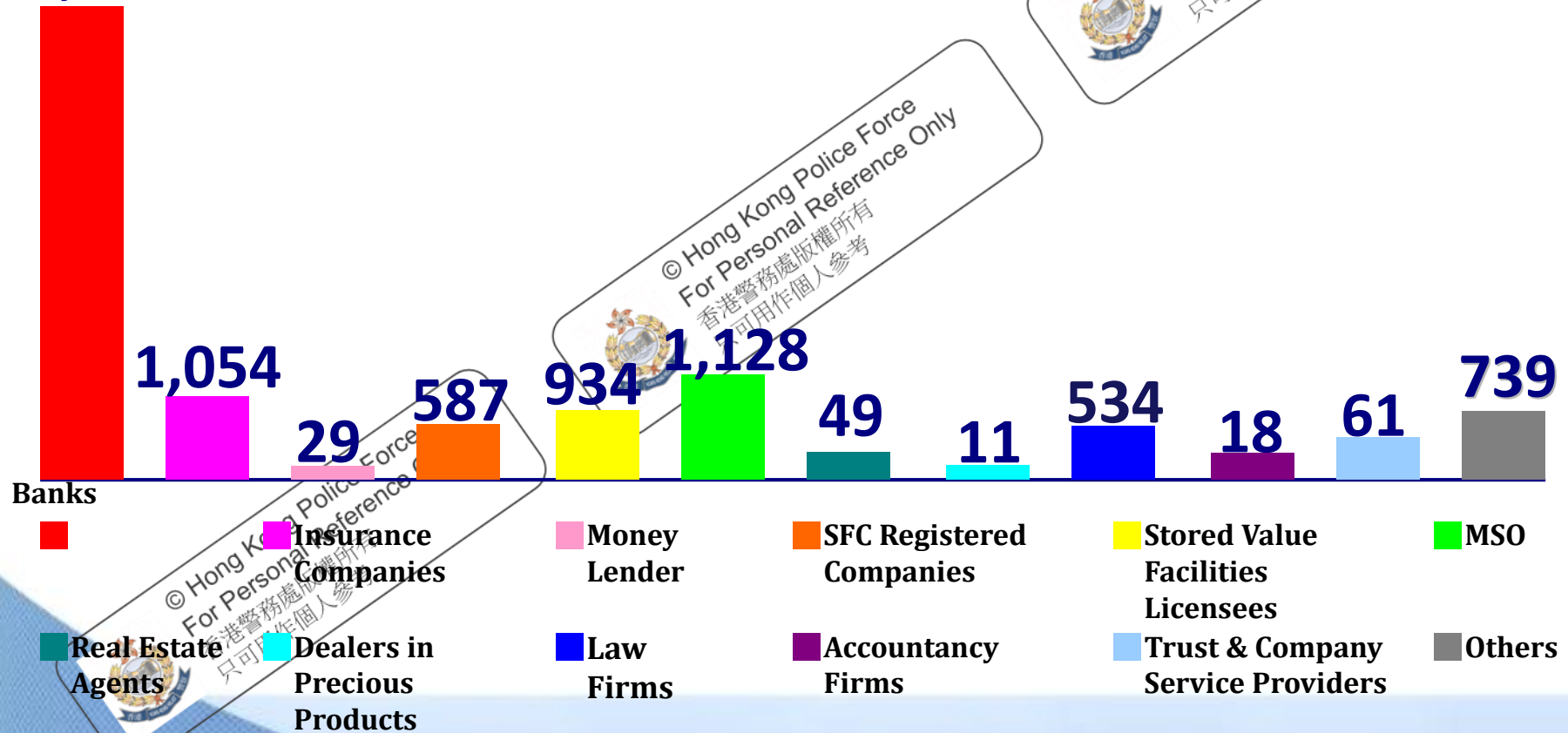




# STR Statistics

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

32,672



# STRs from Money Lenders Sector

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

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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 Money Lenders Sector	32	33	24	28	39	29
	Less than 0.1%					

# 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)

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

Suspicious Transaction Report And Management System (STREAMS)



The screenshot shows the 'STREAMS - Login Frame' for the 'Suspicious Transaction Report And Management System (STREAMS)'. It includes fields for 'Username', 'Password', and 'Database' (with a dropdown menu showing 'SBOX-ACCESS'). There are 'Login' and 'Reset' buttons at the bottom. A watermark from the Hong Kong Police Force is visible over the login form.

# 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**



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# STR Content

## ■ Particulars

of the subject persons / organizations / beneficial owners  
*(including details of ID document or company registration)*

## ■ What Suspicious?

- Property involved *(e.g. company, real estate, vessel, etc.)*
- Accounts & transactions *(including amount, currency, source of fund)*

## ■ Why Suspicious?

- Suspected crimes / suspicious indicators / news
- Assessment and analysis?
- Explanation by clients, if any

## ■ Previous STR ref. / Police case ref., if any





# 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



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# 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:	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:			



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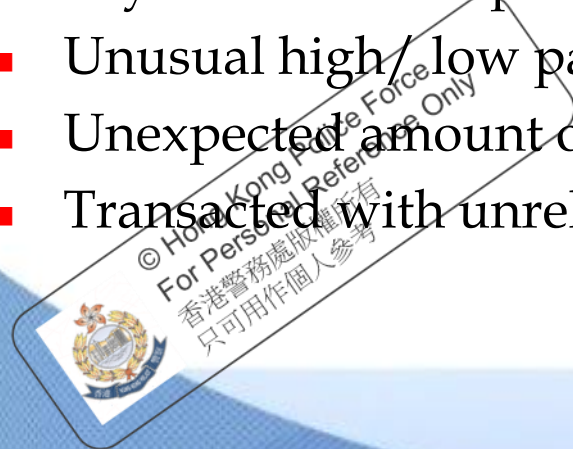
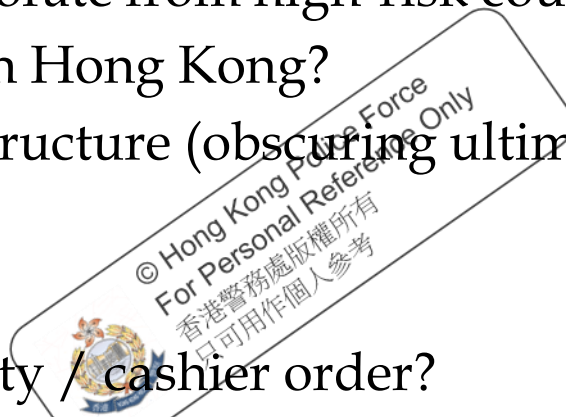
# Risk Indicators

## Client

- Politically Exposed Person?
- Non-resident / Corporate from high-risk country?
- No known nexus with Hong Kong?
- Complex corporate structure (obscuring ultimate beneficial ownership)?

## Transaction

- Payment from 3<sup>rd</sup> party / cashier order?
- Unusual high/low payment for a property?
- Unexpected amount of transactions ?
- Transacted with unrelated parties / jurisdiction?



# Risk Indicators

## Previous Records/ Further Enquiries

- Background check / open source (*adverse news*)
- Failing to disclose specific role / relationship / ownership of property
- Unwilling to response to questions or answers are not convincing
- Unwilling to provide supporting document

## Evaluation

- Information from client is incommensurate with your record in hand?
- Information from client could not be verified?
- The client appeared to be a stooge in the transaction?

**\*TF Risk**



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# STR Feedback

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



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# STR Observation

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 Money Lenders Sector	32	33	24	28	39	29
	Less than 0.1%					

## ■ International Comparison (% of STR filed by Money Lenders Sector)

- US 0.434 %
- Spain 0.337%
- Ireland 0.077%
- Singapore 0.002%
- Average 0.213 %

# STR Observation

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Reference Only

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 Money Lenders Sector	32	33	24	28	39	29

## ■ Dissemination Rate:

■ 2017: 0.36%

■ 2018: 15.4 %



# STR Observation

- **STR Trend:** (from STRs filed by Money Lenders Sector from 2018 to Q2 2019)

	2018				Total
	1Q	2Q	3Q	4Q	
No. of STRs	18	7	6	8	39

	2019		Total
	1Q	2Q	
No. of STRs	10	10	20



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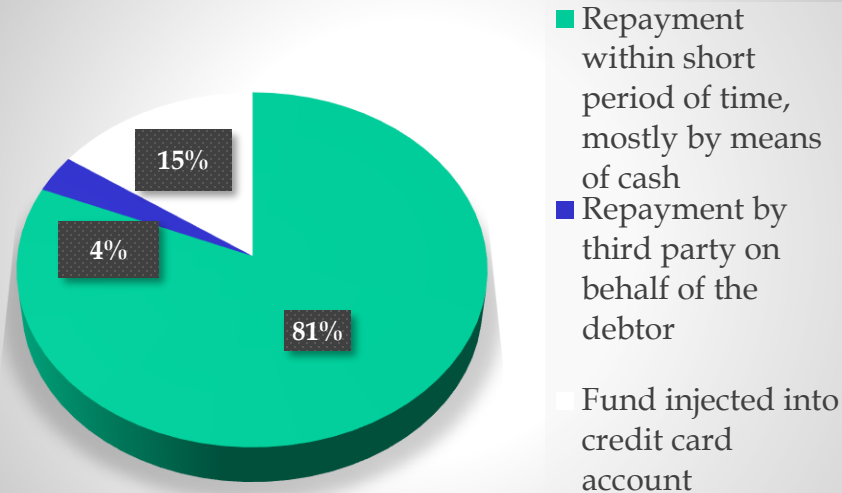


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# STR Observation

- **STR Trend:** (from STRs filed by Money Lenders Sector from 2018 to Q2 2019)

**Trends of Money Lenders reported STRs**



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# STR Case Examples

*Case Examples (1) - Fund injected into credit cards*

*Subjects deposited around HKD 122,000 to HKD900,000 to credit cards issued by money lenders in September 2019.*

*Made sudden and frequent purchases on mobile phones and electronic products within one to two weeks.*



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# STR Case Examples

*Case Examples (2) – Repayment within short period of time*

*A debtor borrowed a total of HKD 100,000 on 2019-06-01.*

*Full repayment made on 2019-06-02*

*Claimed that the source of fund was business revenue but Debtor reported himself as an employee.*



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# STR Case Examples

*Case Examples (3) – Repayment by a third party on behalf of debtor.*

- A debtor borrowed a total of HKD 100,000 on 2019-09-01.*
- Third party made repayment on behalf of debtor on 2019-09-17.*

# STR Case Examples

## Case Examples (4) - Insufficient information of Debtor

- Debtor made sudden repayment of HKD120,000, and Debtor was reported as an employee (worker). Source of fund in doubt.
- However, No date of loan reported in the STR.
- Debtor was reported as a worker without any nature of job or salary range for further assessment.



**Thank you**

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