

## **Circular**

Circular No. 08-05 (CR)

- **To record the identity or travel documents of a corporate client's representative.**
- **To establish control procedures for identifying and reporting suspicious money laundering transactions.**

### **Preventive Measures on Money Laundering (2)**

In January 2004, the Authority issued a Practice Circular (No. 04-01 (CR)) asking estate agency practitioners to adopt measures relating to client identification (in the case of a client being an individual) and record keeping to help prevent money laundering. The Annex to the said Practice Circular advises that suspicious cases of money laundering must be reported to the Joint Financial Intelligence Unit (JFIU).

In further support of the SAR Government's effort to combat money laundering, the Authority asks estate agency practitioners to adopt the following measures to help prevent money laundering:

#### (1) **Client identification**

Where an agent has successfully arranged for the sale or purchase of a property by a client (whether the client is an individual or a corporation), upon the client's signing of the provisional agreement for sale and purchase, the agent should examine the already executed estate agency agreement (or, in the case of non-residential properties, the relevant "property viewing form" or similar document) to ensure that the following information has been properly recorded:

- name of the client who is an individual or name of the corporate client's signatory;
- type and number of the identity or travel documents (e.g. Hong Kong Identity Card, passport, two-way permit for Mainland residents) of the client who is an individual; and

- address.

In addition, the agent should state on the agreement:

- type and number of the identity or travel documents (e.g. Hong Kong Identity Card, passport, two-way permit for Mainland residents) of the corporate client's signatory;
- address of the property bought or sold;
- price; and
- date of the signing of the provisional agreement for sale and purchase.

(2) **Documents retention**

Estate agents should retain the estate agency agreement or “property viewing form” or similar document securely for at least 5 years from the date of the signing of the provisional agreement for sale and purchase, to be provided to the relevant authorities as required.

(3) **Internal procedures of anti-money laundering by management**

The management of estate agencies should:

- (a) in accordance with risks assessment, establish procedures of internal control for identifying and reporting suspicious money laundering transactions;
- (b) review the policies and procedures on a regular basis;
- (c) make available to employees (including new employees) the policies and procedures to ensure that they are aware of the anti-money laundering preventive measures and the steps and procedures for identifying and reporting suspicious transactions;
- (d) devise measures for monitoring its staff's compliance with the guidelines and requirements on anti-money laundering as may be given by the relevant enforcement authorities;

- (e) consider the appointment of a compliance officer responsible for receiving suspicious transactions reported by its staff and taking such appropriate action after reporting the suspicious transactions to the enforcement authorities;
- (f) keep proper record of a transaction which is the subject of a suspicious transaction report; and
- (g) provide or encourage staff training on identifying, reporting and handling suspicious transactions.

Failure to comply with the above guidelines may give rise to disciplinary action by the Authority. Moreover, practitioners are also reminded that according to the Organized and Serious Crimes Ordinance (Cap. 455) and the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405), a person is under a duty to disclose to the Police and Customs any property that directly or indirectly represents proceeds of a crime. Failure to do so may give rise to prosecution for the offence of “Failing To Make A Suspicious Transaction Report”, a crime which carries a maximum penalty of three months’ imprisonment.

While practitioners are free to make their reports on suspicious money laundering transactions in such manner as they may think fit, the Authority has designed a standard report form for practitioners’ convenient use in the **appendix**.

June 2008

**SUSPICIOUS MONEY LAUNDERING (PROPERTY) TRANSACTION REPORT FORM**

<b>1.Source</b>	
Name and address of estate agency company:	Tel No.:
Name of reporting person and position held:	Fax No.:
	E-mail:

<b>2.Details of the subject</b> (please supply as much information as possible)	
Name:	Date of Birth:
HKID or other ID document No. & type:	Sex: Male / Female
Address:	Tel No.:
	Fax No.:
	E-mail:
Company name and address:	Position held:

<b>3.Suspicion of money laundering activity</b> (Please provide as much information as possible on particulars of the suspicious activity, the reason why you consider the transaction suspicious, the suspicious activity indicators observed)

<b>4.Supplemental information</b> (if any)

**Should there be any mistakes in the above information, the reporting person shall not be responsible. Furthermore, the personal data of the reporting person can only be used for the purpose of handling this report or other directly related purpose.**

Signature of reporting person / representative of estate agency company:	Date:

**Please send report to:**

- by email – [jfu@police.gov.hk](mailto:jfu@police.gov.hk);
  - by fax – 2529 4013; or
  - by mail – Joint Financial Intelligence Unit, GPO Box 6555, Hong Kong.
- Joint Financial Intelligence Unit Enquiry Hotline: 2866 3366 and 2860 3404**