



Estate Agents Authority issues guidelines on “Preventive Measures on Money Laundering” to estate agency practitioners

(9 January 2004) The Estate Agents Authority (EAA) today (9 January) issued guidelines to estate agency practitioners to remind them to adopt appropriate measures to prevent money laundering.

2. The EAA has earlier consulted the estate agency trade on the recommendations on anti-money laundering measures promulgated by the Financial Action Task Force on Money Laundering (FATF) in June 2003. The Chief Executive Officer of the EAA, Ms Sandy Chan, said, “Representatives of trade associations unanimously agree that it is a civic duty to help in the prevention of crime and that estate agents, being professionals, should make their best effort to assist Government in the prevention of money laundering in property transactions. The trade representatives also agree that EAA should issue appropriate guidelines for estate agents to follow in their practice.”

3. Under the EAA guidelines, estate agents are required to take additional measures in verification of client identity and record-keeping. Specifically, where an agent has successfully arranged for the sale or purchase of a property by a client, upon the signing of the provisional agreement for sale and purchase, the agent should examine the already executed estate agency agreement (or the relevant “property viewing form”) to ensure that the client’s name and address and type and number of the client’s identity or travel document (e.g. Hong Kong Identity Card, passport, two-way permit for Mainland residents) have been properly recorded. The agent should also state clearly on the estate agency agreement the address of the property bought or sold, the transaction price and date of signing of the provisional agreement for sale and purchase. The estate agent should securely retain the estate agency agreement for at least 5 years, to be provided to the relevant authorities as required.

4. Under the current practice, practitioners are required only to record client’s name, I.D. number (where applicable) and address in the estate agency agreement and retain the document for at least 3 years.



Ms Chan added, “EAA has always placed great emphasis on the professional standards and social obligation of the estate agency trade. The additional requirements under the guidelines are reasonable and practicable. Both the EAA and trade representatives believe that the new measures can help Government combat illegal acts, but will not frustrate regular business activities or cause impediment to property transactions.”

5. If practitioners fail to adopt the measures stipulated in the guidelines in the course of their practice, they may be subject to disciplinary action by the EAA.

6. Estate agency practitioners are also reminded in the guidelines to report to the Joint Financial Intelligence Unit of the Police and Customs any suspicious transactions identified by reference to pointers * provided by the Police. The EAA will join hands with the Police to organise seminars for practitioners to learn more about money laundering, so as to enable them to deal with suspicious transactions in their daily practice.

* According to the Police, where the following signs appear in a property transaction, they may be indicative of the presence of money laundering : cash transactions in large amounts; the transaction price differing substantially from the market price; the vendor and the purchaser knowing each other, but choosing to act through an estate agent as if they did not know each other; and the person who viewed the property and the ultimate purchaser not being the same person.

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