



Suspicious Transaction Reporting: Overview & Statistics

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JFIU



Joint Financial
Intelligence Unit



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Agenda

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1. About JFIU
2. STR Mechanism
3. STR Statistics
4. STR Reporting



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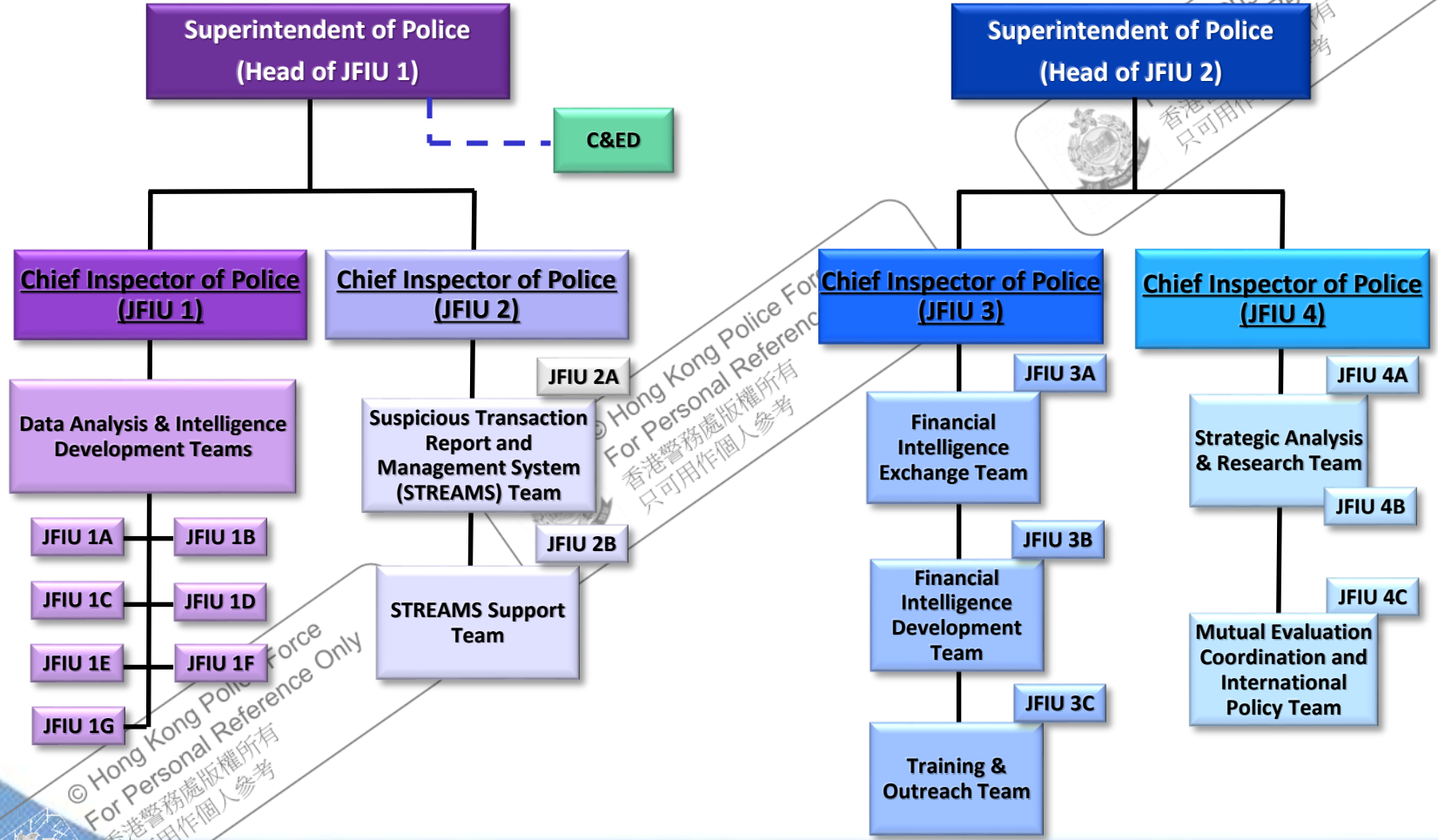


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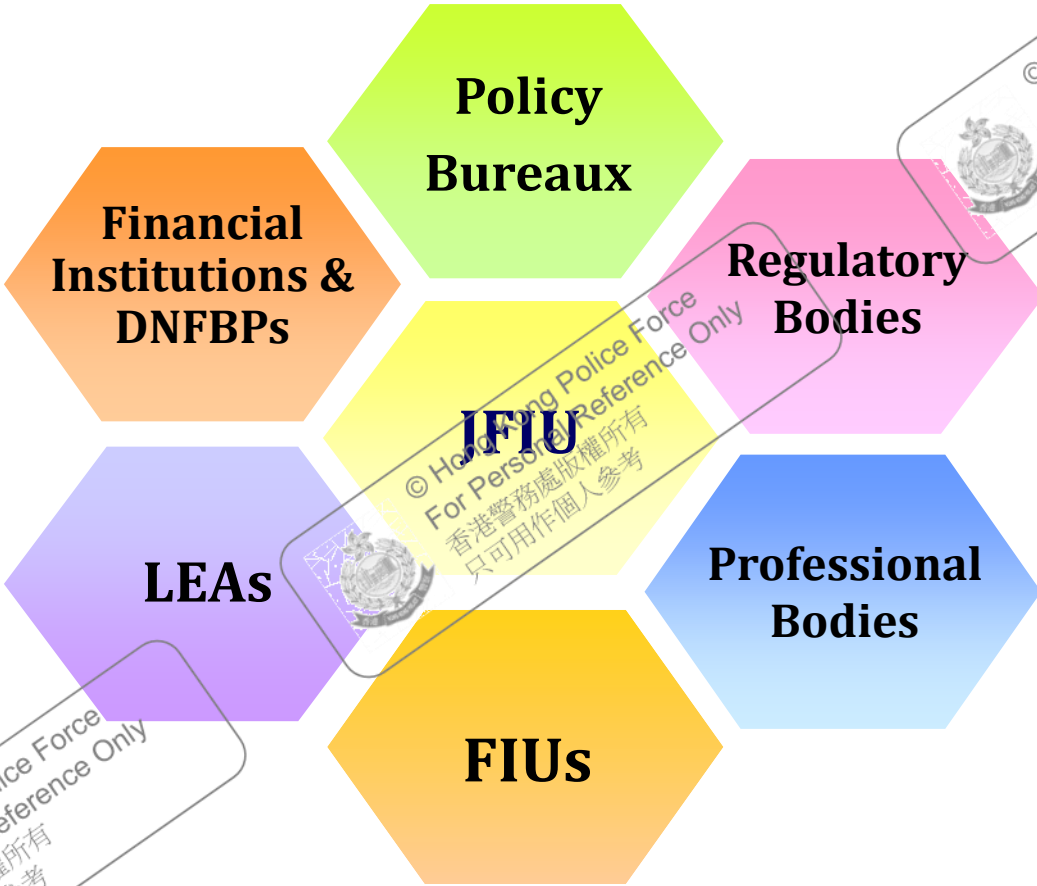


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About JFIU



About JFIU



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JFIU

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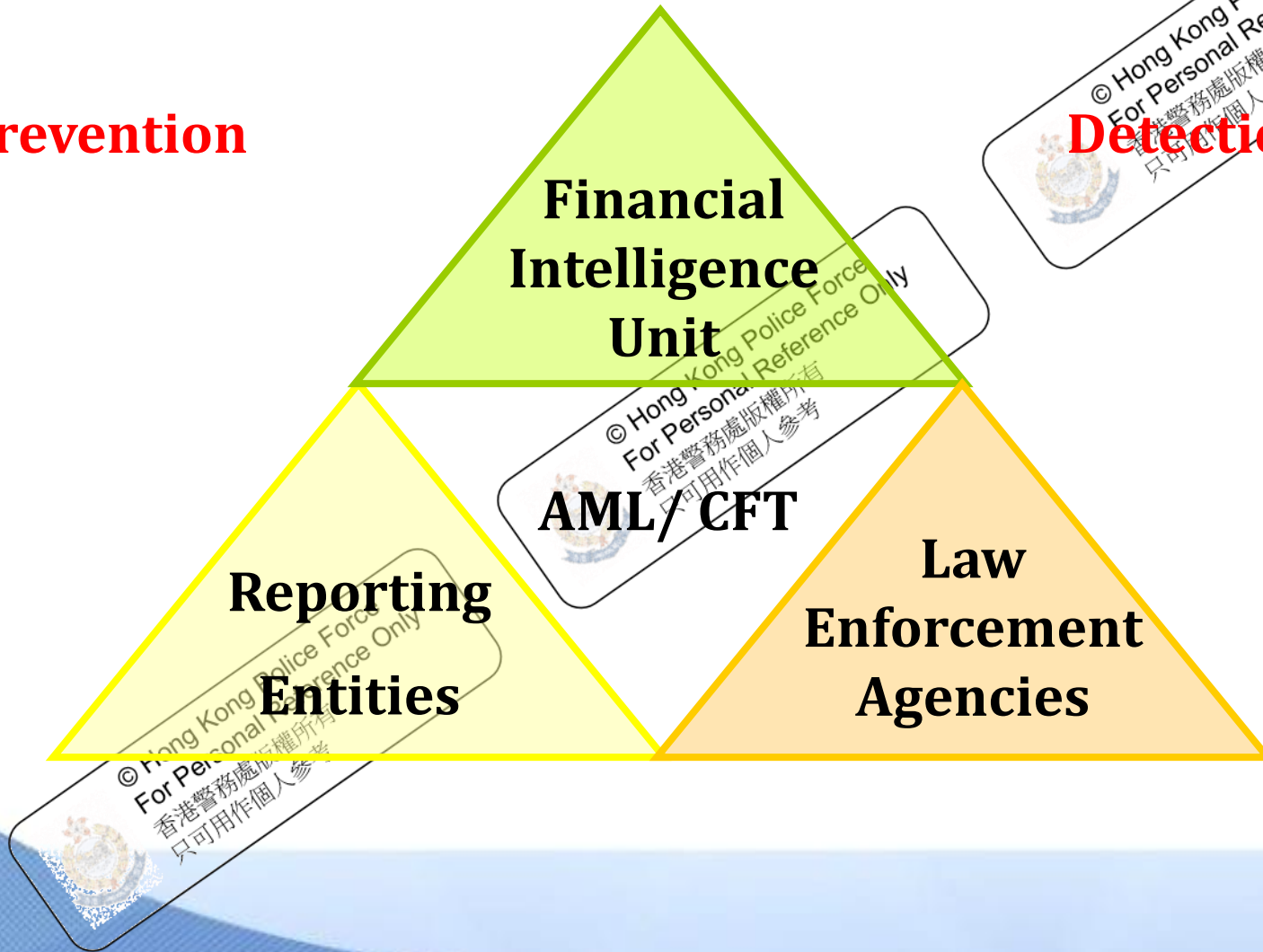
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STR Mechanism

Prevention

Detection



STR Mechanism

← Public-Private Partnerships →

**Reporting
Entities**

**Financial Institutions
& DNFBPs**

CDD + KYC

Record Keeping

Internal Controls

STR Filing

**Financial
Intelligence Unit**

JFIU

STR Regime

Intelligence Exchange

International Cooperation

Training & Outreach

**Law
Enforcement
Agencies**

e.g. Police, Customs, ICAC

Financial
Investigation

Asset Tracing

Restraint &
Confiscation

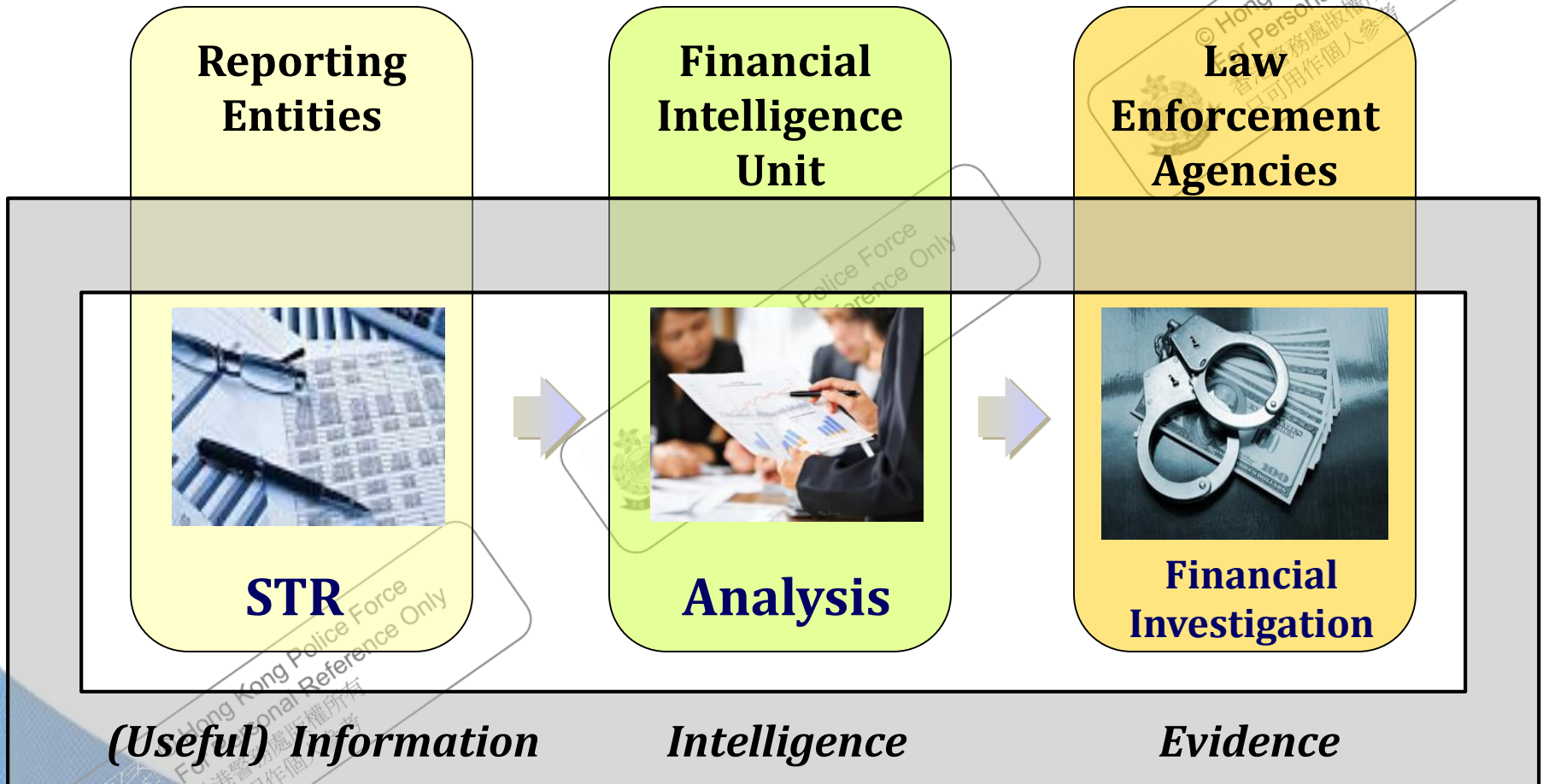
Mutual Legal
Assistance

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STR Mechanism



AML/ CTF -- Key Legislation

1989

《Drug Trafficking (Recovery of Proceeds) Ordinance
(DTROP, Cap.405)

1994

《Organized & Serious Crimes Ordinance》 (OSCO, Cap.455)

2002

《United Nations (Anti-Terrorism Measures) Ordinance》
(UNATMO, Cap.575)

2012

《AML & Counter-Terrorist Financing Ordinance》
(AMLO, Cap.615)

2018

《AML & Counter-Terrorist Financing Ordinance》
(AMLO, Cap.615)



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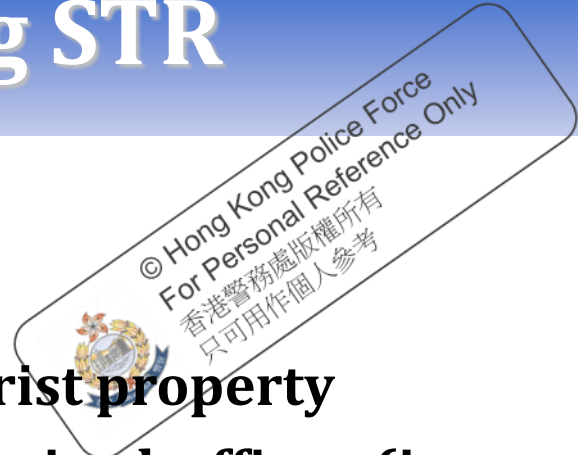
Requirement of Filing STR



A person **knows or suspects** that

- any property
- represents proceeds of crime / terrorist property
- he or she should report to an authorized officer (i.e. **JFIU officers**).

Failing to report is an offence which is liable to HK\$ 50,000 fine and 3-month imprisonment.



DTRO, s.25A(1) of Cap.405
OSCO, s.25A(1) of Cap. 455
UNATMO, s.12(1) of Cap. 575

STR Filing

- **Legal Requirement**
- **Applied to everyone**
- **Knowledge and suspicion based reporting**

Reporting Mechanism:-

- **No threshold or cross boundary reporting**
- **Legal protection from civil or criminal liability**
- **After reporting, no tip off**
- **The source of the report is protected**



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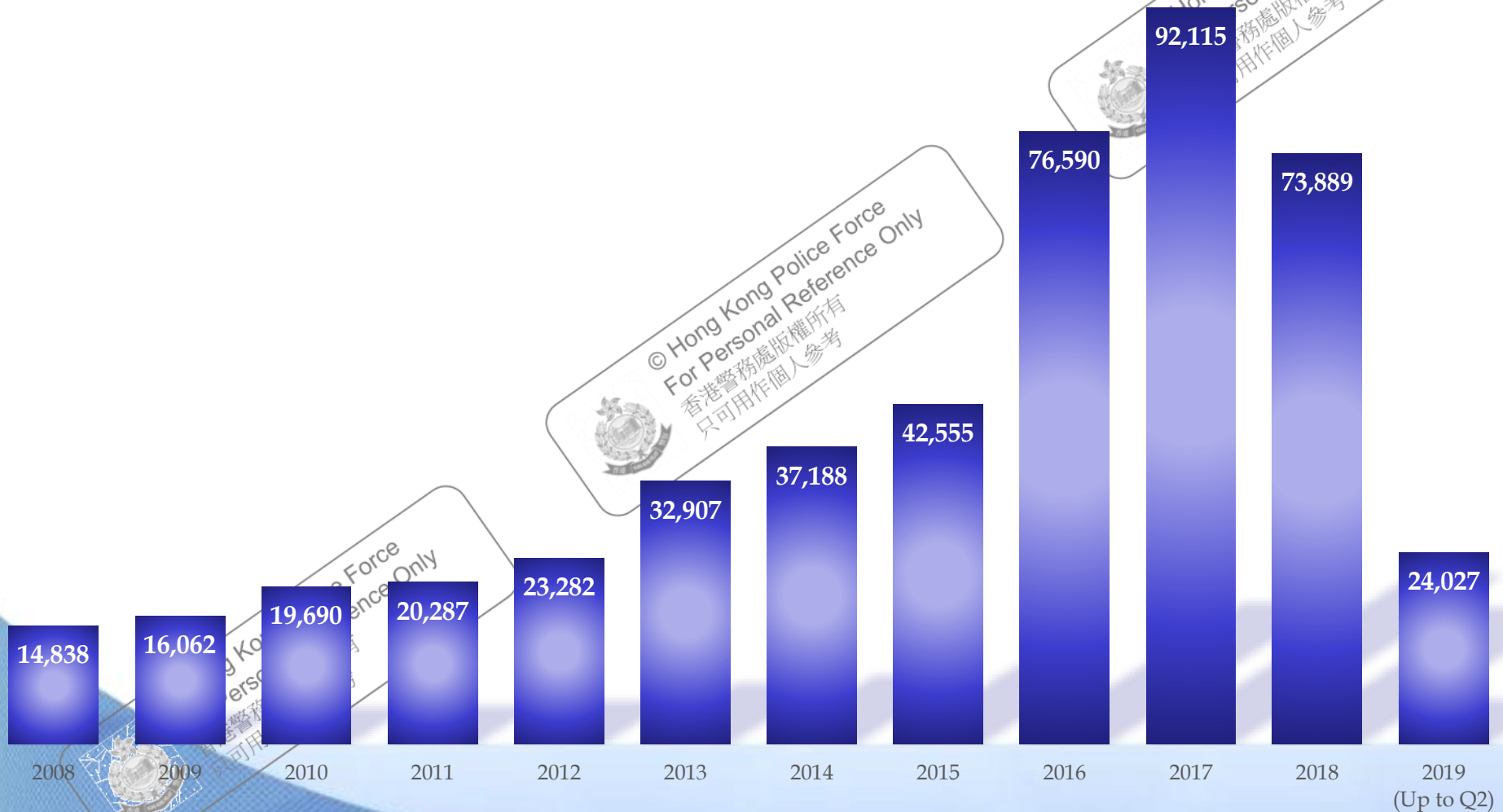
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STR Statistics

Number of STRs received in the past 10 years

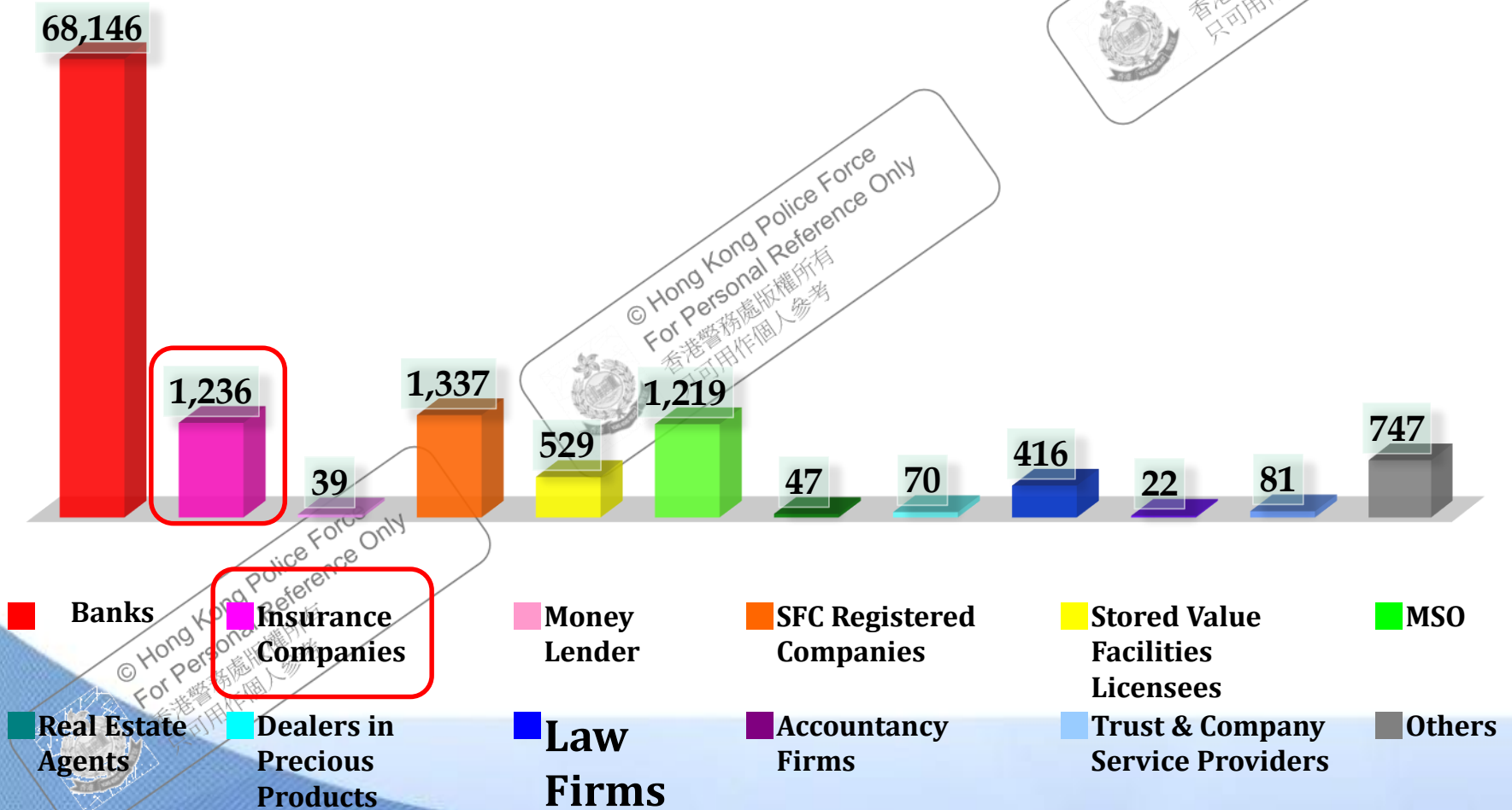


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STR Overview (By Reporting Sector)

Sectoral Breakdown of STRs received by JFIU in 2018



STRs from Insurance Companies

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



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 Insurance Companies	446	495	928	1,094	1,236	1,054
		1.16% - 1.12%				2.79%



TO Report of NOT



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

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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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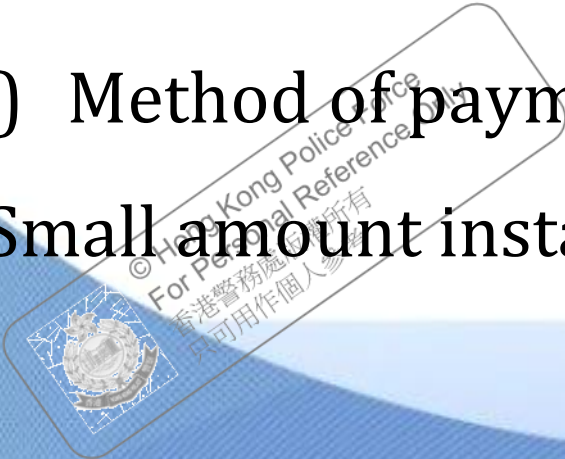
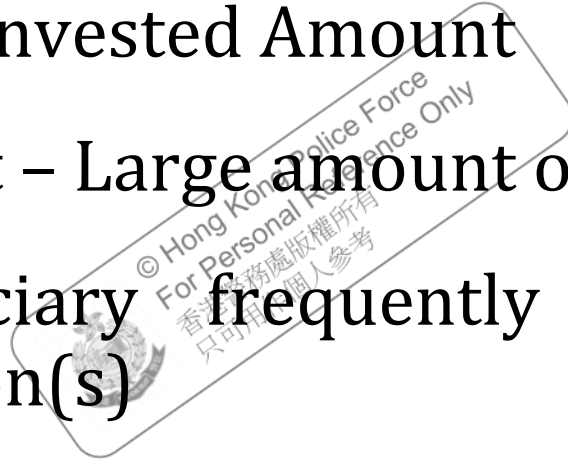
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Screen

- 1) Background – Sensitive / Political / Connection with Sensitive/ Political person(s)
- 2) Background Vs Invested Amount
- 3) One off payment – Large amount of money
- 4) Change beneficiary frequently and/or without reasonable reason(s)
- 5) Method of payment
(Small instalment Vs one off payment)



Ask

- 1) Appropriate check and enquiry
- 2) Clarify any suspicion
 - Financial Background
 - Source of funds
 - Purpose of the transaction / application



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Find

- 1) Find / Review clients' previous records
- 2) Analysis on clients' background (suspicious?)
 - Personal – occupation / income / address / age
 - Corporate - business nature / activities / income & expenses / history

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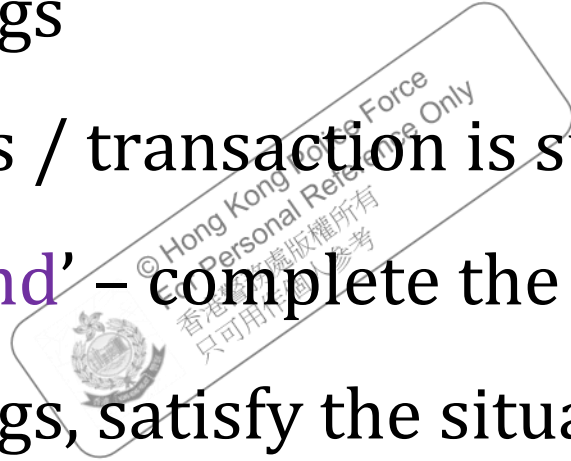
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Evaluate

- 1) Identify risk indicator
- 2) Assess the findings
- 3) Assess the clients / transaction is suspicious or not?
 - 'Screen', 'Ask', 'Find' – complete the three step?
 - Review the findings, satisfy the situation?
 - If confirm / reasonable grounds to believe the suspicious of the clients / transaction

→ **File STR**



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 3rd party / cashier order?
- Unusual high/ low payment?
- Unexpected amount of transactions ?
- Transacted with unrelated parties / jurisdiction?
- Premature termination of policy?



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Risk Indicators

Previous Records/ Further Enquiries

- Background check / open source (*adverse news*)
- Failing to disclose specific role / relationship / ownership of income
- 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 Reporting

How to submit an STR?

Suspicious Transaction Report And Management System (STREAMS)

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 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). If you need any further information, please feel free to contact JFIU staff.

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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

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:	<input type="checkbox"/> M	<input type="checkbox"/> F	<input checked="" type="checkbox"/> U	Occupation:
Nature:					
Phone:					
Email:					
Address:					
Additional Information:					

Account

Sequence No: 1

Account Institut:					
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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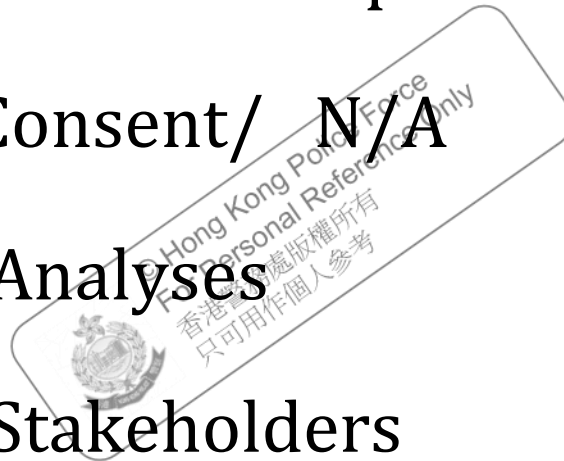
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STR Feedback

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





Thank you

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