

香港特別行政區政府
財經事務及庫務局
財經事務科
香港添馬添美道二號
政府總部二十四樓



CB(1)689/14-15(01)
FINANCIAL SERVICES BRANCH
FINANCIAL SERVICES AND
THE TREASURY BUREAU
GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION
24TH FLOOR
CENTRAL GOVERNMENT OFFICES
2 TIM MEI AVENUE
TAMAR
HONG KONG

電話 TEL.: (852) 2810 2067

圖文傳真 FAX.: (852) 2527 0790

本函檔號 OUR REF.: LM(10) in FSTB FSBGR/1-55/3/1(2011)Pt.11

來函檔號 YOUR REF.: CB1/PL/FA

26 March 2015

Ms Connie Szeto
Clerk to Panel on Financial Affairs
Legislative Council
1 Legislative Council Road
Hong Kong

Dear Ms Szeto,

Panel on Financial Affairs
Follow-up to Meeting held on 2 March 2015

Issues relating to HSBC Holdings Plc

The Secretary for Financial Services and the Treasury has asked me to thank you for your letter of 5 March relaying to us the concerns expressed by the Honourable Wong Kwok-hing in relation to the allegation concerning tax evasion and money laundering by HSBC Holdings plc. We have consulted the Hong Kong Monetary Authority (“HKMA”) and the Inland Revenue Department (“IRD”), which are the relevant banking regulator and tax authority in Hong Kong, on the matter you have raised regarding the specific institution.

We take the relevant allegations seriously, insofar as they may affect the integrity of Hong Kong as an international financial centre. The HKMA has assessed the allegations and, in the course of that assessment, The Hongkong and Shanghai Banking Corporation Limited has confirmed that the alleged cases concerning a Switzerland-incorporated subsidiary of the HSBC Holdings plc assisting clients to evade tax during 2005-2007 did not relate to the HSBC’s operation in Hong Kong. The HKMA notes that the relevant authorities of some overseas jurisdictions are conducting inquiries or investigations into the matter, and will continue to monitor developments closely and liaise with the relevant authorities as appropriate.

In addition, under the Inland Revenue Ordinance (Cap. 112), it is a criminal offence for any person who willfully with intent to evade or assist any other person to evade tax. The IRD will investigate any contravention under the Hong Kong's tax regime, but it is prohibited from disclosing or commenting on any individual tax case in light of the official secrecy provision under that Ordinance.

We would like to stress that the Government, together with the relevant regulators and enforcement authorities, is fully committed to combatting tax evasion and money laundering. The Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615) imposes on financial institutions stringent customer due diligence and record-keeping requirements that are consistent with the international standards promulgated by the Financial Action Task Force. The HKMA attaches great importance to maintaining effective systems and controls against money laundering and terrorist financing in banks in Hong Kong, including the requirement to take measures which are effective in mitigating risks that arise from tax evasion. In addition, financial institutions are required to report any suspicious transactions in relation to proceeds potentially arising from crimes (including money laundering and tax evasion) to the Joint Financial Intelligence Unit, established by the Hong Kong Police Force and the Customs and Excise Department, under the Organized and Serious Crimes Ordinance (Cap. 455).

The HKMA and the IRD will continue to monitor the on-going developments emanating from enquiries or investigations in other jurisdictions, and take actions as appropriate if there is any implication for any entity or person subject to regulation or tax in Hong Kong. We invite Members to take note of this reply and, for the reasons given above, do not see the need for this institution-specific matter to be discussed at the forthcoming meeting of the Panel.

Yours sincerely,



(Jackie Liu)

for Secretary for Financial Services and the Treasury

c.c. Honourable Chan Kin-por, BBS, JP (Panel Chairman)
Honourable Wong Kwok-hing, BBS, MH
Chief Executive, Hong Kong Monetary Authority
Commissioner of Inland Revenue