

**Review of the Suspicious Transaction
Reporting Requirements under
the Three Related Pieces of Legislation**

Purpose

This paper outlines the latest developments regarding this review.

Background

2. During the scrutiny of the United Nations (Anti-terrorism Measures) (Amendment) Bill 2003, suggestion was made by the Bills Committee that the existing reporting requirement under section 12 of the United Nations (Anti-terrorism Measures) Ordinance (Cap. 575) be amended based on section 19 of the UK Terrorism Act 2000. Following discussion, it was agreed that a review of the suspicious transaction reporting requirements under the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405), Organised and Serious Crimes Ordinance (Cap. 455) and Cap. 575 be carried out. It was also agreed that the review be carried out in the context of the exercise to implement the revised Forty Recommendations issued by the Financial Action Task Force on Money Laundering (FATF). During the review, reference would be made to similar reporting requirements in the UK and other common law jurisdictions.

3. In our letter of 27 October 2004 to the Secretary to the Panel of Security, we advised that the review would be carried in the first quarter of 2005.

Latest Developments

4. We have recently started the review exercise by conducting an internal review among the various government agencies. The objective of this internal review is to assess, among other things, whether changes to the existing reporting requirements under the three pieces of legislations should be made, and if so, what types of change should be made. Having regard to the Bills Committee's previous suggestion, particular reference will be made to the UK model. Latest international standards and trends will also be taken into account. We anticipate that a number of proposals will be generated as a result of this exercise.

Way Forward

5. It is our plan to conduct a public consultation on the proposals so drawn up. Since the present reporting requirements cover everyone, views from all sectors of the community will be solicited during this exercise. Apart from the financial sector, professional bodies and trade associations, we also plan to solicit the views of district councils and district fight crime committees in the exercise.

6. Following the public consultation exercise, legislative proposals, taking into account the outcome of the public consultation, will be drawn up. We intend to hold discussion with the Panel on Security on the related proposals before they are finalised.

Public Education and Publicity

7. In February this year, we will launch a series of initiatives to further promote public awareness of the need to fight money laundering and terrorist financing in general and the obligation to report suspicious transactions in particular. These initiatives include : a new API, information leaflets, posters and TV programme. An international conference focusing on the tackling of money laundering will also be held on 16 and 17 February 2005. Several hundred local and overseas delegates are expected to take part in the conference. Publicity generated from the conference will further enhance public awareness on the latest trends and developments in the field of money laundering and how different sectors of the community can contribute to the anti-money laundering efforts.

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