

**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, a member of the Bills Committee suggested 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, the Bills Committee 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 by the Administration. It was also agreed that the review be carried out in the context of the exercise to implement the revised 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.

Latest development

3. We started the exercise by conducting an internal review among the various government agencies in the first quarter of 2005. The objective of this internal review is to assess, among other things, whether changes to the existing reporting requirements under the three pieces of legislation should be made, and if so, what type of change should be made. Having regard to the Bills Committee's suggestion, particular reference will be made to the UK model. Latest international standards and trends will also be taken into account.

Public Education and Publicity

4. While we are conducting our internal review, we continue with our effort in discussing the matter with relevant sectors. In this connection, Hong Kong hosted an international conference in February

2005 to promote international and regional exchange and cooperation on anti-money laundering issues. The forum, opened by the Financial Secretary, provided a good opportunity for government representatives and sectors involved in anti-money laundering from various jurisdictions to review progress and to share experience in tackling money laundering and in implementing the FATF Recommendations. More than 500 delegates, professionals and practitioners from overseas, the Mainland and the local business sector and related fields participated in the event.

5. In addition, we also organized or participated in seminars, discussion groups and training workshops with professional bodies and interested sectors in order to sustain and raise their awareness in the fight against money laundering and to share with them the latest international trend in money laundering.

6. We have launched the new Announcement of Public Interest, titled "*Combating Money Laundering*" in February 2005. Around the same time, we have distributed over 6,000 leaflets outlining the key FATF Recommendations, our current legislative provisions and what need to be done in order to fulfil our international obligations, and inviting views from all parties. The leaflets have been distributed to members of the public and interested professional sectors through government departments, district offices and to District Fight Crime Committees. Media briefings and interviews have been conducted to further disseminate the information to the general public.

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