

LEGISLATIVE COUNCIL BRIEF

Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance (Chapter 629)

CROSS-BOUNDARY MOVEMENT OF PHYSICAL CURRENCY AND BEARER NEGOTIABLE INSTRUMENTS ORDINANCE (COMMENCEMENT) NOTICE

CROSS-BOUNDARY MOVEMENT OF PHYSICAL CURRENCY AND BEARER NEGOTIABLE INSTRUMENTS ORDINANCE (AMENDMENT OF SCHEDULE 1) NOTICE 2018

INTRODUCTION

Further to the enactment of the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance (Cap. 629) (“the Ordinance”) in June 2017, the following subsidiary legislation has been made –

- (a) the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance (Commencement) Notice (“the Commencement Notice”) at **Annex A**, made by the Secretary for Security (“S for S”) pursuant to section 1(2) of the Ordinance, to appoint 16 July 2018 as the date on which the Ordinance will come into operation; and
- (b) the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance (Amendment of Schedule 1) Notice 2018 (“the Amendment Notice”) at **Annex B**, made by the Commissioner of Customs and Excise (“C of C&E”) pursuant to section 33(1) of the Ordinance, to

A

B

add a control point, namely “Ocean Terminal”, into Schedule 1 to the Ordinance.

JUSTIFICATIONS

Background

Financial Action Task Force

2. The Financial Action Task Force (FATF) is an inter-governmental body setting standards on combating money laundering (ML) and terrorist financing (TF) through 40 Recommendations for compliance by member jurisdictions (including Hong Kong). Specifically, Recommendation 32 requires the establishment by statute of a declaration/disclosure system to detect the physical cross-boundary transportation of currency and bearer negotiable instruments (CBNIs) (“the R32 System”). CBNIs suspected to be related to ML/TF, or falsely declared/disclosed, should be stopped or restrained. Sanctions should apply to non-compliance with the declaration/disclosure requirements. The purpose is to ensure that terrorists and other criminals cannot finance their activities or launder crime proceeds through the physical cross-boundary transportation of CBNIs.

The Ordinance

3. The Ordinance as enacted by the Legislative Council (LegCo) in June 2017 establishes the R32 System, fulfilling Hong Kong’s international obligation to implement Recommendation 32 of FATF.

4. Under the Ordinance, a traveller in possession of a large quantity of CBNIs (i.e. the total value of which is more than HKD120,000) arriving in Hong Kong via a specified control point listed in Schedule 1¹ to the Ordinance must make a written declaration of the CBNIs to the Customs and Excise Department (C&ED), using the Red Channel under the Red and Green Channel System (RGCS). If a traveller arrives in Hong Kong not

¹ Schedule 1 currently includes 12 specified control points, namely (1) Lo Wu Control Point, (2) Hung Hom Station, (3) Man Kam To Boundary Control Point, (4) Sha Tau Kok Boundary Control Point, (5) Hong Kong-Macau Ferry Terminal, (6) China Ferry Terminal, (7) Lok Ma Chau Boundary Control Point, (8) Hong Kong International Airport, (9) Tuen Mun Ferry Terminal, (10) Shenzhen Bay Port Hong Kong Port Area, (11) Lok Ma Chau Spur Line Control Point, and (12) Kai Tak Cruise Terminal.

via a specified control point, or is about to leave Hong Kong, he/she must disclose, upon the request of C&ED, whether he/she is in possession of a large quantity of CBNIs and, if so, make a written declaration of the CBNIs².

5. For a large quantity of CBNIs imported or exported in a cargo consignment, an advanced electronic declaration must be made to C&ED.

Commencement of the Ordinance

6. Taking account of the progress of preparation for commencing the Ordinance, S for S has appointed 16 July 2018 as the date on which the Ordinance will come into operation.

Amendment of Schedule 1 to the Ordinance

7. After the enactment of the Ordinance, Ocean Terminal has provided RGCS since July 2017, and will be able to facilitate arriving travellers to make written declarations of CBNIs in accordance with the Ordinance as mentioned in paragraph 4 above. C of C&E therefore has made the Amendment Notice to add Ocean Terminal as a specified control point into Schedule 1 to the Ordinance.

THE SUBSIDIARY LEGISLATION

The Commencement Notice

8. The Commencement Notice appoints 16 July 2018 as the date on which the Ordinance will come into operation.

The Amendment Notice

9. The Amendment Notice adds “Ocean Terminal” as a specified control point into Schedule 1 to the Ordinance. The Amendment Notice will come into operation on the same date on which the Ordinance comes into operation, i.e. 16 July 2018.

² If a traveller is a young person under the age of 16 years and is accompanied by an adult, the declaration or disclosure must be made by the adult on the young person’s behalf if the adult knows that the young person is in possession of a large quantity of CBNIs.

LEGISLATIVE TIMETABLE

10. The legislative timetable will be –

Publication of Commencement Notice and Amendment Notice in the Gazette	23 March 2018
Tabling of the two Notices at LegCo for negative vetting	28 March 2018
Commencement of the two Notices	16 July 2018

IMPLICATIONS OF THE PROPOSALS

11. The proposals are in conformity with the Basic Law, including the provisions concerning human rights. They do not affect the current binding effect of the Ordinance. Additional resources have been secured for C&ED to implement the Ordinance. The proposals have no economic, competition, productivity, environmental, sustainability, family or gender implications.

PUBLIC CONSULTATION

12. The policy initiatives of the Security Bureau (SB) as presented at the meeting of the LegCo Panel on Security on 3 November 2017 had included the plan to commence the Ordinance in the second half of 2018.

PUBLICITY

13. A press release will be issued on 21 March 2018. An SB spokesperson will be available to respond to media and public enquiries.

ENQUIRIES

14. Enquiries on this brief can be addressed to Mr Kevin Lai, Principal Assistant Secretary for Security (Narcotics)¹ at 2867 5676.

Security Bureau
21 March 2018

Cross-boundary Movement of Physical Currency and Bearer Negotiable
Instruments Ordinance (Commencement) Notice

1

**Cross-boundary Movement of Physical Currency and
Bearer Negotiable Instruments Ordinance
(Commencement) Notice**

Under section 1(2) of the Cross-boundary Movement of Physical Currency
and Bearer Negotiable Instruments Ordinance (Cap. 629), I appoint 16 July
2018 as the day on which the Ordinance comes into operation.



Secretary for Security

16th MARCH 2018

**Cross-boundary Movement of Physical Currency and
Bearer Negotiable Instruments Ordinance (Amendment
of Schedule 1) Notice 2018**

(Made by the Commissioner of Customs and Excise under section 33(1) of
the Cross-boundary Movement of Physical Currency and Bearer Negotiable
Instruments Ordinance (Cap. 629))

1. Commencement

This Notice comes into operation on the day on which the Cross-
boundary Movement of Physical Currency and Bearer Negotiable
Instruments Ordinance (Cap. 629) comes into operation.

**2. Cross-boundary Movement of Physical Currency and Bearer
Negotiable Instruments Ordinance amended**

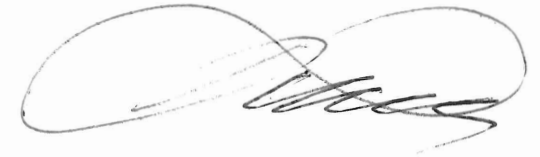
The Cross-boundary Movement of Physical Currency and Bearer
Negotiable Instruments Ordinance (Cap. 629) is amended as set out
in section 3.

3. Schedule 1 amended (specified control points)

Schedule 1—

Add

“13. Ocean Terminal”.



Commissioner of Customs and
Excise

16th March 2018

Explanatory Note

The Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance (Cap. 629) (*Ordinance*) establishes a declaration and disclosure system to detect the cross-boundary movement of large quantities of physical currency and bearer negotiable instruments (*CBNIs*) into or out of Hong Kong, in order to implement Recommendation 32 of the Financial Action Task Force.

2. Section 4 of the Ordinance requires a declaration to be made for CBNIs in the possession of a person arriving at a specified control point (i.e. a place specified in Schedule 1 to the Ordinance) from a place outside Hong Kong, if the total value of the CBNIs is more than the amount specified in Schedule 4 to the Ordinance (i.e. \$120,000).
3. This Notice adds Ocean Terminal to Schedule 1 to the Ordinance.