

Monetary Authority takes disciplinary action against JPMorgan Chase Bank, National Association, Hong Kong Branch

The following is issued on behalf of the Hong Kong Monetary Authority:

The Monetary Authority (MA):

(a) has reprimanded JPMorgan Chase Bank, National Association, Hong Kong Branch (JPMorgan Hong Kong) in respect of its contraventions of sections 19(2) and 19(3) of Schedule 2 to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) (AMLO) (Note 1) by failing to establish and maintain effective procedures (I) for identifying and handling wire transfers that did not comply with section 12(5) of Schedule 2 to the AMLO; and (II) for the purpose of carrying out its duties under sections 3 and 5 of Schedule 2 to the AMLO concerning customer due diligence (CDD) and continuous monitoring of business relationships respectively;

(b) has ordered JPMorgan Hong Kong to submit to the Hong Kong Monetary Authority (HKMA), by a date and in a manner to be specified by the MA, a report prepared by an independent external advisor assessing: (I) whether the remedial measures taken by JPMorgan Hong Kong are sufficient to address the contraventions and other deficiencies identified by the HKMA (Note 2); and (II) the effectiveness of the implementation of such measures to address the contraventions and other deficiencies identified by the HKMA; and

(c) has ordered JPMorgan Hong Kong to pay a pecuniary penalty of HK\$12,500,000.

The disciplinary action (Note 3) follows an investigation by the HKMA which found that, between April 2012 and February 2014, JPMorgan Hong Kong contravened six specified provisions of the AMLO (Note 4) as a result of deficiencies across several key control areas including CDD, periodic review of CDD information and wire transfers. In summary, JPMorgan Hong Kong did not establish and maintain effective procedures:

(a) for the purpose of carrying out its CDD duties. JPMorgan Hong Kong's CDD procedures for certain customers did not require (I) certificates of incumbency or comparable documents to be obtained to verify their existence, and (II) the identities of beneficial owners to be verified. JPMorgan Hong Kong failed to carry out all relevant CDD requirements before establishing business relationships with certain customers;

(b) for the purpose of carrying out its duties to continuously monitor business relationships. As regards groups of related customers, JPMorgan Hong Kong's procedures did not require a periodic review to be conducted of a customer's CDD information if a periodic review had been conducted in respect

of another customer in the same group. As a result, JPMorgan Hong Kong failed to carry out periodic reviews of certain customers within relationship groups to ensure that the documents, data and information obtained by JPMorgan Hong Kong were up-to-date and relevant. Among 495 high risk customers in such relationship groups, 259 customers were not subject to annual review; and

(c) for identifying and handling wire transfers which did not comply with the requirement to include the originator's name in the message or payment form accompanying the wire transfer. JPMorgan Hong Kong carried out a number of outgoing wire transfers without including the names of the originators in the relevant SWIFT messages (Note 5).

In deciding the disciplinary action, the MA took into account all relevant circumstances and factors, including but not limited to:

(a) the seriousness of the investigation findings, including the contraventions under section 19 of Schedule 2 to the AML0 which is concerned with the establishment and maintenance of effective procedures;

(b) the need to send a clear deterrent message to JPMorgan Hong Kong and the industry about the importance of effective controls and procedures to address money laundering and terrorist financing risks;

(c) JPMorgan Hong Kong had self-identified and reported certain deficiencies, and had taken positive and extensive remediation work in respect of such deficiencies and after it became aware of the contraventions and other deficiencies identified by the HKMA. In particular, it has enhanced its control functions to prevent similar contraventions from recurring; and

(d) JPMorgan Hong Kong has no previous disciplinary record in relation to the AML0 and co-operated with the HKMA during the investigation and enforcement proceedings.

The Executive Director (Enforcement and AML) of the HKMA, Ms Carmen Chu, said, "This case involved deficiencies across a number of key control areas including CDD, periodic reviews and wire transfers, stemming largely from ineffective procedures and resulting in multiple contraventions of specified provisions of the AML0. A bank must have procedures that are effective for the purpose of carrying out its duties under the AML0. Such procedures are essential to enable a bank to identify, understand and mitigate the risks to which it is exposed taking into account the nature, size and complexity of its business. Reference should be made to various guidance and resources provided by the HKMA, including the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Authorized Institutions) (www.hkma.gov.hk/eng/key-functions/banking-stability/aml-cft.shtml)."

Relevant link: [Statement of Disciplinary Action](#)

Note 1: Prior to March 1, 2018, the short title of Chapter 615 of the Laws of Hong Kong was the Anti-Money Laundering and Counter-Terrorist Financing

(Financial Institutions) Ordinance.

Note 2: Taking into consideration the remedial measures already implemented and on the particular facts of this case, the deficiencies concerning wire transfers are not included in the terms of the remedial order.

Note 3: The disciplinary action is taken under section 21 of the AMLO. The AMLO imposes CDD and record-keeping requirements on specified financial institutions, including Authorized Institutions (AIs), and designated non-financial businesses and professions. As regards AIs, the MA is the relevant authority under the AMLO.

Note 4: JPMorgan Hong Kong contravened sections 3(1), 5(1), 12(5), 19(1), 19(2) and 19(3) of Schedule 2 to the AMLO during the period from April 2012 to February 2014.

Note 5: SWIFT stands for Society for Worldwide Interbank Financial Telecommunication.

CHP investigates influenza A outbreak at elderly home in Wong Tai Sin

The Centre for Health Protection (CHP) of the Department of Health is today (December 28) investigating an influenza A outbreak at a residential care home for the elderly (RCHE) in Wong Tai Sin, and again reminded the public to maintain strict personal and environmental hygiene against influenza.

"The latest surveillance data showed that the overall influenza activity in Hong Kong continued to increase. It is anticipated that the local influenza activity will further increase and the winter influenza season will arrive soon. Members of the public should maintain good personal protection against influenza," a spokesman for the CHP said.

The outbreak involves 21 male residents aged 67 to 95 and a staff member. They have developed fever, cough and sore throat since December 22. All sought medical attention. Among them, 20 required hospitalisation and six of them were discharged following treatment. All patients have been in a stable condition.

The respiratory specimens of 18 residents tested positive for influenza A virus upon laboratory testing.

Officers of the CHP have conducted a site visit and advised the RCHE to adopt necessary infection control measures against respiratory infections. The RCHE has been put under medical surveillance.

RCHEs are reminded to follow the [Guidelines on Prevention of Communicable Diseases](#) on preventive and control measures as well as management of outbreaks, which should be reported to the CHP for prompt

follow-up.

"Particularly, children, the elderly and those with underlying illnesses are urged to receive influenza vaccination as early as possible to prevent seasonal influenza as it takes about two weeks for antibodies to develop in the body after vaccination. They should promptly seek medical advice if influenza-like symptoms develop so that appropriate treatment can be initiated as early as possible to prevent potential complications. Parents and carers are reminded to render assistance in prevention, care and control for vulnerable people," the spokesman added.

The public should maintain good personal and environmental hygiene for protection against influenza and other respiratory illnesses:

- Receive seasonal influenza vaccination for personal protection;
- Wash hands with liquid soap and water properly whenever possibly contaminated;
- When hands are not visibly soiled, clean them with 70 to 80 per cent alcohol-based handrub as an effective alternative;
- Wash or clean hands frequently, especially before touching the mouth, nose or eyes, or after touching public installations such as handrails or door knobs;
- Cover the nose and mouth when sneezing or coughing, and wash hands thoroughly afterwards;
- Dispose of soiled tissue paper properly in a lidded rubbish bin;
- Put on a surgical mask when respiratory symptoms develop;
- Maintain good indoor ventilation;
- Avoid going to crowded or poorly ventilated public places; high-risk individuals may consider putting on surgical masks when staying in such places; and
- Maintain a balanced diet, exercise regularly, take adequate rest, do not smoke and avoid overstress.

For more information, please visit the CHP's [influenza page](#) and weekly [Flu Express](#).

Meetings of Legislative Council Committees

The following is issued on behalf of the Legislative Council Secretariat:

The Legislative Council (LegCo) Committees will hold 3 open meetings and a closed meeting during the week from December 31, 2018 to January 4, 2019 in the LegCo Complex. Details of the meetings are available in the meeting schedule attached.

The information in the meeting schedule is subject to change. Please refer to the "LegCo Calendar" on the LegCo Website (www.legco.gov.hk) for the latest details of meetings.

Members of the public are welcome to observe open meetings of LegCo Committees. Interested individuals and groups are advised to make advance booking of seats by calling the LegCo Secretariat at 3919 3399 during office hours. Members of the public can also listen to or watch all open meetings via the "Webcast" system on the LegCo Website.

Suspected MERS case reported

The Centre for Health Protection (CHP) of the Department of Health today (December 28) reported a suspected case of Middle East Respiratory Syndrome (MERS), and again urged the public to pay special attention to safety during travel, taking due consideration of the health risks in the places they visit. The case is detailed below:

Sex	Male
Age	41
Affected area involved	Dubai, United Arab Emirates
High-risk exposure	Camel ride
Hospital	Ruttonjee Hospital
Condition	Stable
MERS-Coronavirus preliminary test result	Negative

"Travellers to the Middle East should avoid going to farms, barns or markets with camels; avoid contact with sick persons and animals, especially camels, birds or poultry; and avoid unnecessary visits to healthcare facilities. We strongly advise travel agents organising tours to the Middle East to abstain from arranging camel rides and activities involving direct contact with camels, which are known risk factors for acquiring MERS Coronavirus (MERS-CoV)," a spokesman for the CHP said.

Locally, the CHP's surveillance with public and private hospitals, with practising doctors and at boundary control points is firmly in place. Inbound travellers and members of the public who recently visited the Middle East and

developed fever or lower respiratory symptoms within 14 days will be classified as suspected MERS cases. They will be taken to public hospitals for isolation and management until their specimens test negative for MERS-CoV.

Travellers to affected areas should maintain vigilance, adopt appropriate health precautions and take heed of personal, food and environmental hygiene. The public may visit the MERS pages of the [CHP](#) and its [Travel Health Service](#), MERS statistics in [affected areas](#), the CHP's [Facebook Page](#) and [YouTube Channel](#), and the World Health Organization's [latest news](#) for more information and health advice. Tour leaders and tour guides operating overseas tours are advised to refer to the CHP's [health advice on MERS](#).

[Ping Shan Tin Shui Wai Swimming Pool temporarily closed](#)

Attention TV/radio announcers:

Please broadcast the following as soon as possible and repeat it at regular intervals:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (December 28) that Ping Shan Tin Shui Wai Swimming Pool in Yuen Long District has been temporarily closed for cleaning and superchlorination following the discovery of a small amount of vomit in the pool.

It will be reopened at 6.30am tomorrow.

The department appeals to swimmers to be considerate and to keep the swimming pools clean. They are advised not to swim after a full meal and should use the toilet facilities if necessary before swimming.