

Monetary Authority takes disciplinary action against Fubon Bank (Hong Kong) Limited for contravention of Anti-Money Laundering and Counter-Terrorist Financing Ordinance

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

The Hong Kong Monetary Authority (HKMA) announced today (November 8) that it had completed an investigation and related disciplinary proceedings in relation to Fubon Bank (Hong Kong) Limited (FBHK) under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) (AMLO). The Monetary Authority (MA) has imposed a pecuniary penalty of HK\$4,000,000 against FBHK for contravention of the AMLO.

The disciplinary action (Note) follows FBHK's self-report of transaction monitoring failures and the HKMA's investigation into FBHK's systems and controls for compliance with the AMLO. The HKMA found that, between April 2019 and July 2022, FBHK failed to establish and maintain effective procedures for continuously monitoring business relationships with customers. Specifically, FBHK failed to have in place effective procedures for managing system changes, following up on a substantial decrease in transaction alerts, and regularly reviewing the scope of transactions covered by its transaction monitoring system. FBHK also failed to conduct appropriate scrutiny of transactions carried out for customers, and update customer due diligence reviews upon trigger events.

In deciding the disciplinary action, the MA has taken into account all relevant circumstances and factors, including:

1. the seriousness of the investigation findings;
2. the need to send a clear deterrent message to FBHK and the industry about the importance of having effective procedures to address money laundering and terrorist financing risks;
3. FBHK reported its transaction monitoring failures to the HKMA. It was co-operative during the investigation and enforcement proceedings;
4. FBHK has carried out remediation to address the identified transaction monitoring failures and the associated control deficiencies; and
5. FBHK has no previous disciplinary record.

The Executive Director (Enforcement and AML) of the HKMA, Mr Raymond Chan, said, "The AMLO requires banks to put in place effective procedures for continuous monitoring of their business relationships with customers so that potential money laundering and terrorist financing activities are detected

early. When changes are introduced to existing monitoring systems, bank management should ensure that the scope of surveillance covers all relevant transactions and any identified deficiencies are followed up promptly."

Note: The disciplinary action is taken under section 21 of the AMLO. The AMLO imposes customer due diligence and record-keeping requirements on specified financial institutions, including Authorized Institutions, and designated non-financial businesses and professions. The MA is the relevant authority with respect to Authorized Institutions under the AMLO.

[Hong Kong Customs seizes suspected dangerous drugs worth about \\$2.5 million \(with photo\)](#)

Hong Kong Customs yesterday (November 7) seized a total of about 10 kilograms of suspected cannabis buds, 2kg of gummy candies containing suspected tetrahydro-cannabinol (THC) and 539 vape sticks containing suspected THC, with a total estimated market value of about \$2.5 million, in Yuen Long. One man suspected to be connected with the case was arrested.

In the morning yesterday, Customs officers in Yuen Long intercepted a 35-year-old man and found a batch of suspected cannabis buds, gummy candies containing suspected THC and vapes containing suspected THC inside a recycle bag carried by him. The man was then arrested.

Customs officers later escorted the man to his rented residential flat in Yuen Long for a search and further seized a batch of suspected cannabis buds, gummy candies and vapes containing suspected THC and a batch of drug packaging paraphernalia.

The arrested man, who claimed to be unemployed, has been charged with two counts of trafficking in a dangerous drug. The case will be brought up at the Fanling Magistrate's Court tomorrow (November 9).

Under the Dangerous Drugs Ordinance, trafficking in a dangerous drug is a serious offence. The maximum penalty upon conviction is a fine of \$5 million and life imprisonment.

Members of the public may report any suspected drug trafficking activities to Customs' 24-hour hotline 182 8080 or its dedicated crime-reporting email account (crimereport@customs.gov.hk) or online form (eform.cefs.gov.hk/form/ced002).



[Appointment of Chairman of AFRC](#)

The Government announced today (November 8) that the Chief Executive (CE) has, pursuant to the Accounting and Financial Reporting Council Ordinance (Cap. 588), appointed Dr David Sun Tak-kei as the Chairman of the Accounting and Financial Reporting Council (AFRC) for a term of two years from January 1, 2025, to December 31, 2026.

Dr Sun was the Director of Audit between 2012 and 2018, prior to which he was President of the Hong Kong Institute of Certified Public Accountants (HKICPA) and Chairman of an international audit firm.

The Financial Secretary, Mr Paul Chan, said, "Dr Sun is an esteemed accounting veteran with abundant experience in, inter alia, public administration, the financial markets, and the audit profession. He is committed to public service and commands respect from the accounting sector. I look forward to the AFRC's continued efforts under the leadership of Dr Sun in regulating local financial reporting and driving the development of accounting profession, thereby contributing to the further development of the financial markets and corporate governance in Hong Kong."

On the retirement of Dr Kelvin Wong Tin-yau as the Chairman of the AFRC by the end of the year, Mr Chan added, "During his tenure as the AFRC Chairman, Dr Wong has made remarkable contributions, including leading the AFRC in the smooth implementation of the accounting and audit regulatory reforms, bringing our regulatory regime in line with international developments in an orderly manner. I would like to thank Dr Wong for his endeavours and contributions over the years."

Upon the commencement of the new regulatory regime of the accounting profession on October 1, 2022, the AFRC has become a full-fledged regulatory and oversight body of the accounting profession with expanded statutory functions of, inter alia, registration, inspection, investigation and discipline. It is also responsible for promoting and supporting the

development of the accounting profession, as well as overseeing the HKICPA's performance of various statutory professional functions.

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Friday, November 8, 2024 is 105.4 (down 0.3 against yesterday's index).

Grading of beach water quality released

The Environmental Protection Department (EPD) today (November 8) released the latest grading of water quality for 11 gazetted beaches that are open for swimming in November.

Eleven beaches were rated as Good (Grade 1).

Grade 1 beaches are:

Big Wave Bay Beach	Middle Bay Beach
Casam Beach	Repulse Bay Beach
Clear Water Bay Second Beach	Silver Mine Bay Beach
Deep Water Bay Beach	Silverstrand Beach
Golden Beach	Stanley Main Beach
Lido Beach	

Compared with the grading released last week, Casam Beach, Clear Water Bay Second Beach and Silverstrand Beach have been upgraded from Grade 2 to Grade 1.

Under the present grading system, beaches are classified into four grades, namely Good (Grade 1), Fair (Grade 2), Poor (Grade 3) and Very Poor (Grade 4), according to the level of E. coli in the water. Grades are calculated on the basis of the geometric mean of the E. coli counts on the five most recent sampling occasions.

While the ratings represent the general water quality at the beaches, an

EPD spokesman reminded members of the public that water quality could be temporarily affected during and after periods of heavy rain. Bathers should avoid swimming at beaches for up to three days after a tropical cyclone or heavy rainfall.

A summary of beach grades is published weekly before the weekend. The latest beach grades based on the most current data may be obtained from the EPD's website on Beach Water Quality (www.epd.gov.hk/epd/beach) or the beach hotline, 2511 6666. Members of the public can also obtain the latest daily water quality forecast information for all beaches that are open for swimming through the EPD's dedicated webpage on the beach water quality forecast (www.epd.gov.hk/en/BWQForecast).