

# Monetary Authority takes disciplinary action against CA Indosuez (Switzerland) SA, Hong Kong Branch for contraventions 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 29) that it had completed an investigation and disciplinary proceedings for CA Indosuez (Switzerland) SA, Hong Kong Branch (CAHK) under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) (AMLO) (Note 1). The Monetary Authority (MA) has imposed a pecuniary penalty of HK\$3,500,000 against CAHK for contraventions of the AMLO.

The disciplinary action (Note 2) follows an investigation by the HKMA on CAHK's systems and controls for compliance with the AMLO. The control lapses identified in the investigation relate to CAHK's failure to continuously monitor business relationships with some of its customers by conducting appropriate scrutiny of transactions carried out for them during the period between February 11, 2016, and October 2, 2016. CAHK also failed to maintain effective procedures for carrying out its duties under the AMLO in relation to continuous monitoring of business relationships with customers during this period.

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

1. the seriousness of the investigation findings;
2. the need to send a clear deterrent message to CAHK and the industry about the importance of effective controls and procedures to address money laundering and terrorist financing risks;
3. CAHK has taken remedial actions to address the deficiencies identified; and
4. CAHK has no previous disciplinary record in relation to the AMLO and cooperated with the HKMA during the investigation and enforcement proceedings.

The Executive Director (Enforcement and AML) of the HKMA, Ms Carmen Chu, said, "Banks are expected to maintain effective system for anti-money laundering and financial crime risk management, including through continuous monitoring of customer relationships and transactions. While some banks' control functions may have been outsourced to other parties, the ultimate

accountability and the duty to comply with the AML0 remain with the banks concerned."

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: The disciplinary action is taken under section 21 of the AML0. The AML0 imposes customer due diligence and record-keeping requirements on specified financial institutions, including Authorized Institutions, and designated non-financial businesses and professions. As regards Authorized Institutions, the MA is the relevant authority under the AML0.