

Monetary Authority takes disciplinary action against China CITIC Bank International Limited 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 (December 6) that it had completed an investigation and disciplinary proceedings for China CITIC Bank International Limited (CITIC) 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\$4,000,000 against CITIC for contraventions of the AMLO.

The disciplinary action (Note 2) follows an investigation by the HKMA on CITIC's systems and controls for compliance with the AMLO. The deficiencies identified in the investigation were related to the incorrect implementation of detection rules and core model rules in its automated transaction monitoring system, resulting in failure to generate system alerts on suspicious transactions during the period between November 2015 and July 2018. CITIC also failed to examine the background and purpose of the transactions of some customers and to set out its findings in writing during this period.

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

- (a) the seriousness of the investigation findings;
- (b) the need to send a clear deterrent message to CITIC and the industry about the importance of having effective controls and procedures to address money laundering and terrorist financing risks;
- (c) CITIC has taken remedial actions to address the identified deficiencies; and
- (d) CITIC 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, Mr Raymond Chan, said, "The integrity and robustness of a transaction monitoring system is vital in the ongoing fight against financial crime. It is important for banks to ensure that their transaction monitoring system is properly configured and operates effectively."

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: 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. As regards Authorized Institutions, the MA is the relevant authority under the AMLO.