

# Monetary Authority takes disciplinary action against EFG Bank AG, 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 (August 15) that it had completed an investigation and disciplinary proceedings for EFG Bank AG, Hong Kong Branch (EFGHK) 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\$16,000,000 against EFGHK for contraventions of the AMLO.

The disciplinary action (Note 2) follows an on-site examination and further investigation by the HKMA on EFGHK's systems and controls for compliance with the AMLO. The investigation identified control deficiencies in respect of conducting customer due diligence (CDD) on customers transferred from another financial institution during the period from February 21, 2016 to January 16, 2018, as well as on-boarding CDD and on-going CDD measures on some other customers during the period from April 1, 2012 to October 31, 2018. In addition, during the period from April 1, 2012 to October 31, 2018, EFGHK failed to establish and maintain effective procedures for carrying out its duties under the AMLO in relation to CDD and on-going monitoring of business relationships with customers.

In deciding the disciplinary action, the MA has taken 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 EFGHK and the industry about the importance of effective controls and procedures to address the risks of money laundering and terrorist financing;
3. EFGHK has taken remedial and enhancement measures to address the deficiencies identified by the HKMA; and
4. EFGHK has no previous disciplinary record in relation to the AMLO 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, "CDD and continuous monitoring of business relationships with customers are crucial measures for Authorized Institutions (AIs) to protect accounts from being abused for financial crime and safeguard banking system integrity.

AIs are key stakeholders in the anti-money laundering and counter-terrorist financing ecosystem and should uphold the international standards incorporated in the AML0 as well as the relevant guidelines and circulars issued by the HKMA in their conduct of business."

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.