

2.2 What is Terrorist Financing?

2.2.1 Terrorist financing can be defined in simple terms as the financial support, in any form, of terrorism or of those who encourage, plan, or engage in terrorism. Money laundering and terrorist financing manipulations are similar, mostly having to do with concealment and disguise.

2.2.2 Money launderers will send crime proceeds through legal channels in order to conceal their criminal origin, whilst terrorist financiers will transfer funds that may be legal or illicit in origin in such a way as to conceal their source and ultimate use, which is the support of terrorism.



2.3 Why is Anti-Money Laundering and Counter-Terrorist Financing Important to You?

2.3.1 As one of the major financial centres in the world, it is very important for Hong Kong to maintain an effective anti-money laundering and counter-terrorist financing regime, which is vital for maintaining the integrity and stability of our financial system. Money laundering and terrorist financing can have devastating consequences to the whole community. If we do not put in place proper countermeasures in accordance with the international standards, we will open the floodgates to illicit funds and provide a good refuge for criminals and terrorists. They can then use the illicit funds to further their illegal activities. We will all suffer as a result of criminals or terrorists taking charge of our businesses and economic sanctions by the international community, which would adversely affect our livelihood.



- 2.3.2** Both money laundering and terrorist financing are criminal offences under the Laws of Hong Kong. According to the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap.405) and the Organized and Serious Crimes Ordinance (Cap.455), a person commits the offence of money laundering if he deals with any property, including money, which **he knows or has reasonable grounds to believe** to be proceeds of crime. Under the United Nations (Anti-Terrorism Measures) Ordinance (Cap.575), a person commits the offence of terrorist financing if he provides or collects funds **knowing or with the intention** that the funds will be used for terrorism.
- 2.3.3** Taking an indifferent attitude or turning a blind eye to a transaction you know or have reasonable grounds to believe that crime proceeds/terrorist funds are involved, may result in your conviction for the above offences.

2.4 What Do You Need to Do?

- 2.4.1** Anti-money laundering and counter-terrorist financing is everyone's responsibility. However, some sectors will have a greater risk of coming across crime proceeds or terrorist property than others, e.g. practitioners in our financial market, remittance agents, money changers, money lenders, estate agents, trust and company service providers, jewellers, accountants, lawyers, etc.