

Anti-money Laundering in Property Sales and Purchases

Estate Agents and Customers Have Their Respective Responsibilities

The relationship between property sales and purchases and anti-money laundering

The Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap.615) (“AMLO”) prescribes the statutory requirements on customer due diligence and record-keeping in specified transactions conducted by designated non-financial businesses and professions (including estate agents). Subsequent to the miscellaneous amendments relevant to the estate agency sector made to the AMLO, the Estate Agents Authority (“EAA”) updated the relevant guidelines (Circular No. 18-01(CR)) and issued revised guidelines (Circular No. 23-01(CR)), which superseded the former and took effect on 1 June 2023.

According to the guidelines, when handling the sale and purchase of properties, estate agents must take various measures to mitigate the risk of money-laundering (“ML”) and terrorist financing (“TF”), which include implementing customer due diligence measures. Hence, estate agents must obtain relevant information and documents from customers. In order to combat money-laundering and terrorist financing in Hong Kong, property purchasers or vendors should also be cooperative in meeting related requests as much as possible.



地產代理監管局
ESTATE AGENTS AUTHORITY

Duties of estate agents

According to the EAA's guidelines, estate agents must take all reasonable measures to mitigate ML/TF risks:



Risk assessment: Estate agents should identify, assess, understand and determine the ML/TF risks of a customer by considering different risk factors (e.g. background of the customer, etc.).



Customer due diligence (“CDD”) measures:

Estate agents must apply CDD measures before establishing any business relationship with the customer, in order to identify and verify the identity of the customer, the customer's representative and/or beneficial owner. If estate agents fail to complete the CDD process, they must not establish a business relationship with the customer or they must terminate the business relationship.

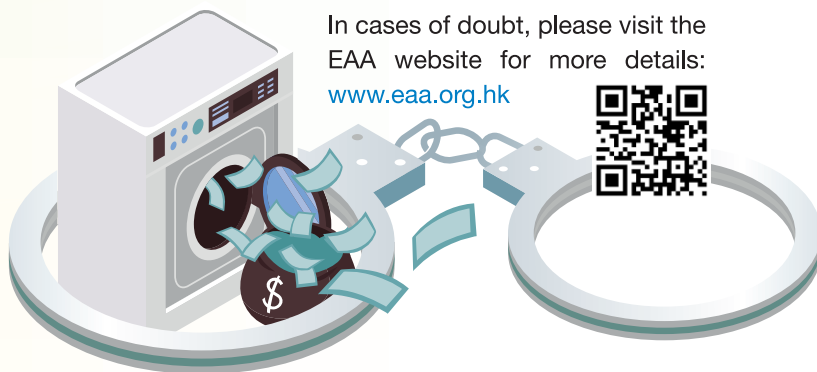


Record-keeping: Estate agents must keep the relevant records throughout the continuance of the business relationship with the customer and for at least five years beginning on the date on which the business relationship ends.



Report suspicious transactions: Estate agents should report suspicious transactions to the Joint Financial Intelligence Unit (email: jfiu@police.gov.hk) of the HKSAR Government once a transaction is identified or suspected to be related to ML/TF activity.

In cases of doubt, please visit the EAA website for more details:
www.eaa.org.hk



How should customers cooperate with estate agent in CDD measures?

Estate agents must identify and verify the customer's identity (whether the customer is a purchaser or vendor) before arranging for the customer to enter into an agreement for sale and purchase. For this, estate agents may fill out the identity verification form. Customers should provide estate agents with the following documents according to different situations.

- ✓ If the customer carries out a transaction as an **individual**, estate agents must obtain the customer's Hong Kong Identity Card or travel document.
- ✓ If the customer is represented by a **representative** or there is a **beneficial owner** in relation to the purchaser/vendor, estate agents must obtain written evidence that the representative is duly authorised and also the representative's and the beneficial owner's Hong Kong Identity Card or travel document.
- ✓ If the customer has never been physically present for identification, and estate agents have not identified and verified the customer's identity on the basis of documents provided by a recognised digital identification system, they must further verify the customer's identity by using additional documents not previously used.
- ✓ If the customer is a **company/corporation**, whether the company/corporation is incorporated in/outside Hong Kong, estate agents must obtain the customer's company information such as certificate of incorporation or the certified copy of similar documents.
- ✓ If the **shareholder** of a corporate customer is another company/corporation, estate agents should obtain a director's declaration and an ownership chart describing the structure of the company/corporation in order to ascertain its beneficial owner(s).