

## CLIENT DUE DILIGENCE

For the purposes of satisfying law requirements of **AML & CFT** (below), we need to perform **client due diligence (CDD)** measures to:

- (i) verify that any person purporting to act on behalf of the client is so authorised;
- (ii) identify the client and verify its identity;
- (iii) identify the beneficial owners;
- (iv) obtain information on the nature of the business relationship; and
- (v) conduct ongoing due diligence.

But CDD also facilitates us helping client develop and exam operational procedures manual and advising on validity of client's information.

## Anti-Money Laundering (AML) & Counter-Terrorist Financing (CFT)

**Legislation** has been enacted in Hong Kong to address the problems associated with money laundering and terrorist financing activities in the areas of drug trafficking, organised and serious crimes, and terrorism. The main pieces of legislation are the:

- Drug Trafficking (Recovery of Proceeds) Ordinance ("DTROP"),
- Organised and Serious Crimes Ordinance ("OSCO") and
- United Nations (Anti-Terrorism Measures) Ordinance ("UNATMO")

**Money laundering** is a transaction or a series of transactions effected with the aim to conceal or change the identity of criminal proceeds, so that the money, after such processing, will appear to have originated from a legitimate source. It covers all procedure to change, obscure or conceal the ownership or audit trail of illegally obtained money or property. Proceeds of many crimes, eg drug trafficking, are often generated in the form of cash, and some do not involve cash, eg fraud, false accounting & tax evasion.

**Terrorist financing** generally refers to the carrying out of transactions involving funds that are owned by terrorists, or that have been, or are intended to be, used to facilitate the commission of terrorist acts.