

IN-DEPTH

Anti-Money Laundering

HONG KONG



LEXOLOGY

Anti-Money Laundering

EDITION 3

Contributing Editor

John Binns

BCL Solicitors LLP

In Depth: Anti-Money Laundering provides an insightful overview of anti-money laundering (AML) law and practice in key jurisdictions worldwide. With a focus on recent developments and their practical implications, it analyses key issues including relevant offences, government policy, enforcement trends, international cooperation and much more.

Generated: February 26, 2026

The information contained in this report is indicative only. Law Business Research is not responsible for any actions (or lack thereof) taken as a result of relying on or in any way using information contained in this report and in no event shall be liable for any damages resulting from reliance on or use of this information. Copyright 2006 - 2026 Law Business Research



Explore on **Lexology** 

Hong Kong

Sara S M Or, Vincent W C Law and Raymond N H Chan

Johnson Stokes & Master

Summary

INTRODUCTION

YEAR IN REVIEW

LEGAL FRAMEWORK

ASSOCIATED OFFENCES

ANTI-MONEY LAUNDERING REGULATION

ANTI-MONEY LAUNDERING IN PRACTICE

ENFORCEMENT

INTERNATIONAL ORGANISATIONS AND AGREEMENTS

OTHER LAWS AFFECTING THE RESPONSE TO MONEY LAUNDERING

OUTLOOK AND CONCLUSIONS

ENDNOTES

Introduction

Hong Kong is an international financial centre that maintains a robust anti-money laundering and counter-terrorist financing (AML/CTF) legal and regulatory framework that is aligned with international standards and Financial Action Task Force (FATF) recommendations. In addition to financial institutions (FIs), specific designated non-financial businesses and professions (DNFBPs) must comply with customer due diligence (CDD) and record-keeping obligations.

AML/CTF compliance is an area of focus for the territory's regulators and law enforcement bodies that regularly cooperate to investigate and prosecute breaches of AML/CTF laws and regulations. In addition, the outcomes of enforcement or disciplinary actions are often publicised in press releases or enforcement data published by the regulators.

Year in review

Amendments to the AMLO in 2025

With the stablecoin regulatory regime taking effect from 1 August 2025, the AMLO was amended to expand the definition of FI to include stablecoin licensees that are licensed by the Hong Kong Monetary Authority (HKMA) pursuant to the Stablecoins Ordinance (Cap 656).

On 23 May 2025, the company redomiciliation regime came into effect, allowing a non-Hong Kong incorporated company to redomicile to Hong Kong while maintaining its legal identity as a body corporate and ensuring business continuity. The AMLO was amended to treat redomiciled companies and entities similarly to Hong Kong-incorporated companies for AML/CTF purposes, recognising that once a company has redomiciled to Hong Kong, it should be subject to the same obligations as locally incorporated companies.

Major AML updates in recent years

The 2023 amendments to the AMLO

From 1 April 2023, a two-tier registration regime for dealers in precious metals and stones came into effect. Any person seeking to carry on a business of dealing in precious metals and stones in Hong Kong is required to register with the Commissioner of Customs and Excise. The two-tier registration regime differentiates dealers who engage in cash transactions of over HK\$120,000 (known as a 'Category B PMS registrant') from those who do not (known as a 'Category A PMS registrant'). Category B PMS registrants must satisfy the 'fit and proper' test and the CDD and record-keeping requirements that apply to other categories of DNFBPs under the AMLO.^[1]

On 1 June 2023, a new licensing regime for virtual assets service providers (VASPs), also came into effect.^[2] Any person providing a virtual asset service (VA service) must apply for a licence from the Securities and Futures Commission (SFC) either pursuant to the Securities and Futures Ordinance (Cap 571) (SFO) for regulated activities involving securities or futures contracts, or pursuant to the AMLO for other types of virtual assets. The AMLO's VASP regime is less onerous than the SFO's. Nonetheless, the AMLO regime requires the licensee and its regulated representatives to satisfy the 'fit and proper' test and to comply with the CDD and record-keeping requirements prescribed in the AMLO.

At present, the definition of 'VA service' under the AMLO is limited to operating a VA exchange where services are provided through electronic facilities.^[3] Peer-to-peer transfers and non-automated exchanges are not in scope.

As from 1 June 2023, the AMLO was amended to clarify or amplify requirements relating to: the definition of 'politically exposed person' (PEP); facilitating a risk-based approach in determining the degree of CDD that former PEPs are subject to; the use of a recognised digital identification system for the purposes of CDD and the additional requirements where a customer is not physically present for identification purposes; and the meaning of a beneficial owner of a trust.

The Accounting and Financial Reporting Council (AFRC)

From 1 October 2022, the AFRC took over the investigation and disciplinary work for the accounting profession from the Hong Kong Institute of Certified Public Accountants (HKICPA), including for AML/CTF breaches. The AFRC is an independent, fully fledged regulator in Hong Kong that also maintains oversight of the performance of the HKICPA's other functions, including standards setting.^[4] The HKICPA remains a professional self-regulatory body.

Financial Intelligence Evaluation Sharing Tool

In June 2023, the HKMA, the Hong Kong Association of Banks and the Hong Kong Police Force (HKPF) announced the launch of the Financial Intelligence Evaluation Sharing Tool (FINEST), a bank-to-bank information sharing platform to improve the detection of fraud and mule account networks. They jointly announced in April 2025 that an updated platform capable of accommodating increased information exchanges is intended to be operational by the end of 2025.^[5]

Legal framework

Key AML legislation and guidelines

Hong Kong's AML laws and regulations are issued and operate at the territory level. The main AML legislation includes:

1. the AMLO;

2. the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap 405) (DTRPO);
3. the Organized and Serious Crimes Ordinance (Cap 455) (OSCO); and
4. the United Nations (Anti-Terrorism Measures) Ordinance (Cap 575) (UNATMO).

In addition, various regulators in Hong Kong have issued guidelines that do not form subsidiary legislation, to assist regulated persons. These include:

1. the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations and SFC-licensed Virtual Asset Service Providers) (the SFC LC and VASP Guideline);^[6]
2. the Prevention of Money Laundering and Terrorist Financing Guideline issued by the Securities and Futures Commission for Associated Entities of Licensed Corporations and SFC-licensed Virtual Asset Service Providers;^[7]
3. the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (for Authorized Institutions)^[8] issued by the HKMA (the HKMA AI Guideline);
4. the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Stored Value Facility Licensees)^[9] issued by the HKMA (the HKMA SVF Guideline);
5. the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Stablecoin Issuers)^[10] issued by the HKMA (the HKMA Stablecoin Guideline);
6. the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Trust or Company Service Provider Licensees)^[11] issued by the Registrar of Companies (the TCSP Guideline);
7. the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (for Money Service Operators)^[12] issued by the Commissioner of Customs and Excise (the MSO Guideline); and
8. the Guideline on Anti-Money Laundering and Counter-Terrorist Financing^[13] issued by the Insurance Authority (IA) (the IA Guideline).

Further, regulators regularly publish circulars, guidance papers and FAQs to remind regulated entities of new legislative and regulatory requirements and relevant AML trends and developments.

Even though licensed money lenders (LMLs) are not regulated under the AMLO, the Registrar of Money Lenders has issued the Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Licensed Money Lenders (the LML Guideline).^[14] LMLs are expected to comply with the LML Guideline.

AML offences

The four main types of AML offences in Hong Kong are outlined in this section.

Dealing offence

Elements of the offence

'Dealing' offences are as follows:

1. Section 25(1) of the OSCO: dealing with property knowing or having reasonable grounds to believe that any property in whole or in part directly or indirectly represents any person's proceeds of an indictable offence;
2. Section 25(1) of the DTRPO: dealing with property knowing or having reasonable grounds to believe that any property in whole or in part directly or indirectly represents any person's proceeds of drug trafficking; and
3. Section 8A(1) of the UNATMO: dealing with property knowing, or being reckless as to whether, that property is terrorist property, or is owned, controlled by a terrorist, or held on behalf of a terrorist, except under the authority of a licence granted by the secretary for security.

The physical elements of the offences include:

1. 'property': both movable and immovable property;^[15]
2. 'terrorist property': the property of a terrorist or a terrorist associate or any other property that is intended to or was used to finance or otherwise assist the commission of a terrorist act;^[16]
3. 'dealing': receiving, acquiring, concealing, disguising, disposing of, converting, bringing into or removing from Hong Kong or using the property to borrow money or as security;^[17] and
4. predicate offences, referred to as 'indictable offences' in Hong Kong. An offence created by an ordinance is an indictable offence if it is expressed to be treason or if the wording of the offence contains the words 'upon indictment' or 'on indictment'.^[18]

In the context of insolvency proceedings, the Hong Kong Court of First Instance ruled that cryptocurrency satisfies the test for 'property' under Hong Kong law and is capable of being the subject matter of a trust.^[19]

Defences

It is a defence if the person 'intended to disclose to an authorized officer such knowledge, suspicion or matter . . . in relation to the act in contravention of' the dealing prohibition, and 'there is reasonable excuse for [that person's] failure to make [the] disclosure'.^[20]

In addition, if a person 'does any act in contravention' of a dealing offence and makes the appropriate disclosure, it is not an offence if the disclosure is made before or after the person 'does the act' on their own initiative as soon as reasonable, or the disclosure is made before the act and 'the act is done with the consent of an authorized officer'.^[21]

Penalty

The maximum penalty for the dealing offence under the OSCO and the DTRPO is, upon indictment, a fine of up to HK\$5 million and imprisonment for up to 14 years. Alternatively, on summary conviction, the penalty is a fine of up to HK\$500,000 and three years' imprisonment.^[22]

The maximum penalty for the dealing offence under the UNATMO is a fine of an unfixed amount and imprisonment of up to 14 years on conviction upon indictment. Alternatively, on summary conviction, the penalty is a fine of up to HK\$100,000 and two years' imprisonment.^[23]

Reporting offence

Elements of the offence

Where a person knows or suspects that any property represents any person's proceeds of an indictable offence or drug trafficking, or that any property is terrorist property, then he or she shall, as soon as it is reasonable, disclose that knowledge or suspicion, together with matter on which the knowledge or suspicion is based on.^[24] Notably, these obligations apply to any person, including a company and every officer of a company.

In Hong Kong, the central authority for receiving suspicious transaction reports (STRs) is the Joint Financial Intelligence Unit (JFIU), which is jointly operated by the HKPF and the Hong Kong Customs and Excise Department (CED). The JFIU provides an online form for STR reporting.^[25]

Defences

It is a defence for an employee to have reported to an appropriate person (usually the compliance officer of the company), in accordance with the procedure established by the person's employer for the making of the disclosure. This disclosure has the same effect as 'disclosures to an authorized officer' and will satisfy the employee's personal obligation to report.^[26]

Penalty

The maximum penalty on summary conviction for a failure to report such knowledge or suspicion under the OSCO, DTRPO and UNATMO is a fine of HK\$50,000 and imprisonment for three months.^[27]

Tipping off

It is an offence to reveal to any person any information that might prejudice an investigation by law enforcement authorities.^[28] Therefore, a person commits an offence if, knowing or suspecting that an STR has been made, the person discloses to any other person any matter that is likely to prejudice any investigation.

The maximum penalty for tipping off under the OSCO and DTRPO is imprisonment for three years and a fine of HK\$500,000 on conviction upon indictment or imprisonment for one

year and a fine of HK\$100,000 on summary conviction.^[29] For a conviction pursuant to the UNATMO, the maximum penalty for tipping off is a fine of an indefinite amount and imprisonment for three years.^[30]

It is a defence to prove that the person did not know or suspect that the disclosure concerned was likely to be prejudicial, or had lawful authority or reasonable excuse for making that disclosure.^[31]

CDD-related offences

Schedule 2 to the AMLO prescribes CDD and record-keeping requirements that are imposed on certain types of entities and professions. These specified provisions of Schedule 2 are discussed in more detail under 'Anti-money laundering regulation'.

The AMLO lists several CDD-related offences for FIs or their employees.

1. Section 5(5) AMLO: if an FI knowingly contravenes a specified provision relating to CDD requirements, the FI commits an offence and is liable on conviction on indictment to a maximum fine of HK\$1 million and imprisonment for two years, or on summary conviction to a maximum fine of HK\$100,000 and six months imprisonment.
2. Section 5(6) AMLO: if an FI contravenes a specified provision concerning CDD requirements with the intention to defraud any relevant authority, the FI is liable on conviction on indictment to a maximum fine of HK\$1 million and imprisonment for seven years, or on summary conviction to a fine of HK\$500,000 and one year's imprisonment.
3. Section 5(7) AMLO: if an employee or manager of an FI knowingly causes or permits the FI to contravene a specified provision concerning CDD requirements, this employee is liable on conviction on indictment to a maximum fine of HK\$1 million and imprisonment for two years, or on summary conviction to a maximum fine of HK\$100,000 and six months' imprisonment. However, it is a defence for the employee to have acted in accordance with the policies and procedures established and maintained by the company.^[32]
4. Section 5(8) AMLO: if an employee or manager of an FI with intent to defraud the FI or any relevant authority, knowingly causes or permits the FI to contravene a specified provision of the AMLO relating to CDD requirements, this employee is liable on conviction on indictment to a maximum fine of HK\$1 million and imprisonment for seven years, or on summary conviction to a maximum fine of HK\$500,000 and one year's imprisonment.

Corporate liability

The definition of 'person' under Hong Kong law includes 'any public body and any body of persons, corporate or unincorporate'.^[33] As such, it is possible for a company to be prosecuted for an AML/CTF offence. However, in practice, criminal prosecutions usually target natural persons, and companies are more likely to be subject to disciplinary or regulatory enforcement action.

Extraterritoriality

The dealing offences under the OSCO, the DTRPO and the UNATMO apply to dealings in Hong Kong.

Under the OSCO, the proceeds of an indictable offence include the proceeds of a crime committed outside of Hong Kong if the crime would have been an indictable offence if it had been committed in Hong Kong.^[34]

Associated offences

Terrorist financing

Similar to money laundering, terrorist financing involves the disguising of the origins of funds, but the focus is on directing the funds towards terrorists.

It is an offence to provide or collect any property to commit terrorist acts, to make any property available to or to collect property for the benefit of terrorists.^[35] The maximum penalty is 14 years' imprisonment and an unlimited fine amount on conviction on indictment; and two years' imprisonment and a fine of HK\$100,000 on summary conviction.^[36]

As at July 2022, there were no confirmed terrorist financing prosecutions or convictions in Hong Kong.^[37]

Sanctions breaches

Pursuant to the United Nations Sanctions Ordinance (Cap 537) (UNSO) and the UNATMO, Hong Kong implements targeted financial sanctions in compliance with United Nations Security Council (UNSC) resolutions.

The most common types of measures imposed by the UNSC include financial sanctions, travel bans and the prohibition of the supply, sale and transfer of materials related to military activities. Regulations issued pursuant to UNSO set out the sanctions requirements. A list of individuals, organisations, countries and territories subject to financial sanctions under the UNSO can be found on the websites of the UNSC and the Commerce and Economic Development Bureau.

A breach of sanctions regulations incurs a maximum penalty of:

1. a fine not exceeding HK\$500,000 and imprisonment for a term not exceeding two years on summary conviction; or
2. an unlimited fine and imprisonment for a term not exceeding seven years on conviction on indictment.^[38]

Proliferation financing

Hong Kong's counter proliferation financing regime is prescribed in the Weapons of Mass Destruction (Control of Provision of Services) Ordinance (Cap 526). It is an offence for a person to provide any services to another person when he or she believes or suspects that the services will assist the development, production, acquisition or stockpiling of weapons of mass destruction.^[39] The penalty is a maximum of seven years' imprisonment and an unlimited fine on conviction on indictment and a maximum of two years' imprisonment and a fine of HK\$500,000 on summary conviction.^[40]

Strategic trade control

The Import and Export Ordinance (Cap 60) (IEO) prescribes several categories of goods, the import or export of which requires a licence, certificate or permit issued by the Director-General of Trade and Industry or other government departments in advance. For example, it is an offence for a person to import or export strategic commodities without the requisite licence.^[41] The maximum penalty upon summary conviction is a fine of HK\$500,000 and imprisonment for two years, and on conviction upon indictment, an unlimited fine and imprisonment for seven years. The IEO contains provisions on other types of prohibited articles.

Cross-border movement of physical currency and bearer negotiable instruments

A person arriving at specific control points in Hong Kong is required to declare in the required form, possession of a large quantity of currency and bearer negotiable instruments (CBNIs). CBNIs include notes, coins, bearer cheques, promissory notes, bearer bonds, traveller's cheques, money orders and postal orders. A 'large quantity' is a value exceeding HK\$120,000.^[42] Failure to make the required declaration or making a declaration containing false information constitutes an offence. The maximum penalty is a fine of HK\$500,000 and imprisonment for two years.^[43]

Anti-money laundering regulation

Regulated entities under the AMLO

The AMLO prescribes several categories of entities and professions that are subject to CDD and record-keeping obligations for AML purposes. They fall under two categories: FIs and DNFBPs.

FIs include 'authorized institutions': banks regulated under the Banking Ordinance (Cap 155); licensed corporations regulated pursuant to the SFO; 'authorized insurers', licensed individual insurance agents, licensed insurance agencies and licensed insurance broker companies regulated under the Insurance Ordinance (Cap 41); licensed money service providers; the Postmaster General; stored value facility licensees; licensed VASPs; and stablecoin licensees.^[44]

DNFBPs include legal professionals, accounting professionals, real estate agents, trust or company service provider licensees and Category B PMS registrants.^[45] The regulations for these professions are generally outlined in guidelines issued by the professions' respective regulatory bodies.

An FI or a DNFBP must take all reasonable measures to ensure that proper safeguards exist to mitigate the money laundering and terrorism financing risks and to prevent a contravention of any requirement under the AMLO, Schedule 2, Part 2 or 3 (CDD and record-keeping requirements).^[46]

CDD requirements prescribed by the AMLO

FIs and DNFBPs must conduct CDD on their customers, including the customer's beneficial owner. The definition of 'beneficial owner' includes ultimate beneficial owners (UBOs).^[47]

The CDD requirements include the following:

1. identifying and verifying customers' identities using reliable and independent sources of documents, data or information;
2. identifying and taking reasonable measures to verify the identities of beneficial owners of the customer;
3. obtaining information on the purpose and intended nature of the customer's business relationship; and
4. if a person purports to act on behalf of the customer:
 - identifying the person and taking reasonable measures to verify the person's identity; and
 - verifying the person's authority to act on behalf of the customer.^[48]

The CDD requirements for the beneficial owner of a customer includes obtaining at least the following identification information as far as possible: the name, date of birth, nationality and unique identification number (and document type) of the UBO.^[49]

The timing for the conduct of CDD is also important. FIs and DNFBPs must conduct CDD at several points in time during the customer relationship.^[50] Further, FIs and DNFBPs must continuously monitor the business relationship with the customer. Information obtained on the customer should be reviewed regularly to be kept up to date.^[51]

Specific requirements for PEPs

A PEP is an individual who is or has been entrusted with a prominent public function in a place outside Hong Kong, a spouse, partner, child or parent of such individual or a close associate of such individual.^[52]

If an institution knows, from publicly known information or information in the institution's possession, that a customer or a beneficial owner of a customer is a PEP, before establishing a business relationship with the customer, the institution must first obtain approval from the entity's senior management and take reasonable measures to establish

the customer's or beneficial owner's source of wealth and the source of the funds that will be involved in the proposed business relationship.^[53]

Record-keeping requirements

An FI or a DNFBP should maintain documents and a record of data and information on CDD (original or copy) for at least five years.^[54]

For records in connection with a transaction, the five-year period starts from the date of completion of the transaction, regardless of whether the business relationship has ended during that period. For records on a customer, the five-year period begins from the termination date of the business relationship.

A relevant authority or regulatory body may, by written notice, require an FI or a DNFBP to keep the records concerning a specified transaction or customer for a specific period specified by the relevant authority.

Anti-money laundering in practice

The AML regime in Hong Kong is well-established. Entities with weak AML internal controls risk exposure to disciplinary action by the financial regulators who routinely publish the outcome of enforcement cases as a form of deterrence to the market and to enable regulated entities to learn from the experience of others.

One area that has resulted in some confusion among AML practitioners between 2021 to 2024 concerns the circumstances under which bank accounts that hold proceeds of suspected criminal activity may be frozen by the authorities. This is a result of recent cases where the Hong Kong courts reached differing views on the legality of the JFIU's practice of issuing letters of no consent (LNCs), which operate as an informal freeze of bank accounts. The following sections set out the law and recent judicial decisions on this topic.

No dealing notice

Section 6 of the UNATMO empowers the Secretary for Security to issue a written notice to direct that a person shall not deal with the specified property that is suspected to be terrorist property except under the authority of a licence issued by the Secretary for Security.

Restraint order

The court has the power to issue a restraint order to prohibit any person from dealing with any realisable property, subject to any conditions and exceptions as specified in the order.^[55] The order may apply to all realisable property held by a specified person, whether or not the property is described in the order, and to realisable property transferred to the specified person after the making of the order.

However, the prosecutor may only apply for a restraint order after criminal proceedings have commenced. Consequently, *Mareva* injunctions and LNCs are frequently used to

freeze suspected proceeds of crime at the point in time between the discovery of the suspicious transaction and the court's granting of a restraint order.

Letter of no consent regime

The JFIU has a unique practice of requesting banks in Hong Kong to freeze accounts that are suspected of holding proceeds of crime, before obtaining a court order. This process, which has been in use for a number of years, is commonly referred to as the LNC regime and stems from the operation of Sections 25 and 25A of the OSCO described above.

The LNC regime is outlined in the HKPF's Force Procedures Manual and operates as follows. Upon receipt of an STR, the JFIU may issue either:

1. a letter of consent allowing the reporter to deal with the suspicious person or entity and the suspected proceeds of crime; or
2. an LNC withholding the approval until further notice.

The practical effect of an LNC is that FIs in receipt of an LNC would freeze the account in question even though there is no court order requiring it to do so.

On 30 December 2021, the Hong Kong Court of First Instance issued a judgment in a judicial review application that found that the LNC regime used by the Commissioner of Police went beyond the powers conferred on it by the OSCO.^[56] However, on 14 April 2023, the Hong Kong Court of Appeal overturned this decision.^[57] The Court of Appeal was of the view that the decision on whether or not to freeze a bank account is ultimately up to the bank, and the HKPF did not have the power to order a bank to do so. On 10 April 2024, the Court of Final Appeal dismissed an appeal against the Court of Appeal's decision and upheld the legality and constitutionality of the police's LNC regime.^[58]

Mareva injunction

In civil proceedings, a *Mareva* injunction (also known as a freezing order) restrains a defendant from the disposal of specified assets pending the outcome of the litigation. The applicant would serve the order on the defendant and on the banks where the defendant is suspected to hold property, thereby preventing the defendant from withdrawing such funds. In addition, the defendant would be liable for contempt of court if the defendant breaches the terms of the order of court with a penal notice.

An application for a *Mareva* injunction is usually made urgently without the presence of the defendant, and without giving notice to the defendant. This is to prevent the defendant from dissipating the assets and defeating the purpose of an injunction. Accordingly, the applicant has a duty to make full and frank disclosure of all material facts in the application.

The terms of the *Mareva* injunction usually allow the defendant to withdraw a modest amount for daily living expenses or other legitimate expenses.

In cases of fraud, time is of the essence to prevent the dissipation of the proceeds of crime. Victims of fraud would usually prepare an application for a *Mareva* injunction in parallel with the making of a police report. The latter enables the HKPF to utilise the LNC regime

to freeze the impugned bank account expeditiously, often before the *Mareva* injunction application is heard, thereby preserving the funds in the impugned account.

Enforcement

Enforcement bodies

For FIs, the HKMA, the SFC and the IA are the regulators responsible for banks, stored value facility licensees and stablecoin licensees, securities and futures firms, and insurance (and insurance-related) companies respectively. The AMLO enables these regulators to conduct AML investigations, request production of documents or written responses to enquiries and apply for a court warrant to enter and search premises to remove records and documents relevant to their inquiries. The CED regulates licensed money service operators and the postmaster general.

For DNFBPs, the Registrar of Companies regulates trust and company services providers. The Law Society of Hong Kong (HKLS) regulates the legal profession and the Estate Agents Authority (EAA) regulates estate agents. HKLS and EAA are professional self-regulatory bodies. Accounting professionals are regulated by the AFRC, a statutory regulator. These regulators and professional bodies have the authority to conduct AML investigations in accordance with the relevant empowering legislation for that regulator or professional body, and the AML guidelines and regulations issued by the regulator or professional body.

Regulators may take disciplinary action against both the regulated entities and any regulated persons employed by the regulated entities. Regulated persons include individuals who require a licence or registration to perform their duties and members of the entity's senior management. Potential penalties in disciplinary actions vary between regulators and include private or public reprimands, orders to take specific action to remedy the contravention, fines and suspension or revocation of licence or registration.

Criminal proceedings

The primary authorities responsible for handling money laundering criminal investigations are the HKPF and the CED. The Independent Commission Against Corruption would be involved in cases involving bribery and corruption elements.

There is no statute of limitations for AML/CTF offences under the AMLO, the OSCO, the DTRPO and the UNATMO.

Self-reporting and cooperation with the regulator or the prosecution

If a person self-reports or voluntarily discloses AML/CTF violations or cooperates with the financial regulators, this will operate as a mitigating factor and may result in leniency. Several regulators have published guidance notes on the potential benefits of cooperating with them.

As regards criminal prosecutions before the court, there is no process for plea bargaining with the prosecution. Before the case reaches the court, however, it is possible for the

accused to plead guilty to certain charges or to reduced charges in exchange for the prosecution withdrawing remaining or more serious charges.

Recent enforcement statistics

As of 30 November 2025, JFIU had received 173,733 STRs in that calendar year.^[59] In 2024, there were 648 convictions of money laundering with the value of assets restrained amounting to HK\$368.6 million.^[60]

According to the Money Laundering and Terrorist Financing Risk Assessment Report issued by the Hong Kong government, dated July 2022,^[61] 9,197 money laundering investigations were initiated in Hong Kong between 2016 and 2020, from which there were 323 convictions. Fraud-related crimes contributed to over 70 per cent of the number of investigations and convictions.

Combating fraud

The Fraud and Money Laundering Intelligence Taskforce was established by the HKPF in 2017 with the support of HKMA. As of April 2023, over 21,000 previously unknown mule accounts have been identified, resulting in a 113 per cent increase in the value of criminal proceeds restrained or confiscated in 2022 compared to 2021.^[62]

International organisations and agreements

Hong Kong's JFIU has been a member of the Egmont Group since 31 December 1996. The JFIU may exchange information with other jurisdictions' financial intelligence units through the Egmont Group channel and pursuant to formalised channels with certain non-Egmont Group countries.

Hong Kong has been a member of the FATF since 1991 and a founding member of the Asia-Pacific Group on Money Laundering since 1997.

The last FATF Mutual Evaluation Report on Hong Kong was published on 4 September 2019 by FATF and the Asia/Pacific Group on Money Laundering (the 2019 MER).^[63] The 2019 MER noted that Hong Kong's AML regime was compliant and effective overall. It also found that Hong Kong has a strong legal and institutional framework to combat associated risks. However, the following deficiencies were noted:

1. the transparency of legal arrangements;
2. preventive measures for PEPs; and
3. the supervision of DNFBPs.

In February 2023, the FATF issued the latest follow-up report and technical compliance re-ratings on Hong Kong.^[64] The report noted that Hong Kong has made 'sufficient progress' in addressing technical compliance deficiencies concerning the DNFBP sector on Recommendation 28 (regulation and supervision) and that the new VASP regime under

the AMLO (that was coming into force in June 2023) is likely to help Hong Kong to improve its rating for Recommendation 15 (new technologies).

Other laws affecting the response to money laundering

Privilege

Common law legal professional privilege extends to communications made between a legal adviser and their client for the purpose of giving legal advice to the client; and between a legal adviser and their client and any other person in connection with or in contemplation of legal proceedings and for the purposes of these proceedings.

Data privacy and cross-border data sharing

The Personal Data (Privacy) Ordinance (Cap 486) (PDPO) governs the collection, use and handling of personal data in Hong Kong. The Privacy Commissioner for Personal Data has issued a Code of Practice on the Identity Card Number and other Personal Identifiers,^[65] which is intended to be read together with the AMLO with respect to customer due diligence and record-keeping obligations.

The PDPO contains a provision that prohibits the transfer of personal data outside Hong Kong except in specified circumstances.^[66] However, this provision is still not in effect and no timeline has been set for its implementation.

Outlook and conclusions

We expect AML/CTF enforcement to remain a priority for law enforcement agencies and financial regulators in Hong Kong.

The increased use of technology to combat AML is a key trend in Hong Kong. Regulators and financial institutions are exploring the use of artificial intelligence to combat fraud and financial crime, for example, by analysing voluminous transactional data to identify patterns and unusual activity. According to the HKMA, more than 30 per cent of authorized institutions have already adopted artificial intelligence as part of their monitoring systems as of November 2025. Meanwhile most other authorized institutions have provided timelines of adoption, which will result in the adoption rate rising to above 80 per cent over the course of the next 12 to 24 months.^[67]

Endnotes

- 1 Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap 615) (AMLO), Part 5C. [^ Back to section](#)

- 2 AMLO, Part 5B. [^ Back to section](#)
- 3 AMLO, Schedule 3B, Part 1, Section 1. [^ Back to section](#)
- 4 The Accounting and Financial Reporting Council (AFRC) was formerly known as the Financial Reporting Council with more limited powers than the AFRC.
[^ Back to section](#)
- 5 HKMA Press Release 'HKMA, HKPF and HKAB jointly announce new measures to strengthen the response to fraud and money laundering' dated 10 April 2025, <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/04/20250410-7/>. [^ Back to section](#)
- 6 https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/guidelines/guideline-on-anti-money-laundering-and-counter-financing-of-terrorism-for-licensed-corporations/AML-Guideline-for-LCs-and-SFC-licensed-VASPs_Eng_1-Jun-2023.pdf?rev=d250206851484229ab949a4698761cb7.
[^ Back to section](#)
- 7 https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/guidelines/prevention-of-money-laundering-and-terrorist-fi/AML-Guideline-for-AEs_Eng_1-Jun-2023.pdf?rev=243299fe5b11413495afee886891aa05. [^ Back to section](#)
- 8 <https://brdr.hkma.gov.hk/eng/doc-ldg/docId/getPdf/20230525-4-EN/AML-2.pdf>. [^ Back to section](#)
- 9 [https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/guideline/Guideline_on_AML-CFT_\(for_SVFs\)_eng_May%202023.pdf](https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/guideline/Guideline_on_AML-CFT_(for_SVFs)_eng_May%202023.pdf).
[^ Back to section](#)
- 10 https://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/aml-cft/Guideline_on_Anti-Money_Laundering_and_Counter-Financing_of_Terrorism_For_Licensed_Stablecoin_Issuers_eng.pdf. [^ Back to section](#)
- 11 [https://www.tcsp.cr.gov.hk/tcspls/portal/notice/931/eng/\(E\)_Guideline_on_Compliance_of_AML-CTF_Requirements_for_TCSPs_\(March_2025\).pdf](https://www.tcsp.cr.gov.hk/tcspls/portal/notice/931/eng/(E)_Guideline_on_Compliance_of_AML-CTF_Requirements_for_TCSPs_(March_2025).pdf). [^ Back to section](#)
- 12 https://eservices.customs.gov.hk/MSOS/download/guideline/AMLO_Guideline_en.pdf. [^ Back to section](#)
- 13 https://www.ia.org.hk/en/legislative_framework/files/GL3_ENG_202505.pdf. [^ Back to section](#)
- 14 [https://www.cr.gov.hk/en/publications/docs/AntiMoneyGuide_e_\(March_2025\).pdf](https://www.cr.gov.hk/en/publications/docs/AntiMoneyGuide_e_(March_2025).pdf). [^ Back to section](#)

- 15 Organised and Serious Crimes Ordinance (Cap 455) (OSCO), Section 2; Drug Trafficking (Recovery of Proceeds) Ordinance (Cap 405) (DTRPO), Section 2. [^ Back to section](#)
- 16 United Nations (Anti-Terrorism Measures) Ordinance (Cap 575) (UNATMO), Section 2. [^ Back to section](#)
- 17 OSCO, Section 2; DTRPO, Section 2; UNATMO, Section 6(12). [^ Back to section](#)
- 18 Criminal Procedure Ordinance (Cap 221), Section 14A(2). [^ Back to section](#)
- 19 *Re Gatecoin Limited* [2023] HKCFI 914. [^ Back to section](#)
- 20 OSCO, Section 25(2); DTRPO, Section 25(2); UNATMO, Section 12(2B)(b). [^ Back to section](#)
- 21 OSCO, Section 25A(2); DTRPO, Section 25A(2); UNATMO, Section 12(2B). [^ Back to section](#)
- 22 OSCO, Section 25(3); DTRPO, Section 25(3). [^ Back to section](#)
- 23 UNATMO, Section 14(1A). [^ Back to section](#)
- 24 OSCO, Section 25A(1) and (7); DTRPO, Section 25A(1) and (7); UNATMO, Sections 12(1) and 14(5). [^ Back to section](#)
- 25 https://www.jfiu.gov.hk/info/doc/STR_Form.pdf. [^ Back to section](#)
- 26 OSCO, Section 25A(4); DTRPO, Section 25A(4); UNATMO, Section 12(4). [^ Back to section](#)
- 27 OSCO, Section 25A(7); DTRPO, Section 25A(7); UNATMO, Section 14(5). [^ Back to section](#)
- 28 OSCO, Section 25A(5); DTRPO, Section 25A(5); UNATMO, Section 12(5). [^ Back to section](#)
- 29 OSCO, Section 25A(8); DTRPO, Section 25A(8). [^ Back to section](#)
- 30 UNATMO, Section 14(6). [^ Back to section](#)
- 31 OSCO, Section 25A(6); DTRPO, Section 25A(6); UNATMO, Section 14(7). [^ Back to section](#)
- 32 AMLO, Section 5(9). [^ Back to section](#)
- 33 Interpretation and General Clauses Ordinance (Cap 1), Section 3. [^ Back to section](#)

- 34** OSCO, Section 25(4). [^ Back to section](#)
- 35** UNATMO, Sections 7 and 8. [^ Back to section](#)
- 36** id., Section 14(1). [^ Back to section](#)
- 37** HKSAR Government, 'Money Laundering and Terrorist Financing Risk Assessment Report', July 2022, available at www.fstb.gov.hk/fsb/aml/en/doc/Money%20Laudering%20Report_2022_EN.pdf. [^ Back to section](#)
- 38** United Nations Sanctions Ordinance (Cap 537), Section 3(3). [^ Back to section](#)
- 39** Weapons of Mass Destruction (Control of Provision of Services) Ordinance (Cap 526), Section 4. [^ Back to section](#)
- 40** id., Section 4(4). [^ Back to section](#)
- 41** Import and Export Ordinance (Cap 60), Section 6A(2). [^ Back to section](#)
- 42** Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance (Cap 629), Schedule 4. [^ Back to section](#)
- 43** id., Section 4(8). [^ Back to section](#)
- 44** AMLO, Schedule 1, Part 2, Section 1. [^ Back to section](#)
- 45** id. [^ Back to section](#)
- 46** id., Schedule 2, Part 4, Section 23(a). [^ Back to section](#)
- 47** id., Schedule 2, Part 1, Section 1. [^ Back to section](#)
- 48** id., Schedule 2, Part 2, Section 2(1)(b); 4.4.2 of SFC LC & VASP Guideline; 4.5.2 of HKMA AI Guideline; 4.5.2 of HKMA SVF Guideline; 4.3 of HKMA Stablecoin Guideline; 4.5.2 of TCSP Guideline; 4.5.2 MSO Guideline; 4.5.2 of IA Guideline; and 4.5.2 of LML Guideline. [^ Back to section](#)
- 49** id., Schedule 2, Part 2, Section 2(1)(b); 4.3.2 of SFC LC & VASP Guideline; 4.4.2 of HKMA AI Guideline; 4.4.2 of HKMA SVF Guideline; 4.4.2 of TCSP Guideline; 4.4.2 MSO Guideline; 4.4.2 of IA Guideline; and 4.4.2 of LML Guideline. [^ Back to section](#)
- 50** id., Schedule 2, Part 2, Section 3. [^ Back to section](#)
- 51** id., Schedule 2, Part 2, Section 5. [^ Back to section](#)

- 52 id., Schedule 2, Part 1, Section 1. [^ Back to section](#)
- 53 id., Schedule 2, Part 2, Section 10. [^ Back to section](#)
- 54 id., Schedule 2, Part 3, Section 20. [^ Back to section](#)
- 55 OSCO, Section 15(1). [^ Back to section](#)
- 56 *Tam Sze Leung and others v. Commissioner of Police* [2021] HKCFI 3118. [^ Back to section](#)
- 57 *Tam Sze Leung and others v. Commissioner of Police* [2023] HKCA 537. [^ Back to section](#)
- 58 *Tam Sze Leung and others v. Commissioner of Police* [2024] HKCFA 8. [^ Back to section](#)
- 59 Joint Financial Intelligence Unit (JFIU), No. of STRs Received, available at www.jfiu.gov.hk/en/statistics_str.html. [^ Back to section](#)
- 60 JFIU, Conviction & Assets Recovery, available at www.jfiu.gov.hk/en/statistics.html. [^ Back to section](#)
- 61 Available at www.fstb.gov.hk/fsb/aml/en/doc/Money%20Laundering%20Report_2022_EN.pdf. [^ Back to section](#)
- 62 Government of HKSAR press release, 'Hong Kong Monetary Authority and Hong Kong Police Force co-host sharing session with banking industry on anti-deception efforts', 21 April 2023, available at www.info.gov.hk/gia/general/202304/21/P2023042100636.htm. [^ Back to section](#)
- 63 Available at <https://www.fatf-gafi.org/content/dam/fatf-gafi/mer/MER-Hong-Kong-China-2019.pdf.coredownload.inline.pdf>. [^ Back to section](#)
- 64 Available at www.fatf-gafi.org/content/dam/fatf-gafi/fur/Follow-Up-Report-Hong-Kong-China-2023.pdf.coredownload.pdf. [^ Back to section](#)
- 65 https://www.pcpd.org.hk/english/data_privacy_law/code_of_practices/files/picode_en.pdf. [^ Back to section](#)
- 66 Personal Data (Privacy) Ordinance (Cap 486), Section 33. [^ Back to section](#)
- 67 HKMA Circular titled 'Supporting Artificial Intelligence Adoption in AML/CFT' dated 19 November 2025, <https://brdr.hkma.gov.hk/eng/doc-ldg/docId/getPdf/20251118-3-EN/20251118-3-EN.pdf>. [^ Back to section](#)

Johnson Stokes & Master

Sara S M Or

Vincent W C Law

Raymond N H Chan

sara.or@j-sm.com

vincent.law@j-sm.com

raymond.chan@j-sm.com

[Read more from this firm on Lexology](#)