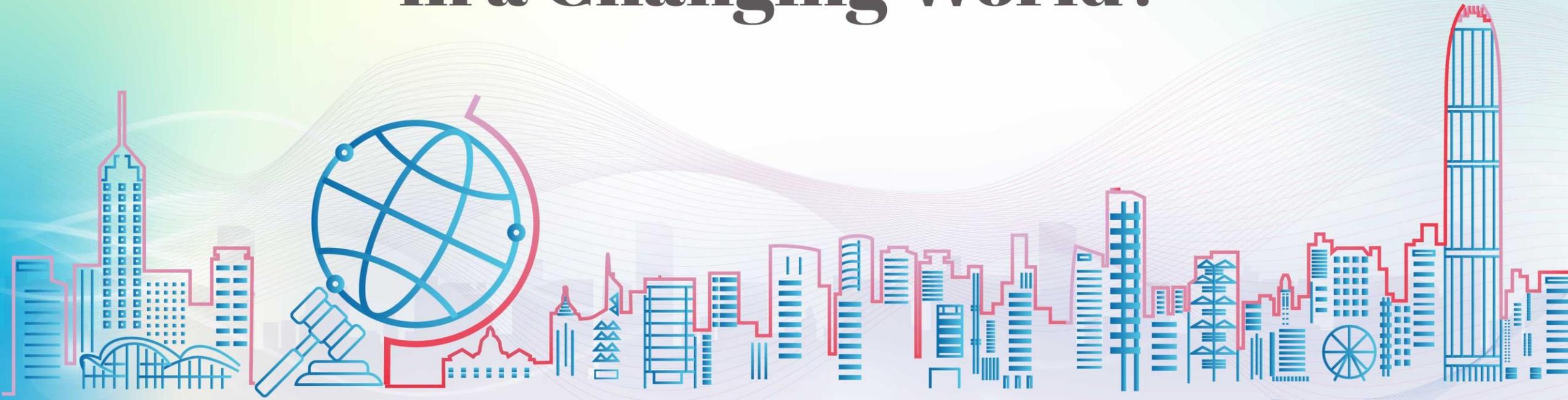




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## International Conference of Legal Regulators 2025

# New Ways to Regulate in a Changing World?





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in a Changing World?**

# **Strategies for Effective AML Compliance**

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Council Member

Chair of Standing Committee on Standards and Development

The Law Society of Hong Kong

# Agenda

1. AML Regime in Hong Kong
2. Aligning with FATF Global Standards
3. Balancing Regulation and Advocacy
4. AML Handling in Conveyancing
5. Global Trends and DNFBP Implications
6. Hong Kong's Alignment in a Global Context



# AML Regime in Hong Kong

- Key Legislation:
  - Core AML legislation
    - Anti-Money Laundering and Counter-Terrorist Financing Ordinance
  - Specific AML-related laws
    - Drug Trafficking (Recovery of Proceeds) Ordinance
    - Organized and Serious Crimes Ordinance
    - United Nations (Anti-Terrorism Measures) Ordinance
    - United Nations Sanctions Ordinance
    - Weapons of Mass Destruction (Control of Provision of Services) Ordinance
- Role of The Law Society of Hong Kong:
  - AML guidance through **Practice Direction P** (PDP).
  - Supervises 925 local and 86 foreign law firms (as of September 2025).



# AML Obligations for Lawyers

- Customer Due Diligence (CDD):
  - Mandatory for transactions like real estate, client money management.
  - Record-keeping is essential.
- Additional PDP Requirements:
  - Includes tax advice, insolvency, and custody of funds.
- Prohibitions:
  - Tipping-off and dealing with sanctioned individuals/entities.



# FATF Alignment and Challenges



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- 2019 FATF Evaluation:
  - Recommendation 28: Rated "Partially Compliant".
  - Gaps in the risk-based approach for Designated Non-Financial Businesses and Professions (DNFBPs) identified.
- Response by The Law Society:
  - Sectoral AML surveys and risk assessments (2021-2022).
  - Revised Practice Direction P in 2023.

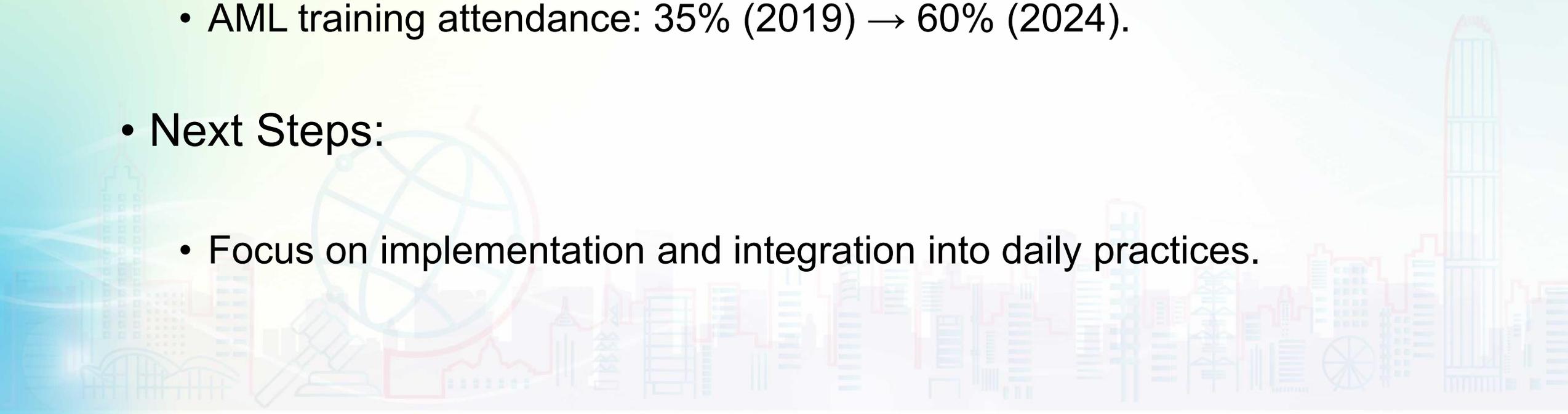
# Progress in FATF Compliance

- Key Achievements:

- Sectoral Risk Assessment (2022).
- FATF rating upgraded to "**Largely Compliant**" in 2023.
- AML training attendance: 35% (2019) → 60% (2024).

- Next Steps:

- Focus on implementation and integration into daily practices.



# Dual Roles of The Law Society



- Regulation:
  - Ensures AML compliance and public trust.
- Advocacy:
  - Supports members with tools, training, and resources.
  - Balances regulatory expectations with practical challenges.
- Key Initiative:
  - Free UN sanctions screening tool.



# AML Handling in Conveyancing



- High-Risk Transactions:
  - Non-mortgaged deals, high-risk clients (PEPs).
  - STR submissions increased by 66.6% (2023-2024).
- Regulatory Guidance:
  - Enhanced due diligence (EDD) for high-risk deals.
  - Verification of source of funds/wealth.



# Global Trends in AML Supervision



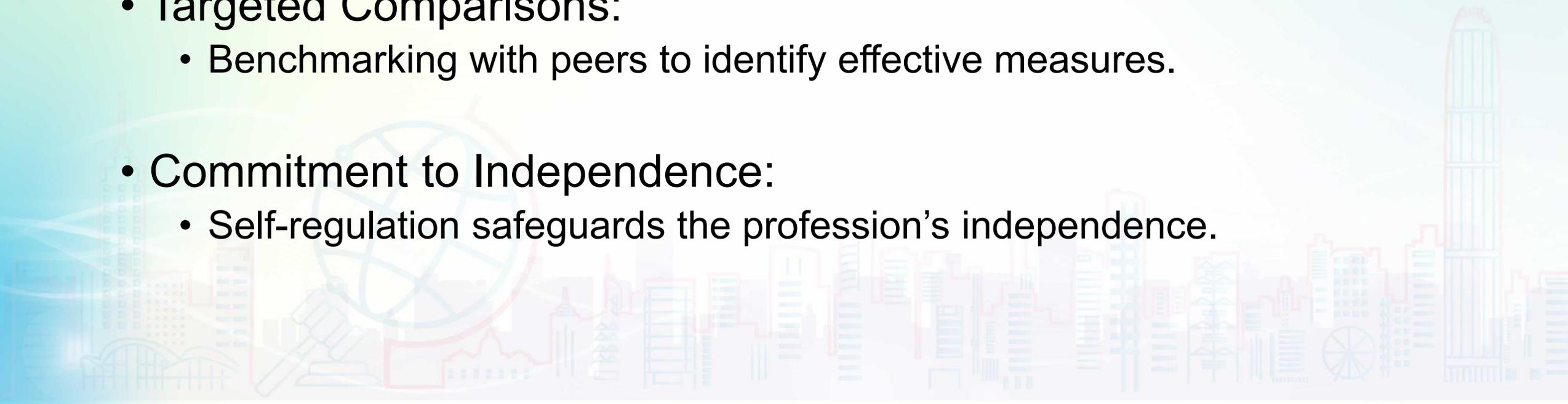
- Emerging Themes:
  - Higher penalties and stricter compliance (UK, Scotland).
  - Enhanced due diligence for high-risk profiles (Canada, Australia).
  - AML reforms for DNFBPs (Australia, New Zealand).
- Lessons for Hong Kong:
  - Adapting global best practices to local contexts.

# Hong Kong's Global Alignment



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- **Proportionality:**
  - Risk-based approach tailored to Hong Kong.
  - High STR filing rates reflect strong awareness.
- **Targeted Comparisons:**
  - Benchmarking with peers to identify effective measures.
- **Commitment to Independence:**
  - Self-regulation safeguards the profession's independence.



# Supporting Members with Resources



- Tools and Templates:
  - CDD templates, AML procedures, risk assessment guidelines.
- Training and Education:
  - Regular AML seminars and mandatory RME training.
- Collaboration:
  - ICAC guidance on conveyancing risks.
- Communication:
  - Frequent updates via website, circulars, and sharing sessions.

# Conclusion



- Key Takeaways:
  - Comprehensive AML framework ensures compliance and public trust.
  - Progress in FATF compliance reflects commitment to global standards.
  - Balancing regulation and advocacy supports members sustainably.

**"By aligning with international AML expectations,  
we reinforce the integrity of Hong Kong's legal profession."**



# THANK YOU

**Any Questions?**

