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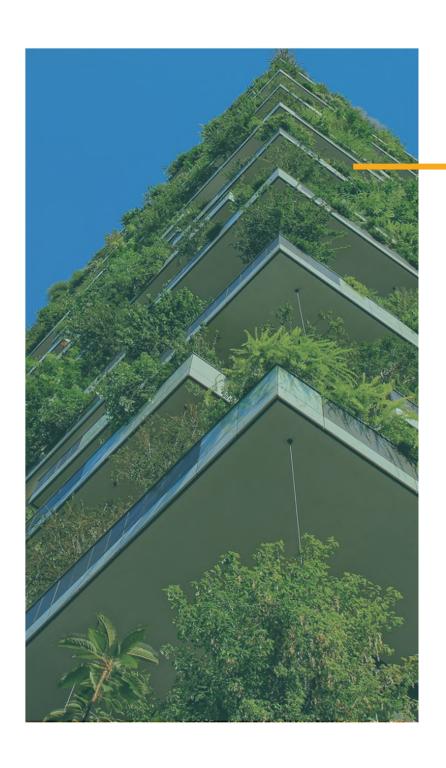
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Matthieu Feld

Head of GroupDispute Resolution – APAC
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Agenda

- 1. Introduction
- 2. Overview of the legal and regulatory environment in Hong Kong
- 3. Specific vulnerabilities and risks in the NGO sector
- 4. Guidelines on due diligence in accepting donations
- 5. Q&A





- Importance of the anti-money laundering framework
 - International financial centre need to safeguard the integrity of the financial system
 - Large flows of capital, people, goods, and information
 - Sophisticated market infrastructure
 - Well-established legal system
 - Advanced professional services
 - → Prime target for money laundering
- Hong Kong is a member of the Financial Action Task Force ("FATF")



Financial Action Task Force ("FATF")

- Established in 1989
- 40 members worldwide, including Hong Kong
- Sets standards and promotes effective implementation of legal, regulatory, and operational measures for combating money laundering and terrorist financing
- Best Practices for Combating the Abuse of Non-Profit
 Organisations (June 2015): https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/BPP-combating-abuse-non-profit-organisations.pdf
- Best Practices Paper On Combating The Terrorist Financing Abuse of Non-Profit Organisations (November 2023)



Compliance Challenges

- Compliance challenges for NGOs in the modern funding environment
 - Anonymous and/or overseas funding sources
 - Lack of funding in general
- HKCSS NGO Governance Team has developed a toolkit together with Mayer Brown and BNP Paribas
 - Designed to assist NGOs in conducting and managing their fundraising activities and operations
 - Provides a risk-based approach reflecting the latest legal and regulatory requirements
 - Due Diligence Toolkit for Hong Kong NGOs (June 2023, to be updated):
 https://governance.hkcss.org.hk/node/532





La banque d'un monde qui change





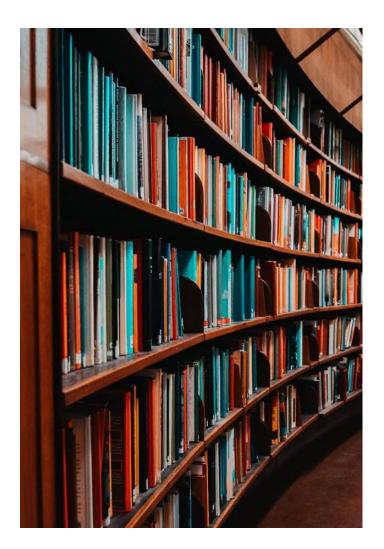
OVERVIEW OF THE LEGAL AND REGULATORY ENVIRONMENT IN HONG KONG

Relevant Legislation



- Drug Trafficking (Recovery of Proceeds) Ordinance ("DTRPO"), Cap. 405
- Organized and Serious Crimes Ordinance ("OSCO"), Cap. 455
- Weapons of Mass Destruction (Control of Provision of Services) Ordinance, Cap. 526
- United Nations Sanctions Ordinance, Cap. 537
- United Nations (Anti-Terrorism Measures) Ordinance, Cap. 575

Relevant Legislation



- Anti-Money Laundering and Counter-Terrorist Financing Ordinance ("AMLO"), Cap. 615
- Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region ("HKNSL")
- Safeguarding National Security Ordinance, Instrument A305

Main Offences Related to Money Laundering

- Under both DTRPO and OSCO
- Active money laundering (s25(1))
 - "Dealing with property... knowing or having reasonable grounds to believe that [it]...
 represents... proceeds of an indictable offence
 - Indictable offences
 - Overseas conduct
- Failure to disclose (s25A(1))
 - "Know[ing] or suspect[ing] that any property...
 represents... proceeds of an indictable offence... [you] shall as soon as it is reasonable... disclose that knowledge or suspicion to [the JFIU]"



- Tipping off (s25A(5))
 - "Knowing or suspecting that a disclosure has been made... [you disclose] to any other person any matter which is likely to prejudice any investigation which might be conducted