



CHARTERED
SECRETARIES
特許秘書

The Hong Kong Institute of Chartered Secretaries

(Incorporated in Hong Kong with limited liability by guarantee)

Submission to the Security Bureau on the Establishment of a Reporting
System on the Physical Cross-Boundary Transportation of Large Quantities of
Currency and Bearer Negotiable Instruments

Dear Sirs,

The Hong Kong Institute of Chartered Secretaries (HKICS) is pleased to provide you with its submission on "The Establishment of a Reporting System on the Physical Cross-Boundary Transportation of Large Quantities of Currency and Bearer Negotiable Instruments".

By way of background, HKICS is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good governance policies as well as the development of the profession of Chartered Secretary in Hong Kong and throughout Mainland China. HKICS was first established in 1949 as an association of Hong Kong members of the Institute of Chartered Secretaries and Administrators (ICSA) of London. It became a branch of ICSA in 1990 before gaining local status in 1994. HKICS is a founder member of Corporate Secretaries International Association (CSIA) which was established in March 2010 in Geneva, Switzerland to give a global voice to corporate secretaries and governance professionals. HKICS today has over 5,800 members and 3,200 students.

In relation to the questions raised under the consultation paper, HKICS has the following views:

Question 1 What are your views on the principles we have adopted in devising Hong Kong's R32 System? What other major factors do you think we should take into account?

Answer: The overriding consideration is that Hong Kong should comply with FATF Recommendation 32 as the remaining jurisdiction to do so. This should be in a compliant manner with FATF requirements, and that the system must be practical and effective. It should be implemented as soon as possible in view of the upcoming FATF Mutual Evaluation.

Question 2 Do you have any views for Hong Kong to adopt a mixed system for passengers?

Answer: According to the Consultation Paper, this is compliant with FATF requirements, and we have no specific comments, especially given the sheer size of the passengers flow through Hong Kong.

Question 3 What do you think of the proposed arrangement of implementing a declaration system with advance electronic submission of information for importing and exporting cargoes?

Answer: This is a good arrangement and will reduce administrative burdens, resources and related costs for complying with FATF Recommendation 32 in relation to the importing and exporting of cargoes.

Question 4 Should FATF's recommended threshold of USD/EUR 15,000 (equivalent to around HK\$120,000) be adopted as the designated threshold for Hong Kong's R32 System? Or should a lower/higher threshold be adopted?

Answer: This is an appropriate amount and in line with international practices among FATF jurisdictions.

Question 5 For declarations, should we follow the commonly adopted practice of requiring only those transporting CBNIs above the designated threshold to report? Or should all passengers/persons responsible for a cargo be required to declare, regardless of the amount of CBNIs they transport?

Answer: The commonly adopted practice should be sufficient.

Question 6 Do you think that Hong Kong's R32 System should or should not include specific items such as casino tokens and bearer share certificates?

Answer: If this is not administratively burdensome these specific items should be included, especially for casino tokens, given the proximity with Macau and the anonymous nature of casino tokens.

Question 7 Do you think that Hong Kong should not regulate the posting of CBNIs via the mail system at this stage?

Answer: There is good cause to think of regulations for the mail system as this should not be used for posting of cash or bearer negotiable instruments in general. However, as to what is the appropriate stage is a matter of the scheduling of priorities which may currently be focused upon other regulations. Nevertheless, at the appropriate time, the regulation of posting of CBNIs via the mail system should be considered.

Question 8 Do you have any suggestions on how we could enhance the publicity for the implementation of the R32 System so that members of the public and relevant practitioners could be well informed?

Answer: We will be happy to assist on promoting the topic to our 9,000 members and students and will leave it to the Government on how best to deal with the publicity aspect to enhance the implementation of the R32 System.

If you have any questions, please feel free to contact Mohan Datwani, HKICS's Senior Director and Head of Technical and Research at 2881 6177.

Yours faithfully,

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President
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