

Workflow Reference
Guidelines on Preventive Measures Regarding AML/CFT for
Macao Commercial Offshore Services and Auxiliary Offshore Service Institutions

Last update on 01.04.2018

Provided by Macao Trade and Investment Promotion Institute

Offshore institutions should go through the following procedure before charging the client(s) and preparing for commencing the activities (as listed below) described in Paragraph 6(3), (4) and (6) of Article 6 of Law No. 2/2006, amended by Law No. 3/2017.

- Providing a registered office, business address, premises, administrative or postal address for a company, or any other legal person or entities without legal personality.
- Acting as a trustee;
- Carrying out the measures necessary for a third party to act in the manner prescribed in subparagraphs (i), (ii) and (iii). (i) Acting as a director or secretary of a company, a partner or holding of a similar position in relation to other legal persons. (ii) Acting as a trustee. (iii) Acting as a partner of a company on behalf of

Where being in doubt of the authenticity or appropriateness of the identification documents previously provided by the clients.

When there are signs suggesting commission of crimes of money laundering or financing of terrorism, especially activities involving abnormal amount and frequency of trade

When performing any of the above activities, regardless of frequency

Duty to identify and verify clients
(Update should be made on a regularly basis according to clients' risk.)

Duty to identify business activities
(Update according to frequency of transactions)

For **natural person**, verification must be made for the following information at the minimum level:

1. Full name;
2. Nationality;
3. Date and place of birth;
4. Number of identification document, date and place of issue;
5. Complete residential address;
6. Verify his/her identification documents.

For **corporate entity**, information must at least include:

1. Company name;
2. Nature of business;
3. Type of company (i.e. Limited by shares);
4. Registered capital;
5. Name and verified identification document of shareholders;
6. Name and verified identification document of directors;
7. Name and verified identification document of beneficial owners;
8. Understand the structure of the operation and the means of taking control over the clients.
9. If the contractors are intermediaries (agents or trustees), the above listed documents of the intermediaries and the corresponding beneficiaries must be included.

Offshore institutions must at least verify the following information:

1. Nature of business operations;
2. Products or services rendered;
3. Amount of the transactions;
4. Method of payment.

Risk-Based Approach – Commercial and auxiliary offshore services institutions should identify, assess and take effective measures (namely through the allocation of resources to enhance the effectiveness) to mitigate the risks of money laundering and financing of terrorism that might involve their clients, beneficial owners, operations, countries and geographical areas.

For business activities without physical presence, e.g. business relations established through internet and post, and whose business activities are enabled by internet, ATM, telephone banking, and online trade activities using a pre-paid form of payment, Offshore institutions must verify the documents including identification documents of clients or beneficial owners, establish effective mechanism for non-face-to-face business liaison, and request that the first payment must be made by the account owned by the client or beneficial owner

Higher standard of monitoring measures must be adopted when a. The client or beneficial owner is a politically exposed person (PEP) b. The client is from high risk jurisdiction

Regarding business relations with “PEP” or client from risk jurisdiction, additional approval from senior management of the offshore institutions is required, and appropriate measures should be taken to ascertain the sources of funds and assets involved in the activities.

Other obligations
(Please refer to the next page)

Duty to disclosure and confidentiality

Directors, officers and employees, or representatives must not disclose that a suspicious activity related to money laundering or terrorism financing is to be reported to the Office of Financial Intelligence (GIF) or any elements of such operation or denunciation.

Omission of the statutory obligation included in the AML/CFT Guidelines will be punishable by penalty imposed by IPIM, ranging from **MOP10,000 to MOP500,000 for offender as natural person; MOP100,000 to MOP5,000,000 for offender as legal person**, as stipulated in Articles 7(B) to 7(E) of Law No. 2/2006, amended by Law No. 3/2017. When the economic benefit obtained by the offender from the infraction exceeds half of the maximum limit abovementioned, such limit shall be raised to double that of such benefit.

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Other statutory obligations:

Situations in which transactions should be refused:

1. Absence of information necessary to identify clients and transactions, or;
2. Clients insisting upon anonymity or using a false name/identity.

Duty to co-operate:

1. Fill in and submit to the Macao Trade and Investment Promotion Institute (IPIM) the Annual Report in compliance with the AML/CFT guidelines, together with the annual audited financial report as stated in Article 66 of Decree-Law No. 58/99/M, within the prescription stipulated in Circular No. 01/DSO/IPIM/2002, namely six months after each fiscal year-end.
2. Provide full co-operation upon the request of the relevant authorities for the prevention and suppression of crimes related to ML/FT, especially the Court, the Public Prosecution Department, the Judiciary Police, the GIF and IPIM.

Duty to report:

Operations that indicate crimes of ML/FT must be reported to the Financial Intelligence Office (GIF) by submitting the report form (available at the website of Macao Trade and Investment Promotion Institute or GIF office) within 2 working days. It is forbidden to inform the concerned client or any third party regarding this report.

Duty to retain documents:

To comply with the “AML/CFT Guidelines”, offshore institutions have to keep the verified identification documents of clients and operations for five years from the date the contract is concluded or the transaction is closed.

To Prevent the misuse of new products, new business practices and technological developments:

Measures to prevent the misuse of new products, new business practices and new technologies in money laundering or terrorism financing should be taken, in order to avoid specific risks associated with operations without physical presence.

To develop Internal Control

Commercial and auxiliary offshore services institutions should develop programmes against money laundering and terrorist financing. The scope and form of measures must be suitable for dealing with the risks of money laundering or terrorist financing and the size of the operations. The control mechanism should include one person in-charge from the management of the company. The above mentioned programmes should be equally applicable to foreign branches and majority-owned subsidiaries / parent companies. Adequate safeguards on the confidentiality and the use of shared data should be in place.

Duty to request assistance from a third party to undertake relevant measures in order to fulfil the obligation of customer due diligence

Take necessary measures to ensure that the third party can meet the requirement to provide the necessary information, copies of the identification documents and other relevant documents in a timely manner, in order to perform due diligence on clients.