



Frequently Asked Questions
**Guidelines on Preventive Measures regarding Anti-Money Laundering and
Combating the Financing of Terrorism for Macao Commercial Offshore
Services and Auxiliary Offshore Service Institutions**
(AML/CFT Guidelines)

Last Update: 2018.04.01

Q 1	When were the laws and regulations of “Prevention and suppression of the crime of money laundering” and “Prevention and suppression of the crimes of terrorism” promulgated? What do the contents include in brief?
Ans. 1	<p>In order to cope with financial crimes, offenses disturbing financial activities, to prevent improper competitions harmful to Macao’s economic system, and to keep up with international standards, the Legislative Council of Macao SAR devised Law No. 2/2006 (“Prevention and suppression of the crime of money laundering”), which became effective on April 4, 2006. This legislation is a special law targeting money-laundering crimes. The contents attach emphasis on the prevention and the control of money laundering. The scope of applicable subjects expands from organised gangsters to any natural person, corporation and criminal syndicate. It defines explicitly the scope of illegal benefits and specific obligations which financial business related entities and professions in particular sectors should fulfil.</p> <p>Meanwhile, for protecting the local and international public security, and combating terrorism financing, the Legislative Council established the Law No. 3/2006 (“Prevention and suppression of the crimes of terrorism”) which became effective on April 11, 2006.</p> <p>With a view to fulfilling the statutory obligations for prevention of terrorism and money laundering, the government subsequently promulgated the Administrative Regulation No. 7/2006 (“Preventative measures for the crimes of money laundering and financing of terrorism”), which further elaborates on the prerequisites and contents for exercising the duties, creates the monitoring system for fulfilment of duties and the framework of applicable penalties in case of infringement.</p> <p>In accordance with the societal development and the requirements of international organisations, Law no. 2/2006 and Law no. 3/2006 were amended by Law no. 3/2017, which was published on the Official Gazette (Boletim Oficial) on 22 May 2017 and brought into force on the following day. Administrative Regulation no. 17/2017 on the Amendment to the Administrative Regulation no. 7/2006 was promulgated on 29 May 2017 and enforced on the next day.</p> <p>Pursuant to the Administrative Regulation “Preventative Measures for the Crimes of Money Laundering and Financing of Terrorism”, Macao Trade and Investment Promotion Institute established the “Guidelines on Preventive Measures Regarding Anti-Money Laundering and Combating the Financing of Terrorism for Macao Commercial Offshore Services and Auxiliary Offshore Service Institutions”, which became effective on November 12, 2006 and later on revised on November 2015. In view of the revision of the regulations, the new Guidelines takes effect on 1 April 2018.</p>



Frequently Asked Questions
**Guidelines on Preventive Measures regarding Anti-Money Laundering and
Combating the Financing of Terrorism for Macao Commercial Offshore
Services and Auxiliary Offshore Service Institutions**
(AML/CFT Guidelines)

Last Update: 2018.04.01

	<p>Sources: Article 1 – 4 and 7 of Law No. 2/2006 amended by Law No. 3/2017. Article 1 – 5 of Law No. 3/2006 amended by Law No. 3/2017 Article 1 – 9 of Administrative Regulation No. 7/2006 amended by Administrative Regulation No. 17/2017.</p>
Q 2	What are money laundering and terrorist financing?
Ans. 2	<p>Money Laundering is the process adopted by criminals through which money obtained from criminal activities is concealed or disguised.</p> <p>Financing of terrorism refers to any forms of financial support to terrorists or terrorism organisations for achieving their aims. The source of funds can be legal or illegal.</p> <p>Money laundering and terrorist financing are closely linked because the funds for terrorist financing are usually laundered to disguise or conceal the purpose.</p> <p>Sources: Website of Financial Intelligence Office, Macao SAR www.gif.gov.mo .</p>
Q 3	What are the common methods of money laundering?
Ans. 3	<ul style="list-style-type: none">• Cash is the most common medium of exchange in criminal activities. Criminals will transfer the large amount of cash obtained and merge it into legitimate business activities with various techniques including transactions through both the financial and non-financial systems. In addition to the common money laundering methods via the financial system like bank deposits, transfers, remittance or investments in various financial products, the trends of international money laundering activities in recent years indicate that the following non-financial businesses and professions are being used to carry out money laundering activities, so as to conceal or disguise the source of funds:• Alternative remittance systems such as the <i>hawala</i>, which is commonly used in South Asia, the <i>fei ch'ien</i> in China, the <i>phoe kuan</i> in Thailand, or the "<i>door to door</i>" in the Philippines.• Commercial transactions involving large amount of cash, like purchase of real estates, luxury automobiles, precious metal, jewels, etc.;• Gaming activities which involve enormous sum of cash transactions (e.g. exchange of chips without verifiable gaming activities) ;



Frequently Asked Questions
**Guidelines on Preventive Measures regarding Anti-Money Laundering and
Combating the Financing of Terrorism for Macao Commercial Offshore
Services and Auxiliary Offshore Service Institutions**
(AML/CFT Guidelines)

Last Update: 2018.04.01

	<ul style="list-style-type: none"> • Trust company and company service providers such as financial intermediaries; • Professionals who handle financial activities on behalf of their clients, e.g. lawyers, accountants and tax advisers. <p>Sources: Website of Financial Intelligence Office, Macao SAR www.gif.gov.mo.</p>
Q 4	What are the penalties for money laundering and terrorist financing?
Ans. 4	<p>Money Laundering and Terrorist Financing activities are criminal offences, punishable by a maximum penalty of 12 years imprisonment.</p> <p>Sources: Article 3 and 4 of Law No. 2/2006 amended by Law No. 3/2017 Article 6 of Law No. 3/2006 amended by Law No. 3/2017. Official Website of Financial Intelligence Office, Macao SAR: www.gif.gov.mo</p>
Q 5	What are the differences between the revised Guidelines on Preventive Measures regarding Anti-money Laundering and Combating the Financing of Terrorism and the original Guidelines?
Ans. 5	<p>1. Scope of Application</p> <p>Offshore institutions engaging business activities covered under Paragraph 6(3), (4) and (6) of Article 6 of Law No, 2/2006. That is: Services providers preparing for or carrying out the following activities for their clients:</p> <ol style="list-style-type: none"> 1. Providing a registered office, business address, premises, administrative or postal address for a company, or any other legal person or entities without legal personality; 2. Acting as a trustee; 3. Carrying out the measures necessary for a third party to act in the following manners: <ol style="list-style-type: none"> a. Acting as a director or secretary of a company, a partner or holding of a similar position in relation to other legal persons; b. Acting as a trustee; c. Acting as a partner of a company on behalf of another person. <p>2. Establishment of internal control system</p> <p>Commercial and auxiliary offshore services institutions should develop an internal control system against money laundering and terrorist financing, which should include:</p>



Frequently Asked Questions
**Guidelines on Preventive Measures regarding Anti-Money Laundering and
Combating the Financing of Terrorism for Macao Commercial Offshore
Services and Auxiliary Offshore Service Institutions**
(AML/CFT Guidelines)

Last Update: 2018.04.01

	<p>a. Appropriate internal policies, procedures and control standards for legitimate management and staff recruitment;</p> <p>b. Continuing staff training program;</p> <p>c. Independent internal mechanism to assess the effectiveness of the control system</p> <p>d. The person in-charge of the control system must be an officer from the superior management level.</p> <p>e. The system must be equally applicable to foreign branches and majority-owned subsidiaries/parent company.</p> <p>3. Request assistance from third party</p> <p>In order to perform the obligation of due diligence, commercial and auxiliary offshore services institution should:</p> <p>a. Immediately obtain all information required for the obligatory investigation measures;</p> <p>b. Take necessary measures to ensure that the third party provides, in a timely manner, the copies of the identification documents and related documents as mentioned in point a above;</p> <p>c. To ensure that the third party has taken measures to fulfil the obligation of customer due diligence and retained relevant documents.</p>
Q 6	What is high risk country/region?
Ans. 6	The assessment that a particular country or region is high risk is based upon the consideration that the country or region is subject to sanctions, embargoes, or similar punishment imposed by international organisations such as the United Nations. Countries and/or regions considered as non-co-operative in the anti-money laundering measures or subject to punishing measures by the Financial Action Task Force (FATF) on Money Laundering or other authorities with creditability (such as the World Bank, International Monetary Fund and Transparency International) are also deemed high risk jurisdiction.
Q 7	Who is politically exposed person <PEP>?
Ans.7	Individual who is or has been entrusted with prominent public functions by a country, for example Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials or the person who is or has been entrusted with a prominent function by an international organisation, such as members of senior management like director, deputy director and board member or equivalent functions.



Frequently Asked Questions
**Guidelines on Preventive Measures regarding Anti-Money Laundering and
Combating the Financing of Terrorism for Macao Commercial Offshore
Services and Auxiliary Offshore Service Institutions**
(AML/CFT Guidelines)

Last Update: 2018.04.01

Q 8	In the Guidelines on Preventive Measures regarding Anti-money Laundering and Combating the Financing of Terrorism, what are the statutory obligations and duties for Macao commercial offshore Services and auxiliary offshore service institutions (hereinafter called “Macao offshore institutions”) to mitigate risks ?
Ans. 8	<p>1. Duty to identify the clients and the operations</p> <p>Identification consists of two aspects, which are to verify the identification of the clients and beneficial owners, and to further identify the nature of business and the operations thereof. When establishing business relationship or when there are signs suggesting the commission of the crimes of money laundering or financing of terrorism, especially when the total transaction amount of one or plural transactions exceeds what has been stated in the guidelines, or being in doubt of the authenticity or appropriateness of the identification information previously provided by the clients, the concerned offshore institutions should verify the identification of the party to the commercial agreement, their clients or the beneficial owners of the business, by using documents, data or information that come from independent and credible sources. Besides, under the circumstance when the party to agreement or client is a legal person or an entity without legal personality, appropriate measures must be taken to obtain the identification information of the person(s) who is acting on behalf of such person or entity in the company.</p> <p>2. Appropriate measures for investigating suspicious activities</p> <p>Appropriate measures refer to the taking of detailed records of purpose(s) of activities, the involved amount of money, the payment methods and related information; risk management protocol for maintaining the control over the quantity, nature and capital amount of the activities; risk management standards for evaluating the risk of clients and beneficiaries, especially their background, nationality, nature of transaction, nature of service and occupation. Higher standard of monitoring measures should be adopted for cases with higher risks, in order to facilitate management and mitigate risk.</p> <p>The most common evaluation subjects are the risk of the country or the jurisdiction in which the service is operated or originated from, the payment made to non-local client, authorised shareholder representative or company with bearer shares, anonymously operated company or enterprise without business establishment, anonymous individual or irrelevant third party.</p>



Frequently Asked Questions
**Guidelines on Preventive Measures regarding Anti-Money Laundering and
Combating the Financing of Terrorism for Macao Commercial Offshore
Services and Auxiliary Offshore Service Institutions**
(AML/CFT Guidelines)

Last Update: 2018.04.01

	<p>Countries or regions subject to sanctions, embargoes, or similar punishments imposed by international organisations such as the United Nations are also considered high risk jurisdictions.</p> <p>3. Obligatory measures to prevent the misuse of new products, new business practices and new technologies</p> <p>Offshore institutions should set up policies and procedures to perform the due diligence when establishing business relations with clients or beneficial owners, and continuously during the business operation, in order to avoid specific risks associated with operations without physical presence.</p> <p>4. Development of internal control system</p> <p>Commercial and auxiliary offshore services institutions must develop programs against money laundering and terrorist financing, as well as to perform the due diligence on clients.</p> <p>5. Request assistance from a third party</p> <p>Commercial and auxiliary offshore services institution should ensure that the third party has performed AML/CFT customer due diligence and has taken adequate risk control for their business in any country/jurisdiction.</p> <p>6. Duty of refusing to perform operations</p> <p>When offshore institution has yet to obtain the identification document of client or beneficial owner, or when the information needed for the related commercial activity, or client or beneficial owner does trade anonymously or with false identity, offshore institution should refuse to undertake any business activities, or terminate the service provision to the concerned client.</p> <p>7. Duty of keeping the evidentiary documents</p> <p>The verifiable identification documents of clients, beneficial owner and the related business operations should be retained for at least five years after the identification verification procedure or the cessation of service provider-client relationship.</p>
--	---



Frequently Asked Questions
**Guidelines on Preventive Measures regarding Anti-Money Laundering and
Combating the Financing of Terrorism for Macao Commercial Offshore
Services and Auxiliary Offshore Service Institutions**
(AML/CFT Guidelines)

Last Update: 2018.04.01

8. Duty to adopt higher standard of monitoring measures

In addition to general monitoring procedures, monitoring measures with higher standards should be adopted when providing services to politically exposed persons (PEP) or clients/beneficial owners from risk jurisdictions.

9. Duty to report suspicious activity

When there are signs suggesting commission of crimes of money laundering or financing of terrorism, especially activities involving abnormal amount and frequency of trade, offshore institutions must report to the Office of Financial Intelligence (GIF) within 2 working days.

10. Obligation of 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 GIF, or any elements of such operation or denunciation.

11. Duty to co-operate

The above institutions are required to fully co-operate with authorities for the prevention and suppression of crimes related to money laundering and financing terrorism, specially the Court, Public Prosecution Department, Judiciary Police, the GIF and Macao Trade and Investment Promotion Institute, particularly in the provision of relevant data and documents.

Sources: Article 7 of Law No. 2/2006 edited by Law No.3/2017
Article 1 – 9 of Administrative Regulation No. 7/2006 edited by administrative regulation no. 17/2017



Frequently Asked Questions

Guidelines on Preventive Measures regarding Anti-Money Laundering and Combating the Financing of Terrorism for Macao Commercial Offshore Services and Auxiliary Offshore Service Institutions (AML/CFT Guidelines)

Last Update: 2018.04.01

Q 9	What is the penalty to the Macao Commercial Offshore Services and Auxiliary Offshore Service Institutions for omission of obligations stipulated in Articles 7(B) to 7(E) of Law No. 2/2006, amended by Law No. 3/2017 (“Preventative measures for the crimes of money laundering and financing of terrorism”) and the Guidelines on “Preventive Measures Regarding Anti-Money Laundering and Combating the Financing of Terrorism”?
Ans. 9	<p>Omission of the statutory obligations stated in the administrative regulations and guidelines, or revealing to any third party the information obtained due to the performance of duty or obligation will constitute administrative offence, punishable to a fine of \$10,000.00 (ten thousand patacas) to \$500,000.00 (five hundred thousand patacas), or \$100,000.00 (one hundred thousand patacas) to \$5,000,000.00 (five million patacas), depending on whether the offender is a natural or legal person. Omission by negligence is also punishable. When the economic benefit obtained by the offender from the commission of the infraction exceeds half of the maximum limit established as above, such the maximal cap shall be raised to the double of such benefit.</p> <p>Sources: Article 1 – 9 of Administrative Regulation No. 7/2006 edited by Administrative Regulation No. 17/2017 Article 7 of Law No. 2/2006 edited by Law No. 3/2017.</p>
Q10	How can Macao Commercial Offshore Services and Auxiliary Offshore Service Institutions operate in coordination with the implementation of Guidelines on “Preventive Measures Regarding Anti-Money Laundering and Combating the Financing of Terrorism”?
Ans. 10	<p>Prevention of money laundering and financing of terrorism depends on long-term and extensive co-operation. Macao Commercial Offshore Services and Auxiliary Offshore Service Institutions are encouraged to promulgate the policy of anti-money laundering and financing of terrorism among the management and related staff in the company, to set up and implement a comprehensive internal monitoring procedure, and to review and update this system regularly.</p>
Q 11	When offshore institutions discern the traces of money laundering or terrorism financing, which governmental department should they report to?
Ans. 11	<p>Pursuant to Article 3.9.1 of the Guidelines on “Preventive Measures Regarding Anti-Money Laundering and Combating the Financing of Terrorism” for Macao Commercial Offshore Services and Auxiliary Offshore Service Institutions, the concerned offshore institutions should complete the report included in article 3.9.3 of the guidelines and submit to the Office of Financial Intelligence (GIF)</p>



Frequently Asked Questions
**Guidelines on Preventive Measures regarding Anti-Money Laundering and
Combating the Financing of Terrorism for Macao Commercial Offshore
Services and Auxiliary Offshore Service Institutions**
(AML/CFT Guidelines)

Last Update: 2018.04.01

	within 2 working days right after the suspicious activity has taken place. The form of suspicious transaction report can be downloaded from the website of Macao Trade and Investment Promotion Institute (hereinafter called “IPIM”), it is also available at the reception counter of IPIM and GIF.
Q 12	When Macao offshore institutions report to GIF about alleged commission of the crimes of money laundering or financing of terrorism, do they need to inform IPIM?
Ans. 12	According to the Guidelines on “Preventive Measures Regarding Anti-Money Laundering and Combating the Financing of Terrorism” for Macao Commercial Offshore Services and Auxiliary Offshore Service Institutions, suspicious transactions should be reported to the Office of Financial Intelligence (hereinafter called “GIF”). Nonetheless, IPIM is responsible for examining the implementation of these guidelines. Macao offshore institutions are prompted to inform IPIM about these cases.
Q 13	Should all the business operations with clients in the year be reported to GIF and to IPIM?
Ans. 13	Macao offshore institutions should report to GIF and inform IPIM only when they discover the business operations with signs indicating the commission of the crimes of money laundering or financing of terrorism, especially in the case when offshore institutions discover abnormal complexity, amounts involved, frequency, status of operation and other abnormal circumstances.
Q 14	In the annual financial report Macao offshore institutions submit to IPIM, should the institutions make any report concerning the implementation of Guidelines on “Preventive Measures Regarding Anti-Money Laundering and Combating the Financing of Terrorism”?
Ans. 14	The annual audited financial report made to IPIM must explicitly include: <ol style="list-style-type: none"> 1. whether the offshore institutions have carried out business activities described in Paragraph 6(3), (4) and (6) of Article 6 of Law No. 2/2006, which is amended by Law No. 3/2017; 2. the cases reported to GIF and the number of report during that fiscal year; 3. the total number of client and the respective total amount involved in the activities described in point 1 above.



Frequently Asked Questions
**Guidelines on Preventive Measures regarding Anti-Money Laundering and
Combating the Financing of Terrorism for Macao Commercial Offshore
Services and Auxiliary Offshore Service Institutions**
(AML/CFT Guidelines)

Last Update: 2018.04.01

Q 15	Is the responsible auditor of the Macao offshore institution required to express opinion in the audit report about the implementation of the Guidelines on “Preventive Measures Regarding Anti-Money Laundering and Combating the Financing of Terrorism” for Macao Commercial Offshore Services and Auxiliary Offshore Service Institutions?
Ans. 15	<p>Unless otherwise stipulated by other laws or guidelines, the Guidelines on “Preventive Measures Regarding Anti-Money Laundering and Combating the Financing of Terrorism” for Macao Commercial Offshore Services and Auxiliary Offshore Service Institutions do not require auditor to express opinion on such issue.</p> <p>Even so, Macao Commercial Offshore Services and Auxiliary Offshore Service Institutions are obligated to provide a true and fair disclosure according to Article 3.11.2 of the above-mentioned guidelines.</p>

This FAQ is the English translation of the guidelines originally written in Chinese. In case of any discrepancies, the Chinese version shall prevail.