



# Suspicious Transaction Reporting Overview & Statistics

Phoebe TSANG

Detective Senior Inspector of Police



**Joint Financial  
Intelligence Unit**



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- ◆ **About JFIU**
- ◆ **Key Legislation**
- ◆ **STR Statistics**
- ◆ **STR Reporting**
- ◆ **Case Studies**



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◆ **About JFIU**

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# About JFIU

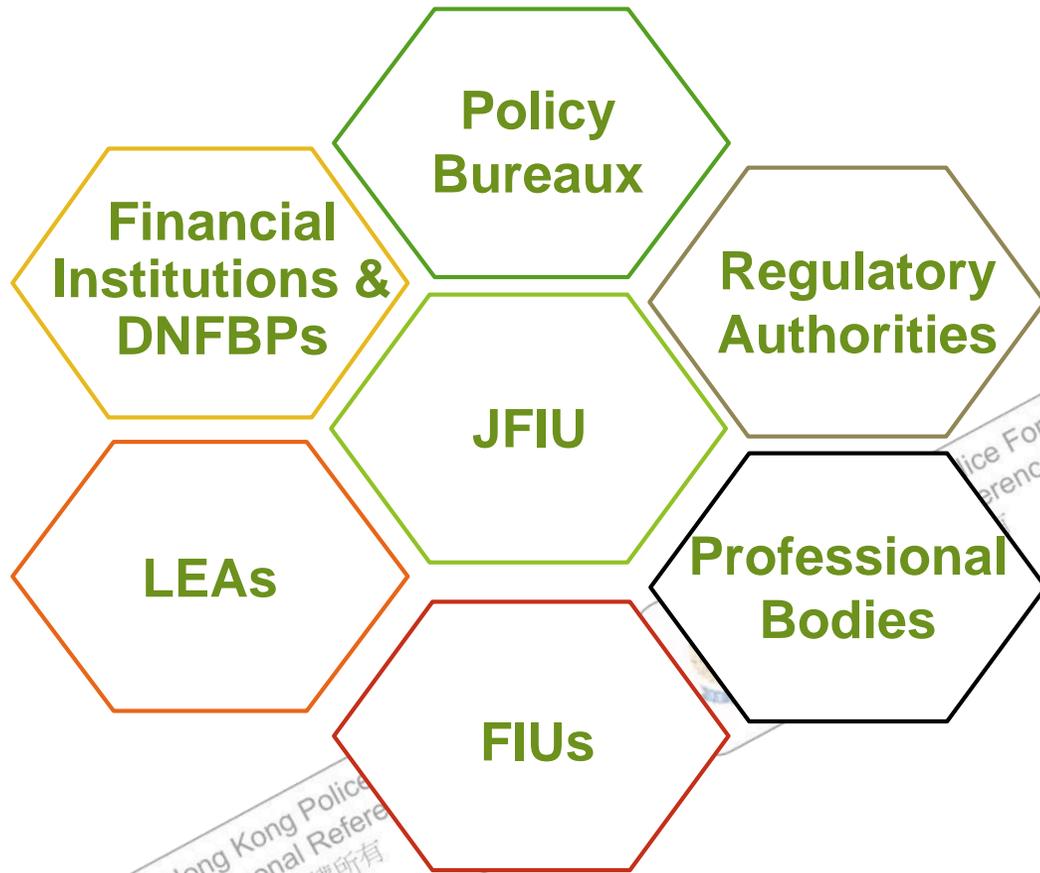
- Set up in 1989
- Not an investigative unit
- Jointly operated by HKPF & C&ED attached to NB
- Strengthened in 2009
- e-Reporting System – “STREAMS”
- Member of Egmont Group since 1996
- Establishment of FIIB in Q1 2021



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# About JFIU



- Receive, analyse and disseminate STRs
- International cooperation
- Strategic analysis and international policy on AML/CFT
- Training and outreach



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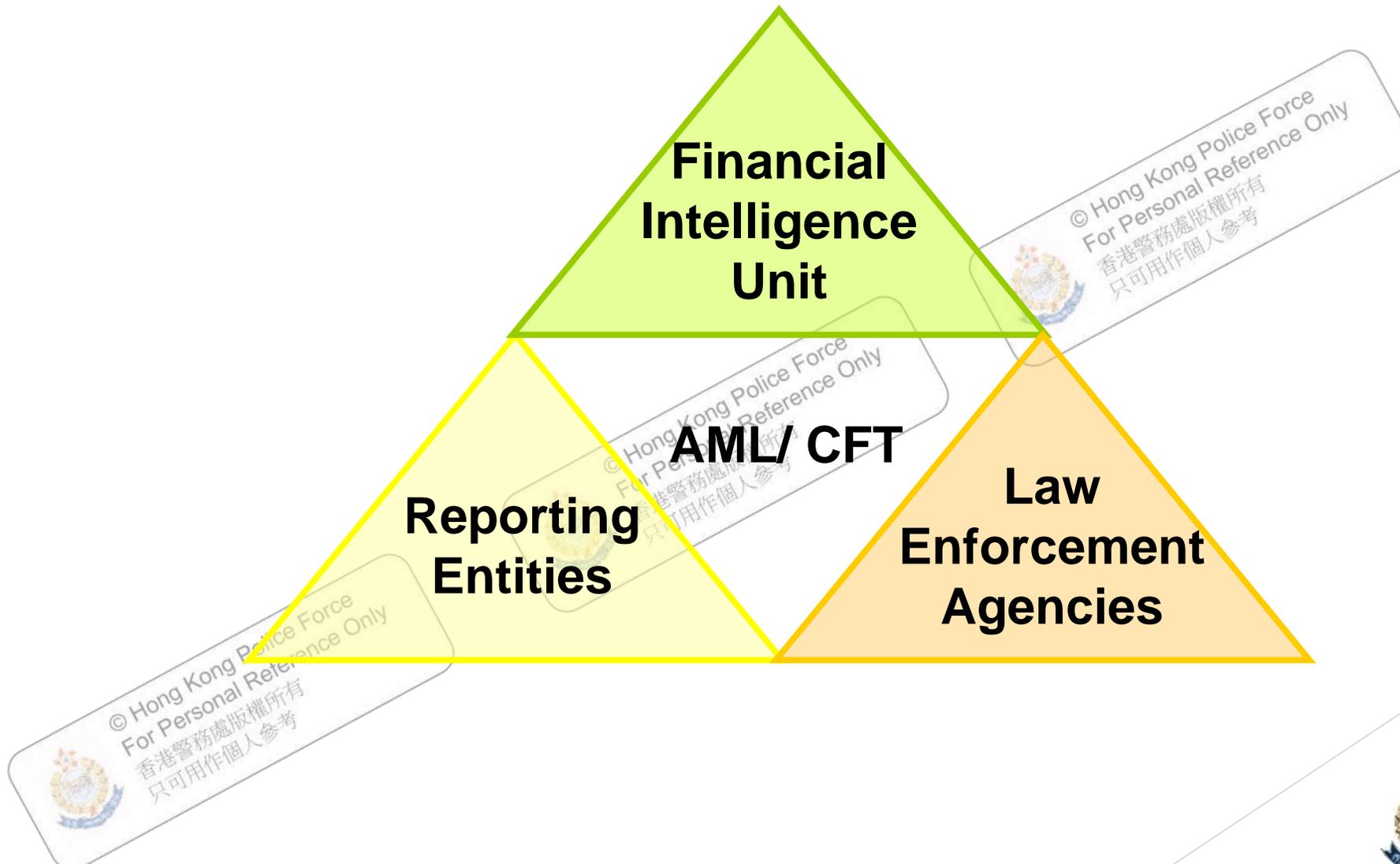
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# Role of JFIU



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# Role of JFIU

## ← Public-Private Partnerships →

### Reporting Entities

**Financial Institutions & DNFBPs**

CDD + KYC

Record Keeping

Internal Controls

STR Filing

### Financial Intelligence Unit

**JFIU**

STR Regime

Intelligence Exchange

International Cooperation

Training & Outreach

### Law Enforcement Agencies

**e.g. Police, Customs, ICAC**

Financial Investigation

Asset Tracing

Restraint & Confiscation

Mutual Legal Assistance



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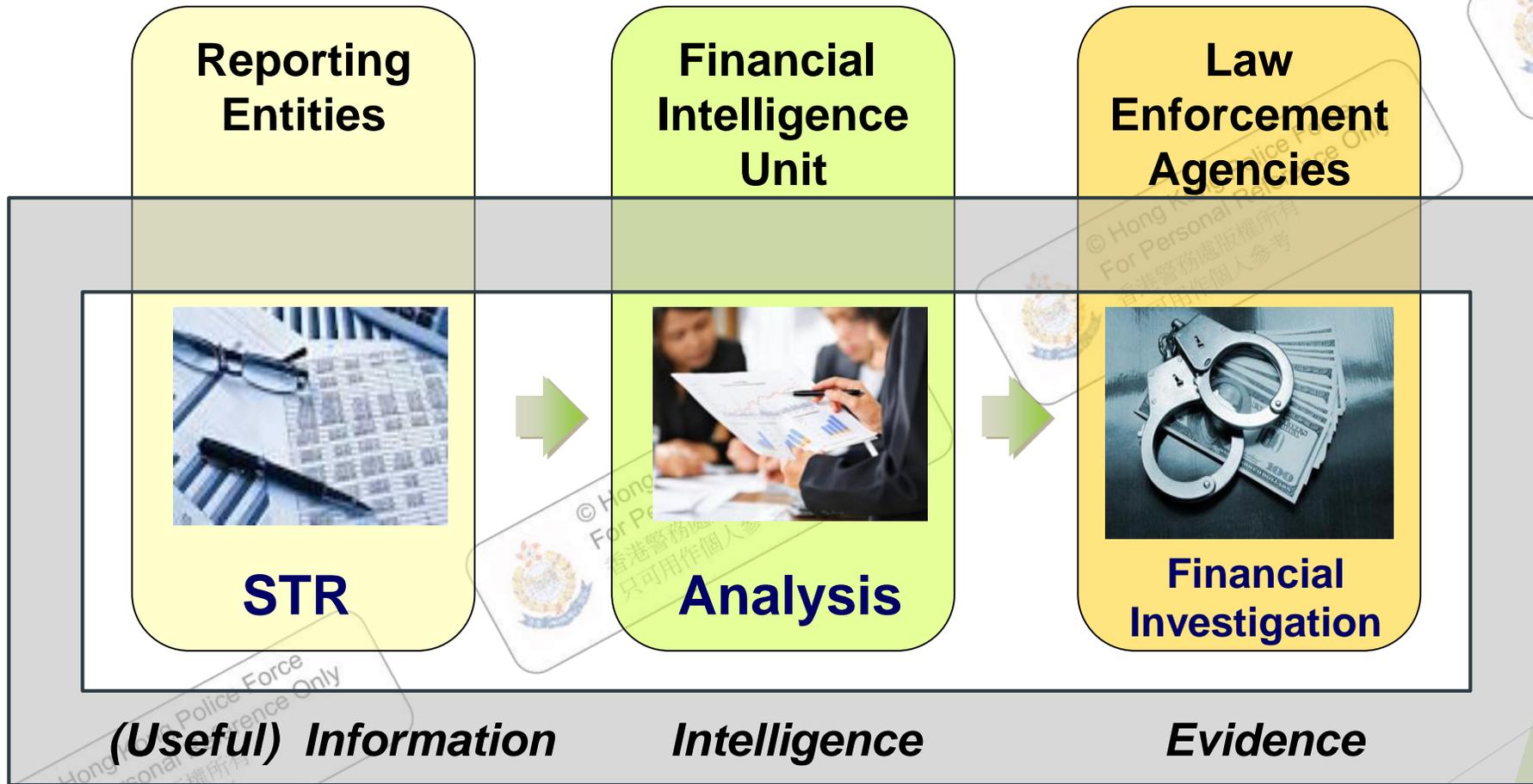
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# Flow of information



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◆ **Key Legislation**

◆ **STR Statistics**

◆ **STR Reporting**

◆ **Case Studies**



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# Key Legislation

1989

Drug Trafficking (Recovery of Proceeds) Ordinance (DTROP)  
販毒(追討得益)條例 (第405章)

1994

Organized & Serious Crimes Ordinance (OSCO)  
有組織及嚴重罪行條例 (第455章)

2002

United Nations (Anti-Terrorism Measures) Ordinance (UNATMO)  
聯合國(反恐怖主義措施)條例 (第575章)

2012

AML & Counter-Terrorist Financing (Financial Institutions) Ordinance (AMLO)  
打擊洗錢及恐怖分子資金籌集(金融機構)條例 (第615章)

2018

AML & Counter-Terrorist Financing Ordinance (AMLO)  
打擊洗錢及恐怖分子資金籌集條例 (第615章)



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# Key Legislation

Any person

- **Knowing** or **having reasonable grounds to believe**
- Any property
- **In whole** or **in part** or **indirectly** represents **proceeds of drug trafficking**
- **Deals with the property**

**Maximum Penalty:**

- **HKD 5 Million fine**
- **14 years' imprisonment**

*S.25 of Cap 405 DTROP*

*S.25 of Cap 455 OSCO*



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# Key Legislation

Any person should not

- **provide** or **collect** directly or indirectly
- Any property
- **With the intention that the property be used or knowing that the property will be used**
- **in whole** or **in part** to commit one or more terrorist acts

*S.7 of Cap 575 UNATMO*

**Maximum Penalty:**

- **A fine**
- **14 years' imprisonment**



# Key Legislation

Any person

- **knows** or **suspects**
- any property **represents the proceeds of**
- **drug trafficking** or any serious crimes or **terrorist property**

**shall report to JFIU**

**Maximum Penalty:**

- **Level 5 fine (HKD 50,000)**
- **3 months' imprisonment**

*S.25A of Cap 405 DTROP*

*S.25A of Cap 455 OSCO*

*S.12 of Cap 575 UNATMO*



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# STR Reporting

Where a person

- **knows** or **suspects** that a disclosure has been made any
- **the person shall not disclose to another person** any information or other matter
- which is **likely to prejudice any investigation** which might be conducted following that first-mentioned disclosure

*S.25A(5) of Cap 405 DTROP*

*S.25A(5) of Cap 455 OSCO*

*S.12(5) of Cap 575 UNATMO*



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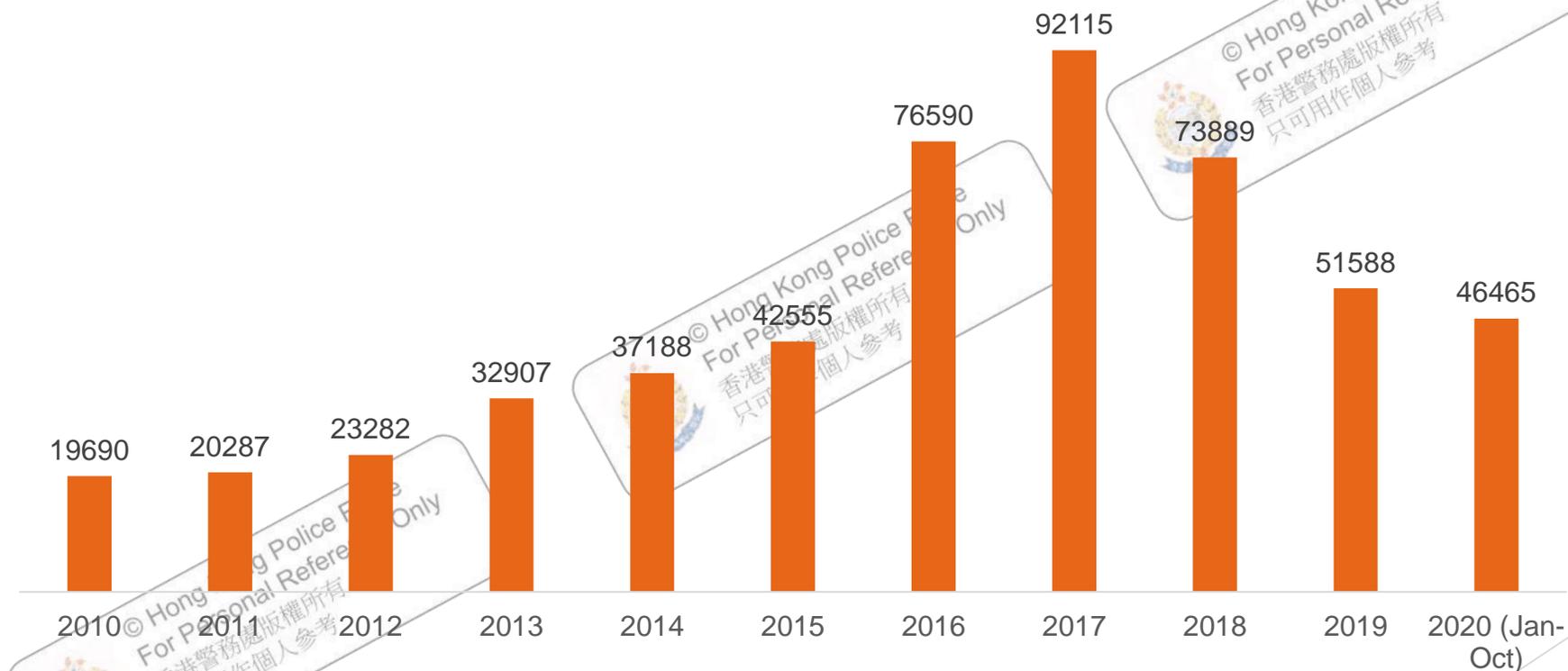


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# STR Statistics

## Number of STRs received in the past 10 years

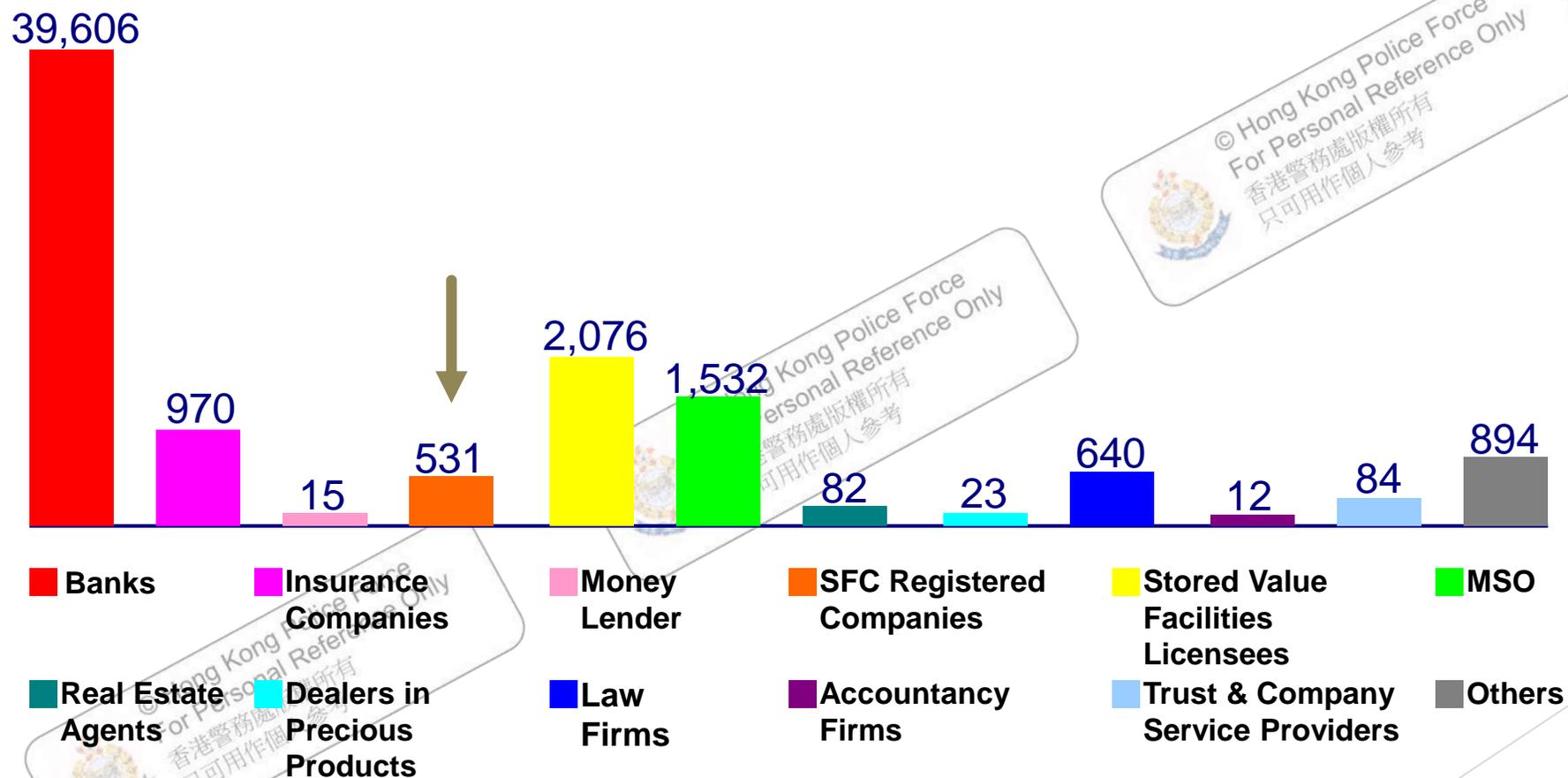


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# STR Statistics

## Sectoral Breakdown of STRs received by JFIU in 2020 (Jan-Oct)



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# STR Statistics

## STRs filed by SFC registered companies between 2016 and 2020 (Jan-Oct)

No. of STRs	2016	2017	2018	2019	2020 (Jan-Oct)
<b>Total received by JFIU</b>	<b>76,590</b>	<b>92,115</b>	<b>73,889</b>	<b>51,588</b>	<b>46,465</b>
<b>Filed by SFC registered companies</b>	<b>1,423</b>	<b>2,090</b>	<b>1,337</b>	<b>735</b>	<b>531</b>
	<b>1.86%</b>	<b>2.27%</b>	<b>1.81%</b>	<b>1.42%</b>	<b>1.14%</b>



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# To Report, or Not to Report?

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# STR Reporting

- Legal obligation
- Applied to **all**
- Disclosure based on **knowledge or suspicion**
- No reporting threshold
- **Legal protection** against civil or criminal liability
- No disclosure of the reported details to another person
- Source of the report is kept **confidential**



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# STR Reporting

## Red Flag Indicators

### Client

- Politically Exposed Person?
- Non-resident / Corporate from high-risk country?
- No known nexus with Hong Kong?
- Complex corporate structure (obscuring ultimate beneficial ownership)?



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# STR Reporting

## Red Flag Indicators

### Transaction

- Payment from 3<sup>rd</sup> party / cashier order?
- Unusual high/ low payment for a property?
- Unexpected amount of transactions?
- Transacted with unrelated parties / jurisdiction?



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# STR Reporting

## Red Flag Indicators

### Previous Records/ Further Enquiries

- Background check / open source (adverse news)
- Failing to disclose specific role / relationship / ownership of property
- Unwilling to response to questions or answers are not convincing
- Unwilling to provide supporting document



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# STR Reporting

## Red Flag Indicators

### Evaluation

- Information from client is incommensurate with your record in hand?
- Information from client could not be verified?
- The client appeared to be a stooge in the transaction?



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# STR Reporting

## SAFE Approach

**S**creen

subject entities' background & transactions

**A**sk

appropriate questions to clarify circumstances

**F**ind

relevant records for review

**E**valuate

whether suspicion is substantiated



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# STR Reporting

## Screen

- 1) Background – Sensitive / Political / Connection with Sensitive/ Political person(s)
- 2) Background Vs Invested Amount
- 3) One off payment – Large amount of money
- 4) Change beneficiary frequently and/or without reasonable reason(s)
- 5) Method of payment  
(Small amount instalment Vs one off payment)



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# STR Reporting

## Ask

- 1) Appropriate check and enquiry
- 2) Clarify any suspicion
  - ▶ Financial Background
  - ▶ Source of funds
  - ▶ Purpose of the transaction / application



# STR Reporting

## Find

- 1) Find / Review clients' previous records
- 2) Analysis on clients' background (suspicious?)

Personal	Corporate
Occupation	Business nature / activities
Income / Address	Income and expenses
Age	History
Past transactions	Trade counterparts



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# STR Reporting

## Evaluate

- 1) Identify risk indicator
- 2) Assess the findings
- 3) Assess the clients / transaction is suspicious or not?
  - ▶ ‘Screen’, ‘Ask’, ‘Find’ – complete the three step?
  - ▶ Review the findings, satisfy the situation?
  - ▶ If confirm / reasonable grounds to believe the suspicious of the clients / transaction

→ **File STR**



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# STR Reporting

- **Title**
- **Precise points**
- **Recommended structure of STR narrative**
  - (1) Triggering Factors
  - (2) Background of Subject(s)
  - (3) Transactions
  - (4) Reporting Entity's Enquiries & Open Source Information
  - (5) Conclusion & Way Forward



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# STR Reporting

## Recommended Structure of STR Narrative

### (1) Triggering Factors

- Involved crimes (fraud/corruption/sanctions/terrorist acts, etc.)
- Warrants/court orders received
- Open source information (news/list of regulatory agencies, etc.)
- Pattern of suspicious transactions (large transactions/temporary repository of fund, etc.)

### (2) Background of Subject(s)

- Personal: Age, occupation, income, transaction history, etc.
- Corporate: Date of establishment, business nature, expected transaction amount, etc.



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# STR Reporting

## Recommended Structure of STR Narrative

### (3) Transactions

- Reviewed period
- Fund movement pattern (sudden change?)
- Total amount deposited/withdrawn
- Suspicious transactions (Not limited to transactions of large amount/frequent transactions)
- Pattern of suspicious transactions



# STR Reporting

## Recommended Structure of STR Narrative

### (4) Reporting Entities' Enquiries & Open Source Information

- Suspicious indicators (KYC queries, world check, etc. → not necessary to report all queries carried out)
- Links of open source information

### (5) Conclusion & Way Forward

- Conclusion of the report
- Follow-up actions (Enhanced CDD measure , End of business relationship, etc.)



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# STR Reporting

## How to submit an STR?

Suspicious transaction reports can be made in one of the following ways:



- by e-reporting system, STREAMS
- by email to [jfiu@police.gov.hk](mailto:jfiu@police.gov.hk)



- by fax to : (852) 2529 4013



- by mail, addressed to Joint Financial Intelligence Unit, GPO Box 6555 Hong Kong



- by telephone (852) 2866 3366 (for urgent reports during office hours)

If you want to file STR via STREAMS, you have to complete **the application form** and return to JFIU either by fax (2529 4013) or email ([jfiu@police.gov.hk](mailto:jfiu@police.gov.hk)). If you need any further information, please feel free to contact JFIU staff.

Suspicious Transaction Report And Management System (STREAMS)

STREAMS - Login Frame

Suspicious Transaction Report And Management System (STREAMS)

Username:

Password:

Database: SBOX-ACCESS

Login Reset



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# STR Reporting

[STR Summary](#)
[Reporting Body](#)
[Subject](#)
[Organization](#)
[Phone](#)
[Address](#)
[Account](#)
[Transaction](#)  
[Suspected Crimes](#)
[Suspicious Indicators](#)
[Open Source Info.](#)
[Entity Lists](#)
[Check](#)
[Save](#)
[Print](#)

**REPORT MADE UNDER SECTION 25A OF THE  
 DRUG TRAFFICKING (RECOVERY OF PROCEEDS) ORDINANCE OR  
 ORGANIZED AND SERIOUS CRIMES ORDINANCE/  
 SECTION 12 OF THE UNITED NATIONS (ANTI-TERRORISM MEASURES) ORDINANCE  
 TO THE JOINT FINANCIAL INTELLIGENCE UNIT ("JFIU")**

STR Summary	
STR Number:	<input type="text"/>
Submission Number:	<input type="text"/>
Date of Submission:	<input type="text"/>
Acknowledgement Issue Date:	<input type="text"/>
Consent Letter Issue Date:	<input type="text"/>
Consent:	<input checked="" type="checkbox"/> None <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable
Consent Remark:	<input type="text"/>

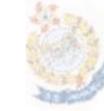
**Special Cases with Time Critical Nature:**

* Report Related to Existing Investigation:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
---	---

**Attachment:**

[+](#) Refresh

No.	File Name	File Size
1		KB
	Total	KB



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# STR Reporting

STR Summary **Reporting Body** Subject Organization Phone Address Account Transaction  
Suspected Crimes Suspicious Indicators Open Source Info. Entity Lists **Check Save Print**

Reporting Body	
Organization ID:	<input type="text"/>
Organization Name:	<input type="text"/>
Reporting Officer ID:	<input type="text"/>
Reporting Officer:	<input type="text"/>
Organization Reference:	<input type="text"/>
Phone:	<input type="text"/>
Fax:	<input type="text"/>
Email:	<input type="text"/>

**\*Reason for Disclosure:**

Drug Trafficking (ROP) Ordinance [Cap.405]:	<input type="checkbox"/>
Organized and Serious Crimes Ordinance [Cap. 455]:	<input type="checkbox"/>
United Nations (Anti-Terrorism Measures) Ordinance [Cap. 575]:	<input type="checkbox"/>

**Other Information:**

This Disclosure Related to a Previous Disclosure:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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# STR Reporting

## Subject

Sequence No: 1 + -

English Name:	Family Name: _____	Given Name: _____	Middle Name: _____
Chinese Name:	CCC: <input type="text"/>	HKID: <input type="text"/> ( <input type="text"/> )	
Other ID  <span style="float: right;">+ -</span>	Type: _____ <input type="button" value="v"/> if Others: _____		
	ID No.: _____	Country: _____ <input type="button" value="v"/>	
DOB: _____	Gender: <input type="checkbox"/> M <input type="checkbox"/> F <input checked="" type="checkbox"/> U		Occupation: _____
Nature:	_____ <input type="button" value="v"/>		
Phone:	_____ _____		
Email: <span style="float: right;">+ -</span>	_____ _____		
Address:	_____ _____ _____ _____		
Additional Information:	_____ _____ _____ _____		

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# STR Reporting

STR Summary	Reporting Body	Subject	<b>Organization</b>	Phone	Address	Account	Transaction
Suspected Crimes	Suspicious Indicators	Open Source Info.	Entity Lists	Check	Save	Print	

<b>Organization</b>	
Sequence No: 1	+ -
English Name:	<input type="text"/>
Chinese Name:	<input type="text"/>
Date of Incorporation:	<input type="text"/>
Local Company: <input type="checkbox"/>	BR No.: <input type="text"/> CR No.: <input type="text"/> Public Listed Company No.: <input type="text"/>
Oversea Company: <input type="checkbox"/>	Country: <input type="text"/> Reg. No.: <input type="text"/>
Non-Government Organization: <input type="checkbox"/> Yes <input type="checkbox"/> No	Charitable Organization: <input type="checkbox"/> Yes <input type="checkbox"/> No
Nature: <input type="text"/>	Business Nature: <input type="text"/>
Phone:	<input type="text"/>
Email: <input type="text"/>	+ -
Address:	<input type="text"/>
Related Person:	Role: <input type="text"/> if Others: <input type="text"/>
Related Company:	Role: <input type="text"/> if Others: <input type="text"/>
Additional Information:	<input type="text"/>

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# STR Reporting

STR Summary Reporting Body Subject Organization **Phone** Address Account Transaction  
Suspected Crimes Suspicious Indicators Open Source Info. Entity Lists **Check Save Print**

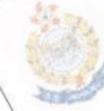
## Phone Entity

Save +

No.	Linked?	Country Code	Area Code	* Subscriber Number	Extension
1	<input type="checkbox"/>				



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# STR Reporting

STR Summary Reporting Body Subject Organization Phone **Address** Account Transaction  
Suspected Crimes Suspicious Indicators Open Source Info. Entity Lists **Check Save Print**

## Address Entity

Save +

No.	Linked?	Address Detail
1	<input type="checkbox"/>	



# STR Reporting

STR Summary Reporting Body Subject Organization Phone Address **Account** Transaction  
Suspected Crimes Suspicious Indicators Open Source Info. Entity Lists **Check Save Print**

## Account

Sequence No: 1 + -

Account Institution:			
Account Number:	Account Type: <input type="text"/>	if Others: <input type="text"/>	
Opening Date:	Closing Date:		
Balance:	Currency: HKD <input type="text"/>	Amount: <input type="text"/>	Date: <input type="text"/>
Related Person:	Role: <input type="text"/>	if Others: <input type="text"/>	
Related Company:	Role: <input type="text"/>	if Others: <input type="text"/>	
Additional Information:			

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# STR Reporting

## Summary of Suspicious Transaction in the Reviewed Period

+ - ...

No.	From (Date)	To (Date)	Subject	Type	Currency	Amount
1					HKD	+
Transaction Branch:						
Transaction Counterpart:				A/C:		Others:
Remark:						

- \* Total Amount of Suspicious Transactions Reported (in HKD)
- \* Total Period covering the Suspicious Transactions (in days)
- \* Daily Average of the Suspicious Transactions Reported


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# STR Reporting

STR Summary Reporting Body Subject Organization Phone Address Account Transaction  
Suspected Crimes Suspicious Indicators Open Source Info. Entity Lists **Check Save Print**

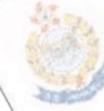
## Suspected Crimes (Please put a "✓" in the selected box(es).)

Designated Categories of Offences by FATF

Clear Checkbox

- |  |   |
|--|---|
| <input type="checkbox"/> Participation in an Organized Criminal Group and Racketeering     | <input type="checkbox"/> Counterfeiting Currency  |
| <input type="checkbox"/> Terrorism including Terrorist Financing                           | <input type="checkbox"/> Counterfeiting and Piracy of Products                                    |
| <input type="checkbox"/> Trafficking in Human Beings and Migrant Smuggling                 | <input type="checkbox"/> Environmental Crime  |
| <input type="checkbox"/> Sexual Exploitation including Sexual Exploitation of Children     | <input type="checkbox"/> Murder, Grievous Bodily Injury   |
| <input type="checkbox"/> Illicit Trafficking in Narcotic Drugs and Psychotropic Substances | <input type="checkbox"/> Kidnapping, Illegal Restraint and Hostage-Taking                         |
| <input type="checkbox"/> Illicit Arms Trafficking  | <input type="checkbox"/> Robbery or Theft   |
| <input type="checkbox"/> Illicit Trafficking in Stolen and Other Goods                     | <input type="checkbox"/> Smuggling (including in relation to customs and excise duties and taxes) |
| <input type="checkbox"/> Corruption and Bribery  | <input type="checkbox"/> Tax Crimes (related to direct taxes and indirect taxes)                  |
| <input type="checkbox"/> Fraud   | <input type="checkbox"/> Extortion  |
| <input type="checkbox"/> Email Scam  | <input type="checkbox"/> Forgery  |
| <input type="checkbox"/> Investment Scam   | <input type="checkbox"/> Piracy   |
| <input type="checkbox"/> Romance Scam  | <input type="checkbox"/> Insider Trading and Market Manipulation                                  |
| <input type="checkbox"/> Telephone Deception   |   |
| <input type="checkbox"/> Others (Please specify)   |   |
- 
- |   |   |
|---|---|
| <input type="checkbox"/> Money Laundering       | <input type="checkbox"/> No Crime Related                                   |
| <input type="checkbox"/> Self Laundering        | <input type="checkbox"/> Other (Please specify in 'Additional Information') |
| <input type="checkbox"/> Third-Party Laundering |   |

Additional Information:



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# STR Reporting

STR Summary Reporting Body Subject Organization Phone Address Account Transaction  
Suspected Crimes **Suspicious Indicators** Open Source Info. Entity Lists **Check Save Print**

## Suspicious Indicators (Please put a "✓" in the selected box(es).)

### Fund Movement Pattern

- Indirect Transaction/ Transaction Intended to Break Audit Trail
- Uneconomical Transaction/ Transaction with No Business Purpose
- Temporary Repository of Fund
- Numerous Transaction Counterparties without Apparent Reasonable Cause
- Transaction Involving High-Risk Jurisdiction/Region
- Large Cash Transaction
- N/A

### Accounts

- Shell Company
- Account Operated/Controlled by Third-Party other than Signatory/Account Holder
- Non-Resident Personal Account
- Offshore Company
- N/A

### Customer Background/Behavior

Clear Checkbox

- Transactions/ Amount Incommensurate with the Background of the Person / Business
- Suspected Money Courier/Unlicensed Money Service Operator
- Politically Exposed Persons (PEP)
- Customer Insisted to Use Less Secured Transactions
- Customer Evasive/Reluctant to Provide Information
- Suspected Counterfeit Document Presented by the Customers
- N/A

### Others

Clear Checkbox

- Casino related Suspicious Transaction
- Charitable Organization/NPO related Suspicious Transaction
- Others (Please Specify)
- N/A

Narrative comment about the questioned transactions:



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# STR Reporting

(STR Summary) (Reporting Body) (Subject) (Organization) (Phone) (Address) (Account) (Transaction)  
(Suspected Crimes) (Suspicious Indicators) (Open Source Info.) (Entity Lists) **Check** **Save** **Print**

## Open Source Information

Website:

Additional Information:



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# STR Reporting

STR Summary Reporting Body Subject Organization Phone Address Account Transaction  
Suspected Crimes Suspicious Indicators Open Source Info. **Entity Lists** Check Save Print

## Entity Lists

### Subject List

No.	Linked	English Name	Chinese Name	HKID	Other ID No.	Country	Occupation	+
1	<input type="checkbox"/>							- ...

### Organization List

No.	Linked	Company Name	Registration Type	Person Name	Person Role	Company Name	Company Role	+
1	<input type="checkbox"/>							- ...

### Phone List

No.	Country Code	Area Code	* Subscriber Number	Extension	+
1					- ...

### Account List

No.	Account Number	Account Type	Person Name	Person Role	Company Name	Company Role	+
1							- ...

### Address List

No.	Address Detail	+
1		- ...



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# STR Reporting

- Acknowledgement of receipt
- Consent/ No Consent/ N/A



- ◆ **About JFIU**
- ◆ **Key Legislation**
- ◆ **STR Statistics**
- ◆ **STR Reporting**
- ◆ **Case Studies**



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# Case Study 1 – Insider Dealings



Mr. X

The purchase of Company Y's stocks exceeded 50% of the daily turnover



Made large profits by selling the stocks of Company Y two weeks later



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Country Z  
Stock  
Exchange

Consolidation plan was announced on the same day after the market closed. The stock price increases 70% within two weeks



Company Y



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# Case Study 1 – Insider Dealings

## Suspicious Activity Indicator

- Unusual large-volume trading
- The purchasing behavior does not match with the client's investment portfolio – Mr. X never trade stocks listed in Country Z's stock exchange
- The trading took place around the same time when market-sensitive information was announced



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# Case Study 2 – Market Manipulations



Mr. A

Purchasing of Company B's stocks continuously for half month



Stock Market

After investigation, it was found that Mr. A was an employee of Company B



Company B



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# Case Study 2 – Market Manipulations

## Suspicious Activity Indicator

- Purchase price is higher than normal
- Transactions usually made few minutes before closing of market
- Transactions exceeded 50% of daily turnover and raised the stock price



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