



Our Ref.: B10/1C
B1/15C

5 April 2013

The Chief Executive
All authorized institutions

Dear Sir/Madam,

Combating Financing of Weapons of Mass Destruction Activities

Recent international developments highlight the importance of continued vigilance for possible activities or transactions that are suspected to be related to the proliferation of weapons of mass destruction (WMD).

In view of these developments, the HKMA would like to remind authorized institutions (AIs) that they must be aware of the scope and focus of relevant financial sanctions regimes, keep abreast of the related developments locally and internationally and maintain a comprehensive and up-to-date watch list database for effective identification of names that may trigger suspicion.

AIs should draw reference from a number of sources, including relevant designation by overseas authorities (such as the designation list under the US Executive Order 13382) in addition to those lists that the HKMA draws to the attention of AIs from time to time. AIs should also pay attention to relevant United Nations Security Council Resolutions, such as the recently adopted resolution 2094 on the Democratic People's Republic of Korea¹.

Where activities or transactions are suspected to be related to the proliferation of WMD, relevant accounts should be handled with great caution. AIs are reminded that the provision of any services to customers, where activities or transactions are suspected to be related to WMD proliferation, is an offence under section 4 of the Weapons of Mass Destruction (Control of Provisions of Services) Ordinance, Cap. 526 (WMD(CPS)O).

¹ Details of UNSCR 2094 can be found on the website of the UN ([http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/2094\(2013\)](http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/2094(2013)))

In accordance with section 25A of the Organised and Serious Crimes Ordinance, Cap. 455, where AIs know or suspect that any property represents any proceeds of an indictable offence (which includes an offence under section 4 of WMD(CPS)O), they should file a suspicious transaction report with the Joint Financial Intelligence Unit for appropriate action. In addition, AIs should also make a report to the HKMA and consider the need for legal advice on the implications of specific overseas legislation, regulation and sanctions regimes for them.

AIs should also refer to Chapter 6 'Financial Sanctions and Terrorist Financing' of the Guideline on Anti-Money Laundering and Counter-Terrorist Financing for further guidance.

Should you have any questions on the content of this letter, please feel free to contact Mr Stewart McGlynn at 2878 1095 or Ms Joyce Chan at 2878 8281.

Yours faithfully,

Henry Cheng
Executive Director (Banking Supervision)