



HONG KONG MONETARY AUTHORITY
香港金融管理局

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

4 July 2014

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Statements issued by Financial Action Task Force on Money Laundering

I am writing to inform you that on 27 June 2014 the Financial Action Task Force on Money Laundering (FATF) issued two updated statements on a number of jurisdictions identified by FATF as having unsatisfactory anti-money laundering and counter-terrorist financing (AML/CFT) regimes.

FATF Public Statement

The FATF has issued a public statement identifying a number of jurisdictions that have strategic deficiencies in their AML/CFT regimes. The statement has been separated into two sections and can be found at: <http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/public-statement-june-2014.html>.

- (1) Jurisdictions subject to a call on its members and other jurisdictions to apply counter-measures

Iran

Iran was listed as a jurisdiction subject to a call by the FATF on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing (ML/TF) risks emanating from the jurisdiction.

AIs should continue to apply the measures specified in the HKMA's circular letter of 13 March 2009 when handling transactions related to Iran.

Democratic People's Republic of Korea (DPRK)

DPRK was listed as a jurisdiction subject to a call by the FATF on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial ML/TF risks emanating from the jurisdiction.

AIs should treat transactions associated with DPRK as posing a higher ML/TF risk and subject them to increased scrutiny and enhanced due diligence.

- (2) Jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies

Algeria, Ecuador, Indonesia and Myanmar

The FATF called on its members to consider the risks arising from the deficiencies associated with these jurisdictions.

AIs should therefore consider applying increased scrutiny to transactions associated with these jurisdictions, including enhanced due diligence and ongoing monitoring.

Improving Global AML/CFT Compliance: Update On-going Process

The FATF has also issued an updated statement identifying jurisdictions that have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF and provided a written high level political commitment to address the identified deficiencies. The statement can be found at: <http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-june-2014.html>.

Outcomes from the meeting of the FATF Plenary, Paris, 25-27 June 2014

The FATF has also published various other outcomes of the Plenary Meeting which include, for example, progress of various jurisdictions in the FATF follow up process, typologies reports¹ and a report on the key definitions and potential ML/TF risks of virtual currencies. Further information can be obtained from the FATF website: <http://www.fatf-gafi.org/documents/news/plenary-outcomes-jun-2014.html>.

¹ (i) Typologies report on the risk of terrorist financing abuse of the non-profit sector; and (ii) Typologies report on the financial flows linked to the illicit production and trafficking of Afghan opiates and associated ML/TF activities.

Yours faithfully,

Henry Cheng
Executive Director (Banking Supervision)