



HONG KONG MONETARY AUTHORITY
香港金融管理局

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

4 March 2016

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Statements issued by the Financial Action Task Force on Money Laundering

I am writing to inform you that on 19 February 2016 the Financial Action Task Force on Money Laundering (FATF) published two updated statements identifying jurisdictions that may pose a risk to the international financial system and also provided details of a number of outcomes from the FATF Plenary meeting held on 17-19 February 2016.

FATF Public Statement

The FATF has issued a public statement identifying jurisdictions that have strategic deficiencies in their anti-money laundering and counter-terrorist financing (AML/CFT) regimes. The statement can be found at: <http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/public-statement-february-2016.html>.

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.

Improving Global AML/CFT Compliance: 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/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-february-2016.html>.

Other Outcomes from the FATF Plenary, Paris, 17-19 February 2016

The FATF has published various outcomes of the Plenary held between 17-19 February 2016 which may be of interest to AIs and include, for example, a “Consolidated FATF Strategy on Combating Terrorist Financing” which builds on existing work and reflects the latest developments on combating terrorist financing. In addition, Guidance on the Risk-Based Approach for Money or Value Transfer Services was published, and your attention is drawn to section IV – Access of MVTS to Banking Services. Further information can be obtained from the FATF website: <http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-plenary-february-2016.html>.

Yours faithfully,

Meena Datwani
Executive Director (Enforcement and AML)