



HONG KONG MONETARY AUTHORITY
香港金融管理局

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

17 August 2017

The Chief Executive
All authorized institutions

Dear Sir/Madam,

Combating Financing of Weapons of Mass Destruction Activities

In view of recent international developments regarding the Democratic People's Republic of Korea (DPRK) the HKMA would like to remind authorized institutions (AIs) of the importance of continued vigilance for possible activities or transactions that are suspected to be related to the proliferation of weapons of mass destruction (WMDs) as previously indicated in our circular on this subject of 5 April 2013 (<http://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2013/20130405e1.pdf>).

The HKMA expects AIs to be aware of the scope and focus of relevant financial sanctions regimes and the requirement to maintain a comprehensive and up-to-date watch list database for effective identification of names that may trigger suspicion. In maintaining such a database AIs should draw reference from a number of sources, including relevant designations by overseas authorities in relation to WMDs 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 Resolution 1540 on Proliferation of Weapons of Mass Destruction¹ and the recently adopted resolution 2371 on the Democratic People's Republic of Korea².

¹ Details of UNSCR 1540 can be found on the website of the UN ([https://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1540\(2004\)](https://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1540(2004)))

² <https://www.un.org/press/en/2017/sc12945.doc.htm> (2017)

AIs are reminded that activities, transactions or relationships that are suspected to be related to WMD proliferators should be handled with great caution as it is an offence under the laws of Hong Kong³ to provide any services to such customers. The requirement to file a suspicious transaction report, make a report to the HKMA and consider the need for legal advice on the implications of specific overseas legislation, regulation and sanctions regimes have been detailed in previous circulars issued by the HKMA.

I would also take this opportunity to inform AIs that relevant reference materials from a recent Anti-Money Laundering Forum on trade-based money laundering, sanctions risks and proliferation financing, including Q&As, have been uploaded to the website of the HKMA and can be accessed at <http://www.hkma.gov.hk/eng/key-functions/banking-stability/aml-cft/aml-cft-related-circulars-updates.shtml> under “Training and Seminars”.

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

Yours faithfully,

Meena Datwani
Executive Director (Enforcement and AML)

³ The provision of any services to customers, where any 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).