



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B10/14C
B1/15C

17 July 2020

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Statements issued by the Financial Action Task Force

I am writing to update you the statements published by the Financial Action Task Force (FATF) identifying jurisdictions that have strategic deficiencies in their anti-money laundering and counter-financing of terrorism (AML/CFT) and counter proliferation financing regimes, and also draw your attention to a number of outcomes from the FATF Plenary meeting held virtually on 24 June 2020.

Statements “High-Risk Jurisdictions subject to a Call for Action” and “Jurisdictions under Increased Monitoring”

In response to the COVID-19 pandemic, the FATF decided on a general pause in the review process for the list of “high-risk jurisdictions subject to a call for action” and “jurisdictions under increased monitoring”¹. AIs should therefore continue to refer to the HKMA circular on “Statements issued by the Financial Action Task Force” dated 11 March 2020, in particular, applying the enhanced due diligence measures and other counter-measures in relation to Iran and the Democratic People’s Republic of Korea.

FATF Virtual Plenary, 24 June 2020

Due to travel restrictions and confinement measures caused by COVID-19, the FATF held this Plenary meeting as a virtual event. The outcomes of the Virtual Plenary, some which may be of reference to AIs, was published on the FATF website and can be found at <http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-fatf-plenary-june-2020.html>.

¹ The FATF has decided on 28 April 2020 to grant these jurisdictions an additional four months for deadlines and not to review them in June 2020. Mongolia and Iceland however requested not to extend their deadlines, and continue on their current schedule. In light of this request, and the limited number of their remaining action plan items, their follow-up deadlines have not been postponed and the FATF has updated its statement for “Jurisdictions under Increased Monitoring” to provide the implementation progress of Mongolia’s and Iceland’s AML/CFT reforms. The statement can be found at: <http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-june-2020.html>.

We would like to share, further to our circular on 16 December 2019², that the FATF discussed in the Virtual Plenary the results from a review of the implementation of its revised Standards on virtual assets and virtual asset service providers (VASPs) since the FATF finalized these amendments and published a report on 7 July 2020. The FATF will undertake the second 12-month review by June 2021. Separately, the FATF conducted an analysis of AML/CFT issues relating to stablecoins and published its report to the G20 Finance Ministers and Central Bank Governors on 7 July 2020. Both reports can be found on the FATF website.

Besides, the FATF launched a public consultation on the amendments to Recommendation 1 and its Interpretive Note, which aim to strengthen requirements for jurisdictions and private sector entities to identify, assess and mitigate the risks of potential breaches, non-implementation, or evasion of the targeted financial sanctions related to proliferation financing. Relevant industry associations have been invited to participate in this consultation, details of which can be found at <http://www.fatf-gafi.org/publications/financingofproliferation/documents/consultation-recommendation-1.html>.

Yours faithfully,

Carmen Chu
Executive Director (Enforcement and AML)

² Circular on “Managing ML/TF risks associated with virtual assets (VAs) and virtual asset service providers (VASPs)”