



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B10/21C

11 November 2020

The Chief Executive
All Stored Value Facility Licensees

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 21-23 October 2020.

Statements on “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”. Stored value facility (SVF) licensees 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.

In addition, the FATF has issued an updated statement on “jurisdictions under increased monitoring”. The statement can be found at: <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-october-2020.html>.

FATF Virtual Plenary, 21-23 October 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 of which may be of reference to SVF licensees, were published on the FATF website and can be found at <https://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-fatf-plenary-october-2020.html>.

In particular, the FATF has worked to update its understanding of the impact of COVID-19 and found that the analysis in the “COVID-19-related Money Laundering and Terrorist Financing Risks and Policy Responses” report issued in May 2020 remains relevant. Reference can be made to the HKMA circulars published on 7 April 2020 and 30 July 2020¹.

The FATF also adopted several amendments to the FATF Recommendations following a public consultation. Recommendation 1 and its Interpretative Note, as revised, require 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. The FATF will develop a guidance to assist jurisdictions and the private sector in assessing and mitigating the proliferation financing risks. Taking this into account, the HKMA will study how the revised Recommendations may be implemented locally and will consult the sector in due course. Further information on the amendments can be found at <https://www.fatf-gafi.org/publications/financingofproliferation/documents/statement-proliferation-financing-2020.html>.

Yours faithfully,

Carmen Chu
Executive Director (Enforcement and AML)

¹ Circulars on “Coronavirus disease (COVID-19) and Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) measures” of April 2020 and “Coronavirus disease (COVID-19) and Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) measures – An Update” of July 2020.