



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B10/21C

28 June 2019

The Chief Executive
All Stored Value Facility Licensees

Dear Sir/Madam,

Statements issued by the Financial Action Task Force

I am writing to inform you that on 21 June 2019 the Financial Action Task Force (FATF) published two updated statements identifying jurisdictions that pose a risk to the international financial system and also to draw your attention to a number of outcomes from the FATF Plenary meeting held on 19-21 June 2019.

FATF Public Statement

The FATF has issued a public statement¹ identifying jurisdictions that have strategic deficiencies in their anti-money laundering and counter-financing of terrorism (AML/CFT) regimes. The statement can be found at: <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/public-statement-june-2019.html>.

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

Democratic People's Republic of Korea (DPRK)

The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its AML/CFT regime and the threat posed by the DPRK's illicit activities related to the proliferation of weapons of mass destruction and its financing.

Stored value facility (SVF) licensees should give special attention to business relationships and transactions associated with the DPRK, including DPRK companies, financial institutions and those acting on their behalf, and subject them to increased scrutiny and enhanced due diligence.

¹ SVF licensees are reminded of the requirements set out in paragraph 4.13 of the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Stored Value Facility Licensees).

- (2) Jurisdiction subject to a FATF call on its members and other jurisdictions to apply enhanced due diligence measures

Iran

The FATF decided to continue the suspension of counter-measures while expressing disappointment that the Action Plan remains outstanding, and expected Iran to proceed swiftly to address all the remaining items. The FATF remains concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system.

SVF licensees should therefore continue to apply enhanced due diligence, proportionate to the risks, with respect to business relationships and transactions with natural and legal persons from Iran, including (1) obtaining information on the reasons for intended transactions; and (2) conducting enhanced monitoring of business relationships, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.

Improving Global AML/CFT Compliance: On-going Process

The FATF has also issued an updated statement on jurisdictions that have strategic AML/CFT deficiencies but have developed an action plan and provided a written high level political commitment to address the identified deficiencies. The statement can be found at: <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/fatf-compliance-june-2019.html>.

Other Outcomes from the FATF Plenary, Orlando, 19-21 June 2019

The FATF has published various outcomes of the Plenary held on 19-21 June 2019, which may be of reference to SVF licensees. Further information can be found at: <https://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-plenary-june-2019.html>.

In particular, the Plenary discussed the mutual evaluation report of Hong Kong, China regarding the level of effectiveness of its AML/CFT system and its level of compliance with the FATF Recommendations. The mutual evaluation report is expected to be published by September 2019 after FATF's internal quality and consistency review, and further details would be circulated at that time.

Yours faithfully,

Carmen Chu
Executive Director (Enforcement and AML)