



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B10/21C

11 March 2020

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 February 2020 the Financial Action Task Force (FATF) published two updated statements 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 to draw your attention to a number of outcomes from the FATF Plenary meeting held on 19-21 February 2020.

High-Risk Jurisdictions subject to a Call for Action

The FATF has issued a statement¹ identifying high-risk jurisdictions that have significant strategic deficiencies in their AML/CFT and counter proliferation financing regimes. The FATF calls on all members and other jurisdictions to apply enhanced due diligence and counter-measures to protect the international financial system from the ongoing money laundering, terrorist financing, and proliferation financing risks emanating from the jurisdictions below. The statement can be found at: <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2020.html>.

(1) 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

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).

companies, financial institutions and those acting on their behalf, and subject them to increased scrutiny and enhanced due diligence.

(2) ***Iran***

The FATF fully lifts the suspension of counter-measures given Iran's failure to enact the Palermo and Terrorist Financing Conventions in line with the FATF Standards. 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 give special attention to business relationships and transactions associated with Iran, including Iranian companies, financial institutions and those acting on their behalf, and subject them to increased scrutiny and enhanced due diligence.

Jurisdictions under Increased Monitoring

The FATF has also issued a statement on jurisdictions that have strategic deficiencies in their AML/CFT and counter proliferation financing regimes but have committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and are subject to increased monitoring. The statement can be found at: <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-february-2020.html>.

Other Outcomes from the FATF Plenary, Paris, 19-21 February 2020

The FATF has published various outcomes of the Plenary, which may be of reference to SVF licensees. In particular, recognising the potential that innovation offers to improve AML/CFT efforts, the FATF has published on 6 March 2020 a new guidance paper on digital identity which explains the FATF's requirements for customer identification and verification and ongoing due diligence and how these can align with key components of digital identity systems. Further information can be found at: <https://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-fatf-plenary-february-2020.html>.

Yours faithfully,

Carmen Chu
Executive Director (Enforcement and AML)