



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B10/21C

2 November 2021

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 on 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 in a hybrid format between 19 and 21 October 2021.

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 has paused the review process for the list of “High-Risk Jurisdictions subject to a Call for Action” since February 2020. 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: <http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-october-2021.html>.

FATF Plenary meeting, 19-21 October 2021

The outcomes of the FATF Plenary meeting, some of which may be of reference to SVF licensees, were published on the FATF website and can be found at: <http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-fatf-plenary-october-2021.html>.

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In particular, the FATF published an updated “Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers”, which, among other things, describes the application of the FATF Recommendations to member jurisdictions and competent authorities; as well as to virtual asset service providers and other obliged entities, including banks, that seek to engage in virtual asset activities, to better understand their AML/CFT obligations. The updated guidance can be found at: <https://www.fatf-gafi.org/media/fatf/documents/recommendations/Updated-Guidance-VA-VASP.pdf>.

The FATF also launched a public consultation on proposed amendments to Recommendation 24 and its Interpretative Note on transparency and beneficial ownership of legal persons. Further information can be found at: <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/public-consultation-r24.html>.

In light of recent terrorist attacks in Afghanistan, Iraq and other regions, the FATF issued (1) a statement on the situation in Afghanistan and (2) a statement on the financing of ISIL, Al Qaeda and affiliates. The statements can be found at: <https://www.fatf-gafi.org/publications/fatfgeneral/documents/afghanistan-2021.html> and <http://www.fatf-gafi.org/publications/fatfgeneral/documents/statement-isil-al-qaeda.html>. SVF licensees should pay attention to these developments and consider their impact on relevant AML/CFT policies, procedures and controls in a risk-based manner and take appropriate steps to ensure compliance with relevant legal and regulatory obligations.

Yours faithfully,

Carmen Chu
Executive Director (Enforcement and AML)