HONG KONG MONETARY AUTHORITY
香港金融管理局

Circulars

26 Mar 2010

Statements issued by Financial Action Task Force on Money Laundering

Our Ref.: B10/1C

26 March 2010

The Chief Executive
All authorized institutions

Dear Sir/Madam,

Statements issued by Financial Action Task Force on Money Laundering

I am writing to inform you that on 18 February 2010 the Financial Action Task Force on Money Laundering (FATF) issued two statements on a number of jurisdictions identified by FATF as having unsatisfactory money laundering and terrorist financing controls. The statements can be found on the FATF's website (http://www.fatf-gafi.org).

FATF Public Statement

In this statement, the FATF identified 8 jurisdictions that have strategic deficiencies in their anti-money laundering and counter terrorist financing (AML/CFT) regimes:

Iran

The FATF welcomed the recent steps taken by Iran but remained concerned by Iran's failure to meaningfully address the on-going and substantial deficiencies in its AML/CFT regimes. The FATF reaffirmed its calls on members and jurisdictions to apply effective counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing risks emanating from Iran.

AIs should continue to apply the measures specified in the HKMA's circular letter of 13 March 2009 when handling transactions related to Iran.

Angola, Democratic People's Republic of Korea, Ecuador and Ethiopia

These jurisdictions were listed by the FATF for having strategic AML/CFT deficiencies but

not having committed to an action plan developed with the FATF to address key deficiencies as of February 2010. The FATF calls on its members to consider the risks arising from the deficiencies associated with each of these jurisdictions.

AIs should treat transactions associated with these jurisdictions as posing a higher AML/CFT risk and subject them to increased scrutiny and enhanced due diligence.

Pakistan, Turkmenistan and São Tomé and Príncipe

These jurisdictions were previously publicly identified by the FATF as having strategic AML/CFT deficiencies, which remain to be addressed as of February 2010.

AIs should take into account the deficiencies stated in the FATF Statement in their due diligence processes and take appropriate actions to minimise the risks.

Improving Global AML/CFT Compliance: On-Going Process

In a separate statement as part of the on-going process to improve global AML/CFT compliance, the FATF has identified jurisdictions that have drawn up an action plan to address identified AML/CFT deficiencies. Details can be found at http://www.fatf-gafi.org/dataoecd/34/28/44636196.pdf.

Yours faithfully,

Karen Kemp
Executive Director (Banking Policy)

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