HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B10/1C

26 November 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 22 October 2010 the Financial Action Task Force on Money Laundering (FATF) issued two updated 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 2 jurisdictions that have strategic deficiencies in their anti-money laundering and counter terrorist financing (AML/CFT) regimes:

Iran

Iran was listed as a jurisdiction subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing risk emanating from the jurisdiction.

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

Democratic People's Republic of Korea (DPRK)

DPRK was listed as a jurisdiction with strategic AML/CFT deficiencies that has not committed to an action plan developed with the FATF to address key deficiencies as of October 2010. The FATF calls on its members to consider the risks arising from the deficiencies associated with DPRK.

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

Improving Global AML/CFT Compliance: Update On-Going Process

In this statement, the FATF identified jurisdictions that have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF and provided a written high level political commitment to address the identified deficiencies. Details of the updated statement can be found on the FATF's website.

Yours faithfully,

Meena Datwani
Executive Director (Banking Conduct)