HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B10/1C
B1/15C

21 November 2011

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 28 October 2011 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

The FATF has issued a public statement identifying a number of jurisdictions that have strategic deficiencies in their anti-money laundering and counter-terrorist financing (AML/CFT) regimes. The statement has been separated into two sections.

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

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

(2) Jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies

Bolivia, Cuba, Ethiopia, Kenya, Myanmar, Nigeria, São Tomé and Príncipe, Sri Lanka, Syria and Turkey

These jurisdictions were listed by the FATF for having strategic AML/CFT deficiencies but not having made sufficient progress to address the deficiencies or not having committed to an action plan developed with FATF to address the deficiencies as of October 2011. The FATF called on its members to consider the risks arising from the deficiencies associated with these jurisdictions.

AIs should therefore consider applying increased scrutiny to transactions associated with these jurisdictions, including enhanced due diligence and ongoing monitoring.

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

The FATF has also issued an updated statement identifying 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. The statement can be found at:
http://www.fatf-gafi.org/document/42/0,3746,en_32250379_32236992_48966698_1_1_1_1,00.html

Yours faithfully,

Nelson Man
Executive Director (Banking Supervision)