HONG KONG MONETARY AUTHORITY
香港金融管理局

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

4 November 2015

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Statements issued by the Financial Action Task Force on Money Laundering and the Asia/Pacific Group on Money Laundering

I am writing to inform you that on 23 October 2015 the Financial Action Task Force on Money Laundering (FATF) published two updated statements identifying jurisdictions that may pose a risk to the international financial system and also provided details of a number of outcomes from the FATF Plenary meeting held on 21-23 October 2015.

The Asia/Pacific Group on Money Laundering (APG) has also recently issued a public statement, which we would like to draw your attention to.

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 and can be found at: http://www.fatf-gafi.org/documents/documents/public-statement-october-2015.html.

(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 call by the FATF 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 (ML/TF) risks 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 call by the FATF on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial ML/TF risks emanating from the jurisdiction.

AIs should treat transactions associated with DPRK as posing a higher ML/TF 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

Myanmar

The FATF called on its members to consider the risks arising from the deficiencies associated with this jurisdiction.

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

Improving Global AML/CFT Compliance: 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/documents/documents/fatf-compliance-october-2015.html.

Other Outcomes from the FATF Plenary, Paris, 21-23 October 2015

The FATF has published various outcomes of the Plenary held between 21-23 October 2015 which may be of interest to AIs and include, for example, (i) a statement on FATF action regarding de-risking and (ii) the adoption of "Guidance for a risk-based approach for effective supervision and enforcement by AML/CFT supervisors of the financial sector and law enforcement" which describes the features of effective supervision by regulators and supervisors, and also clarifies the interplay with the role of law enforcement agencies. Further information can be obtained from the FATF website: http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-plenary-october-2015.html.

APG Public Statement on Vanuatu

The APG has also updated a public statement in September 2015 calling upon Vanuatu to expeditiously address the remaining deficiencies that have not yet been adequately addressed in its AML/CFT system and to enhance the effectiveness of its AML/CFT system. The statement can be found at: http://www.apgml.org/about-us/page.aspx?p=fe4fce1a-2579-49f3-be93-598430e1b08a.

Yours faithfully,

Henry Cheng
Executive Director (Banking Supervision)