HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B10/14C
B1/15C

7 March 2017

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Statements issued by the Financial Action Task Force on Money Laundering

I am writing to inform you that on 24 February 2017 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 22-24 February 2017.

FATF Public Statement

The FATF has issued a public statement identifying jurisdictions that have strategic deficiencies in their anti-money laundering and counter-terrorist financing (AML/CFT) regimes. The statement can be found at: http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/public-statement-february-2017.html.

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

Democratic People's Republic of Korea (DPRK)

The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its AML/CFT regime and the threat posed by the DPRK's illicit activities related to the proliferation of weapons of mass destruction and its financing.

Authorized institutions (AIs) should give special attention to business relationships and transactions associated with the DPRK, including DPRK companies, financial institutions and those acting on their behalf, and subject them to increased scrutiny and enhanced due diligence. AIs should also

terminate correspondent relationships with DPRK banks, where required by relevant United Nations Security Council resolutions.

(2) Jurisdiction subject to a FATF call on its members and other jurisdictions to apply enhanced due diligence measures

Iran

Iran has adopted and committed to an action plan to address its strategic AML/CFT deficiencies and therefore in June 2016, the FATF has suspended counter-measures for twelve months to monitor its progress. However, the FATF remains concerned with the terrorist financing risk emanating from Iran.

AIs should therefore continue to apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons from Iran.

Improving Global AML/CFT Compliance: On-going Process

The FATF has also issued an updated statement on jurisdictions that have strategic AML/CFT deficiencies but have developed an action plan and provided a written high level political commitment to address the identified deficiencies. The statement can be found at: http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-february-2017.html.

Other Outcomes from the FATF Plenary, Paris, 22-24 February 2017

The FATF has published various outcomes of the Plenary held on 22-24 February 2017, which may be of interest to AIs. Further information can be found at: http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-plenary-february-2017.html.

Yours faithfully,

Meena Datwani
Executive Director (Enforcement and AML)