



27 April 2012

## Circular to Money Service Operators

### Statements issued by the Financial Action Task Force on Money Laundering

#### (1) FATF Public Statement

This is to inform you that the Financial Action Task Force (FATF) on Money Laundering issued an updated statement on 16 February 2012 identifying a number of jurisdictions that have strategic deficiencies in their anti-money laundering and counter-terrorist financing (AML/CFT) regimes. The statement can be found on the website of FATF at [http://www.fatf-gafi.org/documentprint/0,3455,en\\_32250379\\_32236992\\_49694738\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/documentprint/0,3455,en_32250379_32236992_49694738_1_1_1_1,00.html) and has been separated into sections (i) and (ii).

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

#### *Iran*

The FATF remains particularly and exceptionally concerned about Iran's failure to address the risk of terrorist financing and the serious threat this poses to the integrity of the international financial system, despite Iran's engagement with the FATF. The FATF reaffirms its call on its members and other jurisdictions to continue to apply effective counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing risk emanating from the jurisdiction.

#### *Democratic People's Republic of Korea (DPRK)*

The FATF remained concerned by the DPRK's failure to address the significant deficiencies in its AML/CFT regime and the serious threat this poses to the integrity of the international financial system. The FATF calls on its members and other jurisdictions to continue to apply effective counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing risk emanating from the jurisdiction.

Money service operators (MSOs) should give special attention to business relationships and transactions with Iran, Iranian companies and financial institutions including their branches and subsidiaries in their jurisdiction and apply increased scrutiny and enhanced due diligence to transactions associated with Iran and DPRK respectively in line with the FATF recommendations. MSOs are also reminded to apply relevant guidance as



specified in the FATF statement and implement appropriate measures and safeguards accordingly.

- (ii) 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, Ghana, Indonesia, Kenya, Myanmar, Nigeria, Pakistan, São Tomé and Príncipe, Sri Lanka, Syria, Tanzania, Thailand and Turkey***

These jurisdictions were listed by the FATF as 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 as of February 2012. The FATF calls on its members to consider the risks arising from the deficiencies associated with each of these jurisdictions.

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

## **(2) FATF Statement on Improving Global AML/CFT Compliance: On-Going Process**

Additionally, please be informed that in a separate statement as part of the on-going process to improve global AML/CFT compliance, the FATF has set out an updated list of jurisdictions that have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF. The FATF will closely monitor the implementation of those action plans and encourage its members to consider the information presented in the statement which can be found on the website of FATF at [http://www.fatf-gafi.org/documentprint/0,3455,en\\_32250379\\_32236992\\_49694961\\_1\\_1\\_1\\_1\\_00.html](http://www.fatf-gafi.org/documentprint/0,3455,en_32250379_32236992_49694961_1_1_1_1_00.html). Jurisdictions which are no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process as well as those not making sufficient progress on their action plans agreed upon with the FATF are also highlighted in the statement.

Furthermore:

- for items (1) and (2), as the FATF will continue to assess the progress made by these jurisdictions in addressing the deficiencies in their AML/CFT systems and issue updated statements from time to time, MSOs are reminded to browse the website of the FATF for the latest information.



**Customs and Excise Department**  
**香港海關**

MSOs are reminded to pay attention to section 15 of Schedule 2 of the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, Cap.615 which specifies that a financial institution (including MSO) must, in any situation that by its nature presents a higher risk of money laundering/terrorist financing (ML/TF), take additional measures to mitigate the risk of ML/TF.

Should you have any queries regarding the contents of this circular, please contact us on 2707 7871 or 2707 7812.

Money Service Supervision Bureau  
Customs and Excise Department

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