



**Circular to Money Service Operators  
Anti-Money Laundering / Counter-Terrorist Financing  
Statements issued by the Financial Action Task Force**

**(1) FATF Statement on Democratic People's Republic of Korea and Iran**

Further to our circular issued on 6 March 2019, this is to inform you that the Financial Action Task Force ("FATF") issued an updated statement on 21 June 2019 identifying jurisdictions that have strategic deficiencies in their anti-money laundering and combating the financing of terrorism ("AML/CFT") regimes. The statement can be found on the website of the FATF at

<http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/public-statement-june-2019.html>) and has been separated into two sections.

- (i) 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.

Money Service Operators ("MSOs") should give special attention to business relationships and transactions with the DPRK, including DPRK companies, financial institutions and those acting on their behalf, and subject them to increased scrutiny and enhanced due diligence measures.

- (ii) Jurisdiction subject to a call on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risks arising from the jurisdiction

***Iran***

The FATF decided to continue the suspension of counter-measures while expressing disappointment that the Action Plan remains outstanding, and expected Iran to proceed swiftly to address all the remaining items. The FATF remains concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system.

MSOs should therefore continue to apply enhanced due diligence, proportionate to the risks, with respect to business relationships and transactions with natural and legal persons from Iran, including (1) obtaining information on the reasons for intended transactions; and (2) conducting enhanced monitoring of business relationships, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.



**(2) FATF Statement on 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 (<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/fatf-compliance-june-2019.html>)

**(3) Outcomes from the Meeting of the FATF Plenary, 19-21 June 2019**

In addition to the statements in (1) and (2) above, the FATF has also published various other outcomes of its recent Plenary Meeting which may be of interest to MSOs. Further information can be found on the website of FATF (<https://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-plenary-june-2019.html>).

In particular, the Plenary discussed the mutual evaluation report of Hong Kong, China regarding the level of effectiveness of its AML/CFT system and its level of compliance with the FATF Recommendations. The mutual evaluation report is expected to be published by September 2019 after FATF's internal quality and consistency review, and further details would be circulated at that time.

Should you have any queries regarding the contents of this circular, please contact us on 2707 7819.

Money Service Supervision Bureau  
Customs and Excise Department

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