



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

(1) FATF Statement on High-Risk Jurisdictions subject to a Call for Action

Further to our circular issued on 8 November 2021, this is to inform you that the Financial Action Task Force (“FATF”) in an updated statement issued on 4 March 2022 ^{Note 1} advised its members to refer to the list of high-risk jurisdictions subject to a call for action adopted in February 2020, namely Iran and the Democratic People’s Republic of Korea, and that the FATF’s call for action on these high-risk jurisdictions remains in effect ^{Note 2}. The FATF’s statement identifying high-risk jurisdictions subject to a call for action in February 2020 can be found on the website of the FATF at (<http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2020.html>).

In response to the COVID-19 pandemic, the FATF has decided to pause the review process for this list from February 2020. While the aforesaid statement in February 2020 may not necessarily reflect the most recent status in Iran and the Democratic People’s Republic of Korea’s anti-money laundering and counter-financing of terrorism (“AML/CFT”) regime, the FATF’s call for action on these high risk jurisdictions remain in effect.

(2) FATF Statement on Jurisdictions under Increased Monitoring

In addition, the FATF has issued an updated statement on Jurisdictions under Increased Monitoring which can be found at (<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-march-2022.html>) ^{Note 3}. Money service operators (“MSOs”) are reminded that one new jurisdiction was added into the list, namely United Arab Emirates, while one jurisdiction, namely Zimbabwe, was removed from the list.

The statement sets out the list of jurisdictions that have committed to resolve swiftly strategic deficiencies in their regime to counter money laundering, terrorist financing, and proliferation financing within agreed timeframes and are subject to increased monitoring. The FATF will closely monitor the progress made by these jurisdictions in addressing the identified strategic deficiencies and encourages its members to take into account the information presented in the statement in their risk analysis.

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.

Note 1 The statement can be found on the website of the FATF at (<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-march-2022.html>).

Note 2 The circular issued on 8 November 2021 can be found on the C&ED’s website at (<https://eservices.customs.gov.hk/MSOS/downloadFile?id=318458>).

Note 3 Jurisdictions included Albania, Barbados, Burkina Faso, Cambodia, Cayman Islands, Haiti, Jamaica, Jordan, Mali, Malta, Morocco, Myanmar, Nicaragua, Pakistan, Panama, Philippines, Senegal, South Sudan, Syria, Turkey, Uganda, United Arab Emirates and Yemen.



(3) Outcomes from the FATF Plenary from 2 to 4 March 2022

In addition to the statements in (1) and (2) above, the FATF also published various other outcomes of its recent Plenary which may be of interest to MSOs. They include:

- (a) adoption of the amendments to Recommendation 24 and its Interpretive Note, which require jurisdictions to prevent the misuse of legal persons for money laundering or terrorist financing and to ensure that there is adequate, accurate and up-to-date information on the beneficial ownership and control of legal persons, such as prohibiting the issuance of new bearer shares and conversion or immobilisation of the existing ones, and more robust transparency requirements for nominee arrangements. The FATF will begin assessing jurisdictions for implementation of the revised requirements at the start of the next (fifth) round of mutual evaluations^{Note 4}; and;
- (b) issuance of a public statement on the situation of Ukraine concerning the impact on the money laundering, terrorist financing and proliferation financing risk environment as well as the integrity of the financial system, the broader economy safety and security. The statement can be found at <http://www.fatf-gafi.org/publications/fatfgeneral/documents/ukraine-2022.html>. MSOs should monitor the situation closely and be vigilant to the possibility of emerging risks.

Further information on the FATF Plenary's outcomes can be found at (<http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-fatf-plenary-march-2022.html>)

Should you have any queries regarding the contents of this circular, please contact us on 2707 7820.

Money Service Supervision Bureau
Customs and Excise Department

End

Note 4 The Public Statement on revisions to Recommendation 24 can be found at <https://www.fatf-gafi.org/publications/fatfrecommendations/documents/r24-statement-march-2022.html>.