



**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 7 Nov 2022^{Note 1}, this is to inform you that the Financial Action Task Force (“FATF”) issued a statement on High-Risk Jurisdictions subject to a Call for Action on 24 February 2022, which can be found at <https://www.fatf-gafi.org/en/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2023.html>. For all countries identified as high-risk, the FATF calls on all members and urges all jurisdictions to apply enhanced due diligence, and, in the most serious cases, apply countermeasures to protect the international financial system from the money laundering, terrorist financing, and proliferation financing risks emanating from those countries.

(i) Jurisdictions subject to a FATF’s call for applying countermeasures

The statement advised its members to refer to the list of high-risk jurisdictions subject to a call for countermeasures adopted in February 2020, namely Iran and the Democratic People’s Republic of Korea^{Note 2}.

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 to apply countermeasures^{Note 3} on these high risk jurisdictions remain in effect.

(ii) Jurisdiction subject to a FATF’s call for applying enhanced due diligence measures proportionate to the risks arising from the jurisdiction

Given the continued lack of progress and the majority of the action items in relation to Myanmar’s strategic deficiencies still not addressed after a year beyond the action plan’s deadline, the FATF decided that further action was necessary and called on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risk arising from Myanmar.

Note 1 The circular issued on 7 Nov 2022 can be found on the C&ED’s website at (<https://eservices.customs.gov.hk/MSOS/downloadFile?id=357108>).

Note 2 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/call-for-action-february-2020.html>).

Note 3 The examples of the countermeasures can be found in the Interpretative Note to Recommendation 19 (<http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf>).



(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/en/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-february-2023.html>)^{Note 4}. Money service operators (“MSOs”) are reminded that two new jurisdiction were added into the list, namely Nigeria and South Africa, while two jurisdiction, namely Cambodia and Morocco, 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. MSOs are reminded to browse the website of the FATF for the latest information, including any updated statements issued by the FATF from time to time.

(3) Outcomes from the FATF Plenary from 22 to 24 February 2023

In addition to the statements in (1) and (2) above, the FATF also published various outcomes of its recent Plenary which may be of interest to MSOs, including the adoption of (i) amendments to Recommendation 25 on beneficial ownership of legal arrangements; (ii) guidance on implementation of the revised requirements of Recommendation 24 on beneficial ownership of legal persons; and (iii) a report on disrupting the financial flows from ransomware.

Further information on the FATF Plenary’s outcomes can be found at (<https://www.fatf-gafi.org/en/publications/Fatfgeneral/outcomes-fatf-plenary-february-2023.html>)

Should you have any queries regarding the contents of this circular, please contact us on 3742 7742.

Money Service Supervision Bureau
Customs and Excise Department

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Note 4 Jurisdictions included Albania, Barbados, Burkina Faso, Cayman Islands, Democratic Republic of the Congo, Gibraltar, Haiti, Jamaica, Jordan, Mali, Mozambique, Nigeria, Panama, Philippines, Senegal, South Africa, South Sudan, Syria, Tanzania, Turkey, Uganda, United Arab Emirates and Yemen.