



**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 5 Jul 2023<sup>Note 1</sup>, 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 27 Oct 2023, which can be found at <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-october-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 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<sup>Note 2</sup>.

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<sup>Note 3</sup> on these high risk jurisdictions remain in effect.

**(ii) Jurisdiction subject to a FATF 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.

**(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/Increased-monitoring-october-2023.html><sup>Note 4</sup>. Money service operators (“MSOs”) are reminded that one new jurisdiction were added into the list, namely Bulgaria, and four jurisdictions were removed from the list, namely Albania, Cayman Islands, Jordan and Panama.

Note 1 The circular issued on 5 Jul 2023 can be found on the C&ED’s website at <https://eservices.customs.gov.hk/MSOS/downloadFile?id=384321>.

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 <https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/FATF%20Recommendations%202012.pdf.coredownload.inline.pdf#page=87>.

Note 4 Jurisdictions included Barbados, Bulgaria, Burkina Faso, Cameroon, Croatia, Democratic Republic of the Congo, Gibraltar, Haiti, Jamaica, Mali, Mozambique, Nigeria, Philippines, Senegal, South Africa, South Sudan, Syria, Tanzania, Turkiye, Uganda, United Arab Emirates, Vietnam and Yemen.



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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 25 to 27 October 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:-

- (a) the agreement on the revisions to Recommendation 8 and the update of its Best Practices Paper on Combating the Abuse of Non-Profit Organisations. These aim to protect non-profit organisations from potential terrorist financing abuse through the effective implementation of risk-based measures without unduly disrupting or discouraging legitimate charitable activities. The updated Recommendation and the Best Practices Paper will be published in November 2023;
- (b) the agreement on the publication of a report on Crowdfunding for Terrorism Financing that analyses how terrorists have exploited fundraising platforms and crowdfunding activities on social media to seek funding for their terrorist cause, and examines the challenges faced in detecting and preventing terrorist financing through the crowdfunding ecosphere. It also highlights good practices and provides a list of risk indicators to help identify potential attempts at terrorist financing activity using crowdfunding;
- (c) the adoption of a report on Illicit Financial Flows from Cyber-Enabled Fraud, which highlights examples of national operational responses and strategies in tackling cyber-enabled fraud, and identifies risk indicators and useful anti-fraud requirements and controls that may help detect and prevent cyber-enabled fraud and related money laundering; and
- (d) the agreement on the release of the updated FATF Risk-Based Guidance on Recommendation 25 on Beneficial Ownership and Transparency of Legal Arrangements for public consultation. This guidance reflects the February 2023 revisions to Recommendation 25 and complements the existing guidance on Recommendation 24 on legal persons.

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

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

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