



MSSB/FATF\_02/2014

15 July 2014

**Circular to Money Service Operators**  
**Statements issued by the Financial Action Task Force**  
**on Money Laundering**

**(1) FATF Statement**

Further to our circular issued on 20 March 2014, this is to inform you that the Financial Action Task Force (“FATF”) issued an updated statement on 27 June 2014 identifying a number of 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 FATF at

(<http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/public-statement-june-2014.html>) and has been separated into two sections.

- (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 previous engagement with the FATF and recent submission of information. The FATF calls on its members and other jurisdictions to apply 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 remains 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 apply 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 continue to apply the measures specified in our circular of 27 April 2012 in relation to business relationships and transactions associated with Iran and DPRK respectively. 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



***Algeria, Ecuador, Indonesia, Myanmar***

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 June 2014. The FATF calls on its members to consider the risks arising from the deficiencies associated with each of these jurisdictions as described in the FATF statement.

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 (<http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-june-2014.html>). Jurisdictions not making sufficient progress on their action plans agreed upon with the FATF are also highlighted in the statement.

Furthermore:

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.

**(3) Outcomes from the meeting of the FATF Plenary**

The FATF has also published various other outcomes of its Plenary Meeting held on 25 – 27 June in Paris. They include, for example, progress of various jurisdictions in the FATF follow up process, typologies reports and a report on the key definitions and potential ML/TF risks of virtual currencies. Further information can be found on the website of FATF (<http://www.fatf-gafi.org/documents/news/plenary-outcomes-jun-2014.html>)

**(4) United Nations (Anti-Terrorism Measures) Ordinance**

Further to our circular issued on 12 June 2014, an updated list specifying terrorists and terrorist associates designated by the United Nations Security Council (“UNSC”) was published under section 4 of the United Nations (Anti-Terrorism Measures) Ordinance (“the UNATMO”) (Cap. 575) in the Gazette on 4 July 2014 (G.N. 3804 of 2014). Relevant press releases issued by the UNSC, reflecting the updates since the



previous list was published in the Gazette (G.N. 2517 of 2014).

#### **(5) United Nations Sanctions (Afghanistan) Regulation 2012**

Further to our circular issued on 12 June 2014, an updated list specifying “relevant entities and persons” under section 29 of the United Nations Sanctions (Afghanistan) Regulation 2012 (Cap. 537AX) was published in the Gazette on 4 July 2014 (G.N. 3805 of 2014).

#### **(6) United Nations Sanctions (Democratic People's Republic of Korea) Regulation**

Further to our circular issued on 20 March 2014, an updated list specifying “relevant entities and persons” under section 31 of the United Nations Sanctions (Democratic People's Republic of Korea) Regulation (Cap. 537AE) was published in the Gazette on 4 July 2014 (G.N. 3806 of 2014).

#### **(7) United Nations Sanctions (Sudan) Regulation 2013**

Further to our circular issued on 12 November 2013, an updated list specifying “relevant persons” under section 31 of the United Nations Sanctions (Sudan) Regulation 2013 (Cap. 537BF) was published in the Gazette on 4 July 2014 (G.N. 3807 of 2013).

The aforesaid lists in items (4) to (7) can be found on the Government’s website (<http://www.gld.gov.hk/cgi-bin/gld/egazette/index.cgi?lang=e>)

#### **(8) US President’s Executive Order 13224**

Further to our circular issued on 8 May 2014, this is to inform you that the US Government has updated the list of designated individuals and entities issued under the US President’s Executive Order 13224 (“the Executive Order”). The updated information can be found on the website of the US Treasury (<http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf>)

As the designated individuals and entities under the Executive Order may be updated by the US Government from time to time, MSOs are reminded to browse the website of the US Treasury regularly for the latest information.

MSOs should check the names in the above lists against their records, and report any transactions or relationships they have or have had with the named persons or entities to the Joint Financial Intelligence Unit.

MSOs are reminded to pay attention to section 15 of Schedule 2 of the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, 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.



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Moreover, MSOs are reminded to refer to Chapter 6 of the Guideline on Anti-Money Laundering and Counter-Terrorist Financing which contains guidance on the appropriate measures that MSOs should take to ensure compliance with the UNATMO, the regulations made under UNSO and the Executive Order

Should you have any queries regarding the contents of this circular, please contact us on 3759 3742.

Money Service Supervision Bureau  
Customs and Excise Department

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