



MSSB/FATF\_03/2015

25 November 2015

**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 21 August 2015, this is to inform you that the Financial Action Task Force ("FATF") issued an updated statement on 23 October 2015 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/publications/high-riskandnon-cooperativejurisdictions/documents/public-statement-october-2015.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. 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 ("ML/TF") risks 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 ML/TF risks 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

***Myanmar***

This jurisdiction was 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 October 2015. The FATF calls on its members to consider the risks



arising from the deficiencies associated with this jurisdictions as described in the FATF statement.

MSOs should therefore consider applying increased scrutiny to transactions associated with this jurisdiction, including enhanced due diligence and ongoing monitoring.

## **(2) FATF Statement on Improving Global AML/CFT Compliance: On-Going Process**

In addition, 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/documents/documents/fatf-compliance-october-2015.html>).

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, 21-23 October 2015**

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. They include, for example, (i) a statement on FATF action regarding de-risking and (ii) the adoption of "Guidance for a Risk-Based Approach: Effective Supervision and Enforcement by AML/CFT Supervisors of the Financial Sector and Law Enforcement". Further information can be found on the website of FATF

(<http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-plenary-october-2015.html>).

## **(4) APG Public Statement on Vanuatu**

In light of the Asia/Pacific Group on Money Laundering ("APG")'s concern about the serious deficiencies in Vanuatu's AML/CFT system, the APG has updated a public statement in September 2015 following the adoption of Vanuatu's latest mutual evaluation report, to call upon Vanuatu to expeditiously address the remaining deficiencies that have not yet been adequately addressed in its AML/CFT system and to enhance the effectiveness of its AML/CFT system. APG is one of the FATF-style regional bodies and Hong Kong is a member of APG. MSOs are encouraged to consider pertinent information in the statement which can be found on the website of APG

(<http://www.apgml.org/about-us/page.aspx?p=fe4fce1a-2579-49f3-be93-598430e1b08a>).

As APG may issue similar statements from time to time, MSOs are reminded to browse the website of the APG for the latest information.

Should you have any queries regarding the contents of this circular, please contact us on 3759 3735.

Money Service Supervision Bureau  
Customs and Excise Department

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