



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

(1) FATF Statement on Democratic People's Republic of Korea and Iran

Further to our circular issued on 24 March 2016, this is to inform you that the Financial Action Task Force (“FATF”) issued an updated statement on 24 June 2016 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-june-2016.html>).

The statement has been separated into two sections.

- (i) Jurisdiction subject to a call on its members and other jurisdictions to apply counter- measures

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. Further, the FATF is concerned about the threat posed by the DPRK’s illicit activities related to the proliferation of weapons of mass destruction (“WMDs”) and its financing. The FATF calls on its members and other jurisdictions to apply counter-measures and targeted financial sanctions in accordance with applicable United Nations Security Council Resolutions to protect the international financial system from the on-going and substantial money laundering, terrorist financing and WMD proliferation financing risks emanating from the jurisdiction.

- (ii) Jurisdiction subject to a call on its members and other jurisdictions to apply enhanced due diligence measures

Iran

The FATF welcomes Iran’s adoption of an Action Plan to address its strategic AML/CFT deficiencies, and therefore has suspended counter-measures for twelve months. Until Iran implements the measures required to address the deficiencies identified in the Action Plan, the FATF remains concerned with the risk of terrorist financing emanating from Iran and the threat this poses to the integrity of the international financial system. The counter-measures will be re-imposed after the twelve-month period if Iran has not demonstrated sufficient progress in implementing the Action Plan. The FATF calls on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risks arising 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.

(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/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-june-2016.html>).

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, 22-24 June 2016

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, the Consolidated FATF Standards on Information Sharing. Further information can be found on the website of FATF (<http://www.fatf-gafi.org/publications/fatfgeneral/documents/plenary-outcomes-june-2016.html>).

Should you have any queries regarding the contents of this circular, please contact us on 3759 3723.

Money Service Supervision Bureau
Customs and Excise Department

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