

7 March 2012

**Circular to Licensed Corporations and Associated Entities**

**Anti-Money Laundering / Combating Terrorist Financing**

**(1) FATF Statement on Iran, Democratic People's Republic of Korea, Bolivia, Cuba, Ethiopia, Ghana, Indonesia, Kenya, Myanmar, Nigeria, Pakistan, São Tomé and Príncipe, Sri Lanka, Syria, Tanzania, Thailand and Turkey**

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

**(3) US President's Executive Order 13224**

**(1) FATF Statement on Iran, Democratic People's Republic of Korea, Bolivia, Cuba, Ethiopia, Ghana, Indonesia, Kenya, Myanmar, Nigeria, Pakistan, São Tomé and Príncipe, Sri Lanka, Syria, Tanzania, Thailand and Turkey**

Further to our circular issued on 5 December 2011, this is to inform you that the Financial Action Task Force on Money Laundering (FATF) issued an updated statement on 16 February 2012 identifying a number of jurisdictions that have strategic deficiencies in their anti-money laundering and counter-terrorist financing (AML/CFT) regimes.

The statement can be found on the website of FATF ([http://www.fatf-gafi.org/documentprint/0,3455,en\\_32250379\\_32236992\\_49694738\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/documentprint/0,3455,en_32250379_32236992_49694738_1_1_1_1,00.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 engagement with the FATF. The FATF reaffirms its call on its members and other jurisdictions to continue to apply effective 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 remained 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 continue to apply effective counter-measures to protect the



international financial system from the on-going and substantial money laundering and terrorist financing risk emanating from the jurisdiction.

Licensed corporations (LCs) and associated entities (AEs) should continue to apply the measures specified in our circulars of 31 March 2009 and 15 April 2011 (<http://www.sfc.hk/sfcRegulatoryHandbook/EN/displayFileServlet?docno=H545> & <http://www.sfc.hk/sfcRegulatoryHandbook/EN/displayFileServlet?docno=H628>) in relation to transactions associated with Iran and DPRK respectively. LCs and AEs 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

***Bolivia, Cuba, Ethiopia, Ghana, Indonesia, Kenya, Myanmar, Nigeria, Pakistan, São Tomé and Príncipe, Sri Lanka, Syria, Tanzania, Thailand and Turkey***

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 February 2012. The FATF calls on its members to consider the risks arising from the deficiencies associated with each of these jurisdictions.

LCs and AEs 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/documentprint/0,3455,en\\_32250379\\_32236992\\_49694961\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/documentprint/0,3455,en_32250379_32236992_49694961_1_1_1_1,00.html)). Jurisdictions which are no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process as well as those not making sufficient progress on their action plans agreed upon with the FATF are also highlighted in the statement.

## **(3) US President's Executive Order 13224 (the Executive Order)**

Further to our circular issued on 31 January 2012, this is to inform you that the US Government has updated the list of designated individuals and entities issued under 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>) under the headings of "Name of entity added on 2-16-12", "Name of entity added on 2-23-12", "Name of individual added on 2-



23-12”, “Name of individual added on 3-2-12”, “Name of individual changed on 3-2-12”, and “Name of entity changed on 3-2-12”.

LCs and AEs should check the names in all of 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.

Furthermore:

- for items (1) and (2), 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, LCs and AEs are reminded to browse the website of the FATF for the latest information.
- for item (3), as the designated individuals and entities under the Executive Order may be updated by the US Government from time to time, LCs and AEs are reminded to browse the website of the US Treasury regularly for the latest information.

Should you have any queries regarding the contents of this circular, please contact Ms Seine Luk on 2842 7696.

Intermediaries Supervision Department  
Securities and Futures Commission

Enclosure

End

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