

3 November 2021

Circular to Licensed Corporations and Associated Entities

Anti-Money Laundering / Counter-Financing of Terrorism

(1) FATF Statement on High-Risk Jurisdictions subject to a Call for Action

(2) FATF Statement on Jurisdictions under Increased Monitoring

(3) Outcomes from the FATF Plenary, 19-21 October 2021

(1) FATF Statement on High-Risk Jurisdictions subject to a Call for Action

Further to our circular issued on 7 July 2021 ^{Note 1}, this is to inform you that the Financial Action Task Force (“FATF”) in a statement issued on 21 October 2021 ^{Note 2} advised its members to refer to the list of high-risk jurisdictions subject to a call for action adopted in February 2020, namely Iran and the Democratic People’s Republic of Korea, which can be found at <http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2020.html>.

Since February 2020, in light of the COVID-19 pandemic, the FATF has paused the review process for countries in the list of high-risk jurisdictions subject to a call for action. While the aforesaid February 2020 statement may not necessarily reflect the most recent status of Iran and the Democratic People’s Republic of Korea’s anti-money laundering and counter-financing of terrorism (“AML/CFT”) regimes, the FATF’s call for action on these high-risk jurisdictions remains in effect.

(2) FATF Statement on Jurisdictions under Increased Monitoring

In addition, the FATF issued an updated statement on Jurisdictions under Increased Monitoring ^{Note 3} which can be found at <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-october-2021.html>.

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.

^{Note 1} Please refer to our circular issued on 7 July 2021

(<https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/aml/doc?refNo=21EC28>).

^{Note 2} The statement can be found at <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-october-2021.html>.

^{Note 3} The FATF has added three new jurisdictions (namely Jordan, Mali and Turkey) to and removed two jurisdictions (namely Botswana and Mauritius) from the list of jurisdictions under increased monitoring.

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, licensed corporations (“LCs”) and associated entities (“AEs”) are reminded to browse the website of the FATF for the latest information.

(3) Outcomes from the FATF Plenary, 19-21 October 2021

In addition to the statements in (1) and (2) above, the FATF also published various other outcomes of its recent Plenary which may be of interest to LCs and AEs. They include:

- (a) the publication of the revised Guidance for a Risk-Based Approach to Virtual Assets (“VAs”) and Virtual Asset Service Providers (“VASPs”) ^{Note 4};
- (b) the launch of a public consultation on proposed amendments to Recommendation 24 and its Interpretive Note on the transparency and beneficial ownership of legal persons ^{Note 5}, which will be closed by 3 December 2021; and
- (c) In light of recent terrorist attacks in Afghanistan, Iraq and other regions, the FATF issued (1) a statement on the situation in Afghanistan and (2) a statement on the financing of ISIL, Al Qaeda and affiliates. The statements can be found at: <https://www.fatf-gafi.org/publications/fatfgeneral/documents/afghanistan-2021.html> and <https://www.fatf-gafi.org/publications/fatfgeneral/documents/statement-isil-al-qaeda.html>. LCs and AEs should pay attention to these developments and consider their impact on relevant AML/CFT policies, procedures and controls in a risk-based manner and take appropriate steps to ensure compliance with relevant legal and regulatory obligations.

Further information on the FATF Plenary’s outcomes can be found at <https://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-fatf-plenary-october-2021.html>.

Should you have any queries regarding the contents of this circular, please contact Ms Kiki Wong at 2231 1569 who will assist to refer your queries to the relevant officer.

Intermediaries Supervision Department
Intermediaries Division
Securities and Futures Commission

End

SFO/IS/031/2021

^{Note 4} The FATF revised and updated its 2019 Guidance to address areas identified in the June 2020 12-Month Review of the Revised FATF Standards on VAs and VASPs, that require greater FATF guidance in order to clarify the application of the revised FATF Standards. The revised guidance can be found at <https://www.fatf-gafi.org/media/fatf/documents/recommendations/Updated-Guidance-VA-VASP.pdf>

^{Note 5} The draft text of proposed amendments is available at https://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/Pdf-file_R24-Beneficial-Ownership-Public-Consultation.pdf