

5 March 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, 22, 24 and 25 February 2021**

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

Further to our circular issued on 9 November 2020<sup>Note 1</sup>, this is to inform you that the Financial Action Task Force ("FATF") in a statement issued on 25 February 2021<sup>Note 2</sup> 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 AML/CFT regime, the FATF's call for action on these high-risk jurisdictions remain in effect.

#### **(2) FATF Statement on Jurisdictions under Increased Monitoring**

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

<sup>Note 1</sup> Please refer to our circular issued on 9 November 2020

(<https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/aml/doc?refNo=20EC70>)

<sup>Note 2</sup> The statement can be found at <http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2021.html>.

<sup>Note 3</sup> The FATF has added four new jurisdictions (namely Burkina Faso, the Cayman Islands, Morocco, and Senegal) to 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, 22, 24 and 25 February 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 approval of the public consultation on a new guidance on proliferation financing risk assessment and mitigation as well as an update to the FATF guidance for virtual assets and virtual asset service providers. The two guidance papers will be published for public consultation in March 2021 and are expected to be finalized for Plenary approval in June 2021.

Further information on the FATF Plenary’s outcomes can be found at <http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-fatf-plenary-february-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

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