

2 July 2013

**Circular to Licensed Corporations and Associated Entities**

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

**(1) FATF Statement on Iran, Democratic People's Republic of Korea, Ecuador, Ethiopia, Indonesia, Kenya, Myanmar, Pakistan, São Tomé and Príncipe, Syria, Tanzania, Turkey, Vietnam and Yemen**

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

**(3) United Nations (Anti-Terrorism Measures) Ordinance**

**(4) United Nations Sanctions (Afghanistan) Regulation 2012**

**(5) United Nations Sanctions (Democratic Republic of the Congo) Regulation 2013**

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

**(1) FATF Statement on Iran, Democratic People's Republic of Korea, Ecuador, Ethiopia, Indonesia, Kenya, Myanmar, Pakistan, São Tomé and Príncipe, Syria, Tanzania, Turkey, Vietnam and Yemen**

Further to our circular issued on 18 March 2013, this is to inform you that the Financial Action Task Force ("FATF") issued an updated statement on 21 June 2013 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 <sup>Note 1</sup> 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 previous engagement with the FATF and recent submission of information. The FATF reaffirms its call on its members and other jurisdictions to continue to apply effective counter-measures to

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<sup>Note 1</sup> The statement can be found on the website of FATF (<http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/public-statement-june-2013.html>).



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 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 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/edistributionWeb/gateway/EN/circular/openFile?refNo=H545> & <http://www.sfc.hk/edistributionWeb/gateway/EN/circular/openFile?refNo=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<sup>Note 1</sup> 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

### ***Ecuador, Ethiopia, Indonesia, Kenya, Myanmar, Pakistan, São Tomé and Príncipe, Syria, Tanzania, Turkey, Vietnam and Yemen***

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 June 2013. The FATF calls on its members to consider the risks arising from the deficiencies associated with each of these jurisdictions as described in the FATF statement<sup>Note 1</sup>.

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/topics/high-riskandnon-cooperativejurisdictions/documents/compliance-june-2013.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.



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.

### **(3) United Nations (Anti-Terrorism Measures) Ordinance**

Further to our circular issued on 26 April 2013, an updated list specifying terrorists and terrorist associates designated by the United Nations Security Council (“UNSC”) was published under section 4 of the United Nations (Anti-Terrorism Measures) Ordinance (“the UNATMO”) (Cap. 575) in the Gazette on 28 June 2013 (G.N. 3641 of 2013). Relevant press releases issued by the UNSC, reflecting the updates since the previous list was published in the Gazette (G.N. 2219 of 2013), are attached in Attachment 1.

### **(4) United Nations Sanctions (Afghanistan) Regulation 2012**

Further to our circular issued on 26 April 2013, an updated list specifying “relevant entities and persons” designated by the UNSC was published under section 29 of the United Nations Sanctions (Afghanistan) Regulation 2012 (Cap. 537AX) in the Gazette on 28 June 2013 (G.N. 3642 of 2013).

### **(5) United Nations Sanctions (Democratic Republic of the Congo) Regulation 2013**

Further to our circular issued on 22 March 2013, an updated list specifying “relevant entities and persons” designated by the UNSC was published under section 30 of the United Nations Sanctions (Democratic Republic of the Congo) Regulation 2013 (Cap. 537BC) in the Gazette on 28 June 2013 (G.N. 3643 of 2013).

### **(6) US President’s Executive Order 13224**

Further to our circular issued on 18 April 2013, this is to inform you that the US Government has updated the list of designated individuals and entities issued under the US President’s Executive Order 13224 (“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 heading of “Name of individual removed on 4-30-13”, “Name of individual added on 5-16-13”, “Name of entity added on 5-16-13”, “Names of aircraft added on 5-16-13”, “Names of individuals added on 5-31-13”, “Names of entities added on 5-31-13”, “Names of aircraft added on 5-31-13”, “Name of individual added on 6-6-13”, “Names of individuals added on 6-11-13” and “Names of individuals removed on 6-27-13”.

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.

The aforesaid lists in items (3) to (5) can be found on the Government’s website (<http://www.gld.gov.hk/cgi-bin/gld/egazette/index.cgi?lang=e>).

LCs and AEs should check the names in the above lists in items (3) to (6) 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, LCs and AEs are reminded to refer to Chapter 6 of the Guideline on Anti-Money Laundering and Counter-Terrorist Financing (“AML Guideline”) which contains guidance on the appropriate measures that LCs and AEs should take to ensure compliance with the UNATMO, the regulations made under United Nations Sanctions Ordinance and the Executive Order <sup>Note 2</sup>.

Should you have any queries regarding the contents of this circular, please contact Ms Kiki Wong on 2231 1569.

Intermediaries Supervision Department  
Securities and Futures Commission

Enclosure

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<sup>Note 2</sup> *Under paragraph 6 of the Prevention of Money Laundering and Terrorist Financing Guideline issued by the Securities and Futures Commission for Associated Entities, AEs that are not authorized financial institutions are expected to have regard to the provisions of the AML Guideline as if they were themselves LCs.*