

保險業監理處

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17 March 2017

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To: Chief Executives of all authorized insurers  
carrying on long term business

Dear Sirs,

**Statements issued by the  
Financial Action Task Force on Money Laundering ("FATF")**

Further to our letter of 11 November 2016, we are writing to inform you of the following developments:

(1) FATF Public Statement

The FATF issued an updated statement on 24 February 2017 identifying 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 (<http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/public-statement-february-2017.html>).

(i) Jurisdiction subject to a FATF 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 has serious concerns with the threat posed by the DPRK's illicit activities related to the proliferation of weapons of mass destruction ("WMD") and its financing. The FATF calls on its members and urges other jurisdictions to apply effective counter-measures and targeted financial sanctions in accordance

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with applicable United Nations Security Council Resolutions to protect their financial sectors from money laundering, financing of terrorism and WMD proliferation financing risks emanating from the DPRK.

You should follow the guidance specified in the FATF Statement and subject the transactions associated with the DPRK to increased scrutiny and enhanced due diligence. In addition, you are reminded that it is an offence under section 4 of the Weapons of Mass Destruction (Control of Provision of Services) Ordinance (Cap. 526) for a person to provide any services where he believes or suspects, on reasonable grounds, that those services may be connected to WMD proliferation.

- (ii) Jurisdiction subject to a FATF 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 suspended counter-measures for twelve months accordingly in June 2016. 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 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.

You should continue to apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons from Iran.

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

The FATF also issued an updated statement on 24 February 2017 identifying jurisdictions that have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF and provided a written high level political commitment to address the identified deficiencies.

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The FATF and FATF-style regional bodies will continue to work with these jurisdictions and to report on the progress made in addressing the identified deficiencies. The statement can be found on the website of FATF (<http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-february-2017.html>).

(3) Outcomes from the Meeting of the FATF Plenary, 22-24 February 2017

In addition, the FATF has published various outcomes of its recent Plenary Meeting which may be of interest to you. They include, for example, FATF's on-going work to combat terrorist financing. Further information can be found on the website of FATF (<http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-plenary-february-2017.html>).

Should you have any enquiries regarding the above, please contact our Ms Cindy Leung at 2153 2756 or Miss Jasmine Lee at 2153 2748.

Yours faithfully,

(Miss Nancy Chien)  
for Commissioner of Insurance  
(Insurance Authority)

c.c. Chairman, The Hong Kong Federation of Insurers