

保險業監理處

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13 March 2015

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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 14 November 2014, we are writing to inform you of the following developments:

(1) FATF Public Statement

The FATF issued an updated statement on 27 February 2015 concerning a number of jurisdictions that have been identified as posing substantial risks to the international financial system. The statement can be found on the website of FATF (<http://www.fatf-gafi.org/documents/documents/public-statement-february-2015.html>).

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. The FATF reaffirms its call on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (“ML/FT”) risks emanating from Iran.

You should continue to apply the measures specified in our circular of 26 March 2009 when handling transactions related to Iran.

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Democratic People's Republic of Korea

The FATF remains concerned by the Democratic People's Republic of Korea's failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism ("AML/CFT") regime and the serious threat this poses to the integrity of the international financial system. The FATF further calls on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from ML/FT risks emanating from the Democratic People's Republic of Korea.

You should follow the guidance specified in the FATF Statement and subject the transactions associated with the Democratic People's Republic of Korea to increased scrutiny and enhanced due diligence.

Algeria, Ecuador and Myanmar

The FATF calls on its members to consider the risks arising from the strategic AML/CFT deficiencies associated with Algeria, Ecuador and Myanmar. These jurisdictions 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.

You should consider applying increased scrutiny and enhanced due diligence to transactions associated with these jurisdictions.

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

The FATF also issued an updated statement on 27 February 2015 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.

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/documents/documents/fatf-compliance-february-2015.html>).

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(3) FATF Action on Terrorist Financing

In addition, the FATF issued a public statement on 27 February 2015 highlighting that terrorism is an increasingly global problem that requires concerted global action by a united international community. The statement can be found on the website of FATF (<http://www.fatf-gafi.org/topics/fatfgeneral/documents/fatf-action-on-terrorist-finance.html>). In particular, attention is drawn to the Islamic State in Iraq and the Levant (“ISIL”) phenomenon which shows a new type of terrorist organisation with unique funding streams that are crucial to its activities. The FATF has published a report on the *Financing of the Terrorist Organisation Islamic State in Iraq and the Levant* which can be found on the website of FATF (<http://www.fatf-gafi.org/topics/methodsandtrends/documents/financing-of-terrorist-organisation-isil.html>).

In the above connection, we would like to remind you that to ensure your counter-terrorist financing system and controls are effective, you must be aware of the scope and focus of relevant financial sanctions regimes, keep abreast of the related developments locally and internationally, and maintain a comprehensive and up-to-date database for effective screening purpose. You should pay attention to relevant United Nations Security Council Resolutions, such as the recently adopted resolution 2199 on ISIL and other terrorist organisations. You should also be mindful of your statutory duty to report suspicious transactions to the Joint Financial Intelligence Unit.

Should you have any enquiries regarding the above, please contact our Ms Cindy Leung at 2153 2756 or Mr Wilson Choy at 2153 2748.

Yours faithfully,

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

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