

12 March 2018

Our Ref: INS/TEC/6/45

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 1 December 2017, we are writing to inform you of the following developments:

(1) FATF Public Statement

The FATF issued an updated statement on 23 February 2018 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-2018.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 threats they pose 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 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.

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You should give special attention to business relationships and transactions with the DPRK, including DPRK companies, financial institutions and those acting on their behalf, and subject them 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 decided to continue the suspension of counter-measures on Iran. Depending upon Iran's progress in completing its action plan, the FATF will take further steps in June 2018. The FATF remains concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system.

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 23 February 2018 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/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-february-2018.html>).

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(3) Outcomes from the Meeting of the FATF Plenary, 21-23 February 2018

In addition, the FATF has published various outcomes of its recent Plenary Meeting which may be of interest to you. They include, for example, combating terrorist financing and update on FinTech & RegTech Initiatives. Further information can be found on the website of FATF (<http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-plenary-february-2018.html>).

Should you have any enquiries regarding the above, please contact Mr Steven Ho at 3899 9752 or Mr Penny Chiu at 3899 9756.

Yours faithfully,

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