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Financial Intelligence Unit

Circular

Financial Action Task Force (FATF) "Black-List"

High-Risk Jurisdictions subject to a Call for Action – February 24, 2023

High-risk jurisdictions are jurisdictions that have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing and proliferation financing.

For all countries identified as high-risk, the FATF calls on all members and urges all jurisdictions to apply enhanced due diligence, and in the most serious cases, countries are called upon to apply counter-measures to protect the international financial system from the ongoing money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks emanating from the country. This list is often externally referred to as the "black-list".

Jurisdictions subject to a FATF call on its members and other jurisdiction to apply countermeasures

Since February 2020, considering 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, given that they are already subject to the FATF's call for countermeasures. Therefore, please refer to the statement on these jurisdictions adopted in February 2020. While the statement may not necessarily reflect the most recent status of the ***Democratic People's Republic of Korea*** and ***Iran's*** AML/CFT regimes, the FATF's call for action on these high-risk jurisdictions remains in effect.

FATF's statement in relation **Democratic People's Republic of Korea (DPRK) adopted in February 2020:**

The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threats they pose to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies. 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 (WMDs) and its financing.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies, financial institutions, and those acting on their behalf. ***In addition to enhanced scrutiny*, *the FATF further calls on its members and urges all 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 proliferation financing (ML/TF/PF) risks emanating from the DPRK*. *Jurisdictions should take necessary measures to close existing branches, subsidiaries and representative offices of DPRK banks within their territories and terminate correspondent relationships with DPRK banks, where required by relevant UNSC resolutions.***

Reporting entities are therefore advised to give special attention to business relationships and transactions with the DPRK, including DPRK companies, financial institutions and those acting on their behalf, and wherever and whenever it is required, to comply with the applicable provisions of sections 68A(1) to (4) and 68E(1) to (4) of the AML/CFT Act 2009 as amended, relating to targeted financial sanctions.

FATF's statement in relation to **Iran:**

In October 2019, the FATF called upon its members and urged all jurisdictions to: require increased supervisory examination for branches and subsidiaries of financial institutions based in Iran; introduce enhanced relevant reporting mechanisms or systematic reporting of financial transactions; and require increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in Iran.

Now, given Iran's failure to enact the Palermo and Terrorist Financing Conventions in line with the FATF Standards, ***the FATF fully lifts the suspension of counter-measures and calls on its members and urges all jurisdictions to apply effective counter-measures,*** in line with Recommendation 19.

Reporting entities are advised to continue to apply enhanced due diligence with respect to business relationships and transactions with natural and legal persons from Iran, including: (i) obtaining information on the reasons for intended transaction(s); and (ii) conducting enhanced monitoring of business relationships, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.

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Jurisdiction subject to a FATF call on its members and other jurisdiction to apply enhanced due diligence measures proportionate to the risks arising from the jurisdiction

Myanmar

In June 2022, the FATF strongly urged Myanmar to swiftly complete its action plan by October 2022 or the FATF would call on its members and urge all jurisdictions to apply enhanced due diligence to business relations and transactions with Myanmar. Given the continued lack of progress and the majority of its action items still not addressed after a year beyond the action plan deadline, the FATF decided that further action was necessary in line with its procedures and ***FATF calls on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risk arising from Myanmar. When applying enhanced due diligence measures, countries should ensure that flows of funds for humanitarian assistance, legitimate NPO activity and remittances are not disrupted.***

Reporting entities should take the FATF statement into account when considering whether a particular transaction should be reported to the Financial Intelligence Unit (FIU) as a suspicious transaction under Section 18(4) of the Anti-Money Laundering and Countering the Financing of Terrorism (AMLCFT) Act 2009. Where a transaction is reportable under Regulation 12 of Regulations 2010 (made under the AMLCFT Act) as a threshold transaction, reporting entities should remember that a suspicious transaction report may be required in addition to the threshold report, where suspicion or reasonable grounds for suspicion exist and the funds, transaction or attempted transaction are linked or related to money laundering or terrorist financing offences, or the funds are linked to or is to be used for terrorist acts or by terrorist organisations.

Reporting entities should be aware that the application of enhanced due diligence and countermeasures on DPRK, Iran and Myanmar may differ from country to country and that such measures may have implications for reporting entities in Guyana dealing with these high-risk jurisdictions.

The FATF's publication of February 24, 2023 in relation to *High-Risk Jurisdictions subject to a Call for Action* can be viewed via the FATF website at https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-February-2023.html

Note:
The information contained in this document is intended only to provide a summary and general overview on these matters. It is not intended to be comprehensive. It does not constitute, nor should it be treated as, legal advice or opinion.

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