

Financial Intelligence Unit

Circular

Financial Action Task Force (FATF) “Black-List”

High-Risk Jurisdictions subject to a Call for Action – October 25, 2024

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

- **Democratic People’s Republic of Korea (DPRK); and**
- **Iran.**

FATF’s statement in relation to **Democratic People’s Republic of Korea (DPRK):**

Building upon the FATF statements over the past decade, the FATF remains concerned by the DPRK’s continued failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threats posed by the DPRK’s illicit activities related to the proliferation of weapons of mass destruction (WMDs) and its financing.

Since 2011, the FATF has continually reiterated the need for all countries to robustly implement the targeted financial sanctions in accordance with UNSC Resolutions and apply the appropriate countermeasures to protect their financial systems from the money laundering, terrorist financing, and proliferation financing threat emanating from DPRK. This includes:

- Terminating correspondent relationships with DPRK banks;
- Closing any subsidiaries or branches of DPRK banks in their countries; and
- Limiting business relationships & financial transactions with DPRK persons.

Despite these calls, DPRK has increased connectivity with the international financial system, which raises proliferation financing (PF) risks, as the FATF noted in February 2024.

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As such, FATF encourages its members and all countries to apply enhanced due diligence to the DPRK and its ability to facilitate transactions on its behalf.

The FATF also urges countries to adequately assess and account for the increased proliferation financing risk with the greater financial connectivity reported.

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 – (a) require increased supervisory examination for branches and subsidiaries of financial institutions based in Iran; (b) introduce enhanced relevant reporting mechanisms or systematic reporting of financial transactions; and (c) require increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in Iran.

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 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.

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**

FATF's statement in relation to **Myanmar**

In October 2022, having considered Myanmar's lack of progress and most of its action items still not addressed after a year and beyond the action plan deadline, the FATF decided that further action was necessary in line with its procedures. **The FATF therefore calls on its members and other**

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jurisdictions to apply enhanced due diligence measures proportionate to the risk arising from Myanmar. The FATF requires that as part of enhanced due diligence, financial institutions should increase the degree and nature of monitoring of the business relationship, in order to determine whether those transactions or activities appear unusual or suspicious. If no further progress is made by February 2025, the FATF will consider countermeasures.

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 as required 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 October 25, 2024 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-october-2024.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.