



To: Financial Institutions
From: The Supervisory Authority
Dated: 12 December 2017

ADVISORY

on Jurisdictions identified with AML/CFT Deficiencies

TAKE NOTICE, this ADVISORY is issued pursuant to Regulation 6(1a) of the Money Laundering (Prevention) Regulations 2007¹, and sets out actions to be implemented and countermeasures to be taken relating to foreign jurisdictions with AML/CFT weaknesses that do not or insufficiently apply AML/CFT international standards².

FINANCIAL INSTITUTIONS are required to PAY ATTENTION to the following:

A. The “FATF Public Statement” dated 3 November 2017 relating to³:

I. Jurisdictions subject to a FATF call to apply countermeasures⁴.

Purpose: To protect the international financial system from ongoing and substantial money laundering and terrorist financing risks emanating from the jurisdiction:

- **DEMOCRATIC PEOPLE’S REPUBLIC OF KOREA (DPRK)**

DPRK has failed to address its significant AML/CFT deficiencies.

DPRK has been assessed as posing a serious threat with respect to illicit activities related to proliferation of weapons of mass destruction (WMD) and its financing.

¹ Amended by section 7(6) of the Money Laundering (Prevention) (Amendment) Regulations 2009

² “6(1a) (1) [A financial institution] must pay special attention to business relationships and transactions with persons from or in countries which [the financial institution] knows or has reason to believe insufficiently apply international standards against money laundering or the financing of terrorism.

(2) If the Supervisory Authority notifies [a financial institution] that a country has weaknesses in its AML/CFT systems, then [the financial institution] must pay special attention to business relationships and transactions from or in that country.

(1b) Where transactions have no apparent economic or visible lawful purpose, [the financial institution] should examine as far as possible the background and purpose of such transactions, and written findings should be kept as a financial transaction document.

(1c) [A financial institution] should adhere to any countermeasures that the Supervisory Authority or the regulator advises should be implemented.”

³ See copy of the Public Statement attached.

⁴ Section 12B of the Prevention of Terrorism Act 2005 [amended by section 10 of the Prevention of Terrorism Act 2017] makes it an offence to be involved in or to finance the development of weapons of mass destruction.

Countermeasures: Financial institutions are to give special attention and enhanced scrutiny to business relations and transactions with the DPRK. This includes DPRK companies, state enterprises, financial institutions; it also includes entities acting on behalf of DPRK, including persons who may be brokering transactions ultimately for the benefit DPRK. (For example, an entity that purchases things ostensibly for an enduser in a country outside DPRK, that may be subsequently resold or re-transferred to the DPRK or to its state enterprises, entities or persons acting on its behalf.) Financial institutions should have a clear understanding of the purpose of transactions involving such entities and be clearly satisfied of their legitimacy, bearing in mind the prohibitions imposed by section 12B of the Prevention of Terrorism Act 2005 (see footnote no. 4).

Jurisdictions subject to a FATF call for Enhanced Due Diligence –

Purpose: To implement measures proportionate to the ML/FT risks arising from the jurisdiction.

- **IRAN**

Iran remains a risk for the financing of terrorism, which poses a threat to the international financial system.

Financial institutions should apply enhanced due diligence to business relations and transactions with natural and legal persons from Iran.

II. Changes to the list

- none

Supervisory Authority guidance regarding jurisdictions listed in section A above — It is an offence in Antigua and Barbuda to engage in financial transactions related to the proliferation of WMD. Financial institutions should familiarize themselves with red flags for transactions that may be related to proliferation financing – see Appendix issued by the Supervisory Authority on 12 December 2017 (copy attached). Red flags, for example, include transactions for ordinary parts that could be dual use, that is, useable for everyday purposes but also useable for the development or manufacture of WMD. For example, valves or other ordinary mechanical widgets whose specifications seem manufactured to excessively high standards and tolerances for their declared purpose.

B. The FATF Statement on Improving Global AML/CFT Compliance dated 3 November 2017⁵:

Purpose: To identify to financial institutions jurisdictions with AML/CFT deficiencies that are cooperating and are being monitored for progress in implementation of their Action Plan.

III. Jurisdictions identified by the FATF as having AML/CFT strategic deficiencies (see additional information in the FATF Advisory) –

- Bosnia Herzegovina
- Ethiopia

⁵ See copy of statement on Improving Global AML/CFT Compliance attached.

- Iraq
- Sri Lanka
- Syria
- Trinidad and Tobago
- Tunisia
- Vanuatu
- Yemen

IV. **Changes to the list**

Jurisdictions no longer subject to the FATF ongoing global AM/CFT compliance process:

- Uganda

C. The CFATF “PUBLIC STATEMENT”⁶

V. **Jurisdictions identified as having AML/CFT deficiencies and subject to the CFATF-ICRG process (a special oversight process that checks for compliance with key and core elements of the FATF Recommendations)**

None.

VI. **Changes to the list**

Jurisdiction with strategic AML/CFT deficiencies that has made significant progress in addressing its deficiencies:

- Haiti

Haiti has exited the follow-up process after addressing deficiencies identified in the CFATF Third Round Mutual Evaluation.



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Lt. Col. Edward Croft
The Supervisory Authority
under the Money Laundering
(Prevention) Act 1996

⁶ See copy of CFATF Public Statement published 15 November 2017 attached.

FATF Statement on the Democratic People's Republic of Korea (DPRK)



Buenos Aires, 3 November 2017 - The FATF is deeply concerned with the proliferation financing risk emanating from the Democratic People's Republic of Korea (DPRK) and highlights the importance of robust implementation of the FATF standards to disrupt the DPRK's illicit financial activities. Given the recent United Nations Security Council (UNSC) Resolutions passed this year that reinforce the strict financial restrictions on DPRK, the FATF is reiterating its relevant international standards related to proliferation financing.

In order to address 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 upon its members and urges all jurisdictions to effectively implement the relevant FATF recommendations and UNSC Resolutions.

Robust Implementation of FATF Recommendations relevant to DPRK

While an effective AML/CFT regime, in general, is important for countering illicit finance, the FATF emphasises that the implementation of FATF recommendations is particularly relevant for addressing the proliferation financing threat emanating from DPRK. Specifically, countries should robustly implement targeted financial sanctions against individuals and entities without delay and could consider proposing new listings of individuals and entities meeting the designation criteria. The FATF updated Recommendation 7 in June this year to reflect the changing risks and recent UNSC Resolutions, including by extending targeted financial sanctions to DPRK Government entities that countries determine are associated with nuclear or ballistic missile programmes, as required under UNSC Resolution 2270.

In addition, countries need to cooperate and coordinate between relevant authorities on the development and implementation of policies and activities to combat PF and share relevant information (Recommendation 2). An effective system for combating Proliferation Financing will ensure that person and entities designated by the UNSC Resolutions on WMD proliferation are identified, deprived of resources, and prevented from raising, moving, and using funds or other assets for the financing of proliferation. DPRK frequently uses front companies, shell companies, joint ventures and complex, opaque ownership structures for the purpose of violating sanctions, as set out in UNSC Resolution 2270 (OP16). Central to developing an effective regime are mechanisms to prevent the evasion of sanctions as well as ensuring that relevant competent authorities provide financial institutions and DNFBPs with guidance and specific feedback (Immediate Outcome 11).

United Nations Security Council Resolutions relevant to DPRK

The UNSC has recently passed several important Resolutions concerning DPRK. The FATF emphasises that, in addition to implementation of targeted financial sanctions according to FATF Recommendation 7, the following provisions are particularly relevant to disrupt the DPRK's illicit financial activities:

- States shall prohibit the opening and operation of new branches, subsidiaries, and representative offices of DPRK banks in their territories, and shall take the necessary measures to close existing branches, subsidiaries, and representative offices, and also to terminate correspondent banking relationships with DPRK banks (UNSCR 2270, OP 33).
- States shall prohibit financial institutions within their territories or subject to their jurisdiction from opening new representative offices or subsidiaries, branches or banking accounts in the DPRK (UNSCR 2270, OP 34). Companies performing financial services commensurate with those provided by banks are considered financial institutions for these purposes (UNSCR 2371, OP 14)
- States shall prohibit, by their nationals or in their territories, the opening, maintenance, and operation of all joint ventures or cooperative entities, new and existing, with DPRK entities or individuals, whether or not acting for or on behalf of the government of the DPRK (UNSCR 2375, OP 18)
- States shall take steps to limit the number of bank accounts to one per DPRK diplomatic mission and consular post, and one per accredited DPRK diplomat and consular officer, at banks in their territories (UNSCR 2321, OP 16)

FATF Call for Countermeasures

For the last six years, the FATF has called upon its members and urged all jurisdictions to apply effective countermeasures to protect their financial systems from the ML/TF and PF threat emanating from DPRK. [View FATF statement here.](#)

More on:

- [Public Statement - November](#)
- [Chairman's Summary Joint FATF/GABILAT Plenary, Buenos Aires, 3 November 2017](#)

[← High-risk and non-cooperative jurisdictions](#)

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Improving Global AML/CFT Compliance: On-going Process - 3 November 2017



Buenos Aires, Argentina, 3 November 2017 - As part of its on-going review of compliance with the AML/CFT standards, the FATF identifies the following jurisdictions that have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF. While the situations differ among each jurisdiction, each jurisdiction has provided a written high-level political commitment to address the identified deficiencies. The FATF welcomes these commitments.

A number of jurisdictions have not yet been reviewed by the FATF. The FATF continues to identify additional jurisdictions, on an on-going basis, that pose a risk to the international financial system.

The FATF and the FATF-style regional bodies (FSRBs) will continue to work with the jurisdictions noted below and to report on the progress made in addressing the identified deficiencies. The FATF calls on these jurisdictions to complete the implementation of action plans expeditiously and within the proposed timeframes. The FATF will closely monitor the implementation of these action plans and encourages its members to consider the information presented below.

Jurisdictions with strategic deficiencies	Jurisdictions no longer subject to the FATF's on-going global AML/CFT compliance process
Bosnia and Herzegovina	Uganda
Ethiopia	
Iraq	
Sri Lanka	
Syria	
Trinidad and Tobago	
Tonisia	
Vanuatu	
Yemen	

Bosnia and Herzegovina

Since June 2015, when Bosnia and Herzegovina made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies, Bosnia and Herzegovina has substantially addressed its action plan at a technical level, including by: (1) completing the criminalisation of terrorist financing; (2) establishing an adequate legal framework for freezing terrorist assets under UNSCR 1373; (3) developing an adequate AML/CFT supervisory framework; (4) developing adequate measures for the non-profit sector; and (5) establishing adequate cross-border currency controls; (6) harmonising criminalisation of money laundering in all criminal codes; and (7) ensuring adequate procedures for the confiscation of assets. The FATF will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

Ethiopia

Since February 2017, when Ethiopia made a high-level political commitment to work with the FATF and ESAAMLG to strengthen its effectiveness and address any related technical deficiencies, Ethiopia has taken steps towards improving its AML/CFT regime, including by establishing committees aimed at implementing the national action plan and the FATF Action Plan, and issuing a risk-based AML/CFT supervisory manual. Ethiopia should continue to work on implementing its action plan to address its deficiencies, including by: (1) fully implementing the results of its national risk assessment; (2) fully integrating designated non-financial businesses and professions into its AML/CFT regime; (3) ensuring that the proceeds and instrumentalities of crime are confiscated; (4) consistently implementing terrorism-related targeted financial sanctions and proportionately supervising non-profit organisations in line with a risk-based approach; and (5) establishing and implementing WMD-related targeted financial sanctions. The FATF encourages Ethiopia to continue implementing its action plan to address its AML/CFT deficiencies.

Iraq

Since October 2013, when Iraq made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Iraq has substantially addressed its action plan at a technical level, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing an adequate legal framework for identifying, tracing, and freezing terrorist assets; (3) establishing effective customer due diligence measures; (4) establishing a fully operational and effectively functioning Financial Intelligence Unit; (5) establishing adequate suspicious transaction reporting requirements; and (6) establishing an adequate AML/CFT supervisory and oversight programme for the financial sector. However, the FATF still needs to confirm the applicability of these reforms throughout the entire national territory and will reassess the situation in February 2018 to determine when an on-site visit should take place.

Sri Lanka

In October 2017, Sri Lanka made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. Sri Lanka will work to implement its action plan to accomplish these objectives, including by: (i) enacting amendments to the MACMA to ensure that mutual legal assistance may be provided on the basis of reciprocity; (2) issuing the CDD Rule for DNFBPs, issuing any necessary guidance, and ensuring implementation of this Rule has begun, by way of supervisory actions; (3) enhancing risk-based supervision and outreach to FIs, and high risk DNFBPs, including through prompt and dissuasive enforcement actions and sanctions, as appropriate; (4) providing case studies and statistics to demonstrate that competent authorities can obtain beneficial ownership information in relation to legal persons in a timely manner; (5) issuing a revised Trust Ordinance and demonstrating that implementation has begun; and (6) establishing a TFS regime to implement the relevant UNSCRs related to Iran, demonstrating that implementation has begun, and demonstrating that implementation has begun on the UN Regulation related to the DPRK.

Syria

Since February 2010, when Syria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Syria has made progress to improve its AML/CFT regime. In June 2014, the FATF determined that Syria had substantially addressed its action plan at a technical level, including by criminalising terrorist financing and establishing procedures for freezing terrorist assets. While the FATF determined that Syria has completed its agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit to confirm whether the process of implementing the required reforms and actions has begun and is being sustained. The FATF will continue to monitor the situation, and will conduct an on-site visit at the earliest possible date.

Trinidad and Tobago

In October 2017, Trinidad and Tobago made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. Trinidad and Tobago will work to implement its action plan to accomplish these objectives, including by: (1) adopting and implementing the relevant measures to enhance international cooperation; (2) addressing measures for transparency and beneficial ownership; (3) completing the legislative efforts to enhance the processing of ML charges before the courts; (4) taking measures to enhance tracing and confiscation of criminal assets; (5) enforcing TF measures and adopting appropriate measures for NPOs; (6) enacting the necessary amendments related to targeted financial sanctions; and (7) developing, adopting, and implementing the necessary framework to counter proliferation financing.

Tunisia

In October 2017, Tunisia made a high-level political commitment to work with the FATF and MENAFATF to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. Tunisia will work to implement its action plan to accomplish these objectives, including by: (1) implementing risk-based AML/CFT supervision of the financial sector and fully integrating designated non-financial businesses and professions into its AML/CFT regime; (2) maintaining comprehensive and updated commercial registries and strengthening the system of sanctions for violations of transparency obligations; (3) increasing the efficiency of suspicious transaction report processing by allocating the necessary resources to the financial intelligence unit; (4) establishing a fully functional terrorism-related targeted financial sanctions regime and appropriately monitoring the association sector; and (5) establishing and implementing WMD-related targeted financial sanctions.

Vanuatu

Since February 2016, when Vanuatu made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Vanuatu has taken steps towards improving its AML/CFT regime, including by completing the offshore sector and terrorist financing risk assessment. Vanuatu should continue to work on implementing its action plan to address its deficiencies, including by: (1) establishing transparency for the financial sector, and for legal persons and arrangements; (2) implementing a risk-based AML/CFT supervisory and oversight programme for the entire financial sector, as well as trust and company service providers; and (3) establishing appropriate channels for international co-operation and domestic coordination regarding policies and actions on identified risks and ensuring effective implementation. The FATF encourages Vanuatu to continue implementing its action plan to address its AML/CFT deficiencies.

Yemen

Since February 2010, when Yemen made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Yemen has made progress to improve its AML/CFT regime. In June 2014, the FATF determined that Yemen had substantially addressed its action plan at a technical level, including by adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; improving its customer due diligence and suspicious transaction reporting requirements; issuing guidance; developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the financial intelligence unit; and establishing a fully operational and effectively functioning financial intelligence unit. While the FATF determined that Yemen has completed its agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit to confirm whether the process of implementing the required reforms and actions has begun and is being sustained. The FATF will continue to monitor the situation, and conduct an on-site visit at the earliest possible date.

Jurisdictions No Longer Subject to the FATF's On-Going Global AML/CFT Compliance Process

Uganda

The FATF welcomes Uganda's significant progress in improving its AML/CFT regime and notes that Uganda has established the legal and regulatory framework to meet the commitments in its action plan regarding the strategic deficiencies that the FATF had identified in February 2014. Uganda is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Uganda will work with ESAAMLG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

More on:

- [Public Statement, 3 November 2017](#)
- [Outcomes Joint FATF/GAFILAT Plenary, Buenos Aires, 3 November 2017](#)

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**CFATF/PLEN/XLVI/PUBLIC STATEMENT/NOTICE OF
EXITING THE FOLLOW-UP PROCESS**

cfatf-plen-xlvi-ps-ne-nov2017

November 16, 2017

CFATF - Public Statement

Georgetown, Guyana, November 15th, 2017

The Caribbean Financial Action Task Force (CFATF) is an organisation comprised of twenty-five jurisdictions of the Caribbean Basin Region, which have agreed to implement the international standards for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), the Financial Action Task Force Recommendations (FATF Recommendations) in order to protect the international financial system from money laundering and financing of terrorism (ML/FT) risks and to encourage greater compliance with the AML/CFT standards, the CFATF identified jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system.

Jurisdiction with strategic AML/CFT deficiencies that has made significant progress in addressing its deficiencies.

Haiti

The CFATF acknowledges the progress made by Haiti in improving its AML/CFT regime (including significantly addressing the deficiencies that allowed Haiti to exit the 3rd Round Follow-Up Process) and notes that Haiti must continue to take measures to address the outstanding deficiencies that the CFATF had identified through the agreed action Plan.

Haiti is encouraged to increase the pace of the reform process, including the passage of remaining legislative measures, and demonstrate further progress by the May 2018 Plenary.

Haiti and the CFATF should continue to work together to ensure that its Action Plan is fully implemented.



**CFATF/PLEN/XLVI/PUBLIC STATEMENT/NOTICE OF
EXITING THE FOLLOW-UP PROCESS**

cfatf-plen-xlvi-ps-ne-nov2017

November 16, 2017

CFATF – Jurisdiction exiting the Third Round of Mutual Evaluations

Georgetown, Guyana, November 15th, 2017

The CFATF XLVI November 2017 Plenary, held in Georgetown, Guyana, recognised the following jurisdiction that has made significant progress in addressing the deficiencies identified during the Third Round of Mutual Evaluations conducted by the CFATF and that have successfully exited the follow-up process.

Haiti

The CFATF XLVI Plenary recognised that Haiti has made significant progress in addressing the deficiencies identified in its 2008 Mutual Evaluation Report; therefore, Haiti could exit the follow-up process.

Haiti's 12th Follow-Up Report, which was presented at the November 2017 Plenary, contains a detailed description and analysis of the actions taken by Haiti to rectify the deficiencies identified in respect of the Core and Key Recommendations rated PC or NC, as well as a summary of progress in other Recommendations, in the 2008 Mutual Evaluation Report.

The CFATF encourages Haiti to continue its progress towards strengthening its AML/CFT framework and ensuring that it is fully prepared for the 4th Round Mutual Evaluation that will take place in 2018.

APPENDIX – Proliferation Financing

Indicators of Possible Proliferation Financing¹

1. Transaction involves individual or entity in foreign country of proliferation concern. ☒
2. Transaction involves individual or entity in foreign country of diversion concern. ☒
3. Trade finance transaction involves shipment route (if available) through country with weak export control laws or weak enforcement of export control laws. ☒
4. Transaction involves individuals or companies (particularly trading companies) located in countries with weak export control laws or weak enforcement of export control laws. ☒
5. Transaction involves shipment of goods inconsistent with normal geographic trade patterns (e.g. does the country involved normally export/import good involved?). ☒
6. Transaction involves shipment of goods incompatible with the technical level of the country to which it is being shipped, (e.g. semiconductor manufacturing equipment being shipped to a country that has no electronics industry). ☒
7. Transaction involves financial institutions with known deficiencies in AML/CFT controls and/or domiciled in countries with weak export control laws or weak enforcement of export control laws. ☒
8. Based on the documentation obtained in the transaction, the declared value of the shipment was obviously under-valued vis-à-vis the shipping cost. ☒
9. Inconsistencies in information contained in trade documents and financial flows,

¹ Source: FATF 2008 Report on Proliferation Financing
Supervisory Authority, Antigua and Barbuda

APPENDIX – Proliferation Financing

such as names, companies, addresses, final destination etc. ☐

10. Customer activity does not match business profile, or end-user information does not match end-user's business profile. ☐
11. Order for goods is placed by firms or individuals from foreign countries other than the country of the stated end user. ☐
12. Customer vague/incomplete on information it provides, resistant to providing additional information when queried. ☐
13. New customer requests letter of credit transaction awaiting approval of new account. ☐
14. The customer or counterparty or its address is similar to one of the parties found on publicly available lists of "denied persons" or has a history of export control ☐contraventions.
15. Circuitous route of shipment (if available) and/or circuitous route of financial transaction.
16. Transaction demonstrates links between representatives of companies exchanging goods i.e. same owners or management.
17. Transaction involves possible shell companies (e.g. companies do not have a high level of capitalization or displays other shell company indicators). ☐
18. A freight forwarding firm is listed as the product's final destination. ☐
19. Wire instructions or payment from or due to parties not identified on the original letter of credit or other documentation. ☐
20. Pattern of wire transfer activity that shows unusual patterns or has no apparent purpose. ☐

APPENDIX – Proliferation Financing