



To: Financial Institutions
From: The Supervisory Authority
Dated: 1 December 2018

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/CFT² international standards³.

FINANCIAL INSTITUTIONS are required to PAY ATTENTION to the following:

A. The “FATF Public Statement” dated 19 October 2018 relating to⁴:

I. Jurisdictions subject to a FATF call for countermeasures⁵.

Purpose: To protect the international financial system from ongoing and substantial financing money laundering, terrorist financing and WMD⁶ proliferation risks emanating from the jurisdiction:

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

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

² AML/CFT: anti-money laundering/counter terrorist financing

³ Reg. “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.”

⁴ See copy of the Public Statement attached.

⁵ 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.

⁶ WMD: weapons of mass destruction

DPRK has failed to address the significant deficiencies in its AML /CFT regime and the serious threat it poses to the integrity of international financial system.

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

Countermeasures: Financial institutions are to give special attention to business relations and transactions with the DPRK. This includes DPRK companies, financial institutions and those acting on their behalf. Financial institutions should have a clear understanding of the purpose of any transaction involving such entities and be satisfied to a very high degree after enhanced due diligence of its legitimacy.

Jurisdictions subject to a FATF call for Enhanced Due Diligence –

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

- **IRAN**

Countermeasures: suspension of countermeasures continued.

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

As of October 2018, Iran has still not completed the following outstanding items for its AML/CFT regime:

- 1) **adequately criminalising terrorist financing, including by removing the exemption for designated groups “attempting to end foreign occupation, colonialism and racism”;**
- 2) **identifying and freezing terrorist assets in line with the relevant United Nations Security Council resolutions;**
- 3) **ensuring an adequate and enforceable customer due diligence regime;**
- 4) **ensuring the full independence of the Financial Intelligence Unit and requiring the submission of STRs for attempted transactions;**
- 5) **demonstrating how authorities are identifying and sanctioning unlicensed money/value transfer service providers;**
- 6) **ratifying and implementing the Palermo and TF Conventions and clarifying the capability to provide mutual legal assistance;**
- 7) **ensuring that financial institutions verify that wire transfers contain complete originator and beneficiary information;**
- 8) **establishing a broader range of penalties for violations of the ML offense; and**
- 9) **ensuring adequate legislation and procedures to provide for confiscation of property of corresponding value.**

Financial institutions are required to continue to apply enhanced due diligence, including obtaining information on the reasons for intended transactions, to business relationships 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. Where a financial institution is unable to satisfy itself that a transaction is not related to proliferation of WMD then the transaction should not be carried out. Financial institutions should review the Appendix to the MLFT Guidelines titled “Indicators of Possible Proliferation Financing”, issued by the Supervisory Authority on 12 December 2017 (See copy attached).

B. The FATF Statement on Improving Global AML/CFT Compliance dated 19 October 2018⁷:

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) –

- The Bahamas
- Botswana
- Ethiopia
- Ghana
- Pakistan
- Serbia
- Sri Lanka
- Syria
- Trinidad and Tobago
- Tunisia
- Yemen

IV. Changes to the list

Jurisdictions newly subject to the FATF ongoing global AM/CFT compliance process:

- The Bahamas
- Botswana
- Ghana

C. The CFATF “Public Statement and Notice of Exiting Follow-up Process dated 31 May 2018”

⁷ See copy of statement on Improving Global AML/CFT Compliance attached.

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

- Haiti no longer subject to CFATF ICRG review process.



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