



To: Financial Institutions
From: Director of the ONDCP
Dated: 21 August 2020

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 30 June 2020 relating to⁴:

I. High Risk Jurisdictions subject to a FATF Call for Action⁵.

High-risk jurisdictions have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation relating to WMD⁶. The FATF in relation to such jurisdictions urges all countries to apply enhanced due diligence, and in the most serious cases, countries are called upon to apply counter-measures.

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 in the Annex.

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

Purpose: the requirement for enhanced due diligence and call for countermeasures is to protect the international financial system from the ongoing money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks emanating from the high risk jurisdictions.

Jurisdictions in this category as identified by the FATF are the following:

- **Statement remains unchanged – See Advisory of the Director of the ONDCP dated 24 April 2020.**

II. Changes to the list

- none

Supervisory Authority guidance regarding jurisdictions listed in section A above —

- (a) It is an offence for a financial institution to engage in any transactions with a person or entity engaged in the proliferation of WMD (a proliferation entity⁷) - see section 17A(1) of the Prevention of Terrorism Act [amended by section 7 of the Prevention of Terrorism (Amendment) Act No. 11 of 2020].
- (b) It is an offence for anyone to make available for the benefit of a proliferation entity any funds, assets, economic resources, or financial or other related services unless authorized by a relevant United Nations Security Council Resolution - see section 20B(2) of the Prevention of Terrorism Act [amended by section 11 of the Prevention of Terrorism (Amendment) Act No. 11 of 2020].
- (c) 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.

B. The FATF Statement on Jurisdictions under Increased Monitoring dated 30 June 2020⁸:

Purpose: To identify to financial institutions jurisdictions with strategic AML/CFT deficiencies in their regime which have committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and are subject to increased monitoring.

The FATF and FSRBs⁹ continue to work with the jurisdictions noted below and to report on the progress made in addressing the identified strategic deficiencies.

The FATF *does not call for the application of enhanced due diligence* to be applied to these jurisdictions, but encourages its members to *take into account* the information presented in their risk analysis contained in the FATF Statement of 30 June 2020.

III. Jurisdictions with AML/CFT strategic deficiencies (see details of risk analysis in the FATF Statement in the Annex) –

- Albania

⁷ “proliferation entity” is a person or entity engaged in the proliferation of or the financing of the proliferation of “weapons of mass destruction”.

⁸ See copy of statement on jurisdictions under increased monitoring in the Annex.

⁹ FATF-style regional bodies

- The Bahamas
- Barbados
- Botswana
- Cambodia
- Ghana
- Jamaica
- Mauritius
- Myanmar
- Nicaragua
- Pakistan
- Panama
- Syria
- Uganda
- Yemen
- Zimbabwe

IV. Jurisdictions that have substantially completed their Action Plan and are awaiting onsite verification by the FATF:

- Iceland
- Mongolia



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Lt. Col. Edward Croft
Director
ONDCP

ANNEX

FATF Public Statement relating to High Risk Jurisdictions subject to a Call for Action dated 30 June 2020

FATF Statement on Jurisdictions under Increased Monitoring dated 30 June 2020

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

On 28 April 2020, the FATF decided on a general pause in the review process for the list of high-risk jurisdictions subject to a call for action. Therefore, please refer to the list of High-Risk Jurisdictions subject to a Call for Action adopted in February 2020. While the statement may not necessarily reflect the most recent status in **Iran** and the **Democratic People’s Republic of Korea’s** AML/CFT regime, the FATF’s call for action on these high-risk jurisdictions remains in effect.

- [High-Risk Jurisdictions subject to a Call for Action – 21 February 2020](#)
- [FATF extends its assessment and follow-up deadlines in response to COVID-19](#)

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Jurisdictions under Increased Monitoring – 30 June 2020



Jurisdictions under increased monitoring are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring. This list is often externally referred to as the 'grey list'.

The FATF and FATF-style regional bodies (FSRBs) continue to work with the jurisdictions noted below and to report on the progress made in addressing the identified strategic deficiencies. The FATF calls on these jurisdictions to complete their agreed action plans expeditiously and within the proposed timeframes. The FATF welcomes their commitment and will closely monitor their progress. The FATF does not call for the application of enhanced due diligence to be applied to these jurisdictions, but encourages its members to take into account the information presented below in their risk analysis.

The FATF continues to identify additional jurisdictions, on an on-going basis, that have strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. A number of jurisdictions have not yet been reviewed by the FATF and FSRBs.

On 28 April, the FATF decided on a general pause in the review process for the list of jurisdictions under increased monitoring,

- [FATF extends its assessment and follow-up deadlines in response to COVID-19](#) (28 April 2020)

The FATF granted jurisdictions an additional four months for deadlines, with the exception of Mongolia and Iceland who requested to continue on their original schedule. As a result, the FATF reviewed and virtually met with only these jurisdictions and the result of these discussions is noted below.

Iceland

In October 2019, Iceland made a high-level political commitment to work with the FATF to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. At its June 2020 Plenary, the FATF made the initial determination that Iceland has substantially completed its action plan and warrants an on-site assessment to verify that the implementation of Iceland's AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future. Specifically, Iceland has made the following key reforms: (1) ensuring the access to accurate basic and beneficial ownership information for legal persons by competent authorities in a timely manner; (2) introducing an automated system for STR filing and enhancing the FIU's capacity in its strategic and operational analysis; (3) ensuring implementation of TFS requirements among FIs and DNFBPs through effective supervision; and (4) enabling effective oversight and monitoring of NPOs with adequate resources and in line with the identified TF risks. The FATF will continue to monitor the COVID-19 situation and conduct an on-site visit at the earliest possible date.

Mongolia

In October 2019, Mongolia 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. At its June 2020 Plenary, the FATF made the initial determination that Mongolia has substantially completed its action plan and warrants an on-site assessment to verify that the implementation of Mongolia's AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future. Specifically, Mongolia has made the following key reforms: (1) improving sectoral ML/TF risk understanding by DNFBP supervisors, applying a risk-based approach to supervision and applying proportionate and dissuasive sanctions for breaches of AML/CFT obligations; (2) demonstrating increased investigations and prosecutions of different types of ML activity in line with identified risks; (3) demonstrating further seizure and confiscation of falsely/non-declared currency and applying effective, proportionate and dissuasive sanctions; (4) demonstrating cooperation and coordination between authorities to prevent sanctions evasion; and (5) monitoring compliance by FIs and DNFBPs with their PF-related TFS obligations, including the application of proportionate and dissuasive sanctions. The FATF will continue to monitor the COVID-19 situation and conduct an on-site visit at the earliest possible date.

The statement on Jurisdictions under Increased Monitoring, adopted in February 2020 remains in effect for the remaining jurisdictions identified at that time:

- Albania
- The Bahamas
- Barbados
- Botswana
- Cambodia
- Ghana
- Jamaica
- Mauritius
- Myanmar
- Nicaragua
- Pakistan
- Panama
- Syria
- Uganda
- Yemen
- Zimbabwe

Please refer to the statement issued in February 2020 for details concerning each of these jurisdictions. However, please be advised that the statement may not necessarily reflect the most recent status in the jurisdiction's AML/CFT regime.

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