



## SAINT CHRISTOPHER AND NEVIS

Financial Services Regulatory Commission  
St. Kitts Branch

GENERAL INFORMATION ADVISORY NO. 2 OF 2014

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On 14<sup>th</sup> February, 2014, the FATF updated its statements issued in October, 2013. The updated statements continue to identify and express concern about the strategic deficiencies in the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regimes of the jurisdictions mentioned below. The statement categorises the jurisdictions into two groups and replaces any previous statement/advisory issued.

### **Public Statement:**

#### **Jurisdictions to apply counter measures for the protection of the International Financial System:**

##### **Iran**

The FATF remains particularly and exceptionally concerned about Iran's failure to address the risk of terrorist financing and the serious threat that this poses to the integrity of the international financial system, despite the jurisdictions prior engagement with the FATF and its recent information submission. In addition, owing to the continuing terrorist financing threat emanating from Iran, jurisdictions should consider the steps already taken and possible additional safeguards or strengthen existing ones. The FATF urges Iran to immediately and meaningfully address its AML/CFT deficiencies, in particular by criminalising terrorist financing and effectively implementing suspicious transaction reporting (STR) requirements. If Iran fails to take material steps to continue to improve its Counter Financing of Terrorism regime, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in June 2014.

##### **Democratic People's Republic of Korea (DPRK)**

The FATF remains concerned with the DPRK's failure to address the significant deficiencies in its AML/CFT regime and the serious threat this poses to the integrity of the international financial system. Again, the FATF urges the DPRK to not only engage with the FATF to address its AML/CFT deficiencies but also to immediately and meaningfully address these AML/CFT deficiencies.

Therefore, the Financial Services Regulatory Commission advises all financial institutions including all regulated entities and other persons who are required to comply with the obligations set out in the **Anti-Money Laundering Regulations, No. 46 of 2011 (AMLR)**, **Financial Services (Implementation of Industry Standards) Regulations, No. 51 of 2011 (FSR)** and the **Anti-Terrorism Regulations No. 47 of 2011 (ATR)** as well as Government entities, in accordance with the call by the FATF, to give special

attention to business relationships and transactions with Iran, inclusive of Iranian companies and financial institutions and the DPRK, inclusive of DPRK financial institutions and companies. Further, consideration should be given to the Money Laundering and/or Terrorist Financing risks associated therewith and effective counter-measures should be put in place to enhance scrutiny of all transactions to protect the financial sector from these risks emanating from Iran and DPRK. Appropriate enhanced customer due diligence measures must be applied when dealing with customers or transactions. In particular, special measures should be used to protect against the risk of correspondent relationships being used to circumvent or evade countermeasures and risk mitigation practices.

Jurisdictions listed as presenting risks arising from Strategic AML/CFT deficiencies:

The following jurisdictions have been determined by the FATF to have strategic AML/CFT deficiencies in their regimes and have either not made sufficient progress in addressing such deficiencies or have not committed to an action plan developed with the FATF to address these strategic deficiencies as of October 2012:

1. Algeria
2. Ecuador
3. Ethiopia
4. Indonesia
5. Burma (Myanmar)
6. Pakistan
7. Syria
8. Turkey
9. Yemen



- **Kenya** and **Tanzania**, previously mentioned in the FATF October 2013 statement, have been removed as jurisdictions presenting risks arising from Strategic AML/CFT deficiencies: Owing to the progress made by both countries in *substantially* addressing their action plan agreed upon with the FATF, Kenya and Tanzania are now identified in the FATF document, "*Improving Global AML/CFT Compliance: On-going Process*" which monitors countries that developed an action plan with the FATF and have provided written high-level political commitment to resolve the identified deficiencies.

Accordingly, the Financial Services Regulatory Commission advises all financial institutions (regulated entities and other persons who are required to comply with the obligations set out in the AMLR, FSR, and ATR) as well as Government entities to consider the risks arising from the deficiencies associated with the above listed jurisdictions. It is further advised that such deficiencies be appropriately taken into account when transacting business or engaging in business relationships with the aforementioned countries and/or their related financial institutions and companies.

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