



To: All Regulated Entities

From: FSRC – St. Kitts Branch

Date: 24 September 2020

Re: FATF Public Statement 30 June 2020

On 30 June 2020, the Financial Action Task Force (FATF) issued a Public Statement regarding jurisdictions under increased monitoring, which are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing and proliferation financing through the completion of their agreed action plans.

Though the FATF has not called for the application of enhanced due diligence to these jurisdictions, the FATF encourages all member countries to be mindful of the following information and to include it in their risk assessments.

The FATF's increased monitoring remains in effect for the following jurisdictions:

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

On 28 April 2020, in response to COVID-19, the FATF decided on a general pause in the review process for the list of jurisdictions (above) under increased monitoring. An additional four (4) month period was granted to meet deadlines, however, the jurisdictions of Mongolia and Iceland opted to continue with their original completion schedules. As a result, the FATF reviewed and virtually met with representatives from the aforementioned jurisdictions.

At its June 2020 Plenary, the FATF determined that Mongolia and Iceland had substantially completed their respective action plans and that an onsite examination was necessary to verify that implementation of their AML/CFT reforms had commenced and whether they are being sustained.

Additionally, on 28 April 2020, the FATF decided on a general pause in the review process for the list of high-risk jurisdictions (adopted in February 2020) subject to a call for action. The jurisdictions consist of **Iran** and the **Democratic People's Republic of Korea**. The FATF's call for action on the aforementioned jurisdictions remains in effect.

The Public Statement and additional reference documents are attached in their entirety and can also be accessed via the link below. They contain relevant information that each regulated entity, as part of the implementation of its risk-based approach, should be aware of.




<https://fsrc.kn/advisories>

Yours Sincerely,



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Kerstin Petty (Ms.)
Director

Jurisdictions under Increased Monitoring – 30 June 2020

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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.

High-Risk Jurisdictions subject to a Call for Action – 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/P²) 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](#)
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High-Risk Jurisdictions subject to a Call for Action – 21 February 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”. *

Democratic People's Republic of Korea (DPRK)

The FATF remains concerned by the DPRK’s failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threats they pose to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies. Further, the FATF has serious concerns with the threat posed by the DPRK’s illicit activities related to the proliferation of weapons of mass destruction (WMDs) and its financing.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies, financial institutions, and those acting on their behalf. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures, and targeted financial sanctions in accordance with applicable United Nations Security Council Resolutions, to protect their financial sectors from money laundering, financing of terrorism and WMD proliferation financing (ML/TF/PF) risks emanating from the DPRK. Jurisdictions should take necessary measures to close existing branches, subsidiaries and representative offices of DPRK banks within their territories and terminate correspondent relationships with DPRK banks, where required by relevant UNSC resolutions.

Iran

In June 2016, Iran committed to address its strategic deficiencies. Iran’s action plan expired in January 2018. In February 2020, the FATF noted Iran has not completed the action plan.[1]

In October 2019, the FATF called upon its members and urged all jurisdictions to: require increased supervisory examination for branches and subsidiaries of financial institutions based in Iran; introduce enhanced relevant reporting mechanisms or systematic reporting of financial transactions; and require increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in Iran.

Now, 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 urges all jurisdictions to apply effective counter-measures, in line with Recommendation 19.[2]

Iran will remain on the FATF statement on [High Risk Jurisdictions Subject to a Call for Action] until the full Action Plan has been completed. If Iran ratifies the Palermo and Terrorist Financing Conventions, in line with the FATF standards, the FATF will decide on next steps, including whether to suspend countermeasures. Until Iran implements the measures required to address the deficiencies identified with respect to countering terrorism-financing in the Action Plan, the FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system.

[1] In June 2016, the FATF welcomed Iran’s high-level political commitment to address its strategic AML/CFT deficiencies, and its decision to seek technical assistance in the implementation of the Action Plan. Since 2016, Iran established a cash declaration regime, enacted amendments to its Counter-Terrorist Financing Act and its Anti-Money Laundering Act, and adopted an AML by-law.

In February 2020, the FATF noted that there are still items not completed and Iran should fully address: (1) adequately criminalizing 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) demonstrating how authorities are identifying and sanctioning unlicensed money/value transfer service providers; (5) ratifying and implementing the Palermo and TF Conventions and clarifying the capability to provide mutual legal assistance; and (6) ensuring that financial institutions verify that wire transfers contain complete originator and beneficiary information.

[2] Countries should be able to apply appropriate countermeasures when called upon to do so by the FATF. Countries should also be able to apply countermeasures independently of any call by the FATF to do so. Such countermeasures should be effective and proportionate to the risks.

The Interpretative Note to Recommendation 19 specifies examples of the countermeasures that could be undertaken by countries.

* This statement was previously called “Public Statement”

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