



REGISTRAR GENERAL'S DEPARTMENT NOTICE

To: All Legal Entities and Non-Profit Organisations (“NPOs”)

Date: 12th July, 2023

Re: High-Risk Jurisdictions subject to a Call for Action - June 2023

In June 2023, the Financial Action Task Force (“FATF”) issued the following statement to its members and all jurisdictions regarding High-Risk Jurisdictions:

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 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”. Since February 2020, in light of the COVID-19 pandemic, the FATF has paused the review process for Iran and Democratic People’s Republic of Korea (“DPRK”), given that they are already subject to the FATF’s call for countermeasures.

Therefore, please refer to the statement on these jurisdictions adopted on 21st February 2020. While the statement may not necessarily reflect the most recent status of Iran and the Democratic People’s Republic of Korea’s (“DPRK’s”) anti-money laundering and combating the financing of terrorism (“AML/CFT”) regimes, the FATF’s call to apply countermeasures on these high-risk jurisdictions remains in effect.

Jurisdictions subject to a FATF call on its members and other jurisdictions to apply countermeasures

1. Democratic People's Republic of Korea (“DPRK”) [unchanged since February 2020]

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.

FATF urges the Democratic People’s Republic of Korea (“DPRK”) to immediately and meaningfully address its anti-money laundering and combating the financing of terrorism (“AML/CFT”) deficiencies. Further, the FATF has serious concerns with the threat posed by the Democratic People’s Republic of Korea’s (“DPRK’s”) illicit activities related to the proliferation of weapons of mass destruction (“WMDs”) and its financing.

FATF reaffirms its 25th 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 Democratic People’s Republic of Korea (“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 weapons of mass destruction WMD proliferation financing (“ML/TF/PF”) risks emanating from the Democratic People’s Republic of Korea (“DPRK”).

Jurisdictions should take necessary measures to close existing branches, subsidiaries and representative offices of the Democratic People’s Republic of Korea’s (“DPRK’s”) banks within their territories and terminate correspondent relationships with the Democratic People’s Republic of Korea (“DPRK’s”) banks, where required by relevant United Nations Security Council Resolutions.

2. Iran [unchanged since February 2020]

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.

In October 2019, the FATF called upon its members and urged all jurisdictions to:

- i. require increased supervisory examination for branches and subsidiaries of financial institutions based in Iran;
- ii. introduce enhanced relevant reporting mechanisms or systematic reporting of financial transactions; and
- iii. 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.

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.

Jurisdiction subject to a FATF call on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risks arising from the jurisdiction

Myanmar

In February 2020, Myanmar committed to address its strategic deficiencies.

Myanmar's action plan expired in September 2021.

In June 2022, the FATF strongly urged Myanmar to swiftly complete its action plan by October 2022 or the FATF would call on its members and urge all jurisdictions to apply enhanced due diligence to business relations and transactions with Myanmar.

Given the continued lack of progress and the majority of its action items still not addressed after a year beyond the action plan deadline, the FATF decided that further action was necessary in line with its procedures and FATF calls on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risk arising from Myanmar.

When applying enhanced due diligence measures, countries should ensure that flows of funds for humanitarian assistance, legitimate Non-Profit Organisations (“NPOs”) activity and remittances are not disrupted.

Myanmar has continued to work with the FATF to strengthen the effectiveness of its anti-money laundering and counter terrorist financing (“AML/CFT”) regime by raising awareness and supervising financial institutions (“FIs”) and designated non-financial business professional (“DNFBPs”) for compliance with targeted financial sanctions.

Myanmar should continue to work on implementing its action plan to address these deficiencies, including by:

- i. demonstrating an improved understanding of money laundering (“ML”) risks in key areas;
- ii. demonstrating that on-site or offsite inspections are risk-based, and hundi operators are registered and supervised;
- iii. demonstrating enhanced use of financial intelligence in law enforcement agency (“LEA”) investigations;
- iv. increasing operational analysis and disseminations by the Financial Intelligence Unit (“FIU”);
- v. ensuring that money laundering (“ML”) is investigated/prosecuted in line with risks;
- vi. demonstrating investigation of transnational money laundering (“ML”) cases with international cooperation;
- vii. demonstrating an increase in the freezing or seizing and confiscation of criminal proceeds, instrumentalities, and or property of equivalent value; and
- viii. managing seized assets to preserve the value of seized goods until confiscation.

The FATF urges Myanmar to work to fully address its anti-money laundering and counter terrorist financing (“AML/CFT”) deficiencies, including to demonstrate that its monitoring and supervision of money or value transfer services (“MVTS”) is based on documented and sound understanding of money laundering and terrorist financing (“ML/TF”) risks to mitigate undue scrutiny of legitimate financial flows.

Myanmar will remain on the list of countries subject to a call for action until its full action plan is completed.

A copy of FATF’s public statement is attached and can be found at the following web address:

<https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-June-2023.html>

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- e
- F
- ▼
- Countries
- ▼
- Publications
- ▼
- Topics
- ▼
- Calendars

Home Publications

High-Risk Jurisdictions subject to a Call for Action - June 2023

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Publication details

Language	Country	Topic
English	Democratic Republic of Korea Iran Myanmar	High-risk and other monitored jurisdictions

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Jurisdictions subject to a FATF call on its members and other jurisdictions to apply countermeasures

***Democratic People's Republic of Korea (DPRK)* [unchanged since February 2020]**

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

[unchanged since February 2020]

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.^[2]

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suspension of counter-measures and calls on its members and urges all jurisdictions to apply effective counter-measures, in line with Recommendation 19.[3]

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.

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Myanmar should continue to work on implementing its action plan to address these deficiencies, including by: (1) demonstrating an improved understanding of ML risks in key areas; (2) demonstrating that on-site/offsite inspections are risk-based, and hundi operators are registered and supervised; (3) demonstrating enhanced use of financial intelligence in LEA investigations, and increasing operational analysis and disseminations by the FIU; (4) ensuring that ML is investigated/prosecuted in line with risks; (5) demonstrating investigation of transnational ML cases with international cooperation; (6) demonstrating an increase in the freezing/seizing and confiscation of criminal proceeds, instrumentalities, and/or property of equivalent value; and (7) managing seized assets to preserve the value of seized goods until confiscation.

The FATF urges Myanmar to work to fully address its AML/CFT deficiencies, including to demonstrate that its monitoring and supervision of MVTS is based on documented and sound understanding of ML/TF risks to mitigate undue scrutiny of legitimate financial flows.

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- Jurisdictions under Increased Monitoring - 23 June 2023
- High-Risk Jurisdictions subject to a Call for Action – 21 February 2020 for DPRK and Iran
- Outcomes FATF Plenary 21-23 June 2023

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