CIRCULAR NO.6

ISSUED ON 28TH OCTOBER 2023

TO ALL ACCOUNTABLE PERSONS

HIGH RISK JURISDICTIONS

RECOMMENDATION 19 OF THE FATF STANDARDS

REGULATION 44 OF THE AML REGULATIONS, 2015.

Further to our circular No. 5 issued on 11th July, 2023, we hereby issue Circular No. 6 to notify you of the on-going efforts by the Financial Action Taskforce (FATF) to identify and work with jurisdictions with strategic AML / CFT deficiencies. After the FATF Plenary meeting that was held from 25th- 27th October 2023, FATF has issued the following public statements identifying jurisdictions in the following categories: -

1. Jurisdictions under Increased Monitoring[1]

In light of the jurisdictions identified by FATF in its statement, "Jurisdictions under Increased Monitoring" dated 27 October 2023, a number of jurisdictions were listed as subject to increased monitoring, namely, Nigeria, South Africa, Tanzania, Barbados, Burkina Faso, Democratic Republic of Congo, Mozambique, South Sudan among others. The full details of the statement and countries can be found at https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-october-2023.html

In light of the Notice, Accountable persons are reminded that pursuant to Section 6(26) of the Anti -Money Laundering Act 2013, (- as amended), they must apply such enhanced due diligence measures which are prescribed in the Anti-Money Laundering Regulations 2015 with respect to business

[1] Jurisdictions under increased monitoring are actively working with the FATF to address the 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.

relationships or transactions involving those jurisdictions. Additionally, reporting persons shall, where applicable and proportionate to the risks, apply one or more of the following additional mitigating measures to persons and legal entities carrying out transactions involving those jurisdictions/countries–

1. The application of additional elements of enhanced due diligence;
2. Understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship.
3. Conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the institution's knowledge of the customer, their business and risk profile, including, where necessary, the source of funds

2. High-risk Jurisdictions subject to a Call for Action[1]

On 27 October 2023, FATF issued another statement: "High-Risk Jurisdictions subject to a call for action" which publicly identifies jurisdictions with significant strategic deficiencies in their AML/CFT/CPF regimes and calls on all FATF members to apply enhanced due diligence, and, in the most serious cases, apply counter-measures to protect the international financial system from the money laundering, terrorist financing, and proliferation financing risks emanating from the identified countries .The countries subject to these measures are, Democratic Republic of Korea, Iran and Myanmar. The full details of the statement can be found at https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-october-2023.html

In light of the Notice, Accountable Persons are reminded that in accordance with the Anti-money Laundering Regulations 2015 Section 44 (1-3) they must apply such enhanced due diligence measures which are prescribed in the Anti-Money Laundering Regulations 2018 with respect to business relationships or transactions involving those high-risk countries. Additionally, reporting persons shall, where applicable and proportionate to the risks, apply one or more of the following additional mitigating measures to persons and legal entities carrying out transactions involving those high-risk countries–

i. applying specific elements of enhanced due diligence such as obtaining additional information on the customer, purpose of transactions, nature of the business relationship and the source of funds or wealth of the customer;

[1] FATF identifies countries or jurisdictions with serious strategic deficiencies to counter money laundering, terrorist financing, and financing of proliferation. These jurisdictions are subject to a call for action to protect the international financial system.

ii. obtaining senior management approval to continue the relationship;
iii. increased monitoring of transactions;
iv. reviewing, amending and if necessary, terminating of correspondent banking relationships

Furthermore, Accountable Persons shall also –

1. Give special attention to business relationships and transactions with persons (both natural and legal persons) in those high-risk countries, including companies, legal arrangements/trusts and financial institutions based in those countries;

2. Consult the FATF public documents and statements which are published on the website of the FATF (https://www.fatf-gafi.org/) on regular basis but not less than 3 times a year, namely in February, June and October, and apply the countermeasures recommended by the FATF in those documents.

3. Strengthen systems and controls in managing their exposure to the vulnerabilities identified by FATF; and

4. Ensure that correspondent relationships, in particular, are not being used to evade countermeasures and risk mitigation practices.

Any non-compliance with the directions and specifications contained in the Notice is a criminal offence under the Anti-money Laundering Act 2013 as amended and the AML Regulations 2015 and may further attract administrative sanctions and penalties imposed by the supervisory authorities under the AMLA 2013 (- as amended).

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