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Our Reference:

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To:
All reporting institutions under the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLATFA)

Recent Statements by the Financial Action Task Force on Money Laundering (FATF)

The purpose of this circular is to inform the reporting institutions (RIs) of the recent Public Statement by the FATF on 27 June 2014 on jurisdictions having strategic deficiencies in their Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) regime. These jurisdictions are either subject to the FATF's call for countermeasures; or have not made sufficient progress and not committed to an action plan to address those AML/CFT deficiencies.

2. In the statement, FATF has called upon its members and other jurisdictions to apply countermeasures against **Iran** and **the Democratic People's Republic of Korea** arising from the on-going and substantial money laundering and terrorist financing risks emanating from the jurisdictions. Other jurisdictions which have strategic deficiencies that have not made sufficient progress in addressing the deficiencies include **Algeria, Ecuador, Indonesia** and **Myanmar**, and is subject to FATF's call to consider the risks arising from the deficiencies associated with each jurisdiction.

3. In accordance with the AML/CFT Policy issued to your sector, please be advised that RIs are required to conduct enhanced customer due diligence for business relationships and transactions with any person from countries identified by the FATF as having on-going or substantial ML/TF risks, and apply countermeasures proportionate to the risk. In addition, RIs are required

to conduct enhanced customer due diligence, proportionate to the risks, for business relationships and transactions with any person from countries identified by the FATF as having strategic AML/CFT deficiencies and have not made sufficient progress in addressing those deficiencies,

4. Further information on the abovementioned statements is available at FATF's website at http://www.fatf-gafi.org.

Please be guided accordingly.

Yang benar,

(Abd. Rahman Abu Bakar)
Pengarah
Jabatan Perisikan Kewangan
dan Penguatkuasaan

High-risk and non-cooperative jurisdictions

FATF PUBLIC STATEMENT - 27 June 2014

Paris, 27 June 2014 - The Financial Action Task Force (FATF) is the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT). In order to protect the international financial system from money laundering and financing of terrorism (ML/FT) risks and to encourage greater compliance with the AML/CFT standards, the FATF identified jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system.

Jurisdictions subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing (ML/FT) risks emanating from the jurisdictions.
Iran Democratic People's Republic of Korea (DPRK)
Jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies. The FATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction, as described below.
Algeria Ecuador Indonesia Myanmar

Ethiopia, Pakistan, Syria, Turkey and Yemen are now identified in the FATF document, "Improving Global AML/CFT Compliance: On-going Process" *due to their progress in substantially addressing their action plan agreed upon with the FATF.*

Iran

The FATF remains particularly and exceptionally concerned about Iran's failure to address the risk of terrorist financing and the serious threat this poses to the integrity of the international financial system, despite Iran's previous engagement with the FATF and recent submission of information.

The FATF reaffirms its call on members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions. In addition to enhanced scrutiny, the FATF reaffirms its 25 February 2009 call on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from Iran. The FATF continues to urge jurisdictions to protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices and to take into account ML/FT risks when considering requests by Iranian financial institutions to open branches and subsidiaries in their jurisdiction. Due 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 concrete steps to continue to improve its CFT regime, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in October 2014.

Democratic People's Republic of Korea (DPRK)

Since February 2014, the DPRK has engaged directly with the FATF to discuss its AML/CFT deficiencies. The FATF urges the DPRK to continue its cooperation with the FATF to come to an understanding on its AML/CFT deficiencies as a basis for an agreed action plan.

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 threat this poses to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies.

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 and financial institutions. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from the DPRK. Jurisdictions should also protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and take into account ML/FT risks when considering requests by DPRK financial institutions to open branches and subsidiaries in their jurisdiction.

Algeria

Algeria has taken steps towards improving its AML/CFT regime, including by bringing into force amendments to its Penal Code to expand the scope of terrorist acts criminalised. However, despite Algeria's high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Algeria has not made sufficient progress in implementing its action plan within the established timelines, and certain strategic deficiencies remain. Algeria should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets and (3) adopting customer due diligence obligations in compliance with the FATF Standards. The FATF encourages Algeria to address its deficiencies and continue the process of implementing its action plan.

Ecuador

Ecuador has taken steps towards improving its AML/CFT regime, including by enacting a new criminal code, which includes provisions adequately criminalising money laundering and terrorist financing. However, despite Ecuador's high-level political commitment to the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Ecuador has not made sufficient progress in implementing its action plan, and certain strategic deficiencies remain. Ecuador should continue to work on implementing its action plan to address these deficiencies, including by (1) establishing and implementing adequate procedures to identify and freeze terrorist assets and (2) clarifying procedures for the confiscation of funds related to ML. Ecuador should also continue enhancing financial sector supervision. The FATF encourages Ecuador to address its remaining deficiencies and continue the process of implementing its action plan.

Indonesia

Indonesia has taken steps towards improving its AML/CFT regime including by developing Indonesia's terrorist asset-freezing regime. However, despite Indonesia's high-level political commitment to work with the FATF and APG to address its strategic CFT deficiencies, Indonesia has not made sufficient progress in implementing its action plan within the agreed timelines, and certain key CFT deficiencies remain regarding the development and implementation of an adequate legal framework and procedures for identifying and freezing of terrorist assets. The FATF encourages Indonesia to address its remaining deficiencies in compliance with FATF standards by fully implementing UNSCR 1267 and clarifying the legal framework and procedures for freezing terrorist assets.

Myanmar

Myanmar has taken steps towards improving its AML/CFT regime, including by enacting a new AML and CT Law. However, despite Myanmar's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Myanmar has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Myanmar should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) further strengthening the extradition framework in relation to terrorist financing; (4) ensuring a fully operational and effectively functioning financial intelligence unit; (5) enhancing financial transparency; and (6) strengthening customer due diligence measures. The FATF encourages Myanmar to address the remaining deficiencies and continue the process of implementing its action plan.