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Our Reference :

1 November 2016

To:
All reporting institutions under the
Anti-Money Laundering, Anti-Terrorism Financing
and Proceeds of Unlawful Activities Act 2001 (AMLA)

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

The purpose of this notice, issued pursuant to section 83 of the AMLA, is to inform the reporting institutions (RIs) of the recent Public Statement issued by the FATF on 21 October 2016 on jurisdictions having strategic deficiencies in their anti-money laundering and counter financing of terrorism (AML/CFT) regime (please see Appendix I).

2. In the statement, FATF has called upon its members and other jurisdictions to apply effective countermeasures and targeted financial sanctions in accordance with applicable United Nations Security Council Resolutions against the Democratic People's Republic of Korea (DPRK) arising from the on-going and substantial money laundering and terrorist financing risks emanating from and threats posed by DPRK's illicit activities in relation to proliferation weapons of mass destruction and its financing.

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 DPRK and apply relevant countermeasures proportionate to the risk, including terminating correspondent relationships with DPRK banks, where necessary.

4. Due to Iran's commitment to an agreed Action Plan, the FATF continues the suspension on the call for countermeasures on Iran until June 2017. In this connection, the earlier call for countermeasures as stipulated under Paragraphs 23.3 (AML/CFT Sector 1), 18.3 (AML/CFT Sector 2), 19.3 (AML/CFT Sector 3), 20.3 (AML/CFT Sector 4) and 18.3 (AML/CFT Sector 5) will no longer be applicable. However, enhanced due diligence measures which are proportionate to the risk remain

applicable on all business relationships and transactions with natural and legal persons from Iran.

5. RIs should also consider other jurisdictions being monitored by FATF as having inadequate AML/CFT system as part of the RIs' risk assessment process (please see Appendix II).

6. Further information on the abovementioned statements and other monitored jurisdictions is available at FATF's website at http://www.fatf-gafi.org.

Please be guided accordingly.

Yang benar,

(Abd. Rahman Abu Bakar)
Pengarah

312/48/0

Appendix I

Public Statement - 21 October 2016

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Paris, 21 October 2016 - 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.

Jurisdiction 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

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 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. Further, FATF has serious concerns with the threat posed by 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/FT/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.

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

Iran

In June 2016, the FATF welcomed Iran's adoption of, and high-level political commitment to, an Action Plan to address its strategic AML/CFT deficiencies, and its decision to seek technical assistance in the implementation of the Action Plan. Accordingly, in June 2016, the FATF suspended counter-measures for twelve months in order to monitor Iran's progress in implementing the Action Plan. If the FATF determines that Iran has not demonstrated sufficient progress in implementing the Action Plan at the end of that period, FATF's call for counter-measures will be re-imposed. If Iran meets its commitments under the Action Plan in that time period, the FATF will consider next steps in this regard.

Iran will remain on the FATF Public Statement until the full Action Plan has been completed. Until Iran implements the measures required to address the deficiencies identified 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. The FATF, therefore, calls on its members and urges all jurisdictions to continue to advise their financial institutions to apply enhanced due diligence to business relationships and transactions with natural and legal persons from Iran, consistent with FATF Recommendation 19. The FATF urges Iran to fully address its AML/CFT deficiencies, in particular those related to terrorist financing.

The FATF will continue to engage with Iran and closely monitor its progress.

More on:

- Improving Global AML/CFT Compliance: on-going process - 21 October 2016 - other monitored jurisdictions
- Outcomes of the Plenary meeting of the FATF, Paris, 19-21 October 2016

High-risk and non-cooperative jurisdictions

Appendix II

Improving Global AML/CFT Compliance: on-going process - 21 October 2016

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Paris, 21 October 2016 - As part of its on-going review of compliance with the AML/CFT standards, the FATF identifies the following jurisdictions that have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF. While the situations differ among each jurisdiction, each jurisdiction has provided a written high-level political commitment to address the identified deficiencies. The FATF welcomes these commitments.

A number of jurisdictions have not yet been reviewed by the FATF. The FATF continues to identify additional jurisdictions, on an on-going basis, that pose a risk to the international financial system.

The FATF and the FATF-style regional bodies (FSRBs) will continue to work with the jurisdictions noted below and to report on the progress made in addressing the identified deficiencies. The FATF calls on these jurisdictions to complete the implementation of action plans expeditiously and within the proposed timeframes. The FATF will closely monitor the implementation of these action plans and encourages its members to consider the information presented below.

Jurisdictions with strategic deficiencies	Jurisdiction no longer subject to the FATF's on-going global AML/CFT compliance process
Afghanistan	Guyana
Bosnia and Herzegovina	
Iraq	
Lao PDR	
Syria	
Uganda	
Vanuatu	
Yemen	

Afghanistan

In June 2012, Afghanistan made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Afghanistan has taken significant steps to improve its AML/CFT regime, including issuance of a freeze order that automatically requires the implementation of changes to the UNSCR 1267 list. However, Afghanistan should provide additional information regarding the implementation of its legal framework for identifying, tracing and freezing terrorist assets. The FATF encourages Afghanistan to continue implementing its action plan to address the remaining AML/CFT deficiency.

Bosnia and Herzegovina

In June 2015, Bosnia and Herzegovina made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies. Since June 2016, Bosnia and Herzegovina has taken steps towards improving its AML/CFT regime, including by finalising a regulation for freezing terrorist assets under UNSCR 1373. Bosnia and Herzegovina should continue to implement its action plan to address its deficiencies, including by: (1) harmonising criminalisation of terrorist financing and money laundering in all criminal codes; (2) implementing the framework for freezing terrorist assets under UNSCR 1373; (3) implementing an adequate supervisory framework; (4) implementing adequate AML/CFT measures for the non-profit sector; (5) establishing and implementing adequate cross-border currency controls; and (6) ensuring adequate procedures for the confiscation of assets. The FATF encourages Bosnia and Herzegovina to continue implementing its action plan to address its AML/CFT deficiencies.

Iraq

In October 2013, Iraq made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since June 2016, Iraq has taken steps towards improving its AML/CFT regime, including by: addressing remaining issues related to its criminalisation of money laundering and terrorist financing; establishing a legal framework and procedures for identifying and freezing terrorist assets; and ensuring a fully operational and functioning financial intelligence unit. Iraq should continue to implement its action plan to address its remaining deficiencies, including by: (1) implementing the legal framework and appropriate procedures for identifying and freezing terrorist assets; (2) ensuring that all financial institutions are subject to adequate customer due diligence requirements; (3) ensuring that all financial institutions are subject to adequate suspicious transaction reporting requirements; and (4) establishing and implementing an adequate AML/CFT supervisory and oversight programme for all financial sectors. The FATF encourages Iraq to continue implementing its action plan to address its remaining AML/CFT deficiencies.

Lao PDR

In June 2013, Lao PDR made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since June 2016, Lao PDR has taken steps towards improving its AML/CFT regime, including the introduction of a cross-border declaration regime. However, the FATF has determined that certain strategic deficiencies remain. Lao PDR should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) implementing adequate AML/CFT controls for MVTS providers; and (3) implementing effective controls for cross-border currency transactions. The FATF encourages Lao PDR to continue implementing its action plan to address its AML/CFT deficiencies.

Syria

Since February 2010, when Syria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Syria has made progress to improve its AML/CFT regime. In June 2014, the FATF determined that Syria had substantially addressed its action plan at a technical level, including by criminalising terrorist financing and establishing procedures for freezing terrorist assets. While the FATF determined that Syria has completed its action plan agreed upon with the FATF, due to

the security situation, the FATF has been unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway. The FATF will continue to monitor the situation, and will conduct an on-site visit at the earliest possible date.

Uganda

In February 2014, Uganda made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Since its original action plan, Uganda was subject to a mutual evaluation, which highlighted additional strategic deficiencies. These deficiencies have been included in the revised action plan, to which a renewed political commitment was provided in June 2016. Since June 2016, Uganda enacted amendments to its regulation implementing UNSCRs 1267 and 1373. Uganda should continue to work on addressing the following deficiencies: (1) adequately criminalise terrorist financing; (2) implement adequate procedures for freezing terrorist assets in accordance with UNSCRs 1267 and 1373, and their successor resolutions; (3) ensure that all financial institutions are subject to adequate record-keeping requirements; (4) and ensure that all financial services and the FIA have the power to supervise and enforce compliance with AML CFT requirements (5) establish a fully operational and effectively functioning financial intelligence unit; (6) introduce and implement an appropriate legal basis to permit the competent authorities to provide a wide range of mutual legal assistance; and (7) ensure that appropriate laws and procedures are in place with regard to international co-operation for the financial intelligence unit and supervisory authorities. The FATF encourages Uganda to continue implementing its action plan to address its AML/CFT deficiencies.

Vanuatu

In February 2016, Vanuatu made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since June 2016, Vanuatu has passed amendments to improve obligations to obtain beneficial ownership information and prohibit bearer shares and bearer share warrants for international companies. Vanuatu should continue to work on implementing its action plan to address its deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures for the confiscation of assets related to money laundering; (3) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets and other UNSCR sanctions; (4) ensuring a fully operational and effectively functioning financial intelligence unit; (5) strengthening preventive measures, including for wire transfers; (6) establishing transparency for the financial sector, and for legal persons and arrangements; (7) implementing an adequate AML/CFT supervisory and oversight programme for all the financial sector and trust and company service providers; and (8) establishing appropriate channels for international co-operation and domestic coordination policies and actions on identified risks and ensuring effective implementation. The FATF encourages Vanuatu to continue implementing its action plan to address its AML/CFT deficiencies.

Yemen

Since February 2010, when Yemen made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Yemen has made progress to improve its AML/CFT regime. In June 2014, the FATF determined that Yemen had substantially addressed its action plan at a technical level, including by adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; improving its customer due diligence and suspicious transaction reporting requirements; issuing guidance; developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the financial intelligence unit; and establishing a fully operational and effectively functioning FIU. While the FATF determined that Yemen has completed its action plan agreed upon with the FATF, due to the security situation, the FATF has been unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway. The FATF will continue to monitor the situation, and conduct an on-site visit at the earliest possible date.

Jurisdiction no Longer Subject to the FATF's On-Going Global AML/CFT Compliance Process

Guyana

The FATF welcomes Guyana's significant progress in improving its AML/CFT regime and notes that Guyana has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in October 2014. Guyana is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Guyana will work with CFATF as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

More on:

- FATF Public Statement - 21 October 2016 - jurisdictions subject to an FATF call for action
- Outcomes of the FATF Plenary, 19-21 October 2016

High-risk and non-cooperative jurisdictions