



## ADVISORY REGARDING FINANCIAL DEALINGS WITH LOCATIONS OF SPECIFIC CONCERN

23 June 2023

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

For all countries identified as high-risk, the Financial Action Task Force (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.

Accordingly, the Ministry of Justice and the Financial Intelligence Unit of the New Zealand Police advise entities<sup>1</sup> to give special attention to business relationships and transactions with the following jurisdictions:

**Democratic People's Republic of Korea (DPRK)**, including DPRK countries and financial institutions.

The FATF remains concerned by the DPRK's failure to address 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.

Financial institutions should 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, jurisdictions are advised to apply effective counter-measures and targeted financial sanctions in accordance with applicable United Nations Security Council (UNSC) Resolutions to protect their financial sectors from risks related to money laundering, financing of terrorism and financing of proliferation of weapons of mass destruction emanating from the DPRK.

Regarding DPRK, entities are further advised that New Zealand has given effect to a number of UNSC resolutions through the United Nations Sanctions (Democratic People's Republic of Korea) Regulations 2017. These regulations are complex and prohibit a wide range of dealings with DPRK, DPRK citizens, and DPRK companies. This includes (but is not limited to) restrictions on financial services, freezing assets, joint ventures, and banning the import of specific goods.

#### Iran

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.

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<sup>1</sup> Entities include 'reporting entities' as defined in section 5 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 and 'financial institutions' as defined in section 3 of the Financial Transactions Reporting Act 1996.

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.

Given Iran’s failure to enact the Palermo and Terrorist Financing Conventions in line with the FATF Standards, in February 2020, the FATF fully lifted the suspension of counter-measures and calls on its members and urges all jurisdictions to apply effective counter-measures, in line with Recommendation 19.

The Ministry of Justice and the Financial Intelligence Unit of the New Zealand Police recommend that entities remain aware of the ML/FT risks posed by Iran and apply relevant counter-measures listed in Recommendation 19. In the New Zealand context, the specific counter-measures are:

- financial institutions and designated non-financial businesses and professions (DNFBPs) should apply specific elements of enhanced due diligence for customers resident or incorporated in Iran;
- systematically reporting financial transactions to and from Iran (existing prescribed transaction reporting obligations are sufficient);
- financial institutions and DNFBPs should consider limiting business relationships or financial transactions with Iran or Iranian natural and legal persons;
- financial institutions and DNFBPs should not rely on third parties located in Iran to conduct elements of the customer due diligence process as Iran should be considered to have insufficient AML/CFT systems and measures in place;
- financial institutions that have correspondent relationships with financial institutions in Iran should review and amend, or if necessary, terminate, those relationships.

Regarding Iran, entities are further advised that UNSC Resolution 2231 (2015) provides for the termination of provisions of previous UNSC Resolutions regarding Iran and establishes new specific restrictions that apply to all States without exception. New Zealand has given effect to this resolution through the United Nations (Iran-Joint Comprehensive Plan of Action) Regulations 2016, which came into force on 19 February 2016.

The regulations removed the requirement for all New Zealanders, persons in New Zealand, and New Zealand entities doing business with Iran to be registered with the Ministry of Foreign Affairs and Trade. However, restrictions remain on a number of activities involving Iran, Iranian nationals, and any Iranian entities, or people acting on behalf of Iran or Iranian entities. Restrictions include (but are not limited to) certain financial transactions, trade in nuclear-related material, equipment or technology; ballistic missile related technology; and conventional arms.

**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 NPO activity and remittances are not disrupted.

Myanmar has continued to work with the FATF to strengthen the effectiveness of its AML/CFT regime by raising awareness and supervising FIs and DNFBPs for compliance with targeted financial sanctions. The FATF encourages Myanmar to 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.

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

## OTHER JURISDICTIONS UNDER INCREASED MONITORING

Entities are also advised to take note of an additional document updated by the FATF on October 2022: [Increased Monitoring June 2023](#). In this document the FATF has identified a number of jurisdictions that have strategic AML/CFT deficiencies. 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 during the process.

Some jurisdictions have action plans that have fully or partially expired. Failure to meet the deadlines in their action plan indicates that the jurisdiction is not making significant progress in the time required and that the ML/TF/PF risks of the country are still present to a certain extent. Jurisdictions that fail to implement their action plans risk being blacklisted.

The jurisdictions identified in this document are listed in the table below.

Jurisdiction	Date of Listing	Notes
Albania		The FATF made the initial determination that Albania substantially completed its action plan. Albania confirmed its abandonment of the planned VTC programme and committed to respect the FATF principles and best practices on VTC programmes if it considers adopting a VTC programme in the future. The FATF there determined to conduct an on-site assessment to verify that the implementation of Albania'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. The FATF will continue monitoring Albania and any VTC programme developments.
Barbados		The FATF expresses concern that Barbados failed to complete its action plan, which fully expired in April 2022. The FATF strongly urges Barbados to swiftly demonstrate significant progress in completing its action plan by October 2023 or the FATF will consider next steps if there is insufficient progress.
Burkina Faso		The FATF notes Burkina Faso's continued progress across its action plan, however all deadlines have now expired and work remains. The FATF urges Burkina Faso to swiftly implement its action plan to address the above-mentioned strategic deficiencies as soon as possible as all deadlines expired in December 2022.
Cameroon		In June 2023, Cameroon made a high-level political commitment to work with the FATF and GABAC to strengthen the effectiveness of its AML/CFT regime. Since the adoption of its MER in October 2021, Cameroon has made progress on some of the MER's recommended actions by increasing the resources of the FIU and building the capacity of investigation authorities and judicial bodies to effectively conduct ML/TF cases. Cameroon will work to implement its FATF action plan.
The Cayman Islands		At its June 2023 plenary, the FATF made the initial determination that the Cayman Islands have substantially completed its action plan and warrants an on-site assessment to verify that the implementation of the AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future.
The Democratic Republic of Congo		The DRC has taken steps towards improving its AML/CFT regime, including by strengthening its legal framework on the criminalisation of money laundering. The DRC are advised to continue to work to implement its FATF action plan to address its strategic deficiencies.
Croatia		Croatia has made progress on its MER's recommended actions to improve its system by licensing and monitoring the registration of VASPs, enhancing and implementing more effective sanctions in supervisory

		activities and enhancing implementation of preventive measures for high-risk sectors. Croatia will work to implement its FATF action plan.
Gibraltar		Gibraltar is encouraged to continue to work on implementing its action plan to address its strategic deficiencies as soon as possible, including by showing that it is able to pursue more final confiscation judgments commensurate with the risk and context of Gibraltar. The FATF notes Gibraltar continued progress across its action plan; however, all deadlines have now expired.
Haiti		The FATF recognises the political commitment expressed at a high level and the efforts demonstrated by Haiti to advance its commitments in the midst of the challenging social, economic and security situation within the country. Haiti should continue to work on implementing its action plan to address its strategic deficiencies.
Jamaica		The FATF again expresses concern that Jamaica failed to complete its action plan, which fully expired in January 2022. The FATF strongly urges Jamaica to swiftly demonstrate significant progress in completing its action plan by October 2023 or the FATF will consider next steps, which could include calling on its members and urging all jurisdictions to apply enhanced due diligence to business relations and transactions with Jamaica.
Jordan		The FATF made the initial determination that Jordan has substantially completed its action plan ahead of the agreed timeline and warrants an on-site assessment to verify that the implementation of AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future.
Mali		Mali has taken steps towards improving its AML/CFT regime, including by providing resources to financial supervisors and competent authorities involved in the investigation and prosecution of TF and conducting outreach to NPOs at risk of TF abuse. Mali should continue to work on implementing its action plan to address its strategic deficiencies.
Mozambique		Mozambique has taken steps towards improving its AML/CFT regime, including by addressing the deficiencies identified in Recommendation 10. Mozambique should continue to work on implementing its action plan to address its strategic deficiencies.
Nigeria		Nigeria has made progress on some of the MER's recommended actions to improve its system including by improving its AML/CFT legislative framework, updating its assessment of inherent ML/TF/PF risks and strengthened its implementation of targeted financial sanctions. Nigeria will work to implement its FATF action plan.

Panama		At its June 2023 plenary, the FATF made the initial determination that Panama has substantially completed its action plan and warrants an on-site assessment to verify that the implementation of AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future.
Philippines		The Philippines has taken steps to promote understanding of TFS obligations amongst FIs and DNFBPs, to increase the use of financial intelligence and investigative skills of LEAs tasked with ML investigations and to prioritise asset tracing and confiscation at the point of conviction in criminal cases. The FATF urges the Philippines to swiftly implement its action plan to address strategic deficiencies as soon as possible as all deadlines expired in January 2023.
Senegal		The FATF notes Senegal's continued progress across its action plan, however all deadlines have now expired and work remains. The FATF urges Senegal to swiftly implement its action plan to address the above-mentioned strategic deficiencies as soon as possible.
South Africa		South Africa has taken steps towards improving its AML/CFT regime during its first cycle of reporting, including by improving its criminalisation of terrorist financing. South Africa should continue to work on implementing its action plan to address its strategic deficiencies.
South Sudan		The FATF notes South Sudan's limited progress across its action plan with all deadlines now expired and work remains. The FATF again encourages South Sudan to continue to implement its action plan to address the above-mentioned strategic deficiencies as soon as possible and demonstrate strong political and institutional commitment to strengthen the effectiveness of its AML/CFT regime, particularly in supporting the lead AML/CFT agency in coordinating national AML/CFT efforts.
Syria		In June 2014, the FATF determined that Syria had substantially addressed its action plan at a technical level. While the FATF determined that Syria has completed its agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit. The FATF will continue to monitor the situation and will conduct an on-site visit at the earliest possible date.
Tanzania		Tanzania has made progress on some of the MER's recommended actions to improve its system including by developing legal framework for TF and TFS as well as disseminating FIU strategic analysis. Tanzania will work to implement its FATF action plan.

Türkiye		The FATF notes Türkiye continued progress across its action plan; however, all deadlines have now expired. The FATF encourages Türkiye to continue to implement its action plan to address the above-mentioned strategic deficiencies as soon as possible.
Uganda		The FATF expresses concern that Uganda failed to complete its action plan, which fully expired in May 2022. The FATF strongly urges Uganda to swiftly demonstrate significant progress in completing its action plan by October 2023 or the FATF will consider next steps if there is insufficient progress.
United Arab Emirates		The UAE demonstrated significant progress, including by enhancing and maintaining a shared understanding of the ML/TF risks between the different DNFBP sectors and institutions, and ensuring a more granular understanding of the risk of abuse of legal persons and legal arrangements for ML/TF. The UAE should continue to work to implement its FATF action plan.
Vietnam		Vietnam has made progress on some of the MER's recommended actions by joining the Asset Recovery Interagency Network Asia Pacific (ARIN-AP) and adopting a national action plan on AML/CFT/CPF. Vietnam will work to implement its FATF action plan.
Yemen		While the FATF determined that Yemen has completed its agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit to confirm whether the process of implementing the required reforms and actions has begun and is being sustained. The FATF will continue to monitor the situation, and conduct an on-site visit at the earliest possible date.

The FATF does not call for the application of enhanced due diligence to be applied to these jurisdictions but encourages members to take into account the information presented in the document in their risk analysis.

New Zealand reporting entities should consider the risks emanating from these countries when conducting their risk assessment or assessing the risk of a specific customer or transaction. This may lead reporting entities to conclude that enhanced measures are required to mitigate the risk.