

ADVISORY REGARDING FINANCIAL DEALINGS WITH LOCATIONS OF SPECIFIC CONCERN

9 April 2014

On 14 February 2014 the Financial Action Task Force (FATF) issued a [Public Statement](#) concerning countries identified as posing international money laundering and terrorism financing risks, due to them having deficient Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) measures.

Accordingly, the Ministry of Justice and the Financial Intelligence Unit of the New Zealand Police advise entities¹ to give special attention to business relationships and transactions with:

- **Iran**, including Iranian companies and financial institutions.
- **Democratic People's Republic of Korea (DPRK)**, including DPRK companies and financial institutions.

In addition to enhanced scrutiny, jurisdictions are advised to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from Iran and the DPRK. Entities should protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices in relation to these countries, and take into account ML/FT risks when considering requests by Iranian or DPRK financial institutions to open branches and subsidiaries in their jurisdiction.

Regarding Iran, entities are further advised to have regard to the UN Sanctions (Iran) Regulations which came into force on 23 December 2010.

The regulations require 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. In order to register, applicants must provide details of the due diligence they have undertaken and sign a declaration that the applicant believes on reasonable grounds that the business to be done with the Iranian business partner could not contribute to Iran's proliferation-sensitive nuclear activities, or to the development by or on behalf of Iran of nuclear weapon delivery systems, or to violations of resolutions 1737, 1747, 1803, or 1929 of the Security Council of the United Nations.

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.

Entities are further advised to consider the risks associated with each of the following jurisdictions that have not made sufficient progress in addressing strategic AML/CFT deficiencies, or have not committed to an action plan developed with the FATF to address the deficiencies:

¹ 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.

- Algeria, Ecuador, Ethiopia, Indonesia, Myanmar, Pakistan, Syria, Turkey, Yemen.

For more details concerning the specific deficiencies and risks associated with the jurisdictions listed above, financial institutions are advised to refer to the 14 February 2014 FATF [Public Statement](#).

Entities are also advised to take note of an additional document updated by FATF on 14 February 2014: [Improving Global AML/CFT Compliance: on-going process](#).

In this document the FATF has identified a number of jurisdictions that have strategic AML/CFT deficiencies. The jurisdictions identified in this document are:

- Albania, Angola, Argentina, Cuba, Iraq, Kenya, Kuwait, Kyrgyzstan, Lao PDR, Mongolia, Namibia, Nepal, Nicaragua, Papua New Guinea, Sudan, Tajikistan, Tanzania, Uganda, Zimbabwe.

In this document the FATF has identified Afghanistan and Cambodia as jurisdictions that have not made sufficient progress on their action plan to improve their strategic AML/CFT deficiencies agreed upon with FATF. If Afghanistan and Cambodia do not take sufficient action to implement significant components of their action plan by June 2014, the FATF will identify these jurisdictions as being non-compliant with their agreed action plans and will call upon its members to consider the risks arising from the deficiencies associated with these jurisdictions.

In this document the FATF has further identified that the following countries have made sufficient improvements to their AML/CFT regimes and *are no longer subject to* the FATF's on-going global compliance process:

- Antigua and Barbuda, Bangladesh, Vietnam.