



ADVISORY REGARDING FINANCIAL DEALINGS WITH LOCATIONS OF SPECIFIC CONCERN

28 August 2018

On 29 June 2018 the Financial Action Task Force (FATF) issued a 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:

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 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.

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.

Iran had its counter-measures suspended for twelve months from June 2016 in order for the FATF to monitor its progress in implementing an Action Plan that addresses its strategic AML/CFT deficiencies. Given that Iran has draft legislation currently before Parliament, the FATF decided at its meeting in February 2018 to continue the suspension of counter-measures. Since November 2017, Iran has established a cash declaration regime and introduced draft amendments to its AML/CFT laws. However, Iran's action plan has expired with a majority of the action items remaining incomplete. The FATF is disappointed with Iran's failure to implement its action plan to address its significant AML/CFT deficiencies. Given the Iranian government's continued efforts to finalise and pass amendments to its laws, the FATF decided at its meeting in June to continue the suspension of counter-measures. The FATF urgently expects Iran to proceed swiftly in the reform path to ensure that it addresses all of the remaining items in its Action Plan by completing and implementing the necessary AML/CFT reforms, in particular passing the necessary legislation. The FATF expects Iran to enact amendments to its AML and CFT laws and ratify the Palermo and TF Conventions in full compliance with the FATF Standards by October 2018, otherwise, the FATF will decide upon appropriate and necessary actions at that time.

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. Entities are advised to apply enhanced due diligence to business relationships and transactions with natural and legal persons from Iran, consistent with FATF Recommendation 19.

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.

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 have 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 the following: trade in nuclear-related material, equipment or technology; ballistic missile related technology; and conventional arms.

Entities are advised to take into account United States Treasury guidelines providing clarity on the scope of US financial and banking sanctions recently lifted against non-US financial institutions.

Entities are also advised to take note of an additional document updated by the FATF on 29 June 2018: [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:

- Ethiopia, Pakistan, Serbia, Sri Lanka, Syria, Trinidad and Tobago, Tunisia, and Yemen.

Iraq and Vanuatu were removed from the Compliance document.