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To:
All reporting institution 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 23 February 2018 on jurisdictions having strategic deficiencies in their anti-money laundering and counter financing for 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 targetted financial sanctions in accordance with applicable United Nations Security Council Resolutions against the Democratic People's Republic of Korea (DPRK) arising from on-going and substantial money laundering and terrorist financing risks emanating from and threats posed by DPRK's illicit activities in relation to proliferation of weapons of mass destruction and its financing.

3. In accordance with the AML/CFT Policy Documents 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 including those acting on their behalf. In addition to enhanced CDD requirement, the RIs are also required to apply any relevant countermeasures proportionate to the risk, including limiting business relationship and financial transactions with DPRK or its person and terminating correspondent relationships with DPRK banks, where necessary.

4. The FATF continues the suspension on the call for countermeasures on Iran, following its commitment and progress made to an agreed Action Plan. The FATF will continue monitor the progress made by Iran. As such, countermeasures as stipulated under respective AML/CFT Policy Documents will not be applicable. However, enhanced due diligence measures which are proportionate to the risk remain applicable to all business relationships and transactions with any person from Iran.

5. RIs should also consider other jurisdictions being monitored by FATF as having inadequate AML/CFT system for which they have developed an action plan with FATF as part of the RIs' risk assessment process (please see **Appendix II**).

6. Please also note that **Bosnia and Herzegovina** has been removed from the FATF's monitoring process due to significant progress in addressing the strategic AML/CFT deficiencies and implementation of the agreed action plan.

7. 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
Jabatan Perisikan Kewangan
dan Penguatkuasaan

Appendix I

Public Statement

Paris, 23 February 2018 - 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 DPRK.

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 threats they pose 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.

Jurisdictions 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 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. Given that Iran provided that political commitment and the relevant steps it has taken, the FATF decided in November 2017 to continue the suspension of counter-measures.

Since November 2017, Iran has established a cash declaration regime and introduced draft amendments to its AML and CFT laws. However, Iran's action plan has now expired with a majority of the action items remaining incomplete. Iran should fully address its remaining action items, including by: (1) adequately criminalising 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) ensuring the full independence of the Financial Intelligence Unit and requiring the submission of STRs for attempted transactions; (5) demonstrating how authorities are identifying and sanctioning unlicensed money/value transfer service providers; (6) ratifying and implementing the Palermo and TF Conventions and clarifying the capability to provide mutual legal assistance; (7) ensuring that financial institutions verify that wire transfers contain complete originator and beneficiary information; (8) establishing a broader range of penalties for violations of the ML offense; and (9) ensuring adequate legislation and procedures to provide for confiscation of property of corresponding value.

Given that Iran has draft legislation currently before Parliament, the FATF decided at its meeting this week to continue the suspension of counter-measures. Depending upon Iran's progress in completing its action plan, the FATF will take further steps in June 2018. 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.

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.

Appendix II

Improving Global AML/CFT Compliance: On-going Process - 23 February 2018

Paris, France, 23 February 2018 - 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	Jurisdictions no longer subject to the FATF's on-going global AML/CFT compliance process
Ethiopia	Bosnia and Herzegovina
Iraq	
Serbia	
Sri Lanka	
Syria	
Trinidad and Tobago	
Tunisia	
Vanuatu	
Yemen	

Ethiopia

Since February 2017, when Ethiopia made a high-level political commitment to work with the FATF and ESAAMLG to strengthen its effectiveness and address any related technical deficiencies, Ethiopia has taken steps towards improving its AML/CFT regime, including by conducting awareness-raising trainings for its DNFBPs, regulatory bodies, and investigative bodies and disseminating the UN sanctions lists to obliged entities without delay. Ethiopia should continue to work on implementing its action plan to address its deficiencies, including by: (1) fully implementing the results of its national risk assessment; (2) fully integrating designated non-financial businesses and professions into its AML/CFT regime; (3) ensuring that the proceeds and instrumentalities of crime are confiscated; (4) consistently implementing terrorism-related targeted financial sanctions and proportionately supervising non-profit organisations in line with a risk-based approach; and (5) establishing and implementing WMD-related targeted financial sanctions.

Iraq

Since October 2013, when Iraq made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Iraq has substantially addressed its action plan at a technical level, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing an adequate legal framework for identifying, tracing, and freezing terrorist assets; (3) establishing effective customer due diligence measures; (4) establishing a fully operational and effectively functioning Financial Intelligence Unit; (5) establishing adequate suspicious transaction reporting requirements; and (6) establishing an adequate AML/CFT supervisory and oversight programme for the financial sector. The FATF will conduct an on-site visit to confirm that the implementation of these reforms has begun and is being sustained.

Serbia

In February 2018, Serbia made a high-level political commitment to work with the FATF and MONEYVAL to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. Serbia will work to implement its action plan to accomplish these objectives, including by: (1) updating the NRA to develop a better understanding of key risks; (2) subjecting lawyers, notaries, and casinos to supervision; implementing risk-based AML/CFT supervision, and increasing supervisory staff resources commensurate with sectoral risks; (3) implementing measures related to CDD, politically exposed persons, and wire transfers in line with the FATF Standards; (4) establishing an effective mechanism for ensuring timely access to beneficial ownership information regarding legal persons, and a framework to ensure that such information is adequate, accurate, and current; (5) ensuring adequate and effective investigation and prosecution of third-party and stand-alone ML; (6) ensuring the implementation without delay of targeted financial sanctions measures related to terrorist financing, providing guidance to reporting entities, and taking proportionate measures for non-profit organisations in line with a risk-based approach; and (7) ensuring the implementation without delay of targeted financial sanctions related to proliferation financing.

Sri Lanka

Since November 2017, when Sri Lanka made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies, Sri Lanka has taken steps towards improving its AML/CFT regime, including by issuing CDD rules for DNFBPs. Sri Lanka should continue to work on implementing its action plan to address its deficiencies, including by: (1) enacting amendments to the MACMA to ensure that mutual legal assistance may be provided on the basis of reciprocity; (2) issuing any necessary guidance and ensuring that implementation of the CDD rules has begun, by way of supervisory actions; (3) enhancing risk-based supervision and outreach to FIs and high-risk DNFBPs, including through prompt and dissuasive enforcement actions and sanctions, as appropriate; (4) providing case studies and

statistics to demonstrate that competent authorities can obtain beneficial ownership information in relation to legal persons in a timely manner; (5) issuing a revised Trust Ordinance and demonstrating that implementation has begun; and (6) establishing a TFS regime to implement relevant UNSCRs related to Iran, and demonstrating effective implementation on this and the UN Regulation related to the DPRK.

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 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 will conduct an on-site visit at the earliest possible date.

Trinidad and Tobago

Since November 2017, when Trinidad and Tobago made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies, Trinidad and Tobago has taken steps towards improving its AML/CFT regime, including the approval of the Counter Terrorism Strategy by the National Security Council, the issuance of a Case Prioritization Policy, and advancing legislation in a number of areas. Trinidad and Tobago should continue to work on implementing its action plan to address its deficiencies, including by: (1) adopting and implementing the relevant measures to enhance international cooperation; (2) addressing issues related to transparency and beneficial ownership; (3) completing the legislative efforts to enhance the processing of ML charges before the courts; (4) taking measures to enhance tracing and confiscation of criminal proceeds; (5) prioritising and prosecuting TF cases when they arise; (6) enacting the necessary amendments related to targeted financial sanctions and implementing measures to monitor NPOs on the basis of risk; and (7) developing, adopting, and implementing the necessary framework to counter proliferation financing.

Tunisia

Since November 2017, when Tunisia made a high-level political commitment to work with the FATF and MENAFATF to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies, Tunisia has taken steps towards improving its AML/CFT regime, including by issuing a decree to implement terrorism-related targeted financial sanctions, preparing AML/CFT supervisory manuals, conducting trainings on AML/CFT supervision for the relevant authorities and increasing human resources within the financial intelligence unit. Tunisia should continue to work on implementing its action plan to address its deficiencies, including by: (1) implementing risk-based AML/CFT supervision of the financial sector and fully integrating designated non-financial businesses and professions into its AML/CFT regime; (2) maintaining comprehensive and updated commercial registries and strengthening the system of sanctions for violations of transparency obligations; (3) increasing the efficiency of suspicious transaction report processing by allocating the necessary resources to the financial intelligence unit; (4) establishing a fully functional terrorism-related targeted financial sanctions regime and appropriately monitoring the association sector; and (5) establishing and implementing WMD-related targeted financial sanctions.

Vanuatu

Since February 2016, when Vanuatu made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Vanuatu has substantially addressed its action plan at a technical level, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing adequate procedures for the confiscation of assets related to money laundering; (3) establishing an adequate legal framework for identifying, tracing and freezing terrorist assets and other UN 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) establishing an adequate AML/CFT supervisory and oversight programme for the whole 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 will conduct an on-site visit to confirm that the implementation of these reforms has begun and is being sustained.

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: (1) adequately criminalising money laundering and terrorist financing; (2) establishing procedures to identify and freeze terrorist assets; (3) improving its customer due diligence and suspicious transaction reporting requirements; (4) issuing guidance; (5) developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the financial intelligence unit; and (6) establishing a fully operational and effectively functioning financial intelligence unit. 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.

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

Bosnia and Herzegovina

The FATF welcomes Bosnia and Herzegovina's significant progress in improving its AML/CFT regime and notes that Bosnia and Herzegovina has established the legal and regulatory framework to meet the commitments in its action plan regarding the strategic deficiencies that the FATF identified in June 2015. Bosnia and Herzegovina is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Bosnia and Herzegovina will work with MONEYVAL to improve its AML/CFT framework.

More on: