



Circular No. 2 of 2021

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Introduction of FATF High Risk Jurisdictions tab of FSA website

In line with Section 41 (3) of the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020 (“AML/CFT Act”) and Regulation 16 of the Anti-Money Laundering and Countering the Financing of Terrorism Regulations, 2020 (“AML/CFT Regulations”) all reporting entities are required to apply enhanced due diligence measures and enhanced ongoing monitoring required under section 35 of the Act, on a risk-sensitive basis, in any situation which by its nature presents a higher risk of money laundering, terrorist financing activities or other criminal conduct, or in respect of a business relationship with persons from, and transactions in, countries which do not apply or fully apply the Financial Action Task Force Recommendations.

On the basis of the results of the review by the International Co-operation Review Group (ICRG), the FATF identifies jurisdictions with strategic AML/CFT deficiencies which are segregated in one of the two following categories:

- [High-Risk Jurisdictions subject to a Call for Action¹](#); and
- [Jurisdictions under Increased Monitoring²](#).

In view that the jurisdictions identified are deemed to have strategic AML/CFT deficiencies by not applying or fully applying the FATF Recommendations, they present a higher risk of money laundering, terrorist financing or other criminal conduct.

The FSA would like to inform all reporting entities that in an effort to assist compliance with section 41(3) of the AML/CFT Act, the FSA has introduced a new tab under the main AML/CFT tab, which provides for the direct links to information relating to High risk and monitored jurisdiction on the FATF website. The intention of this new addition is to facilitate and create a central point of access to this information.

The FSA would like to take this opportunity to remind reporting entities of the importance of complying with their obligations under Section 41(3) of the AML/CFT Act to apply enhanced due diligence and enhanced monitoring in relation to business relationships and transactions with

¹ <http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2020.html>

² <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-june-2020.html>

natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.

Reporting entities are also being called upon to undertake the following additional actions (at a minimum) to demonstrate compliance with the above requirement:

- In Relation to High Risk Jurisdiction Subject to a Call for Action
 - consult the FATF public documents which are published on the website of the FATF (<https://www.fatf-gafi.org/>) on a continuous basis to identify any changes and apply the countermeasures recommended by the FATF in those documents;
 - give special attention to business relationships and transactions with persons (both natural and legal persons) in those high risk countries, including companies, legal arrangements/trusts and financial institutions based in those countries;
 - strengthen systems and controls in managing their exposure to the vulnerabilities identified by FATF; and
 - ensure that correspondent relationships, in particular, are not being used to evade countermeasures and risk mitigation practices.

- In relation to Jurisdictions under increased monitoring; to take into consideration the information published by the FATF relating to these jurisdictions in their risk assessments; and

- To review the FATF website on a continuous basis to identify whether any changes or updates have been published by the FATF.

Failure to comply with Section 41(3) of the AML/CFT Act and Regulation 16 of the AML/CFT Regulations shall lead to the FSA taking relevant enforcement actions as provided for by relevant legislations

Licensees may contact the FSA for any clarification or further information regarding the content of this Circular (or email amlunit.fiduciary@fsaseychelles.sc).

Financial Services Authority