



Circular No. 7 of 2023

Date: 08th September, 2023

Action against persons engaged or have links with sanctioned countries

Further to the Circular No. 6 of 2023 issued by the Financial Services Authority, hereinafter referred to as FSA, on the outcome of the Financial Action Task Force (FATF) plenary held in June 2023, the FSA wishes to reiterate that high-risk jurisdictions have significant strategic deficiencies in their regimes to counter money-laundering, terrorist financing and financing of proliferation. For all countries identified as high-risk, the 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 money laundering, terrorist financing and proliferation financing risks emanating from the country. This list is often externally referred to as the “black list”.

While the statement, adopted in February 2020, on these high-risk jurisdictions may not necessarily reflect the most recent status of Iran and the Democratic People’s Republic of Korea’s (DPRK) AML/CFT regimes, the FATF’s call to apply countermeasures on these high-risk jurisdictions remains in effect.

Furthermore, the United Nations Security Council 1718 Sanctions Committee was established pursuant to resolution 1718 (2006) on 14 October 2006 to oversee the relevant sanctions measures relating to the DPRK. The United Nations Security Council 1718 Sanctions committee, as part of its responsibility, is mandated to take appropriate action on information regarding alleged violations of sanctions measures for effective implementation of the sanctions measures.

Under resolution 1718 (2006), persons or entities engaging in or providing support for the DPRK’s prohibited programmes or by persons or entities acting on their behalf or at their direction could be designated, including the family members of such persons, for the travel ban. This was expanded under resolution 2087 (2013) including the criteria of individuals and entities which have assisted the evasion of sanctions or in violating the provisions of resolutions 1718 and 1874.

To this end, the FSA hereby wishes to draw the attention of the reporting entities under its regulatory purview to the high risks that emanates from transacting with sanctioned countries. The FSA is also advising the reporting entities that it has strengthened its supervisory and monitoring activities against entities that are found to be engaged or have links, directly or indirectly, with any of the sanctioned countries featured on the sanctions list, in particular, the DPRK in order to ensure that the enforcement actions are effectively carried out.

The attention of all reporting entities is further drawn to the provisions of 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 and Countering the Financing of Terrorism Regulations, 2020 (“AML/CFT Regulations”) where all reporting entities are required to apply enhanced due diligence measures and enhanced ongoing monitoring required under section 35 of the AML/CFT 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 FATF Recommendations.

All reporting entities under the supervisory ambit of the FSA are therefore recommended to regularly cross-verify their databases and records against the sanctions list that is continuously being reviewed by the United Nations Security Council and to review the United Nations Security Council’s website on a continuous basis to identify whether any changes or updates have been published.

On that note, the FSA counts on the usual cooperation and support of all the reporting entities under its regulatory purview to protect the Seychelles’ financial services sector from not being used, knowingly or unknowingly, by a person or entities, to violate or circumvent the financial sanctions imposed by the United Nations Security Council on DPRK.

FINANCIAL SERVICES AUTHORITY