



Circular No. 8 of 2022

Date: 8<sup>th</sup> September, 2022

**Financial Action Task Force (“FATF”) statements concerning:**

- 1) High-risk jurisdictions on which ECDD and, where appropriate, counter-measures are imposed**
- 2) Jurisdictions under increased monitoring of the FATF**
- 3) Jurisdictions no longer under increased monitoring**

The Financial Services Authority (“FSA”) would like to draw the attention of all reporting entities to the following decisions taken by the FATF during its Plenary meeting of June 14 to 17, 2022 concerning the countries placed under increased monitoring.

**1) HIGH-RISK JURISDICTIONS ON WHICH ENHANCED DUE DILIGENCE AND, WHERE APPROPRIATE, COUNTER-MEASURES ARE IMPOSED**

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 (ML/TF/PF) risks emanating from the country. This list is often externally referred to as the “black list”.

Since February 2020, in light of the COVID-19 pandemic, the FATF has paused the review process for countries on the list of High-Risk Jurisdictions subject to a Call for Action, given that they are already subject to the FATF’s call for countermeasures. . While the statement, adopted in February 2020, on these jurisdictions may not necessarily reflect the most recent status of Iran and the Democratic People’s Republic of Korea’s AML/CFT regimes, the FATF’s call for action on these high-risk jurisdictions remains in effect.

The following web link to the FATF’s website provides for the list of high risk jurisdictions subject to a call for action as identified by the FATF:

<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-june-2022.html>

## **2) JURISDICTIONS UNDER INCREASED MONITORING**

Jurisdictions under increased monitoring are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to extra checks. In line with the flexible procedures adopted in February 2021 to allow FATF to continue its monitoring programme in light of the COVID-19 pandemic, the FATF has updated its statements for countries under review.

### **New jurisdiction subject to increased monitoring: Gibraltar**

The following web link to the FATF website provides for the list of jurisdictions under increased monitoring as identified by the FATF: <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-june-2022.html>

## **3) JURISDICTION NO LONGER UNDER INCREASED MONITORING – MALTA**

Malta will no longer be subject to the FATF's increased monitoring process as it has made significant progress in improving its AML/CFT regime. Malta has strengthened the effectiveness of its AML/CFT regime to meet the commitments in its action plan regarding the strategic deficiencies that the FATF identified in June 2021 related to the detection of inaccurate company ownership information and sanctions on gatekeepers who fail to obtain accurate beneficial ownership information, as well as the pursuit of tax-based money laundering cases utilising financial intelligence. Malta is therefore no longer subject to the FATF's increased monitoring process.

All reporting entities are hereby guided to refer the following link to the FATF website concerning the outcomes of the June 14 - 17, 2022 Plenary.

<https://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-fatf-plenary-june-2022.html>

## **4) OBLIGATION TO APPLY ENHANCED DUE DILIGENCE AND ENHANCED ON-GOING MONITORING TO HIGHER RISK JURISDICTIONS**

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") call for all reporting entities 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 are required to ensure that they remain up to date with the information provided by the FATF in regards to high-risk and other monitored jurisdictions and are aware of any changes or updates made to these two lists published by FATF.

Reporting entities are reminded of the importance of complying with their obligations under Section 41(3) of the AML/CFT Act and Regulation 16 of the AML/CFT Regulations to apply enhanced due diligence and enhanced monitoring in relation to business relationships and

transactions with 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's website on a continuous basis to identify whether any changes or updates have been published by the FATF.**

In the event of any updates, the FSA will also be notifying reporting entities accordingly.

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.

The FSA counts on the usual cooperation of reporting entities in maintaining effective systems of controls in safeguarding the integrity of Seychelles.

Reporting entities may contact the FSA, through email at [amlcft@fsaseychelles.sc](mailto:amlcft@fsaseychelles.sc), for any clarification or further information regarding the content of this Circular.



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