



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
FINANCIAL SUPERVISION SECTOR

CIRCULAR LETTER NO. CL-2020-026

To : **All BSP-Supervised Financial Institutions (BSFIs)**

Subject : **Financial Action Task Force (FATF) Publications on High-Risk and Other Monitored Jurisdictions**

This is to inform BSFIs of the updated statement of the Financial Action Task Force (FATF) issued on 21 February 2020 on high-risk jurisdictions subject to a call of action¹ (previously called "Public Statement"). The statement highlights the significant strategic deficiencies in the counter money laundering (ML), terrorist financing (TF), and proliferation financing (PF) regimes of the Democratic People's Republic of Korea (DPRK) and Iran:

1. *On DPRK* - The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its anti-money laundering/countering the financing of terrorism (AML/CFT) regime and the serious ML/TF/PF risks emanating from DPRK which pose serious threats to the integrity of the international financial system. The FATF has serious concerns with the threat posed by the DPRK's illicit activities related to the proliferation of weapons of mass destruction (WMDs) and its financing. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies. As a result, the FATF called on countries to inform financial institutions (FIs) in their respective jurisdictions to give special attention to business relationships and transactions, directly or indirectly, with the DPRK, including DPRK companies, FIs, and those acting on their behalf. In addition to enhanced scrutiny of these business relationships and transactions, the FATF urges all jurisdictions and FIs to apply effective counter-measures², and targeted financial sanctions (TFS) in accordance with applicable United Nations Security Council (UNSC) Resolutions³. In determining the range of counter-measures that could be undertaken, BSFIs shall consider DPRK as a high-risk jurisdiction and apply enhanced due diligence (EDD) measures. BSFIs are likewise directed to terminate correspondent relationships with DPRK banks, where required by relevant UNSC Resolutions.
2. *On Iran* - The FATF noted that Iran has not completed its action plan to address its strategic deficiencies. Said action plan expired in January 2018. Given Iran's failure to enact the Palermo and Terrorist Financing Conventions in line with the FATF Standards, the FATF fully lifts the suspension of counter-measures and calls on its

¹ <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2020.html> . This list is often externally referred to as the "blacklist".

² In line with FATF Recommendation 19 and its Interpretive Notes

³ Such as UNSC Resolution Nos. 1695 (2006), 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), 2270 (2016), 2321 (2016), 2356 (2017), 2371 (2017), 2375 (2017), 2397 (2017);

https://www.securitycouncilreport.org/un_documents_type/security-council-resolutions/?ctype=DPRK%20%28North%20Korea%29&cbtype=dprk-north-korea

members and urges all jurisdictions to apply effective counter-measures against Iran, in line with Recommendation 19. The FATF remains concerned with the TF risk emanating from Iran and the threats this poses to the international financial system. Iran will remain on the FATF statement on high-risk jurisdictions subject to a call of action until the full action plan has been completed. In determining the range of counter-measures that could be undertaken, BSFIs shall consider Iran as a high-risk jurisdiction and apply EDD procedures as well as appropriate counter-measures that are effective and proportionate to the risk. BSFIs are likewise directed to, among others, effectively implement TFS in accordance with applicable UNSC Resolutions⁴ and take necessary risk mitigation strategies, considering relevant laws and BSP rules and regulations

In addition, for both DPRK and Iran, BSFIs should immediately submit a report to the Anti-Money Laundering Council on the actions taken as well as known information, such as name, date and nature of transaction, and amount involved, if any, regarding the designated individuals and entities referred to in all applicable UNSC Resolutions.

The FATF also issued an updated statement on “Jurisdictions under Increased Monitoring”⁵ (previously called “Improving Global AML/CFT Compliance: On-going process”). These jurisdictions are actively working with the FATF to address strategic deficiencies in their regimes to counter ML/TF/PF. These countries have committed to resolve swiftly the identified strategic deficiencies with agreed timeframes and are subject to increased monitoring. The FATF does not call for the application of EDD to these jurisdictions, but encourages its members to take into account the information presented in the statement in their risk analysis and mitigation strategies.

For guidance and strict compliance.


CHUCHI G. FONACIER
Deputy Governor

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⁴ Such as UNSC Resolution Nos. 1696 (2006), 1737 (2006), 1747 (2007), 1803 (2008), 1929 (2010), and 2231 (2015); https://www.securitycouncilreport.org/un_documents_type/security-council-resolutions/?ctype=Iran&cbtype=iran

⁵ <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-february-2020.html>. Often externally referred to as the “grey list”