



# FinCEN ADVISORY

FIN-2020-A001

March 26, 2020

## Advisory on the Financial Action Task Force-Identified Jurisdictions with Anti-Money Laundering and Combating the Financing of Terrorism Deficiencies

*On February 21, 2020, the Financial Action Task Force (FATF) updated its list of jurisdictions with strategic anti-money laundering and combating the financing of terrorism (AML/CFT) deficiencies. The changes may affect U.S. financial institutions' obligations and risk-based approaches with respect to relevant jurisdictions.*

### SAR Filing Request:

FinCEN requests financial institutions only use the updated mandatory SAR form and reference this advisory in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the following key term: "**February 2020 FATF FIN-2020-A001.**"

The Financial Crimes Enforcement Network (FinCEN) is issuing this advisory to inform financial institutions of updates to the FATF list of jurisdictions with strategic AML/CFT deficiencies. Financial institutions should be aware of these changes, which may affect their obligations and risk-based approaches with respect to these jurisdictions. The advisory also reminds financial institutions of the status of, and obligations involving, these jurisdictions, in particular the Democratic People's Republic of Korea (DPRK) and Iran.

As part of the FATF's listing and monitoring process to ensure compliance with its international AML/CFT standards, the FATF identifies certain jurisdictions as having strategic deficiencies in their AML/CFT regimes.<sup>1</sup> These jurisdictions are named in two statements: (1) the "[High-Risk Jurisdictions Subject to a Call for Action](#),"<sup>2</sup> which identifies jurisdictions that are subject to the FATF's call for countermeasures and/or enhanced due diligence (EDD) because of their significant strategic AML/CFT deficiencies; and (2) the "[Jurisdictions under Increased Monitoring](#),"<sup>3</sup> which identifies jurisdictions that are actively working with the FATF to address strategic AML/CFT

1. The FATF ([www.fatf-gafi.org](http://www.fatf-gafi.org)) is a 39-member intergovernmental body that establishes international standards to combat money laundering and counter the financing of terrorism and proliferation of weapons of mass destruction. The United States is a member of the FATF.
2. The "High-Risk Jurisdictions subject to a Call for Action" document was previously referred to as "The Public Statement." The FATF approved this change at the February 2020 Plenary.
3. The "Jurisdictions under Increased Monitoring" was known as the "Improving Global AML/CFT Compliance: On-going Process" document. The FATF approved this change at the February 2020 Plenary.

deficiencies.<sup>4</sup> On February 21, 2020, the FATF updated both statements. Financial institutions should consider these changes when reviewing their obligations and risk-based policies, procedures, and practices with respect to the jurisdictions noted below.<sup>5</sup>

High-Risk Jurisdictions Subject to a Call for Action, specifically Countermeasures:

- DPRK
- Iran

Jurisdictions under Increased Monitoring:

- Remaining on list: The Bahamas, Botswana, Cambodia, Ghana, Iceland, Pakistan, Panama, Mongolia, Syria, Yemen, and Zimbabwe
- Added to list: Albania, Barbados, Burma (Myanmar), Jamaica, Nicaragua, Mauritius, and Uganda
- Removed from the list: Trinidad and Tobago

## **Jurisdictions Identified by the FATF as High Risk Jurisdictions and Subject to a Call for Action, Specifically Countermeasures**

The FATF stated that the following jurisdictions have significant strategic deficiencies in their AML/CFT regimes and called upon its members and urged all jurisdictions to impose countermeasures to protect the international financial system.

### DPRK

The FATF issued the following statement concerning the 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, 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.

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4. The FATF’s public identification of jurisdictions with strategic AML/CFT deficiencies is in response to the G20 leaders’ call for the FATF to reinvigorate its process for assessing jurisdictions’ compliance with international AML/CFT standards. The G20 leaders have consistently called for the FATF to issue regular updates on jurisdictions with strategic deficiencies. Specifically, within the FATF, the International Cooperation Review Group (ICRG) monitors and identifies jurisdictions with AML/CFT deficiencies. For more information on the ICRG procedures, please visit the [FATF’s website](#).

5. See 31 U.S.C. §§ 5318(h) and (i).

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/TF/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.”<sup>6</sup>

Whereas this does not affect current regulatory obligations for U.S. financial institutions, all U.S. persons are reminded that they are broadly prohibited from engaging in transactions or dealings with DPRK, the Government of DPRK, and DPRK financial institutions, including opening or maintaining correspondent accounts for DPRK financial institutions.<sup>7, 8</sup>

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6. Financial Action Task Force [High-Risk Jurisdictions subject to a Call for Action statement – 21 February 2020](#), (February 21, 2020).
  7. The United Nations (UN) adopted several resolutions implementing economic and financial sanctions, as well as other prohibitions and restrictions with respect to the DPRK. Member States are bound by the provisions of these United Nations Security Council Resolutions (UNSCRs), and certain provisions of these resolutions are especially relevant to financial institutions. Financial institutions should be familiar with the requirements and prohibitions contained in relevant UNSCRs. Such UNSCRs include [2397](#) (December 2017), [2375](#) (September 2017), [2371](#) (August 2017), [2356](#) (June 2017), [2321](#) (November 2016), [2270](#) (March 2016), [2094](#) (March 2013), [2087](#) (January 2013), [1874](#) (June 2009), and [1718](#) (October 2006). See the United Nations Security Council Resolutions [web page](#) for more information.
  8. In addition to UN sanctions, the U.S. Government maintains a robust sanctions program on the DPRK, also referred to as North Korea. Further information about these sanctions is available on the Treasury Resource Center’s North Korea Sanctions [web page](#) and the [OFAC Recent Actions web page](#). In addition to OFAC-administered sanctions, on November 4, 2016, pursuant to Section 311 of the USA PATRIOT Act, FinCEN issued a final rule prohibiting U.S. financial institutions from opening or maintaining correspondent accounts for, or on behalf of, North Korean banking institutions and requiring covered financial institutions to apply special due diligence to their foreign correspondent accounts that is reasonably designed to guard against the use of such accounts to process transactions involving North Korean financial institutions (31 CFR § 1010.659). In addition, FinCEN issued several advisories relating to the DPRK: [FIN-2017-A008](#), “Advisory on North Korea’s Use of the International Financial System” (November 2017); [FIN-2013-A005](#), “Update on the Continuing Illicit Finance Threat Emanating from North Korea” (July 2013); [FIN-2009-A002](#), “North Korea Government Agencies’ and Front Companies’ Involvement in Illicit Financial Activities” (June 2009); and [FinCEN Advisory – Issue 40](#), “Guidance to Financial Institutions on the Provisions of Banking Services to North Korean Government Agencies and Associated Front Companies Engaged in Illicit Activities” (December 2005). For additional FATF-related advisories that discuss DPRK, please visit [FinCEN’s Advisories webpage](#).

Iran

The FATF issued the following statement concerning Iran.

“In June 2016, Iran committed to address its strategic deficiencies. Iran’s action plan expired in January 2018. In February 2020, the FATF noted Iran has not completed the action plan.<sup>9</sup>

In October 2019, the FATF called upon its members and urged all jurisdictions to: require increased supervisory examination for branches and subsidiaries of financial institutions based in Iran; introduce enhanced relevant reporting mechanisms or systematic reporting of financial transactions; and require increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in Iran.

Now, 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 members and urges all jurisdictions to apply effective counter-measures, in line with Recommendation 19.<sup>10</sup>

Iran will remain on the FATF statement on High Risk Jurisdictions Subject to a Call for Action until the full Action Plan has been completed. If Iran ratifies the Palermo and Terrorist Financing Conventions, in line with the FATF standards, the FATF will decide on next steps, including whether to suspend countermeasures. Until Iran implements the measures required to address the deficiencies identified with respect to countering terrorism-financing 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.”<sup>11</sup>

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9. “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. Since 2016, Iran established a cash declaration regime, enacted amendments to its Counter-Terrorist Financing Act and its Anti-Money Laundering Act, and adopted an AML by-law. In February 2020, the FATF noted that there are still items not completed and Iran should fully address: (1) adequately criminalizing 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) demonstrating how authorities are identifying and sanctioning unlicensed money/value transfer service providers; (5) ratifying and implementing the Palermo and TF Conventions and clarifying the capability to provide mutual legal assistance; and (6) ensuring that financial institutions verify that wire transfers contain complete originator and beneficiary information.”
10. “Countries should be able to apply appropriate countermeasures when called upon to do so by the FATF. Countries should also be able to apply countermeasures independently of any call by the FATF to do so. Such countermeasures should be effective and proportionate to the risks. [The Interpretative Note to Recommendation 19](#) specifies examples of the countermeasures that could be undertaken by countries.”
11. Financial Action Task Force [High-Risk Jurisdictions subject to a Call for Action statement – 21 February 2020](#), (February 21, 2020).

Whereas this does not affect current regulatory obligations for U.S. financial institutions, all U.S. persons are reminded that they are broadly prohibited from engaging in transactions or dealings with Iran, the Government of Iran, and Iranian financial institutions, including opening or maintaining correspondent accounts for Iranian financial institutions, unless authorized or exempt.<sup>12, 13</sup>

## Review of Guidance on Section 312 Obligation Relating to the DPRK and Iran

Financial institutions must comply with the extensive U.S. restrictions and prohibitions against opening or maintaining any correspondent accounts, directly or indirectly, for North Korean or Iranian financial institutions.

In the case of the DPRK and Iran, existing U.S. sanctions and FinCEN regulations already prohibit any such correspondent account relationships, superseding the Section 312 obligations.

In the case of Iran, the Government of Iran and Iranian financial institutions remain persons whose property and interests in property are blocked under E.O. 13599 and section 560.211 of the Iranian Transactions and Sanctions Regulations (ITSR). U.S. financial institutions and other U.S. persons continue to be broadly prohibited under the ITSR from engaging in transactions or dealings with Iran, the Government of Iran, and Iranian financial institutions, including opening or maintaining correspondent accounts for Iranian financial institutions. These sanctions impose obligations on U.S. persons that go beyond the obligations imposed under Section 312.

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12. Financial institutions should be familiar with the requirements and prohibitions contained in UNSCR [2231](#) (July 2015) related to Iran. Financial institutions should be aware that the UN maintains a list of individuals and entities subject to targeted financial sanctions.
  13. In addition to UN sanctions, the U.S. also imposes strict sanctions and prohibitions to counter Iran’s deceptive actions. OFAC administers and enforces comprehensive trade sanctions against Iran as set forth in the ITSR, 31 C.F.R. Part 560; Executive Orders, issued under the authority of the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06; and other authorities. Please consult OFAC’s [Iran Sanctions web page](#) and the [OFAC Recent Actions web page](#) for more detailed information about the sanctions involving Iran. In addition to OFAC-administered sanctions, on October 25, 2019, FinCEN found Iran to be a Jurisdiction of Primary Money Laundering Concern and issued a final rule, pursuant to Section 311 of the USA PATRIOT Act, imposing the fifth special measure available under Section 311. This rule prohibits U.S. financial institutions from opening or maintaining correspondent accounts for, or on behalf of, an Iranian financial institution, and the use of foreign financial institutions’ correspondent accounts at covered United States financial institutions to process transactions involving Iranian financial institutions (31 C.F.R. § 1010.661). Finally, FinCEN issued numerous advisories related to Iran, including FinCEN Advisory, [FIN-2018-A006](#), “Advisory on the Iranian Regime’s Illicit and Malign Activities and Attempts to Exploit the Financial System” (October 2018); [FIN-2010-A008](#), “Update on the Continuing Illicit Finance Threat Emanating from Iran” (June 2010); [FIN-2008-A002](#), “Guidance to Financial Institutions on the Continuing Money Laundering Threat Involving Illicit Iranian Activity” (March 2008); and [FIN-2007-A001](#), “Guidance to Financial Institutions on the Increasing Money Laundering Threat Involving Illicit Iranian Activity” (October 2007). For additional FATF-related advisories that discuss Iran, please visit [FinCEN’s Advisories webpage](#).

## Jurisdictions Identified by the FATF for Increased Monitoring

The FATF publicly identifies jurisdictions that are actively working with the FATF to address strategic AML/CFT deficiencies. These jurisdictions are included in the following list, set out in “[Jurisdictions under Increased Monitoring](#).”

- Albania, The Bahamas, Barbados, Botswana, Burma (Myanmar), Cambodia, Ghana, Iceland, Jamaica, Mauritius, Mongolia, Nicaragua, Pakistan, Panama, Syria, Uganda, Yemen, and Zimbabwe.

### Summary of Changes

#### Jurisdictions Added to the List

- Albania, Barbados, Burma (Myanmar), Jamaica, Mauritius, Nicaragua, and Uganda were added to the list due to the lack of effective implementation of their AML/CFT framework. These countries have made high-level political commitments to work with the FATF and their respective FATF Style Regional Bodies to strengthen the effectiveness of their AML/CFT regimes, and to address any related technical deficiencies.

#### Jurisdictions Removed from the List

- Trinidad and Tobago was removed from the list and therefore is no longer subject to the FATF’s increased monitoring process. The FATF stated that Trinidad and Tobago made significant progress to improve the effectiveness of its AML/CFT regime and address related technical deficiencies to meet the commitments in its action plan. Trinidad and Tobago will continue to work with the Caribbean Financial Action Task Force (CFATF) to improve further its AML/CFT regime.

## Review of Guidance Regarding Jurisdictions Under Increased Monitoring

U.S. financial institutions also should consider the risks associated with the AML/CFT deficiencies of the jurisdictions identified under this section (Albania, The Bahamas, Barbados, Botswana, Burma (Myanmar)<sup>14</sup> Cambodia, Ghana, Iceland, Jamaica, Mauritius, Mongolia,

14. On October 7, 2016, FinCEN announced that it was providing exceptive relief to U.S. financial institutions from correspondent account prohibitions contained in FinCEN’s 2004 final rule on Burma (Myanmar) under Section 311 of the USA PATRIOT ACT. See [FIN-ADMINX-10-2016](#) (October 7, 2016) and [Conditional Exception to Bank Secrecy Act Regulations Relating to the Burma Section 311 Final Rule](#) (October 13, 2016).

Nicaragua, Pakistan, Panama, Syria,<sup>15</sup> Uganda, Yemen, and Zimbabwe).<sup>16</sup> With respect to these jurisdictions, U.S. covered financial institutions are reminded of their obligations to comply with the due diligence obligations for Foreign Financial Institutions (FFI) under 31 CFR § 1010.610(a) in addition to their general obligations under 31 U.S.C. § 5318(h) and its implementing regulations.<sup>17</sup> As required under 31 CFR § 1010.610(a), covered financial institutions should ensure that their due diligence programs, which address correspondent accounts maintained for FFIs, include appropriate, specific, risk-based, and, where necessary, enhanced policies, procedures, and controls that are reasonably designed to detect and report known or suspected money laundering activity conducted through or involving any correspondent account established, maintained, administered, or managed in the United States. Furthermore, money services businesses (MSBs) are reminded of their parallel requirements with respect to foreign agents or foreign counterparties, as described in FinCEN Interpretive Release 2004-1, which clarifies that an MSB's AML Program requires the MSB to establish adequate and appropriate policies, procedures, and controls commensurate with the risk of money laundering and the financing of terrorism posed by their relationship with foreign agents or foreign counterparties (69 FR 239, December 14, 2004). Additional information on these parallel requirements (covering both domestic and foreign agents and foreign counterparts) may be found in FinCEN's Guidance on Existing AML Program Rule Compliance Obligations for MSB Principals with Respect to Agent Monitoring.<sup>18</sup> Such reasonable steps should not, however, put into question a financial institution's ability to maintain or otherwise continue appropriate relationships with customers or other financial institutions, and should not be used as the basis to engage in wholesale or indiscriminate de-risking of any class of customers or financial institutions. FinCEN also reminds financial institutions of previous interagency guidance on providing services to foreign embassies, consulates, and missions.<sup>19</sup>

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15. Additional FinCEN advisories on Syria include [FIN-2013-A002](#) and [FIN-2011-A010](#) as well as [FIN-2011-A013](#), FinCEN's advisory on the Commercial Bank of Syria. For a description of current OFAC sanctions on Syria, please consult OFAC's [Syria Sanctions web page](#).
16. This advisory updates previous FATF-related guidance on identified jurisdictions with AML/CFT deficiencies.
17. See generally 31 CFR § 1010.210: Anti-money laundering programs. Specific AML Program obligations are prescribed in 31 CFR § 1020.210 (Banks), 1021.210 (Casinos and Card Clubs), 1022.210 (Money Services Businesses), 1023.210 (Brokers or Dealers in Securities), 1024.210 (Mutual Funds), 1025.210 (Insurance Companies), 1026.210 (Futures Commission Merchants and Introducing Brokers in Commodities), 1027.210 (Dealers in Precious Metals, Precious Stones, or Jewels), 1028.210 (Operators of Credit Card Systems), 1029.210 (Loan or Finance Companies), and 1030.210 (Housing Government Sponsored Enterprises).
18. See [FIN-2016-G001](#) (March 11, 2016).
19. See Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Financial Crimes Enforcement Network, National Credit Union Administration, Office of the Comptroller of the Currency, and Office of Thrift Supervision, "Interagency Advisory: Guidance on Accepting Accounts from Foreign Embassies, Consulates, and Missions," March 24, 2011; and Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Financial Crimes Enforcement Network, National Credit Union Administration, Office of the Comptroller of the Currency, and Office of Thrift Supervision, "Interagency Advisory: Guidance on Accepting Accounts from Foreign Governments, Foreign Embassies, and Foreign Political Figures," June 15, 2004.

*AML Program Risk Assessment:* For the jurisdictions that were removed from the FATF listing and monitoring process, financial institutions should take the FATF’s decisions and the reasons behind the delisting into consideration when assessing risk, consistent with the financial institutions’ obligations under 31 CFR §§ 1010.610(a) and 1010.210.

*Suspicious Activity Reports (SARs):* If a financial institution knows, suspects, or has reason to suspect that a transaction involves funds derived from illegal activity or that a customer has otherwise engaged in activities indicative of money laundering, terrorist financing, or other violation of federal law or regulation, the financial institution must file a SAR.

### SAR Filing Instructions

When filing a SAR, financial institutions should provide all pertinent available information in the SAR form and narrative. **FinCEN requests financial institutions only use the updated mandatory SAR form (as of February 1, 2019) and reference this advisory in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the following key term: “February 2020 FATF FIN-2020-A001”** to indicate a connection between the suspicious activity being reported and this advisory.

SAR reporting, in conjunction with effective implementation of due diligence requirements and OFAC obligations by financial institutions, has been crucial to identifying proliferation financing, other financial crimes associated with foreign and domestic political corruption, money laundering, and terrorist financing. SAR reporting is consistently beneficial and critical to FinCEN and U.S. law enforcement analytical and investigative efforts, OFAC designation efforts, and the overall security and stability of the U.S. financial system.

### For Further Information

Questions or comments regarding the contents of this advisory should be addressed to the FinCEN Regulatory Support Section at [frc@fincen.gov](mailto:frc@fincen.gov).

**Financial institutions wanting to report suspicious transactions that may potentially relate to terrorist activity should call the Financial Institutions Toll-Free Hotline at (866) 556-3974 (7 days a week, 24 hours a day).** The purpose of the hotline is to expedite the delivery of this information to law enforcement. Financial institutions should immediately report any imminent threat to local-area law enforcement officials.

**The mission of the Financial Crimes Enforcement Network is to safeguard the financial system from illicit use, combat money laundering, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.**