



FinCEN ADVISORY

FIN-2020-A004

July 14, 2020

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

On June 30, 2020, the Financial Action Task Force (FATF) reissued its list of jurisdictions with strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing, with updates to two jurisdictions. 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: "**June 2020 FATF FIN-2020-A004.**"

The Financial Crimes Enforcement Network (FinCEN) is issuing this advisory to inform financial institutions of updates to the FATF list of jurisdictions with strategic anti-money laundering and combating the financing of terrorism (AML/CFT) and counter-proliferation financing deficiencies. 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.¹ Financial institutions should consider the FATF's statements when reviewing their obligations and risk-based policies, procedures, and practices with respect to the jurisdictions noted below.²

In response to the measures countries have adopted to contain the Coronavirus Disease 2019 (COVID-19), such as confinement and travel restrictions, the FATF temporarily paused its review process for most countries with strategic deficiencies.³

1. The FATF (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. See 31 U.S.C. §§ 5318(h) and (i).
3. See the FATF, "[FATF Extends its Assessment and Follow-up Deadlines in Response to COVID-19](#)," (April 28, 2020).

Jurisdictions Identified by the FATF as High Risk Jurisdictions

The FATF’s February 2020 [“High-Risk Jurisdictions Subject to a Call for Action”](#) statement remains in effect.⁴ This statement called upon its members and urged all jurisdictions to impose countermeasures on Iran and the Democratic People’s Republic of Korea (DPRK) to protect the international financial system from the significant strategic deficiencies in their AML/CFT regimes.⁵

Jurisdictions Identified by the FATF for Increased Monitoring

The FATF publicly identifies jurisdictions that are actively working with it to address strategic AML/CFT deficiencies. The FATF made the initial determination that Iceland and Mongolia have substantially completed their action plans, and issued statements noting their progress. Iceland and Mongolia will remain identified as [“Jurisdictions under Increased Monitoring”](#) until the FATF can conduct on-site visits to verify that each country has begun implementing its reforms.⁶ For the remaining countries in this category, the FATF’s February 2020 statement on [“Jurisdictions under Increased Monitoring”](#) remains in effect.

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.

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),⁷ Cambodia, Ghana, Iceland, Jamaica, Mauritius, Mongolia, Nicaragua, Pakistan, Panama, Syria,⁸ Uganda, Yemen, and Zimbabwe). With respect to

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4. See the FATF, [“High-Risk Jurisdictions Subject to a Call for Action,”](#) (June 30, 2020). For information on the FATF’s prevailing statements on DPRK and Iran, as well as FinCEN’s reminder to financial institutions of the obligations involving DPRK and Iran, see [FIN-2020-A001](#), “Advisory on the Financial Action Task Force-Identified Jurisdictions with Anti-Money Laundering and Combating the Financing of Terrorism Deficiencies,” (March 26, 2020).
 5. *Id.*
 6. See the FATF, [“Jurisdictions under Increased Monitoring,”](#) (June 30, 2020).
 7. 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](#), “Exception to Prohibition Imposed by Section 311 Action against Burma,” (October 7, 2016) and [“Conditional Exception to Bank Secrecy Act Regulations Relating to the Burma Section 311 Final Rule,”](#) 81 FR 71986 (October 19, 2016).
 8. Additional FinCEN advisories on Syria include [FIN-2013-A002](#), “Updated Advisory to Financial Institutions on Recent Events in Syria,” (April 15, 2013); [FIN-2011-A013](#), “Guidance to Financial Institutions on the Commercial Bank of Syria,” (August 10, 2011); and [FIN-2011-A010](#), “Guidance to Financial Institutions on Recent Events in Syria,” (July 8, 2011). For a description of current OFAC sanctions on Syria, please consult OFAC’s [Syria Sanctions web page](#).

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.⁹ 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.¹⁰ 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.¹¹ 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.¹²

9. 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).
10. FinCEN Interpretive Release 2004-1 "[Anti-Money Laundering Program Requirements for Money Services Businesses with Respect to Foreign Agents or Foreign Counterparties](#)," 69 FR 239 (December 14, 2004).
11. See [FIN-2016-G001](#), "Guidance on Existing AML Program Rule Compliance Obligations for MSB Principals with Respect to Agent Monitoring," (March 11, 2016).
12. 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 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 that financial institutions reference this advisory by including the key term "June 2020 FATF FIN-2020-A004" in SAR field 2 (Filing Institution Note to FinCEN) and the narrative** to indicate a connection between the suspicious activity being reported and the activities highlighted in 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.

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 its related crimes including terrorism, and promote national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.