



Circular No. 9 of 2023

Date: 7th November, 2023

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

- 1) Jurisdictions subject to a FATF call on its members and other jurisdictions to apply countermeasures**
- 2) High-risk jurisdictions on which enhanced due diligence and, where appropriate, counter-measures are imposed**
- 3) Jurisdictions under increased monitoring of the FATF**
- 4) 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 October 25 to 27, 2023 concerning the countries placed under increased monitoring.

1. JURISDICTIONS SUBJECT TO A FATF CALL ON ITS MEMBERS AND OTHER JURISDICTIONS TO APPLY COUNTERMEASURES

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 Iran and Democratic People’s Republic of Korea (DPRK) given that they are already subject to the FATF’s call for countermeasures. Iran reported in July 2023 with no material changes in the status of its action plan. Thus, the FATF reiterates its call to apply countermeasures on these high-risk jurisdictions included in its 21 February 2020 statement.

2. HIGH-RISK JURISDICTIONS ON WHICH ENHANCED DUE DILIGENCE AND, WHERE APPROPRIATE, COUNTER-MEASURES ARE IMPOSED

In February 2020, Myanmar committed to address its strategic deficiencies. Myanmar's action plan expired in September 2021.

In June 2022, the FATF strongly urged Myanmar to swiftly complete its action plan by October 2022 or the FATF would call on its members and urge all jurisdictions to apply enhanced due diligence to business relations and transactions with Myanmar.

Given the continued lack of progress and the majority of its action items still not addressed after a year beyond the action plan deadline, the FATF decided that further action was necessary in line with its procedures and FATF calls on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risk arising from Myanmar. When applying enhanced due diligence measures, countries should ensure that flows of funds for humanitarian assistance, legitimate NPO activity and remittances are not disrupted.

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/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-october-2023.html>

3. 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 increased monitoring.

The FATF call for the application of a Risk-Based approach and encourages its members and all jurisdictions to take into account the information presented through the link below in their risk analysis.

New jurisdiction subject to increased monitoring: Bulgaria

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/en/publications/High-risk-and-other-monitored-jurisdictions/Increased-monitoring-october-2023.html>

Jurisdictions no longer under Increased Monitoring - Albania, Cayman Islands, Jordan and Panama

The FATF plenary congratulated Albania, the Cayman Islands, Jordan and Panama for their significant progress in addressing the strategic AML/CFT deficiencies previously identified during their mutual evaluations. These jurisdictions had committed to implement an Action Plan to resolve swiftly the identified strategic deficiencies within agreed timeframes. These countries will no longer be 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 October 25 - 27, 2023 Plenary.

<https://www.fatf-gafi.org/en/publications/Fatfgeneral/outcomes-fatf-plenary-october-2023.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”) calls 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 the 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 continued 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, for any clarification or further information regarding the content of this Circular.

FINANCIAL SERVICES AUTHORITY