



BANGKO SENTRAL NG PILIPINAS

CIRCULAR LETTER NO. CL-2021-058

OFFICE OF THE DEPUTY GOVERNOR FINANCIAL SUPERVISION SECTOR

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

Subject : **Financial Action Task Force (FATF) Publications on High-Risk and Other Monitored Jurisdictions – June 2021**

This is to inform all BSFIs of the updated statements of the FATF issued on 25 June 2021¹ on high-risk jurisdictions subject to a call for action² and jurisdictions under increased monitoring³:

1. High-Risk Jurisdictions subject to a Call for Action – BSFIs should refer to the FATF statement on these jurisdictions adopted on 21 February 2020⁴, which was previously disseminated by the BSP thru CL-2020-026 and CL-2021-021.

- a. On Democratic People's Republic of Korea (DPRK) – The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their 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 to apply effective counter-measures⁵, and targeted financial sanctions (TFS) in accordance with applicable United Nations Security Council (UNSC) Resolutions⁶. BSFIs are likewise directed to terminate correspondent relationships with DPRK banks, where required by relevant UNSC Resolutions.

¹ <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-june-2021.html> and <https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-june-2021.html>

² previously called "Public Statement"; often externally referred to as the "black list"

³ previously called "Improving Global AML/CFT Compliance: On-going process"; often externally referred to as the "grey list"

⁴ <http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2020.html>

⁵ In line with FATF Recommendation 19 and its Interpretative Notes

⁶ 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-councilresolutions/?ctype=DPRK%20%28North%20Korea%29&cbtype=dprk-north-korea

- b. On Iran – The FATF fully lifts the suspension of counter-measures and calls on its members and urges all jurisdictions to apply effective counter-measures against Iran, in line with Recommendation 19. In determining the range of counter-measures that could be undertaken, BSFIs shall consider Iran as a high-risk jurisdiction and apply enhanced due diligence (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 Resolutions⁷ and take necessary risk mitigation strategies, considering relevant laws and BSP rules and regulations.

In addition, BSFIs should take necessary actions (such as immediate freezing and filing of returns) required under the AMLC's issuances⁸ on TFS in case of funds or property, including related accounts, of the designated individuals and entities referred to in all applicable UNSC and AMLC Resolutions.

2. Jurisdictions under Increased Monitoring – On 25 June 2021, the FATF has issued an updated list of jurisdictions under increased monitoring. These countries are actively working with the FATF and have committed to resolve within agreed timeframes the identified strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. The FATF does not call for the application of EDD measures to be applied to these jurisdictions, but encourages its members and all jurisdictions to take into account the information presented in their risk analysis.

Copies of the aforementioned FATF statements may be viewed and downloaded from the FATF website. BSFIs are likewise directed to regularly refer to the FATF's website for the latest statements and consider the same in their risk analysis and mitigation strategies.

For guidance and strict compliance.

 Digitally signed by
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22 July 2021

⁷ 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-councilresolutions/?ctype=Iran&cbtype=iran

⁸ AMLC Regulatory Issuance (ARI) No. 4 dated 28 May 2020, as amended by ARI No. 2 dated 31 January 2021; AMLC Resolution No. TF-35 dated 16 February 2021; and 2021 Sanctions Guidelines, and related issuances