



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR
FINANCIAL SUPERVISION SECTOR

CIRCULAR LETTER NO. CL-2021- 021

To : All BSP-Supervised Financial Institutions (BSFIs)

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

This is to inform all BSFIs of the updated statements of the FATF issued on 25 February 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* – In light of the COVID-19 pandemic, the FATF has paused, since February 2020, the review process for Democratic People's Republic of Korea (DPRK) and Iran, given that they are already subject to the FATF's call for countermeasures. In this regard, the FATF advised countries to refer to its previous statement adopted in February 2020⁴. While the statements may not necessarily reflect the most recent status of DPRK and Iran's anti-money laundering/countering the financing of terrorism (AML/CFT) regimes, the FATF's call for action on these high-risk jurisdictions remains in effect.
 - a. On DPRK- The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its AML/CFT regime and the serious money laundering, terrorist financing and proliferation financing (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 countermeasures⁵, and targeted financial sanctions (TFS) in accordance with

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

² previously called "Public Statement"

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

applicable United Nations Security Council (UNSC) Resolutions⁶. BSFIs are likewise directed to terminate correspondent relationships with DPRK banks, where required by relevant UNSC Resolutions.

- b. On Iran – In February 2020, the FATF noted that Iran has not completed its action plan to address its strategic deficiencies. Until the full action plan has been completed, Iran will remain on the FATF statement on high-risk jurisdictions subject to a call for action and the FATF will remain concerned with the TF risk emanating from Iran and the threat this poses to the international financial system. 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 countermeasures and calls on its members and urges all jurisdictions to apply effective countermeasures against Iran, in line with Recommendation 19. In determining the range of countermeasures that could be undertaken, BSFIs shall consider Iran as a high-risk jurisdiction and apply enhanced due diligence (EDD) procedures as well as appropriate countermeasures 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 issuances 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* – In October 2020, the FATF has recommenced its work to identify new countries with strategic jurisdictions and has issued updated list of countries under increased monitoring. FATF welcomes the progress made by these countries in combating ML/TF despite the challenges posed by COVID-19. The FATF does not call for the application of EDD measures to these jurisdictions, but encourages its members 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.


CHUCHI G. FONACIER
Deputy Governor

Digitally signed by
DG Chuchi G. Fonacier
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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

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