

GFSC Newsletter

Number 2 Year 2015



**Gibraltar
Financial Services
Commission**

Country Risk Update

This newsletter constitutes advice issued by the GFSC about risks posed by unsatisfactory money laundering controls in a number of jurisdictions.

Requirement 54 of the Guidance Notes on Systems of Control to prevent the financial system from being used for money laundering or terrorist financing activities (“Guidance Notes”) requires firms to “assess and document the risks posed by different countries and territories, or classes of countries and territories, and what additional systems of control it will implement to mitigate these risks”.

Firms are also required to “adopt a risk-based approach to these statements of principle and their requirements - Statement of Principle 2”.

On 23 October 2015, the Financial Action Task Force (FATF) published two statements (included as annex A and B respectively) identifying jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system. In response to the statements published by FATF on 23 October 2015, the GFSC advises firms to: Consider the following jurisdictions as high risk for the purposes of the Crime (Money Laundering and Proceeds) Act 2007 and so advises firms to apply enhanced due diligence measures in accordance with the risks:

Jurisdictions subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing (ML/FT) risks emanating from the jurisdictions.

- Iran
- Democratic People’s Republic of Korea (DPRK)

Jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies. The FATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction, as described below.

- Myanmar (Burma)

As part of its on-going review of compliance with the AML/CFT standards, the FATF has to date identified the following jurisdictions which have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF. While the situations differ among each jurisdiction, each jurisdiction has provided a written high-level political commitment to address the identified deficiencies. The FATF welcomes these commitments.

A large number of jurisdictions have not yet been reviewed by the FATF. The FATF continues to identify additional jurisdictions, on an on-going basis, that pose a risk to the international financial system. The FATF and the FATF-style regional bodies (FSRBs) will continue to work with the jurisdictions noted below and to report on the progress made in addressing the identified deficiencies. The FATF calls on these jurisdictions to complete the implementation of action plans expeditiously and within the proposed timeframes. The FATF will closely monitor the implementation of these action plans and encourages its members to consider the information presented below.

- Afghanistan
- Algeria
- Angola
- Bosnia and Herzegovina
- Iraq
- Guyana
- Panama
- Papua New Guinea
- Syria
- Uganda
- Yemen

Jurisdiction not making sufficient progress

- Laos PDR

Jurisdictions no longer Subject to the FATF's On-Going AML/CFT Compliance Process

- Ecuador
- Sudan

The full FATF documents may be accessed at <http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/public-statement-october-2015.html> and <http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-october-2015.html>

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