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FATF Releases Updated List of High-Risk and Non-Cooperative Jurisdictions

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On February 22, 2013, the Financial Action Task Force (FATF), an inter-governmental policy-making body that develops and promotes policies to combat money laundering and terrorist financing, published its most recent list of jurisdictions identified as Anti-Money Laundering (AML)/Combatting the Financing of Terrorism (CFT) deficient. FATF currently has 36 members, including the United States and several European countries, and two regional organizations. FATF's list of "high-risk and non-cooperative jurisdictions" identifies jurisdictions that have "strategic deficiencies" and works with them to address those deficiencies that threaten global financial markets.

Both **Iran and North Korea** remain subject to FATF's call on its members and other jurisdictions to apply countermeasures to protect the international financial system from the on-going and substantial money laundering and terrorist financing risks emanating from these jurisdictions. Specifically, FATF urges all jurisdictions to advise their financial institutions to scrutinize all transactions with Iranian companies and financial institutions. Indeed, FATF warns that if Iran fails to take action to improve its CFT regime, it will consider calling on its members and other jurisdictions to pursue even stronger countermeasures when it issues its new list in June 2013. Similarly, FATF remains concerned about North Korea's failure to address strategic deficiencies that have been identified in its AML/CFT regime and urges enhanced scrutiny with respect to transactions conducted with North Korea.

The following jurisdictions have been identified as having "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:" **Ecuador**;

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Practice Areas

Anti-Money Laundering
International Trade

Ethiopia; **Indonesia**; **Kenya**; **Myanmar**; **Nigeria**; **Pakistan**; **São Tomé and Príncipe**; **Syria**; **Tanzania**; **Turkey**; **Vietnam and Yemen**. While certain of these jurisdictions have taken significant steps to improve their AML/CFT regimes, including Indonesia and Kenya, substantial deficiencies remain. As a result, financial institutions should exercise caution when conducting business with these jurisdictions.

Given their progress in addressing their AML/CFT deficiencies, **Bolivia**, **Sri Lanka and Thailand** have been removed from FATF's October 2012 list of jurisdictions that have "strategic AML/CFT deficiencies" and are now identified in the FATF document "Improving Global AML/CFT Compliance: On-going process." **Cuba** has also moved from FATF's October 2012 list of "strategic AML/CFT deficiencies" to this FATF document because of its high-level political commitment to implement an action plan to address its AML/CFT shortcomings.

Financial institutions should remain mindful of FATF's list of high-risk and non-cooperating jurisdictions when conducting transactions with foreign jurisdictions, and ensure that all necessary precautions are taken to mitigate the AML/CFT risks of doing business with jurisdictions that are on this list.