

# **FINANCIAL INTELLIGENCE CENTRE (FIC)**

## **Directive No. 01 of 2015**

### **High Risk and Non-Cooperative Jurisdictions**

#### **Introduction**

This circular is issued in terms of Section 9(1)(h) of the Financial Intelligence Act, 2012 (Act No. 13 of 2012 ) as amended (FIA).

The Minister of Finance in terms of a letter dated 17 August 2015<sup>1</sup> instructed the FIC to ensure that all Accountable and Reporting Institutions in terms of section 24(2)(b) of the FIA, pay special attention to business relations and transactions with persons from or in countries listed in the public statements issued by the Financial Action Task Force (FATF)<sup>2</sup> and to follow the guidance contained herein.

#### **High Risk and Non-Cooperative Jurisdictions**

The FATF:

- a) identifies jurisdictions that have strategic deficiencies in their national measures to combat money laundering, financing of terrorism and financing of proliferation;
- b) works with these jurisdictions to address identified deficiencies in order to protect the international financial system from money laundering, financing of terrorism and proliferation risks; and
- c) encourage greater compliance with its international standards on combating money laundering, financing of terrorism and financing of proliferation.

On 26 June 2015 the FATF released a public statement drawing attention to the money laundering, terrorism financing and proliferation financing risks emanating from Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation deficiencies in national systems of a number of identified jurisdictions

The FATF reaffirmed its call on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money-laundering, financing of terrorism and proliferation risks emanating from these jurisdictions. The

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<sup>1</sup> Letter from the Minister of Finance can be accessed at [www.fic.na](http://www.fic.na).

<sup>2</sup> The FATF is the global standard setting body for measures against money laundering and the financing of terrorism and proliferation of weapons of mass destruction.

deficiencies referred to in the FATF's statement in respect of these jurisdictions pose a risk to the integrity of the international financial system and exposes financial institutions engaging with counter-parts in these jurisdictions, to the risk of involvement in transactions that may relate to money laundering, financing of terrorism or proliferation.

Against this background Accountable and Reporting institutions are advised to:

- a) give special attention to business relationships and transactions with persons<sup>3</sup> in these jurisdictions, including companies, legal arrangements/trusts and financial institutions based in such jurisdictions;
- b) strengthen systems and controls in managing their exposure to the vulnerabilities identified by the FATF; and
- c) ensure that correspondent relationships, in particular, are not being used to evade countermeasures and risk mitigation practices.

The full public statement can be accessed at: <http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/public-statement-june-2015.html>

### **Non-compliance with the provisions of this Circular**

Any non-compliance with the directions and specifications contained in this Circular is an offence in terms of section 63 of the FIA.

In terms of Section 56 of the FIA non-compliance with this Circular may also attract administrative sanctions and penalties.

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### **Further information**

Enquiries can be directed to the FIC Help Desk by:

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The information contained in this document is intended only to provide a summary and a general overview on these matters and is not intended to be comprehensive. This document may contain statements of policy which reflect FIC's administration of the legislation in carrying out its statutory functions.

The guidance provided by the Centre in this circular, even though authoritative, is not intended to replace the FIA or PACOTPA including Regulations issued thereunder.

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<sup>3</sup> Both natural and legal persons.

The circular does vary the existing guidance note on reporting of suspicious transactions regarding ML as far as adding the obligations pertaining reporting of Financing of Terrorist and Proliferation transactions or activities are concerned. The said guidance note can be accessed at [www.fic.na](http://www.fic.na).

The information contained herein is current as at the date of this document.

Date issued: **31 August 2015**

**Director: Financial Intelligence Centre**