

FINANCIAL INTELLIGENCE CENTRE (FIC)

Circular No. 01 of 2018

This circular is issued in terms of Section 9(1) (h) of The Financial Intelligence Act, 2012 (Act No. 13 of 2012) as amended, and serves as notification to Accountable and Reporting Institutions (AIs and RIs) on high risk and non-cooperative jurisdictions identified by the Financial Action Task Force (FATF), to 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) and to follow 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 activities;
- 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 activities.

On 03 November 2017, 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 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.

It is against this background that Accountable and Reporting institutions are advised to:

- a) give special attention to business relationships and transactions with persons 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 FATF public statement of high risk and non-cooperative jurisdictions is attached hereto as annexure A for ease of reference.

The publication as cited above can also be accessed at: <http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-november-2017.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.

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 PACOTAPAA including Regulations issued thereunder. The information contained herein is current as at the date of this document.

Date issued: 13 February 2018

Director: Financial Intelligence Centre