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Good day members of the media:

Minister of Legal Affairs Issues New Advisory on the Risks Relating to Deficiencies in Anti-Money Laundering and Anti-Terrorist Financing (AML/ATF) Systems and Controls in Specified Jurisdictions (AML-ATF Ministerial Advisory 3/2017)

Attorney General and Minister of Legal Affairs Hon. Kathy Lynn Simmons, JP, today issued the following advisory about the risks in a number of jurisdictions arising from inadequate systems and controls to combat money laundering and terrorist financing. Details on these risks were provided by the Financial Action Task Force (FATF) in statements which were released following their Plenary held in November 2017. The Minister noted that the advice is especially relevant to those entities that have or are considering any business relationships with the specified jurisdictions or persons (individuals or corporate entities) in such jurisdictions.

The Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008 (the Regulations) require AML/ATF regulated financial institutions and other relevant persons to have policies, procedures or systems in place to prevent money laundering or terrorist financing. Under the Regulations, relevant persons are also required, under certain specified situations and also in those situations which are deemed to present a higher risk of money laundering or terrorist financing, to apply enhanced customer due diligence measures and/or on-going monitoring on a risk-sensitive basis.

Advisory

1. FATF Public Statement

On 3 November 2017, the FATF issued a public statement (**Annex A**) drawing attention to serious deficiencies in the **Democratic People's Republic of Korea (DPRK)**, which has been identified in previous FATF public statements but continues to raise concerns for the FATF by its continued failure to adequately address on-going and substantial deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threat this poses to the integrity of the international financial system. The FATF is particularly and exceptionally concerned about the threat

posed by DPRK's illicit activities related to the proliferation of weapons of mass destruction (WMD) and its financing. The FATF therefore reaffirmed its 25 February 2011 call on its members and other jurisdictions to apply counter-measures, and targeted financial sanctions in accordance with applicable United Nations Security Council (UNSC) Resolutions, to protect their financial sectors from money laundering, financing of terrorism and WMD proliferation financing (ML/FT/PF) against DPRK. Jurisdictions should take necessary measures to close existing branches, subsidiaries and representative offices of DPRK banks within their territories and terminate correspondent relationships with DPRL banks, where required by relevant UNSC Resolutions.

In addition, the FATF separately drew attention in the public statement to **Iran**, and in June 2016 the FATF welcomed Iran's adoption of, and high-level political commitment to, an Action Plan to address its strategic AML/CFT deficiencies, and its decision to seek technical assistance in the implementation of the Action Plan. In light of Iran's demonstration of its political commitment and the relevant steps it has taken in line with its Action Plan, the FATF decided in June 2017 to continue the suspension of counter-measures. The action plan expires on 31 January 2018 and the FATF urges Iran to proceed swiftly in the reform path to ensure full and accurate implementation of the Action Plan to address all remaining AML/CFT deficiencies, particularly those related to terrorist financing. The FATF will assess progress made by Iran at its February meeting and take all appropriate action.

Iran will remain on the FATF Public Statement until the full Action Plan has been completed. Until Iran implements the measures required to address the deficiencies identified in the Action Plan, the FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system. The FATF, therefore, calls on its members and urges all jurisdictions to continue to advise their financial institutions to apply enhanced due diligence to business relationships and transactions with natural and legal persons from Iran, consistent with FATF Recommendation 19.

2. FATF document on its 'On-going process to improve global AML/CFT compliance'

In a separate publication on its on-going process to improve global AML/CFT compliance (**Annex B**), the FATF once again highlighted a number of jurisdictions with strategic deficiencies in their AML/CFT regimes and provided information on these deficiencies. These jurisdictions were previously identified by the FATF as working with the FATF and relevant regional bodies to address those deficiencies. However the FATF has now called for the expeditious implementation of their agreed action plans. The jurisdictions listed in this category are: **Bosnia and Herzegovina, Ethiopia, Iraq, Sri Lanka, Syria, Trinidad and Tobago, Tunisia, Vanuatu and Yemen.**

The FATF welcomed the significant progress of **Uganda** in improving its AML/CFT regime. Thus Uganda is therefore no longer subject to monitoring under the FATF's on-going global AML/CFT compliance process, but will work with its relevant FATF-style regional body, as it continues to address the issues identified in its Mutual Evaluation Report to further strengthen its AML/CFT regime.

To ensure that an appropriate determination of the risks relating to these jurisdictions can be carried out, it is important that the annexed statements are read in their entirety. All financial institutions and other relevant persons, in the implementation of their systems and controls to

combat financial crime, should give consideration to the FATF assessments and take appropriate actions in light of the associated risks.

It should be noted that a large number of jurisdictions have not yet been reviewed by the FATF, therefore the jurisdictions included in the FATF public statement and 'ongoing compliance' document are not intended to provide an exhaustive list of jurisdictions that should be considered by relevant persons to present a higher risk of money laundering or terrorist financing.

This advisory supersedes all previous advice issued by the Minister in connection with deficiencies in the AML/ATF systems and controls in the specified jurisdictions. It should be noted that the previous such advisory (AML-ATF Ministerial Advisory 2/2017) was issued in July 2017. Copies of previous advisories are available at www.gov.bm, using the search term 'NAMLC'.

ENDS

Annex A: FATF Public Statement – November 2017

FATF Public Statement – 3 November 2017

Buenos Aires, 3 November 2017- The Financial Action Task Force (FATF) is the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT). In order to protect the international financial system from money laundering and financing of terrorism (ML/FT) risks and to encourage greater compliance with the AML/CFT standards, the FATF identified jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system.

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 DPRK.

Democratic People's Republic of Korea (DPRK)

The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threats they pose to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies. Further, FATF has serious concerns with the threat posed by DPRK's illicit activities related to the proliferation of weapons of mass destruction (WMDs) and its financing.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies, financial institutions and those acting on their behalf. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures, and targeted financial sanctions in accordance with applicable United Nations Security Council Resolutions, to protect their financial sectors from money laundering, financing of terrorism and WMD proliferation financing (ML/FT/PF) risks emanating from the DPRK. Jurisdictions should take necessary measures to close existing branches, subsidiaries and representative offices of DPRK banks within their territories and terminate correspondent relationships with DPRK banks, where required by relevant UNSC Resolutions.

Jurisdictions subject to a FATF call on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risks arising from the jurisdiction

Iran

In June 2016, the FATF welcomed Iran's high-level political commitment to address its strategic AML/CFT deficiencies, and its decision to seek technical assistance in the implementation of the Action Plan. In light of Iran's demonstration of its political commitment and the relevant steps it took, the FATF decided in June 2017 to continue the suspension of counter-measures.

The action plan expires on January 31, 2018 and the FATF urges Iran to proceed swiftly in the reform path to ensure full and accurate implementation of the Action Plan, addressing all remaining AML/CFT deficiencies, in particular those related to terrorist financing. At its February meeting, the FATF will assess progress made by Iran and take all appropriate action.

Iran will remain on the FATF Public Statement until the full Action Plan has been completed. Until Iran implements the measures required to address the deficiencies identified in the Action Plan, the FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system. The FATF,

therefore, calls on its members and urges all jurisdictions to continue to advise their financial institutions to apply enhanced due diligence to business relationships and transactions with natural and legal persons from Iran, consistent with FATF Recommendation 19.

Annex B: Improving Global AML/CFT Compliance: update on-going process – 3 November 2017

Buenos Aires, Argentina, 3 November 2017 - As part of its on-going review of compliance with the AML/CFT standards, the FATF identifies the following jurisdictions that 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 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.

Jurisdictions with strategic deficiencies	Jurisdictions no longer subject to the FATF’s on-going global AML/CFT compliance process
Bosnia and Herzegovina Ethiopia Iraq Sri Lanka Syria Trinidad and Tobago Tunisia Vanuatu Yemen	Uganda

Bosnia and Herzegovina

Since June 2015, when Bosnia and Herzegovina made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies, Bosnia and Herzegovina has substantially addressed its action plan at a technical level, including by: (1) completing the criminalisation of terrorist financing; (2) establishing an adequate legal framework for freezing terrorist assets under UNSCR 1373; (3) developing an adequate AML/CFT supervisory framework; (4) developing adequate measures for the non-profit sector; and (5) establishing adequate cross-border currency controls; (6) harmonising criminalisation of money laundering in all criminal codes; and (7) ensuring adequate procedures for the confiscation of assets. The FATF will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

Ethiopia

Since February 2017, when Ethiopia made a high-level political commitment to work with the FATF and ESAAMLG to strengthen its effectiveness and address any related technical deficiencies, Ethiopia has taken steps towards improving its AML/CFT regime, including by establishing committees aimed at implementing the national action plan and the FATF Action Plan, and issuing a risk-based AML/CFT supervisory manual. Ethiopia should continue to work on implementing its action plan to address its deficiencies, including by: (1) fully implementing the results of its national risk assessment; (2) fully integrating designated non-financial businesses and professions into its AML/CFT regime; (3) ensuring that the proceeds and instrumentalities of crime are confiscated; (4) consistently implementing terrorism-related targeted financial sanctions and proportionately supervising non-profit organisations in line with a risk-based approach; and (5) establishing and implementing WMD-related targeted financial sanctions. The FATF encourages Ethiopia to continue implementing its action plan to address its AML/CFT deficiencies.

Iraq

Since October 2013, when Iraq made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Iraq has substantially addressed its action plan at a technical level, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing an adequate legal framework for identifying, tracing, and freezing terrorist assets; (3) establishing effective customer due diligence measures; (4) establishing a fully operational and effectively functioning Financial Intelligence Unit; (5) establishing adequate suspicious transaction reporting requirements; and (6) establishing an adequate AML/CFT supervisory and oversight programme for the financial sector. However, the FATF still needs to confirm the applicability of these reforms throughout the entire national territory and will reassess the situation in February 2018 to determine when an on-site visit should take place.

Sri Lanka

In October 2017, Sri Lanka made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. Sri Lanka will work to implement its action plan to accomplish these objectives, including by: (i) enacting amendments to the MACMA to ensure that mutual legal assistance may be provided on the basis of reciprocity; (2) issuing the CDD Rule for DNFBPs, issuing any necessary guidance, and ensuring implementation of this Rule has begun, by way of supervisory actions; (3) enhancing risk-based supervision and outreach to FIs, and high risk DNFBPs, including through prompt and dissuasive enforcement actions and sanctions, as appropriate; (4) providing case studies and statistics to demonstrate that competent authorities can obtain beneficial ownership information in relation to legal persons in a timely manner; (5) issuing a revised Trust Ordinance and demonstrating that implementation has begun; and (6) establishing a TFS regime to implement the relevant UNSCRs related to Iran, demonstrating that implementation has begun, and demonstrating that implementation has begun on the UN Regulation related to the DPRK.

Syria

Since February 2010, when Syria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Syria has made progress to improve its AML/CFT regime. In June 2014, the FATF determined that Syria had substantially addressed its action plan at a technical level, including by criminalising terrorist financing and establishing procedures for freezing terrorist assets. While the FATF determined that Syria has completed its agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit to confirm whether the process of implementing the required reforms and actions has begun and is being sustained. The FATF will continue to monitor the situation, and will conduct an on-site visit at the earliest possible date.

Trinidad and Tobago

In October 2017, Trinidad and Tobago made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. Trinidad and Tobago will work to implement its action plan to accomplish these objectives, including by: (1) adopting and implementing the relevant measures to enhance international cooperation; (2) addressing measures for transparency and beneficial ownership; (3) completing the legislative efforts to enhance the processing of ML charges before the courts; (4) taking measures to enhance tracing and confiscation of criminal assets; (5) enforcing TF measures and adopting appropriate measures for NPOs; (6) enacting the necessary amendments related to targeted financial sanctions; and (7) developing, adopting, and implementing the necessary framework to counter proliferation financing.

Tunisia

In October 2017, Tunisia made a high-level political commitment to work with the FATF and MENAFATF to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. Tunisia will work to implement its action plan to accomplish these objectives, including by: (1) implementing risk-based AML/CFT supervision of the financial sector and fully integrating designated non-financial businesses and professions into its AML/CFT regime; (2) maintaining comprehensive and updated commercial registries and strengthening the system of sanctions for violations of transparency obligations; (3) increasing the efficiency of suspicious transaction report processing by allocating the necessary resources to the financial intelligence unit; (4) establishing a fully functional terrorism-related targeted financial sanctions regime and appropriately monitoring the association sector; and (5) establishing and implementing WMD-related targeted financial sanctions.

Vanuatu

Since February 2016, when Vanuatu made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Vanuatu has taken steps towards improving its AML/CFT regime, including by completing the offshore sector and terrorist financing risk assessment. Vanuatu should continue to work on implementing its action plan to address its deficiencies, including by: (1) establishing transparency for the financial sector, and for legal persons and arrangements; (2) implementing a risk-based AML/CFT supervisory and oversight programme for the entire financial sector, as well as trust and company service providers; and (3) establishing appropriate channels for international co-operation and domestic coordination regarding policies and actions on identified risks and ensuring effective implementation. The FATF encourages Vanuatu to continue implementing its action plan to address its AML/CFT deficiencies.

Yemen

Since February 2010, when Yemen made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Yemen has made progress to improve its AML/CFT regime. In June 2014, the FATF determined that Yemen had substantially addressed its action plan at a technical level, including by adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; improving its customer due diligence and suspicious transaction reporting requirements; issuing guidance; developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the financial intelligence unit; and establishing a fully operational and effectively functioning financial intelligence unit. While the FATF determined that Yemen has completed its agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit to confirm whether the process of implementing the required reforms and actions has begun and is being sustained. The FATF will continue to monitor the situation, and conduct an on-site visit at the earliest possible date.

Jurisdictions No Longer Subject to the FATF's On-Going Global AML/CFT Compliance Process

Uganda

The FATF welcomes Uganda's significant progress in improving its AML/CFT regime and notes that Uganda has established the legal and regulatory framework to meet the commitments in its action plan regarding the strategic deficiencies that the FATF had identified in February 2014. Uganda is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Uganda will work with ESAAMLG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.