وزارة التجارة والصناعة

Ministry of Commerce and Industry

Companies Affairs Department إدارة شؤون الشركات

Circular No. (6) of 2020 for Auditors, Dealers in Precious Metals and Stones and Trust and Company Service Providers about High-Risk Jurisdictions Subject to A Call for Action by the Financial Action Task Force and Jurisdictions Under Increased Monitoring

Gentlemen / Auditors, Dealers in Precious Metals and Stones and Trust and Company Service Providers,

Pursuant to the requirements of Article (13) of Law No. (20) of 2019 issuing the Anti-Money Laundering and Terrorist Financing Law,

And Articles (22), (23) and (60) of the executive regulations of the Anti-Money Laundering and Terrorist Financing Law issued by Cabinet Resolution No. (41) of 2019,

And Article (2) of the Decision of Minister of Commerce and Industry No. (95) of 2019 establishing the Anti-Money Laundering and Terrorist Financing Section in the Companies Affairs Department,

The Anti-Money Laundering and Terrorist Financing Division issues the following circular:

The Financial Action Task Force (FATF) identifies, three times per year and in a public statement, jurisdictions whose regimes have strategic deficiencies in terms of combating money laundering, terrorism financing and the financing of proliferation of weapons of mass destruction, in which it calls upon countries to adopt certain measures against them. In accordance with its latest meeting in February 2020, FATF issued a statement regarding the list of those jurisdictions and the measures and procedures that must be adopted.

In light of such event, the National Anti-Money Laundering and Terrorism Financing Committee (NAMLC) published on its website (www.namlc.gov.qa) the link to FATF's statement and issued letter No. 1417/2020 dated 13/04/2020 in which it called upon supervisory authorities to require their supervised entities to adopt due diligence measures when dealing with the jurisdictions concerned, implement procedures and instructions relevant to combating money laundering and terrorism financing and related to dealing with high-risk jurisdictions and other jurisdictions under monitoring, based on FATF's requirements indicated above and Law No. (20) of 2019 on Combating Money Laundering and Terrorism Financing and its Implementing Regulations.

Jurisdictions whose regimes have strategic deficiencies in combating money laundering and terrorism financing are distributed as follows:

a- High-risk jurisdictions subject to a call for action by FATF:

High-risk jurisdictions have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation of weapons of mass destruction. For all countries identified as high-risk, the FATF calls on all members to apply enhanced due diligence (EDD), and in the most serious cases, countries are called upon to apply counter-measures to protect the international financial system from the ongoing money laundering, terrorist financing, and financing of proliferation of weapons of mass destruction risks emanating from the country. This list currently includes:

I. Democratic People's Republic of Korea (DPRK):

FATF reaffirms in its latest statement its call on its members to advise their financial institutions and designated non-financial businesses and professions (DNFBPs) to give special attention to business relationships and transactions with the DPRK, including DPRK companies, financial institutions, and those acting on their behalf. FATF further calls on its members to continue applying **EDD and counter-measures** and to implement **targeted financial sanctions** in accordance with applicable United Nations Security Council Resolutions.

Accordingly, auditors (chartered accountants), dealers in precious metals and stones and trust and company service providers must undertake the following:

1. **Implementing EDD** that is proportionate to the level of risk for business relationships and operations carried out with customers, including financial institutions and DNFBPs from DPRK[1], as follows[2]:
    - Examining, as much as possible and in a reasonable manner, the background and purpose of all complex or unusual operations and all unusual patterns of operations that have no apparent legal or economic purpose.
    - Increasing the level of monitoring for the business relationship to identify unusual or suspicious activities or operations.
    - Obtaining additional information on the nature of the expected business relationship.
    - Obtaining senior management approval to establish or continue the business relationship.
2. **Implementing counter-measures** for business relationships and operations carried out with customers, including financial institutions and DNFBPs from DPRK, as follows[3]:
    - Submitting immediate reports to the AML/CFT Section at the Companies Affairs Department at MOCI on business relationships and operations carried out with that jurisdiction or persons located in it.
3. **Implementing targeted financial sanctions** related to combating terrorism and terrorism financing and preventing proliferation of weapons of mass destruction against DPRK according to the provisions of Law No. (27) of 2019 on Combating Terrorism and Decision No. (1) of 2020 of the Public Prosecutor Regulating the Implementation Mechanisms of the Targeted Financial Sanctions related to Combatting the Financing of Terrorism and the Financing of the Proliferation of Weapons of Mass Destruction pursuant to the Law on Combating Money Laundering

[1] Article (13) of the Law on Combating Money Laundering and Terrorism Financing and Article (22) of its Implementing Regulations.

[2] Article (25) of the Implementing Regulations of the Law on Combating Money Laundering and Terrorism Financing.

[3] Article (13) of the Law on Combating Money Laundering and Terrorism Financing and Article (23) of its Implementing Regulations.

and Terrorism Financing and the Law on Combating Terrorism and the United Nations Security Council Resolutions, in addition to Decision No. (59) of 2020 of the Public Prosecutor issuing the Guidelines to the Effective Implementation of the Targeted Financial Sanctions Regime in the State of Qatar.

II. Iran:

FATF decided to **re-impose counter-measures against Iran** and called upon its members to apply them. This step followed Iran's failure to comply with implementing the action plan related to addressing deficiencies in countering money laundering, terrorist financing and financing of proliferation of weapons of mass destruction in its regime within the period specified. The most significant deficiencies relate to Iran's failure to ratify the United Nations Convention against Transnational Organized Crime (Palermo Convention) and the Terrorist Financing Convention.

Accordingly, auditors (chartered accountants), dealers in precious metals and stones and trust and company service providers must undertake the following:

1. **Implementing EDD** that is proportionate to the level of risk for business relationships and operations carried out with customers, including financial institutions and DNFBPs from Iran[4], as follows[5]:
    - Examining, as much as possible and in a reasonable manner, the background and purpose of all complex or unusual operations and all unusual patterns of operations that have no apparent legal or economic purpose.
    - Increasing the level of monitoring for the business relationship to identify unusual or suspicious activities or operations.
    - Obtaining additional information on the nature of the expected business relationship.

[4] Article (13) of the Law on Combating Money Laundering and Terrorism Financing and Article (22) of its Implementing Regulations.

[5] Article (25) of the Implementing Regulations of the Law on Combating Money Laundering and Terrorism Financing.

- Obtaining senior management approval to establish or continue the business relationship.

2. **Implementing counter-measures** for business relationships and operations carried out with customers, including financial institutions and DNFBPs from Iran, as follows[6]:
    - Implementation of the following EDD for business relationships and operations carried out with customers, including financial institutions and DNFBPs from Iran:
        - Obtaining additional information on the customer, including the profession, size of assets and information available through public databases and open sources, and updating customer and beneficial owner identification data regularly.
        - Obtaining additional information on the nature of the expected business relationship.
        - Obtaining information on the source of the customer's wealth or funds.
        - Obtaining information on the reasons for the expected operations or operations conducted.
        - Applying enhanced monitoring for the business relationship by increasing the extent and period of supervision and selecting patterns of operations that need additional scrutiny and review.
        - Making the first payment through an account in the customer's name in one of the banks subject to similar due diligence standards.
    - Submitting immediate reports to the AML/CFT Section at the Companies Affairs Department at MOCI on business relationships and operations carried out with that jurisdiction or persons located in it.

Auditors (chartered accountants), dealers in precious metals and stones and trust and company service providers must periodically view updates of the list of high-risk jurisdictions subject to a call for action by FATF via the following link:

[6] Article (13) of the Law on Combating Money Laundering and Terrorism Financing and Article (23) of its Implementing Regulations.

http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2020.html

b- Jurisdictions under increased monitoring:

Jurisdictions under increased monitoring are jurisdictions whose regimes have strategic deficiencies in countering money laundering, terrorist financing and financing of proliferation but that have highly complied with FATF's action plan. These jurisdictions are subject to monitoring by FATF until the fulfilment of the action plan within a specific timeframe. FATF does not call upon its members to apply EDD against these jurisdictions; on the other hand, **it urges them, upon analysis of risks related to such jurisdictions, to take into account information published on the link indicated below.**

The list of these jurisdictions under monitoring currently includes: **Albania, The Bahamas, Barbados, Botswana, Cambodia, Ghana, Iceland, Jamaica, Mauritius, Mongolia, Myanmar, Nicaragua, Pakistan, Panama, Syria, Uganda, Yemen and Zimbabwe.**

Accordingly, auditors (chartered accountants), dealers in precious metals and stones and trust and company service providers must undertake the following:

1. Periodically viewing updates of the list of jurisdictions under increased monitoring to take into account, upon analysis of risks, information published on the following link regarding business relationships and operations carried out with customers, including financial institutions and DNFBPs from such jurisdictions[7]:

http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-february-2020.html

[7] Article (24) of the Implementing Regulations of the Law on Combating Money Laundering and Terrorism Financing.

Furthermore, in its latest meeting, FATF excluded the Republic of Trinidad and Tobago from the list of jurisdictions under increased monitoring due to its success in implementing the action plan related to addressing deficiencies in countering money laundering, terrorist financing and financing of proliferation of weapons of mass destruction in its regime.

For view and implementation

Salem bin Salim Al Mannai

Director of the Companies Affairs Department