

## UPDATED NOTIFICATION OF HIGH-RISK JURISDICTION AS ISSUED BY THE FINANCIAL ACTION TASK FORCE (FATF)

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### **Summary**

The Capital Markets Authority (CMA) is issuing this notice to all licensees under the Securities Sector regarding the updated list of high-risk jurisdictions issued by the Financial Action Task Force (FATF) as communicated on 28th June 2024. This is to fulfill the obligations as stated in Recommendation 19 of the International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation.

Questions concerning this notice should be directed to: The Market Supervision Department on email; [marketsupervision@cmauganda.co.ug](mailto:marketsupervision@cmauganda.co.ug);

### **Background**

“Money-Laundering” means the process of turning illegitimately obtained property into seemingly legitimate property and it includes concealing or disguising the nature, source, location, disposition or movement of the proceeds of crime and any activity which constitutes a crime under section 116 of the Anti-Money Laundering Act, 2013.

Pursuant to Sec 5 (2)(u) of the CMA Act, Cap 84, For the purpose of carrying out its objects, the Authority may exercise, perform and discharge all or any of the following powers, duties and functions act as the supervisory authority for anti-money laundering and combating of financing of terrorism in the capital markets and perform the functions conferred on the Authority, as an accountable person, under the Anti-Money Laundering Act, 2013.

Regulation 44 of the Anti-Money Laundering Regulations, 2015 states that the Financial Intelligence Authority (FIA) is the responsible party to provide notification on countries, and prescribe measures to be undertaken by accountable persons in respect of the flagged countries.

In addition, section 21A (1) of the Anti-Money Laundering Act, 2013 (as amended) stipulates that the enforcement of compliance with the provisions of the Act by an accountable person is the responsibility of the supervisory body (in this case, The Capital Markets Authority) of the accountable person.

Following its Plenary meeting that ended on 4th March, 2022, the Financial Action Task Force (FATF)) has issued a public statement updating its lists of jurisdictions with strategic AML/ CFT/ CPF deficiencies.

FATF issued a public statement updating its lists of jurisdictions with strategic AML/CFT/CPF deficiencies. It stated that *“High-risk jurisdictions have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation. For all countries identified as high-risk, the FATF calls on all members and urges all jurisdictions to apply enhanced due diligence, and, in the most serious cases, countries are called upon to apply countermeasures to protect the international financial system from the money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks emanating from the country. This list is often externally referred to as the “black list”. Since February 2020, only Iran once reported in January 2024 with no material changes in the status of its action plan. Given heightened proliferation financing risks, the FATF reiterates its call to apply countermeasures on these high-risk jurisdictions. “*

Recommendation 19 of the International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation requires Financial institutions to apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.

The purpose of this notice therefore is to inform you of the updated list of high-risk jurisdictions that has been issued by FATF and to request you, as an Accountable Person in the Securities Sector to apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.

**The FATF statement includes the following;**

<p><b>I. Jurisdictions under increased monitoring</b></p>	<p>Jurisdictions with strategic deficiencies include;</p> <p>Bulgaria, Burkina Faso, Cameroon, Croatia, Democratic People's Republic of Korea (DPRK)*, Democratic Republic of the Congo, Haiti, Iran, Jamaica, Kenya, Mali, Mozambique, Myanmar, Namibia, Nigeria, Philippines, Senegal, South Africa, South Sudan, Syria, Tanzania, Turkey, Vietnam and Yemen.</p> <p>All these countries are under increased monitoring and the details for each can be accessed on; <a href="https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-june-2024.html">https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-june-2024.html</a></p>
<p><b>II. Jurisdictions subject to a call for action as of February 2024</b></p>	<p>These are;</p> <ol style="list-style-type: none"> <li>1) Democratic People's Republic of Korea (DPRK) and Iran.</li> <li>2) Iran</li> <li>3) Myanmar</li> </ol>

	<p>More details can be accessed on; <a href="https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-february-2024.html">https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-february-2024.html</a></p>
<p><b>As an Accountable Person within the securities sector, what actions should you carry out?</b></p>	<ul style="list-style-type: none"> <li>• Apply enhanced due diligence measures to business relationships and transactions involving natural and legal persons from the identified high-risk jurisdictions. This includes more rigorous checks and ongoing monitoring.</li> <li>• Assess the level of risk associated with clients and transactions involving entities from high-risk jurisdictions. This should be documented and updated regularly.</li> <li>• Implement robust transaction monitoring systems to detect suspicious activities involving high-risk jurisdictions.</li> <li>• Provide ongoing training to employees on AML/CFT compliance, focusing on the risks and red flags associated with high-risk jurisdictions.</li> <li>• Report any suspicious transactions or activities to the Financial Intelligence Authority (FIA) as required by the Anti-Money Laundering Act, 2013.</li> <li>• Apply countermeasures for the most serious cases as advised by the FATF, particularly for transactions involving countries like DPRK, Iran, and Myanmar. For example, temporarily suspend certain services such as securities investments or trading until additional verification is completed, refuse to process any form of remittance to these countries, enhance client verification through face-to-face verifications, refuse opening up accounts or having business relationships with clients from these countries etc.</li> </ul>

**END**

Capital Markets Authority  
 Kampala, Uganda.  
 July, 2024.