UPDATED NOTIFICATION OF HIGH RISK JURISDICTIONS AS ISSUED BY THE FINANCIAL ACTION TASK FORCE (FATF) AS OF 21ST FEBRUARY 2025

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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). 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

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 119 of the Anti-Money Laundering Act, Cap. 118.

Pursuant to Section 7 (2)(u) of the CMA Act, Cap. 64, 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, Cap.118.

Regulation 44 of the Anti-Money Laundering Regulations, 2015 as amended 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 24 (1) of the Anti-Money Laundering Act, Cap. 118 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 the FATF Plenary, that took place from February 19-21, 2025, it issued a public statement updating its lists of jurisdictions with strategic AML/ CFT/ CPF deficiencies. The summary is that Jurisdictions under increased monitoring commonly known as the FATF "grey list" are countries working with the FATF and regional bodies to address strategic deficiencies in their anti-money laundering (AML), counter-terrorist financing (CFT), and proliferation financing frameworks.

These countries have committed to implement action plans within set timeframes and are monitored for progress. While increased monitoring does not trigger enhanced due diligence, FATF urges a risk-based approach without de-risking entire customer classes. Humanitarian aid, legitimate NPOs, and remittances should remain uninterrupted, in line with UNSC Resolution 2761 (2024). The FATF reviewed progress since October 2024 for countries including Nigeria, South Africa, Kenya, and others, with updated statements issued. Some jurisdictions such as Algeria and Lebanon deferred reporting, so older statements remain in effect. Lao PDR and Nepal have now been added to the list. The full statement can be gotten in the link below.

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;

I. Jurisdictions under increased monitoring	Jurisdictions with strategic deficiencies include; Algeria, Angola, Bulgaria, Burkina Faso, Cameroon, Cote d' Ivoire, Croatia, DRC, Haiti, Kenya, Lao PDR, Lebanon, Mali, Monaco, Mozambique, Namibia, Nepal, South Africa, South Sudan, Syria, Tanzania, Venezuela, Vietnam and Yemen. Jurisdictions no longer subject to increased monitoring include: Philippine. Details for each jurisdiction status can be accessed on; https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-february-2025.html

END

Capital Markets Authority
Kampala, Uganda.
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