Financial Services Commission
MAURITIUS

COMMUNIQUÉ

FATF Countermeasures on Iran

This Communique is being issued to the urgent attention of all licensees under the purview of the Financial Services Commission.

At the latest Financial Action Task Force (FATF) plenary held in February 2020, the FATF members decided to re-impose countermeasures on Iran for its failure to complete its FATF Action Plan. Iran committed to its action plan in June 2016, but still has not completed six of the ten items on its action plan. More critically, Iran has failed to ratify the UN Palermo and Terrorism Financing Conventions.

FATF call applies to all countries, but especially those that are members of FATF or FATF style regional bodies. It is now incumbent that FATF members, as countries that uphold FATF standards, abide by that call.

- **The Interpretative Note to Recommendation19[1] specifies examples of the countermeasures that could be undertaken by countries. They are namely:**

1. *The enhanced due diligence measures that could be undertaken by financial institutions include those measures set out in paragraph 20 of the Interpretive Note to Recommendation 10, and any other measures that have a similar effect in mitigating risks.*

2. Examples of the countermeasures that could be undertaken by countries include the following, and any other measures that have a similar effect in mitigating risks:

(a) Requiring financial institutions to apply specific elements of enhanced due diligence.

(b) Introducing enhanced relevant reporting mechanisms or systematic reporting of financial transactions.

(c) Refusing the establishment of subsidiaries or branches or representative offices of financial institutions from the country concerned, or otherwise taking into account the fact

[1] Interpretive Note To Recommendation 19 (Higher-Risk Countries)
http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF%20Recommendations%202012.pdf#page=82

that the relevant financial institution is from a country that does not have adequate AML/CFT systems.

(d) Prohibiting financial institutions from establishing branches or representative offices in the country concerned, or otherwise taking into account the fact that the relevant branch or representative office would be in a country that does not have adequate AML/CFT systems.

(e) Limiting business relationships or financial transactions with the identified country or persons in that country.

(f) Prohibiting financial institutions from relying on third parties located in the country concerned to conduct elements of the CDD process.

(g) Requiring financial institutions to review and amend, or if necessary terminate, correspondent relationships with financial institutions in the country concerned.

(h) Requiring increased supervisory examination and/or external audit requirements for branches and subsidiaries of financial institutions based in the country concerned.

(i) Requiring increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in the country concerned.

There should be effective measures in place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries.

❖ **As per General Notice No. 587 of 2020 of the Mauritius Government Gazette:**

Reporting Persons are reminded that they are required, under section 17H(2) of the Act, to apply such enhanced due diligence measures which are prescribed in the Financial Intelligence and Anti-Money Laundering Regulations 2018 with respect to business relationships or transactions involving those high risk countries. In addition, they shall, where applicable and proportionate to the risks, apply one or more of the following additional mitigating measures to persons and legal entities carrying out transactions involving those high risk countries –

(a) the application of additional elements of enhanced due diligence;

(b) the introduction of enhanced relevant reporting mechanisms or systematic reporting of financial transactions;

(c) the limitation of business relationships or transactions with natural persons or legal entities from those high risk countries.

In view for Mauritius to remain wholly committed to uphold the integrity of the domestic and international financial system all licensees are required to ensure strict compliance with the General Notice.

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