

Circular
(FI/2/2015)
High-risk and non-cooperative jurisdictions

Further to Circular (FI/2/2014) on preventive measures when dealing with high-risk countries, and according to the FATF identified jurisdictions that have strategic AML/CFT deficiencies stated in both documents “*FATF’s Public Statement*” and “*Improving Global AML/CFT Compliance: On-going Process*”, KwFIU calls on financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs) to be vigilant and to implement adequate measures in dealing with high-risk and non-cooperative jurisdictions.

FATF's identified Jurisdictions are classified in three main categories as shown below:

1. Identified Jurisdictions:

Group (1): Public Statement

1. **First category:** Jurisdictions that pose a risk to the international financial system. FATF calls for counter measures when dealing with such jurisdictions.
2. **Second category:** Jurisdictions that have not made sufficient progress in addressing its strategic AML/CFT deficiencies.

Group (2): Compliance Document

3. **Third category:** Jurisdictions listed in the compliance document that have been identified as having AML/CFT strategic deficiencies but developed an action plan with the FATF and provided a written high-level political commitment to improve their AML/CFT regime.

2. Measures to be taken when dealing with identified jurisdiction:

FIs and DNFBPs are required to apply the following measures when dealing with identified jurisdictions in FATF public documents as shown below:

1. Regarding jurisdictions listed in the first category, FIs and DNFBPs are required, to give special attention to business relationships and transactions with and from these jurisdictions in order to protect the international financial system in general and the local one in particular from ML/TF risks emanating from these jurisdictions. In addition, FIs and DNFBPs are required to apply at least the following enhanced due diligence measures:

2-1-1 Requesting additional information on the customer / transactions linked to such customer.

2-1-2 Verifying the nature and purpose of the business relationship.

2-1-3 Verifying the customer's source of funds and assets.

2-1-4 Obtaining senior management approval to decide whether or not to continue a business relationship.

2-1-5 Further monitoring of transactions.

2-1-6 Review, amend or, if necessary, end business relationships with correspondent banks of identified jurisdictions.

2. Regarding jurisdictions listed in the second category, FIs and DNFBPs are required to consider the risks arising from the deficiencies associated with each identified jurisdiction. Therefore, FIs and DNFBPs are required to assess AML/CFT risks when dealing with such jurisdiction.

3. Regarding jurisdictions listed in the third category, FIs and DNFBPs are required to refer to the compliance document for any updates on information regarding listed or de-listed jurisdictions in order to assess the risks linked to each jurisdiction identified in the document.

3. Names of listed jurisdictions:

For information on the names of jurisdictions listed within the identified categories mentioned above, FIs and DNFBPs are required to check the following link:

<http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/>

Please note that this link is periodically updated in February, June and October. Therefore, FIs and DNFBPs are required to check the latest updates of listed jurisdictions based on the identified categories mentioned in Section 1 above.

The Kuwaiti FIU calls on FIs and DNFBPs to check KwFIU website regularly (www.kwfiu.gov.kw), to be updated with the latest circulars and decisions issued by KwFIU.

President

Talal Ali Al Sayegh

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