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April 29, 2024 – FINTRAC advisory: Financial transactions related to countries identified by the Financial Action Task Force

From: [Financial Transactions and Reports Analysis Centre of Canada \(FINTRAC\)](#)

Consult FINTRAC's advisories issued following every Financial Action Task Force (FATF) plenary meeting to advise reporting entities of concerns about deficiencies in the anti-money laundering and anti-terrorist activity financing systems of certain countries.

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Financial transactions related to countries identified by the FATF

On February 23, 2024, the FATF issued a statement on high-risk jurisdictions subject to a call for action and a statement of jurisdictions under increased monitoring. These statements are updated and released following every FATF plenary.

High-risk jurisdictions subject to a call for action

The statement on high-risk jurisdictions subject to a call for action identifies jurisdictions for which the FATF has called on its members to either apply countermeasures (Democratic People's Republic of Korea (DPRK), Iran) or enhanced due diligence measures proportionate to the risks arising from the jurisdiction (Myanmar).

Democratic People's Republic of Korea

As a reporting entity, you must treat all transactions originating from, or destined to, North Korea (Democratic People's Republic of Korea) as high risk.

FINTRAC assesses compliance with the Ministerial directive:

- [Ministerial Directive on the Democratic People's Republic of Korea \(DPRK\) issued on December 9, 2017](#)
- [FINTRAC guidance relating to the Ministerial Directive on the Democratic People's Republic of Korea \(DPRK\)](#)

Note: In December 2017, FINTRAC published an Operational alert: Democratic People's Republic of Korea's use of the international financial system for money laundering/terrorist financing to help businesses identify patterns and risk areas related to the Democratic People's Republic of Korea's suspected money laundering and terrorist activity financing.

▼ Legal references

- Proceeds of Crime (Money Laundering) and Terrorist Financing Act
- section 5
- subsection 9.6(3)
 - section 11.42

Iran

In order to safeguard the integrity of Canada's financial system, and in accordance with section 11.42 of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, the Minister of Finance issued the following directive:

Every bank, credit union, financial services cooperative, caisse populaire, authorized foreign bank and money services businesses must:

- treat every financial transaction originating from or bound for Iran, regardless of its amount, as a high-risk transaction
- verify the identity of any client (person or entity) requesting or benefiting from such a transaction in accordance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations

- exercise customer due diligence, including ascertaining the source of funds or virtual currency in any such transaction, the purpose of the transaction and, where appropriate, the beneficial ownership or control of any entity requesting or benefiting from the transaction
- keep and retain a record of any such transaction, in accordance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations; and
- report all such transactions to FINTRAC

FINTRAC assesses compliance with the Ministerial directive:

- [Directive Amending the Directive on Financial Transactions Associated with the Islamic Republic of Iran](#)
- [FINTRAC guidance related to the Ministerial Directive on Financial Transactions Associated with the Islamic Republic of Iran issued on July 25, 2020](#)

▼ Legal references

- Proceeds of Crime (Money Laundering) and Terrorist Financing Act
 - section 5
 - subsection 9.6(3)
 - section 11.42

Myanmar

As a reporting entity, you must be aware of the risks of doing business with individuals and entities based in, or connected to, Myanmar, and:

- determine whether you are required to file a suspicious transaction report in respect of 1 or more financial transaction(s) or attempted

- financial transaction(s) emanating from, or destined to Myanmar; and
- consider the geographic location of a person's or entity's activities as part of your risk assessment and to undertake mitigating measures, as applicable

You are also encouraged to undertake enhanced customer due diligence, including obtaining information on the reasons for intended transactions, with respect to clients and beneficiaries involved in such financial transactions or attempted financial transactions.

Jurisdictions under increased monitoring

The statement on jurisdictions under increased monitoring identifies those jurisdictions that have developed an action plan with the FATF to address their strategic anti-money laundering and anti-terrorist activity financing deficiencies.

The following jurisdictions have strategic anti-money laundering and anti-terrorist financing deficiencies, and are listed on the 'grey list':

Bulgaria, Burkina Faso, Cameroon, Democratic Republic of the Congo, Croatia, Haiti, Jamaica, Kenya, Mali, Mozambique, Namibia, Nigeria, Philippines, Senegal, South Africa, South Sudan, Syria, Tanzania, Türkiye, Vietnam, and Yemen.

Jurisdictions no longer subject to increased monitoring

The following jurisdictions have made significant progress in addressing the strategic deficiencies previously identified during their mutual evaluations, and are therefore no longer subject to increased monitoring and have been de-listed from the 'grey list':

Barbados, Gibraltar, Uganda, and United Arab Emirates.

FATF action on the terrorist group, Islamic State

On September 24, 2014, the Government of Canada updated the Criminal Code list of terrorist entities to include the Islamic State (previously listed as Al Qaeda in Iraq) and 8 regional affiliates: IS-Khorasan Province (ISKP), IS-Bangladesh, IS-Sinai Province (ISSP), IS-Democratic Republic of the Congo, IS-East Asia, IS in the Greater Sahara, IS-Libya and IS-West Africa Province.

As a reporting entity, you must submit a terrorist property report (TPR) to FINTRAC without delay, once you have met the threshold to disclose under the Criminal Code or the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism. Refer to section 2 and 5 of the guidance: Reporting terrorist property to FINTRAC.

You should also determine whether you are required to file a suspicious transaction report in respect of 1 or more financial transaction(s) or attempted financial transaction(s) emanating from, or destined to, a jurisdiction under the Islamic State control or a surrounding jurisdiction where there are reasonable grounds to suspect that the transactions or attempted transactions are related to the commission or attempted commission of a money laundering or terrorist activity financing offence.

You are also encouraged to undertake enhanced customer due diligence with respect to clients and beneficiaries involved in such financial transactions or attempted financial transactions.

► Legal references

FATF public statement on the situation in Afghanistan

On May 9, 2013, the Taliban was added to the Criminal Code list of terrorist entities. On August 15, 2021, the Taliban seized control of Afghanistan and established de facto authority over the country. On October 21, 2021, the FATF issued a statement on the situation in Afghanistan.

As a reporting entity, you must submit a terrorist property report (TPR) to FINTRAC without delay, once you have met the threshold to disclose under the Criminal Code or the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism. Refer to section 2 and 5 of the guidance: Reporting terrorist property to FINTRAC.

You should also determine whether you are required to file a suspicious transaction report in respect of 1 or more financial transaction(s) or attempted financial transaction(s) emanating from, or destined to Afghanistan where there are reasonable grounds to suspect that the transactions or attempted transactions are related to the commission or attempted commission of a money laundering offence or a terrorist activity financing offence.

FATF public statements on the situation in Ukraine and on the Russian Federation

On February 24, 2022, without provocation, Russia, with the support of the Belarusian regime, initiated a full-scale invasion of Ukraine. On February 24, 2023 and on February 23, 2024, the FATF issued statements on the Russian Federation.

A Ministerial Directive was issued on financial transactions associated with Russia on February 24, 2024.

Every person or entity referred to in section 5 of the Act must:

- treat every financial transaction originating from or bound for Russia, regardless of its amount, as a high risk transaction
- verify the identity of any client (person or entity) requesting or benefiting from such a transaction in accordance with the Proceeds of Crime (Money Laundering and Terrorist Financing Regulations
- exercise customer due diligence, including ascertaining the source of funds or virtual currency in any such transaction, the purpose of the transaction and, where appropriate, the beneficial ownership or control of any entity requesting or benefiting from the transaction; and
- keep and retain a record of any such transaction, in accordance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations

FINTRAC assess compliance with the Ministerial directive:

- [Directive on Financial Transactions Associated with Russia](#)
- [FINTRAC guidance related to the Ministerial Directive on Financial Transactions Associated with Russia issued on February 24, 2024](#)

Canada has imposed a significant number of new sanctions measures in response to Russia's unjustified and illegal invasion of Ukraine. For information on the measures that have been imposed in relation to Russia, Ukraine and Belarus, as well as information on the duty to disclose, refer to:

- [Sanctions – Russian invasion of Ukraine](#)
- [Global advisory on Russian sanctions evasion issued jointly by the Multilateral REPO Task Force](#)
- [Current sanctions imposed by Canada](#)

Note: In May 2023, FINTRAC published a Special Bulletin on Russia-linked money laundering activities to help businesses identify and assess money laundering and terrorist activity financing risks, apply controls and measures to mitigate these risks, and effectively detect and report suspicious transactions to FINTRAC.

Situation in the Middle East

The FATF October 2023 plenary discussed the situation in the Middle East.

As a reporting entity, you should consider the rapidly evolving situation in the Middle East to determine whether you are required to file a suspicious transaction report in respect of 1 or more financial transaction(s) or attempted financial transaction(s) emanating from, or destined to the Middle East where there are reasonable grounds to suspect that the transactions or attempted transactions are related to the commission or attempted commission of a money laundering offence or a terrorist activity financing offence.

You must also submit a terrorist property report (TPR) to FINTRAC without delay, once you have met the threshold to disclose under the Criminal Code or the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism. Refer to section 2 and 5 of the guidance: Reporting terrorist property to FINTRAC.

Note: In December 2022, FINTRAC published an Operational alert: Terrorist activity financing to help businesses recognize financial transactions suspected of being related to terrorist activity financing.

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