

Circular No.: NSDL/POLICY/2019/0083

November 27, 2019

Subject: The Financial Action Task Force (FATF) public statement dated October 18, 2019 regarding FATF identified jurisdictions that have strategic Anti Money Laundering and Combating the Financing of Terrorism (AML / CFT) deficiencies and Improving Global AML/CFT Compliance: On-going Process – October 18, 2019.

Participants are hereby informed that as part of the on-going efforts to identify and work with jurisdictions with strategic AML / CFT deficiencies,

1. FATF has released a Public Statement on October 18, 2019 with regard to –
 - a) Jurisdictions subject to a call for counter-measures: *Democratic People's Republic of Korea*
 - b) Jurisdictions subject to a call for enhanced due diligence measures: *Iran*

The link to this public statement on FATF's website is <http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/public-statement-october-2019.html>

Specific attention is brought to extract from Public Statement on Iran as follows:

“The FATF decided in June 2019 to call upon its members and urge all jurisdictions to require increased supervisory examination for branches and subsidiaries of financial institutions based in Iran. In line with the June 2019 Public Statement, the FATF decided this week to call upon its members and urge all jurisdictions to introduce enhanced relevant reporting mechanisms or systematic reporting of financial transactions; and require increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in Iran.”

If before February 2020, Iran does not enact the Palermo and Terrorist Financing Conventions in line with the FATF Standards, then the FATF will fully lift the suspension of counter-measures and call on its members and urge all jurisdictions to apply effective counter-measures, in line with recommendation 19. The FATF, therefore, calls on its members and urges all jurisdictions to continue to advise their financial institutions to apply enhanced due diligence with respect to business relationships and transactions with natural and legal persons from Iran, consistent with FATF Recommendation 19, including: (1) obtaining information on the reasons for intended transactions; and (2) conducting enhanced monitoring of business relationships, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.”

Similarly on DPRK, the FATF Public Statement states that:

“FATF has serious concerns with the threat posed by the DPRK's illicit activities related to the proliferation of weapons of mass destruction (WMDs) and its financing.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies, financial institutions, and those acting on their behalf. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures, and targeted financial sanctions in accordance with applicable United Nations



Security Council Resolutions, to protect their financial sectors from money laundering, financing of terrorism and WMD proliferation financing (ML/FT/PF) risks emanating from the DPRK. Jurisdictions should take necessary measures to close existing branches, subsidiaries and representative offices of DPRK banks within their territories and terminate correspondent relationships with DPRK banks, where required by relevant UNSC resolutions.”

2. FATF has also published a public document on 18 October 2019 titled “*Improving Global AML/CFT Compliance: On-going Process*”. The link to this document on FATF’s website is <http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/fatf-compliance-october-2019.html>

The aforesaid FATF statements are also attached herewith for ready reference. Participants are requested to take note of the above and ensure compliance. Further, Participants are requested to take note that this does not preclude regulated entities from legitimate trade and business transactions with these countries and jurisdictions.

For and on behalf of
National Securities Depository Limited

Chirag Shah
Senior Manager

Enclosed: Two

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Cyber Security & Cyber Resilience framework of Depository Participants - (For the quarter ended on September 30, 2019)	November 30, 2019	By email at dpinfosec@nsdl.co.in	Circular No. NSDL/POLICY/2019/0076 dated November 13, 2019.