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**Subject: Financial Transactions related to jurisdictions listed herein**

**Date: June 30, 2010**

**This notice is directed to the attention of all banks, authorized foreign banks, trust and loan companies, cooperative credit societies, life insurance companies, property and casualty insurance companies, and fraternal benefit societies.**

In order to protect the international financial system from money laundering and terrorist financing risks, the Financial Action Task Force (FATF) issued two statements on June 25, 2010 identifying jurisdictions that have strategic deficiencies in their anti-money laundering / combating the financing of terrorism (AML/CFT) regimes. The links to these two statements are shown below.

## **Islamic Republic of Iran**

In its June 25, 2010 statement, the FATF welcomes the recent steps that Iran has taken to engage with the FATF, but remains concerned by Iran's failure to meaningfully address the substantial deficiencies in its AML/CFT regime. The FATF has reaffirmed its call on its members to apply countermeasures to protect their financial sectors from ML/TF risks emanating from Iran.

Accordingly, OSFI is reaffirming its reminder to all federally regulated financial institutions (FRFIs) about the risk of doing business with individuals and entities based in or connected to Iran. OSFI expects that FRFIs will consider the foregoing when deciding whether to file suspicious transaction reports in respect of financial transactions emanating from, or destined to, Iran.

OSFI also expects FRFIs to apply enhanced customer due diligence measures with respect to clients and beneficiaries involved in such transactions. Banks that have correspondent banking relationships with Iranian banks, including branches and subsidiaries of such banks outside Iran, should also ensure that enhanced due diligence measures are applied to all transactions processed through such banks, and also to other payments that may be destined to, or received from, Iran *via* intermediary banks. In this connection OSFI would like to draw FRFIs' attention to the contents of our Notice dated 28 June 2010 with respect to the *Regulations Amending the*



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*Regulations Implementing the United Nations Resolutions on Iran.* Under these regulations FRFIs are prohibited from transacting with, *inter alia*, **First East Export Bank, P.L.C.** Labuan, Malaysia, which is owned or controlled by, or acts on behalf of, Bank Mellat, Iran. Enhanced due diligence measures should be applied to payments that may be destined to, or received from, this bank *via* intermediary banks.

### **Democratic People's Republic of Korea; and Sao Tome & Principe**

The FATF also re-affirmed previous concerns related to the strategic deficiencies of the AML/CFT regimes in the Democratic People's Republic of Korea and Sao Tome & Principe.

Accordingly OSFI expects that FRFIs will continue to pay special attention to transactions related to these jurisdictions.

### **Other Jurisdictions**

The FATF also brought to the attention of its members that several other jurisdictions with strategic AML/CFT deficiencies have developed action plans with the FATF to address such deficiencies. Those jurisdictions are: **Angola, Antigua and Barbuda, Azerbaijan, Bolivia, Burma (Myanmar), Ecuador, Ethiopia, Greece, Indonesia, Kenya, Morocco, Nepal, Nigeria, Pakistan, Paraguay, Qatar, Sri Lanka, Sudan, Syria, Thailand, Trinidad and Tobago, Turkey, Turkmenistan, Ukraine, and Yemen.**

Accordingly OSFI expects that FRFIs will take these deficiencies into account as appropriate when transacting business connected to these jurisdictions.

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Links to the texts of the FATF statements can be found at the FATF website at [http://www.fatf-gafi.org/pages/0,2987,en\\_32250379\\_32235720\\_1\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/pages/0,2987,en_32250379_32235720_1_1_1_1_1,00.html)

Canada is a founding member of the FATF and strongly supports its efforts to combat money laundering and terrorist financing.

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) has also issued an Advisory, which can be viewed at <http://www.fintrac-canafe.gc.ca/publications/avs/2010-06-30-eng.asp>

If you have questions on any of the matters outlined in this Notice, please e-mail [information@osfi-bsif.gc.ca](mailto:information@osfi-bsif.gc.ca).

This Notice is also being sent to the following for their information:  
*Provincial Regulators and Supervisors*

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*Canadian Association of Direct Response Insurers*  
*Canadian Bankers Association*  
*Canadian Fraternal Association*  
*Canadian Life and Health Insurance Association*  
*Canadian Securities Administrators*  
*Credit Union Central of Canada*  
*Insurance Bureau of Canada*  
*Investment Industry Regulatory Organization of Canada*  
*Trust Companies Association of Canada*