



Republic of Nauru

ANTI-MONEY LAUNDERING AND TARGETED FINANCIAL SANCTIONS (HIGH RISK COUNTRIES) GUIDELINE 2023



Financial Intelligence Unit

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FINANCIAL SANCTIONS (HIGH RISK COUNTRIES)
GUIDELINE 2023**

TABLE OF REVISIONS

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ANTI-MONEY LAUNDERING AND TARGETED FINANCIAL SANCTIONS (HIGH RISK COUNTRIES) GUIDELINE 2023

1. Legislative Requirement for High Risk Countries

This guideline is issued in accordance with *Sections 43(7) and 85(k)* of the *Anti-Money Laundering Targeted Financial Sanctions Act 2023* (Act) which domesticates the Financial Action Task Force (FATF) Standards.

2. Objectives this Guideline

(1) The objectives of the guideline are:

- (a) to bring to the attention of reporting entities, the countries identified by the Financial Actions Task Force (FATF) as high-risk countries;
- (b) to inform reporting entities of the requirement to apply enhanced customer due diligence (ECDD) to high risk countries; and
- (c) to inform reporting entities of the counter measures to be applied to high risk countries.

3. Identification of High-Risk Countries

The FATF have identified the following countries as High-Risk Countries:

- (a) Democratic People's Republic of Korea (DPRK) also referred as North Korea;
- (b) Iran; and
- (c) Myanmar.

4. Enhanced due diligence required where high risk countries are identified

- (1) Reporting entities are required to conduct ECDD when dealing with countries listed in *Clause 3*.
- (2) For ECDD requirements, refer to *Section 43* of the Act.
- (3) Simplified due diligence shall not be undertaken where there is a suspicion of money laundering or terrorist financing or where higher-risk scenarios as may be prescribed apply – including where a customer or transaction deals with these high-risk countries.

[Subclause (3), am per FATF R;10.18, 20 Feb 2024]

5. Counter measures required where high risk countries are identified

Reporting entities are also required as part of ECDD to apply the counter measures provided below:

(a) Democratic People's Republic of Korea (DPRK) also referred as North Korea:

- (i) Reporting entities are urged to give special attention to business relationships and transactions with the DPRK, including DPRK companies, financial institutions, and those acting on their behalf.
- (ii) Reporting entities are urged to apply all the prohibitions under the *Counter Terrorism and Transnational Organised Crime (Targeted Financial Sanctions) Regulations 2023* to business relationships or transactions with the DPRK, including DPRK companies, financial institutions, and those acting on their behalf.
- (iii) Reporting entities are urged to terminate if any, correspondent relationships with DPRK banks.

(b) Iran:

- (i) Reporting entities are urged to increased supervisory examination for branches and subsidiaries of financial institutions based in Iran.
- (ii) Reporting entities are urged 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.
- (iii) Reporting entities are urged to apply all the prohibitions under the *Counter Terrorism and Transnational Organised Crime (Targeted Financial Sanctions) Regulations 2023* to business relationships or transactions with Iran, including Iran companies, financial institutions, and those acting on their behalf.

(c) Myanmar

- (i) Reporting entities are urged to apply Enhanced Due Diligence measures to business relationships and transactions with Myanmar, including Myanmar companies, financial institutions, and those acting on their behalf proportionate to the risk arising from Myanmar. Reporting Entities should increase the degree and nature of monitoring of the business relationship, in order to determine whether those transactions or activities appear unusual or suspicious.
- (ii) When applying enhanced due diligence, countries should ensure that flows of funds for humanitarian assistance, legitimate NPO activity and remittances are neither disrupted nor discouraged. Especially in relation to earthquake relief efforts in Myanmar, the FATF recognises the importance of ensuring that implementation of its Recommendations does not adversely and disproportionately affect NPOs and further, does not unduly hinder civil society and the delivery of humanitarian assistance. The FATF will also continue to monitor whether Myanmar's AML/CFT activities apply undue scrutiny to legitimate financial flows.

The High-Risk Jurisdictions subject to a Call for Action is published on the FATF Website and can be accessed via the link below:

<https://www.fatf-gafi.org/content/fatf-gafi/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-february-2026.html>

6. Who to contact

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