News

High-risk third countries - key changes

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The Financial Action Task Force (FATF) has updated its list of high-risk jurisdictions following its latest plenary session in February 2025. Regulated firms should be aware of these changes and consider any potential implications for their risk assessments and due diligence procedures.

Key Updates:

- Philippines Removed: The FATF has taken the Philippines off its list of jurisdictions under increased monitoring (the 'grey list') following improvements in its anti-money laundering (AML) and counter-terrorist financing (CTF) measures.
- Laos and Nepal Added: These jurisdictions are now under increased monitoring.
- No Changes to the Blacklist: Iran, North Korea, and Myanmar remain on the FATF's list of jurisdictions subject to a call for action.

Under Regulation 33(1)(b) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017), all jurisdictions under increased monitoring or subject to a call for action by FATF are deemed to be high-risk third countries (HRTCs).

Firms must apply specific forms of enhanced due diligence if their client or counterparty is established in a HRTC. These are set out at regulation 33(3A) MLR 2017. Bear in mind, though, that the jurisdictions listed by FATF are not the only ones which pose a risk. For jurisdictions which are not HRTCs, firms must apply a risk-based approach to geographical risk under regulation 33(6)(c) MLR 2017.

Next Steps

The FATF updates its lists regularly following plenary meetings in February, June, and October. We encourage firms to review the latest updates and assess any implications in line with their existing risk-based policies and procedures.

Read more:

- FATF High-Risk Jurisdictions Update [https://www.fatf-gafi.org/content/fatf-gafi/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-february-2025.html]
- Regulation 33 MLR 2017 [https://www.legislation.gov.uk/uksi/2017/692/regulation/33]