

BUSINESS FROM SENSITIVE SOURCES NOTICE (NUMBER 5)

15 December 2007

In its first Business From Sensitive Sources Notice (Business From Sensitive Sources Notice (Number 1)) issued on 18 November 1999, the Commission emphasised the need for financial services businesses to exercise a higher degree of awareness of potential problems associated with certain areas and to exercise a greater level of caution when taking on business from sources which are sensitive from the Commission's point of view. Further information was contained in later Notices. In light of recent developments, it has become necessary to issue this fifth Business From Sensitive Sources Notice.

The FATF non-cooperative countries or territories

Financial services businesses will be aware that no countries or territories are currently listed by the FATF as non-cooperative. However, Myanmar, which was formerly listed as non-cooperative, is listed as a country subject to the FATF's monitoring process. Financial services businesses should apprise themselves of changes to the list of monitored countries and territories, and exercise a greater degree of caution when taking on business from jurisdictions subject to the FATF's monitoring process.

Iran

The Financial Action Task Force is concerned about the Islamic Republic of Iran's lack of a comprehensive AML/CFT regime and has put the following notice on its website.

"The Financial Action Task Force (FATF) is concerned that the Islamic Republic of Iran's lack of a comprehensive anti-money laundering/combating the financing of terrorism (AML/CFT) regime represents a significant vulnerability within the international financial system. FATF calls upon Iran to address on an urgent basis its AML/CFT deficiencies, including those identified in the 2006 International Monetary Fund Article IV Consultation Report for Iran.

FATF members are advising their financial institutions to take the risk arising from the deficiencies in Iran's AML/CFT regime into account for enhanced due diligence.

FATF looks forward to engaging with Iran to address these deficiencies."

In view of the concern of FATF, financial services businesses are advised to give special consideration to business relationships and transactions connected with the Islamic Republic of Iran.

Venezuela

It has come to the attention of the Commission that there may be doubts over the validity of some identity documents issued in Venezuela. In light of widespread corruption in that country, it has been suggested that corrupt officials have been issuing national identity cards and passports to criminals and to individuals with suspected links to terrorist organisations.

It should also be noted that, due to its proximity to the major drug producing country of Colombia, Venezuela has become an important hub for the transport of drugs for consumption in the United States and western Europe.

Financial services businesses are advised to treat business emanating from Venezuela as high risk and to ensure their policies, procedures and controls require enhanced CDD measures to be undertaken on clients providing Venezuelan identity documents.

West Africa

The Commission notes that there has recently been a significant increase in trafficking between South America and west Africa of drugs that are ultimately destined for use in western Europe. A number of the same countries have also been traditionally used as transit points for heroin from south west and south east Asia. Furthermore, it should be noted that people trafficking continues to take place in the

more northerly group of west African countries.

In view of these risks, financial services businesses are advised to give special attention to business relationships and transactions connected with trading through the west African countries of:

Morocco
Mauretania
Senegal
Cape Verde Islands
Guinea-Bissau
Guinea
Sierra Leone
Liberia
Ivory Coast
Ghana

The Commission would be pleased to provide further advice if you have any queries arising from this Notice.