
Corporate Commercial

Financial Action Task Force (FATF) Adds Myanmar to "Blacklist"

On 21 October 2022, the Financial Action Task Force ("FATF") added Myanmar to a group of high-risk countries, known as the "blacklist", citing its failure to make enough progress in addressing illicit financial flows. Myanmar joins North Korea and Iran, which have been on the high-risk list since 2020. However, while North Korea and Iran are subject to a FATF call to apply countermeasures, Myanmar is subject to a FATF call to apply enhanced due diligence measures.

The inclusion means that entities and individuals in Myanmar will face enhanced due diligence from global financial institutions, including increased Know Your Client ("KYC") reporting and checks. Financial institutions may also put in place their own controls, including suspension of any new account openings, undertaking enhanced KYC measures in respect of any international transfers to and from Myanmar individuals, Myanmar entities or entities owned/controlled by Myanmar persons, or closing accounts if there are suspicious transactions.

As such, companies dealing with Myanmar counterparties or persons should at the very least expect delay in any capital transfers. Myanmar persons or those dealing with Myanmar persons should also proactively review their existing arrangements and ensure that any international remittances have legitimate and proper supporting documentation, and consider restructuring their cross border business arrangements to mitigate against the effects of Myanmar's addition to FATF's blacklist.

However, FATF has noted that when applying enhanced due diligence measures, countries should ensure that flows of funds for humanitarian assistance, legitimate non-profit organization (NPO) activity and remittances are not disrupted.

For more information, please see on the following links (available at the FATF website at <https://www.fatf-gafi.org/>):

- Publications – "[High-Risk Jurisdictions subject to a Call for Action – 21 October 2022](#)"
- Publications – "[Outcomes FATF Plenary, 20-21 October 2022](#)"

Contacts



Dr Min Thein
Managing Partner, Rajah &
Tann Myanmar Company
Limited

D +959 7304 0763

min.thein@rajahtann.com



Chester Toh
Director, Rajah & Tann
Myanmar Company Limited

D +959 7304 0763
+65 6232 0220

chester.toh@rajahtann.com



Jainil Bhandari
Director, Rajah & Tann
Myanmar Company Limited

D +65 6232 0601

jainil.bhandari@rajahtann.com



Lester Chua
Director, Rajah & Tann
Myanmar Company Limited

D +959 979 524 285
+65 6232 0561

lester.chua@rajahtann.com



Hiroyuki Ota
Partner (Foreign Lawyer),
Rajah & Tann Singapore

D +65 6232 0956

hiroyuki.ota@rajahtann.com



Alroy Chan
Partner, Rajah & Tann
Myanmar Company Limited

D +65 6232 0481

alroy.chan@rajahtann.com

Our Regional Contacts

RAJAH & TANN | *Singapore*

Rajah & Tann Singapore LLP

T +65 6535 3600
sg.rajahtannasia.com

R&T SOK & HENG | *Cambodia*

R&T Sok & Heng Law Office

T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP
Shanghai Representative Office**

T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

Assegaf Hamzah & Partners

Jakarta Office

T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office

T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Lao PDR*

Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*

Christopher & Lee Ong

T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

RAJAH & TANN | *Myanmar*

Rajah & Tann Myanmar Company Limited

T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

RAJAH & TANN | *Thailand*

R&T Asia (Thailand) Limited

T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

Rajah & Tann LCT Lawyers

Ho Chi Minh City Office

T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

Hanoi Office

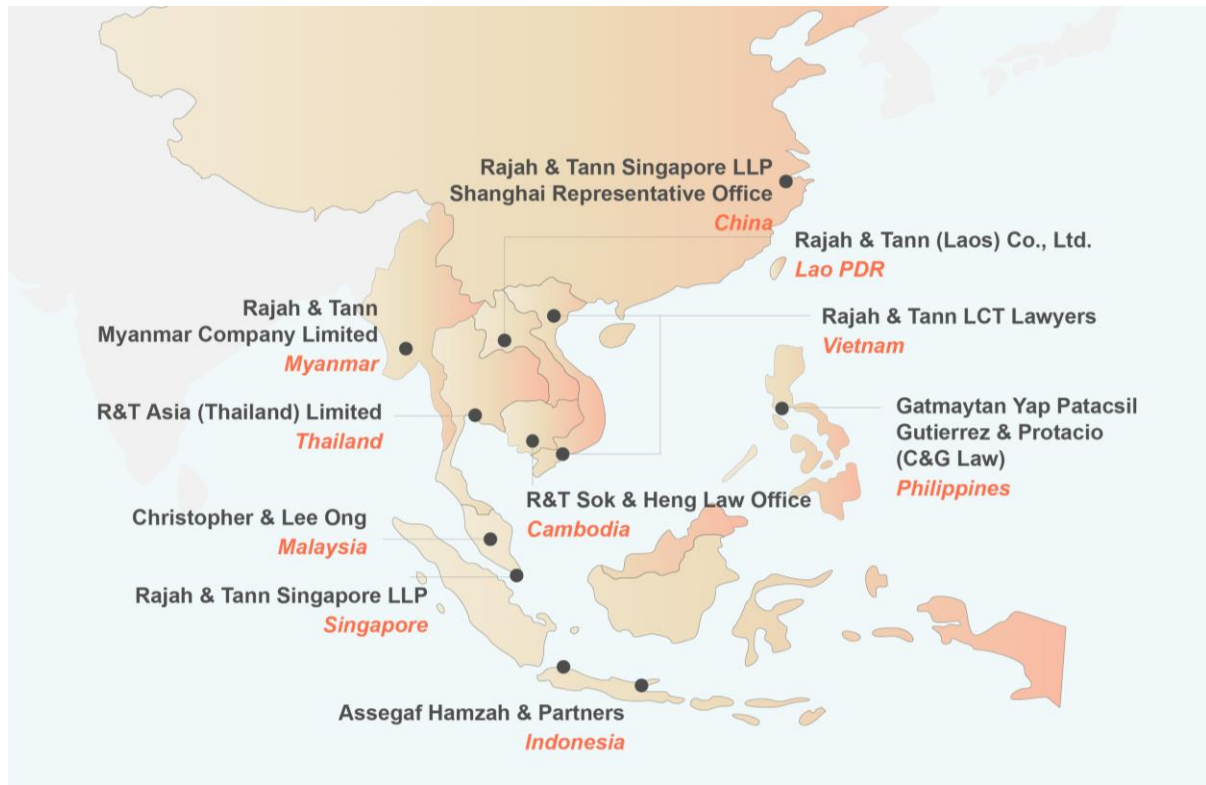
T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

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