OPTIMA

Regulatory Alert

The Financial Action Task Force Updates the List of Jurisdictions under Increased Monitoring

Of particular interest to: All UK firms

IN BRIEF

On 19 June 2026, the Financial Action Task Force ("FATF") published updates to the list of Jurisdictions under Increased Monitoring, commonly known as the 'Grey List', following the 17-19 June 2026 Plenary meeting. The Grey List includes countries with weaknesses in their anti-money laundering ("AML") and countering the financing of terrorism ("CFT") regimes and that are actively cooperating with the FATF and have committed to resolve these deficiencies.

SUMMARY

The updates include the additions of Bosnia and Herzegovina and Iraq to the Grey List. At the same Plenary, the FATF removed Algeria and Namibia from its list of jurisdictions under increased monitoring following successful on-site visits. The FATF also made initial determinations that Bulgaria, Côte d'Ivoire, the Democratic Republic of the Congo, and Monaco have substantially completed their action plans and warrant on-site assessments. There were no changes to the list of High-Risk Jurisdictions subject to a Call for Action, also known as the 'Black List', with the Democratic People's Republic of Korea (“DPRK”), Iran and Myanmar remaining on the list. There are now twenty-two jurisdictions on the Grey List, as follows:

- Angola
- Bolivia
- Bosnia and Herzegovina
- Bulgaria
- Cameroon
- Côte d'Ivoire
- Democratic Republic of the Congo
- Haiti
- Iraq
- Kenya
- Kuwait
- Lao PDR
- Lebanon
- Monaco
- Nepal
- Papua New Guinea

- South Sudan
- Syria
- Venezuela
- Vietnam
- Virgin Islands (UK)
- Yemen

BOSNIA AND HERZEGOVINA

In June 2026, Bosnia and Herzegovina made a high-level political commitment to work with the FATF and MONEYVAL, having made progress since the adoption of its Mutual Evaluation Report ("MER") in December 2024. It will continue to work with the FATF to deepen its understanding of AML and CFT risks, strengthen the supervision of Designated Non-Financial Businesses and Professions ("DNFBPs"), improve the availability of beneficial ownership information, increase money-laundering investigations and prosecutions, and strengthen its terrorist financing ("TF") and proliferation financing ("PF") frameworks.

IRAQ

In June 2026, Iraq made a high-level political commitment to work with the FATF and MENAFATF, having made progress since the adoption of its MER in November 2024. It will continue to work with the FATF to enhance its understanding of ML/TF risks, regulate virtual asset service providers and informal value transfer services, improve beneficial ownership measures and Suspicious Transaction Report ("STR") reporting, increase money-laundering and TF investigations and prosecutions, and strengthen its non-profit organisation oversight and PF sanctions framework.

ALGERIA AND NAMIBIA

Following successful on-site visits, the FATF removed Algeria and Namibia, recognising that both jurisdictions have completed their Action Plans within agreed timeframes and will no longer be subject to the FATF's increased monitoring process. Algeria will continue working with MENAFATF and Namibia with ESAAMLG to sustain their improvements.

ACTIONS TO BE TAKEN BY FIRMS

Firms should note that, from 30 June 2026, the Money Laundering and Terrorist Financing (Amendment) Regulations 2026 amend the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the "MLRs") to narrow mandatory jurisdiction-based enhanced customer due diligence ("EDD") to FATF "Call for Action" countries (the "Black List"). Previously, mandatory EDD applied to customers and transactions linked to both categories of FATF-listed high-risk third countries; that is, both the 'Black List' and the 'Grey List'. Accordingly, the addition of Bosnia and Herzegovina and Iraq to the Grey List will not, of itself, trigger a mandatory EDD requirement under the amended MLRs.

Firms remain required, however, to take a risk-based approach. Where a business relationship or transaction connected to a Grey List jurisdiction is assessed as higher risk, EDD and enhanced ongoing monitoring should still be applied.

Firms are also recommended to update their business-wide risk assessments, reflecting the new status of Bosnia and Herzegovina and Iraq, and the removal of Algeria and Namibia, and reconsidering their risk-rating contained within country risk methodologies. It is further recommended to assess any existing customers located in these jurisdictions and update training materials and policies and procedures as required.

USEFUL LINKS

Outcomes FATF Plenary, 17-19 June 2026

Jurisdictions under Increased Monitoring - 19 June 2026

High-Risk Jurisdictions subject to a Call for Action - 19 June 2026

The Money Laundering and Terrorist Financing (Amendment) Regulations 2026

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017