



October 12, 2007

TO: All Banks  
All Foreign Bank Branches  
Federally Regulated Trust and Loan Companies  
Federally Regulated Life Insurance Companies  
Federally Regulated Property and Casualty Insurance Companies  
Federally Regulated Cooperative Credit Associations  
Fraternal Benefit Societies

cc: Provincial Regulators and Supervisors  
Canadian Association of Direct Response Insurers  
Canadian Bankers Association  
Canadian Fraternal Association  
Canadian Life and Health Insurance Association  
Canadian Securities Administrators  
Credit Union Central of Canada  
Insurance Bureau of Canada  
Investment Dealers Association of Canada  
Trust Companies Association of Canada

**RE: Financial Action Task Force (FATF) Statement on Iran**

In an October 11, 2007 statement, the Financial Action Task Force (FATF) announced that it is concerned that the Islamic Republic of Iran's lack of comprehensive anti-money laundering / combating the financing of terrorism (AML/CFT) regime represents a significant vulnerability within the international financial system. The FATF has called 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*. The FATF has further indicated that it looks forward to engaging with Iran to address these deficiencies

The statement also says that 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. Canada has been a member of the FATF since its inception in 1989.

The text of the FATF statement can be found at:

<http://www.fatf-gafi.org/dataoecd/1/2/39481684.pdf>

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Accordingly, financial institutions should give heightened attention to transactions related to Iran. You are also reminded of your obligations under Canada's *Regulations Implementing the United Nations Resolution on Iran*. For further information on these Regulations, please refer to OSFI's website at:

[http://www.osfi-bsif.gc.ca/osfi/index\\_e.aspx?ArticleID=1720](http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?ArticleID=1720)

Thank you for your co-operation in this matter.

Robert Hanna  
Assistant Superintendent, Regulation Sector