

	Consolidated list of FATF Indicators	Other sources / Further explanation
Geography/Jurisdiction	Transaction involves foreign country of proliferation concern.	North Korea and Iran are currently top of the list as it relates to countries of proliferation concern. However, other countries and actors may also seek components for WMD and related delivery systems (for example Syria). Similarly, North Korea has been known to supply conventional arms to other parties, in particular Syria, Egypt, the UAE, Yemen and Iran.
	Transaction involves foreign country of diversion concern.	China and certain Southeast Asian jurisdictions are known to host extensive North Korean corporate networks directed by Pyongyang. In China these companies are especially active in Liaoning and Jilin province.
	Trade finance transaction shipment route through jurisdiction with weak export control laws or enforcement.	FFIEC: "Customers shipping items through high-risk jurisdictions, including transit through non-cooperative countries" Financial institutions may consult the list of "high risk" and "non-cooperative" jurisdictions issued by FATF: http://www.fatf-gafi.org/countries/#high-risk
	Transaction involves entities located in jurisdiction with weak export control laws or enforcement.	As above.
	Transaction involves shipment of goods inconsistent with normal geographic trade patterns.	Financial institutions should raise questions with their client if goods are shipped through several jurisdictions for no apparent reason (ie. Does not make economic sense).
	Transaction involves shipment of goods incompatible with the technical level of the country to which it is being shipped.	While it is difficult for financial institutions to adequately determine the technical capabilities of all countries, a determination can be made by establishing whether receiving countries have industries or sectors involved in (legal) nuclear or missile-related manufacturing or trade.
	Wolfsberg Group: "Improbable goods, origins, quantities, destination"	
	Transaction involves FI with known deficiencies in AML/CFT controls or located in weak export control and enforcement jurisdiction.	It is generally believed that North Korea has used correspondent accounts held with Chinese banks to facilitate its international financial transfers.

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Trade Documentation	Based on the documentation obtained in the transaction, the declared value of shipment was obviously under-valued vis-à-vis shipment cost.	FCA: "The shipment does not make economic sense" While compliance staff in financial institutions will find it difficult to make a determination whether a specific good is under or over-valued, care should be exercised where it is obvious that the transaction makes little financial sense, either for the seller or the buyer.
	Inconsistencies between information contained in trade documents and financial flows (names, addresses, destinations).	Wolfsberg Group: Covers discrepancies in documents, for example: "Goods descriptions differ significantly" between invoicing and shipping documents, or involves unexplained third parties FCA: "Signifiant discrepancies appear between the descriptions of the goods on the bill of lading and the actual goods" and "changes in shipment locations ... or changes in the quality of the goods shipped"
	Freight forwarding company listed as final destination.	N/A
	N/A	FCA: Obvious alterations to third-party documents, eg. customs forms as well as "unusual codes, markings or stamps" BAFT: "Trade-related documentation ... appears illogical, altered, fraudulent or certain documentation is absent that would be expected given the nature of the transaction"

Source: *Countering Proliferation Finance: An Introductory Guide for Financial Institutions*, Royal United Services Institute for Defense and Security Studies, April 2017, Appendix 2. Available for download at

<https://rusi.org/publication/other-publications/countering-proliferation-finance-introductory-guide-financial>

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Customer	Customer activity does not match business profile or end-user information does not match end-user's business profile.	<p>Wolfsberg Group: The transaction is "beyond capacity or substance of customer" and "totally out of line with customer's known business"</p> <p>FCA: "The customer wishes to engage in transactions that lack business sense of apparent investment strategy, or are inconsistent with the customer's stated business strategy" or their "historical pattern of trade activity"</p> <p>Financial institutions will need to understand the nature of a client's business and the clients and jurisdictions with whom they usually trade . The institution should also have an awareness of which of its clients trade in sensitive goods and technology and be aware of deviations in normal trading patterns of those clients.</p>
	Order for goods placed by firms/individuals from foreign countries other than the country of the stated end-user.	N/A
	Customer vague/incomplete on information it provides, resistant to providing additional information when queried.	FCA: Indicators include customer acting excessively/aggressively or is "reluctant to provide clear answers to routine financial, commercial, technical, or other questions"
	New customer requests letter of credit awaiting approval of new account.	N/A
	The customer or counter-party or its address is similar to one of the parties found on publicly available lists of 'denied persons' or has a history of export control contraventions.	Financial institutions should consult international sanctions lists related to proliferation activities. However, financial institutions should also maintain a list of entities and persons not yet designated, but who are known to have connections to proliferation activities.

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Transaction	Transaction demonstrates links between representatives of companies exchanging goods (same owner or management).	<p>FCA: "Transacting businesses share the same address, provide only a registered agent's address, or have other address inconsistencies"</p> <p>BAFT: "Transacting parties appear to ... conduct business out of a residential address, or provide only a registered agent's address"</p> <p>In addition to transactions involving connected parties, financial institutions should also be wary of any transacting parties who share addresses or other identifying information with designated entities or entities known to be involved in proliferation activities.</p>
	Transaction involves possible shell companies.	N/A
	Wire transfer/payment from or due to parties not identified on the original letter of credit or other information.	<p>FCA: "Transaction involves an unusual intermediary or number of intermediaries" or "payment is to be made to beneficiary's account held in another country other than the beneficiary's stated location"</p> <p>FFIEC: A customer requests payment of proceeds to an unrelated third party</p>
	Pattern of wire transfer activity that shows unusual patterns or has no apparent purpose.	Wolfsberg Group: Payment instructions are "illogical", contain "last minute changes" or there is an "unusual complexity and or unconventional use of financial products"
	Circuitous route of shipment and/or circuitous route of financial transaction.	<p>BAFT: "Transaction structure and/or shipment terms appear unnecessarily complex or unusual and designed to obscure the true nature of the transaction"</p> <p>FCA: "The transaction is an offshore shipment" (the transaction happens in Country A, for a shipment between Country B and C).</p>