CENTRALE BANK VAN ARUBA

December 1, 2010

To the managements of all supervised
financial institutions

CMB/cmb/1.13/2.42/2.43/SUP/11912

Subject: FATF statements dated October 22, 2010 / FATF/2010-3

Dear Management,

With due regard to international standards, legislation and regulation in the area of customer due diligence and prevention and combating of money laundering and financing of terrorism (AML/CTF), the Centrale Bank van Aruba (CBA) urges all supervised financial institutions to take duly notice of the information contained in this letter and the required follow-up actions that need to be taken.

You are aware of the Financial Action Task Force Recommendation 21 ("R21") which states:

"Financial institutions should give special attention to business relationships and transactions with persons, including companies and financial institutions, from countries which do not or insufficiently apply the FATF Recommendations. Whenever these transactions have no apparent economic or visible lawful purpose, their background and purpose should, as far as possible, be examined, the findings established in writing, and be available to help competent authorities. Where such a country continues not to apply or insufficiently applies the FATF Recommendations, countries should be able to apply appropriate countermeasures".

By letters of March 11, 2010 (CMB/lcw/1.13/2.42/2.43/SUP/10333) and July 20, 2010 (CMB/lcw/1.13/2.42/2.43/11168), the CBA sent you similar letters regarding previous FATF Public Statements dated February 18, 2010 and June 25, 2010 and FATF documents of the same dates titled "Improving Global AML/CFT Compliance: On-going Process". In said letters you were required to take certain follow-up actions (these letters can also be found on the CBA's website under "Financial Sanctions"). This new letter is a follow-up of the FATF statements of June 25, 2010. The purpose of this new letter is to draw to your urgent attention to the recent FATF Public Statement dated October 22, 2010 (enclosure 1) and the FATF document of October 22, 2010 titled "Improving Global AML/CFT Compliance: On-going Process" (enclosure 2).

It is important to take good notice of the category change applicable to some countries when comparing the FATF Statements of February 18, 2010 with the one of June 25, 2010 and with the FATF Statements of October 22, 2010.

Also note that the following countries have been added to the list of countries mentioned in the document of October 22, 2010 titled "Improving Global AML/CFT Compliance: On-going Process":

- Bangladesh
- Ghana
- Honduras
- Philippines

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- Tanzania
- Venezuela
- Vietnam

The two FATF documents of October 22, 2010 relate to R21 in that they identify countries that fall into the following three categories:

A. Document 1 – Public Statement

Category One
Into this category falls **Iran.** The FATF reaffirms its call on members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions. In addition to enhanced scrutiny, the FATF reaffirms its call on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from Iran. FATF continues to urge jurisdictions to protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and to take into account ML/FT risks when considering requests by Iranian financial institutions to open branches and subsidiaries in their jurisdiction.

Category Two
Into this category falls **Democratic People's Republic of Korea.** The FATF calls on its members to consider the risks arising from the deficiencies associated with this jurisdictions, given it has not committed to the AML/CFT international standards nor has it responded to the FATF's numerous requests for engagement on these issues.

Note that São Tomé and Príncipe do not fall into this category anymore but fall now into category three below.

B. Document Two - Improving Global AML/CFT Compliance: On-going Process

Category Three
Into this category falls **Angola, Antigua and Barbuda, Bangladesh, Bolivia, Ecuador, Ethiopia, Ghana, Greece, Honduras, Indonesia, Kenya, Morocco, Myanmar, Nepal, Nigeria, Pakistan, Paraguay, Philippines, São Tomé and Príncipe, Sri Lanka, Sudan, Syria, Tanzania, Thailand, Trinidad and Tobago, Turkey, Turkmenistan, Ukraine, Venezuela, Vietnam, Yemen.** The document outlines the specific areas of weaknesses and requests member jurisdictions consider the risks that arise.

Note that Azerbaijan and Qatar (who previously fell into the Category Three Countries) have been removed from the FATF monitoring process as they have substantially addressed the strategic deficiencies identified in their action plans.

The purpose of this letter is to ensure that senior management of the regulated entities is informed of these important issues and to request that it emphasizes the importance of this communication to its compliance officer and inform its management team of the risks associated with business involving these various jurisdictions.

In addition to this important awareness raising, the CBA requires that regulated entities take the following specific actions with regard to the three categories of FATF listed countries:

Category One Action – the CBA requires regulated entities to:

a) Conduct review of their client base on an ongoing basis to identify relationships or transactions with any connection to the Category One country.
b) Report such relationships or transactions to the CBA as soon as identified.
c) Any relationship or transaction found must be exited or rated ultra high risk and may only be continued if the regulated entity is satisfied it can monitor and mitigate the risks associated with such business.
d) Document its risk assessment and monitoring/mitigation strategy and have the document available should the CBA wish to evaluate it.
e) Record the progress of compliance with this action (or otherwise) in the board minutes.

All regulated entities are required to strictly comply with aforementioned instructions. The CBA will verify during the supervisory examinations whether this is done. Note in this respect that non-compliance will be treated very seriously.

Category Two Action – the CBA requires regulated entities to:

a) Review their client base on an ongoing basis to identify relationships or transactions with any connection to the Category Two country.
b) Any relationship or transaction found must be exited or (taking into account other information) rated at least high risk and may only be continued if the regulated entity is satisfied it can monitor and mitigate the risks associated with such business.
c) Document its risk assessment and monitoring/mitigation strategy and have the document available should the CBA wish to evaluate it.
d) Record the progress of compliance with this action (or otherwise) in the board minutes.

All regulated entities are required to strictly comply with aforementioned instructions. The CBA will verify during the supervisory examinations whether this is done. Note in this respect that non-compliance will be treated very seriously.

Category Three Action – the CBA requires regulated entities to:

a) Review their client base to identify relationships or transactions with any connection to a Category Three country by January 31, 2011. Also with regard to the new countries added to this category.
b) Re-evaluate its risk assessment of the relationship taking this new and any other information held.
c) Document its risk assessment and monitoring/mitigation strategy and have the document available should the CBA wish to evaluate it.
d) Record the progress of compliance with this action (or otherwise) in the board minutes.

DEADLINE: Please conclude the review of your client base by January 31, 2011. It is **not** necessary to send the results of your findings to the CBA. However, supervisory examinations are likely to check that the work has been carried out. Non-compliance will be treated seriously.

Regulated entities will obviously consider conducting enhanced due diligence where customers are rated high risk. Entities should also bear in mind several of the listed jurisdictions are subject to sanctions measures, such as EU and UN Sanctions. Finally, of course, entities should consider their overall obligations to report unusual transactions to the MOT.

Note also that, as mentioned in the previous letters of the CBA dated March 11 and July 20, 2010, these letters relating to money laundering and terrorist financing matters, will be numbered sequentially and also placed in the designated area "Financial Sanctions" on the CBA's website www.cbaruba.org.

Sincerely yours,

Penelope Thompson

Centrale Bank van Aruba

Enclosures: 2

Enclosure 1

FATF Public Statement

Paris, 22 October 2010 - The Financial Action Task Force (FATF) is the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT). In order to protect the international financial system from ML/FT risks and to encourage greater compliance with the AML/CFT standards, the FATF identified jurisdictions that have strategic deficiencies and, along with the FATF-style regional bodies (FSRBs), works with them to address those deficiencies that pose a risk to the international financial system. The FATF and the relevant FSRBs will continue to work with the jurisdictions below and report on their progress in addressing the identified deficiencies.

1. Jurisdictions subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the ongoing and substantial money laundering and terrorist financing (ML/TF) risks emanating from the jurisdiction *:
Iran
2. Jurisdictions with strategic AML/CFT deficiencies that have not committed to an action plan developed with the FATF to address key deficiencies as of October 2010. The FATF calls on its members to consider the risks arising from the deficiencies associated with the jurisdiction, as described below.
Democratic People's Republic of Korea (DPRK)

* The FATF has previously issued public statements calling for counter-measures on Iran. Those statements are updated below.

1. Jurisdictions subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the ongoing and substantial money laundering and terrorist financing (ML/TF) risks emanating from the jurisdiction:

Iran

The FATF welcomes the recent steps that Iran has taken to engage with the FATF, but remains concerned by Iran's failure to meaningfully address the ongoing and substantial deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime. The FATF remains particularly concerned about Iran's failure to address the risk of terrorist financing and the serious threat this poses to the integrity of the international financial system. The FATF urges Iran to immediately and meaningfully address its AML/CFT deficiencies, in particular by criminalising terrorist financing and effectively implementing suspicious transaction reporting (STR) requirements.

The FATF reaffirms its call on members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions. In addition to enhanced scrutiny, the FATF reaffirms its 25 February 2009 call on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from Iran. FATF continues to urge jurisdictions to protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and to take into account ML/FT risks when considering requests by Iranian financial institutions to open branches and subsidiaries in their jurisdiction. If Iran fails to take concrete steps to improve its AML/CFT regime, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in February 2011.

2. Jurisdictions with strategic AML/CFT deficiencies that have not committed to an action plan developed with the FATF to address key deficiencies as of October 2010. The FATF calls on its members to consider the risks arising from the deficiencies associated with the jurisdiction, as described below.

Democratic People's Republic of Korea (DPRK)

The Democratic People's Republic of Korea (DPRK) has not committed to the AML/CFT international standards, nor has it responded to the FATF's numerous requests for engagement on these issues. DPRK's lack of a comprehensive AML/CFT regime poses a risk to the international financial system. DPRK should work with the FATF to develop a viable AML/CFT regime in line with international standards.

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Enclosure 2

Improving Global AML/CFT Compliance: update on-going process

Paris, 22 October 2010 - As part of its ongoing review of compliance with the AML/CFT standards, the FATF has to date identified the following jurisdictions which have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF. While the situations differ among each jurisdiction, each jurisdiction has provided a written high-level political commitment to address the identified deficiencies. FATF welcomes these commitments.

A large number of jurisdictions have not yet been reviewed by the FATF. The FATF continues to identify additional jurisdictions, on an ongoing basis, that pose a risk in the international financial system. The new jurisdictions identified in this document are: Bangladesh, Ghana, Honduras, Philippines, Tanzania, Venezuela, and Vietnam. The FATF has additionally begun initial reviews of a number of other jurisdictions as part of this process and will present its findings next year.

The FATF and the FSRBs will continue to work with the jurisdictions noted below and to report on the progress made in addressing the identified deficiencies. The FATF calls on these jurisdictions to complete the implementation of action plans expeditiously and within the proposed timeframes. The FATF will closely monitor the implementation of these action plans and encourages its members to consider the information presented below.

Angola

In June 2010, Angola made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since June, Angola has taken steps towards improving its AML/CFT regime, including by enacting an AML/CFT law and ratifying the UN Convention on Transnational Organised Crime. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Angola will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (3) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets (Special Recommendation III); and (4) ratifying the UN Convention for the Suppression of the Financing of Terrorism. The FATF encourages Angola to address its remaining deficiencies and continue the process of implementing its action plan.

Antigua and Barbuda

In February 2010, Antigua and Barbuda made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since June, Antigua and Barbuda has taken steps towards improving its AML/CFT regime, including by passing the Cooperative Societies Bill framework. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Antigua and Barbuda should continue to work on implementing its action plan to address these deficiencies, including by: (1) implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); (2) continuing to improve the overall supervisory framework (Recommendation 23); and (3) enhancing financial transparency (Recommendation 4). The FATF encourages Antigua and Barbuda to address its remaining deficiencies and continue the process of implementing its action plan.

Bangladesh

In October 2010, Bangladesh made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Bangladesh has taken steps towards improving its AML/CFT regime. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Bangladesh will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (5) improving suspicious transaction reporting requirements (Recommendation 13 and Special Recommendation IV); and (6) improving international cooperation (Recommendations 36 and 39 and Special Recommendation V). The FATF encourages Bangladesh to address its remaining deficiencies and continue the process of implementing its action plan.

Bolivia

In February 2010, Bolivia made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic deficiencies remain. Bolivia should continue to work on implementing its action plan to address these deficiencies, including by: (1) ensuring adequate criminalisation of money laundering g (Recommendation 1); (2) adequately criminalizing terrorist financing (Special Recommendation II); (3) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); and (4) establishing a fully operational and effective Financial Intelligence Unit (Recommendation 26). The FATF encourages Bolivia to address its remaining deficiencies and continue the process of implementing its action plan.

Ecuador

In June 2010, Ecuador made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. Since June, Ecuador has taken steps towards improving its AML/CFT regime, including by tabling a revised AML/CFT law. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Ecuador will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); and (4) reinforcing and improving coordination of financial sector supervision (Recommendation 23). The FATF encourages Ecuador to address its remaining deficiencies and continue the process of implementing its action plan.

Ethiopia

In June 2010, Ethiopia made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Ethiopia will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing an adequate legal framework and procedures to identify and freeze terrorist assets (Special Recommendation III); (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (4) raising awareness of AML/CFT issues within the law enforcement community (Recommendation 27); and (5) implementing effective, proportionate and dissuasive sanctions in order to deal with natural or legal persons that do not comply with the national AML/CFT requirements (Recommendation 17). The FATF encourages Ethiopia to address its remaining deficiencies and continue the process of implementing its action plan.

Ghana

In October 2010, Ghana made a high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies. Ghana has taken steps towards improving its AML/CFT regime. However, the FATF has determined that strategic AML/CFT deficiencies remain. Ghana will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate measures for the confiscation of funds related to money laundering (Recommendation 3); (3) establishing effective CDD measures (Recommendation 5); (4) establishing a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (5) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III). The FATF encourages Ghana to address its remaining deficiencies and continue the process of implementing its action plan.

Greece

In February 2010, Greece made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since June, Greece has taken steps towards improving its AML/CFT regime, including by taking measures to enhance the effectiveness of the FIU and adopting legislation to adequately criminalise terrorist financing. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Greece should continue to work on implementing its action plan to address these deficiencies, including by: (1) improving exisiting mechanisms and procedures for freezing terrorist assets under UNSCR 1373 (Special Recommendation III); and (2) further enhancing the effectiveness of the FIU (Recommendation 26). The FATF encourages Greece to address its remaining deficiencies and continue the process of implementing its action plan.

Honduras

In October 2010, Honduras made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Honduras has taken steps towards improving its AML/CFT regime. However, the FATF has determined that strategic AML/CFT deficiencies remain. Honduras will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (4) improving and broadening CDD measures (Recommendation 5). The FATF encourages Honduras to address its remaining deficiencies and continue the process of implementing its action plan.

Indonesia

In February 2010, Indonesia made a high-level political commitment to work with the FATF and the APG to address its strategic AML/CFT deficiencies. Since June, Indonesia has taken steps towards improving its AML/CFT regime, including by approving a new AML law on October 2010. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Indonesia should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) ensuring effective criminalisation of money laundering (Recommendation 1); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); and (3) amending and implementing laws or other instruments to fully implementing the 1999 International Convention for the Suppression of Financing of Terrorism (Special Recommendation I). The FATF encourages Indonesia to address its remaining deficiencies and continue the process of implementing its action plan.

Kenya

In February 2010, Kenya made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Kenya should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (3) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); (4) raising awareness of AML/CFT issues within the law enforcement community (Recommendation 27); and (5) implementing effective, proportionate and dissuasive sanctions in order to deal with natural or legal persons that do not comply with the national AML/CFT requirements (Recommendation 17). The FATF encourages

Kenya to address its remaining deficiencies and continue the process of implementing its action plan.

Morocco

In February 2010, Morocco made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since June, Morocco has taken steps towards improving its AML/CFT regime, including by taking initial steps to make the FIU more operational. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Morocco should continue to work on implementing its action plan to address these deficiencies, including by: (1) amending the penal code to extend the scope of the ML and FT offences (Recommendation 1 and Special Recommendation II); (2) amending relevant laws or regulations to address deficiencies in customer due diligence requirements (Recommendation 5); and (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26). The FATF encourages Morocco to address its remaining deficiencies and continue the process of implementing its action plan.

Myanmar

In February 2010, Myanmar made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Myanmar should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) strengthening the extradition framework in relation to terrorist financing (Recommendation 35 and Special Recommendation I); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (5) enhancing financial transparency (Recommendation 4); and (6) strengthening customer due diligence measures (Recommendations 5). The FATF encourages Myanmar to address its remaining deficiencies and continue the process of implementing its action plan.

Nepal

In February 2010, Nepal made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since June, Nepal has taken steps towards improving its AML/CFT regime, including by tabling draft amendments on money laundering and terrorist financing. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nepal should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); and (4) enacting and implementing appropriate mutual legal assistance legislation (Recommendation 36). The FATF encourages Nepal to address its remaining deficiencies and continue the process of implementing its action plan.

Nigeria

In February 2010, Nigeria made a high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nigeria should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) ensuring that relevant laws or regulations address deficiencies in customer due diligence requirements and that they apply to all financial institutions (Recommendation 5); and (4) demonstrating that AML/CFT supervision is undertaken effectively across the financial sector (Recommendation 23). The FATF encourages Nigeria to address its remaining deficiencies and continue the process of implementing its action plan.

Pakistan

In June 2010, Pakistan made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since June, Pakistan has taken steps towards improving its AML/CFT regime, including by broadening the scope of ML predicate offences. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Pakistan will work on implementing its action plan to address these deficiencies, including by (1) demonstrating adequate criminalisation of money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) demonstrating adequate procedures to identify, freeze and confiscate terrorist assets (Special Recommendation III); (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (4) demonstrating effective regulation of money service providers, including an appropriate sanctions regime, and increasing the range of ML/FT preventive measures for these services (Special Recommendation VI); and (5) improving and implementing effective controls for cross-border cash transactions (Special Recommendation IX). The FATF encourages Pakistan to address its remaining deficiencies and continue the process of implementing its action plan.

Paraguay

In February 2010, Paraguay made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. Since June, Paraguay has taken steps towards improving its AML/CFT regime, including by establishing some fundamental CDD measures. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Paraguay should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing and implementing adequate procedures to identify, freeze and confiscate terrorist assets (Special Recommendation III); (2) improving financial transparency (Recommendation 4); (3) improving and broadening customer due diligence measures (Recommendation 5); and (4) implementing effective controls for cross-border cash transactions (Special Recommendation IX). The FATF encourages Paraguay to address its remaining deficiencies and continue the process of implementing its action plan.

Philippines

In October 2010, the Philippines made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. The Philippines has taken steps towards improving its AML/CFT regime. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. The Philippines will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) implementing adequate procedures to identify and freeze terrorist assets and confiscate funds related to money laundering (Special Recommendation III and Recommendation 3); (3) enhancing financial transparency (Recommendation 4); (4) ensuring capacity and financial resources for competent authorities (Recommendation 30); and (5) establishing effective CDD measures (Recommendation 5). The FATF encourages the Philippines to address its remaining deficiencies and continue the process of implementing its action plan.

São Tomé and Príncipe

In October 2010, São Tomé and Príncipe made a high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. São Tomé and Príncipe will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (3) ensuring that financial institutions and DNFBPs are subject to adequate AML/CFT regulation and supervision, and that competent authority or authorities have been designated to ensure compliance with AML/CFT requirements (Recommendations 23, 24 and 29); (4) implementing effective, proportionate and dissuasive sanctions in order to deal with natural or legal persons that do not comply with the national AML/CFT requirements (Recommendation 17); and (5) taking the necessary action to gain membership of GIABA. The FATF encourages São Tomé and Príncipe to address its remaining deficiencies and continue the process of implementing its action plan.

Sri Lanka

In February 2010, Sri Lanka made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Sri Lanka should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III). The FATF encourages Sri Lanka to address its remaining deficiencies and continue the process of implementing its action plan.

Sudan

In February 2010, Sudan made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since June, Sudan has taken steps towards improving its AML/CFT regime, including by conducting outreach to financial institutions on AML/CFT obligations and taking initial steps to operationalise the FIU. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Sudan should continue to work on implementing its action plan to address these deficiencies, including by: (1) implementing adequate procedures for identifying and freezing terrorist assets (Special Recommendation III); (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (3) ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT (Recommendation 13 and Special Recommendation IV); and (4) implementing a supervisory programme for the regulators to ensure compliance with the provisions of the new law and regulations (Recommendation 23). The FATF encourages Sudan to address its remaining deficiencies and continue the process of implementing its action plan.

Syria

In February 2010, Syria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Syria should continue to work on implementing its action plan to address these deficiencies, including by: (1) adopting adequate measures to implement and enforce the 1999 International Convention for the Suppression of Financing of Terrorism (Special Recommendation I); (2) adequately criminalising terrorist financing (Special Recommendation II); (3) implementing adequate procedures for identifying and freezing terrorist assets (Special Recommendation III); (4) ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT (Recommendation 13 and Special Recommendation IV) and (5) adopting appropriate laws and procedures to provide mutual legal assistance (Recommendations 36-38, Special Recommendation V). The FATF encourages Syria to address its remaining deficiencies and continue the process of implementing its action plan.

Tanzania

In October 2010, Tanzania made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Tanzania has taken steps towards improving its AML/CFT regime. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Tanzania will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets as well as implementing the UNSCR 1267 and 1373 through law, regulations or other enforceable means (Special Recommendation III); (3) establishing effective CDD measures (Recommendation 5); (4) establishing adequate record-keeping requirements (Recommendation 10); (5) establishing a fully operational and effectively functioning national Financial Intelligence Unit (Recommendation 26); and (6) designating competent authorities to ensure compliance with AML/CFT requirements (Recommendation 23). The FATF encourages Tanzania to address its remaining deficiencies and continue the process of implementing its action plan.

Thailand

In February 2010, Thailand made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic

AML/CFT deficiencies remain. Thailand should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); and (3) further strengthening AML/CFT supervision (Recommendation 23). The FATF encourages Thailand to address its remaining deficiencies and continue the process of implementing its action plan.

Trinidad and Tobago

In February 2010, Trinidad and Tobago made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Trinidad and Tobago should continue to work on implementing its action plan to address these deficiencies, including by: (1) implementing adequate procedures to identify and freeze terrorist assets without delay (Special Recommendation III); (2) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); and (3) establishing a fully operational and effectively functioning FIU, including supervisory powers (Recommendation 26). The FATF encourages Trinidad and Tobago to address its remaining deficiencies and continue the process of implementing its action plan.

Turkey

In February 2010, Turkey made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since June, Turkey has taken steps towards improving its AML/CFT regime, including by working on draft CFT legislation. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Turkey should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); and (2) implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III). The FATF encourages Turkey to address its remaining deficiencies and continue the process of implementing its action plan.

Turkmenistan

In June 2010, Turkmenistan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. Since June, Turkmenistan has taken steps towards improving its AML/CFT regime, including by holding training workshops to build the capacity of its FIU. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Turkmenistan will work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining issues with the criminalisation of money laundering and terrorist financing (Recommendation 1 and Special Recommendation II), (2) implementing adequate procedures to identify and freeze terrorist assets without delay (Special Recommendation III); (3) ensuring a fully operational and effectively functioning FIU (Recommendation 26), (4) developing collaboration between the FIU and domestic counterparts, including supervisory authorities, and (5) strengthening international cooperation. The FATF encourages Turkmenistan to address its remaining deficiencies and continue the process of implementing its action plan.

Ukraine

In February 2010, Ukraine made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies. Since June, Ukraine has taken steps towards improving its AML/CFT regime, including by bringing a new AML/CFT law into force. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Ukraine should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing remaining issues regarding criminalisation of money laundering (Recommendation 1); and (2) improving and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III). The FATF encourages Ukraine to address its remaining deficiencies and continue the process of implementing its action plan.

Venezuela

In October 2010, Venezuela made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Venezuela has taken steps towards improving its

AML/CFT regime. However, the FATF has determined that certain strategic deficiencies remain. Venezuela will work with the FATF and CFATF on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (4) implementing adequate CDD guidelines for all sectors (Recommendation 5); and (5) establishing adequate STR reporting obligations for ML and TF (Recommendation 13 and Special Recommendation IV). The FATF encourages Venezuela to address its remaining deficiencies and continue the process of implementing its action plan.

Vietnam

In October 2010, Vietnam made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Vietnam has taken steps towards improving its AML/CFT regime. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Vietnam will work with the FATF and the APG on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) improving the overall supervisory framework (Recommendation 23); (4) improving and broadening customer due diligence measures and reporting requirements (Recommendation 5, 13, and Special Recommendation IV); and (5) strengthening international cooperation (Recommendations 36, 40). The FATF encourages Vietnam to address its remaining deficiencies and continue the process of implementing its action plan.

Yemen

In February 2010, Yemen made a high-level political commitment to work with the FATF and MENFATF to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic deficiencies remain. Yemen should continue to work on implementing its action plan to address these deficiencies, including by: (1) issue regulations to implement AML law; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) issuing substantive guidance/instructions to reporting institutions with respect to their ML/FT obligations (Recommendation 25); (4) developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the FIU, to ensure compliance by financial institutions with their STR obligations, especially in relation to FT (Recommendation 23); and (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26). The FATF encourages Yemen to address its remaining deficiencies and continue the process of implementing its action plan.

In February 2010, the FATF identified the following jurisdictions as having strategic AML/CFT deficiencies. Since then, they have substantially addressed the strategic deficiencies identified in their action plans and will be removed from this FATF monitoring process. The jurisdictions will continue to work with their respective FSRBs to improve their AML/CFT regimes.

Qatar

The FATF welcomes Qatar’s significant progress in improving its AML/CFT regime and notes that Qatar has met its commitments in its Action Plan regarding the strategic AML/CFT deficiencies that the FATF had identified in February 2010. Qatar is therefore no longer subject to FATF’s monitoring process under its ongoing global AML/CFT compliance process. Qatar will work with MENAFATF as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, in particular compliance with Special Recommendation III (adequate procedures to identify and freeze terrorist assets).

Azerbaijan

The FATF welcomes Azerbaijan’s significant progress in improving its AML/CFT regime and notes that Azerbaijan has met its commitments in its Action Plan regarding the strategic AML/CFT deficiencies that the FATF had identified in February 2010. Azerbaijan is therefore no longer subject to FATF’s monitoring process under its ongoing global AML/CFT compliance process. Azerbaijan will work with MONEYVAL as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, particularly compliance with SRIII (adequate procedures to identify and freeze terrorist assets).

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