CENTRALE BANK VAN ARUBA

July 20, 2010

To the managements of all supervised
financial institutions

CMB/lcw/1.13/2.42/2.43/SUP/11168

Subject: FATF statements dated June 25, 2010 / FATF/2010-2

Dear Management,

With due regard of its directives 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 letter of March 11, 2010 (CMB/lcw/1.13/2.42/2.43/SUP/10333) the CBA sent you a similar letter regarding a previous FATF Public Statement dated February 18, 2010 and FATF document of the same date titled "Improving Global AML/CFT Compliance: On-going Process" (enclosure 1). In said letter you were required to take certain follow-up actions. This new letter is a follow-up of the FATF statements of February 18, 2010. The purpose of this new letter is to draw to your urgent attention to the recent FATF Public Statement dated June 25, 2010 (enclosure 2) and the FATF document of June 25, 2010 titled "Improving Global AML/CFT Compliance: On-going Process" (enclosure 3).

It is noteworthy to mention that in the FATF Statements of February 18, 2010 countries were categorized into four groups. However, the third category (titled '*Jurisdictions previously publicly identified by the FATF as having strategic AML/CFT deficiencies, which remain to be addressed as of February 2010*) does not appear anymore in the FATF Statements of June 25, 2010.

Furthermore, it is important to take good notice of the category change applicable to some countries when comparing the FATF Statements of February 18, 2010 and the FATF Statements of June 25, 2010.

The two FATF documents of June 25, 2010 relate to R21 in that they identify countries that fall into the following three categories:

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A. Document 1 – Public Statement

Category One
Into this category falls **Iran**. The FATF calls on its members to apply countermeasures to protect the international financial system from the ongoing and substantial money laundering and terrorist financing risks emanating from the jurisdiction.

Category Two
Into this category falls **Democratic People's Republic of Korea** and **São Tomé and Principe**. The FATF calls on its members to consider the risks arising from these jurisdictions, given they have not committed to an action plan to address key strategic deficiencies in their compliance with the FATF 40+9 Recommendations.

Note that the countries Angola, Ecuador and Ethiopia 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, Azerbaijan, Bolivia, Ecuador, Ethiopia, Greece, Indonesia, Kenya, Morocco, Myanmar, Nepal, Nigeria, Pakistan, Paraguay, Qatar, Sri Lanka, Sudan, Syria, Thailand, Trinidad and Tobago, Turkey, Turkmenistan, Ukraine, Yemen.** The document outlines the specific areas of weaknesses and requests member jurisdictions consider the risks that arise.

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 a 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 September 30, 2010.
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 September 30, 2010. 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 letter of the CBA dated March 11, 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 Trump-Gomez

Centrale Bank van Aruba

Enclosures: 3

CENTRALE BANK VAN ARUBA

March 11, 2010

To the managements of all supervised
financial institutions

CMB/lcw/1.13/2.42/2.43/SUP/10333

Subject: FATF statements dated February 18, 2010 / FATF/2010-1

Dear Management,

With due regard of its directives 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".

You are also aware that in the FATF Mutual Evaluation Report of Aruba of October 16, 2009, Aruba was rated non-compliant with R21.

Accordingly, the purpose of this letter is to draw to your urgent attention the FATF Public Statement dated February18, 2010 (enclosure 1) and the FATF document titled "Improving Global AML/CFT Compliance: On-going Process" (enclosure 2).

These two documents relate to R21 in that they identify countries that fall into four categories:

A. Document 1 – Public Statement

Category One
Into this category falls **Iran**. The FATF calls on its members to apply countermeasures to protect the international financial system from the ongoing and substantial money laundering and terrorist financing risks emanating from the jurisdiction.

Category Two
Into this category falls **Angola, Democratic People's Republic of Korea, Ecuador and Ethiopia**. The FATF calls on its members to consider the risks arising from these jurisdictions, given they have not committed to an action plan to address key strategic deficiencies in their compliance with the FATF 40+9 Recommendations.

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Category Three
Into this category falls **Pakistan, Turkmenistan, São Tomé and Príncipe**. The FATF states that these jurisdictions have until February 2010 to address their deficiencies.

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

Category Four
Into this category falls **Antigua and Barbuda, Azerbaijan, Bolivia, Greece, Indonesia, Kenya, Morocco, Myanmar, Nepal, Nigeria, Paraguay, Qatar, Sri Lanka, Sudan, Syria, Trinidad and Tobago, Thailand, Turkey, Ukraine, Yemen**. The document outlines the specific areas of weaknesses and requests member jurisdictions consider the risks that arise.

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 four categories of FATF listed countries:

Category One Action – the CBA requires regulated entities to:

a) Review their client base to identify relationships or transactions with any connection to the Category One country by June 1, 2010.
b) Report such relationships or transactions to the CBA by June 4, 2010.
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.

DEADLINE: Please conclude the review of your client base by June 1, 2010 and send results of your findings to the CBA (<u>including confirmation of nil findings</u>) by close of business June 4, 2010.

Category Two Action – the CBA requires regulated entities to:

a) Review their client base to identify relationships or transactions with any connection to a Category Two country by June 1, 2010.
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.

DEADLINE: Please conclude the review of your client base by June 1, 2010. 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.

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 June 1, 2010.
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.

DEADLINE: Please conclude the review of your client base by June 1, 2010. 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.

Category Four Action – the CBA requires regulated entities to:

a) Review their client base to identify relationships or transactions with any connection to a Category Four country by August 1, 2010.
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 August 1, 2010. 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.

<u>Please ensure your entity makes its return (including nil returns) in relation to the Category One country review by the due date</u>.

Note also that, henceforth, 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 <u>www.cbaruba.org</u>.

Sincerely yours,

Centrale Bank van Aruba

Enclosures: 2

FATF PUBLIC STATEMENT

25 June 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[1]:
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 June 2010. The FATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction, as described below.
Democratic People's Republic of Korea (DPRK)* São Tomé and Príncipe * Despite the FATF's efforts, this jurisdiction has not constructively engaged with the FATF or an FSRB as of June 2010 and has not committed to the international AML/CFT standards.

[1] 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 October 2010.

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 June 2010. The FATF calls on its members to consider the risks arising from the deficiencies associated with each 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.

São Tomé and Príncipe

The FATF remains concerned by São Tomé and Príncipe's failure to meaningfully address the deficiencies in its AML/CFT regime, particularly relating to terrorist financing. São Tomé and Príncipe's lack of a comprehensive AML/CFT regime poses a risk to the international financial system. São Tomé and Príncipe should work with the FATF and GIABA to address the remaining AML/CFT deficiencies.

FATF • GAFI

**IMPROVING GLOBAL AML/CFT COMPLIANCE:
ON-GOING PROCESS**

25 June 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 will continue to identify additional jurisdictions, on an ongoing basis, that pose a risk in the international financial system. The FATF has already begun an initial review of a number of such jurisdictions as part of this process and will present its findings later this 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 and has demonstrated some progress in improving its AML/CFT regime. 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) ensuring 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); 4) ratifying the UN Convention for the Suppression of the Financing of Terrorism and the UN Convention on Transnational Organised Crime. 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 that time, Antigua and Barbuda has demonstrated progress in improving its AML/CFT regime, including by passing an amendment to the Prevention of Terrorism Act 2010 to establish a legal framework for identifying and freezing terrorist assets. 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) improving 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.

Azerbaijan

In February 2010, Azerbaijan made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies. Since that time, Azerbaijan has demonstrated progress in improving its AML/CFT regime, including by enacting AML/CFT amendments that aim to address issues relating to criminalisation of money laundering and terrorist financing, establishing procedures to freeze terrorist assets, and enhancing the functioning of the FIU. The FATF and MONEYVAL will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

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. Since that time, Bolivia has demonstrated progress in improving its AML/CFT regime, including by enacting a new AML law on 31 March 2010 to improve its criminalisation of money laundering and to increase FIU functions. 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 (Recommendation 1); (2) adequately criminalising terrorist financing (Special Recommendation II); (3) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); (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. Ecuador has demonstrated progress in improving its AML/CFT regime, including submitting AML/CFT amendments to Congress. 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); (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. Ethiopia has demonstrated progress in improving its AML/CFT regime. 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 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) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); 5) raising awareness of AML/CFT issues within the law enforcement community (Recommendation 27); and (6) 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.

Greece

In February 2010, Greece made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since that time, Greece has demonstrated progress, including by taking measures to enhance the effectiveness of the FIU and tabling legislation that aims to address remaining issues regarding adequately criminalising 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) addressing remaining issues regarding adequately criminalising terrorist financing (Special Recommendation II); (2) improving mechanisms and procedures for freezing terrorist assets (Special Recommendation III); and (3) 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.

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 that time, Indonesia has demonstrated progress in improving its AML/CFT regime; 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 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); 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. Since that time, Kenya has demonstrated progress in improving its AML/CFT regime, including by bringing into force the Proceeds of Crime and Anti-Money Laundering Act on 28 June 2010. 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 that time, Morocco has demonstrated progress in improving its AML/CFT regime, including by taking initial steps to make the FIU more operational and drafting an AML bill. 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. Since that time, Myanmar has demonstrated progress in improving its AML/CFT regime; 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 that time, Nepal has demonstrated progress in improving its AML/CFT regime, including by broadening its AML law to criminalise a wider range of offences. 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. Since that time, Nigeria has demonstrated progress in improving its AML/CFT regime; 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. Pakistan has demonstrated progress in improving its AML/CFT regime, including enacting a permanent AML law. 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 that time, Paraguay has demonstrated progress in improving its AML/CFT regime, including by enacting a law that criminalises terrorist financing on 23 June 2010, which needs to be analysed by the FATF, and adopting a regulation to develop controls for cross-border cash transactions on 17 June 2010. 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) ensuring adequate criminalisation of terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify, freeze and confiscate terrorist assets (Special Recommendation III); (3) improving financial transparency (Recommendation 4); (4) improving and broadening customer due diligence measures (Recommendation 5), and (5) 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.

Qatar

In February 2010, Qatar made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since that time, Qatar has demonstrated progress in improving its AML/CFT regime, including by enacting a new AML/CFT law, issuing revised AML/CFT regulations for the financial sector, and providing guidance on the suspicious transaction reporting requirements. The FATF and MENAFATF will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

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. Since that time, Sri Lanka has demonstrated progress in improving its AML/CFT regime; 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 that time, Sudan has demonstrated progress in improving its AML/CFT regime, including by 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. Since that time, Syria has demonstrated progress in improving its AML/CFT regime; 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.

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. Since that time, Thailand has demonstrated progress in improving its AML/CFT regime; 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. Since that time, Trinidad and Tobago has demonstrated progress in improving its AML/CFT regime; 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); (3) ensuring 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 work with the FATF to address its strategic AML/CFT deficiencies. Since that time, Turkey has demonstrated progress in improving its AML/CFT regime, including by drafting 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. Turkmenistan has demonstrated progress in improving its AML/CFT regime, including by adopting a law criminalising terrorist financing and enacting FIU and reporting regulations. 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 that time, Ukraine has demonstrated progress in improving its AML/CFT regime, including by enacting a new AML/CFT law. 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 and terrorist financing (Recommendation 1 and Special Recommendation II); 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.

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. Since that time, Yemen has demonstrated progress in improving its AML/CFT regime; 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) adequately criminalising money laundering (Recommendation 1); (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 ensuring 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.