



CENTRALE BANK VAN ARUBA

March 15, 2012

To the Managements of supervised
financial institutions and
trust service providers.

CMB/lcw/1.13/INT/1136

Subject: FATF statements dated February 16, 2012 / FATF/2012-1

Dear Management,

With due regard to the requirements set out in the State Ordinance for the Prevention and Combating of Money Laundering and Terrorist Financing (*Landsverordening voorkoming en bestrijding witwassen en terrorismefinanciering*, AB 2011, no. 28) (AML/CFT State Ordinance) and the regulatory requirements set out in the Handbook for the prevention and detection of money laundering and combating the financing of terrorism for financial and trust service providers regulated by the CBA (AML/CFT Handbook), the Centrale Bank van Aruba (CBA) urges all supervised financial and trust service providers to take duly notice of the information contained in this letter and the required follow-up actions that need to be taken.

Pursuant to Article 11 of the AML/CFT State Ordinance, financial and trust service providers must perform enhanced customer due diligence, if and when a business relationship or a transaction by its nature entails a higher risk of money laundering or terrorist financing. The enhanced customer due diligence shall be carried out both prior to the business relation or the transaction, as during the business relationship in any case with natural persons, legal persons, trusts, and comparable entities that originate from countries or jurisdictions which do not or insufficiently apply the internationally accepted standards for the prevention and combating of money laundering and terrorist financing.

Pursuant to Article 13, paragraph 1, subsection a, of the AML/CFT State Ordinance, financial and trust service providers must pay special attention to business relationships and transactions with natural persons, legal persons, trusts, and comparable entities originating from countries or jurisdictions that do not or insufficiently comply with the internationally accepted AML/CFT standards.

According to Article 13, paragraph 2, of the AML/CFT State Ordinance if a financial or trust service provider can reasonably suspect that, amongst others, a transaction with a natural person, legal person, trust or a comparable entity originating from a country or jurisdiction as meant in the first paragraph, does not have an apparent economic or legal purpose, it must investigate the background and the purpose of this transaction and record its findings in writing. These findings must be kept for at least ten years pursuant to Article 13, paragraph 3, of the AML/CFT State Ordinance.

Article 13 of the AML/CFT State Ordinance is related to Recommendation 21 of the Financial Action Task Force on Money Laundering (FATF)¹ which states:

¹ On February 16, 2012 the FATF published the revised FATF Recommendations which can be found on the website of FATF: www.fatf-gafi.org. However, the jurisdictions mentioned in the FATF Public Document and Compliance Document of February 16, 2012 have been reviewed based on the prior FATF Recommendations. Therefore, specific references made to the FATF Recommendations refer to the prior recommendations.

“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”.

Furthermore, pursuant to section 3.12.2, subsection 148, of the AML/CFT Handbook, it is a regulatory requirement that service providers must treat countries and jurisdictions listed in the FATF statements (circulated by the CBA), which highlight jurisdictions which do not or insufficiently, apply the FATF Recommendations or which are the subject of international countermeasures, as countries and jurisdictions that do not or insufficiently apply the internationally accepted AML/CFT standards.

Pursuant to section 5.2, subsection 13, of the AML/CFT Handbook, it is a regulatory requirement that a financial and trust service provider must, as part of its on-going customer due diligence (CDD) procedures, establish appropriate customer activity and transaction monitoring procedures that scrutinize the activity and transactions of its customers. The monitoring procedures must include those, amongst others, which provide for the identification and scrutiny of business relationships and transactions connected with jurisdictions which do not or insufficiently comply with the international AML/CFT standards, including but not limited to the FATF Recommendations.

Pursuant to chapter 8, paragraph 8.5 subsection 21 of the AML/CFT Handbook, it is a regulatory requirement that a financial and trust service provider must keep adequate and orderly records containing the findings of reviews of activity and transactions connected with jurisdictions which do not, or insufficiently, apply the FATF Recommendations for a period of at least ten years from the date the business relationship ends, or, if in relation to an occasional transaction, for at least ten years from the date that the transaction was completed.

By letter of December 7, 2011 (CMB/1.13/INT/741) the CBA sent you a similar letter regarding the previous FATF Public Statement and FATF document titled “Improving Global AML/CFT Compliance: On-going Process” (hereafter: FATF Compliance Document), also requiring you to take certain follow-up actions.

The purpose of this letter is to draw your urgent attention to the FATF Public Statement dated February 16, 2012 (enclosure 1) and the FATF Compliance Document of February 16, 2012 (enclosure 2). It is important to take good notice of the category change applicable to some countries when comparing the FATF Public Statement and the FATF Compliance Document of October 28, 2011 with the FATF Public Statement and the FATF Compliance Document of February 16, 2012.

With regard to the FATF Public Statement of February 16, 2012 the following countries have been added:

- Ghana
- Indonesia
- Pakistan
- Tanzania
- Thailand

With regard to the FATF Compliance Document, please note that **Honduras and Paraguay** are no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process due to the fact that Honduras and Paraguay have largely carried out the commitments made in their action plans, addressing the strategic AML/CFT deficiencies that FATF had identified in February 2010.

Also note that in June 2012 the following countries will be subject to specific review regarding their progress made regarding implementation of significant components of their action plan:

- Ecuador
- Philippines
- Vietnam
- Yemen

The FATF Public Statement and the FATF Compliance Document of February 16, 2012 relate to FATF Recommendation 21 and articles 11 and 13 of the AML/CFT State Ordinance in that they identify countries that fall into the following three categories:

A. FATF Public Statement

Category One

Into this category fall **Iran** and the **Democratic People's Republic of Korea (DPRK)**. The FATF calls² on members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with Iran and DPRK, including Iranian and DPRK companies and financial institutions. In addition to enhanced scrutiny, the FATF calls 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 and DPRK. FATF also urges and 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 and DPRK financial institutions to open branches and subsidiaries in their jurisdiction.

Furthermore, regarding Iran, due to the continuing terrorist financing threat emanating from Iran, jurisdictions should consider the steps already taken and possible additional safeguards or strengthening existing ones. Also, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in June 2012 if Iran fails to take concrete steps to improve its CFT regime.

Category Two

Into this category fall **Cuba, Bolivia, Ethiopia, Ghana, Indonesia, Kenya, Myanmar, Nigeria, Pakistan, São Tomé and Príncipe, Sri Lanka, Syria, Tanzania, Thailand and Turkey**. The FATF calls on its members to consider the risks arising from the deficiencies associated with these jurisdictions, given that they have not made sufficient progress in addressing the deficiencies identified or have not committed to an action plan developed with the FATF to address the deficiencies in their compliance with the FATF 40+9 Recommendations.

Please note that with respect to Cuba (compared to the other countries in category two) the FATF considers that Cuba has not committed to the AML/CFT international standards, nor has it

² Please note that the FATF reaffirms its prior call on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sector from ML/TF risks emanating from Iran and DPRK.

constructively directly engaged with the FATF. The FATF has identified Cuba as having strategic AML/CFT deficiencies that pose a risk to the international financial system.

B. FATF Compliance Document

Category Three

Into this category fall **Algeria, Angola, Antigua and Barbuda, Argentina, Bangladesh, Brunei Darussalam, Cambodia, Kyrgyzstan, Mongolia, Morocco, Namibia, Nepal, Nicaragua, Sudan, Tajikistan, Turkmenistan, Trinidad and Tobago, Venezuela, Zimbabwe, Ecuador, Philippines, Vietnam and Yemen.**

The document outlines the specific areas of weaknesses and requests member jurisdictions to consider the information in the document.

C. Required action

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 the financial and trust service providers to:

- a) Conduct review of their client base on an ongoing basis to identify relationships or transactions with any connection to the Category One countries.
- b) Report such relationships or transactions to the CBA as soon as identified.
- c) Any relationship or transaction found must be 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. If the regulated entity is not satisfied the relationship must be exited.
- d) Document its risk assessment and monitoring/mitigation strategy and have this 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 financial and trust service providers to:

- a) Review their client base to identify relationships or transactions with any connection to the Category Two countries by **April 30, 2012**.
- b) Any relationship or transaction found must be rated at least high risk, taking this new or other information held into account.
- 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 **April 30, 2012**. It is **not** necessary to send the results of your findings to the CBA. However, supervisory examinations by the CBA are likely to check that the work has been carried out within the stipulated time-frame. Non-compliance will be treated seriously.

Category Three Action – the CBA requires financial and trust service providers to:

- a) Review their client base on an ongoing basis to identify relationships or transactions with any connection to the Category Three countries by **May 31, 2012**.
- b) Re-evaluate its risk assessment of the relationship taking this new and any other information held into account.
- 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 **May 31, 2012**. It is **not** necessary to send the results of your findings to the CBA. However, supervisory examinations by the CBA are likely to check that the work has been carried out within the stipulated time-frame. Non-compliance will be treated seriously.

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

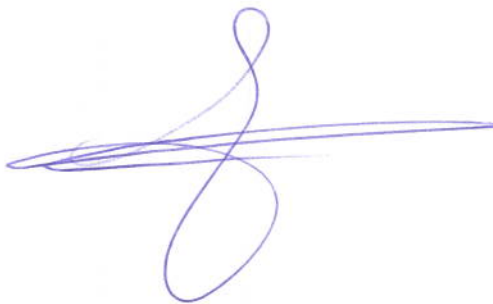
Finally, as also mentioned in the previous letters of the CBA, please note that these letters relating to money laundering and terrorist financing matters, are numbered sequentially and also placed in the designated area “Financial Sanctions” on the CBA’s website www.cbaruba.org.

If you have any questions or comments regarding this letter, please contact Mrs. C.M. Linders-Bryson of the Integrity Supervision Department at telephone number (297) 5252-178 or by e-mail, c.m.linders-bryson@cbaruba.org.

Sincerely yours,



Centrale Bank van Aruba



Enclosures: 2



Financial Action Task Force

FATF Public Statement - 16 February 2012

Paris, 16 February 2012 - 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 money laundering and financing of terrorism (ML/FT) risks and to encourage greater compliance with the AML/CFT standards, the FATF identified jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system.

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

[Iran](#)

[Democratic People's Republic of Korea \(DPRK\)](#)

Jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies**. The FATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction, as described below.

[Cuba**](#)

[Bolivia](#)

[Ethiopia](#)

[Ghana](#)

[Indonesia](#)

[Kenya](#)

[Myanmar](#)

[Nigeria](#)

[Pakistan](#)

[São Tomé and Príncipe](#)

[Sri Lanka](#)

[Syria](#)

[Tanzania](#)

[Thailand](#)

[Turkey](#)

*The FATF has previously issued Public Statements calling for counter-measures on Iran and DPRK. Those Statements are updated below.

**Cuba has not engaged with the FATF in the process.

While the FATF published the revised FATF Recommendations: "International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation" on 16 February 2012, the FATF has reviewed the identified jurisdictions based on the FATF 40+9 Recommendations of 2003. Therefore, references to specific Recommendations or Special Recommendations (e.g. "R.1",

"SR.II", etc.) in this document refer to the FATF 40+9 Recommendations of 2003.

Iran

The FATF remains particularly and exceptionally 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, despite Iran's previous engagement with the FATF.

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. Due to the continuing terrorist financing threat emanating from Iran, jurisdictions should consider the steps already taken and possible additional safeguards or strengthen existing ones.

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. If Iran fails to take concrete steps to improve its CFT regime, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in June 2012.

Democratic People's Republic of Korea (DPRK)

The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threat this poses to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies and financial institutions. In addition to enhanced scrutiny, the FATF further calls 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 the DPRK. Jurisdictions should also protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and take into account ML/FT risks when considering requests by DPRK financial institutions to open branches and subsidiaries in their jurisdiction.

The FATF acknowledges the latest outreach from DPRK to FATF and remains prepared to engage directly in assisting the DPRK to address its AML/CFT deficiencies.

Cuba

Cuba has not committed to the AML/CFT international standards, nor has it constructively directly engaged with the FATF. At the same time, Cuba attended a GAFISUD plenary as a guest and prepared an informal document on its AML/CFT regime. The FATF has identified Cuba as having strategic AML/CFT deficiencies that pose a risk to the international financial system. The FATF urges Cuba to develop an

AML/CFT regime in line with international standards, and encourages Cuba to establish a constructive and direct dialogue with the FATF and is ready to work with the Cuban authorities to this end.

Bolivia

Bolivia has taken steps towards improving its AML/CFT regime, including enacting CFT legislation and regulations. Despite Bolivia's high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Bolivia has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Bolivia should work on addressing 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); 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.

Ethiopia

Despite Ethiopia's high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies, Ethiopia has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Ethiopia should work on addressing 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); and (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). The FATF encourages Ethiopia to address its remaining deficiencies and continue the process of implementing its action plan.

Ghana

Ghana has taken steps towards improving its AML/CFT regime, including by ratifying the UN Convention on Transnational Organised Crime and issuing CDD guidelines. Despite Ghana's high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies, Ghana has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Ghana should 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 a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (4) 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.

Indonesia

Indonesia has taken significant steps towards improving its AML/CFT regime, including by enacting AML legislation in 2010 and developing draft comprehensive CFT legislation. Despite Indonesia's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Indonesia has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Indonesia should 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) amending and implementing laws or other instruments to fully implement 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

Despite Kenya's high-level political commitment to work with the FATF and ESAAMLG to address its

strategic AML/CFT deficiencies, Kenya has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Kenya should work on addressing 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 and freezing terrorist assets (Special Recommendation III); and (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). The FATF welcomes the adoption of the ESAAMLG mutual evaluation report and will work with Kenya in light of the further deficiencies identified in the report. The FATF encourages Kenya to address its remaining deficiencies and continue the process of implementing its action plan, including by implementing the AML legislation and setting up its FIU.

Myanmar

Despite Myanmar's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Myanmar has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Myanmar should work on addressing 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) further 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 (Recommendation 5). The FATF encourages Myanmar to address its remaining deficiencies and continue the process of implementing its action plan.

Nigeria

Nigeria has taken steps towards improving its AML/CFT regime, including by enacting AML/CFT legislation and commencing supervision across all sectors. However, despite Nigeria's high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies, further engagement with Nigeria is needed to clarify whether these deficiencies have been addressed, including: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); and (2) implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III). The FATF encourages Nigeria to address its remaining deficiencies and continue the process of implementing its action plan.

Pakistan

Pakistan has taken significant steps towards improving its AML/CFT regime, including by enhancing the capacity of its FIU, approving an AML/CFT strategy, and by ensuring training is provided to relevant stakeholders. Despite Pakistan's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Pakistan has not made sufficient progress in implementing its action plan, and certain AML/CFT deficiencies remain. Specifically, Pakistan needs to enact legislation to ensure that it meets the FATF standards regarding the terrorist financing offence (SR II) and the ability to identify, freeze, and confiscate terrorist assets (Special Recommendation III). The FATF encourages Pakistan to address the remaining deficiencies and continue to implement its action plan, including by demonstrating effective regulation of money service providers and implementing effective controls for cross-border cash transactions (Special Recommendation VI and Special Recommendation IX).

São Tomé and Príncipe

Despite São Tomé and Príncipe's high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies, São Tomé and Príncipe has not made sufficient progress in implementing its action plan, and certain strategic deficiencies remain. São Tomé and Príncipe should work on addressing 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 (Recommendations 23, 24 and 29); and (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). The FATF encourages São Tomé and Príncipe to address its remaining deficiencies and continue the process of implementing its action plan.

Sri Lanka

Despite Sri Lanka's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Sri Lanka has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Sri Lanka should work on addressing these deficiencies, including by: (1) adequately criminalising terrorist financing (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, including by continuing to work on its AML/CFT legislation.

Syria

Syria has taken significant steps towards improving its AML/CFT regime, including by improving the legal arrangements for freezing terrorist assets. However, despite Syria's high-level political commitment to work with the FATF and MENAFATF, further engagement with Syria is needed to clarify whether the remaining deficiencies have been addressed, including by: (1) implementing adequate procedures for identifying and freezing terrorist assets (Special Recommendation III); (2) ensuring that 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 (3) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance (Recommendations 36-38, Special Recommendation V). The FATF encourages Syria to demonstrate that its remaining deficiencies have been addressed to enable the FATF to properly evaluate Syria's progress.

Tanzania

Tanzania has taken steps towards improving its AML/CFT regime, including by the passage of amendments to the Anti-Money Laundering and Proceeds of Crime Act and the AML law for Zanzibar. However, despite Tanzania's high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Tanzania has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Tanzania should work on implementing its action plan to address these deficiencies, including by: (1) determining whether money laundering is adequately criminalised (Recommendation 1); (2) adequately criminalising terrorist financing (Special Recommendation II); (3) establishing and implementing adequate procedures to identify and freeze terrorist assets as well as implementing the UNSCRs 1267 and 1373 through law, regulations or other enforceable means (Special Recommendation III); (4) establishing effective CDD measures (Recommendation 5); (5) establishing adequate record-keeping requirements (Recommendation 10); (6) establishing a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (7) 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

Despite Thailand's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Thailand has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain, although Thailand has faced external difficulties from 2009 to 2011 which significantly impacted the legislative process for the necessary laws and regulations. Thailand has taken steps towards improving its AML/CFT regime, including by

substantially completing an AML/CFT risk assessment for its financial sector. Thailand should work on implementing its action plan to address the remaining 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.

Turkey

Turkey has taken steps towards improving its AML/CFT regime, including by submitting CFT legislation to Parliament. Despite Turkey's high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies, Turkey has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Turkey should work on addressing 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.

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Financial Action Task Force

Improving Global AML/CFT Compliance: on-going process - 16 February 2012

Paris, 16 February 2012 - As part of its on-going 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. The 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 on-going basis, that pose a risk to the international financial system. The FATF has additionally begun initial reviews of a number of other 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.

While the FATF published the revised FATF Recommendations: "International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation" on 16 February 2012, the FATF has reviewed the identified jurisdictions based on the FATF 40+9 Recommendations of 2003. Therefore, references to specific Recommendations or Special Recommendations (e.g. "R.1", "SR.II", etc.) in this document refer to the FATF 40+9 Recommendations of 2003.

Algeria

In October 2011, Algeria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since then, Algeria has taken steps towards improving its AML/CFT regime, including by enacting AML/CFT legislation. However, the FATF has not yet assessed this legislation due to its very recent nature. The FATF will assess this legislation, and, in any case, Algeria should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendations I and II); (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets (Special Recommendation III); (3) improving and broadening CDD measures and ensuring that they apply to all financial institutions (Recommendation 5); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU), in particular addressing the operational autonomy of the FIU and the authority of the FIU to request and access information (Recommendation 26); and (5) enacting and implementing appropriate mutual legal assistance legislation (Special Recommendation V). The FATF encourages Algeria to address its deficiencies and continue the process of implementing its action plan.

Angola

In June 2010, Angola made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since October 2011, Angola has taken steps towards 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. Angola 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) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (3) establishing and implementing an adequate legal framework to identify and freeze terrorist assets without delay (Special Recommendation III). 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 October 2011, Antigua and Barbuda has taken steps towards improving its AML/CFT regime, including by finalising the methodology for its supervisory programme and making progress in the registration and regulation of Co-operative Societies. 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 continuing to improve the overall supervisory framework (Recommendation 23). The FATF encourages Antigua and Barbuda to address its remaining deficiencies and continue the process of implementing its action plan.

Argentina

In June 2011, Argentina made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since then, Argentina has taken steps towards improving its AML/CFT regime, including by enacting legislation that significantly improves Argentina's criminalisation of terrorist financing; and issuing FIU Resolutions enhancing CDD measures for the insurance, securities, and real estate sectors, and cooperatives and mutual associations. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Argentina should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining deficiencies with regard to the criminalisation of money laundering (Recommendation 1); (2) establishing and implementing adequate procedures for the confiscation of funds related to money laundering and identifying and freezing terrorist assets (Recommendation 3 and Special Recommendation III); (3) enhancing financial transparency (Recommendation 4); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit and improving suspicious transaction reporting requirements (Recommendation 13, Special Recommendation IV and Recommendation 26); (5) further enhancing the AML/CFT supervisory programme for all financial sectors (Recommendations 17, 23 and 29); (6) further improving and broadening CDD measures (Recommendation 5); and (7) establishing appropriate channels for international co-operation and ensuring effective implementation (Recommendation 36, Recommendation 40 and Special Recommendation V). The FATF encourages Argentina 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. Since October 2011, Bangladesh has taken steps towards improving its AML/CFT regime, including by issuing the Money Laundering Prevention Ordinance, 2012; an Ordinance to amend the Anti Terrorism Act (ATA), 2009; and the Mutual Legal Assistance Ordinance Criminal Matters, 2012. In addition, Bangladesh has reframed its Voluntary Tax Compliance (VTC) Programme, by issuing a new Statutory Regulatory Order (SRO), which rescinded the previous VTC programme to address the FATF concerns expressed in the public statement in the Chairman's Summary following the October 2011 plenary meeting. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Bangladesh 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); (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); (6) improving international co-operation (Recommendation 36, Recommendation 39 and Special Recommendation V); and (7) issuing guidance to capital markets intermediaries to effectively extend the AML/CFT obligations, including with regard to the VTC program (Recommendation 5). The FATF encourages Bangladesh to address its remaining deficiencies and continue the process of implementing its action plan.

Brunei Darussalam

In June 2011, Brunei Darussalam made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. The FATF has determined that certain strategic AML/CFT deficiencies remain. Brunei Darussalam 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) establishing and implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); (4) improving suspicious transaction reporting requirements (Recommendation 13 and Special Recommendation IV); (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (6) enacting and implementing appropriate mutual legal assistance legislation (Recommendation 36 and Special Recommendation V). The FATF encourages Brunei Darussalam to address its remaining deficiencies and continue the process of implementing its action plan.

Cambodia

In June 2011, Cambodia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. The FATF has determined that certain strategic AML/CFT deficiencies remain. Cambodia 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) establishing and 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); and (5) establishing and implementing effective controls for cross-border cash transactions (Special Recommendation IX). The FATF encourages Cambodia to address its remaining deficiencies and continue the process of implementing its action plan.

Kyrgyzstan

In October 2011, Kyrgyzstan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. The FATF has determined that certain strategic AML/CFT deficiencies remain. Kyrgyzstan 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 an adequate legal framework for identifying, tracing and freezing terrorist assets (Special Recommendation III); (3) establishing and implementing adequate measures for the confiscation of funds related to money laundering (Recommendation 3); (4) establishing effective CDD measures for all financial institutions (Recommendation 5); and (5) implementing an adequate and effective AML/CFT supervisory programme for all financial sectors (Recommendation 23). The FATF encourages Kyrgyzstan to address its deficiencies and continue the process of implementing its action plan.

Mongolia

In June 2011, Mongolia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since October 2011, Mongolia has taken steps towards improving its AML/CFT regime, including by enhancing capacity building of the FIU and the supervisory authorities. However, the FATF has determined that strategic AML/CFT deficiencies remain. Mongolia

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) establishing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); (4) establishing suspicious transaction reporting requirements (Recommendation 13 and Special Recommendation IV); and (5) demonstrating effective regulation of money service providers. The FATF encourages Mongolia 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 then, Morocco has demonstrated progress in improving its AML/CFT regime, including by adopting amendments to extend the scope of the money laundering and terrorist financing offences; to broaden customer due diligence requirements and taking steps to operationalise the Financial Intelligence Unit. 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 adequately criminalising terrorist financing (Special Recommendation II).

Namibia

In June 2011, Namibia made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Namibia has taken steps towards improving its AML/CFT regime, including by improving supervision of financial institutions for AML/CFT compliance and issuing a Central Bank Determination which allows for penalties. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Namibia 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); (3) implementing an adequate AML/CFT supervisory programme with sufficient powers (Recommendation 23 and 29); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU), in particular addressing the operational autonomy of the FIU (Recommendation 26); (5) implementing effective, proportionate and dissuasive sanctions in order to deal with non-compliance with the national AML/CFT requirements (Recommendation 17); and (6) implementing the 1999 International Convention for the Suppression of Financing of Terrorism (Special Recommendation I). The FATF encourages Namibia 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. 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); (4) enacting and implementing appropriate mutual legal assistance legislation (Recommendation 36); (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26) and (6) establishing adequate STR reporting obligations for ML and FT (Recommendation 13 and Special Recommendation IV). The FATF encourages Nepal to address its remaining deficiencies and continue the process of implementing its action plan.

Nicaragua

In June 2011, Nicaragua made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since then, Nicaragua has taken steps towards improving its AML/CFT regime, including by entering into force legislation to regulate the microfinance industry.

However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nicaragua should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing effective CDD measures and record-keeping requirements, in particular entities not currently regulated by the supervisory authority (Recommendation 5 and Recommendation 10); (2) establishing adequate STR reporting obligations for ML and FT (Recommendation 13 and Special Recommendation IV); (3) implementing an adequate AML/CFT supervisory programme for all financial sectors (Recommendation 23); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (5) establishing adequate procedures for identifying and freezing terrorist assets (Special Recommendation III). The FATF encourages Nicaragua 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 October 2011, Sudan has taken steps towards improving its AML/CFT regime, including by introducing an inspection programme for banks. 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); and (3) ensuring an effective supervisory programme for AML/CFT compliance (Recommendation 23). The FATF encourages Sudan to address its remaining deficiencies and continue the process of implementing its action plan.

Tajikistan

In June 2011, Tajikistan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. Since October 2011, Tajikistan has taken steps towards improving its AML/CFT regime, including by addressing the concerns regarding its Voluntary Tax Compliance programme expressed by the FATF in February 2011 and by improving the functionality and operational independence of the FIU. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Tajikistan 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 for the confiscation of funds related to money laundering and identifying and freezing terrorist assets (Recommendation 3 and Special Recommendation III); (3) enhancing financial transparency (Recommendation 4); (4) ensuring a fully operational, and effectively functioning Financial Intelligence Unit and improving suspicious transaction reporting requirements (Recommendation 13, Special Recommendation IV, and Recommendation 26); and (5) improving and broadening CDD measures (Recommendation 5). The FATF encourages Tajikistan 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 that time, Turkmenistan has demonstrated progress in improving its AML/CFT regime, including by adopting legislation to criminalising terrorist financing and money laundering, passing legislation to improve CDD measures, establishing a legal framework to freeze terrorist assets, and working to build up its Financial Intelligence Unit. The FATF 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.

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. 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); and (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit, 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.

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. Since then, Venezuela has taken steps towards improving its AML/CFT regime, including by approving AML/CFT amendments. However, the FATF has determined that certain strategic deficiencies remain. Venezuela should continue to work on implementing its action plan to address the remaining strategic deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendations I and 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 suspicious transaction reporting (STR) obligations for money laundering and financing of terrorism (Recommendation 13 and Special Recommendation IV). The FATF encourages Venezuela to address its remaining deficiencies and continue the process of implementing its action plan.

Zimbabwe

In June 2011, Zimbabwe made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. The FATF has determined that strategic AML/CFT deficiencies remain. Zimbabwe should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation I 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) ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to money laundering and the financing of terrorism (Recommendation 13 and Special Recommendation IV); (5) enacting and implementing appropriate mutual legal assistance legislation (Special Recommendation V); and (6) implementing the 1999 International Convention for the Suppression of Financing of Terrorism (Special Recommendation I). The FATF encourages Zimbabwe to address its remaining deficiencies and continue the process of implementing its action plan.

Honduras

The FATF welcomes Honduras' significant progress in improving its AML/CFT regime and notes that Honduras has largely met its commitments in its Action Plan regarding the strategic deficiencies that the FATF had identified in February 2010. Honduras is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Honduras will work with CFATF as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, and further strengthen its AML/CFT regime.

Paraguay

The FATF welcomes Paraguay's significant progress in improving its AML/CFT regime and notes that Paraguay has largely met its commitments in its Action Plan regarding the strategic deficiencies that the FATF had identified in February 2010. Paraguay is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Paraguay will work with GAFISUD as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, particularly regarding further implementation of Special Recommendation VI and Special Recommendation IX.

Jurisdiction not making sufficient progress

The FATF is not yet satisfied that the following jurisdictions have made sufficient progress on their action plan agreed upon with the FATF. The most significant action plan items and/or the majority of the action plan items have not been addressed. If these jurisdictions do not take sufficient action to implement significant components of their action plan by June 2012, then the FATF will identify these jurisdictions as being out of compliance with their agreed action plans and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with the jurisdiction.

Ecuador

Ecuador has taken steps to improve its AML/CFT regime, including by tabling draft amendments to its CFT legislation. Despite Ecuador's high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Ecuador has made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Ecuador should work with the FATF and GAFISUD 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 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 co-ordination of financial sector supervision (Recommendation 23). The FATF encourages Ecuador to address its remaining deficiencies and continue the process of implementing its action plan and encourages Ecuador to pass its recently tabled CFT legislation.

Philippines

The Philippines has made efforts to improve its AML/CFT system with two bills in the Senate on money laundering and terrorist financing certified urgent by the President which are awaiting passage. Despite the Philippines' high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that the Philippines has made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. The Philippines should 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); and (4) extending coverage of reporting entities (Recommendation 12 and Recommendation 16). The FATF encourages the Philippines to address its remaining deficiencies and continue the process of implementing its action plan. In particular, the FATF strongly encourages the Philippines to enact the pending legislative amendments to its AML/CFT regime.

Vietnam

Vietnam has issued an enforceable Inter-Ministerial Circular in relation to money laundering. Despite Vietnam's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Vietnam has made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Vietnam should continue to work with the FATF and 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) making legal persons subject to criminal liability in line with FATF Recommendation 2 or demonstrating that there is a constitutional prohibition to prevent this; (4) improving the overall supervisory framework (Recommendation 23); (5) improving and broadening customer due diligence measures and reporting requirements (Recommendation 5, Recommendation 13, and Special Recommendation IV); and (6) strengthening international co-operation (Recommendations 36, 40). The FATF encourages Vietnam to address its remaining deficiencies and continue the process of implementing its action plan.

Yemen

Despite Yemen's high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Yemen has made sufficient progress in implementing its action plan and certain strategic AML/CFT deficiencies remain. Yemen should work on implementing its action plan to address these deficiencies, including by: (1) adequately

criminalizing 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) developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the Financial Intelligence Unit (FIU), to ensure compliance by financial institutions with their suspicious transaction reporting (STR) obligations, especially in relation to the financing of terrorism (Recommendation 23); and (4) ensuring a fully operational and effectively functioning FIU (Recommendation 26). The FATF encourages Yemen to address its remaining deficiencies and continue the process of implementing its action plan.

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