



CENTRALE BANK VAN ARUBA

November 8, 2013

To the Managements of all
non-regulated financial service providers and
designated non-financial service providers.

CMB/lcw/1.13/INT/2782

Subject: FATF statements dated October 18, 2013 / FATF/2013-3

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) the Centrale Bank van Aruba (CBA) urges the non-regulated financial service providers and the designated non-financial service providers, hereafter together referred to as 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, 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, 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 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:

“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

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 October 19, 2012 have been reviewed based on the prior FATF Recommendations. Therefore, specific references made to the FATF Recommendations refer to the prior recommendations.

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”.

Please note that aforementioned FATF Recommendation 21 also applies to designated non-financial service providers (reference is made to FATF Recommendation 16).

By letter of July 26, 2013 (CMB/lcw/1.13/INT/2442) 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 October 18, 2013 (enclosure 1) and the FATF Compliance Document of October 18, 2013 (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 June 21, 2013 with the FATF Public Statement and the FATF Compliance Document of October 18, 2013.

With regard to the FATF Public Statement of October 18, 2013 the following country has been added to this document:

- Algeria.

Also note that the following countries have been removed from the FATF Public Statement:

- São Tomé and Príncipe
- Vietnam

Pursuant to its progress in largely addressing its action plan agreed upon with the FATF, Vietnam is now identified in the FATF Compliance Document.

With regard to São Tomé and Príncipe (that was earlier identified in the FATF Public Statement), although it has made recent progress, its AML/CFT framework still contains a number of strategic deficiencies. Given the small size of this country’s financial sector and its low impact on the international financial system, however, the FATF decided that São Tomé and Príncipe should continue to work closely with the Intergovernmental Action Group against Money Laundering in West Africa (GIABA) to address its remaining AML/CFT deficiencies.

Furthermore, with regard to Iran the FATF Public Statement states that if Iran fails to take concrete steps to continue to improve its CFT regime, the FATF will consider calling on its members and urging all jurisdictions to strengthen their counter-measures against Iran in February 2014.

With regard to the FATF Compliance Document the following countries have been added:

- Iraq
- Vietnam

As previously noted, pursuant to the progress made by Vietnam in largely addressing its action plans agreed upon with the FATF, it has been removed from the FATF Public Statement and has now been added in this document.

Also note that Morocco and Nigeria have been removed from this document and are no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process, since these countries have established the legal and regulatory framework to meet the commitments in their action plans regarding the strategic deficiencies that the FATF had identified in the past.

Finally note that the FATF stated that if Mongolia does not take sufficient action to implement significant components of its action plan by February 2014, then the FATF will identify this jurisdiction as being out of compliance with its agreed action plan and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with this country.

The FATF Public Statement and the FATF Compliance Document of October 18, 2013 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 reaffirms its call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with Iran and DPRK, including Iranian² and DPRK³ 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 October 2013 if Iran fails to take concrete steps to continue to improve its CFT regime.

Category Two

Into this category fall **Algeria, Ecuador, Ethiopia, Indonesia, Kenya, Myanmar, Pakistan, Syria, Tanzania, Turkey and Yemen**. The FATF calls on its members to consider the risks

² Please note that with regard to DPRK, the FATF reaffirms its February 25, 2011 call on its members and urges to advise their financial institutions to give special attention to business relationships and transactions with DPRK, including DPRK companies and financial institutions.

³ Please note that with regard to Iran, the FATF reaffirms its February 25, 2009 call on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from ML/TF risks emanating from Iran.

arising from the deficiencies associated with these jurisdictions, given that they have not made sufficient progress in implementing their action plan to address the deficiencies identified.

With regard to Ecuador, if it does not move quickly to bring the recent amendments to the criminal code into force before February 2014 FATF meetings, the FATF will consider calling upon its members to apply counter-measures proportionate to the risks associated with this jurisdiction at that time.

B. FATF Compliance Document

Category Three

Into this category fall **Afghanistan, Albania, Angola, Antigua and Barbuda, Argentina, Bangladesh, Cuba, Cambodia, Iraq, Kuwait, Kyrgyzstan, Lao PDR, Namibia, Nepal, Nicaragua, Sudan, Tajikistan, Vietnam, Zimbabwe and Mongolia.**

As mentioned above, with regard to Mongolia, if it does not take sufficient action to implement significant components of its action plan by February 2014, then the FATF will identify this jurisdiction as being out of compliance with its agreed action plan and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with this country.

Furthermore, the Compliance 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 service providers is informed of these important issues and to request that it emphasizes the importance of this communication to its compliance officer and informs its management team of the risks associated with business involving these jurisdictions.

Furthermore, in the “Guidance Notes for the establishment of a policy document and accompanying CDD procedures to risk rate the existing customer base for the benefit of non-regulated financial service providers and designated non-financial service providers” (the Guidance Notes) issued by the CBA, a list is included containing factors that should be considered when assessing and evaluating the risk profile of a customer. The factors related to country risk mention, amongst others, that in assessing which jurisdictions may present a higher risk, objective data published by the FATF are relevant (section 3.2.3 of the Guidance Notes).

In addition, the CBA requires that service providers take the following specific actions with regard to the three categories of FATF listed countries:

Category One Action – the CBA requires 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 service providers 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 service providers to:

- a) Review their client base to identify relationships or transactions with any connection to the Category Two countries by **December 15, 2013**.
- 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 **December 15, 2013**. 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 service providers to:

- a) Review their client base to identify relationships or transactions with any connection to the Category Three countries by **December 30, 2013**.
- 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 **December 30, 2013**. 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.

Service providers 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 a newly designated area titled “FATF” under the link “Supervision” 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

FATF Public Statement, 18 October 2013

Paris, 18 October 2013 - 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.

<i>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.</i>	
Iran Democratic People's Republic of Korea (DPRK)	
<i>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.</i>	
Algeria Ecuador Ethiopia Indonesia Kenya Myanmar Pakistan Syria Tanzania Turkey Yemen	

Vietnam is now identified in the FATF document, "Improving Global AML/CFT Compliance: On-going Process" due to its progress in largely addressing its action plan agreed upon with the FATF.

São Tomé and Príncipe was earlier identified in the FATF's Public Statement. While São Tomé and Príncipe has made recent progress, its AML/CFT framework still contains a number of strategic deficiencies. Given the small size of this country's financial sector and its low impact on the international financial system, however, the FATF decided that São Tomé and Príncipe should continue to work closely with GIABA to address its remaining AML/CFT deficiencies.

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 and recent submission of information.

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. The 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 continue to improve its CFT regime, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in February 2014.

Democratic People's Republic of Korea (DPRK)

Since June 2013, the DPRK has continued to engage directly with the FATF and has engaged further with the APG. The FATF urges the DPRK to enhance its engagement with the FATF to agree on an action plan to address its AML/CFT deficiencies.

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.

Algeria

Despite Algeria's high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Algeria has not made

sufficient progress in implementing its action plan within the established timelines, and certain strategic deficiencies remain. Algeria should continue to work with the FATF and MENAFATF on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; and (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets. The FATF encourages Algeria to address its deficiencies and continue the process of implementing its action plan.

Ecuador

Ecuador has taken important steps towards improving its AML/CFT regime, including the recent adoption by its National Assembly of amendments to the criminal code aimed at addressing deficiencies in Ecuador's criminalisation of money laundering and terrorist financing, and regime for freezing terrorist assets. These amendments have yet to take effect. However, despite Ecuador's important progress and high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Ecuador has not made sufficient progress in implementing its action plan within the established timelines, and certain strategic deficiencies remain. Ecuador should continue to work on implementing its action plan to address these deficiencies, including by: (1) ensuring adequate criminalisation of money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) implementing adequate procedures for the confiscation of funds related to money laundering; and (4) continuing to enhance co-ordination of financial sector supervision. In particular, Ecuador should move quickly to bring the recent amendments to the criminal code into force before the February 2014 FATF meetings, or the FATF will consider calling on its members to apply counter-measures proportionate to the risks associated with this jurisdiction at that time.

Ethiopia

Ethiopia has taken steps towards improving its AML/CFT regime. However, 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 within the agreed timelines, and certain strategic AML/CFT deficiencies remain. Ethiopia should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing and implementing an adequate legal framework and procedures to identify and freeze terrorist assets; and (2) improving customer due diligence measures. The FATF encourages Ethiopia to address its remaining deficiencies and continue the process of implementing its action plan.

Indonesia

Indonesia has taken steps towards improving its AML/CFT regime. However, 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 within the agreed timelines, and certain key CFT deficiencies remain regarding the establishment and implementation of an adequate legal framework and procedures for identifying and freezing of terrorist assets. The FATF encourages Indonesia to address these remaining issues, in compliance with international standards.

Kenya

Kenya has taken steps towards improving its AML/CFT regime, including by parliamentary approval of the Finance Bill, which amends the FT offence; however, this is still awaiting Presidential assent. 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 within the agreed timelines, and 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; (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit; (3) establishing and implementing an adequate legal framework for the identification and freezing of terrorist assets; and (4) implementing an adequate and effective AML/CFT supervisory programme for all financial sectors. The FATF encourages Kenya to address its remaining deficiencies and continue the process of implementing its action plan.

Myanmar

Myanmar has taken steps towards improving its AML/CFT regime. However, 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 continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) further strengthening the extradition framework in relation to terrorist financing; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit; (5) enhancing financial transparency; and (6) strengthening customer due diligence measures. The FATF encourages Myanmar to address the remaining deficiencies and continue the process of implementing its action plan.

Pakistan

Pakistan has taken substantial steps towards improving its AML/CFT regime, including by issuing a Statutory Regulatory Order that addresses the definition of terrorism and an Anti-Terrorism Amendment Ordinance to establish procedures for the identification and freezing of terrorist assets. The FATF commends Pakistan for the issuance of the Anti-Terrorism Amendment Ordinance, which came into force on 12 October 2013 and allows Pakistan to begin implementing its UNSCR 1373 obligations immediately. The FATF encourages Pakistan to begin implementing the ordinance expeditiously. However, the FATF has concerns regarding the temporary character of this ordinance, which will need to be converted into permanent legislation through the parliamentary process. The FATF therefore urges Pakistani authorities to take the necessary steps for swift ratification of the ordinance by its legislature. If Pakistan amends its Anti-Terrorism Act to incorporate the content of the ordinance before the February 2014 meetings, then the FATF will be able to authorise an on-site visit during its February 2014 meetings to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

Syria

Syria has taken steps towards improving its AML/CFT regime, including by promulgating amendments to its AML/CFT Decree in July 2013. The FATF has not yet assessed these amendments to determine the extent to which they address the issue of providing sufficient legal basis for implementing the obligations under UNSCR 1373 and implementing adequate procedures for identifying and freezing terrorist assets. The FATF encourages Syria to address its remaining deficiencies and continue the process of implementing its action plan.

Tanzania

Tanzania has taken steps towards improving its AML/CFT regime. 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 within the agreed timelines, and certain strategic CFT deficiencies remain regarding the establishment and implementation of adequate procedures to identify and freeze terrorist assets. The FATF encourages Tanzania to address this remaining deficiency and continue the process of implementing its action plan.

Turkey

Turkey has continued to take steps towards improving its CFT regime, including by issuing a Council of Ministers' Decree implementing UNSCRs 1267, 1988, and 1989. However, certain concerns remain, and Turkey should take further steps to implement an adequate legal framework for identifying and freezing terrorist assets under UNSCRs 1267 and 1373. Turkey should also continue to ensure that terrorist financing has been adequately criminalised. The FATF encourages Turkey to address the remaining strategic deficiencies and continue the process of implementing its action plan.

Yemen

Yemen has taken significant steps towards improving its AML/CFT regime, including by adopting and bringing into force amendments to its AML/CFT Law. The FATF has not assessed these amendments due to their very recent nature, and therefore the FATF has not yet determined the extent to which they address any of the following issues: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets. The FATF urges Yemen to address its remaining deficiencies and continue the process of implementing its action plan.

Improving Global AML/CFT Compliance: On-going Process, 18 October 2013

Paris, 18 October 2013. - 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 and the FATF-style regional bodies (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.

Afghanistan	Cuba	Nicaragua
Albania	Iraq	Sudan
Angola	Kuwait	Tajikistan
Antigua and Barbuda	Kyrgyzstan	Vietnam
Argentina	Lao DPR	Zimbabwe
Bangladesh	Namibia	
Cambodia	Nepal	

Jurisdictions not making sufficient progress

Mongolia

Jurisdictions no longer subject to the FATF's on-going global AML/CFT compliance process

Morocco
Nigeria

Afghanistan

In June 2012, Afghanistan made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Afghanistan should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (3) implementing an adequate AML/CFT supervisory and oversight programme for all financial sectors; (4) establishing and implementing adequate procedures for the confiscation of assets related to money laundering; (5) establishing a fully operational and effectively functioning Financial Intelligence Unit; and (6) establishing and implementing effective controls for cross-border cash transactions. The FATF encourages Afghanistan to address its deficiencies and continue the process of implementing its action plan.

Albania

In June 2012, Albania made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies. Since then, Albania has taken steps towards improving its AML/CFT regime, including by parliamentary approval of new legislation aimed at addressing deficiencies in the regime for freezing terrorist assets. However, the FATF has yet to review the new legislation and certain strategic AML/CFT deficiencies remain. Albania should continue to work on implementing its action plan to address these deficiencies, including by: (1) ensuring that the new legislation establishes and implements an adequate legal framework for identifying, tracing and freezing terrorist assets; and (2) enhancing the framework for international co-operation related to terrorist financing. The FATF encourages Albania to address its remaining deficiencies and continue the process of implementing its action plan.

Angola

In June 2010 and again in February 2013 in view of its revised action plan, Angola made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Angola should continue to work on addressing these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework for the confiscation of funds related to money laundering and the identification and freezing of terrorist assets without delay; (3) ensuring an effectively functioning Financial Intelligence Unit; and (4) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance. The FATF encourages Angola to address its remaining deficiencies and continue the process of implementing its action plan.

Antigua and Barbuda

Since February 2010, when Antigua and Barbuda made a high-level political commitment to work with the FATF and to address its strategic AML/CFT deficiencies, Antigua and Barbuda has made significant progress to improve its AML/CFT regime. Antigua and Barbuda has substantially addressed its action plan, including by: implementing procedures to identify and freeze terrorist assets; addressing secrecy provisions; and improving the overall supervisory framework for AML/CFT. 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.

Argentina

In June 2011, Argentina made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since June 2013, Argentina has taken steps towards improving its AML/CFT regime, including by issuing new

regulations strengthening fit and proper tests for insurance and securities entities, and the Central Bank's issuance of a regulation related to sanctions which the FATF will review. 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 and freezing terrorist-related assets; (2) addressing the remaining issues for the Financial Intelligence Unit and suspicious transaction reporting requirements; and (3) further enhancing the AML/CFT supervisory programme for all financial sectors. The FATF encourages Argentina to address its remaining deficiencies and continue the process of implementing its action plan.

Bangladesh

Since October 2010, when Bangladesh made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Bangladesh has made significant progress to improve its AML/CFT regime. Bangladesh has largely addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; implementing adequate procedures for the confiscation of funds related to money laundering; ensuring a fully operational and effectively functioning Financial Intelligence Unit; improving suspicious transaction reporting requirements; and improving international cooperation. 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.

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. Since June 2013, Cambodia has taken steps towards improving its AML/CFT regime, including by strengthening operational functions of its Financial Intelligence Unit. However, 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) establishing and implementing adequate procedures to identify and freeze terrorist assets; (2) ensuring an effectively functioning Financial Intelligence Unit; and (3) establishing and implementing effective controls for cross-border cash transactions. The FATF encourages Cambodia to address its remaining deficiencies and continue the process of implementing its action plan.

Cuba

In February 2013, Cuba made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. Since June 2013, Cuba has taken steps towards improving its AML/CFT regime, including by issuing regulations which improve provisions for customer due diligence and suspicious transaction reporting. Cuba has recently issued instruction 31/2013, aimed at further detailing the procedures for freezing of terrorist assets. Due to the recent nature of this instruction, the FATF is currently reviewing it. Cuba has also constructively engaged with GAFISUD. However, the FATF has determined that certain AML/CFT deficiencies remain. Cuba should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing

and implementing adequate procedures to identify and freeze terrorist assets; (3) ensuring comprehensive customer due diligence measures and suspicious transaction reporting requirements; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (5) ensuring that appropriate laws and procedures are in place with regard to international cooperation and mutual legal assistance. The FATF encourages Cuba to address its remaining deficiencies and continue the process of implementing its action plan.

Iraq

In October 2013, Iraq made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Iraq will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (3) establishing effective customer due diligence measures; (4) establishing a fully operational and effectively functioning Financial Intelligence Unit; (5) establishing suspicious transaction reporting requirements; and (6) establishing and implementing an adequate AML/CFT supervisory and oversight programme for all financial sectors. The FATF encourages Iraq to address its AML/CFT deficiencies by implementing its action plan.

Kuwait

In June 2012, Kuwait made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since June 2013, Kuwait has taken steps towards improving its AML/CFT regime, including by issuing implementing regulations to the new AML/CFT law, and CDD Instructions by the Central Bank. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Kuwait should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing and implementing adequate procedures to identify and freeze terrorist assets; (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU), in particular addressing the operational autonomy of the FIU; and (3) ensuring an effective regime where the financial institutions file suspicious transaction reports to the FIU. The FATF encourages Kuwait 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. Since then, Kyrgyzstan has taken steps towards improving its AML/CFT regime. However, 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 addressing the remaining issues in: (1) the criminalisation of money laundering; (2) the framework for freezing terrorist assets; and (3) the AML/CFT supervisory programme. The FATF encourages Kyrgyzstan to address its remaining deficiencies and continue the process of implementing its action plan.

Lao PDR

In June 2013, the Lao PDR made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. The Lao PDR should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures for the confiscation of assets related to money laundering; (3) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (4) establishing a fully operational and effectively functioning Financial Intelligence Unit; (5) establishing suspicious transaction reporting requirements; (6) implementing an adequate AML/CFT supervisory and oversight programme for all financial sectors; and (7) establishing and implementing effective controls for cross-border currency transactions. The FATF encourages the Lao PDR to address its AML/CFT deficiencies continue the process of implementing its action plan.

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. However, the FATF has determined that 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; and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets. The FATF encourages Namibia to address its remaining deficiencies and continue the process of implementing its action plan.

Nepal

Since February 2010, when Nepal made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Nepal has made significant progress to improve its AML/CFT regime. Nepal has largely addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; implementing adequate procedures for the confiscation of funds related to money laundering; enacting and implementing appropriate mutual legal assistance legislation; ensuring a fully operational and effectively functioning Financial Intelligence Unit; and establishing adequate suspicious transaction reporting obligations for money laundering and terrorist financing. 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.

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 issuing Decree 21-2013 regarding the freezing of terrorist assets and beginning issuing regulations for reporting parties to the FIU. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nicaragua should

work with the FATF and CFATF on implementing its action plan to address these deficiencies, including by: (1) ensuring effective customer due diligence measures and record-keeping requirements, in particular entities not currently regulated by the supervisory authority; (2) establishing adequate suspicious transaction reporting obligations for money laundering and terrorist financing; (3) implementing an adequate AML/CFT supervisory programme for all financial sectors; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (5) ensuring adequate procedures for identifying and freezing terrorist assets. The FATF encourages Nicaragua to address its remaining deficiencies and continue the process of implementing its action plan.

Sudan

In February 2010 and again in June 2013 in view of its revised action plan, Sudan made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Sudan should continue to work on addressing these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) implementing adequate procedures for identifying and freezing terrorist assets; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; (4) ensuring an effective supervisory programme for AML/CFT compliance; (5) improving customer due diligence measures; (6) ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to money laundering and terrorist financing; and (7) ensuring that appropriate laws and procedures are in place with regard to international cooperation and mutual legal assistance. 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 June 2013, Tajikistan has taken steps towards improving its AML/CFT regime, including by issuing a new regulation on the freezing of terrorist assets. Due to the recent nature of this regulation, the FATF has not yet reviewed it, and certain strategic AML/CFT deficiencies remain. Tajikistan should continue to work with the FATF and EAG on implementing its action plan to address these deficiencies, including by: (1) ensuring adequate procedures for freezing terrorist assets; (2) implementing adequate procedures for the confiscation of funds related to the full range of money laundering predicate offences; and (3) addressing the remaining issues relating to customer due diligence measures. The FATF encourages Tajikistan to address its remaining deficiencies and continue the process of implementing its action plan.

Vietnam

Since October 2010, when Vietnam made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Vietnam has made significant progress to improve its AML/CFT regime. Vietnam has largely addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; improving the overall supervisory framework; improving and broadening customer due diligence measures and reporting requirements; and strengthening international co-

operation. 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.

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. Since June 2013, Zimbabwe has taken steps towards improving its AML/CFT regime, including by issuing new regulations aiming to implement obligations under UNCSTRs 1267 and 1373. The FATF has not yet finalised the review of these regulations. However, the FATF has determined that certain 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; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; (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; and (5) enacting and implementing appropriate mutual legal assistance legislation. The FATF encourages Zimbabwe to address its remaining deficiencies and continue the process of implementing its action plan.

Jurisdictions not making sufficient progress

The FATF is not yet satisfied that the following jurisdiction has made sufficient progress on its 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 this jurisdiction does not take sufficient action to implement significant components of its action plan by February 2014, then the FATF will identify this jurisdiction as being out of compliance with its agreed action plan and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with the jurisdiction.

Mongolia

The FATF takes note that Mongolia has taken steps towards improving its AML/CFT regime, including by issuing regulations to establish and implement adequate procedures to identify and freeze terrorist assets. Despite Mongolia'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 Mongolia has made sufficient progress in improving its AML/CFT regime, and certain 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; (2) establishing adequate procedures for the confiscation of funds related to money laundering; and (3) 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.

Jurisdictions no longer subject to the FATF's on-going global AML/CFT compliance process

Morocco

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

Nigeria

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