



CENTRALE BANK VAN ARUBA

March 27, 2013

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

CMB/lcw/1.13/INT/2057

Subject: FATF statements dated February 22, 2013 / FATF/2013-1

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:

“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 November 28, 2012 (LNB/gcr/1.13/INT/1827) 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 22, 2013 (enclosure 1) and the FATF Compliance Document of February 22, 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 October 19, 2012 with the FATF Public Statement and the FATF Compliance Document of February 22, 2013.

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.

With regard to the FATF Public Statement of February 22, 2013 the following countries have been removed from this document:

- Bolivia
- Sri Lanka
- Thailand
- Cuba

Please note that Bolivia, Sri Lanka and Thailand pursuant to their progress in largely addressing its action plan agreed upon with the FATF, these countries are now identified in the FATF Compliance Document. Furthermore, Cuba has provided the FATF with a high-level political commitment to implement an action plan to remedy its AML/CFT deficiencies and therefore Cuba has also been moved to the FATF Compliance Document.

Also note that given Turkey's significant steps taken towards improving its CFT regime, including the enactment of a new law that addresses many of the shortcomings identified in Turkey's terrorist financing offence and creates a legal basis for the freezing of terrorist assets, the FATF has decided not to suspend Turkey's membership. However, there still remain a number of on-going shortcomings in the Turkish counter-terrorism financing regime which Turkey must address.

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 June 2013.

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

- Bolivia
- Sri Lanka
- Thailand
- Cuba

As previously noted, pursuant to the progress made by abovementioned countries in largely addressing their action plans agreed upon with the FATF, they have been removed from the FATF Public Statement and have now been added in this document.

Also note that Ghana and Venezuela 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 Ghana and Venezuela 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 October 2010.

Finally note that in June 2013 the following countries will be subject to specific review regarding their progress made regarding implementation of significant components of their action plan:

- Morocco
- Tajikistan

The FATF Public Statement and the FATF Compliance Document of February 22, 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 June 2013 if Iran fails to take concrete steps to continue to improve its CFT regime.

Category Two

Into this category fall **Ecuador, Ethiopia, Indonesia, Kenya, Myanmar, Nigeria, Pakistan, São Tomé and Príncipe, Syria, Tanzania, Turkey, Vietnam and Yemen**. 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 implementing their action plan to address the deficiencies identified.

B. FATF Compliance Document

Category Three

Into this category fall **Afghanistan, Albania, Algeria, Angola, Antigua and Barbuda, Argentina, Bangladesh, Bolivia, Brunei Darussalam, Cuba, Cambodia, Kuwait, Kyrgyzstan, Mongolia, Morocco, Namibia, Nepal, Nicaragua, Philippines, Sri Lanka, Sudan, Tajikistan Thailand and Zimbabwe**.

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 jurisdictions.

² 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.

³ 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.

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, 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 **April 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.

Category Three 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 Three countries by **May 31, 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 **May 31, 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.

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.

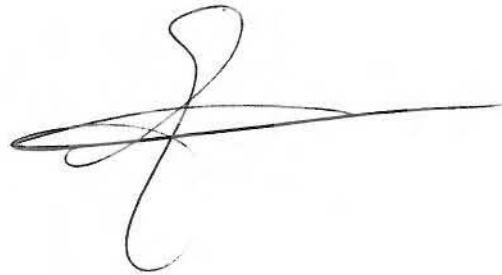
Finally, as also mentioned in the previous letters of the CBA, please note that these letters relating to money laundering and terrorist financing matters, are numbered sequentially and also placed in a newly designated area titled "FATF" under the link "Supervision" on the CBA's website www.cbaruba.org.

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



High-risk and non-cooperative jurisdictions

FATF PUBLIC STATEMENT - 22 February 2013

Paris, 22 February 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.

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.

Ecuador
Ethiopia
Indonesia
Kenya
Myanmar
Nigeria
Pakistan
São Tomé and Príncipe
Syria
Tanzania
Turkey
Vietnam
Yemen

Bolivia, Sri Lanka, and Thailand are now identified in the FATF document, "Improving Global AML/CFT Compliance: On-going Process" due to their progress in largely addressing their action plans agreed upon with the FATF. Cuba has now provided the FATF a high-level political commitment to implement an action plan to address its AML/CFT deficiencies; consequently, Cuba is also moved to this document.

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.



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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 continue to improve its CFT regime, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in June 2013.

Democratic People's Republic of Korea (DPRK)

Since October 2012, DPRK has reached out to the APG regarding joining that body and has engaged directly with the FATF. The FATF urges the DPRK to enhance its engagement with these bodies to agree with the FATF 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.

Ecuador

Ecuador has taken steps towards improving its AML/CFT regime, including by tabling CFT legislation in Parliament. Despite Ecuador's 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 with the FATF and GAFISUD on implementing its action



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plan to address these deficiencies, including by: (1) ensuring adequate criminalisation of 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. The FATF encourages Ecuador to address its remaining deficiencies, including by enacting CFT legislation, and continue the process of implementing its action plan.

Ethiopia

Ethiopia has taken steps towards improving its AML/CFT regime, including by adopting a new AML/CFT law on 4 January 2013. The FATF has not yet assessed this law due to its very recent nature, and therefore the FATF has not yet determined the extent to which it addresses any of the following issues: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework and procedures to identify and freeze terrorist assets; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; 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. 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 may remain. The FATF encourages Ethiopia 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 CFT legislation to criminalise terrorist financing largely consistent with the FATF Standards. The FATF has not yet assessed this law due to its very recent nature. Further, the FATF has yet to determine the extent to which Indonesia has established and implemented adequate procedures to identify and freeze terrorist assets. The FATF encourages Indonesia to address these remaining issues, in compliance with FATF standards.

Kenya

Kenya has taken significant steps towards improving its AML/CFT regime, including the enactment of the Proceeds of Crime and Anti-Money Laundering (Amendment) Act - which addresses deficiencies in the criminalisation of money laundering and freezing/seizing/confiscation of assets - and the issuance of revised AML Guidelines by the Central Bank. However, 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; (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; (5) implementing an adequate and effective AML/CFT supervisory



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programme for all financial sectors; and (6) further improving and broadening customer due diligence measures. 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.

Nigeria

Nigeria has taken significant steps towards improving its AML/CFT regime, including by enacting the Money Laundering (Prohibition) (Amendment) Act and, on 21 February 2013, the Terrorism (Prevention) (Amendment) Act, 2013. The FATF has not yet assessed the legislation, due to the very recent nature of its enactment. Therefore, the FATF has yet to determine whether the legislation adequately criminalises terrorist financing and money laundering in line with international standards. The FATF encourages Nigeria to address these remaining issues and continue the process of implementing its action plan.

Pakistan

Pakistan has taken steps towards improving its AML/CFT regime, including by issuing an SRO to increase the maximum monetary sanction for non-compliance with S/RES/1267. However, despite Pakistan's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Pakistan has not yet made sufficient progress in fully implementing its action plan, and certain key CFT deficiencies remain. Specifically, Pakistan needs to amend its Anti-Terrorism Act to ensure that it meets the FATF standards regarding the terrorist financing offence and the ability to identify and freeze terrorist assets. The FATF encourages Pakistan to address the remaining deficiencies and continue the process of implementing its action plan.

São Tomé and Príncipe

São Tomé and Príncipe has provided for the enforcement of its AML/CFT law through bringing into force the new Penal Code. However, 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



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strategic deficiencies remain. São Tomé and Príncipe 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 a fully operational and effectively functioning Financial Intelligence Unit; (3) ensuring that financial institutions and DNFBPs are subject to adequate AML/CFT regulation and supervision; 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. The FATF encourages São Tomé and Príncipe to address its remaining deficiencies and continue the process of implementing its action plan.

Syria

Despite Syria's high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Syria has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Syria should continue to work on implementing its action plan to address these deficiencies, including by: (1) providing sufficient legal basis for implementing the obligations under S/RES/1373 and implementing adequate procedures for identifying and freezing terrorist assets; and (2) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance. The FATF encourages Syria to address its remaining deficiencies and continue the process of implementing its action plan.

Tanzania

Tanzania has taken significant steps towards improving its AML/CFT regime, including by ratifying the Terrorist Financing Convention. 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 taken significant steps towards improving its CFT regime, including by enacting a new law that addresses many of the shortcomings identified in Turkey's terrorist financing offence and creates the legal basis for the freezing of terrorist assets. The FATF welcomes this significant step made by Turkey, which improves the country's compliance with the international standards. As a consequence, the FATF has decided not to suspend Turkey's membership. In spite of this positive step, there still remain a number of on-going shortcomings in the Turkish counter-terrorist financing regime. Turkey must address these shortcomings in order to reach a satisfactory level of compliance with the FATF standards. Turkey has committed to addressing these deficiencies and will submit, prior to the next FATF meeting in June 2013, a report on how these deficiencies are being addressed.



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Vietnam

Vietnam has taken steps towards improving its AML/CFT regime. However, despite Vietnam's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Vietnam has not 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) addressing the remaining issues regarding adequate criminalisation of terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) making legal persons subject to criminal liability in line with FATF Standards and (4) strengthening international co-operation. The FATF urges 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, Yemen has not made sufficient progress in implementing its action plan and certain strategic AML/CFT deficiencies remain. Yemen 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) 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 obligations, especially in relation to the financing of terrorism; and (4) ensuring a fully operational and effectively functioning FIU. The FATF encourages Yemen to address its remaining deficiencies and continue the process of implementing its action plan.



High-risk and non-cooperative jurisdictions

IMPROVING GLOBAL AML/CFT COMPLIANCE: ON-GOING PROCESS - 22 February 2013

Paris, 22 February 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

In June 2012, Afghanistan made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since then, Afghanistan has taken steps towards improving its AML/CFT regime. 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 remaining 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. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Albania should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing and implementing 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.



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 October 2012, Algeria has taken steps towards improving its AML/CFT regime including through the publishing of CDD regulations by the Central Bank. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Algeria should continue to work on implementing its action plan, including by: (1) adequately criminalising terrorist financing; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (3) improving customer due diligence measures; and (4) ensuring an effectively functioning Financial Intelligence Unit. 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. The FATF has determined that certain strategic AML/CFT deficiencies remain. Since the original action plan was formulated, Angola was subject to a mutual evaluation. It has highlighted additional strategic deficiencies and these have been included in the revised action plan, to which a renewed political commitment was provided. 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

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. 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. 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 October 2012, Argentina has taken substantial steps towards improving its AML/CFT regime, including by enacting a new capital markets law on 28 December 2012, which improves licensing and supervision of the securities sector, enhances co-operation mechanisms, and removes secrecy among domestic agencies, improving the exchange of AML/CFT information with a positive impact on financial transparency. 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, confiscation of funds related to money laundering, and freezing terrorist-related assets; (2) addressing the remaining issues for the Financial Intelligence Unit and suspicious transaction reporting requirements; (3) further enhancing the AML/CFT supervisory programme for all financial sectors; (4) further improving and broadening customer due diligence measures; and (5) enhancing the appropriate channels for international co-operation and ensuring effective implementation. 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 2012, Bangladesh has taken steps towards improving its AML/CFT regime, including by obtaining Cabinet approval for the necessary amendments to its CFT legislation and issuing AML/CFT guidance to the capital markets intermediaries. 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 terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) ensuring an effectively functioning Financial Intelligence Unit; and (4) improving international co-operation. The FATF encourages Bangladesh to address its remaining deficiencies and continue the process of implementing its action plan.

Bolivia

Pursuant to Bolivia's progress in largely addressing its action plan agreed upon with the FATF, Bolivia has been removed from the FATF's Public Statement and identified in this document. Since February 2010, when Bolivia made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Bolivia has made significant progress to improve its AML/CFT regime, including by enacting legislation enhancing the criminalisation of money laundering and terrorist financing; establishing and implementing measures for freezing, seizing, and confiscating funds related to terrorist financing; and enhancing the effectiveness of the 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.

Brunei Darussalam

Since June 2011, when Brunei Darussalam made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Brunei Darussalam has made significant progress to improve its AML/CFT regime, including by enacting legislation to adequately criminalise money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; establishing and implementing adequate procedures for the confiscation of funds related to money laundering; improving suspicious transaction reporting requirements; ensuring a fully operational and effectively functioning



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Financial Intelligence Unit; and enacting and implementing appropriate mutual legal assistance legislation. 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.

Cuba

In February 2013, Cuba made a high-level political commitment to work with the FATF and the GAFISUD to address its strategic AML/CFT deficiencies. Cuba joined GAFISUD in December 2012. The FATF has determined that certain AML/CFT deficiencies exist. Cuba should 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) improving customer due diligence measures; (4) improving suspicious transaction reporting requirements; (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (6) ensuring that appropriate laws and procedures are in place with regard to international cooperation and mutual legal assistance.

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; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) establishing and implementing adequate procedures for the confiscation of funds related to money laundering; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (5) establishing and implementing effective controls for cross-border cash transactions. The FATF strongly urges Cambodia to address its remaining deficiencies and continue the process of implementing its action plan, specifically by enacting the necessary AML/CFT amendments in line with the FATF standards.

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. 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) adequately criminalising terrorist financing; (2) implementing the Terrorist Financing Convention; (3) establishing and implementing adequate procedures to identify and freeze terrorist assets; (4) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance; (5) establishing effective customer due diligence measures; (6) ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU), in particular addressing the operational autonomy of the FIU; and (7) 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. 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 October 2012, Kyrgyzstan has taken steps towards improving its AML/CFT regime, including by enacting a Governmental decree on the implementation of UNSC Resolutions. 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: (1) adequately criminalising terrorist financing; (2) addressing the remaining issue regarding criminalisation of money laundering; (3) clarifying the legal framework for identifying, tracing and freezing terrorist assets; and (4) implementing an adequate and effective AML/CFT supervisory programme for all financial sectors. The FATF encourages Kyrgyzstan to address its deficiencies and continue the process of implementing its action plan, in particular swiftly enacting adequate CFT amendments.

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 2012, Mongolia has taken steps towards improving its AML/CFT regime, including by continuing to demonstrate regulation of money service providers. 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; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) establishing adequate procedures for the confiscation of funds related to money laundering; (4) establishing suspicious transaction reporting requirements; 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.

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. Since October 2012, Namibia has taken significant steps to improve its AML/CFT system, including by enacting new TF legislation and updated AML legislation, and ratifying the Terrorist Financing Convention. The FATF has not yet assessed the new legislation due to its very recent nature, and therefore the FATF has not yet determined the extent to which it addresses any of the following issues: (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

In February 2010, Nepal made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since October 2012, Nepal has taken steps to improve its AML/CFT regime, including by promulgating the Organised Crimes Control Ordinance and issuing



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enforceable AML/CFT directives for both the insurance and securities sectors. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nepal should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (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; (4) enacting and implementing appropriate mutual legal assistance legislation; (5) ensuring an effectively functioning Financial Intelligence Unit; and (6) establishing adequate suspicious transaction reporting obligations for money laundering and terrorist financing. The FATF urges 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 October 2012, Nicaragua has taken steps towards improving its AML/CFT regime, including by issuing AML/CFT regulations for the new FIU law and for the supervision of the microfinance sector. However, the FATF has not yet assessed these measures due to their very recent nature. Nevertheless, 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) establishing 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.

Philippines

Since October 2010, when the Philippines made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, the Philippines has made significant progress to improve its AML/CFT regime and has largely addressed its action plan, including by enacting legislation to adequately criminalise money laundering and terrorist financing; implementing adequate procedures to identify and freeze terrorist assets and confiscate funds related to money laundering; enhancing financial transparency; ensuring capacity and financial resources for competent authorities; and extending the coverage of reporting entities to include all financial institutions and some of the designated non-financial businesses and professions. 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. However, the FATF has concerns that the casino sector in the Philippines continues to be unregulated for AML and CFT purposes and is still not subject to AML/CFT requirements and urges the Philippines to promptly and effectively address this outstanding deficiency.



Sri Lanka

Pursuant to Sri Lanka's progress in largely addressing its action plan agreed upon with the FATF, Sri Lanka has been removed from the FATF's Public Statement and identified in this document. Since February 2010, when Sri Lanka made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Sri Lanka has made significant progress to improve its AML/CFT regime, including by enacting legislation to adequately criminalise money laundering and terrorist financing; and establishing and implementing adequate procedures to identify and freeze terrorist assets. 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.

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. 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; (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (3) ensuring an effective supervisory programme for AML/CFT compliance. The FATF welcomes the adoption of the MENAFATF mutual evaluation report and will work with Sudan in light of the significant additional deficiencies identified in the report. The FATF encourages Sudan to address its remaining deficiencies and continue the process of implementing its action plan.

Thailand

Pursuant to Thailand's progress in largely addressing its action plan agreed upon with the FATF, Thailand has been removed from the FATF's Public Statement and identified in this document. Since February 2010, when Thailand made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Thailand has made significant progress to improve its AML/CFT regime, including by enacting legislation to adequately criminalise terrorist financing, establishing and implementing adequate procedures to identify and freeze terrorist assets, and further strengthening AML/CFT supervision. 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 October 2012, Zimbabwe has taken steps towards improving its AML/CFT regime, including by ratifying the Terrorist Financing Convention. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Zimbabwe should continue to work with the FATF and ESAAMLG 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, including by enacting the necessary amendments to AML/CFT legislation.

Jurisdictions 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 2013, 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.

Morocco

Despite Morocco'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 Morocco has made sufficient progress in addressing its remaining key deficiency of criminalising terrorist financing. While Morocco has completed the other elements of its action plan, Morocco should work with the FATF and MENAFATF on addressing this remaining deficiency by enacting the necessary legislation.

Tajikistan

Despite Tajikistan's high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Tajikistan has made sufficient progress in implementing its action plan, 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) addressing remaining issues regarding criminalisation of money laundering and terrorist financing; (2) establishing and implementing adequate procedures for the confiscation of funds related to money laundering and identifying and freezing terrorist assets; (3) addressing the remaining issues relating to the Financial Intelligence Unit, suspicious transaction reporting requirements, and customer due diligence measures. The FATF encourages Tajikistan 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

Ghana

The FATF welcomes Ghana's significant progress in improving its AML/CFT regime and notes that Ghana 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 October 2010. Ghana is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Ghana will work with the GIABA as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report.

Venezuela

The FATF welcomes Venezuela's significant progress in improving its AML/CFT regime and notes that Venezuela 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 October 2010. Venezuela is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Venezuela will work with the CFATF as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report.