CENTRALE BANK VAN ARUBA

March 10, 2014

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

CMB/lcw/1.13/INT/3041

Subject: FATF statements dated February 14, 2014 / FATF/2014-1

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.

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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 8, 2013 (CMB/lcw/1.13/INT/2781) 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 14, 2014 (enclosure 1) and the FATF Compliance Document of February 14, 2014 (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 18, 2013 with the FATF Public Statement and the FATF Compliance Document of February 14, 2014.

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

- Kenya
- Tanzania

Pursuant to their substantial progress in substantially addressing their action plan agreed upon with the FATF, Kenya and Tanzania are now identified in the FATF Compliance Document.

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 counter-measures against Iran in June 2014.

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

- Kenya
- Tanzania
- Papua New Guinea
- Uganda

As previously noted, pursuant to the progress made by Kenya and Tanzania in substantially addressing their action plan agreed upon with the FATF, they has been removed from the FATF Public Statement and have now been added in this document.

Also note that Antigua and Barbuda, Bangladesh and Vietnam 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 plan regarding the strategic deficiencies that the FATF had identified in the past.

Finally note that the FATF has stated that if Afghanistan and Cambodia do not take sufficient action to implement significant components of their action plan by June 2014, then the FATF will identify these jurisdictions as being out of compliance with their agreed action plan and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with these countries.

The FATF Public Statement and the FATF Compliance Document of February 14, 2014 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 Iranian[2] and DPRK[3] companies and financial institutions. In addition to

[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.

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 2014 if Iran fails to take concrete steps to continue to improve its CFT regime.

Category Two
Into this category fall **Algeria, Ecuador, Ethiopia, Indonesia, Myanmar, Pakistan, Syria, Turkey 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 or have not committed to an action plan developed with the FATF to address the deficiencies.

B. FATF Compliance Document

Category Three
Into this category fall **Albania, Angola, Argentina, Cuba, Iraq, Kenya, Kuwait, Kyrgyzstan, Lao PDR, Mongolia, Namibia, Nepal, Nicaragua, Papua New Guinea, Sudan, Tajikistan, Tanzania, Uganda, Zimbabwe, Afghanistan and Cambodia.**

As mentioned above, with regard to Afghanistan and Cambodia, if they do not take sufficient action to implement significant components of their action plan by June 2014, then the FATF will identify these jurisdictions as being out of compliance with their agreed action plan and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with these countries.

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 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.

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:

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[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.

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 15, 2014.**
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 15, 2014**. 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 **April 30, 2014.**
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 **April 30, 2014**. 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 - 14 February 2014

Paris, 14 February 2014 - 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/FT) 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.
Algeria Ecuador Ethiopia Indonesia Myanmar Pakistan Syria Turkey Yemen

Kenya and Tanzania are now identified in the FATF document, "Improving Global AML/CFT Compliance: On-going Process" *due to their progress in substantially addressing their action plan agreed upon with the FATF*

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 June 2014.

Democratic People's Republic of Korea (DPRK)

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

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

The FATF urges the DPRK to engage again with the FATF to address its AML/CFT deficiencies.

Algeria

Algeria has taken steps towards improving its AML/CFT regime, including by issuing a decree to improve Algeria's implementation of obligations to freeze terrorist assets. However, 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 on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets and (3) adopting customer due diligence obligations in compliance with the FATF Standards. The FATF encourages Algeria to address its deficiencies and continue the process of implementing its action plan.

Ecuador

Ecuador has taken significant steps towards improving its AML/CFT regime, including by enacting a new criminal code, which includes provisions aimed at addressing deficiencies in Ecuador's criminalisation of money laundering and terrorist financing, and regime for freezing terrorist assets. The FATF welcomes these developments but has not assessed these provisions 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) 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. Ecuador should continue to enhance co-ordination of financial sector supervision. The FATF encourages Ecuador to address its remaining deficiencies and continue the process of implementing its action plan.

Ethiopia

Ethiopia has taken steps towards improving its AML/CFT regime, including by issuing a decree on customer due diligence and regulations on the freezing of terrorist assets. The FATF has not assessed the decree or the regulations 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) 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, including starting its implementation of UNSCR 1267 and establishing a high-level task force working to implement Indonesia's terrorist asset-freezing regime. However, despite Indonesia's high-level political commitment to work with the FATF to address its strategic 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 development and implementation of an adequate legal framework and procedures for identifying and freezing of terrorist assets. The FATF encourages Indonesia to address its remaining deficiencies in compliance with FATF standards by taking steps to fully implement UNSCR 1267 and to clarify the legal framework and procedures for freezing terrorist assets.

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 further steps towards improving its AML/CFT regime, including by renewing its Anti-Terrorism Amendment Ordinance to ensure that it continues to remain in effect while awaiting enactment by Parliament. The FATF encourages Pakistan to expeditiously implement the ordinance, including its UNSCR 1373 obligations. The FATF continues to urge Pakistani authorities to take the necessary steps to complete the parliamentary process to enact the ordinance into permanent law in order for the FATF to authorise 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.

Syria

Syria has taken steps towards improving its AML/CFT regime, including by promulgating amendments to its AML/CFT Decree in July 2013. These amendments provide a legal basis for implementing the obligations under UNSCR 1373. However, specific legal procedures for implementing an adequate asset freezing regime need to be issued. Once Syria issues adequate procedures, its FATF action plan will be substantially completed. At that time, the FATF will consider appropriate next steps in the process.

Turkey

Turkey has continued to take steps towards improving its CFT regime, including as demonstrated by recent court decisions. The FATF welcomes Turkey's progress in largely complying with the FATF standard on criminalisation of terrorist financing. However, certain concerns remain regarding Turkey's framework for identifying and freezing terrorist assets under UNSCRs 1267 and 1373. The FATF encourages Turkey to address these remaining strategic deficiencies and continue the process of implementing its action plan.

Yemen

Yemen has taken steps towards improving its AML/CFT regime, including by adopting and bringing into force amendments to its AML/CFT Law that adequately criminalise money laundering and terrorist financing and issuing regulations on the freezing of terrorist assets. The FATF has not fully assessed and discussed the regulations with authorities due to their very recent nature, and therefore the FATF has not yet determined the extent to which the regulations establish and implement adequate procedures to identify and freeze terrorist assets. The FATF urges Yemen to address its remaining deficiency and continue the process of implementing its action plan.

High-risk and non-cooperative jurisdictions

IMPROVING GLOBAL AML/CFT COMPLIANCE: ON-GOING PROCESS - 14 February 2014

Paris, 14 February 2014 - 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.

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 October 2013, Albania has taken steps towards improving its AML/CFT regime, including by bringing into force new legislation enhancing the regime for freezing terrorist assets. However, certain strategic AML/CFT deficiencies remain. Albania should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining issues in its terrorist asset-freezing regime; 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. Since October 2013, Angola has taken steps towards improving its AML/CFT regime, including by enacting legislation on criminalisation of money laundering and terrorist financing and issuing a decree on the freezing of terrorist assets. The FATF has not fully assessed and discussed the amendment or the decree with authorities 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 an adequate legal framework for the confiscation of funds related to money laundering; (3) implementing an adequate supervisory framework; 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.

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 2013, Argentina has taken steps towards improving its AML/CFT regime, including by issuing new regulations strengthening suspicious transaction reporting requirements and financial sector regulator's existing powers to apply sanctions for AML/CFT deficiencies. 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 framework for freezing terrorist-related assets; and (2) further enhancing the range and proportionality of the sanctions available for non-compliance with AML/CFT requirements. The FATF encourages Argentina 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 October 2013, Cuba has taken significant steps towards improving its AML/CFT regime, including by enacting two Decree-Laws enhancing the criminalisation of money laundering and terrorist financing, the framework for freezing terrorist assets, and preventive measures for financial institutions. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Cuba should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining issues in the criminalisation of money laundering (2) ensuring adequate procedures to identify and freeze terrorist assets; (3) ensuring comprehensive customer due diligence measures and suspicious transaction reporting requirements; (4) 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. The FATF has determined that certain AML/CFT deficiencies remain. Iraq 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) 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.

Kenya

Since February 2010, when Kenya made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Kenya has made significant progress to improve its AML/CFT regime. Kenya has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; ensuring a fully operational and effectively functioning financial intelligence unit; establishing and implementing an adequate legal framework for identifying and freezing terrorist assets; establishing and implementing adequate procedures for the confiscation of funds related to money laundering; establishing and implementing CDD requirements; establishing and implementing a supervisory framework on AML/CFT for all financial institutions; and 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 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.

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 October 2013, Kuwait has taken steps towards improving its AML/CFT regime, including by issuing implementing regulations to ensure the operational independence of the FIU. 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); 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

Since October 2011, when Kyrgyzstan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies, Kyrgyzstan has made significant progress to improve its AML/CFT regime. Kyrgyzstan has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing an adequate legal framework for identifying, tracing and freezing terrorist assets; establishing adequate measures for the confiscation of funds related to money laundering; and strengthening customer due diligence requirements and the AML/CFT supervisory programme for financial institutions. 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.

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 and continue the process of implementing its action plan.

Mongolia

Since June 2011, when Mongolia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Mongolia has made significant progress to improve its AML/CFT regime. Mongolia has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; establishing adequate procedures for the confiscation of funds related to money laundering; establishing suspicious transaction reporting requirements; establishing a fully operational and effectively functioning financial intelligence unit; and demonstrating effective regulation of money service providers. 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.

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

Nepal has made significant progress to improve its AML/CFT regime 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 was able to confirm all of the technical requirements are in place and Nepal's strong commitment to implementing the reforms. However, Nepal's recently elected Parliament will need to consider the ordinances and ratify them as permanent parliamentary statutes. The FATF encourages Nepal to urgently enact the ordinances as Parliamentary statutes within the statutory timeframe. Until then, the FATF will continue to monitor Nepal.

Nicaragua

In June 2011, Nicaragua made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since October 2013, Nicaragua has taken steps towards improving its AML/CFT regime, including by issuing regulations on customer due diligence and record keeping requirements. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nicaragua should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing adequate internal mechanisms for suspicious transaction reporting obligations for money laundering and terrorist financing within the financial intelligence unit; (2) implementing an adequate AML/CFT supervisory programme for all financial sectors; (3) 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.

Papua New Guinea

In February 2014, Papua New Guinea made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Papua New Guinea 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 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 Papua New Guinea to address its AML/CFT deficiencies by 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 October 2013, Tajikistan has taken steps towards improving its AML/CFT regime, including by issuing a new regulation on customer due diligence requirements. However, the FATF has determined that 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; and (2) implementing adequate procedures for the confiscation of funds related to the full range of money laundering predicate offences. The FATF encourages Tajikistan to address its remaining deficiencies and continue the process of implementing its action plan.

Tanzania

Since October 2010, when Tanzania made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Tanzania has made significant progress to improve its AML/CFT regime. Tanzania has substantially 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 and broadening CDD measures and record-keeping requirements; establishing a fully operational and effectively functioning national financial intelligence unit; and designating competent authorities to ensure compliance with AML/CFT requirements. 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.

Uganda

In February 2014, Uganda made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Uganda will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (3) ensuring effective record-keeping requirements; (4) establishing a fully operational and effectively functioning financial intelligence unit (FIU); (5) ensuring there are adequate suspicious transaction reporting requirements; (6) ensuring an adequate and effective AML/CFT supervisory and oversight programme for all financial sectors; and (7) ensuring that appropriate laws and procedures are in place with regard to international cooperation for the FIU and supervisory authorities. The FATF encourages Uganda to address its AML/CFT deficiencies by implementing its action plan.

Zimbabwe

In June 2011, Zimbabwe made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Since October 2013, Zimbabwe has taken steps towards improving its AML/CFT regime. 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; and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets. 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 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 2014, then the FATF will identify these jurisdictions as being out of compliance with their 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 jurisdictions.

Afghanistan

Despite Afghanistan'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 Afghanistan has made sufficient progress in improving its AML/CFT regime, and 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.

Cambodia

Despite Cambodia'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 Cambodia has made sufficient progress in improving its AML/CFT regime, and 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; and (2) 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.

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

Antigua and Barbuda

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

Bangladesh

The FATF welcomes Bangladesh's significant progress in improving its AML/CFT regime and notes that Bangladesh 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. Bangladesh is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Bangladesh will work with APG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

Vietnam

The FATF welcomes Vietnam's significant progress in improving its AML/CFT regime and notes that Vietnam 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. Vietnam is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Vietnam will work with APG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.