



CENTRALE BANK VAN ARUBA

August 27, 2014

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

CMB/pjj/1.13/INT/3488

Subject: FATF statements dated June 27, 2014 / FATF/2014-2

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 March 10, 2014 (CMB/lcw/1.13/INT/3041) 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 June 27, 2014 (enclosure 1) and the FATF Compliance Document of June 27, 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 February 14, 2014 with the FATF Public Statement and the FATF Compliance Document of June 27, 2014.

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:

- Ethiopia
- Pakistan
- Syria
- Turkey
- Yemen

Pursuant to their progress in substantially addressing their action plan agreed upon with the FATF, Ethiopia, Pakistan, Syria, Turkey and Yemen 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 October 2014.

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

- Ethiopia
- Pakistan
- Syria
- Turkey
- Yemen

As previously noted, pursuant to the progress made by Ethiopia, Pakistan, Syria, Turkey and Yemen in substantially addressing their action plan 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 Kenya, Kyrgyzstan, Mongolia, Nepal and Tanzania 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 does not take sufficient action to implement significant components of its action plan by October 2014, then the FATF will call upon its members and other jurisdictions to consider the money laundering and financing of terrorism (ML/FT) risks arising from the deficiencies in Afghanistan.

The FATF Public Statement and the FATF Compliance Document of June 27, 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 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 ML/FT risks emanating from Iran and DPRK. FATF also urges and continues to urge jurisdictions to protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and to take into account ML/FT risks when considering requests by Iranian and DPRK financial institutions to open branches and subsidiaries in their jurisdiction.

Furthermore, regarding Iran, due to the continuing terrorist financing threat emanating from Iran, jurisdictions should consider the steps already taken and possible additional safeguards or strengthening existing ones. Also, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in October 2014 if Iran fails to take concrete steps to continue to improve its CFT regime.

Category Two

Into this category fall **Algeria, Ecuador, Indonesia and Myanmar**. 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, Angola, Argentina, Cambodia, Cuba, Ethiopia, Iraq, Kuwait, Lao PDR, Namibia, Nicaragua, Pakistan, Panama, Papua New Guinea, Sudan, Syria, Tajikistan, Turkey, Uganda, Yemen and Zimbabwe**.

As mentioned above, with regard to Afghanistan, if it does not take sufficient action to implement significant components of its action plan by October 2014, then the FATF will take the additional step of calling upon its members to consider the risks arising from the ML/TF deficiencies in Afghanistan.

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:

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.

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 **September 30, 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 **September 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.

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 **October 15, 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 **October 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.

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. Bryson of the Integrity Supervision Department at telephone number (297) 5252-178 or by e-mail, cmbryson@cbaruba.org.

Sincerely yours,


Centrale Bank van Aruba

Enclosures: 2



High-risk and non-cooperative jurisdictions

FATF PUBLIC STATEMENT - 27 June 2014

Paris, 27 June 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

Indonesia

Myanmar

Ethiopia, Pakistan, Syria, Turkey and Yemen 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 October 2014.

Democratic People's Republic of Korea (DPRK)

Since February 2014, the DPRK has engaged directly with the FATF to discuss its AML/CFT deficiencies. The FATF urges the DPRK to continue its cooperation with the FATF to come to an understanding on its AML/CFT deficiencies as a basis for an agreed action plan.

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

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

Algeria

Algeria has taken steps towards improving its AML/CFT regime, including by bringing into force amendments to its Penal Code to expand the scope of terrorist acts criminalised. 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 steps towards improving its AML/CFT regime, including by enacting a new criminal code, which includes provisions adequately criminalising money laundering and terrorist financing. However, despite Ecuador's high-level political commitment to the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Ecuador has not made sufficient progress in implementing its action plan, and certain strategic deficiencies remain. Ecuador 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) clarifying procedures for the confiscation of funds related to ML. Ecuador should also continue enhancing financial sector supervision. The FATF encourages Ecuador 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 by developing Indonesia's terrorist asset-freezing regime. However, despite Indonesia's high-level political commitment to work with the FATF and APG 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 fully implementing UNSCR 1267 and clarifying the legal framework and procedures for freezing terrorist assets.



Myanmar

Myanmar has taken steps towards improving its AML/CFT regime, including by enacting a new AML and CT Law. 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.



High-risk and non-cooperative jurisdictions

IMPROVING GLOBAL AML/CFT COMPLIANCE: ON-GOING PROCESS - 27 June 2014

Paris, 27 June 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.

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, including by passing new AML and CFT laws in June 2014. While the AML law has been enacted, the FATF has not yet assessed it due to its very recent nature. In addition, it is not clear whether the CFT law is in force, and Afghanistan has not issued the necessary CFT regulations. If Afghanistan does not bring into force CFT legislation and issue the necessary regulations compliant with the international standards by the October 2014 FATF meetings, the FATF will call upon its members and other jurisdictions to consider the ML/TF risks arising from the deficiencies in Afghanistan. Afghanistan should continue to work on implementing its action plan to address its strategic AML/CFT 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 urges Afghanistan to address its deficiencies and bring into force the necessary CFT legislation and regulations immediately.



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. 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) 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 February 2014, Angola has taken steps towards improving its AML/CFT regime, including by bringing into force legislation for the freezing and seizing of assets related to money laundering. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Angola should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining issues regarding criminalisation of money laundering; (2) ensuring it has 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

Since June 2011, when Argentina made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Argentina has made significant progress to improve its AML/CFT regime. Argentina has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; enhancing procedures for the confiscation of funds related to money laundering; ensuring a fully operational and effectively functioning financial intelligence unit and enhancing suspicious transaction reporting requirements; establishing customer due diligence requirements; and enhancing financial sector 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.

Cambodia

Since June 2011, when Cambodia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Cambodia has made significant progress to improve its AML/CFT regime. Cambodia has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing procedures to



identify and freeze terrorist assets; establishing procedures for the confiscation of funds related to money laundering; ensuring a fully operational and effectively functioning financial intelligence unit; and establishing effective controls for cross-border cash transactions. 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

Since February 2013, when Cuba made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Cuba has made significant progress to improve its AML/CFT regime. Cuba has substantially addressed its action plan, including by: becoming a member of GAFISUD; adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; establishing adequate customer due diligence requirements; ensuring a fully operational and effectively functioning financial intelligence unit and enhancing suspicious transaction reporting 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.

Ethiopia

Since June 2010, when Ethiopia made high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies, Ethiopia has made significant progress to improve its AML/CFT regime. Ethiopia has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing a legal framework and procedures to identify and freeze terrorist assets; ensuring a fully operational and effectively functioning financial intelligence unit; improving customer due diligence measures; raising awareness of AML/CFT issues within the law enforcement community; and establishing a AML/CFT supervisory framework. 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.

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. However, the FATF has determined that certain strategic 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.



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 February, Kuwait has taken steps towards improving its AML/CFT regime, including by issuing a Ministerial Resolution on freezing terrorist assets. 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) ensuring it has adequate procedures to identify and freeze terrorist assets; and (2) ensuring a fully operational and effectively functioning financial intelligence unit. The FATF encourages Kuwait to address its remaining deficiencies and continue the process of implementing its action plan.

Lao PDR

In June 2013, 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. 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 Lao PDR to address its AML/CFT 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 February, Namibia has taken steps towards improving its AML/CFT regime, including by enacting new CFT legislation. The FATF welcomes this development, but has not 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 continue the process of implementing its action plan.

Nicaragua

In June 2011, Nicaragua made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since February, Nicaragua has taken steps towards improving its AML/CFT regime, including by establishing internal mechanisms for STR obligations and creating an



AML/CFT supervisory programme for all financial sectors and issuing Decree 17-2014 aimed at establishing a framework for identifying and freezing terrorist assets. 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 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.

Pakistan

Since June 2010, when Pakistan made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Pakistan has made significant progress to improve its AML/CFT regime. Pakistan has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing procedures to identify, freeze and confiscate terrorist assets; ensuring a fully operational and effectively functioning financial intelligence unit; establishing regulation of money service providers; and improving controls for cross-border cash transactions. 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.

Panama

In June 2014, Panama made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. Panama will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework for freezing terrorist assets; (3) establishing effective measures for customer due diligence in order to enhance transparency; (4) establishing a fully operational and effectively functioning financial intelligence unit; (5) establishing suspicious transaction reporting requirements for all financial institutions and DNFBPs; and (6) ensuring effective mechanisms for international co-operation. The FATF encourages Panama to address its AML/CFT deficiencies by 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. Since then, Papua New Guinea has established the formal structure of its FIU. However, the FATF has determined that strategic AML/CFT deficiencies remain. Papua New Guinea 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 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. Since February, Sudan has taken steps towards improving its AML/CFT regime, including by enacting new AML/CFT legislation and undertaking AML/CFT supervisory visits for financial institutions. The FATF welcomes these developments but has not assessed the new legislation due to its 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) implementing adequate procedures for identifying and freezing terrorist assets; (3) ensuring a fully operational and effectively functioning financial intelligence unit; (4) improving customer due diligence measures; (5) 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 (6) ensuring that appropriate laws and procedures are in place with regard to international co-operation and mutual legal assistance. The FATF encourages Sudan to address its remaining deficiencies and continue the process of implementing its action plan.

Syria

Since February 2010, when Syria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Syria has made progress to improve its AML/CFT regime. Syria has substantially addressed its action plan at a technical level, including by criminalising terrorist financing and establishing procedures for freezing terrorist assets. While the FATF determined that Syria has completed its action plan agreed upon with the FATF, due to the security situation, the FATF is unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF. The FATF will continue to monitor the situation.

Tajikistan

Since June 2011, when Tajikistan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies, Tajikistan has made significant progress to improve its AML/CFT regime. Tajikistan has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing procedures for the confiscation of funds related to money laundering and identifying and freezing terrorist assets; enhancing financial transparency; ensuring a fully operational, and effectively functioning financial intelligence unit and improving suspicious transaction reporting requirements; and broadening CDD measures. 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.



Turkey

Since February 2010, when Turkey made a high-level political commitment to work with the FATF to address its strategic CFT deficiencies, Turkey has made significant progress to improve its CFT regime. Turkey has largely addressed its action plan, including by adequately criminalising terrorist financing and establishing procedures to identify, freeze and confiscate 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.

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. However, the FATF has determined that strategic AML/CFT deficiencies remain. Uganda 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; (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 co-operation for the FIU and supervisory authorities. The FATF encourages Uganda to address its AML/CFT deficiencies by implementing its action plan.

Yemen

Since February 2010, when Yemen made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Yemen has made progress to improve its AML/CFT regime. Yemen has substantially addressed its action plan at a technical level, including by adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; improving its customer due diligence and suspicious transaction reporting requirements; issuing guidance; developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the FIU; and ensuring a fully operational and effectively functioning financial intelligence unit. While the FATF determined that Yemen has completed its action plan agreed upon with the FATF, due to the security situation, the FATF is unable to conduct an on-site visit to assess whether 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 February, Zimbabwe has taken steps towards improving its AML/CFT regime, including by enacting the Trafficking in Persons Act 2014



and issuing a Statutory Instrument to improve the framework to identify and freeze terrorist assets. The FATF welcomes these developments but has not assessed the new legislation due to its 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; 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 no longer subject to the FATF's on-going global AML/CFT compliance process

Kenya

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

Kyrgyzstan

The FATF welcomes Kyrgyzstan's significant progress in improving its AML/CFT regime and notes that Kyrgyzstan 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 2011. Kyrgyzstan is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Kyrgyzstan will work with EAG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

Mongolia

The FATF welcomes Mongolia's significant progress in improving its AML/CFT regime and notes that Mongolia 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 June 2011. Mongolia is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Mongolia will work with APG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

Nepal

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



Tanzania

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