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.