Improving Global AML/CFT Compliance: On-going Process - 23 February 2018

Paris, France, 23 February 2018 - As part of its on-going review of compliance with the AML/CFT standards, the FATF identifies the following jurisdictions that 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 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.

Jurisdictions with strategic deficiencies	**Jurisdictions no longer subject to the FATF's on-going global AML/CFT compliance process**
Ethiopia Iraq Serbia Sri Lanka Syria Trinidad and Tobago Tunisia Vanuatu Yemen	Bosnia and Herzegovina

Ethiopia

Since February 2017, when Ethiopia made a high-level political commitment to work with the FATF and ESAAMLG to strengthen its effectiveness and address any related technical deficiencies, Ethiopia has taken steps towards improving its AML/CFT regime, including by conducting awareness-raising trainings for its DNFBPs, regulatory bodies, and investigative bodies and disseminating the UN sanctions lists to obliged entities without delay. Ethiopia should continue to work on implementing its action plan to address its deficiencies, including by: (1) fully implementing the results of its national risk assessment; (2) fully integrating designated non-financial businesses and professions into its AML/CFT regime; (3) ensuring that the proceeds and instrumentalities of crime are confiscated; (4) consistently implementing terrorism-related targeted financial sanctions and proportionately supervising non-profit organisations in line with a risk-based approach; and (5) establishing and implementing WMD-related targeted financial sanctions.

Iraq

Since October 2013, when Iraq made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Iraq has substantially addressed its action plan at a technical level, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing 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 adequate suspicious transaction reporting requirements; and (6) establishing an adequate AML/CFT supervisory and oversight programme for the financial sector. The FATF will conduct an on-site visit to confirm that the implementation of these reforms has begun and is being sustained.

Serbia

In February 2018, Serbia made a high-level political commitment to work with the FATF and MONEYVAL to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. Serbia will work to implement its action plan to accomplish these objectives, including by: (1) updating the NRA to develop a better understanding of key risks; (2) subjecting lawyers, notaries, and casinos to supervision; implementing risk-based AML/CFT supervision, and increasing supervisory staff resources commensurate with sectoral risks; (3) implementing measures related to CDD, politically exposed persons, and wire transfers in line with the FATF Standards; (4) establishing an effective mechanism for ensuring timely access to beneficial ownership information regarding legal persons, and a framework to ensure that such information is adequate, accurate, and current; (5) ensuring adequate and effective investigation and prosecution of third-party and stand-alone ML; (6) ensuring the implementation without delay of targeted financial sanctions measures related to terrorist financing, providing guidance to reporting entities, and taking proportionate measures for non-profit organisations in line with a risk-based approach; and (7) ensuring the implementation without delay of targeted financial sanctions related to proliferation financing.

Sri Lanka

Since November 2017, when Sri Lanka made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies, Sri Lanka has taken steps towards improving its AML/CFT regime, including by issuing CDD rules for DNFBPs. Sri Lanka should continue to work on implementing its action plan to address its deficiencies, including by: (1) enacting amendments to the MACMA to ensure that mutual legal assistance may be provided on the basis of reciprocity; (2) issuing any necessary guidance and ensuring that implementation of the CDD rules has begun, by way of supervisory actions; (3) enhancing risk-based supervision and outreach to FIs and high-risk DNFBPs, including through prompt and dissuasive enforcement actions and sanctions, as appropriate; (4) providing case studies and statistics to demonstrate that competent authorities can obtain beneficial ownership information in relation to legal persons in a timely manner; (5) issuing a revised Trust Ordinance and demonstrating that implementation has begun; and (6) establishing a TFS regime to implement relevant UNSCRs related to Iran, and demonstrating effective implementation on this and the UN Regulation related to the DPRK.

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. In June 2014, the FATF determined that Syria had 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 agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit to confirm whether the process of implementing the required reforms and actions has begun and is being sustained. The FATF will continue to monitor the situation, and will conduct an on-site visit at the earliest possible date.

Trinidad and Tobago

Since November 2017, when Trinidad and Tobago made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies, Trinidad and Tobago has taken steps towards improving its AML/CFT regime, including the approval of the Counter Terrorism Strategy by the National Security Council, the issuance of a Case Prioritization Policy, and advancing legislation in a number of areas. Trinidad and Tobago should continue to work on implementing its action plan to address its deficiencies, including by: (1) adopting and implementing the relevant measures to enhance international cooperation; (2) addressing issues related to transparency and beneficial ownership; (3) completing the legislative efforts to enhance the processing of ML charges before the courts; (4) taking measures to enhance tracing and confiscation of criminal proceeds; (5) prioritising and prosecuting TF cases when they arise; (6) enacting the necessary amendments related to targeted financial sanctions and implementing measures to monitor NPOs on the basis of risk; and (7) developing, adopting, and implementing the necessary framework to counter proliferation financing.

Tunisia

Since November 2017, when Tunisia made a high-level political commitment to work with the FATF and MENAFATF to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies, Tunisia has taken steps towards improving its AML/CFT regime, including by issuing a decree to implement terrorism-related targeted financial sanctions, preparing AML/CFT supervisory manuals, conducting trainings on AML/CFT supervision for the relevant authorities and increasing human resources within the financial intelligence unit. Tunisia should continue to work on implementing its action plan to address its deficiencies, including by: (1) implementing risk-based AML/CFT supervision of the financial sector and fully integrating designated non-financial businesses and professions into its AML/CFT regime; (2) maintaining comprehensive and updated commercial registries and strengthening the system of sanctions for violations of transparency obligations; (3) increasing the efficiency of suspicious transaction report processing by allocating the necessary resources to the financial intelligence unit; (4) establishing a fully functional terrorism-related targeted financial sanctions regime and appropriately monitoring the association sector; and (5) establishing and implementing WMD-related targeted financial sanctions.

Vanuatu

Since February 2016, when Vanuatu made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Vanuatu has substantially addressed its action plan at a technical level, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing adequate procedures for the confiscation of assets related to money laundering; (3) establishing an adequate legal framework for identifying, tracing and freezing terrorist assets and other UN sanctions; (4) ensuring a fully operational and effectively functioning financial intelligence unit; (5) strengthening preventive measures, including for wire transfers; (6) establishing transparency for the financial sector, and for legal persons and arrangements; (7) establishing an adequate AML/CFT supervisory and oversight programme for the whole financial sector and trust and company service providers; and (8) establishing appropriate channels for international co-operation and domestic coordination policies and actions on identified risks and ensuring effective implementation. The FATF will conduct an on-site visit to confirm that the implementation of these reforms has begun and is being sustained.

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. In June 2014, the FATF determined that Yemen had substantially addressed its action plan at a technical level, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing procedures to identify and freeze terrorist assets; (3) improving its customer due diligence and suspicious transaction reporting requirements; (4) issuing guidance; (5) developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the financial intelligence unit; and (6) establishing a fully operational and effectively functioning financial intelligence unit. While the FATF determined that Yemen has completed its agreed action plan, due to the security situation, the FATF has been unable to conduct an on-site visit to confirm whether the process of implementing the required reforms and actions has begun and is being sustained. The FATF will continue to monitor the situation, and conduct an on-site visit at the earliest possible date.

Jurisdictions No Longer Subject to the FATF's On-Going Global AML/CFT Compliance Process

Bosnia and Herzegovina

The FATF welcomes Bosnia and Herzegovina's significant progress in improving its AML/CFT regime and notes that Bosnia and Herzegovina has established the legal and regulatory framework to meet the commitments in its action plan regarding the strategic deficiencies that the FATF identified in June 2015. Bosnia and Herzegovina is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Bosnia and Herzegovina will work with MONEYVAL to improve its AML/CFT framework.