Improving Global AML/CFT Compliance: On-going process – 23 October 2015

Paris, 23 October 2015- 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
Algeria
Angola
Bosnia and Herzegovina
Iraq
Guyana
Panama
Papua New Guinea
Syria
Uganda
Yemen

Jurisdiction not making sufficient progress

Lao PDR

Jurisdictions no longer Subject to the FATF's On-Going AML/CFT Compliance Process

Ecuador
Sudan

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 June 2015, Afghanistan has taken steps towards improving its AML/CFT regime, including by issuing a fit and proper regulation for the financial sector, and cross-border declaration regulations for the physical transportation of cash and bearer negotiable instruments. However, the FATF has determined that certain strategic deficiencies remain. Afghanistan should continue to implement its action plan, including by: (1) further implementing its legal framework for identifying, tracing and freezing terrorist assets; (2) implementing an adequate AML/CFT supervisory and oversight programme for all financial sectors; and (3) further establishing and implementing effective controls for cross-border cash transactions. The FATF encourages Afghanistan to address its remaining deficiencies and continue the process of implementing its action plan.

Algeria

Since October 2011, when Algeria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Algeria has made significant progress to improve its AML/CFT regime. Algeria has substantially addressed its action plan at a technical level, including by: (1) adequately criminalising terrorist financing; (2) establishing an adequate legal framework and procedures for identifying, tracing, and freezing terrorist assets; (3) improving and broadening customer due diligence (CDD) measures and ensuring that they apply to all financial institutions; (4) establishing a fully operational and effectively functioning financial intelligence unit ; and (5) enacting an appropriate provision for mutual legal assistance. 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.

Angola

Since June 2010 and February 2013, when Angola made high-level political commitments to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Angola has made significant progress to improve its AML/CFT regime. Angola 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 and procedures for the seizure and confiscation of funds related to money laundering and the identification and freezing of terrorist assets; (3) establishing a fully operational and effectively functioning financial intelligence unit; (4) improving CDD measures; (5) ensuring that an appropriate legal basis exists to provide AML/CFT-related mutual legal assistance; and (6) ratifying the UN Convention for the Suppression of the

Financing of Terrorism and the UN Convention on Transnational Organised Crime. 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.

Bosnia and Herzegovina

In June 2015, Bosnia and Herzegovina 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 deficiencies remain. Bosnia and Herzegovina should continue to implement its action plan to address these deficiencies, including by: (1) completing the criminalisation of terrorist financing; (2) establishing and implementing an adequate legal framework for freezing terrorist assets under UNSCR 1373; (3) implementing an adequate supervisory framework; (4) implementing adequate AML/CFT measures for the non-profit sector; (5) establishing and implementing adequate cross-border currency controls; (6) harmonising criminalisation of money laundering in all criminal codes; and (7) ensuring adequate procedures for the confiscation of assets. The FATF encourages Bosnia and Herzegovina to address its AML/CFT deficiencies by 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. Since June 2015, Iraq has taken steps towards improving its AML/CFT regime, including by obtaining Parliamentary approval of a new AML/CFT law. Due to the very recent nature of the law, the FATF has not yet assessed the law in order to determine the extent to which the new law addresses any of the following issues: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework and procedures for identifying and freezing terrorist assets; (3) ensuring that all financial institutions are subject to adequate customer due diligence requirements; (4) ensuring a fully operational and effectively functioning financial intelligence unit; (5) ensuring that all financial institutions are subject to adequate 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 remaining AML/CFT deficiencies and continue the process of implementing its action plan.

Guyana

In October 2014, Guyana made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since June 2015, Guyana has taken steps toward improving its AML/CFT regime, including by enacting the AML/CFT Amendment Act 2015. However, the FATF has determined that certain strategic deficiencies remain. Guyana should continue to implement its action plan, including by: (1) ensuring and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (2) ensuring a fully operational and effectively functioning financial intelligence unit; (3) establishing effective measures for customer due diligence and enhancing financial transparency; and (4) implementing an adequate supervisory framework. The FATF

Panama

Since June 2014, when Panama made a high-level political commitment to work with the FATF and GAFILAT to address its strategic AML/CFT deficiencies, Panama has made significant progress to improve its AML/CFT regime. Panama has substantially addressed its action plan at a technical level, 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 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.

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 June 2015, Papua New Guinea has taken steps towards improving its AML/CFT regime, including by obtaining Parliamentary approval of a Criminal Code Amendment, an AML/CFT law, establishing a legal framework to require the freezing of terrorist assets and a cross-border declaration system. PNG will need to bring these laws into force and the final text should be reviewed by the FATF. 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 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 bring the law into force 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. 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 action plan agreed upon with the FATF, due to the security situation, the FATF has been unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway. The FATF will continue to monitor the situation, and will conduct an on-site visit at the earliest possible date.

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 deficiencies remain. Uganda should therefore continue to work on addressing the following deficiencies: (1) adequately criminalising terrorist financing; (2) establishing and implementing an adequate legal framework and set of procedures for identifying and freezing terrorist assets; (3) ensuring that all financial institutions are subject to adequate record-keeping requirements; (4) establishing a fully operational and effectively functioning financial intelligence unit; (5) ensuring 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 financial intelligence unit and supervisory authorities. The FATF encourages Uganda to address its remaining AML/CFT deficiencies, including adequately criminalising terrorist financing, and continue the process of 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. In June 2014, the FATF determined that Yemen had 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 financial intelligence unit; and establishing a fully operational and effectively functioning FIU. While the FATF determined that Yemen has completed its action plan agreed upon with the FATF, due to the security situation, the FATF has been unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway. The FATF will continue to monitor the situation, and conduct an on on-site visit at the earliest possible date.

Jurisdiction not making sufficient progress

The FATF is not yet satisfied that the following jurisdiction has made sufficient progress on its 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 this jurisdiction does not take sufficient action to implement significant components of its action plan by February 2016, then the FATF will identify this jurisdiction as being out of compliance with its 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 jurisdiction.

Lao PDR

Despite the Lao PDR'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 the Lao PDR has made sufficient progress in improving its AML/CFT regime, and 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 suspicious transaction reporting requirements; (5) implementing an adequate AML/CFT supervisory and oversight programme for all financial sectors; and (6) 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.

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

Ecuador

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

Sudan

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