



## High-risk and non-cooperative jurisdictions

### IMPROVING GLOBAL AML/CFT COMPLIANCE: ON-GOING PROCESS - 24 October 2014

*Paris, 24 October 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 June 2014, Afghanistan has taken steps towards improving its AML/CFT regime, including by bringing CFT legislation into force and issuing CFT regulations. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. 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 encourages Afghanistan to address its remaining deficiencies and continue the process of implementing its action plan.

### Albania

Since June 2012, when Albania made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies, Albania has made significant progress

to improve its AML/CFT regime. Albania has substantially addressed its action plan at a technical level, including by: establishing adequate customer due diligence provisions; establishing an adequate legal framework for identifying, tracing and freezing terrorist assets; and enhancing the framework 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.

## 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 June 2014, Angola has taken steps towards improving its AML/CFT regime, including by commencing on-site inspections of AML/CFT compliance by banks. However, the FATF has determined that a strategic AML/CFT deficiency remains. Angola should continue to work on implementing its action plan to address this deficiency by ensuring that appropriate laws and procedures are in place to provide mutual legal assistance. The FATF encourages Angola to address its remaining deficiency and continue the process of implementing its action plan.

## 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 at a technical level, 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; establishing an effectively functioning financial intelligence unit; and establishing controls for cross-border cash transactions. The FATF conducted an on-site visit but cannot yet determine that implementation of the above reforms has begun. The FATF encourages Cambodia to make progress by February 2015, when the FATF will again assess the situation.

## 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. Guyana 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 effective measures for customer due diligence and enhancing financial transparency; (6) strengthening suspicious transaction reporting requirements; and (7) implementing an adequate supervisory

framework. The FATF encourages Guyana 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. 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

Since June 2012, when Kuwait made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Kuwait has made significant progress to improve its AML/CFT regime. Kuwait has substantially addressed its action plan at a technical level, including by: adequately criminalising terrorist financing; establishing procedures to identify and freeze terrorist assets; ensuring that appropriate laws and procedures are in place to provide mutual legal assistance with respect to terrorist financing; establishing customer due diligence measures; establishing a financial intelligence unit; ensuring that financial institutions are obligated to file suspicious transaction reports in relation to money laundering and terrorist financing; and ratifying the Terrorist Financing Convention. 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.

## Namibia

Since June 2011, when Namibia made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Namibia has made significant progress to improve its AML/CFT regime. Namibia has substantially addressed its action plan at a technical level, including by: adequately criminalising terrorist financing; establishing adequate procedures to identify and freeze terrorist assets; ensuring that supervisory authorities have sufficient powers to supervise for AML/CFT compliance; developing an adequate AML/CFT supervisory programme; establishing a financial intelligence unit; implementing effective, proportionate and dissuasive sanctions in order to deal with non-compliance with the national AML/CFT requirements; and ratifying the Terrorist Financing Convention. 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.

## Nicaragua

Since June 2011, when Nicaragua made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies, Nicaragua has made significant progress to improve its AML/CFT regime. Nicaragua has substantially addressed its action plan at a technical level, including by: establishing effective customer due diligence measures and record-keeping requirements; establishing suspicious transaction reporting requirements for money laundering and terrorist financing; developing an AML/CFT supervisory programme for all financial sectors; establishing a financial intelligence unit; and establishing adequate procedures for identifying and freezing 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.

## 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. In June 2014, the FATF determined that Pakistan had substantially addressed its action plan at a technical level, 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. Due to security reasons, 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 visit is currently scheduled to take place prior to the February 2015 FATF meetings.

## 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. However, the FATF has determined that strategic AML/CFT deficiencies remain. Panama 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 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 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. Since June, Papua New Guinea has taken steps towards improving its AML/CFT regime, including by issuing prudential standards on customer due diligence. 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 and continue the process of 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 June 2014, Sudan has taken steps towards improving its AML/CFT regime, including by bringing into force three decrees related to UNSCR asset freezing obligations. However, the FATF has determined that strategic AML/CFT deficiencies remain. Sudan should continue to work on implementing its action plan to address these deficiencies, including by: (1)

addressing the remaining issues regarding the predicate offences for money laundering; (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; and (5) ensuring that appropriate laws and procedures are in place with regard to 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. 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.

## 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. Since June 2014, Uganda has taken steps towards improving its AML/CFT regime, including by establishing its financial intelligence unit and issuing guidance to reporting entities. 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; (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 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 (FIU); 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.

## Zimbabwe

Since June 2011, when Zimbabwe made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Zimbabwe has made significant progress to improve its AML/CFT regime. Zimbabwe has substantially addressed its action plan at a technical level, including by: adequately criminalising money laundering and terrorist financing; establishing adequate procedures to identify and freeze terrorist assets; establishing a financial intelligence unit; ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT; and ratifying the Terrorist Financing Convention. 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.



## **Jurisdictions no longer subject to the FATF's on-going Global AML/CFT Compliance Process**

### **Argentina**

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

### **Cuba**

The FATF welcomes Cuba's significant progress in improving its AML/CFT regime and notes that Cuba 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 2013. Cuba is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Cuba will work with GAFISUD to further strengthen its AML/CFT regime.

### **Ethiopia**

The FATF welcomes Ethiopia's significant progress in improving its AML/CFT regime and notes that Ethiopia 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. Ethiopia is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Ethiopia will work with ESAAMLG to further strengthen its AML/CFT regime.

### **Tajikistan**

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



## Turkey

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