Improving Global AML/CFT Compliance: on-going process – 26 June 2015

Brisbane, 26 June 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
Angola
Boznia and Herzegovina
Ecuador
Guyana
Iraq
Lao PDR
Panama
Papua New Guinea
Sudan
Syria
Uganda
Yemen

Jurisdiction not making sufficient progress

Iraq

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

Indonesia

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 February 2015, Afghanistan has taken steps towards improving its AML/CFT regime, including by issuing an amendment to the AML Law to extend the money laundering offence to cover foreign predicate offences. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Afghanistan should continue to work on implementing 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) 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.

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 and

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ESAAMLG to address its strategic AML/CFT deficiencies. Since February 2015, Angola has taken significant steps towards improving its AML/CFT regime through the adoption of mutual legal assistance legislation on 19 June 2015. The FATF has not assessed this new legislation due to its very recent nature, and therefore the FATF has not yet determined the extent to which it addresses the deficiency earlier identified by the FATF. The FATF encourages Angola to continue the process of implementing its action plan.

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. Bosnia and Herzegovina will work on implementing 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; and (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.

Ecuador

Since June 2010, when Ecuador made a high-level political commitment to work with the FATF and GAFILAT to address its strategic AML/CFT deficiencies, Ecuador has made significant progress to improve its AML/CFT regime. Ecuador has substantially addressed its action plan at a technical level, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing adequate procedures to identify and freeze terrorist assets and for the confiscation of funds related to money laundering; and (3) reinforcing and improving coordination of 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.

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. However, the FATF has determined that certain strategic deficiencies remain. Guyana should continue to work on implementing its action plan, 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 remaining deficiencies and continue the process of implementing its action plan.

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. Since February 2015, the Lao PDR has taken steps towards improving its AML/CFT regime, including by formalising the role and function of the FIU and issuing regulations on its cross border declaration system. The Lao PDR should continue to work on implementing its action plan to address these deficiencies, including by: (1)

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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) ensuring 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.

Panama

In June 2014, Panama made a high-level political commitment to work with the FATF and GAFILAT to address its strategic AML/CFT deficiencies. Since February 2015, Panama has taken significant steps towards improving its AML/CFT regime, including by enacting: amendments to the criminal code, a new AML/CFT law, and legislation enhancing the framework for international cooperation. However, the FATF has determined that strategic AML/CFT deficiencies remain. Panama should continue to work on implementing its action plan, including by: (1) implementing an adequate legal framework for freezing terrorist assets; (2) implementing effective measures for customer due diligence in order to enhance transparency; and (3) ensuring a fully operational and effectively functioning financial intelligence unit. The FATF encourages Panama to address its remaining deficiencies, including by issuing adequate regulations for the various sectors to further implement the provisions of the new laws 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. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Papua New Guinea should continue to work on implementing its action plan, 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 remaining deficiencies and continue the process of implementing its action plan.

Sudan

Since February 2010, when Sudan made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Sudan has made significant progress to improve its AML/CFT regime. Sudan 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 identifying and freezing terrorist assets; (3) establishing a fully operational and effectively functioning Financial Intelligence Unit; (4) establishing an effective supervisory programme for AML/CFT compliance; (5) improving customer due diligence measures; (6) increasing financial institutions' awareness of and compliance with their obligations to file suspicious transaction reports in relation to money laundering and terrorist financing; and (7) enacting laws and procedures regarding international cooperation and 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.

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. Since February 2015, Uganda has taken significant steps towards improving its AML/CFT regime, including by enacting the Anti-Terrorism Amendment Act on 19 June 2015. The FATF has not assessed this 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; (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, and conduct an on on-site visit at the earliest possible date.

Jurisdictions 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 June 2015, 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.

Iraq

Despite Iraq's high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Iraq has made sufficient progress in improving its AML/CFT regime, and certain strategic AML/CFT deficiencies remain. Iraq should continue to work on implementing its action plan, 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) ensuring 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 remaining 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

Indonesia

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

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