

High-risk and non-cooperative jurisdictions

IMPROVING GLOBAL AML/CFT COMPLIANCE: ON-GOING PROCESS - 27 June 2014

Paris, 27 June 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 then, Afghanistan has taken steps towards improving its AML/CFT regime, including by passing new AML and CFT laws in June 2014. While the AML law has been enacted, the FATF has not yet assessed it due to its very recent nature. In addition, it is not clear whether the CFT law is in force, and Afghanistan has not issued the necessary CFT regulations. If Afghanistan does not bring into force CFT legislation and issue the necessary regulations compliant with the international standards by the October 2014 FATF meetings, the FATF will call upon its members and other jurisdictions to consider the ML/TF risks arising from the deficiencies in Afghanistan. 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 urges Afghanistan to address its deficiencies and bring into force the necessary CFT legislation and regulations immediately.

Albania

In June 2012, Albania 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 AML/CFT deficiencies remain. Albania should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining issues in its terrorist asset-freezing regime; and (2) enhancing the framework for international co-operation related to terrorist financing. The FATF encourages Albania 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 to address its strategic AML/CFT deficiencies. Since February 2014, Angola has taken steps towards improving its AML/CFT regime, including by bringing into force legislation for the freezing and seizing of assets related to money laundering. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Angola should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining issues regarding criminalisation of money laundering; (2) ensuring it has an adequate legal framework for the confiscation of funds related to money laundering; (3) implementing an adequate supervisory framework; and (4) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance. The FATF encourages Angola to address its remaining deficiencies and continue the process of implementing its action plan.

Argentina

Since June 2011, when Argentina made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Argentina has made significant progress to improve its AML/CFT regime. Argentina has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; enhancing procedures for the confiscation of funds related to money laundering; ensuring a fully operational and effectively functioning financial intelligence unit and enhancing suspicious transaction reporting requirements; establishing customer due diligence requirements; and enhancing 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.

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, 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; ensuring a fully operational and effectively functioning financial intelligence unit; and establishing effective controls for cross-border cash transactions. 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.

Cuba

Since February 2013, when Cuba made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Cuba has made significant progress to improve its AML/CFT regime. Cuba has substantially addressed its action plan, including by: becoming a member of GAFISUD; adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; establishing adequate customer due diligence requirements; ensuring a fully operational and effectively functioning financial intelligence unit and enhancing suspicious transaction reporting requirements. 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.

Ethiopia

Since June 2010, when Ethiopia made high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies, Ethiopia has made significant progress to improve its AML/CFT regime. Ethiopia has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing a legal framework and procedures to identify and freeze terrorist assets; ensuring a fully operational and effectively functioning financial intelligence unit; improving customer due diligence measures; raising awareness of AML/CFT issues within the law enforcement community; and establishing a AML/CFT supervisory framework. 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.

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. However, 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

In June 2012, Kuwait made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since February, Kuwait has taken steps towards improving its AML/CFT regime, including by issuing a Ministerial Resolution on freezing terrorist assets. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Kuwait should continue to work on implementing its action plan to address these deficiencies, including by: (1) ensuring it has adequate procedures to identify and freeze terrorist assets; and (2) ensuring a fully operational and effectively functioning financial intelligence unit. The FATF encourages Kuwait to address its remaining deficiencies and continue the process of implementing its action plan.

Lao PDR

In June 2013, 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. 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 Lao PDR to address its AML/CFT deficiencies and continue the process of implementing its action plan.

Namibia

In June 2011, Namibia made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Since February, Namibia has taken steps towards improving its AML/CFT regime, including by enacting new CFT legislation. The FATF welcomes this development, but has not assessed the 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; and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets. The FATF encourages Namibia to continue the process of implementing its action plan.

Nicaragua

In June 2011, Nicaragua made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since February, Nicaragua has taken steps towards improving its AML/CFT regime, including by establishing internal mechanisms for STR obligations and creating an

AML/CFT supervisory programme for all financial sectors and issuing Decree 17-2014 aimed at establishing a framework for identifying and freezing terrorist assets. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nicaragua should continue to work on implementing its action plan to address these deficiencies, including by ensuring adequate procedures for identifying and freezing terrorist assets. The FATF encourages Nicaragua to address its remaining deficiencies and continue the process of implementing its action plan.

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. Pakistan has substantially addressed its action plan, 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. 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.

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. Panama 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 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 by 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 then, Papua New Guinea has established the formal structure of its FIU. 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 by 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 February, Sudan has taken steps towards improving its AML/CFT regime, including by enacting new AML/CFT legislation and undertaking AML/CFT supervisory visits for financial institutions. The FATF welcomes these developments but has not assessed the new legislation due to its very recent nature, and 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) 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; (5) ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to money laundering and terrorist financing; and (6) ensuring that appropriate laws and procedures are in place with regard to international co-operation and 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. Syria has 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 is unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF. The FATF will continue to monitor the situation.

Tajikistan

Since June 2011, when Tajikistan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies, Tajikistan has made significant progress to improve its AML/CFT regime. Tajikistan has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing procedures for the confiscation of funds related to money laundering and identifying and freezing terrorist assets; enhancing financial transparency; ensuring a fully operational, and effectively functioning financial intelligence unit and improving suspicious transaction reporting requirements; and broadening CDD measures. 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.

Turkey

Since February 2010, when Turkey made a high-level political commitment to work with the FATF to address its strategic CFT deficiencies, Turkey has made significant progress to improve its CFT regime. Turkey has largely addressed its action plan, including by adequately criminalising terrorist financing and establishing procedures to identify, freeze and confiscate 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.

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 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 (FIU); (5) ensuring there are 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 FIU and supervisory authorities. The FATF encourages Uganda to address its AML/CFT deficiencies by 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. Yemen 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; 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 FIU; and ensuring a fully operational and effectively functioning financial intelligence unit. While the FATF determined that Yemen has completed its action plan agreed upon with the FATF, due to the security situation, the FATF is unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

Zimbabwe

In June 2011, Zimbabwe made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Since February, Zimbabwe has taken steps towards improving its AML/CFT regime, including by enacting the Trafficking in Persons Act 2014

and issuing a Statutory Instrument to improve the framework to identify and freeze terrorist assets. The FATF welcomes these developments but has not assessed the new legislation due to its very recent nature, and 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; and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets. The FATF encourages Zimbabwe to address its remaining 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

Kenya

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

Kyrgyzstan

The FATF welcomes Kyrgyzstan's significant progress in improving its AML/CFT regime and notes that Kyrgyzstan 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 October 2011. Kyrgyzstan is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Kyrgyzstan will work with EAG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

Mongolia

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

Nepal

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

Tanzania

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