

# Improving Global AML/CFT Compliance: On-going Process - 29 June 2018

Paris, France, 29 June 2018 - As part of its ongoing 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 ongoing 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 Pakistan Serbia Sri Lanka Syria Trinidad and Tobago Tunisia Yemen	Iraq Vanuatu

## 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 developing a risk-based supervision manual for the designated non-financial businesses and professions (DNFBPs) and commencing risk-based supervision for higher-risk DNFBPs and non-profit organizations (NPOs). Ethiopia should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) fully implementing the results of its national risk assessment; (2) fully integrating DNFBPs 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 NPOs in line with a risk-based approach; and (5) establishing and implementing WMD-related targeted financial sanctions.

## **Pakistan**

In June 2018, Pakistan made a high-level political commitment to work with the FATF and APG to strengthen its AML/CFT regime and to address its strategic counter-terrorist financing-related deficiencies. Pakistan will work to implement its action plan to accomplish these objectives, including by: (1) demonstrating that TF risks are properly identified, assessed, and that supervision is applied on a risk-sensitive basis; (2) demonstrating that remedial actions and sanctions are applied in cases of AML/CFT violations, and that these actions have an effect on AML/CFT compliance by financial institutions; (3) demonstrating that competent authorities are cooperating and taking action to identify and take enforcement action against illegal money or value transfer services (MVTs); (4) demonstrating that authorities are identifying cash couriers and enforcing controls on illicit movement of currency and understanding the risk of cash couriers being used for TF; (5) improving inter-agency coordination including between provincial and federal authorities on combating TF risks; (6) demonstrating that law enforcement agencies (LEAs) are identifying and investigating the widest range of TF activity and that TF investigations and prosecutions target designated persons and entities, and persons and entities acting on behalf or at the direction of the designated persons or entities; (7) demonstrating that TF prosecutions result in effective, proportionate and dissuasive sanctions and enhancing the capacity and support for prosecutors and the judiciary; and (8) demonstrating effective implementation of targeted financial sanctions (supported by a comprehensive legal obligation) against all 1267 and 1373 designated terrorists and those acting for or on their behalf, including preventing the raising and moving of funds, identifying and freezing assets (movable and immovable), and prohibiting access to funds and financial services; (9) demonstrating enforcement against TFS violations including administrative and criminal penalties and provincial and federal authorities cooperating on enforcement cases; (10) demonstrating that facilities and services owned or controlled by designated persons are deprived of their resources and the usage of the resources.

## **Serbia**

Since February 2018, when 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 has taken steps towards improving its AML/CFT regime, including by: bringing into force amendments to its AML/CFT law; establishing a central registry; amending its Law on the Freezing of Assets; updating its NRA; and commencing risk-based supervision. Serbia should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) communicating the results of the updated NRA to key stakeholders and demonstrating that obligated entities have adequate risk mitigation-related requirements; (2) subjecting lawyers, to AML/CFT supervision in practice, integrating the results of institutional risk assessments into supervisory matrices, and demonstrating the timely and effective imposition of sanctions; (3) demonstrating the implementation of new requirements related to CDD, politically exposed persons, and wire transfers; (4) demonstrating that competent authorities have timely access to beneficial ownership information regarding legal persons, and that such information is adequate, accurate, and current; (5) ensuring adequate and effective investigation and prosecution of third-party and stand-alone ML; (6) demonstrating 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) demonstrating 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 DNFBP sector-specific AML/CFT guidelines, enacting amendments to its Trust Ordinance to establish a central register of trusts, and undertaking outreach to its higher risk DNFBP sectors. Sri Lanka should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) enacting amendments to the MACMA to ensure that mutual legal assistance may be provided on the basis of reciprocity; (2) enhancing risk-based supervision and outreach to FIs and high-risk DNFBPs, including through prompt and dissuasive enforcement actions and sanctions, as appropriate; (3) continuing to provide additional case studies and statistics to demonstrate that competent authorities can obtain beneficial ownership information in relation to legal persons in a timely manner; (4) continue demonstrating the implementation of the central register of trusts; and (5) establishing a targeted financial sanctions (TFS) regime to implement relevant UNSCRs related to Iran, and demonstrating effective implementation of this and of 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 enacting amendments to legislation improving measures for international cooperation on tax offences and advancing legislation on a number of criminal justice reforms. Trinidad and Tobago should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) adopting and implementing the relevant measures to further 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 TFS 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 adopting AML/CFT supervisory manuals and initiating risk-based supervision for the securities and insurance sectors;

issuing the by-laws for the DNFBPs; and applying a risk-based approach to STR analysis. Tunisia should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) fully integrating the DNFBPs into its AML/CFT regime; (2) maintaining comprehensive and updated commercial registries and strengthening the system of sanctions for violations of transparency obligations; (3) continuing to demonstrate increasing efficiency with regard to suspicious transaction report processing; (4) demonstrating that its terrorism-related TFS regime is fully functional and that it is appropriately monitoring the association sector; and (5) establishing and implementing WMD-related targeted financial sanctions.

## **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**

#### **Iraq**

The FATF welcomes Iraq's significant progress in improving its AML/CFT regime and notes that Iraq has established the legal and regulatory framework to meet the commitments in its action plan regarding the strategic deficiencies that the FATF identified in October 2013. Iraq is therefore no longer subject to the FATF's monitoring process under its ongoing global AML/CFT compliance process. Iraq will work with MENAFATF to improve further its AML/CFT regime.

#### **Vanuatu**

The FATF welcomes Vanuatu's significant progress in improving its AML/CFT regime and notes that Vanuatu has established the legal and regulatory framework to meet the commitments in its action plan regarding the strategic deficiencies that the FATF identified in February 2016. Vanuatu is therefore no longer subject to the FATF's monitoring process under its ongoing global AML/CFT compliance process. Vanuatu will work with APG to improve further its AML/CFT regime.