



IMPROVING GLOBAL AML/CFT COMPLIANCE: ON-GOING PROCESS

18 February 2010

As part of its ongoing 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. FATF welcomes these commitments.

A large number of jurisdictions have not yet been reviewed by the FATF. The FATF will continue to identify additional jurisdictions, on an ongoing basis, that pose a risk in the international financial system. The FATF has already begun an initial review of a number of such jurisdictions as part of this process and will present its findings later this year.

The FATF and the 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.

Antigua and Barbuda

Antigua and Barbuda has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Antigua and Barbuda has made a high-level political commitment to work with the FATF and CFATF to address these deficiencies, including by: (1) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); (2) improving the overall supervisory framework (Recommendation 23); and (3) enhancing financial transparency (Recommendation 4).

Azerbaijan

Azerbaijan has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Azerbaijan has made a high-level political commitment to work with the FATF and MONEYVAL to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) amending relevant laws or regulations to address deficiencies in customer due diligence requirements (Recommendation 5); (3) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); and (4) ensuring a fully operational and effectively functioning FIU (Recommendation 26).

Bolivia

The FATF has determined that Bolivia's AML/CFT regime contains certain strategic deficiencies. Bolivia has expressed a high-level political commitment to address these deficiencies. Bolivia should work with the FATF and GAFISUD to address these deficiencies, including by: (1) adequately criminalise money laundering and the financing of terrorism (Recommendation 1 and Special Recommendation II); (2) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); (3) establishing a fully operational and effective Financial Intelligence Unit (Recommendation 26).

Greece

Greece has demonstrated progress, including as indicated in the most recent FATF enhanced Follow-Up Report on Greece, in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Greece has made a high-level political commitment to work with the FATF and has provided a short term action plan to address these deficiencies, including by: (1) addressing remaining issues regarding adequately criminalising terrorist financing (Special Recommendation II); (2) improving mechanisms and procedures for freezing terrorist assets (Special Recommendation III); and (3) enhancing the effectiveness of the FIU (Recommendation 26).

Indonesia

Indonesia has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Indonesia has made a high-level political commitment to work with the FATF and APG to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); and (3) amending and implementing laws or other instruments to fully implementing the 1999 International Convention for the Suppression of Financing of Terrorism (Special Recommendation I).

Kenya

Kenya has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Kenya has made a high-level political commitment to work with the FATF and ESAAMLG to address these deficiencies, including by: 1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); 2) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); 3) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); 4) raising awareness of AML/CFT issues within the law enforcement community (Recommendation 27); and (5) implementing effective, proportionate and dissuasive sanctions in order to deal with natural or legal persons that do not comply with the national AML/CFT requirements (Recommendation 17).

Morocco

Morocco has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Morocco

has made a high-level political commitment to work with the FATF and MENAFATF to address these deficiencies, including by: (1) amending the penal code to extend the scope of the ML and FT offences (Recommendation 1 and Special Recommendation II); (2) amending relevant laws or regulations to address deficiencies in customer due diligence requirements (Recommendation 5); and (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26).

Myanmar

Myanmar has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Myanmar has made a high-level political commitment to work with the FATF and APG to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) strengthening the extradition framework in relation to terrorist financing (Recommendation 35 and Special Recommendation I); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (5) enhancing financial transparency (Recommendation 4); and (6) strengthening customer due diligence measures (Recommendations 5).

Nepal

Nepal has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nepal has made a high-level political commitment to work with the FATF and APG to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); and (4) enacting and implementing appropriate mutual legal assistance legislation (Recommendation 36).

Nigeria

Nigeria has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nigeria has made a high-level political commitment to work with the FATF and GIABA to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) ensuring that relevant laws or regulations address deficiencies in customer due diligence requirements and that they apply to all financial institutions (Recommendation 5); and (5) demonstrating that AML/CFT supervision is undertaken effectively across the financial sector (Recommendation 23).

Paraguay

Paraguay has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain.

Paraguay has made a high-level political commitment to work with the FATF and GAFISUD to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify, freeze and confiscate terrorist assets (Special Recommendation III); (3) improving financial transparency (Recommendation 4); (4) improving and broadening customer due diligence measures (Recommendation 5), and (5) developing and implementing effective controls for cross-border cash transactions (Special Recommendation IX).

Qatar

Qatar has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Qatar has made a high-level political commitment to work with the FATF and MENAFATF to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) instituting adequate regulatory instructions for AML/CFT, particularly with regard to customer due diligence (Recommendation 5); and (4) ensuring that financial institutions are properly fulfilling their obligations to report suspicious transactions and are receiving appropriate guidance (Recommendation 13 and Special Recommendation IV).

Sri Lanka

Sri Lanka has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Sri Lanka has made a high-level political commitment to work with the FATF and APG to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III).

Sudan

Sudan has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Sudan has made a high-level political commitment to work with the FATF and MENAFATF to address these deficiencies, including by: (1) implementing adequate procedures for identifying and freezing terrorist assets (Special Recommendation III); (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (3) ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT (Recommendation 13 and Special Recommendation IV) and (4) implementing a supervisory programme for the regulators to ensure compliance with the provisions of the new law and regulations (Recommendation 23).

Syria

Syria has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Syria has made a high-level political commitment to work with the FATF and MENAFATF to address these deficiencies, including by: (1) adopting adequate measures to implement and enforce the 1999 International Convention for the Suppression of

Financing of Terrorism (Special Recommendation I); (2) adequately criminalising terrorist financing (Special Recommendation II); (3) implementing adequate procedures for identifying and freezing terrorist assets (Special Recommendation III); (4) ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT (Recommendation 13 and Special Recommendation IV) and (5) adopting appropriate laws and procedures to provide mutual legal assistance (Recommendations 36-38, Special Recommendation V).

Trinidad and Tobago

Trinidad and Tobago has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Trinidad and Tobago has made a high-level political commitment to work with the FATF and the CFATF to address these deficiencies, including by: (1) implementing adequate procedures to identify and freeze terrorist assets without delay (Special Recommendation III); (2) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); (3) ensuring a fully operational and effectively functioning FIU, including supervisory powers (Recommendation 26).

Thailand

Thailand has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Thailand has made a high-level political commitment to work with the FATF and APG to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); and (3) further strengthening AML/CFT supervision (Recommendation 23);

Turkey

Turkey has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Turkey has made a high-level political commitment to work with the FATF to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); and (2) implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III).

Ukraine

Ukraine has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Ukraine has made a high-level political commitment to work with the FATF and MONEYVAL to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II), (2) enhancing financial transparency (Recommendation 4); and (3) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III).

Yemen

Yemen has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic deficiencies remain. Yemen has made a high-level political commitment to work with the FATF and MENAFATF to address these deficiencies, including by: (1) adequately criminalising money laundering (Recommendation 1); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) issuing substantive guidance/instructions to reporting institutions with respect to their ML/FT obligations (Recommendation 25); (4) developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the FIU, to ensuring compliance by financial institutions with their STR obligations, especially in relation to FT (Recommendation 23); and (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26).