



## High-risk and non-cooperative jurisdictions

### IMPROVING GLOBAL AML/CFT COMPLIANCE: ON-GOING PROCESS - 21 June 2013

*Oslo, Norway, 21 June 2013* - 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. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Afghanistan 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) 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 continue the process of implementing its action plan.

### 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. Since then, Albania has taken steps towards improving its AML/CFT regime. 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) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; 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. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Angola should continue to work on addressing these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework for the confiscation of funds related to money laundering and the identification and freezing of terrorist assets without delay; (3) ensuring an effectively functioning Financial Intelligence Unit; 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

In June 2011, Argentina made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since February 2013, Argentina has taken steps towards improving its AML/CFT regime, including by issuing new regulations creating gateways for cooperation with foreign financial supervisors. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Argentina should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining deficiencies with regard to the criminalisation of money laundering and freezing terrorist-related assets; (2) addressing the remaining issues for the Financial Intelligence Unit and suspicious transaction reporting requirements; (3) further enhancing the AML/CFT supervisory programme for all financial sectors; and (4) ensuring implementation of the new gateways for international supervisory co-operation. The FATF encourages Argentina to address its remaining deficiencies and continue the process of implementing its action plan.

## Bangladesh

In October 2010, Bangladesh made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since February 2013, Bangladesh has taken significant steps towards improving its AML/CFT regime, including by passing the necessary amendments to its CFT legislation and issuing an amendment to the Prevention and Suppression of Terrorism and Financing of Terrorism Order, 2012 for the implementation of UNSCRs. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Bangladesh should continue to work on implementing its action plan to address these deficiencies, including by: (1) implementing adequate procedures to identify and freeze terrorist assets; and (2) ensuring an effectively functioning Financial Intelligence Unit. The FATF encourages Bangladesh to address its remaining deficiencies and continue the process of implementing its action plan.

## Cambodia

In June 2011, Cambodia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since February 2013, Cambodia has taken significant steps towards improving its AML/CFT regime, including by enacting amendments to its AML/CFT legislation. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Cambodia should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing and implementing adequate procedures to identify and freeze terrorist assets; (2) implementing adequate procedures for the confiscation of funds related to money laundering; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (4) establishing and implementing effective controls for cross-border cash transactions. The FATF encourages Cambodia to address its remaining deficiencies and continue the process of implementing its action plan.

## Cuba

In February 2013, Cuba made a high-level political commitment to work with the FATF and the GAFISUD to address its strategic AML/CFT deficiencies. Since February 2013, Cuba has taken notable steps towards improving its AML/CFT regime, including by signing an MOU for cooperation with FIUs in GAFISUD and issuing new CDD and STR measures. Due to the recent nature of these measures, the FATF has not yet reviewed them. The FATF has determined that certain AML/CFT deficiencies exist. Cuba 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 to identify and freeze terrorist assets; (3) improving customer due diligence measures; (4) improving suspicious transaction reporting requirements; (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (6) ensuring that appropriate laws and procedures are in place with regard to international cooperation and mutual legal assistance.

## 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 2013, Kuwait has taken significant steps towards improving its AML/CFT regime, including by ratifying the TF Convention and enacting an AML/CFT law. The FATF has not assessed this law 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 adequate procedures to identify and freeze terrorist assets; (3) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance; (4) establishing effective customer due diligence measures; (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU), in particular addressing the operational autonomy of the FIU; and (6) 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. The FATF encourages Kuwait to address its remaining deficiencies and continue the process of implementing its action plan.

## Kyrgyzstan

In October 2011, Kyrgyzstan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. Since February 2013, Kyrgyzstan has taken significant steps towards improving its AML/CFT regime, including by enacting amendments to the criminal code which improve Kyrgyzstan's criminalisation of money laundering and terrorist financing. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Kyrgyzstan should continue to work on implementing its action plan to address these deficiencies, including by: (1) clarifying and addressing, as necessary, the remaining issues in the criminalisation of money laundering and terrorist financing; (2) addressing the remaining issues in the framework for identifying and freezing terrorist assets; and (3) implementing an adequate and effective AML/CFT supervisory programme for all financial sectors. The FATF encourages Kyrgyzstan 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. The Lao PDR 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 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 by implementing its action plan.

## Mongolia

In June 2011, Mongolia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since February 2013, Mongolia has taken steps towards improving its AML/CFT regime, including by enacting revisions to its AML/CFT legislation, amendments to its Anti-Terrorism Law, and amendments to its Law on State Registration of legal entities. However, the FATF has determined that strategic AML/CFT deficiencies remain. Mongolia 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 to identify and freeze terrorist assets; (3) establishing adequate procedures for the confiscation of funds related to money laundering; and (4) demonstrating

effective regulation of money service providers. The FATF encourages Mongolia to address its remaining deficiencies and continue the process of implementing its action plan.

## Morocco

Since February 2010, when Morocco made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Morocco has made significant progress to improve its AML/CFT regime. Morocco has largely addressed its action plan including by adopting amendments to extend the scope of the money laundering and terrorist financing offences, broadening customer due diligence requirements and taking steps to operationalise the Financial Intelligence Unit. 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.

## 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. However, the FATF has determined that strategic AML/CFT deficiencies remain. Namibia should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets. The FATF encourages Namibia to address its remaining deficiencies and continue the process of implementing its action plan.

## Nepal

In February 2010, Nepal made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since February 2013, Nepal has taken significant steps to improve its AML/CFT regime, including by promulgating the Asset (Money) Laundering Prevention Amendment Ordinance and the Freezing, Seizing and Confiscation of Proceeds and Instrumentalities of Criminal Offences Ordinance. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nepal should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing and implementing adequate procedures to identify and freeze terrorist assets; (2) demonstrating adequate implementation of mutual legal assistance legislation; and (3) ensuring an effectively functioning Financial Intelligence Unit. The FATF encourages Nepal to address its remaining deficiencies and continue the process of implementing its action plan.

## Nicaragua

In June 2011, Nicaragua made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since February 2013, Nicaragua has taken steps

towards improving its AML/CFT regime, including by issuing rules requiring a number of reporting parties to register with FIU and issuing a Presidential Decree aimed at creating a framework for freezing terrorist assets. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nicaragua should work with the FATF and CFATF on implementing its action plan to address these deficiencies, including by: (1) ensuring effective customer due diligence measures and record-keeping requirements, in particular entities not currently regulated by the supervisory authority; (2) establishing adequate suspicious transaction reporting obligations for money laundering and terrorist financing; (3) implementing an adequate AML/CFT supervisory programme for all financial sectors; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (5) 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.

## Nigeria

Since February 2010, when Nigeria made a high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies, Nigeria has made significant progress to improve its AML/CFT regime. Nigeria has largely addressed its action plan including by enacting legislation to adequately criminalise money laundering and terrorist financing; implementing procedures to identify and freeze terrorist assets; ensuring that customer due diligence requirements apply to all financial institutions; and improving the overall supervisory framework for AML/CFT. 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.

## Sudan

In February 2010, Sudan made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since the original action plan was formulated, Sudan was subject to a mutual evaluation report. The MER highlighted additional strategic deficiencies that are included in a revised action plan to which a renewed political commitment was provided. Sudan 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) implementing adequate procedures for identifying and freezing terrorist assets; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; (4) ensuring an effective supervisory programme for AML/CFT compliance; (5) improving customer due diligence measures; (6) 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 (7) ensuring that appropriate laws and procedures are in place with regard to international cooperation and mutual legal assistance. The FATF encourages Sudan to address its remaining deficiencies and continue the process of implementing its action plan.

## Tajikistan

In June 2011, Tajikistan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. Since February 2013, Tajikistan has taken steps towards improving its AML/CFT regime, including by enacting amendments to the criminal code improving the criminalisation of money laundering and terrorist financing. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Tajikistan should continue to work with the FATF and EAG on implementing its action plan to address these deficiencies, including by (1) addressing remaining issues regarding terrorist financing; (2) establishing and implementing adequate procedures for the confiscation of funds related to money laundering and identifying and freezing terrorist assets; and (3) addressing the remaining issues relating to customer due diligence measures. The FATF encourages Tajikistan to address its remaining deficiencies and continue the process of implementing its action plan.

## 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. Zimbabwe has taken significant steps towards improving its AML/CFT regime, including by enacting AML/CFT legislation on 20 June 2013. The FATF has not assessed this 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 money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; (4) ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to money laundering and the financing of terrorism; and (5) enacting and implementing appropriate mutual legal assistance legislation. The FATF encourages Zimbabwe to address its remaining deficiencies and continue the process of implementing its action plan.

### **Jurisdictions not making sufficient progress**

The FATF is not yet satisfied that the following jurisdictions have made sufficient progress on their 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 these jurisdictions do not take sufficient action to implement significant components of their action plan by October 2013, then the FATF will identify these jurisdictions as being out of compliance with their agreed action plans and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with the jurisdiction.

### **Algeria**

Despite Algeria's high-level commitment to work with the FATF and MENAFATF to address its

strategic AML/CFT deficiencies, the FATF is not yet satisfied that Algeria has made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Algeria should continue to work with the FATF and MENAFATF 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; and (3) improving customer due diligence measures. The FATF encourages Algeria to address its deficiencies and continue the process of implementing its action plan.

## **Antigua and Barbuda**

Despite Antigua and Barbuda's high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Antigua and Barbuda has made sufficient progress in implementing its action plan, and certain strategic deficiencies remain. Antigua and Barbuda should continue to work on implementing its action plan to address these deficiencies, including by continuing to improve the overall supervisory framework. The FATF encourages Antigua and Barbuda 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**

### **Bolivia**

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

### **Brunei Darussalam**

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

### **Philippines**

The FATF welcomes the Philippines' significant progress in improving its AML/CFT regime and notes that the Philippines 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. The Philippines is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. The Philippines will work with the APG as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, in particular, regulating the casino sector in the Philippines for AML/CFT purposes and making it subject to AML/CFT requirements.

### **Sri Lanka**

The FATF welcomes Sri Lanka's significant progress in improving its AML/CFT regime and notes that Sri Lanka 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. Sri Lanka is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Sri Lanka will work with the APG as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, in particular, ensuring the continued

implementation of its procedures to identify and freeze terrorist assets.

## **Thailand**

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