Improving Global AML/CFT Compliance: on-going process - 22 June 2012

Rome, 22 June 2012 - 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 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
Albania
Algeria
Angola
Antigua and Barbuda
Argentina
Bangladesh
Brunei Darussalam
Turkmenistan
Cambodia
Kuwait
Kyrgyzstan
Mongolia
Morocco
Namibia
Nepal
Nicaragua
Philippines
Sudan
Tajikistan
Trinidad and Tobago
Venezuela
Zimbabwe

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. Afghanistan 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 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 encourages Afghanistan to address its remaining 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. Albania has taken steps towards improving its AML/CFT regime. However, the FATF has determined that strategic AML/CFT

deficiencies remain. Albania will work on implementing its action plan to address these deficiencies, including by: (1) implementing adequate customer due diligence provisions; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; and (3) 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.

Algeria

In October 2011, Algeria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. The FATF has concerns that strategic AML/CFT deficiencies remain and, therefore, further engagement with Algeria is needed to clarify whether these deficiencies have been addressed. Algeria should continue to work on implementing its action plan, including by: (1) adequately criminalising terrorist financing; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (3) improving and broadening customer due diligence measures; and (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU). The FATF encourages Algeria to address its deficiencies and continue the process of implementing its action plan.

Angola

In June 2010, Angola made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since February 2012, Angola has taken steps towards improving its AML/CFT regime, including by issuing customer due diligence regulations. 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) adequately criminalising money laundering and terrorist financing; (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (3) establishing and implementing an adequate legal framework to identify and freeze terrorist assets without delay. The FATF encourages Angola to address its remaining deficiencies and continue the process of implementing its action plan.

Antigua and Barbuda

In February 2010, Antigua and Barbuda made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. The FATF has determined that certain strategic AML/CFT 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 and to work with the Organisation of Eastern Caribbean States to this end. The FATF encourages Antigua and Barbuda 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 2012, Argentina has taken substantial steps towards improving its AML/CFT regime, including by issuing a Presidential Decree creating a

framework for freezing terrorist-related assets and issuing further FIU resolutions to reporting parties. 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; (2) further improving procedures for the confiscation of funds related to money laundering and freezing terrorist assets; (3) enhancing financial transparency; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit and improving suspicious transaction reporting requirements; (5) further enhancing the AML/CFT supervisory programme for all financial sectors; (6) further improving and broadening customer due diligence measures; and (7) establishing appropriate channels for international co-operation and ensuring effective implementation. 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 2012, Bangladesh has taken steps towards improving its AML/CFT regime, including by enacting a Mutual Legal Assistance Act. 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) adequately criminalising 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) improving international co-operation; and (5) issuing guidance to capital markets intermediaries to ensure their AML/CFT obligations are complied with. The FATF encourages Bangladesh to address its remaining deficiencies and continue the process of implementing its action plan.

Brunei Darussalam

In June 2011, Brunei Darussalam made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since February 2012, Brunei Darussalam has taken steps towards improving its AML/CFT regime, including by issuing the Criminal Asset Recovery Order, 2012 and the Anti-Terrorism Order (Amendment) Order, 2012. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Brunei Darussalam 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) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (3) enacting and implementing appropriate mutual legal assistance legislation. The FATF encourages Brunei Darussalam 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. 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) adequately criminalising money laundering and

terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) establishing and implementing adequate procedures for the confiscation of funds related to money laundering; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (5) 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.

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. Kuwait will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; (2) implementing the 1999 International Convention for the Suppression of Financing of Terrorism; (3) establishing and implementing adequate procedures to identify and freeze terrorist assets; (4) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance; (5) establishing effective customer due diligence measures; (6) ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU), in particular addressing the operational autonomy of the FIU; and (7) 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 2012, Kyrgyzstan has taken steps towards improving its AML/CFT regime, including by establishing an AML/CFT Commission. 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) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (3) establishing and implementing adequate measures for the confiscation of funds related to money laundering; (4) establishing effective customer due diligence measures for all financial institutions; and (5) implementing an adequate and effective AML/CFT supervisory programme for all financial sectors. The FATF encourages Kyrgyzstan to address its deficiencies and continue the process of implementing its action plan, specifically enacting the necessary AML/CFT amendments.

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 2012, Mongolia has taken steps towards improving its AML/CFT regime, including by strengthening operational coordination between the FIU and law enforcement. 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; (4) establishing suspicious transaction reporting requirements; and (5) 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

In February 2010, Morocco made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since then, Morocco has demonstrated progress in improving its AML/CFT regime, including by adopting amendments to extend the scope of the money laundering and terrorist financing offences, to broaden customer due diligence requirements and taking steps to operationalise the Financial Intelligence Unit. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Morocco should continue to work on implementing its action plan to address these deficiencies, including by adequately criminalising terrorist financing.

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. Namibia has taken steps towards improving its AML/CFT regime, including ratifying the International Convention for the Suppression of Financing of Terrorism. However, the FATF has determined that certain 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; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) implementing an adequate AML/CFT supervisory programme with sufficient powers; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU), in particular addressing the operational autonomy of the FIU; and (5) implementing effective, proportionate and dissuasive sanctions in order to deal with non-compliance with the national AML/CFT requirements. 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 2012, Nepal enacted Mutual Legal Assistance and Extradition Ordinances and issued directives related to the freezing of terrorist assets and to financial institutions on customer due diligence. 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) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) implementing adequate procedures for the confiscation of funds related to money laundering; (4) enacting and implementing appropriate mutual legal assistance legislation; (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (6) establishing adequate STR reporting obligations for ML and FT. 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. 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: (1) establishing effective customer due diligence measures and record-keeping requirements, in particular entities not currently regulated by the supervisory authority; (2) establishing adequate STR reporting obligations for ML and FT; (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) establishing adequate procedures for identifying and freezing terrorist assets. The FATF encourages Nicaragua to address its remaining deficiencies, to continue the process of implementing its action plan.

Philippines

In October 2010, the Philippines made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since February 2012, the Philippines has taken significant steps to improve its AML/CFT system, including by enacting one of the amendments to the AML Act and enacting a CFT Law. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. The Philippines should continue to work on implementing its action plan to address these deficiencies, including by: (1) taking additional measures to adequately criminalise money laundering; (2) ensuring adequate procedures to identify and freeze terrorist assets and further expanding provisions regarding confiscation of funds related to money laundering; and (3) extending coverage of reporting entities. The FATF encourages the Philippines to address its remaining deficiencies and continue the process of implementing its action plan. In particular, the FATF strongly encourages the Philippines to enact the pending legislative amendment on AML.

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. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Sudan should continue to work on implementing its action plan to address these deficiencies, including by: (1) implementing adequate procedures for identifying and freezing terrorist assets; (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (3) ensuring an effective supervisory programme for AML/CFT compliance. 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 2012, Tajikistan has taken steps towards improving its AML/CFT regime, including enhancing its financial intelligence unit and amending its Criminal Code to improve its criminalisation of money laundering and terrorist financing. However, the FATF has determined that certain strategic AML/CFT deficiencies remain.

Tajikistan should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing remaining issues regarding criminalisation of money laundering and terrorist financing; (2) establishing and implementing adequate procedures for the confiscation of funds related to money laundering and identifying and freezing terrorist assets; (3) ensuring a fully operational, and effectively functioning Financial Intelligence Unit and improving suspicious transaction reporting requirements; and (4) improving and broadening customer due diligence measures. The FATF encourages Tajikistan to address its remaining deficiencies and continue the process of implementing its action plan.

Trinidad and Tobago

In February 2010, Trinidad and Tobago made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since February 2012, Trinidad and Tobago demonstrated progress in improving its AML/CFT regime, including by appointing a permanent director for its financial intelligence unit and adopting procedures to identify and freeze 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.

Venezuela

In October 2010, Venezuela made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since then, Venezuela has taken steps towards improving its AML/CFT regime, including by enacting AML/CFT legislation that criminalises terrorist financing and establishes suspicious transaction reporting (STR) obligations for money laundering and financing of terrorism, and issuing a new resolution aimed at addressing deficiencies in the terrorist asset freezing regime. However, the FATF has determined that a strategic deficiency remains. Venezuela should continue to work on implementing its action plan to address the remaining strategic deficiency, primarily by establishing and implementing adequate procedures to identify and freeze terrorist assets. The FATF encourages Venezuela 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. The FATF has determined that strategic AML/CFT deficiencies remain. Zimbabwe 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) 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; (5) enacting and implementing appropriate mutual legal assistance legislation; and (6) implementing the 1999 International Convention for the Suppression of Financing of Terrorism. The FATF encourages Zimbabwe to address its remaining deficiencies and continue the process of implementing its action plan.

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Turkmenistan

The FATF welcomes Turkmenistan's significant progress in improving its AML/CFT regime and notes that Turkmenistan has largely met its commitments in its Action Plan regarding the strategic deficiencies that the FATF had identified. Turkmenistan is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Turkmenistan will work with EAG as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, and further strengthen its AML/CFT regime.