FATF Public Statement - 16 February 2012

Paris, 16 February 2012 - The Financial Action Task Force (FATF) is the global standard setting body for anti-money laundering and combating the financing of terrorism (AML/CFT) . In order to protect the international financial system from money laundering and financing of terrorism (ML/FT) risks and to encourage greater compliance with the AML/CFT standards, the FATF identified jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system.

Jurisdictions subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the on-going and substantial money laundering and terrorist financing (ML/TF) risks emanating from the jurisdictions*.
Iran Democratic People's Republic of Korea (DPRK)
Jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies**. The FATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction, as described below.
Cuba** Bolivia Ethiopia Ghana Indonesia Kenya Myanmar Nigeria Pakistan São Tomé and Príncipe Sri Lanka Syria Tanzania

Thailand

Turkey

*The FATF has previously issued Public Statements calling for counter-measures on Iran and DPRK. Those Statements are updated below.
**Cuba has not engaged with the FATF in the process.

While the FATF published the revised FATF Recommendations: "International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation" on 16 February 2012, the FATF has reviewed the identified jurisdictions based on the FATF 40+9 Recommendations of 2003. Therefore, references to specific Recommendations or Special Recommendations (e.g. "R.1", "SR.II", etc.) in this document refer to the FATF 40+9 Recommendations of 2003.

Iran

The FATF remains particularly and exceptionally concerned about Iran's failure to address the risk of terrorist financing and the serious threat this poses to the integrity of the international financial system, despite Iran's previous engagement with the FATF.

The FATF reaffirms its call on members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions. In addition to enhanced scrutiny, the FATF reaffirms its 25 February 2009 call on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from Iran. FATF continues to urge jurisdictions to protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices and to take into account ML/FT risks when considering requests by Iranian financial institutions to open branches and subsidiaries in their jurisdiction. Due to the continuing terrorist financing threat emanating from Iran, jurisdictions should consider the steps already taken and possible additional safeguards or strengthen existing ones.

The FATF urges Iran to immediately and meaningfully address its AML/CFT deficiencies, in particular by criminalising terrorist financing and effectively implementing suspicious transaction reporting (STR) requirements. If Iran fails to take concrete steps to improve its CFT regime, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in June 2012.

Democratic People's Republic of Korea (DPRK)

The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threat this poses to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies and financial institutions. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from the DPRK. Jurisdictions should also protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and take into account ML/FT risks when considering requests by DPRK financial institutions to open branches and subsidiaries in their jurisdiction.

The FATF acknowledges the latest outreach from DPRK to FATF and remains prepared to engage directly in assisting the DPRK to address its AML/CFT deficiencies.

Cuba

Cuba has not committed to the AML/CFT international standards, nor has it constructively directly engaged with the FATF. At the same time, Cuba attended a GAFISUD plenary as a guest and prepared an informal document on its AML/CFT regime. The FATF has identified Cuba as having strategic AML/CFT deficiencies that pose a risk to the international financial system. The FATF urges Cuba to develop an
AML/CFT regime in line with international standards, and encourages Cuba to establish a constructive and direct dialogue with the FATF and is ready to work with the Cuban authorities to this end.

Bolivia

Bolivia has taken steps towards improving its AML/CFT regime, including enacting CFT legislation and regulations. Despite Bolivia's high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Bolivia has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Bolivia should work on addressing these deficiencies, including by: (1) ensuring adequate criminalisation of money laundering (Recommendation 1); (2) adequately criminalising terrorist financing (Special Recommendation II); (3) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); and (4) establishing a fully operational and effective Financial Intelligence Unit (Recommendation 26). The FATF encourages Bolivia to address its remaining deficiencies and continue the process of implementing its action plan.

Ethiopia

Despite Ethiopia's high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies, Ethiopia has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Ethiopia should work on addressing these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing

(Recommendation 1 and Special Recommendation II); (2) establishing and implementing an adequate legal framework and procedures to identify and freeze terrorist assets (Special Recommendation III); (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (4) 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). The FATF encourages Ethiopia to address its remaining deficiencies and continue the process of implementing its action plan.

Ghana

Ghana has taken steps towards improving its AML/CFT regime, including by ratifying the UN Convention on Transnational Organised Crime and issuing CDD guidelines. Despite Ghana's high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies, Ghana has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Ghana should work on implementing its action plan 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 measures for the confiscation of funds related to money laundering (Recommendation 3); (3) establishing a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (4) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III). The FATF encourages Ghana to address its remaining deficiencies and continue the process of implementing its action plan.

Indonesia

Indonesia has taken significant steps towards improving its AML/CFT regime, including by enacting AML legislation in 2010 and developing draft comprehensive CFT legislation. Despite Indonesia's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Indonesia has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Indonesia should work on implementing its action plan 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) amending and implementing laws or other instruments to fully implement the 1999 International Convention for the Suppression of Financing of Terrorism (Special Recommendation I). The FATF encourages Indonesia to address its remaining deficiencies and continue the process of implementing its action plan.

Kenya

Despite Kenya's high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Kenya has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Kenya should work on addressing 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); and (4) 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). The FATF welcomes the adoption of the ESAAMLG mutual evaluation report and will work with Kenya in light of the further deficiencies identified in the report. The FATF encourages Kenya to address its remaining deficiencies and continue the process of implementing its action plan, including by implementing the AML legislation and setting up its FIU.

Myanmar

Despite Myanmar's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Myanmar has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Myanmar should work on addressing 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); (3) further 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 (Recommendation 5). The FATF encourages Myanmar to address its remaining deficiencies and continue the process of implementing its action plan.

Nigeria

Nigeria has taken steps towards improving its AML/CFT regime, including by enacting AML/CFT legislation and commencing supervision across all sectors. However, despite Nigeria's high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies, further engagement with Nigeria is needed to clarify whether these deficiencies have been addressed, including: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); and (2) implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III). The FATF encourages Nigeria to address its remaining deficiencies and continue the process of implementing its action plan.

Pakistan

Pakistan has taken significant steps towards improving its AML/CFT regime, including by enhancing the capacity of its FIU, approving an AML/CFT strategy, and by ensuring training is provided to relevant stakeholders. Despite Pakistan's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Pakistan has not made sufficient progress in implementing its action plan, and certain AML/CFT deficiencies remain. Specifically, Pakistan needs to enact legislation to ensure that it meets the FATF standards regarding the terrorist financing offence (SR II) and the ability to identify, freeze, and confiscate terrorist assets (Special Recommendation III). The FATF encourages Pakistan to address the remaining deficiencies and continue to implement its action plan, including by demonstrating effective regulation of money service providers and implementing effective controls for cross-border cash transactions (Special Recommendation VI and Special Recommendation IX).

São Tomé and Príncipe

Despite São Tomé and Príncipe's high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies, São Tomé and Príncipe has not made sufficient progress in implementing its action plan, and certain strategic deficiencies remain. São Tomé and Príncipe should work on addressing these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (3) ensuring that financial institutions and DNFBPs are subject to adequate AML/CFT regulation and supervision (Recommendations 23, 24 and 29); and (4) 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). The FATF encourages São Tomé and Príncipe to address its remaining deficiencies and continue the process of implementing its action plan.

Sri Lanka

Despite Sri Lanka's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Sri Lanka has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Sri Lanka should work on addressing these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III). The FATF encourages Sri Lanka to address its remaining deficiencies and continue the process of implementing its action plan, including by continuing to work on its AML/CFT legislation.

Syria

Syria has taken significant steps towards improving its AML/CFT regime, including by improving the legal arrangements for freezing terrorist assets. However, despite Syria's high-level political commitment to work with the FATF and MENAFATF, further engagement with Syria is needed to clarify whether the remaining deficiencies have been addressed, including by: (1) implementing adequate procedures for identifying and freezing terrorist assets (Special Recommendation III); (2) ensuring that 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 (3) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance (Recommendations 36-38, Special Recommendation V). The FATF encourages Syria to demonstrate that its remaining deficiencies have been addressed to enable the FATF to properly evaluate Syria's progress.

Tanzania

Tanzania has taken steps towards improving its AML/CFT regime, including by the passage of amendments to the Anti-Money Laundering and Proceeds of Crime Act and the AML law for Zanzibar. However, despite Tanzania's high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Tanzania has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Tanzania should work on implementing its action plan to address these deficiencies, including by: (1) determining whether money laundering is adequately criminalised (Recommendation 1); (2) adequately criminalising terrorist financing (Special Recommendation II); (3) establishing and

implementing adequate procedures to identify and freeze terrorist assets as well as implementing the UNSCRs 1267 and 1373 through law, regulations or other enforceable means (Special Recommendation III); (4) establishing effective CDD measures (Recommendation 5); (5) establishing adequate record-keeping requirements (Recommendation 10); (6) establishing a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); and (7) designating competent authorities to ensure compliance with AML/CFT requirements (Recommendation 23). The FATF encourages Tanzania to address its remaining deficiencies and continue the process of implementing its action plan.

Thailand

Despite Thailand's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Thailand has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain, although Thailand has faced external difficulties from 2009 to 2011 which significantly impacted the legislative process for the necessary laws and regulations. Thailand has taken steps towards improving its AML/CFT regime, including by substantially completing an AML/CFT risk assessment for its financial sector. Thailand should work on implementing its action plan to address the remaining 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). The FATF encourages Thailand to address its remaining deficiencies and continue the process of implementing its action plan.

Turkey

Turkey has taken steps towards improving its AML/CFT regime, including by submitting CFT legislation to Parliament. Despite Turkey's high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies, Turkey has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Turkey should work on addressing 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). The FATF encourages Turkey to address its remaining deficiencies and continue the process of implementing its action plan.