



## High-risk and non-cooperative jurisdictions

### IMPROVING GLOBAL AML/CFT COMPLIANCE: ON-GOING PROCESS - 14 February 2014

*Paris, 14 February 2014* - 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.

### 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 October 2013, Albania has taken steps towards improving its AML/CFT regime, including by bringing into force new legislation enhancing the regime for freezing terrorist assets. However, certain strategic AML/CFT deficiencies remain. Albania should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining issues in its terrorist asset-freezing regime; 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. Since October 2013, Angola has taken steps towards improving its AML/CFT regime, including by enacting legislation on criminalisation of money laundering and terrorist financing and issuing a decree on the freezing of terrorist assets. The FATF has not fully assessed and discussed the amendment or the decree with authorities due to their very recent nature, and therefore the FATF has not yet determined the extent to which they address any of the following issues: (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; (3) implementing an adequate supervisory framework; 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 October 2013, Argentina has taken steps towards improving its AML/CFT regime, including by issuing new regulations strengthening suspicious transaction reporting requirements and financial sector regulator's existing powers to apply sanctions for AML/CFT deficiencies. 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 framework for freezing terrorist-related assets; and (2) further enhancing the range and proportionality of the sanctions available for non-compliance with AML/CFT requirements. The FATF encourages Argentina 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 GAFISUD to address its strategic AML/CFT deficiencies. Since October 2013, Cuba has taken significant steps towards improving its AML/CFT regime, including by enacting two Decree-Laws enhancing the criminalisation of money laundering and terrorist financing, the framework for freezing terrorist assets, and preventive measures for financial institutions. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Cuba should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining issues in the criminalisation of money laundering (2) ensuring adequate procedures to identify and freeze terrorist assets; (3) ensuring comprehensive customer due diligence measures and suspicious transaction reporting requirements; (4) ensuring that appropriate laws and procedures are in place with regard to international cooperation and mutual legal assistance. The FATF encourages Cuba to address its remaining deficiencies and continue the process of implementing its action plan.

## Iraq

In October 2013, Iraq made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. The FATF has determined that certain AML/CFT deficiencies remain. Iraq 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 effective customer due diligence measures;

(4) establishing a fully operational and effectively functioning financial intelligence unit; (5) establishing suspicious transaction reporting requirements; and (6) establishing and implementing an adequate AML/CFT supervisory and oversight programme for all financial sectors. The FATF encourages Iraq to address its AML/CFT deficiencies by implementing its action plan.

## Kenya

Since February 2010, when Kenya made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Kenya has made significant progress to improve its AML/CFT regime. Kenya has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; ensuring a fully operational and effectively functioning financial intelligence unit; establishing and implementing an adequate legal framework for identifying and freezing terrorist assets; establishing and implementing adequate procedures for the confiscation of funds related to money laundering; establishing and implementing CDD requirements; establishing and implementing a supervisory framework on AML/CFT for all financial institutions; and 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. 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.

## 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 October 2013, Kuwait has taken steps towards improving its AML/CFT regime, including by issuing implementing regulations to ensure the operational independence of the FIU. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Kuwait 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 (FIU); and (3) ensuring an effective regime where the financial institutions file suspicious transaction reports to the FIU. The FATF encourages Kuwait to address its remaining deficiencies and continue the process of implementing its action plan.

## Kyrgyzstan

Since October 2011, when Kyrgyzstan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies, Kyrgyzstan has made significant progress to improve its AML/CFT regime. Kyrgyzstan has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing an adequate legal framework for identifying, tracing and freezing terrorist assets; establishing adequate measures for the confiscation of funds related to money laundering; and strengthening customer due diligence requirements and the AML/CFT supervisory programme for financial institutions. 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.

## 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. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. The Lao PDR 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 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 the Lao PDR to address its AML/CFT deficiencies and continue the process of implementing its action plan.

## Mongolia

Since June 2011, when Mongolia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Mongolia has made significant progress to improve its AML/CFT regime. Mongolia has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; establishing adequate procedures for the confiscation of funds related to money laundering; establishing suspicious transaction reporting requirements; establishing a fully operational and effectively functioning financial intelligence unit; and demonstrating effective regulation of money service providers. 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

Nepal has made significant progress to improve its AML/CFT regime by adequately criminalising money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; implementing adequate procedures for the confiscation of funds related to money laundering; enacting and implementing appropriate mutual legal assistance legislation; ensuring a fully operational and effectively functioning financial intelligence unit; and establishing adequate suspicious transaction reporting obligations for money laundering and terrorist financing. The FATF was able to confirm all of the technical requirements are in place and Nepal's strong commitment to implementing the reforms. However, Nepal's recently elected Parliament will need to consider the ordinances and ratify them as permanent parliamentary statutes. The FATF encourages Nepal to urgently enact the ordinances as Parliamentary statutes within the statutory timeframe. Until then, the FATF will continue to monitor Nepal.

## Nicaragua

In June 2011, Nicaragua made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since October 2013, Nicaragua has taken steps towards improving its AML/CFT regime, including by issuing regulations on customer due diligence and record keeping requirements. 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 adequate internal mechanisms for suspicious transaction reporting obligations for money laundering and terrorist financing within the financial intelligence unit; (2) implementing an adequate AML/CFT supervisory programme for all financial sectors; (3) 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.

## Papua New Guinea

In February 2014, Papua New Guinea made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Papua New Guinea 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 Papua New Guinea to address its AML/CFT deficiencies by implementing its action plan.

## Sudan

In February 2010 and again in June 2013 in view of its revised action plan, 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 addressing these 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 October 2013, Tajikistan has taken steps towards improving its AML/CFT regime, including by issuing a new regulation on customer due diligence requirements. 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) ensuring adequate procedures for freezing terrorist assets; and (2) implementing adequate procedures for the confiscation of funds related to the full range of money laundering predicate offences. The FATF encourages Tajikistan to address its remaining deficiencies and continue the process of implementing its action plan.

## Tanzania

Since October 2010, when Tanzania made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Tanzania has made significant progress to improve its AML/CFT regime. Tanzania has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; improving and broadening CDD measures and record-keeping requirements; establishing a fully operational and effectively functioning national financial intelligence unit; and designating competent authorities to ensure compliance with AML/CFT requirements. 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.

## Uganda

In February 2014, Uganda made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Uganda will work 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; (3) ensuring effective record-keeping requirements; (4) establishing a fully operational and effectively functioning financial intelligence unit (FIU); (5) ensuring there are adequate suspicious transaction reporting requirements; (6) ensuring an adequate and effective AML/CFT supervisory and oversight programme for all financial sectors; and (7) ensuring that appropriate laws and procedures are in place with regard to international cooperation for the FIU and supervisory authorities. The FATF encourages Uganda to address its AML/CFT deficiencies by 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. Since October 2013, Zimbabwe has taken steps towards improving its AML/CFT regime. However, the FATF has determined that certain 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; and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets. 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 June 2014, then the FATF will identify these jurisdictions as being out of compliance with their agreed action plan and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with the jurisdictions.

### Afghanistan

Despite Afghanistan's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Afghanistan has made sufficient progress in improving its AML/CFT regime, and 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 encourages Afghanistan to address its deficiencies and continue the process of implementing its action plan.

### Cambodia

Despite Cambodia's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Cambodia has made sufficient progress in improving its AML/CFT regime, and 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; and (2) 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.



## **Jurisdictions no longer subject to the FATF's on-going global AML/CFT compliance process**

### **Antigua and Barbuda**

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

### **Bangladesh**

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

### **Vietnam**

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