



Guernsey Financial Services Commission

INSTRUCTION (NUMBER 02/2014) FOR FINANCIAL SERVICES BUSINESSES

BUSINESS FROM SENSITIVE SOURCES

9 July 2014

This Instruction is made under section 49(7) of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 and repeals Instruction number 21 for financial services businesses.

This Instruction is being issued in light of a request from the Financial Action Task Force (FATF) for jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism risks emanating from jurisdictions which have deficiencies in their anti-money laundering and financing of terrorism regimes. In this regard, the FATF has issued two documents, namely “The FATF Public Statement” and “Improving Global AML/CFT Compliance: On-Going Process”. These documents and the action to be taken by financial services businesses in respect of each document are quoted below.

A. ACTION TO BE TAKEN BY FINANCIAL SERVICES BUSINESSES IN RESPECT OF JURISDICTIONS LISTED IN “THE FATF PUBLIC STATEMENT”

Financial services businesses must exercise a greater degree of caution when taking on business from the countries or territories specified in this part of the Instruction. Additionally, financial services businesses must ensure enhanced client due diligence measures are undertaken and special attention given to all existing and new business relationships and transactions connected with such countries or territories.

In light of the particular concerns of the FATF regarding Iran and the Democratic People’s Republic of Korea (“DPRK”), financial services businesses must, in addition to the requirements of the above paragraph, take appropriate measures to ensure that correspondent relationships are not being used to bypass or evade counter-measures and risk mitigation practices.

The action taken by each financial services business under this part of the Instruction will be reviewed during on-site inspections and by other means as necessary.

THE FATF PUBLIC STATEMENT

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.

*Algeria
Ecuador
Indonesia
Myanmar*

Ethiopia, Pakistan, Syria, Turkey and Yemen are now identified in the FATF document, "Improving Global AML/CFT Compliance: On-going Process" due to their progress in substantially addressing their action plan agreed upon with the FATF.

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 and recent submission of information.

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. The 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 continue to improve its CFT regime, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in October 2014.

Democratic People's Republic of Korea (DPRK)

Since February 2014, the DPRK has engaged directly with the FATF to discuss its AML/CFT deficiencies. The FATF urges the DPRK to continue its cooperation with the FATF to come to an understanding on its AML/CFT deficiencies as a basis for an agreed action plan. 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.

Algeria

Algeria has taken steps towards improving its AML/CFT regime, including by bringing into force amendments to its Penal Code to expand the scope of terrorist acts criminalised. However, despite Algeria's high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Algeria has not made sufficient progress in implementing its action plan within the established timelines, and certain strategic deficiencies remain. Algeria should continue to 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 and (3) adopting customer due diligence obligations in compliance with the FATF Standards. The FATF encourages Algeria to address its deficiencies and continue the process of implementing its action plan.

Ecuador

Ecuador has taken steps towards improving its AML/CFT regime, including by enacting a new criminal code, which includes provisions adequately criminalising money laundering and terrorist financing. However, despite Ecuador's high-level political commitment to the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Ecuador has not made sufficient progress in implementing its action plan, and certain strategic deficiencies remain. Ecuador 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) clarifying procedures for the confiscation of funds related to ML. Ecuador should also continue enhancing financial sector supervision. The FATF encourages Ecuador to address its remaining deficiencies and continue the process of implementing its action plan.

Indonesia

Indonesia has taken steps towards improving its AML/CFT regime including by developing Indonesia's terrorist asset-freezing regime. However, despite Indonesia's high-level political commitment to work with the FATF and APG to address its strategic CFT deficiencies, Indonesia has not made sufficient progress in implementing its action plan within the agreed timelines, and certain key CFT deficiencies remain regarding the development and implementation of an adequate legal framework and procedures for identifying and freezing of terrorist assets. The FATF encourages Indonesia to address its remaining deficiencies in compliance with FATF standards by fully implementing UNSCR 1267 and clarifying the legal framework and procedures for freezing terrorist assets.

Myanmar

Myanmar has taken steps towards improving its AML/CFT regime, including by enacting a new AML and CT Law. However, 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 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) further strengthening the extradition framework in relation to terrorist financing; (4) ensuring a fully operational and effectively functioning financial intelligence unit; (5) enhancing financial transparency; and (6) strengthening customer due diligence measures. The FATF encourages Myanmar to address the remaining deficiencies and continue the process of implementing its action plan.

B. ACTION TO BE TAKEN BY FINANCIAL SERVICES BUSINESSES IN RESPECT OF JURISDICTIONS LISTED IN THE DOCUMENT ENTITLED “HIGH RISK AND NON-COOPERATIVE JURISDICTIONS. IMPROVING GLOBAL AML/CFT COMPLIANCE: ON-GOING PROCESS”

Financial services businesses must consider the risk posed by the jurisdictions listed in this part of the Instruction when undertaking or reviewing the assessment of risk of any business relationship or occasional transaction.

The consideration of risk and of any consequential action taken by each financial services business under this part of the Instruction will be reviewed during on-site inspections and by other means as necessary.

IMPROVING GLOBAL AML/CFT COMPLIANCE: ON-GOING PROCESS

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. Since then, Afghanistan has taken steps towards improving its AML/CFT regime, including by passing new AML and CFT laws in June 2014. While the AML law has been enacted, the FATF has not yet assessed it due to its very recent nature. In addition, it is not clear whether the CFT law is in force, and Afghanistan has not issued the necessary CFT regulations. If Afghanistan does not bring into force CFT legislation and issue the necessary regulations compliant with the international standards by the October 2014 FATF meetings, the FATF will call upon its members and other jurisdictions to consider the ML/TF risks arising from the deficiencies in Afghanistan. Afghanistan 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) 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 bring into force the necessary CFT legislation and regulations immediately.

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. 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) 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 February 2014, Angola has taken steps towards improving its AML/CFT regime, including by bringing into force legislation for the freezing and seizing of assets related to money laundering. 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) addressing the remaining issues regarding criminalisation of money laundering; (2) ensuring it has 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

Since June 2011, when Argentina made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Argentina has made significant progress to improve its AML/CFT regime. Argentina has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; enhancing procedures for the confiscation of funds related to money laundering; ensuring a fully operational and effectively functioning financial intelligence unit and enhancing suspicious transaction reporting requirements; establishing customer due diligence requirements; and enhancing financial sector supervision. 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.

Cambodia

Since June 2011, when Cambodia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Cambodia has made significant progress to improve its AML/CFT regime. Cambodia has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; establishing procedures for the confiscation of funds related to money laundering; ensuring a fully operational and effectively functioning financial intelligence unit; and establishing effective controls for cross-border cash transactions. 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.

Cuba

Since February 2013, when Cuba made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Cuba has made significant progress to improve its AML/CFT regime. Cuba has substantially addressed its action plan, including by: becoming a member of GAFISUD; adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; establishing adequate customer due diligence requirements; ensuring a fully operational and effectively functioning financial intelligence unit and enhancing suspicious transaction reporting 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.

Ethiopia

Since June 2010, when Ethiopia made high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies, Ethiopia has made significant progress to improve its AML/CFT regime. Ethiopia has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing a legal framework and procedures to identify and freeze terrorist assets; ensuring a fully operational and effectively functioning financial intelligence

unit; improving customer due diligence measures; raising awareness of AML/CFT issues within the law enforcement community; and establishing a AML/CFT supervisory framework. 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.

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. However, the FATF has determined that certain strategic 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.

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, Kuwait has taken steps towards improving its AML/CFT regime, including by issuing a Ministerial Resolution on freezing terrorist assets. 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) ensuring it has adequate procedures to identify and freeze terrorist assets; and (2) ensuring a fully operational and effectively functioning financial intelligence unit. The FATF encourages Kuwait to address its remaining deficiencies and continue the process of implementing its action plan.

Lao PDR

In June 2013, 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. 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 Lao PDR to address its AML/CFT deficiencies and continue the process of implementing its action plan.

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. Since February, Namibia has taken steps towards improving its AML/CFT regime, including by enacting new CFT legislation. The FATF welcomes this development, but has not assessed the new 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 terrorist financing; and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets. The FATF encourages Namibia to continue the process of implementing its action plan.

Nicaragua

In June 2011, Nicaragua made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since February, Nicaragua has taken steps towards improving its AML/CFT regime, including by establishing internal mechanisms for STR obligations and creating an AML/CFT supervisory programme for all financial sectors and issuing Decree 17-2014 aimed at establishing a framework for identifying and freezing terrorist assets. 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 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.

Pakistan

Since June 2010, when Pakistan made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Pakistan has made significant progress to improve its AML/CFT regime. Pakistan has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing procedures to identify, freeze and confiscate terrorist assets; ensuring a fully operational and effectively functioning financial intelligence unit; establishing regulation of money service providers; and improving controls for cross-border cash transactions. 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.

Panama

In June 2014, Panama made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. Panama 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 freezing terrorist assets; (3) establishing effective measures for customer due diligence in order to enhance transparency; (4) establishing a fully operational and effectively functioning financial intelligence unit; (5) establishing suspicious transaction reporting requirements for all financial institutions and DNFBPs; and (6) ensuring effective mechanisms for international co-

operation. The FATF encourages Panama to address its AML/CFT deficiencies by 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. Since then, Papua New Guinea has established the formal structure of its FIU. However, the FATF has determined that strategic AML/CFT deficiencies remain. Papua New Guinea 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 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. Since February, Sudan has taken steps towards improving its AML/CFT regime, including by enacting new AML/CFT legislation and undertaking AML/CFT supervisory visits for financial institutions. The FATF welcomes these developments but has not assessed the new legislation due to its 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) implementing adequate procedures for identifying and freezing terrorist assets; (3) ensuring a fully operational and effectively functioning financial intelligence unit; (4) improving customer due diligence measures; (5) 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 (6) ensuring that appropriate laws and procedures are in place with regard to international co-operation and mutual legal assistance. The FATF encourages Sudan to address its remaining deficiencies and continue the process of implementing its action plan.

Syria

Since February 2010, when Syria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Syria has made progress to improve its AML/CFT regime. Syria has substantially addressed its action plan at a technical level, including by criminalising terrorist financing and establishing procedures for freezing terrorist assets. While the FATF determined that Syria has completed its action plan agreed upon with the FATF, due to the security situation, the FATF is unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF. The FATF will continue to monitor the situation.

Tajikistan

Since June 2011, when Tajikistan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies, Tajikistan has made significant progress to improve its AML/CFT regime. Tajikistan has substantially addressed its action plan, including by: adequately criminalising money laundering and terrorist financing; establishing procedures for the confiscation of funds related to money laundering and identifying and freezing terrorist assets; enhancing financial transparency; ensuring a fully operational, and effectively functioning financial intelligence unit and improving suspicious transaction reporting requirements; and broadening CDD measures. 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.

Turkey

Since February 2010, when Turkey made a high-level political commitment to work with the FATF to address its strategic CFT deficiencies, Turkey has made significant progress to improve its CFT regime. Turkey has largely addressed its action plan, including by adequately criminalising terrorist financing and establishing procedures to identify, freeze and confiscate 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.

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. However, the FATF has determined that strategic AML/CFT deficiencies remain. Uganda should continue to 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 co-operation for the FIU and supervisory authorities. The FATF encourages Uganda to address its AML/CFT deficiencies by implementing its action plan.

Yemen

Since February 2010, when Yemen made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Yemen has made progress to improve its AML/CFT regime. Yemen has substantially addressed its action plan at a technical level, including by adequately criminalising money laundering and terrorist financing; establishing procedures to identify and freeze terrorist assets; improving its customer due diligence and suspicious transaction reporting requirements; issuing guidance; developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the FIU; and ensuring a fully operational and effectively functioning financial intelligence unit. While the FATF determined that Yemen has completed its action plan agreed upon with the FATF, due to the security situation, the FATF is unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.

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 February, Zimbabwe has taken steps towards improving its AML/CFT regime, including by enacting the Trafficking in Persons Act 2014 and issuing a Statutory Instrument to improve the framework to identify and freeze terrorist assets. The FATF welcomes these developments but has not assessed the new legislation due to its 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; 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 no longer subject to the FATF's on-going global AML/CFT compliance process

Kenya

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

Kyrgyzstan

The FATF welcomes Kyrgyzstan's significant progress in improving its AML/CFT regime and notes that Kyrgyzstan 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 2011. Kyrgyzstan is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process.

Kyrgyzstan will work with EAG as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

Mongolia

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

Nepal

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

Tanzania

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

C. ACTION TO BE TAKEN BY FINANCIAL SERVICES BUSINESSES IN RESPECT OF JURISDICTIONS WHICH ARE OF CONCERN TO THE GUERNSEY FINANCIAL SERVICES COMMISSION

Financial services businesses must exercise a greater degree of caution when taking on business from the countries or territories specified in this part of the Instruction. Additionally, financial services businesses must ensure enhanced client due diligence measures are undertaken and special attention given to all existing and new business relationships and transactions connected with such countries or territories.

The action taken by each financial services business under this part of the Instruction will be reviewed during on-site inspections and by other means as necessary.

CONCERNS OF THE GUERNSEY FINANCIAL SERVICES COMMISSION REGARDING LIBYA, VENEZUELA AND WEST AFRICA

Libya

Financial services businesses must be alert to the potential for the increased movement of assets related to events in Libya. When assessing risks related to particular business relationships and occasional transactions, financial services businesses must consider that events in Libya may have a possible impact on patterns of financial activity. Assets could potentially represent misappropriated or diverted state assets, proceeds of bribery, public corruption or other illegal payments.

Venezuela

It has come to the attention of the Commission that there may be doubts over the validity of some identity documents issued in Venezuela. In light of widespread corruption in that country, it has been suggested that corrupt officials have been issuing national identity cards and passports to criminals and to individuals with suspected links to terrorist organisations.

It should also be noted that, due to its proximity to the major drug producing country of Colombia, Venezuela has become an important hub for the transport of drugs for consumption in the United States and western Europe.

West Africa

The Commission notes that there has been a significant increase in trafficking between South America and west Africa of drugs that are ultimately destined for use in western Europe. A number of the same countries have also been traditionally used as transit points for heroin from south west and south east Asia. Furthermore, it should be noted that people trafficking continues to take place in the more northerly group of west African countries.

The concerns of the Commission relate to the west African countries of:

- Morocco
- Mauritania
- Senegal
- Cape Verde Islands
- Guinea-Bissau
- Guinea
- Sierra Leone
- Liberia
- Ivory Coast
- Ghana