



Guernsey Financial Services Commission

INSTRUCTION (NUMBER 06/2014) FOR PRESCRIBED BUSINESSES

BUSINESS FROM SENSITIVE SOURCES

14 November 2014

This Instruction is made under section 49A.(7) of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 and repeals Instruction number 02/2014 for prescribed 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 prescribed businesses in respect of each document are quoted below.

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

Prescribed 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, prescribed 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”), prescribed 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 prescribed 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/FT) 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*

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 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 February 2015.

Democratic People's Republic of Korea (DPRK)

Since June 2014, the DPRK has further engaged directly with the FATF and APG to discuss its AML/CFT deficiencies. The FATF urges the DPRK to continue its cooperation with the FATF and to provide a high-level political commitment to the action plan developed with the FATF.

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. 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 remaining deficiencies and continue the process of implementing its action plan.

Ecuador

Ecuador has taken steps towards improving its AML/CFT regime including by issuing AML/CFT regulations for companies supervised by Superintendence of Companies. However, despite Ecuador's high-level political commitment to work with 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 money laundering. 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 further implementing its 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 improving the legal framework and procedures for freezing terrorist assets.

Myanmar

Myanmar has taken steps towards improving its AML/CFT regime. 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 PRESCRIBED BUSINESSES IN RESPECT OF JURISDICTIONS LISTED IN THE DOCUMENT ENTITLED “HIGH RISK AND NON-COOPERATIVE JURISDICTIONS. IMPROVING GLOBAL AML/CFT COMPLIANCE: ON-GOING PROCESS”

Prescribed 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 prescribed 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 June 2014, Afghanistan has taken steps towards improving its AML/CFT regime, including by bringing CFT legislation into force and issuing CFT regulations. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. 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 encourages Afghanistan to address its remaining deficiencies and continue the process of implementing its action plan.

Albania

Since June 2012, when Albania made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies, Albania has made significant progress to improve its AML/CFT regime. Albania has substantially addressed its action plan at a technical level, including by: establishing adequate customer due diligence provisions; establishing an adequate legal framework for identifying, tracing and freezing terrorist assets; and enhancing the framework for international co-operation. 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.

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 June 2014, Angola has taken steps towards improving its AML/CFT regime, including by commencing on-site inspections of AML/CFT compliance by banks. However, the FATF has determined that a strategic AML/CFT deficiency remains. Angola should continue to work on implementing its action plan to address this deficiency by ensuring that appropriate laws and procedures are in place to provide mutual legal assistance. The FATF encourages Angola to address its remaining deficiency and continue the process of implementing its action plan.

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 at a technical level, 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; establishing an effectively functioning financial intelligence unit; and establishing controls for cross-border cash transactions. The FATF conducted an on-site visit but cannot yet determine that implementation of the above reforms has begun. The FATF encourages Cambodia to make progress by February 2015, when the FATF will again assess the situation.

Guyana

In October 2014, Guyana made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Guyana 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 effective measures for customer due diligence and enhancing financial transparency; (6) strengthening suspicious transaction reporting requirements; and (7) implementing an adequate supervisory framework. The FATF encourages Guyana to address its AML/CFT deficiencies by 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 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

Since June 2012, when Kuwait made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Kuwait has made significant progress to improve its AML/CFT regime. Kuwait has substantially addressed its action plan at a technical level, including by: adequately criminalising terrorist financing; establishing procedures to identify and freeze terrorist assets; ensuring that appropriate laws and procedures are in place to provide mutual legal assistance with respect to terrorist financing; establishing customer due diligence measures; establishing a financial intelligence unit; ensuring that financial institutions are obligated to file suspicious transaction reports in relation to money laundering and terrorist financing; and ratifying the Terrorist Financing Convention. 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.

Namibia

Since June 2011, when Namibia made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Namibia has made significant progress to improve its AML/CFT regime. Namibia has substantially addressed its action plan at a technical level, including by: adequately criminalising terrorist financing; establishing adequate procedures to identify and freeze terrorist assets; ensuring that supervisory authorities have sufficient powers to supervise for AML/CFT compliance; developing an adequate AML/CFT supervisory programme; establishing a financial intelligence unit; implementing effective, proportionate and dissuasive sanctions in order to deal with non-compliance with the national AML/CFT requirements; and ratifying the Terrorist Financing Convention. 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.

Nicaragua

Since June 2011, when Nicaragua made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies, Nicaragua has made significant progress to improve its AML/CFT regime. Nicaragua has substantially addressed its action plan at a technical level, including by: establishing effective customer due diligence measures and record-keeping requirements; establishing suspicious transaction reporting requirements for money laundering and terrorist financing; developing an AML/CFT supervisory programme for all financial sectors; establishing a financial intelligence unit; and establishing adequate procedures for identifying and freezing 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.

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. In June 2014, the FATF

determined that Pakistan had substantially addressed its action plan at a technical level, 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. Due to security reasons, the FATF has been unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway. The visit is currently scheduled to take place prior to the February 2015 FATF meetings.

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. However, the FATF has determined that strategic AML/CFT deficiencies remain. Panama 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 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 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. Since June, Papua New Guinea has taken steps towards improving its AML/CFT regime, including by issuing prudential standards on customer due diligence. 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 and continue the process of 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 June 2014, Sudan has taken steps towards improving its AML/CFT regime, including by bringing into force three decrees related to UNSCR asset freezing obligations. However, the FATF has determined that strategic

AML/CFT deficiencies remain. Sudan should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining issues regarding the predicate offences for money laundering; (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; and (5) ensuring that appropriate laws and procedures are in place with regard to 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. In June 2014, the FATF determined that Syria had 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 has been unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway. The FATF will continue to monitor the situation.

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. Since June 2014, Uganda has taken steps towards improving its AML/CFT regime, including by establishing its financial intelligence unit and issuing guidance to reporting entities. 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; (5) ensuring 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 financial intelligence unit and supervisory authorities. The FATF encourages Uganda to address its remaining AML/CFT deficiencies and continue the process of 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. In June 2014, the FATF determined that Yemen had 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 financial intelligence unit (FIU); and establishing a fully operational and effectively functioning FIU. While the FATF determined that Yemen has completed its action plan agreed upon with the FATF, due to the security situation, the FATF has been unable to conduct an on-site visit to assess whether the process of implementing the required reforms and actions is underway. The FATF will continue to monitor the situation.

Zimbabwe

Since June 2011, when Zimbabwe made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Zimbabwe has made significant progress to improve its AML/CFT regime. Zimbabwe has substantially addressed its action plan at a technical level, including by: adequately criminalising money laundering and terrorist financing; establishing adequate procedures to identify and freeze terrorist assets; establishing a financial intelligence unit; ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT; and ratifying the Terrorist Financing Convention. 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.

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

Argentina

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

Cuba

The FATF welcomes Cuba's significant progress in improving its AML/CFT regime and notes that Cuba 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 2013. Cuba is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Cuba will work with GAFISUD to further strengthen its AML/CFT regime.

Ethiopia

The FATF welcomes Ethiopia's significant progress in improving its AML/CFT regime and notes that Ethiopia 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 2010. Ethiopia is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Ethiopia will work with ESAAMLG to further strengthen its AML/CFT regime.

Tajikistan

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

Turkey

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

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

Prescribed 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, prescribed 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 prescribed 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 VENEZUELA AND WEST AFRICA

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

CHANGE

Libya

Libya has been removed from the list. The reason for the change is because the original purpose for inclusion in April 2011 was to alert prescribed businesses to the potential for the increased movement of assets related to events occurring in Libya in advance of the implementation of formal sanctions.

On 26 February 2011, in view of the seriousness of the situation in Libya a Resolution was made by the UN Security Council (UNSCR 1970 (2011)) and subsequently a decision was made by the European Council to introduce restrictive measures against persons responsible for the violent crackdown on the civilian population in Libya on 15 February 2011 and thereafter.

The European Union implemented Council Regulation (EU) No 204/2011 on 2 March 2011 which instigated an arms embargo, a ban on internal repression equipment, as well as restrictions on the admission and the freezing of funds and economic resources of certain persons and entities involved in serious human rights abuses against persons in Libya, including by being involved in attacks, in violation of international law, on civilian populations and facilities. The EU Regulation implements and builds upon the UNSCR 1970 and 1973.

Guernsey has implemented the provisions of these restrictive measures through the Libyan (Restrictive Measures) (Guernsey) Ordinance, 2011 (consolidated text) in order to ensure the Island's sanction regime is in line with international developments. This Ordinance was made by the Legislation Select Committee (under Article 66(3) of the Reform (Guernsey) Law 1948 as amended) on 4 March 2011 and came into force the same day.

Formal sanctions were introduced under the Libyan (Restrictive Measures) (Guernsey) Ordinance, 2011, the Libya (Restrictive Measures (Alderney) Ordinance, 2011 and the Libya (Restrictive Measures) (Sark) Ordinance, 2011.

The removal of Libya from this section of the Instruction does not remove a prescribed business's obligation to apply appropriate risk controls and measures. Prescribed businesses must continue to consider all risks associated with Libya and observe the measures imposed under the Ordinances.