



## **INSTRUCTION (NUMBER 16) FOR PRESCRIBED BUSINESSES**

### **BUSINESS FROM SENSITIVE SOURCES**

4 March 2013

This Instruction is made under section 49(7) of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 and repeals Instruction number 15 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.

This Instruction is also being issued to address specific concerns that have been brought to the attention of the Commission in respect of Venezuela and west Africa.

#### **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/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.***

*Ecuador*

*Ethiopia*

*Indonesia*

*Kenya*

*Myanmar*

*Nigeria*

*Pakistan*

*São Tomé and Príncipe*

*Syria*

*Tanzania*

*Turkey*

*Vietnam*

*Yemen*

### ***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. 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 June 2013.*

#### **Democratic People's Republic of Korea (DPRK)**

*Since October 2012, DPRK has reached out to the APG regarding joining that body and has engaged directly with the FATF. The FATF urges the DPRK to enhance its engagement with these bodies to agree with the FATF on an action plan to address its AML/CFT deficiencies.*

*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.*

#### **Ecuador**

*Ecuador has taken steps towards improving its AML/CFT regime, including by tabling CFT legislation in Parliament. 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*

*within the established timelines, and certain strategic deficiencies remain. Ecuador should continue to work with the FATF and GAFISUD on implementing its action plan to address these deficiencies, including by: (1) ensuring adequate criminalisation of terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) implementing adequate procedures for the confiscation of funds related to money laundering; and (4) continuing to enhance co-ordination of financial sector supervision. The FATF encourages Ecuador to address its remaining deficiencies, including by enacting CFT legislation, and continue the process of implementing its action plan.*

### **Ethiopia**

*Ethiopia has taken steps towards improving its AML/CFT regime, including by adopting a new AML/CFT law on 4 January 2013. The FATF has not yet assessed this law 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 money laundering and terrorist financing; (2) establishing and implementing an adequate legal framework and procedures to identify and freeze terrorist assets; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (4) implementing effective, proportionate and dissuasive sanctions in order to deal with natural or legal persons that do not comply with the national AML/CFT requirements. Despite Ethiopia's high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies, Ethiopia has not made sufficient progress in implementing its action plan within the agreed timelines, and certain strategic AML/CFT deficiencies may remain. The FATF encourages Ethiopia to address its remaining deficiencies and continue the process of implementing its action plan.*

### **Indonesia**

*Indonesia has taken significant steps towards improving its AML/CFT regime, including by enacting CFT legislation to criminalise terrorist financing largely consistent with the FATF Standards. The FATF has not yet assessed this law due to its very recent nature. Further, the FATF has yet to determine the extent to which Indonesia has established and implemented adequate procedures to identify and freeze terrorist assets. The FATF encourages Indonesia to address these remaining issues, in compliance with FATF standards.*

### **Kenya**

*Kenya has taken significant steps towards improving its AML/CFT regime, including the enactment of the Proceeds of Crime and Anti-Money Laundering (Amendment) Act - which addresses deficiencies in the criminalisation of money laundering and freezing/seizing/confiscation of assets - and the issuance of revised AML Guidelines by the Central Bank. However, despite Kenya's high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Kenya has not made sufficient progress in implementing its action plan within the agreed timelines, and certain strategic AML/CFT deficiencies remain. Kenya should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; (2) ensuring a fully*

*operational and effectively functioning Financial Intelligence Unit; (3) establishing and implementing an adequate legal framework for the identification and freezing of terrorist assets; (4) implementing effective, proportionate and dissuasive sanctions in order to deal with natural or legal persons that do not comply with the national AML/CFT requirements; (5) implementing an adequate and effective AML/CFT supervisory programme for all financial sectors; and (6) further improving and broadening customer due diligence measures. The FATF encourages Kenya to address its remaining deficiencies and continue the process of implementing its action plan.*

### **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.*

### **Nigeria**

*Nigeria has taken significant steps towards improving its AML/CFT regime, including by enacting the Money Laundering (Prohibition) (Amendment) Act and, on 21 February 2013, the Terrorism (Prevention) (Amendment) Act, 2013. The FATF has not yet assessed the legislation, due to the very recent nature of its enactment. Therefore, the FATF has yet to determine whether the legislation adequately criminalises terrorist financing and money laundering in line with international standards. The FATF encourages Nigeria to address these remaining issues and continue the process of implementing its action plan.*

### **Pakistan**

*Pakistan has taken steps towards improving its AML/CFT regime, including by issuing an SRO to increase the maximum monetary sanction for non-compliance with S/RES/1267. However, despite Pakistan's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Pakistan has not yet made sufficient progress in fully implementing its action plan, and certain key CFT deficiencies remain. Specifically, Pakistan needs to amend its Anti-Terrorism Act to ensure that it meets the FATF standards regarding the terrorist financing offence and the ability to identify and freeze terrorist assets. The FATF encourages Pakistan to address the remaining deficiencies and continue the process of implementing its action plan.*

## ***São Tomé and Príncipe***

*São Tomé and Príncipe has provided for the enforcement of its AML/CFT law through bringing into force the new Penal Code. However, despite São Tomé and Príncipe's high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies, São Tomé and Príncipe has not made sufficient progress in implementing its action plan, and certain strategic deficiencies remain. São Tomé and Príncipe should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing a fully operational and effectively functioning Financial Intelligence Unit; (3) ensuring that financial institutions and DNFBPs are subject to adequate AML/CFT regulation and supervision; and (4) implementing effective, proportionate and dissuasive sanctions in order to deal with natural or legal persons that do not comply with the national AML/CFT requirements. The FATF encourages São Tomé and Príncipe to address its remaining deficiencies and continue the process of implementing its action plan.*

## ***Syria***

*Despite Syria's high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Syria has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Syria should continue to work on implementing its action plan to address these deficiencies, including by: (1) providing sufficient legal basis for implementing the obligations under S/RES/1373 and implementing adequate procedures for identifying and freezing terrorist assets; and (2) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance. The FATF encourages Syria to address its remaining deficiencies and continue the process of implementing its action plan.*

## ***Tanzania***

*Tanzania has taken significant steps towards improving its AML/CFT regime, including by ratifying the Terrorist Financing Convention. However, despite Tanzania's high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies, Tanzania has not made sufficient progress in implementing its action plan within the agreed timelines, and certain strategic CFT deficiencies remain regarding the establishment and implementation of adequate procedures to identify and freeze terrorist assets. The FATF encourages Tanzania to address this remaining deficiency and continue the process of implementing its action plan.*

## ***Turkey***

*Turkey has taken significant steps towards improving its CFT regime, including by enacting a new law that addresses many of the shortcomings identified in Turkey's terrorist financing offence and creates the legal basis for the freezing of terrorist assets. The FATF welcomes this significant step made by Turkey, which improves the country's compliance with the international standards. As a consequence, the FATF has decided not to suspend Turkey's membership. In spite of this positive step, there*

*still remain a number of on-going shortcomings in the Turkish counter-terrorist financing regime. Turkey must address these shortcomings in order to reach a satisfactory level of compliance with the FATF standards. Turkey has committed to addressing these deficiencies and will submit, prior to the next FATF meeting in June 2013, a report on how these deficiencies are being addressed.*

#### **Vietnam**

*Vietnam has taken steps towards improving its AML/CFT regime. However, despite Vietnam's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Vietnam has not made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Vietnam should continue to work with the FATF and APG on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining issues regarding adequate criminalisation of terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) making legal persons subject to criminal liability in line with FATF Standards and (4) strengthening international co-operation. The FATF urges Vietnam to address its remaining deficiencies and continue the process of implementing its action plan.*

#### **Yemen**

*Despite Yemen's high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Yemen has not made sufficient progress in implementing its action plan and certain strategic AML/CFT deficiencies remain. Yemen should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the Financial Intelligence Unit (FIU) to ensure compliance by financial institutions with their suspicious transaction reporting obligations, especially in relation to the financing of terrorism; and (4) ensuring a fully operational and effectively functioning FIU. The FATF encourages Yemen to address its 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 "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 then, Afghanistan has taken steps towards improving its AML/CFT regime. However, the FATF has determined that 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 remaining deficiencies and continue the process of implementing its action plan.*

### ***Albania***

*In June 2012, Albania made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies. Since then, Albania has taken steps towards improving its AML/CFT regime. 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) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; 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.*



## **Algeria**

*In October 2011, Algeria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since October 2012, Algeria has taken steps towards improving its AML/CFT regime including through the publishing of CDD regulations by the Central Bank. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Algeria should continue to work on implementing its action plan, including by: (1) adequately criminalising terrorist financing; (2) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (3) improving customer due diligence measures; and (4) ensuring an effectively functioning Financial Intelligence Unit. The FATF encourages Algeria to address its deficiencies and continue the process of implementing its action plan.*

## **Angola**

*In June 2010, Angola made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. The FATF has determined that certain strategic AML/CFT deficiencies remain. Since the original action plan was formulated, Angola was subject to a mutual evaluation. It has highlighted additional strategic deficiencies and these have been included in the revised action plan, to which a renewed political commitment was provided. Angola should continue to work on addressing these deficiencies, including by: (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 and the identification and freezing of terrorist assets without delay; (3) ensuring an effectively functioning Financial Intelligence Unit; 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.*

## **Antigua and Barbuda**

*In February 2010, Antigua and Barbuda made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Antigua and Barbuda should continue to work on implementing its action plan to address these deficiencies, including by continuing to improve the overall supervisory framework. The FATF encourages Antigua and Barbuda to address its remaining deficiencies and continue the process of implementing its action plan.*

## **Argentina**

*In June 2011, Argentina made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since October 2012, Argentina has taken substantial steps towards improving its AML/CFT regime, including by enacting a new capital markets law on 28 December 2012, which improves licensing and supervision of the securities sector, enhances co-operation mechanisms, and removes secrecy among domestic agencies, improving the exchange of AML/CFT*

*information with a positive impact on financial transparency. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Argentina should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining deficiencies with regard to the criminalisation of money laundering, confiscation of funds related to money laundering, and freezing terrorist-related assets; (2) addressing the remaining issues for the Financial Intelligence Unit and suspicious transaction reporting requirements; (3) further enhancing the AML/CFT supervisory programme for all financial sectors; (4) further improving and broadening customer due diligence measures; and (5) enhancing the appropriate channels for international co-operation and ensuring effective implementation. The FATF encourages Argentina to address its remaining deficiencies and continue the process of implementing its action plan.*

### **Bangladesh**

*In October 2010, Bangladesh made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since October 2012, Bangladesh has taken steps towards improving its AML/CFT regime, including by obtaining Cabinet approval for the necessary amendments to its CFT legislation and issuing AML/CFT guidance to the capital markets intermediaries. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Bangladesh should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) ensuring an effectively functioning Financial Intelligence Unit; and (4) improving international co-operation. The FATF encourages Bangladesh to address its remaining deficiencies and continue the process of implementing its action plan.*

### **Bolivia**

*Pursuant to Bolivia's progress in largely addressing its action plan agreed upon with the FATF, Bolivia has been removed from the FATF's Public Statement and identified in this document. Since February 2010, when Bolivia made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies, Bolivia has made significant progress to improve its AML/CFT regime, including by enacting legislation enhancing the criminalisation of money laundering and terrorist financing; establishing and implementing measures for freezing, seizing, and confiscating funds related to terrorist financing; and enhancing the effectiveness of the Financial Intelligence Unit. 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.*

### **Brunei Darussalam**

*Since June 2011, when Brunei Darussalam made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Brunei Darussalam has made significant progress to improve its AML/CFT regime, including by enacting legislation to adequately criminalise money laundering and terrorist financing; establishing and implementing adequate procedures to identify and freeze terrorist assets; establishing and implementing adequate procedures for the*

*confiscation of funds related to money laundering; improving suspicious transaction reporting requirements; ensuring a fully operational and effectively functioning Financial Intelligence Unit; and enacting and implementing appropriate mutual legal assistance legislation. 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**

*In February 2013, Cuba made a high-level political commitment to work with the FATF and the GAFISUD to address its strategic AML/CFT deficiencies. Cuba joined GAFISUD in December 2012. The FATF has determined that certain AML/CFT deficiencies exist. Cuba should work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) improving customer due diligence measures; (4) improving suspicious transaction reporting requirements; (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (6) ensuring that appropriate laws and procedures are in place with regard to international cooperation and mutual legal assistance.*

## **Cambodia**

*In June 2011, Cambodia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. The FATF has determined that certain strategic AML/CFT deficiencies remain. Cambodia should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) establishing and implementing adequate procedures for the confiscation of funds related to money laundering; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (5) establishing and implementing effective controls for cross-border cash transactions. The FATF strongly urges Cambodia to address its remaining deficiencies and continue the process of implementing its action plan, specifically by enacting the necessary AML/CFT amendments in line with the FATF standards.*

## **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. 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) adequately criminalising terrorist financing; (2) implementing the Terrorist Financing Convention; (3) establishing and implementing adequate procedures to identify and freeze terrorist assets; (4) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance; (5) establishing effective customer due diligence measures; (6) ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU), in particular addressing the operational autonomy of the FIU; and (7) ensuring that financial institutions are*

*aware of and comply with their obligations to file suspicious transaction reports in relation to money laundering and terrorist financing. The FATF encourages Kuwait to address its remaining deficiencies and continue the process of implementing its action plan.*

### **Kyrgyzstan**

*In October 2011, Kyrgyzstan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. Since October 2012, Kyrgyzstan has taken steps towards improving its AML/CFT regime, including by enacting a Governmental decree on the implementation of UNSC Resolutions. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Kyrgyzstan should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; (2) addressing the remaining issue regarding criminalisation of money laundering; (3) clarifying the legal framework for identifying, tracing and freezing terrorist assets; and (4) implementing an adequate and effective AML/CFT supervisory programme for all financial sectors. The FATF encourages Kyrgyzstan to address its deficiencies and continue the process of implementing its action plan, in particular swiftly enacting adequate CFT amendments.*

### **Mongolia**

*In June 2011, Mongolia made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since October 2012, Mongolia has taken steps towards improving its AML/CFT regime, including by continuing to demonstrate regulation of money service providers. However, the FATF has determined that strategic AML/CFT deficiencies remain. Mongolia should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) establishing adequate procedures for the confiscation of funds related to money laundering; (4) establishing suspicious transaction reporting requirements; and (5) demonstrating effective regulation of money service providers. The FATF encourages Mongolia to address its remaining deficiencies and continue the process of implementing its action plan.*

### **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 October 2012, Namibia has taken significant steps to improve its AML/CFT system, including by enacting new TF legislation and updated AML legislation, and ratifying the Terrorist Financing Convention. The FATF has not yet 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 address its remaining deficiencies and continue the process of implementing its action plan.*

## **Nepal**

*In February 2010, Nepal made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since October 2012, Nepal has taken steps to improve its AML/CFT regime, including by promulgating the Organised Crimes Control Ordinance and issuing enforceable AML/CFT directives for both the insurance and securities sectors. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nepal should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) implementing adequate procedures for the confiscation of funds related to money laundering; (4) enacting and implementing appropriate mutual legal assistance legislation; (5) ensuring an effectively functioning Financial Intelligence Unit; and (6) establishing adequate suspicious transaction reporting obligations for money laundering and terrorist financing. The FATF urges Nepal to address its remaining deficiencies and continue the process of implementing its action plan.*

## **Nicaragua**

*In June 2011, Nicaragua made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since October 2012, Nicaragua has taken steps towards improving its AML/CFT regime, including by issuing AML/CFT regulations for the new FIU law and for the supervision of the microfinance sector. However, the FATF has not yet assessed these measures due to their very recent nature. Nevertheless, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nicaragua should work with the FATF and CFATF on implementing its action plan to address these deficiencies, including by: (1) ensuring effective customer due diligence measures and record-keeping requirements, in particular entities not currently regulated by the supervisory authority; (2) establishing adequate suspicious transaction reporting obligations for money laundering and terrorist financing; (3) implementing an adequate AML/CFT supervisory programme for all financial sectors; (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (5) establishing adequate procedures for identifying and freezing terrorist assets. The FATF encourages Nicaragua to address its remaining deficiencies and continue the process of implementing its action plan.*

## **Philippines**

*Since October 2010, when the Philippines made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, the Philippines has made significant progress to improve its AML/CFT regime and has largely addressed its action plan, including by enacting legislation to adequately criminalise money laundering and terrorist financing; implementing adequate procedures to identify and freeze terrorist assets and confiscate funds related to money laundering; enhancing financial transparency; ensuring capacity and financial resources for competent authorities; and extending the coverage of reporting entities to include all financial institutions and some of the designated non-financial businesses and professions. 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. However, the FATF has concerns that the casino sector in the Philippines continues to be unregulated for AML and CFT purposes and is still not subject to AML/CFT requirements and urges the Philippines to promptly and effectively address this outstanding deficiency.*

### **Sri Lanka**

*Pursuant to Sri Lanka's progress in largely addressing its action plan agreed upon with the FATF, Sri Lanka has been removed from the FATF's Public Statement and identified in this document. Since February 2010, when Sri Lanka made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Sri Lanka has made significant progress to improve its AML/CFT regime, including by enacting legislation to adequately criminalise money laundering and terrorist financing; and establishing and implementing adequate procedures to identify and freeze terrorist assets. The FATF will conduct an on-site visit to confirm that the process of implementing the required reforms and actions is underway to address deficiencies previously identified by the FATF.*

### **Sudan**

*In February 2010, Sudan made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Sudan should continue to work on implementing its action plan to address these deficiencies, including by: (1) implementing adequate procedures for identifying and freezing terrorist assets; (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (3) ensuring an effective supervisory programme for AML/CFT compliance. The FATF welcomes the adoption of the MENAFATF mutual evaluation report and will work with Sudan in light of the significant additional deficiencies identified in the report. The FATF encourages Sudan to address its remaining deficiencies and continue the process of implementing its action plan.*

### **Thailand**

*Pursuant to Thailand's progress in largely addressing its action plan agreed upon with the FATF, Thailand has been removed from the FATF's Public Statement and identified in this document. Since February 2010, when Thailand made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Thailand has made significant progress to improve its AML/CFT regime, including by enacting legislation to adequately criminalise terrorist financing, establishing and implementing adequate procedures to identify and freeze terrorist assets, and further strengthening AML/CFT 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.*

## **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 2012, Zimbabwe has taken steps towards improving its AML/CFT regime, including by ratifying the Terrorist Financing Convention. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Zimbabwe should continue to work with the FATF and ESAAMLG on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; (4) ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to money laundering and the financing of terrorism; and (5) enacting and implementing appropriate mutual legal assistance legislation. The FATF encourages Zimbabwe to address its remaining deficiencies and continue the process of implementing its action plan, including by enacting the necessary amendments to AML/CFT legislation.*

## **Ghana**

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

## **Venezuela**

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

## **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 2013, then the FATF will identify these jurisdictions as being out of compliance with their agreed action plans and will take the additional step of calling upon its members to consider the risks arising from the deficiencies associated with the jurisdiction.*

## **Morocco**

*Despite Morocco's high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Morocco has made sufficient progress in addressing its remaining key deficiency of criminalising terrorist financing. While Morocco has completed the other elements of its action plan, Morocco should work with the FATF and MENAFATF on addressing this remaining deficiency by enacting the necessary legislation.*

## **Tajikistan**

*Despite Tajikistan's high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Tajikistan has made sufficient progress in implementing its action plan, and 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) addressing remaining issues regarding criminalisation of money laundering and terrorist financing; (2) establishing and implementing adequate procedures for the confiscation of funds related to money laundering and identifying and freezing terrorist assets; (3) addressing the remaining issues relating to the Financial Intelligence Unit, suspicious transaction reporting requirements, and customer due diligence measures. The FATF encourages Tajikistan to address its remaining deficiencies and continue the process of implementing its action plan.*

### **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 LIBYA, VENEZUELA AND WEST AFRICA**

#### **Libya**

Prescribed 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, prescribed 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