



## Guernsey Financial Services Commission

### **INSTRUCTION (NUMBER 17) FOR PRESCRIBED BUSINESSES**

#### **BUSINESS FROM SENSITIVE SOURCES**

27 June 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 16 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*

*Pakistan*

*São Tomé and Príncipe*

*Syria*

*Tanzania*

*Turkey*

*Vietnam*

*Yemen*

*\* This jurisdiction has not made sufficient progress since being identified in the Public Statement. If this jurisdiction does not take significant actions by October 2013, the FATF will call upon its members to apply counter-measures proportionate to the risks associated with the jurisdiction.*

*Nigeria is now identified in the FATF document, "Improving Global AML/CFT Compliance: On-going Process" due to its progress in largely addressing its 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. 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 2013.*

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

*Since February 2013, the DPRK has continued to engage directly with the FATF and has engaged further with the APG. 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**

*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. The FATF acknowledges the commitment from the President of Ecuador's National Assembly to enact improvements to its CFT provisions by September*

2013. 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. Taking into account Ecuador's continued lack of progress in these areas, if Ecuador does not take significant actions by October 2013, the FATF will call upon its members to apply counter-measures proportionate to the risks associated with Ecuador.

### **Ethiopia**

Ethiopia has taken steps towards improving its AML/CFT regime, including by adequately criminalising money laundering and terrorist financing through the AML/CFT law enacted in January 2013. However, 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 remain. Ethiopia should continue to work on implementing its action plan to address these deficiencies, including by: (1) establishing and implementing an adequate legal framework and procedures to identify and freeze terrorist assets; and (2) 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 Ethiopia 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 adequately criminalising terrorist financing through the CFT law enacted in February 2013. However, despite Indonesia's high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies, Indonesia has not made sufficient progress in implementing its action plan within the agreed timelines, and certain strategic AML/CFT deficiencies remain regarding the establishment and implementation of an adequate legal framework and procedures for identifying and freezing of terrorist assets. The FATF encourages Indonesia to address these remaining issues, in compliance with international standards.

### **Kenya**

Kenya has taken steps towards improving its AML/CFT regime, including the issuance of AML regulations and the Money Remittance Regulations, which address deficiencies regarding preventive measures and supervision. 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; and (4) implementing an adequate and effective AML/CFT supervisory programme for all financial sectors. 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.*

## **Pakistan**

*Pakistan has taken significant steps towards improving its AML/CFT regime, including by amending its Anti-Terrorism Act to criminalise terrorist financing largely consistent with the international standards. 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. Pakistan needs to take additional steps to meet the international standards regarding the identification and freezing of terrorist assets, including by further amending its Anti-Terrorism Act. The FATF encourages Pakistan to address the remaining deficiencies and continue the process of implementing its action plan.*

## **São Tomé and Príncipe**

*Despite São Tomé and Príncipe's high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies, São Tomé and Príncipe has not made sufficient progress in implementing its action plan, and certain strategic deficiencies remain. São Tomé and Príncipe should 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 UNSCR 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 steps towards improving its AML/CFT regime. 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 notable steps towards improving its CFT regime, including by enacting a terrorist financing law in February 2013 and issuing the regulation to implement this law in May 2013. The FATF welcomes these steps made by Turkey, which improve the country's compliance with international standards. However, the FATF has not assessed the regulation due to its very recent nature and therefore the FATF has not yet determined the extent to which it addresses the on-going shortcomings in the Turkish counter-terrorist financing regime. Turkey should clarify the remaining concerns in order to ensure that it reaches a satisfactory level of compliance with the international standards. The FATF encourages Turkey to address the remaining deficiencies and continue the process of implementing its action plan.*

## **Vietnam**

*Vietnam has taken steps towards improving its AML/CFT regime, including passage of its counter-terrorism legislation. 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) establishing and implementing adequate procedures to identify and freeze terrorist assets; (2) making legal persons subject to criminal liability in line with international standards; and (3) 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 urges 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. 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 urges Afghanistan to address its 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.*

## **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. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. 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.*

## **Argentina**

*In June 2011, Argentina made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since February 2013, Argentina has taken steps towards improving its AML/CFT regime, including by issuing new regulations creating gateways for cooperation with foreign financial supervisors. 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 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; and (4) ensuring implementation of the new gateways for international supervisory co-operation. 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 February 2013, Bangladesh has taken significant steps towards improving its AML/CFT*



*regime, including by passing the necessary amendments to its CFT legislation and issuing an amendment to the Prevention and Suppression of Terrorism and Financing of Terrorism Order, 2012 for the implementation of UNSCRs. 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) implementing adequate procedures to identify and freeze terrorist assets; and (2) ensuring an effectively functioning Financial Intelligence Unit. The FATF encourages Bangladesh to address its remaining deficiencies and continue the process of implementing its action plan.*

### **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. Since February 2013, Cambodia has taken significant steps towards improving its AML/CFT regime, including by enacting amendments to its AML/CFT legislation. However, 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) establishing and implementing adequate procedures to identify and freeze terrorist assets; (2) implementing adequate procedures for the confiscation of funds related to money laundering; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; and (4) establishing and implementing effective controls for cross-border cash transactions. The FATF encourages Cambodia to address its remaining deficiencies and continue the process of implementing its action plan.*

### **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. Since February 2013, Cuba has taken notable steps towards improving its AML/CFT regime, including by signing an MOU for cooperation with FIUs in GAFISUD and issuing new CDD and STR measures. Due to the recent nature of these measures, the FATF has not yet reviewed them. The FATF has determined that certain AML/CFT deficiencies exist. Cuba 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) 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.*

### **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 2013, Kuwait has taken significant steps towards improving its AML/CFT regime, including by ratifying the TF Convention and enacting an AML/CFT law. The FATF has not 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 terrorist financing; (2) establishing and implementing adequate procedures to identify and freeze terrorist assets; (3) ensuring that appropriate laws and procedures are in place to provide mutual legal assistance; (4) establishing effective customer due diligence measures; (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU), in particular addressing the operational autonomy of the FIU; and (6) ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to money laundering and terrorist financing. 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 February 2013, Kyrgyzstan has taken significant steps towards improving its AML/CFT regime, including by enacting amendments to the criminal code which improve Kyrgyzstan's criminalisation of money laundering and terrorist financing. 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) clarifying and addressing, as necessary, the remaining issues in the criminalisation of money laundering and terrorist financing; (2) addressing the remaining issues in the framework for identifying and freezing terrorist assets; and (3) implementing an adequate and effective AML/CFT supervisory programme for all financial sectors. The FATF encourages Kyrgyzstan to address its remaining deficiencies and continue the process of implementing its action plan.*

### **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. The Lao PDR will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing; (2) establishing and implementing adequate procedures for the confiscation of assets related to money laundering; (3) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets; (4) establishing a fully operational and effectively functioning Financial Intelligence Unit; (5) establishing suspicious transaction reporting requirements; (6) implementing an adequate AML/CFT supervisory and oversight programme for all financial sectors; and (7) establishing and implementing effective controls for cross-border currency transactions. The FATF encourages Lao PDR to address its AML/CFT deficiencies by implementing its action plan.*

### **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 February 2013, Mongolia has taken steps towards improving its AML/CFT regime, including by enacting revisions to its AML/CFT legislation, amendments to its Anti-Terrorism Law,*

*and amendments to its Law on State Registration of legal entities. 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; and (4) 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.*

### **Morocco**

*Since February 2010, when Morocco made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, Morocco has made significant progress to improve its AML/CFT regime. Morocco has largely addressed its action plan including by adopting amendments to extend the scope of the money laundering and terrorist financing offences, broadening customer due diligence requirements and taking steps to operationalise 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.*

### **Namibia**

*In June 2011, Namibia made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. However, the FATF has determined that strategic AML/CFT deficiencies remain. Namibia should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing; and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets. The FATF encourages Namibia to address its remaining deficiencies and continue the process of implementing its action plan.*

### **Nepal**

*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 February 2013, Nepal has taken significant steps to improve its AML/CFT regime, including by promulgating the Asset (Money) Laundering Prevention Amendment Ordinance and the Freezing, Seizing and Confiscation of Proceeds and Instrumentalities of Criminal Offences Ordinance. 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) establishing and implementing adequate procedures to identify and freeze terrorist assets; (2) demonstrating adequate implementation of mutual legal assistance legislation; and (3) ensuring an effectively functioning Financial Intelligence Unit. The FATF encourages 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 February 2013, Nicaragua has taken steps towards improving its AML/CFT regime, including by issuing rules requiring a number of reporting parties to register with FIU and issuing a Presidential Decree aimed at creating a framework for freezing terrorist assets. However, 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) 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.*

## **Nigeria**

*Since February 2010, when Nigeria made a high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies, Nigeria has made significant progress to improve its AML/CFT regime. Nigeria has largely addressed its action plan including by enacting legislation to adequately criminalise money laundering and terrorist financing; implementing procedures to identify and freeze terrorist assets; ensuring that customer due diligence requirements apply to all financial institutions; and improving the overall supervisory framework for AML/CFT. 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. Since the original action plan was formulated, Sudan was subject to a mutual evaluation report. The MER highlighted additional strategic deficiencies that are included in a revised action plan to which a renewed political commitment was provided. Sudan 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) implementing adequate procedures for identifying and freezing terrorist assets; (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit; (4) ensuring an effective supervisory programme for AML/CFT compliance; (5) improving customer due diligence measures; (6) ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to money laundering and terrorist financing; and (7) ensuring that appropriate laws and procedures are in place with regard to international cooperation and mutual legal assistance. The FATF*

*encourages Sudan to address its remaining deficiencies and continue the process of implementing its action plan.*

### **Tajikistan**

*In June 2011, Tajikistan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. Since February 2013, Tajikistan has taken steps towards improving its AML/CFT regime, including by enacting amendments to the criminal code improving the criminalisation of money laundering and terrorist financing. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Tajikistan should continue to work with the FATF and EAG on implementing its action plan to address these deficiencies, including by (1) addressing remaining issues regarding terrorist financing; (2) establishing and implementing adequate procedures for the confiscation of funds related to money laundering and identifying and freezing terrorist assets; and (3) addressing the remaining issues relating to customer due diligence measures. The FATF encourages Tajikistan to address its remaining deficiencies and continue the process of implementing its action plan.*

### **Zimbabwe**

*In June 2011, Zimbabwe made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Zimbabwe has taken significant steps towards improving its AML/CFT regime, including by enacting AML/CFT legislation on 20 June 2013. The FATF has not assessed this 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 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.*

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

### **Bolivia**

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

### **Brunei Darussalam**

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

### **Philippines**

*The FATF welcomes the Philippines' significant progress in improving its AML/CFT regime and notes that the Philippines 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. The Philippines is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. The Philippines will work with the APG as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, in particular, regulating the casino sector in the Philippines for AML/CFT purposes and making it subject to AML/CFT requirements.*

### **Sri Lanka**

*The FATF welcomes Sri Lanka's significant progress in improving its AML/CFT regime and notes that Sri Lanka 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. Sri Lanka is therefore no longer subject to FATF's monitoring process under its on-going global AML/CFT compliance process. Sri Lanka will work with the APG as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, in particular, ensuring the continued implementation of its procedures to identify and freeze terrorist assets.*

### **Thailand**

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

### **Algeria**

*Despite Algeria's high-level commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Algeria has made sufficient progress in implementing its action plan, and certain strategic AML/CFT deficiencies remain. Algeria should continue to work with the FATF and MENAFATF 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) improving customer due diligence measures. The FATF encourages Algeria to address its deficiencies and continue the process of implementing its action plan.*

### **Antigua and Barbuda**

*Despite Antigua and Barbuda's high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies, the FATF is not yet satisfied that Antigua and Barbuda has made sufficient progress in implementing its action plan, and certain strategic 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.*

## **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