



HM TREASURY

Statement on Money Laundering controls in Overseas Jurisdictions

This notice constitutes advice issued by HM Treasury about risks posed by unsatisfactory money laundering controls in a number of jurisdictions.

The Money Laundering Regulations 2007 require firms to put in place policies, procedures or systems in order to prevent money laundering or terrorist financing. Regulated businesses are also required to apply enhanced customer due diligence and enhanced ongoing monitoring on a risk-sensitive basis in certain defined situations and in "any other situation which by its nature can present a higher risk of money laundering or terrorist financing".

This advice is in two parts, A and B. This advice is especially relevant if you conduct any business with any of the jurisdictions referred to in Part A or Part B or businesses based in those jurisdictions.

This advice supercedes previous advice issued by HM Treasury in connection with deficiencies in these areas. In particular it supercedes that issued on 15th March 2010 in Press Notice 24/10 with immediate effect.

Part A

On 25th June 2010 the Financial Action Task Force (FATF) issued a public statement drawing attention to serious deficiencies in

- Iran
- The Democratic People's Republic of Korea (DPRK)
- São Tomé and Príncipe.

The UK fully supports the work of the FATF on these matters and HM Treasury agrees with the FATF's assessments.

The substance of the FATF statement is attached as Annex A.

Iran

All UK businesses regulated under the Money Laundering Regulations 2007, whether financial institutions or other regulated persons should treat transactions associated with Iran as situations that by their nature can present a higher risk of money laundering or terrorist financing, and which therefore require increased scrutiny, enhanced due diligence, and ongoing monitoring, particularly in the case of correspondent relationships.

All other persons authorised by the Financial Services Authority should also take this advice into account in respect of their systems and controls to counter financial crime, and take appropriate actions to minimise the associated risks.

Democratic People's Republic of Korea (DPRK) and São Tomé and Príncipe

The attention of UK financial institutions and other persons regulated for money-laundering purposes is also drawn to the FATF statement in respect of the **Democratic People's Republic of Korea (DPRK) and São Tomé and Príncipe**, and the risks that they present. They should take this advice into account in respect of their systems and controls to counter financial crime, and take appropriate actions to minimise the associated risks.

Part B

In a separate statement on the ongoing process to improve global anti-money laundering and countering terrorist finance (AML/CTF) compliance the FATF has also drawn attention to deficiencies in the AML/CTF regimes in the following jurisdictions; Angola, Antigua and Barbuda, Azerbaijan, Bolivia, Ecuador, Ethiopia, Greece, Indonesia, Kenya, Morocco, Myanmar, Nepal, Nigeria, Pakistan, Paraguay, Qatar, Sri Lanka, Sudan, Syria, Thailand, Trinidad and Tobago, Turkey, Turkmenistan, Ukraine and Yemen.

The attention of UK financial institutions and other persons regulated for money-laundering purposes is drawn to the FATF statements in respect of each of those jurisdictions. They should take this advice into account in respect of their systems and controls to counter financial crime.

The substance of the FATF statement is attached as Annex B.

This FATF statement is available at: <http://www.fatf-gafi.org/dataoecd/17/4/45540819.pdf>

Notes

1. The Financial Action Task Force is an inter-governmental body established by the G7 in 1989 and today includes as members 34 countries and territories and two regional organisations.
2. The Government's strategy is to use financial tools to deter crime and terrorism; detect it when it happens; and disrupt those responsible and hold them to account for their actions. The FATF is central to the UK's international objectives within this strategy.
3. The Money Laundering Regulations 2007 require firms to put in place policies, procedures or systems in order to prevent money laundering or terrorist financing. Regulated businesses are also required to apply enhanced customer due diligence and enhanced ongoing monitoring on a risk-sensitive basis in certain defined situations and in "any other situation, which by its nature can present a higher risk of money laundering or terrorist financing".
4. The FSA requires firms to take reasonable care to establish and maintain systems and controls for countering the risk that the firm might be used to further financial crime.

For further information about what the Treasury is doing to combat financial crime, and how to subscribe to financial crime alerts, visit: [Counter Illicit Finance](#).

Annex A: FATF Public Statement, 25th June 2010

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 ML/FT risks and to encourage greater compliance with the AML/CFT standards, the FATF identified jurisdictions that have strategic deficiencies and, along with the FATF-style regional bodies (FSRBs), works with them to address those deficiencies that pose a risk to the international financial system. The FATF and the relevant FSRBs will continue to work with the jurisdictions below and report on their progress in addressing the identified deficiencies.

1. Jurisdictions subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the ongoing and substantial money laundering and terrorist financing (ML/TF) risks emanating from the jurisdiction¹:

Iran

2. Jurisdictions with strategic AML/CFT deficiencies that have not committed to an action plan developed with the FATF to address key deficiencies as of June 2010. The FATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction, as described below.

Democratic People's Republic of Korea (DPRK)*

São Tomé and Príncipe

* Despite the FATF's efforts, this jurisdiction has not constructively engaged with the FATF or an FSRB as of June 2010 and has not committed to the international AML/CFT standards.

¹ 1 The FATF has previously issued public statements calling for counter-measures on Iran. Those statements are updated below

1. Jurisdictions subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the ongoing and substantial money laundering and terrorist financing (ML/TF) risks emanating from the jurisdiction:

Iran

The FATF welcomes the recent steps that Iran has taken to engage with the FATF, but remains concerned by Iran's failure to meaningfully address the ongoing and substantial deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime. The FATF remains particularly 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. 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.

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. If Iran fails to take concrete steps to improve its AML/CFT regime, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in October 2010.

2. Jurisdictions with strategic AML/CFT deficiencies that have not committed to an action plan developed with the FATF to address key deficiencies as of June 2010. The FATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction, as described below.

Democratic People's Republic of Korea (DPRK)

The Democratic People's Republic of Korea (DPRK) has not committed to the AML/CFT international standards, nor has it responded to the FATF's numerous requests for engagement on these issues. DPRK's lack of a comprehensive AML/CFT regime poses a risk to the international financial system. DPRK should work with the FATF to develop a viable AML/CFT regime in line with international standards.

São Tomé and Príncipe

The FATF remains concerned by São Tomé and Príncipe's failure to meaningfully address the deficiencies in its AML/CFT regime, particularly relating to terrorist financing. São Tomé and Príncipe's lack of a comprehensive AML/CFT regime poses a risk to the international financial system. São Tomé and Príncipe should work with the FATF and GIABA to address the remaining AML/CFT deficiencies.

Annex B: Improving Global AML/CFT Compliance: Ongoing Process, 25th June 2010

As part of its ongoing 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. FATF welcomes these commitments.

A large number of jurisdictions have not yet been reviewed by the FATF. The FATF will continue to identify additional jurisdictions, on an ongoing basis, that pose a risk in the international financial system. The FATF has already begun an initial review of a number of such jurisdictions as part of this process and will present its findings later this year.

The FATF and the 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.

Angola

In June 2010, Angola made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies and has demonstrated some progress in improving its AML/CFT regime. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Angola will work on implementing its action plan to address these deficiencies, including by: 1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); 2) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); 3) establishing and implementing an adequate legal framework for identifying, tracing and freezing terrorist assets (Special Recommendation III); 4) ratifying the UN Convention for the Suppression of the Financing of Terrorism and the UN Convention on Transnational Organised Crime. 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. Since that time, Antigua and Barbuda has demonstrated progress in improving its AML/CFT regime, including by passing an amendment to the Prevention of Terrorism Act 2010 to establish a legal framework for identifying and freezing terrorist assets. 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: (1) implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); (2) improving the overall supervisory framework (Recommendation 23); and (3) enhancing financial transparency (Recommendation 4). The FATF encourages Antigua and Barbuda to address its remaining deficiencies and continue the process of implementing its action plan.

Azerbaijan

In February 2010, Azerbaijan made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies. Since that time, Azerbaijan has demonstrated progress in improving its AML/CFT regime, including by enacting AML/CFT

amendments that aim to address issues relating to criminalisation of money laundering and terrorist financing, establishing procedures to freeze terrorist assets, and enhancing the functioning of the FIU. The FATF and MONEYVAL 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.

Bolivia

In February 2010, Bolivia made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. Since that time, Bolivia has demonstrated progress in improving its AML/CFT regime, including by enacting a new AML law on 31 March 2010 to improve its criminalisation of money laundering and to increase FIU functions. However, the FATF has determined that certain strategic deficiencies remain. Bolivia should continue to work on implementing its action plan to address these deficiencies, including by: 1) ensuring adequate criminalisation of money laundering (Recommendation 1); (2) adequately criminalising terrorist financing (Special Recommendation II); (3) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); (4) establishing a fully operational and effective Financial Intelligence Unit (Recommendation 26). The FATF encourages Bolivia to address its remaining deficiencies and continue the process of implementing its action plan.

Ecuador

In June 2010, Ecuador made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. Ecuador has demonstrated progress in improving its AML/CFT regime, including submitting AML/CFT amendments to Congress. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Ecuador will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); (4) Reinforcing and improving coordination of financial sector supervision (Recommendation 23). The FATF encourages Ecuador to address its remaining deficiencies and continue the process of implementing its action plan.

Ethiopia

In June 2010, Ethiopia made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Ethiopia has demonstrated progress in improving its AML/CFT regime. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Ethiopia will work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (4) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); (5) raising awareness of AML/CFT issues within the law enforcement community (Recommendation 27); and (6) 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 (Recommendation 17). The FATF encourages Ethiopia to address its remaining deficiencies and continue the process of implementing its action plan.

Greece

In February 2010, Greece made a high-level political commitment to work with the FATF to address its strategic AML/CFT deficiencies. Since that time, Greece has demonstrated progress, including by taking measures to enhance the effectiveness of the FIU and tabling legislation that aims to address remaining issues regarding adequately criminalising terrorist financing. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Greece should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing remaining issues regarding adequately criminalising terrorist financing (Special Recommendation II); (2) improving mechanisms and procedures for freezing terrorist assets (Special Recommendation III); and (3) enhancing the effectiveness of the FIU (Recommendation 26). The FATF encourages Greece to address its remaining deficiencies and continue the process of implementing its action plan.

Indonesia

In February 2010, Indonesia made a high-level political commitment to work with the FATF and the APG to address its strategic AML/CFT deficiencies. Since that time, Indonesia has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Indonesia should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); and (3) amending and implementing laws or other instruments to fully implementing the 1999 International Convention for the Suppression of Financing of Terrorism (Special Recommendation I). The FATF encourages Indonesia to address its remaining deficiencies and continue the process of implementing its action plan.

Kenya

In February 2010, Kenya made a high-level political commitment to work with the FATF and ESAAMLG to address its strategic AML/CFT deficiencies. Since that time, Kenya has demonstrated progress in improving its AML/CFT regime, including by bringing into force the Proceeds of Crime and Anti-Money Laundering Act on 28 June 2010. However, the FATF has determined that 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 (Special Recommendation II); 2) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); 3) establishing and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III); 4) raising awareness of AML/CFT issues within the law enforcement community (Recommendation 27); and (5) 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 (Recommendation 17). The FATF encourages Kenya to address its remaining deficiencies and continue the process of implementing its action plan.

Morocco

In February 2010, Morocco made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since that time, Morocco has demonstrated progress in improving its AML/CFT regime, including by taking initial steps to make the FIU more operational and drafting an AML bill. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Morocco should continue to work on implementing its action plan to address these deficiencies, including by: (1) amending the penal code to extend the scope of the ML and FT offences (Recommendation 1 and Special

Recommendation II); (2) amending relevant laws or regulations to address deficiencies in customer due diligence requirements (Recommendation 5); and (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26). The FATF encourages Morocco to address its remaining deficiencies and continue the process of implementing its action plan.

Myanmar

In February 2010, Myanmar made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since that time, Myanmar has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that 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 money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) strengthening the extradition framework in relation to terrorist financing (Recommendation 35 and Special Recommendation I); (4) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (5) enhancing financial transparency (Recommendation 4); and (6) strengthening customer due diligence measures (Recommendations 5). The FATF encourages Myanmar 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 that time, Nepal has demonstrated progress in improving its AML/CFT regime, including by broadening its AML law to criminalise a wider range of offences. 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 (Recommendation 1 and Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); and (4) enacting and implementing appropriate mutual legal assistance legislation (Recommendation 36). The FATF encourages Nepal to address its remaining deficiencies and continue the process of implementing its action plan.

Nigeria

In February 2010, Nigeria made a high-level political commitment to work with the FATF and GIABA to address its strategic AML/CFT deficiencies. Since that time, Nigeria has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Nigeria should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) ensuring that relevant laws or regulations address deficiencies in customer due diligence requirements and that they apply to all financial institutions (Recommendation 5); and (4) demonstrating that AML/CFT supervision is undertaken effectively across the financial sector (Recommendation 23). The FATF encourages Nigeria to address its remaining deficiencies and continue the process of implementing its action plan.

Pakistan

In June 2010, Pakistan made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Pakistan has demonstrated progress in improving its AML/CFT regime, including enacting a permanent AML law. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Pakistan will work on implementing its action plan to address these deficiencies, including by (1) demonstrating adequate criminalisation of money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); (2) demonstrating adequate procedures to identify, freeze and confiscate terrorist assets (Special Recommendation III); (3) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (4) demonstrating effective regulation of money service providers, including an appropriate sanctions regime, and increasing the range of ML/FT preventive measures for these services (Special Recommendation VI); and (5) improving and implementing effective controls for cross-border cash transactions (Special Recommendation IX). The FATF encourages Pakistan to address its remaining deficiencies and continue the process of implementing its action plan.

Paraguay

In February 2010, Paraguay made a high-level political commitment to work with the FATF and GAFISUD to address its strategic AML/CFT deficiencies. Since that time, Paraguay has demonstrated progress in improving its AML/CFT regime, including by enacting a law that criminalises terrorist financing on 23 June 2010, which needs to be analysed by the FATF, and adopting a regulation to develop controls for cross-border cash transactions on 17 June 2010. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Paraguay should continue to work on implementing its action plan to address these deficiencies, including by: (1) ensuring adequate criminalisation of terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify, freeze and confiscate terrorist assets (Special Recommendation III); (3) improving financial transparency (Recommendation 4); (4) improving and broadening customer due diligence measures (Recommendation 5), and (5) implementing effective controls for cross-border cash transactions (Special Recommendation IX). The FATF encourages Paraguay to address its remaining deficiencies and continue the process of implementing its action plan.

Qatar

In February 2010, Qatar made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since that time, Qatar has demonstrated progress in improving its AML/CFT regime, including by enacting a new AML/CFT law, issuing revised AML/CFT regulations for the financial sector, and providing guidance on the suspicious transaction reporting requirements. The FATF and MENAFATF 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.

Sri Lanka

In February 2010, Sri Lanka made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since that time, Sri Lanka has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Sri Lanka should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); and (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III). The FATF encourages Sri Lanka to address its remaining deficiencies and continue the process of implementing its action plan.

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 that time, Sudan has demonstrated progress in improving its AML/CFT regime, including by taking initial steps to operationalise the FIU. 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 (Special Recommendation III); (2) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26); (3) ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT (Recommendation 13 and Special Recommendation IV) and (4) implementing a supervisory programme for the regulators to ensure compliance with the provisions of the new law and regulations (Recommendation 23). The FATF encourages Sudan to address its remaining deficiencies and continue the process of implementing its action plan.

Syria

In February 2010, Syria made a high-level political commitment to work with the FATF and MENAFATF to address its strategic AML/CFT deficiencies. Since that time, Syria has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Syria should continue to work on implementing its action plan to address these deficiencies, including by: (1) adopting adequate measures to implement and enforce the 1999 International Convention for the Suppression of Financing of Terrorism (Special Recommendation I); (2) adequately criminalising terrorist financing (Special Recommendation II); (3) implementing adequate procedures for identifying and freezing terrorist assets (Special Recommendation III); (4) ensuring financial institutions are aware of and comply with their obligations to file suspicious transaction reports in relation to ML and FT (Recommendation 13 and Special Recommendation IV) and (5) adopting appropriate laws and procedures to provide mutual legal assistance (Recommendations 36-38, Special Recommendation V). The FATF encourages Syria to address its remaining deficiencies and continue the process of implementing its action plan.

Thailand

In February 2010, Thailand made a high-level political commitment to work with the FATF and APG to address its strategic AML/CFT deficiencies. Since that time, Thailand has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Thailand should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); and (3) further strengthening AML/CFT supervision (Recommendation 23). The FATF encourages Thailand to address its remaining deficiencies and continue the process of implementing its action plan.

Trinidad and Tobago

In February 2010, Trinidad and Tobago made a high-level political commitment to work with the FATF and CFATF to address its strategic AML/CFT deficiencies. Since that time, Trinidad and Tobago has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic AML/CFT deficiencies remain. Trinidad and Tobago 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 without delay (Special Recommendation III); (2) implementing adequate procedures for the confiscation of funds related to money laundering (Recommendation 3); (3) ensuring a fully operational and

effectively functioning FIU, including supervisory powers (Recommendation 26). The FATF encourages Trinidad and Tobago to address its remaining deficiencies and continue the process of implementing its action plan.

Turkey

In February 2010, Turkey made a high-level political commitment work with the FATF to address its strategic AML/CFT deficiencies. Since that time, Turkey has demonstrated progress in improving its AML/CFT regime, including by drafting CFT legislation. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Turkey should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising terrorist financing (Special Recommendation II); and (2) implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III). The FATF encourages Turkey to address its remaining deficiencies and continue the process of implementing its action plan.

Turkmenistan

In June 2010, Turkmenistan made a high-level political commitment to work with the FATF and EAG to address its strategic AML/CFT deficiencies. Turkmenistan has demonstrated progress in improving its AML/CFT regime, including by adopting a law criminalising terrorist financing and enacting FIU and reporting regulations. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Turkmenistan will work on implementing its action plan to address these deficiencies, including by: (1) addressing the remaining issues with the criminalisation of money laundering and terrorist financing (Recommendation 1 and Special Recommendation II), (2) implementing adequate procedures to identify and freeze terrorist assets without delay (Special Recommendation III); (3) ensuring a fully operational and effectively functioning FIU (Recommendation 26), (4) developing collaboration between the FIU and domestic counterparts, including supervisory authorities, and (5) strengthening international cooperation. The FATF encourages Turkmenistan to address its remaining deficiencies and continue the process of implementing its action plan.

Ukraine

In February 2010, Ukraine made a high-level political commitment to work with the FATF and MONEYVAL to address its strategic AML/CFT deficiencies. Since that time, Ukraine has demonstrated progress in improving its AML/CFT regime, including by enacting a new AML/CFT law. However, the FATF has determined that certain strategic AML/CFT deficiencies remain. Ukraine should continue to work on implementing its action plan to address these deficiencies, including by: (1) addressing remaining issues regarding criminalisation of money laundering and terrorist financing (Recommendation 1 and Special Recommendation II); and (2) improving and implementing an adequate legal framework for identifying and freezing terrorist assets (Special Recommendation III). The FATF encourages Ukraine to address its remaining deficiencies and continue the process of implementing its action plan.

Yemen

In February 2010, Yemen made a high-level political commitment to work with the FATF and MENFATF to address its strategic AML/CFT deficiencies. Since that time, Yemen has demonstrated progress in improving its AML/CFT regime; however, the FATF has determined that certain strategic deficiencies remain. Yemen should continue to work on implementing its action plan to address these deficiencies, including by: (1) adequately criminalising money laundering (Recommendation 1); (2) establishing and implementing adequate procedures to identify and freeze terrorist assets (Special Recommendation III); (3) issuing substantive guidance/instructions to reporting institutions with respect to their ML/FT obligations

(Recommendation 25); (4) developing the monitoring and supervisory capacity of the financial sector supervisory authorities and the FIU, to ensuring compliance by financial institutions with their STR obligations, especially in relation to FT (Recommendation 23); and (5) ensuring a fully operational and effectively functioning Financial Intelligence Unit (Recommendation 26). The FATF encourages Yemen to address its remaining deficiencies and continue the process of implementing its action plan.