Department of the Treasury
Financial Crimes Enforcement Network

Advisory

FIN-2010-A009
Issued: July 16, 2010
Subject: Guidance to Financial Institutions Based on the Financial Action Task Force Publication on Anti-Money Laundering and Counter-Terrorist Financing Risks posed by Angola; Antigua and Barbuda; Azerbaijan; Bolivia; Ecuador; Ethiopia; Greece; Indonesia, Kenya; Morocco; Burma (Myanmar); Nepal; Nigeria; Pakistan; Paraguay; Qatar; Sri Lanka; Sudan; Syria; Thailand; Trinidad and Tobago; Turkey; Turkmenistan; Ukraine; and Yemen.

The Financial Crimes Enforcement Network (FinCEN) is issuing this advisory to inform banks and other financial institutions operating in the United States of the risks associated with jurisdictions identified by the Financial Action Task Force (FATF)[1] on June 25, 2010, as having deficiencies in their anti-money laundering and counter-terrorist financing (AML/CFT) regimes.[2]

The FATF publication comes in response to the G-20 leaders' call for the FATF to reinvigorate its process for assessing countries' compliance with international AML/CFT standards and to publicly identify high risk jurisdictions.[3] Also, in June 2010, the G-20 leaders called for FATF to issue regular updates on jurisdictions with strategic deficiencies.[4] The text highlights jurisdictions with strategic AML/CFT deficiencies for which each jurisdiction has provided a high-level political commitment to address the specific AML/CFT deficiencies. FATF explains its specific concerns regarding each of the jurisdictions and notes it will continue to monitor the implementation of each jurisdiction's action plan for addressing the deficiencies. On an ongoing basis, FATF will continue to update information on these and other jurisdictions that pose a risk to the international financial system.

1 The FATF is a 36--member inter-governmental policy-making body whose purpose is to establish international standards and develop and promote policies, both at national and international levels, to combat money laundering and terrorist financing. See www.fatf-gafi.org. The United States is a member of the FATF. See also, previous FATF statements of October 11, 2007, at www.fatf-gafi.org/dataoecd/1/2/39481684.pdf; February 28, 2008, at www.fatf-gafi.org/dataoecd/16/26/40181037.pdf; June 20, 2008, at www.fatf-gafi.org/dataoecd/50/1/40879782.pdf; October 16, 2008, at www.fatf-gafi.org/dataoecd/25/17/41508956.pdf; February 25, 2009, at www.fatf-gafi.org/dataoecd/18/28/42242615.pdf; and February 18, 2010 (i) a public statement at http://www.fatf-gafi.org/dataoecd/34/29/44636171.pdf; and (ii) a publication entitled "Improving Global AML/CFT Compliance: Ongoing Process," at http://www.fatf-gafi.org/dataoecd/34/28/44636196.pdf.

2 The FATF issued two documents: (i) a public statement, at http://www.fatf-gafi.org/dataoecd/17/5/45540828.pdf; and (ii) a publication entitled "Improving Global AML/CFT Compliance: Ongoing Process," at http://www.fatf-gafi.org/dataoecd/17/4/45540819.pdf.

3 See "Declaration on Strengthening the Financial System: London Summit, April 2, 2009," at http://www.londonsummit.gov.uk/resources/en/PDF/annex-strengthening-fin-sysm and "Leaders' Statement: The Pittsburgh Summit, September 24 - 25, 2009," at http://www.pittsburghsummit.gov/mediacenter/129639.htm.

4 See "The G-20 Toronto Summit Declaration, June 26-27, 2010," at http://www.g20.org/Documents/g20_declaration_en.pdf.

Please note that the countries on this advisory have changed since our last pass through advisory. In particular, Angola, Ecuador, Ethiopia, Pakistan, and Turkmenistan have been added to this document after providing a high-level political commitment to work with the FATF to address strategic AML/CFT deficiencies. Also note that FinCEN is issuing today a complementary advisory, FIN-2010-A010,[5] which addresses a separate but related FATF document regarding a different group of jurisdictions.

IMPROVING GLOBAL AML/CFT COMPLIANCE:
ON-GOING PROCESS
25 June 2010[6]

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

5 http://www.fincen.gov/statutes_regs/guidance/html/FIN-2010-A010.html

6 The text makes reference to the relevant FATF-style regional bodies (FSRBs) with whom FATF will continue to work to address the deficiencies identified. These FSRBs include: Caribbean Financial Action Task Force (CFATF); the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL); Financial Action Task Force of South America Against Money Laundering (GAFISUD); Asia/Pacific Group on Money Laundering (APG); Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG); Middle East & North Africa Financial Action Task Force (MENAFATF); Eurasian group (EAG); and Intergovernmental Anti-Money Laundering Group in Africa (GIABA).

(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); and 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 of 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); and (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); and (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 implement 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); and (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 to 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 ensure 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.

FinCEN Guidance

U.S. financial institutions should consider the risks associated with the AML/CFT deficiencies of jurisdictions in the FATF publication entitled, "Improving Global AML/CFT Compliance: Ongoing Process: **Angola; Antigua and Barbuda; Azerbaijan; Bolivia; Ecuador; Ethiopia; Greece; Indonesia; Kenya; Morocco; Burma (Myanmar); Nepal; Nigeria; Pakistan; Paraguay; Qatar; Sri Lanka; Sudan; Syria; Thailand; Trinidad and Tobago; Turkey; Turkmenistan; Ukraine; and Yemen.** With respect to these jurisdictions, U.S. financial institutions are reminded of their obligations to comply with the general due diligence obligations under 31 CFR § 103.176(a).

As required under 31 CFR § 103.176(a), covered financial institutions should ensure that their due diligence programs, which address correspondent accounts maintained for foreign financial institutions, include appropriate, specific, risk-based, and, where necessary, enhanced policies, procedures, and controls that are reasonably designed to detect and report known or suspected money laundering activity conducted through or involving any correspondent account established, maintained, administered, or managed in the United States. Additionally, as required under 31 CFR §§ 103.15 - 103.21, if a financial institution knows, suspects, or has reason to suspect that a transaction involves funds derived from illegal activity or that a customer has otherwise engaged in activities indicative of money laundering, terrorist financing, or other violation of federal law or regulation, the financial institution shall then file a Suspicious Activity Report.