



Financial Action Task Force on Money Laundering
Groupe d'action financière sur le blanchiment de capitaux



Organisation for Economic Co-operation and Development
Organisation de Coopération et de Développement Economiques

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PUBLIC STATEMENT

PROGRESS REPORT ON NON-COOPERATIVE COUNTRIES AND TERRITORIES

The Financial Action Task Force on Money Laundering (FATF) today welcomed again the significant additional progress made by most of the 15 jurisdictions¹ it had identified in June 2000 as "non-cooperative" in the global fight against money laundering. Since the October 2000 FATF meeting, a number of the 15 non-cooperative countries (NCCTs) have taken impressive strides towards improving their counter-money laundering regimes. This progress is reflected in legislation introduced into various parliamentary bodies as well as enacted legislation and regulations.

Nevertheless, the FATF is not yet satisfied that any country on the list has both enacted and implemented all necessary reforms. Therefore, no jurisdiction has been removed from the list of NCCTs at this time. The FATF President, José María Roldán stated: "Our goal is for countries to deal constructively with the gaps in their anti-money laundering systems. We do not want to keep them on the list any longer than necessary. Close monitoring of the remaining legislative and implementation issues will be crucial in determining an appropriate time for a jurisdiction's removal from the NCCT list."

¹ The fifteen jurisdictions were: Bahamas, Cayman Islands, Cook Islands, Dominica, Israel, Lebanon, Liechtenstein, Marshall Islands, Nauru, Niue, Panama, Philippines, Russia, St. Kitts and Nevis and St Vincent and the Grenadines.

FATF notes with particular satisfaction that seven jurisdictions -- the Bahamas, the Cayman Islands, the Cook Islands, Israel, Liechtenstein, the Marshall Islands and Panama -- have enacted most, if not all legislation needed to remedy the deficiencies identified in June 2000. On the basis of this progress, the FATF is asking those countries to submit implementation plans to enable the FATF to evaluate the actual implementation of the legislative changes according to the principles agreed upon by its Plenary.²

The FATF views enactment of necessary legislation and the promulgation of associated regulations as essential and fundamental first steps for jurisdictions on the list. With that framework substantially secured, listed jurisdictions will be invited to submit their plans for implementing these changes. To this end, the FATF has further elaborated a process by which jurisdictions can be delisted at the earliest possible time.

FATF members reaffirmed their desire to continue the dialogue with the identified jurisdictions in co-operation with FATF-style regional bodies. FATF members also continue to be ready to provide technical assistance, where appropriate, to assist jurisdictions in the design and implementation of their anti-money laundering systems.

At its next Plenary meeting on 20-22 June 2001, the FATF will reach a decision with respect to counter-measures³ for those jurisdictions, identified as non-cooperative in June 2000, which have not made adequate progress.

At the June 2001 Plenary, the FATF will also consider the assessments of a second set of jurisdictions which are being reviewed.

² In its Progress Report on NCCTs released on 5 October 2000, the FATF stated the following:

"The FATF will be assessing the progress made by these jurisdictions over the coming months to determine whether any jurisdictions should be removed from the list of NCCTs. These assessments will be done initially by the FATF review groups, including through face-to-face meetings, and will be discussed as a priority item at each Plenary of FATF. In making these assessments, the FATF will need to be satisfied as to the existence of comprehensive and effective anti-money laundering systems. Decisions to revise the list published in June 2000 will be taken in the FATF Plenary.

In deciding whether a jurisdiction should be removed from the list, the FATF Plenary must be satisfied that the jurisdiction has addressed the deficiencies previously identified. The FATF will rely on its collective judgement, and will attach particular importance to reforms in the area of criminal law, financial supervision, customer identification, suspicious activity reporting, and international co-operation. As necessary, legislation and regulations need to be enacted and have come into effect before removal from the list can be considered. In addition, the FATF will seek to ensure that the jurisdiction is implementing the necessary reforms. Thus, information related to institutional arrangements, as well as the filing of suspicious activity reports, examinations of financial institutions, and the conduct of money laundering investigations, will be considered."

³ The counter-measures previously discussed are set out in paragraphs 49 to 54 of the February 2000 report of the FATF on Non-Cooperative Countries and Territories. This report and the June Review to identify Non-Cooperative Countries and Territories can be found at the following website address: <http://www.oecd.org/fatf>

ANNEX

Update of overview of Actions Taken by Jurisdictions since June 2000

Seven jurisdictions have enacted most if not all legislation and regulations to remedy their previously identified deficiencies.

- the Bahamas enacted the Evidence (Proceedings in other Jurisdictions) Act, 2000 and the Evidence (Proceedings in other Jurisdictions) (Amendment) Act, 2000 on 27 June 2000. On 29 December 2000, it also enacted the Central Bank of the Bahamas Act, 2000; the Bank and Trust Companies Regulation Act, 2000; the Financial Intelligence Unit Act, 2000; the Financial and Corporate Service Providers Act, 2000; the Criminal Justice (international co-operation) Act, 2000; the International Business Companies Act, 2000; the Dangerous Drug Act, 2000; the Financial Transaction Reporting Act, 2000; and the Proceeds of Crime Act, 2000. These laws address banking supervision, customer identification, information about ownership of IBCs and channels for providing international co-operation at the judicial level as well as the administrative level through the new FIU.
- the Cayman Islands has issued money laundering regulations and enacted laws including those amending the Monetary Authority Law and the Proceeds of Criminal Conduct Law. Amendments have also been made to its Banks and Trust Companies Law and the Companies Management Law. The Regulations address customer identification and record-keeping for a wide range of financial services. Amendments to certain laws deal with the power of the financial supervisory authority to monitor compliance with the Regulations. Other amendments to the Proceeds of Criminal Conduct Law concern the sanction for failure to report a suspicious transaction.
- the Cook Islands enacted the Money Laundering Prevention Act on 18 August 2000 and have drafted the Money Laundering Prevention Regulations 2000. The Act addresses the following areas: anti-money laundering measures in the financial sector, the money laundering criminal offence and international co-operation in money laundering investigations.
- Israel enacted the Prohibition on Money Laundering Law [5760-2000] on 2 August 2000 which addresses the money laundering criminal offence, as well as customer identification, record-keeping and reporting requirements. It promulgated two of the required regulations to implement the law: the Prohibition on Money Laundering (Reporting to Police) Regulation and the Prohibition on Money Laundering (The Banking Corporations' Requirement Regarding Identification, Reporting and Record-Keeping) Order.
- Liechtenstein amended its Due Diligence Act and enacted a new law on Mutual Legal Assistance in Criminal Matters, on 15 September 2000. It also enacted the Ordinance to Due Diligence Act and the Ordinance to establish a Financial Intelligence Unit and revised the Criminal Code, Criminal Procedure Code and Narcotics Act 1993. These texts address obligations on regulated financial institutions to identify customers and the financial regulators' powers to obtain and exchange information about client accounts, regulations about know your customer procedures, extension of money laundering offences, mutual legal assistance procedures and establishment of an FIU.
- The Marshall Islands passed the Banking (Amendment) Act of 2000 (P.L. 2000-20) on 31 October 2000. The Act addresses the following areas: criminalisation of money laundering, customer identification for accounts, and reporting of suspicious transactions.

- Panama enacted laws Nos. 41 and 42 on 2 October 2000, issued Executive Decrees Nos. 163 and 213 on 3 October 2000, and issued Agreement No. 9-2000 of October 23, 2000. Laws nos. 41 and 42 deal with the scope of predicate offences for money laundering and they deal with various anti-money laundering measures. The Executive Orders deal with the process for reporting money laundering activity, the ability of the FIU to co-operate at the international level, and the dissemination of information relating to trusts. Agreement No. 9-2000 reinforces customer identification procedures and provides greater precision on due diligence for banks.

Other jurisdictions have taken concrete steps to enact legislation and regulations. However, a number of deficiencies still remain.

- Dominica enacted the Money Laundering (Prevention) Act in January 2001. The enacted legislation and regulations address issues relating to the criminalisation of money laundering, establishment of a Money Laundering Supervisory Authority (MLSA) and of a financial intelligence unit, and the requirements on financial institutions concerning record-keeping and reporting of suspicious transactions.
- Niue enacted the Financial Transactions Reporting Act 2000, on 16 November 2000. The new Act addresses requirements dealing with customer identification, reporting of suspicious transactions and the establishment of an FIU.
- St. Kitts and Nevis enacted, on 29 November 2000, the Financial Intelligence Unit Act, No. 15 of 2000; the Proceeds of Crime Act No. 16 of 2000; and the Financial Services Commission Act, No. 17 of 2000. The Nevis Offshore Banking (Amendment) Ordinance, No. 3 of 2000, was enacted on 14 November 2000. The latter Act addresses deficiencies in the supervision of the financial sector.
- St. Vincent and the Grenadines enacted the International Banks (Amendment) Act, 2000 and the Confidential Relationships Preservation (International Finance) (Amendment) Act 2000 on 28 August 2000. It also amended the International Banks Act on 17 October 2000. These Acts intend to cover deficiencies in issues related to the authorisation and registration requirements for offshore banks, and access to confidential information.

Lebanon and the Philippines have begun processes to change laws and regulations. Officials from Russia have stated that they intend to introduce legislation to the Duma by March 2001. The FATF looks forward to the translation of these intentions and draft laws into enacted legislation. Nauru has not yet communicated to the FATF how it intends to address its identified deficiencies.