



CENTRALE BANK VAN ARUBA

December 27, 2017

To the Managements of all regulated entities and  
designated non-financial service providers

SJS/gcr/5.5/INT/6654

Subject: **FATF and CFATF Public Statement**

Dear Management,

The purpose of this letter is to draw your urgent attention to:

a. FATF Public Statement (November 3, 2017) – enclosure 1

The FATF calls for countermeasures with regards to the **Democratic People's Republic of Korea** to protect the international financial system from the on-going and substantial money laundering and terrorist financing risks. Also, the FATF calls for the application of enhanced due diligence measures proportionate to the risks arising from the jurisdiction **Iran**.

b. CFATF Public Statement (November 15, 2017) – enclosure 2

The CFATF calls to consider the risks arising from the deficiencies associated with the jurisdiction **Haiti**.

**REQUIRED ACTIONS**

The Centrale Bank van Aruba urges all regulated entities and designated non-financial service providers to take duly notice of the information contained in the enclosures, as well as of the required follow-up actions that need to be taken.

Further details and the actions you must take are outlined in enclosure 3.

The relevant regulatory framework is enclosed for your convenience (enclosure 4).

If you have any questions or comments regarding this letter, please contact Mrs. S. Schmidt, deputy-manager of the Integrity Supervision Department at telephone number (297) 5252-181 or by email, [s.j.schmidt@cbaruba.org](mailto:s.j.schmidt@cbaruba.org).




Sincerely yours,

Centrale Bank van Aruba

Enclosures: 4

c.c. Head of the Financial Intelligence Unit

# Public Statement

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*Buenos Aires, 3 November 2017-* 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/FT) risks emanating from the DPRK.*

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

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 threats they pose to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies. Further, FATF has serious concerns with the threat posed by DPRK's illicit activities related to the proliferation of weapons of mass destruction (WMDs) and its financing.

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, financial institutions and those acting on their behalf. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures, and targeted financial sanctions in accordance with applicable United Nations Security Council Resolutions, to protect their financial sectors from money laundering, financing of terrorism and WMD proliferation financing (ML/FT/PF) risks emanating from the DPRK. Jurisdictions should take necessary measures to close existing branches, subsidiaries and representative offices of DPRK banks within their territories and terminate correspondent relationships with DPRK banks, where required by relevant UNSC Resolutions.

*Jurisdictions subject to a FATF call on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risks arising from the jurisdiction*

## **Iran**

In June 2016, the FATF welcomed Iran's high-level political commitment to address its strategic AML/CFT deficiencies, and its decision to seek technical assistance in the implementation of the Action Plan. In light of Iran's demonstration of its political commitment and the relevant steps it took, the FATF decided in June 2017 to continue the suspension of counter-measures.

The action plan expires on January 31, 2018 and the FATF urges Iran to proceed swiftly in the reform path to ensure full and accurate implementation of the Action Plan, addressing all remaining AML/CFT deficiencies, in particular those related to terrorist financing. At its February meeting, the FATF will assess progress made by Iran and take all appropriate action.

Iran will remain on the FATF Public Statement until the full Action Plan has been completed. Until Iran implements the measures required to address the deficiencies identified in the Action Plan, the FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system. The FATF, therefore, calls on its members and urges all jurisdictions to continue to advise their financial institutions to apply enhanced due diligence to business relationships and transactions with natural and legal persons from Iran, consistent with FATF Recommendation 19.

More on:

- Improving Global AML/CFT Compliance: On-going Process, 3 November 2017
- Outcomes Joint FATF/GAFILAT Plenary, Buenos Aires, 3 November 2017

< [High-risk and non-cooperative jurisdictions](#)



**CFATF/PLEN/XLVI/PUBLIC STATEMENT/NOTICE OF  
EXITING THE FOLLOW-UP PROCESS**

cfatf-plen-xlvi-ps-ne-nov2017

November 16, 2017

**CFATF - Public Statement**

**Georgetown, Guyana, November 15<sup>th</sup>, 2017**

The Caribbean Financial Action Task Force (CFATF) is an organisation comprised of twenty-five jurisdictions of the Caribbean Basin Region, which have agreed to implement the international standards for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), the Financial Action Task Force Recommendations (FATF Recommendations) 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 CFATF identified jurisdictions that have strategic deficiencies and works with them to address those deficiencies that pose a risk to the international financial system.

**Haiti**

The CFATF acknowledges the progress made by Haiti in improving its AML/CFT regime (including significantly addressing the deficiencies that allowed Haiti to exit the 3<sup>rd</sup> Round Follow-Up Process) and notes that Haiti must continue to take measures to address the outstanding deficiencies that the CFATF had identified through the agreed action Plan.

Haiti is encouraged to increase the pace of the reform process, including the passage of remaining legislative measures, and demonstrate further progress by the May 2018 Plenary.

Haiti and the CFATF should continue to work together to ensure that its Action Plan is fully implemented.



**CFATF/PLEN/XLVI/PUBLIC STATEMENT/NOTICE OF  
EXITING THE FOLLOW-UP PROCESS**

cfatf-plen-xlvi-ps-ne-nov2017

November 16, 2017

**CFATF – Jurisdiction exiting the Third Round of Mutual Evaluations**

**Georgetown, Guyana, November 15<sup>th</sup>, 2017**

The CFATF XLVI November 2017 Plenary, held in Georgetown, Guyana, recognised the following jurisdiction that has made significant progress in addressing the deficiencies identified during the Third Round of Mutual Evaluations conducted by the CFATF and that have successfully exited the follow-up process.

The CFATF XLVI Plenary recognised that Haiti has made significant progress in addressing the deficiencies identified in its 2008 Mutual Evaluation Report; therefore, Haiti could exit the follow-up process.

Haiti's 12<sup>th</sup> Follow-Up Report, which was presented at the November 2017 Plenary, contains a detailed description and analysis of the actions taken by Haiti to rectify the deficiencies identified in respect of the Core and Key Recommendations rated PC or NC, as well as a summary of progress in other Recommendations, in the 2008 Mutual Evaluation Report.

The CFATF encourages Haiti to continue its progress towards strengthening its AML/CFT framework and ensuring that it is fully prepared for the 4<sup>th</sup> Round Mutual Evaluation that will take place in 2018.

### **ENCLOSURE 3: FATF Public Statement (November 3, 2017)**

The FATF Public Statement dated November 3, 2017 (<http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/public-statement-november-2017.html>) relate to FATF Recommendation 21 and articles 11 and 13 of the AML/CFT State Ordinance in that they identify countries that fall into the following two categories:

#### **A. FATF Public Statement**

##### Category One

Into this category falls the **Democratic People's Republic of Korea (DPRK)**. The FATF reaffirms its call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with DPRK, including DPRK<sup>1</sup> companies and financial institutions. In addition to enhanced scrutiny, the FATF 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 DPRK. FATF also urges and 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 DPRK financial institutions to open branches and subsidiaries in their jurisdiction.

##### Category Two

Into this category falls **Iran**. The FATF calls on its members and urges all jurisdictions to continue to advise their financial institutions to apply enhanced due diligence to business relationships and transactions with natural and legal persons from Iran, consistent with FATF recommendation 19.

#### **B. Required Action**

The purpose of this letter is to ensure that senior management of all regulated entities and designated non-financial service providers is informed of these important issues and to request that it emphasizes the importance of this communication to its compliance officer and inform its management team of the risks associated with business involving these jurisdictions.

In addition to this important awareness raising, the CBA requires that **all regulated entities take the following specific actions** with regard to the following two categories of FATF listed countries:

Category One Action – the CBA requires all regulated entities and designated non-financial service providers to:

- a) Conduct review of their client base on an ongoing basis to identify relationships or transactions with any connection to the Category One countries.
- b) **Report such relationships or transactions to the CBA immediately.**
- c) Any relationship or transaction found must be rated ultra-high risk and may only be continued if the regulated entity is satisfied it can monitor and mitigate the risks associated with such business. If the regulated entity is not satisfied the relationship must be exited.

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<sup>1</sup> Please note that with regard to DPRK, the FATF reaffirms its February 25, 2011 call on its members and urges to advise their financial institutions to give special attention to business relationships and transactions with DPRK companies and financial institutions.

- d) Document its risk assessment and monitoring/mitigation strategy and have this document available should the CBA wish to evaluate it.
- e) Record the progress of compliance with this action (or otherwise) in the board minutes.

All regulated entities and designated non-financial service providers are required to strictly comply with aforementioned instructions. The CBA will verify during the supervisory examinations whether this is done. Note in this respect that non-compliance will be treated very seriously.

Category Two Action – the CBA requires all regulated entities and designated non-financial service providers to:

- a) **Review their client base to identify relationships or transactions with any connection to the Category Two country by January 31, 2018.**
- b) Any relationship or transaction found must be rated at least high risk, taking this new or other information held into account.
- c) Document its risk assessment and monitoring/mitigation strategy and have the document available should the CBA wish to evaluate it.
- d) Record the progress of compliance with this action (or otherwise) in the board minutes.

It is not necessary to send the results of your findings to the CBA. However, supervisory examinations by the CBA are likely to check that the work has been carried out within the stipulated time-frame. Non-compliance will be treated seriously.

### **C. CFATF Public Statement (November 15, 2017)**

#### **Haiti**

The CFATF considers Haiti as a jurisdiction with strategic AML/CFT deficiencies that has made significant progress in addressing these deficiencies.

The CFATF acknowledges the significant progress made by Haiti in improving its AML/CFT regime and notes that Haiti has established the legal and regulatory framework to meet its commitments in its agreed Action Plan regarding the strategic deficiencies that the CFATF had identified. Haiti is encouraged to increase the pace of the reform process, including the passage of remaining legislative measures, and demonstrate further progress by the May 2018 plenary.

#### **Required action**

Notwithstanding the progress made by Haiti, all regulated entities must continue to undertake enhanced due diligence on higher risk transactions with persons and entities from Haiti until the reform process has been completed to the full satisfaction of the CFATF.

#### **ENCLOSURE 4: Regulatory framework**

Pursuant to Article 11 of the AML/CFT State Ordinance, financial and trust service providers must perform enhanced customer due diligence, if and when a business relationship or a transaction by its nature entails a higher risk of money laundering or terrorist financing. The enhanced customer due diligence shall be carried out both prior to the business relation or the transaction, as during the business relationship in any case with natural persons, legal persons, trusts, and comparable entities that originate from countries or jurisdictions which do not or insufficiently apply the internationally accepted standards for the prevention and combating of money laundering and terrorist financing.

Pursuant to Article 13, paragraph 1, subsection a, of the AML/CFT State Ordinance, financial and trust service providers must pay special attention to business relationships and transactions with natural persons, legal persons, trusts, and comparable entities originating from countries or jurisdictions that do not or insufficiently comply with the internationally accepted AML/CFT standards.

According to Article 13, paragraph 2, of the AML/CFT State Ordinance if a financial or trust service provider can reasonably suspect that, amongst others, a transaction with a natural person, legal person, trust or a comparable entity originating from a country or jurisdiction as meant in the first paragraph, does not have an apparent economic or legal purpose, it must investigate the background and the purpose of this transaction and record its findings in writing. These findings must be kept for at least ten years pursuant to Article 13, paragraph 3, of the AML/CFT State Ordinance.

Article 13 of the AML/CFT State Ordinance is related to Recommendation 21 of the Financial Action Task Force (FATF)<sup>2</sup> which states:

*“Financial institutions should give special attention to business relationships and transactions with persons, including companies and financial institutions, from countries which do not or insufficiently apply the FATF Recommendations. Whenever these transactions have no apparent economic or visible lawful purpose, their background and purpose should, as far as possible, be examined, the findings established in writing, and be available to help competent authorities. Where such a country continues not to apply or insufficiently applies the FATF Recommendations, countries should be able to apply appropriate countermeasures”.*

Furthermore, pursuant to section 3.12.2, subsection 148, of the AML/CFT Handbook, it is a regulatory requirement that a financial and trust service provider must treat countries and jurisdictions listed in the FATF statements (circulated by the CBA), which highlight jurisdictions which do not or insufficiently, apply the FATF Recommendations or which are the subject of international countermeasures, as countries and jurisdictions that do not or insufficiently apply the internationally accepted AML/CFT standards.

Pursuant to section 5.2, subsection 13, of the AML/CFT Handbook, it is a regulatory requirement that a financial and trust service provider must, as part of its on-going customer due diligence (CDD) procedures, establish appropriate customer activity and transaction monitoring procedures that scrutinize the activity and transactions of its customers. The monitoring procedures must include those, amongst others, which provide for the identification and scrutiny of business relationships and transactions

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<sup>2</sup> On February 16, 2012 the FATF published the revised FATF Recommendations which can be found on the website of FATF: [www.fatf-gafi.org](http://www.fatf-gafi.org). However, the jurisdictions mentioned in the FATF Public Document and Compliance Document of February 16, 2012 have been reviewed based on the prior FATF Recommendations. Therefore, specific references made to the FATF Recommendations refer to the prior recommendations.

connected with jurisdictions which do not or insufficiently comply with the international AML/CFT standards, including but not limited to the FATF Recommendations.

Pursuant to chapter 8, paragraph 8.5 subsection 21 of the AML/CFT Handbook, it is a regulatory requirement that a financial and trust service provider must keep adequate and orderly records containing the findings of reviews of activity and transactions connected with jurisdictions which do not, or insufficiently, apply the FATF Recommendations for a period of at least ten years from the date the business relationship ends, or, if in relation to an occasional transaction, for at least ten years from the date that the transaction was completed.