



CENTRALE BANK VAN ARUBA

GUIDANCE NOTE ON PROLIFERATION AND PROLIFERATION FINANCING



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ACRONYMS

AML/CFT	Anti-Money Laundering and Combating Terrorism Financing
CBA	Centrale Bank van Aruba
DNFBPs	Designation Non-Financial Businesses and Professions
DPRK	Democratic People's Republic of Korea
EU	European Union
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
ML	Money Laundering
OFAC	Office of Foreign Assets Control
PF	Proliferation Financing
TF	Terrorist Financing
UN	United Nations
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution
WMD	Weapons of Mass Destruction

GLOSSARY

In the context of proliferation and proliferation financing, it is important to have the following common understanding of certain terms and concepts used throughout this Guidance Note.

Dual-use Goods	Dual-use goods are items that have both commercial and military or proliferation applications. These goods could be components of a weapon or items used in the manufacturing of a weapon (e.g., specific machine tools for repairing automobiles which could also be used to manufacture a missile).
Hawala	Hawala is an informal value transfer system common in the Middle East, North Africa, and the Indian subcontinent. It involves an international transfer of value outside the legitimate banking system and is based on a trusted network of individuals. In a basic form, a customer contacts a hawaladar (a hawala broker) and gives him/her money to be transferred to another person. The hawaladar contacts his/her counterparts where the beneficiary lives, who remits the funds to that person. A running tally is kept between the hawaladars of whom owes the other a net sum.
Non-state actors	The UNSCR 1540 (S/RES/1540, April 28, 2004) defines “non-state actors” in proliferation as individuals or entities not acting under the lawful authority of any State in conducting activities which come within the scope of this resolution. Non-state actors in proliferation include organizations and individuals that are not affiliated with, directed by, or funded through the government (e.g., corporations, private financial institutions, terrorist groups, paramilitary and armed resistance groups, etc.).
Proliferation	Proliferation involves the transfer and export of technology, goods, software, services or expertise that could be used in nuclear, chemical, or biological weapon-related programs, including delivery systems.
Proliferation Financing (PF)	PF is the act of providing funds or financial services which are used in whole or in part for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical, or biological weapons and their means of delivery and related materials (including both technologies and dual-use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations.

Proliferator

A proliferator is an individual or group of individuals that abuses both the formal and informal sectors of the international financial system or resorts to cash in order to trade in proliferated goods. (FATF Report: “Combating Proliferation Financing”, 2010).

State proliferation actor

A state proliferation actor is one who acts as a proliferator of nuclear, chemical, or biological weapons and their means of delivery and related materials.

Targeting jurisdiction

A targeting jurisdiction is one that has been specifically identified due to its involvement in proliferation of weapons of mass destruction (nuclear, chemical, or biological weapons).

Weapons of Mass Destruction (WMD)

WMD are atomic explosive weapons, radioactive material weapons, lethal chemical and biological weapons, and any weapons developed in the future which have characteristics comparable in destructive effect to those of the atomic bomb or other weapons mentioned above (1977 UNGA Resolution A/RES/32/84-B).

I. INTRODUCTION

Proliferation and its financing is a relatively recent and less understood challenge than money laundering (ML) and terrorist financing (TF). The proliferation of weapons of mass destruction (WMD), including their means of delivery, poses a significant threat to global security. Proliferation financing (PF) is quickly evolving as a threat as actors find innovative ways to disguise funds using financial transactions that include shell or front companies, bearer shares, and offshore secrecy havens. Countering the flow of funds to proliferation actors and preventing the procurement of illicit goods and technology necessary for the development of WMD play a key role in combating the risks posed by the proliferation of WMD.

Aruba is not considered a weapons manufacturing jurisdiction or an international trade center or a market of proliferation goods. Nonetheless, due to its geographical location, Aruba can be targeted as a transshipment center¹ for dual-use goods, proliferation-sensitive items, or military goods. Despite the low probability of proliferation and its financing in or from Aruba, financial institutions and DNFBPs alike should consider the PF risks carefully in view of their potential severe impact.

II. OBJECTIVE

This Guidance Note has been issued in an effort to raise awareness among the institutions supervised by the Central Bank of Aruba (CBA) of the risks and vulnerabilities posed by proliferation and its financing. It aims to help the supervised financial institutions and designated non-financial businesses and professions (DNFBPs) understand and comply with national laws and regulations and international standards (i.e., targeted financial sanctions related to PF).

III. OVERVIEW OF PF

1. What is Proliferation?

The Financial Action Task Force (FATF)'s 2008 Typologies and Proliferation Financing Report² defines "proliferation" as follows:

"Proliferation involves the transfer and export of technology, goods, software, services or expertise that could be used in nuclear, chemical or biological weapon-related programs, including delivery systems."

2. What is PF?

PF has no internationally accepted definition. However, the FATF provided a working definition of PF which is based on United Nations Security Council Resolution (UNSCR) 1540 (2004).³ PF refers to:

¹ A "transshipment center" is defined as a port where merchandise can be imported and then exported without paying import duties.

²FATF, *Proliferation Financing Report*, June 18, 2008, available at <https://www.fatf-gafi.org/media/fatf/documents/reports/Typologies%20Report%20on%20Proliferation%20Financing.pdf>.

³UNSCR 1540, S/RES/1540 (April 28, 2004), available at [https://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1540%20\(2004\)](https://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1540%20(2004)).

The resolution requires all States to adopt and enforce appropriate laws and undertake effective measures to prevent the proliferation of nuclear, chemical, or biological weapons and their means of delivery to non-State actors, in particular, for terrorist purposes. Subsequently, the UNSC issued successor resolutions with regard to nuclear-related activities of the Democratic People's Republic of Korea (DPRK) (UNSCR 1718) and the Islamic Republic of Iran (UNSCR 2231). Based on UNSCR 1718 and its successor resolutions, Aruba also has adopted Sanctions Decree North Korea (Statutory Gazette: AB 2017 no.42). The Interim State Decree Priority Sanctions Regimes (Statutory Gazette: AB 2019 no.47) covers country-specific targeted financial sanctions provisions against, inter alia, DPRK and Iran.

“the act of providing funds or financial services which are used, in whole or in part, for the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual-use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations.”⁴

PF refers to the underlying financial services that make proliferation feasible. PF facilitates the movement and development of proliferation-sensitive items, and subsequently, it can contribute to global instability and potentially catastrophic loss of life if WMD are developed and deployed.

3. Comparison of PF with ML and TF

The following table provides an overview of the differences and similarities between ML, TF, and PF.⁵

	ML	TF	PF
<i>Source of Funds</i>	Internally from within criminal organizations	Internally from self-funding cells (centered on criminal activity) Externally from benefactors and fundraisers	Often state-sponsored programs, but also through fundraising activities by non-state actors
<i>Conduits</i>	Favors formal financial system	Favors cash couriers or informal financial systems such as Hawala and currency exchange companies	Favors formal financial system
<i>Detection Focus</i>	Suspicious transactions such as deposits not in line with customer’s wealth or the expected activity	Suspicious relationships, such as wire transfers between seemingly unrelated parties	Individuals, entities, states, goods, materials, and activities
<i>Transaction Amounts</i>	Large amounts often structured to avoid reporting requirements	Small amounts usually below reporting thresholds	Moderate amounts
<i>Financial Activity</i>	Complex web of transactions often involving shell or front companies, bearer shares, offshore secrecy havens	Various methods including formal banking system, informal value-transfer systems, smuggling of cash and valuables	Transactions look like ordinary commercial activity, structured to hide origin of funding and connection to proliferator or proliferation activities
<i>Money Trail</i>	Circular – money eventually ends up with the person who generated it	Linear – money generated is used to promote terrorist groups and activities	Linear – money generated is used to purchase goods and materials from brokers or manufacturer

⁴ FATF, *Combating Proliferation Financing: A Status Report on Policy Development and Consultation*, February 2010.

⁵ Jonathan Brewer, *Study of Typologies of Financing of WMD Proliferation* (October 13, 2017).

4. International Standards and Obligations to Counter PF Risks

The international framework to counter proliferation and its financing relies on two interrelated sets of obligations: (i) international legal obligations imposed by the United Nations Security Council (UNSC), and (ii) the FATF Recommendations. Aruba has implemented laws and regulations to comply with these international standards (see section 5 below).

4.1 UNSC Resolutions

International obligations to combat the financing of proliferation are contained primarily in a number of UNSC Resolutions (UNSCRs). UNSC Resolution 1540 (2004) entails the implementation of broad provisions to prevent non-state actors and targeted jurisdictions from acquiring WMD, their means of delivery of WMD,⁶ and other related materials.⁷ It prohibits the financing of proliferation-related activities by non-state actors and requires countries to establish, develop, review, and maintain appropriate controls on providing funds and service, such as financing, related to the export and transshipment of items that would contribute to WMD proliferation.

The UNSC also has adopted country-specific resolutions imposing sanctions on the Democratic People's Republic of Korea (DPRK) and the Islamic Republic of Iran (Iran) as state proliferation actors. The country-specific approach adopted by the UNSC with respect to targeted financial sanctions related to the PF of WMD falls under UNSC Resolution 1718 (2006) and all successor resolutions pertaining to the DPRK, along with UNSC Resolution 2231 (2015) endorsing the Joint Comprehensive Plan of Action on Iran, and replacing previous resolutions addressing Iran as a state proliferation actor.⁸ Together, these UNSCRs encompass a range of financial measures to combat proliferation of WMD and its financing.

4.2 FATF

Similar to the approach taken by the UNSC, the FATF sets standards implementing targeted financial sanctions against Iran and the DPRK to combat their nuclear proliferation programs. These standards are laid down in the FATF Recommendations, interpretative notes, and methodology.

In 2012, the FATF included in its mandate two new recommendations on countering proliferation financing. FATF Recommendation 2 concerns national cooperation and coordination on financial crime risks, including ML, TF, and PF. FATF Recommendation 7, which was issued to combat proliferation and PF, relates to targeted financial sanctions against specific proliferating actors designated by UNSCRs. It calls on its member countries to implement targeted financial sanctions to comply with UNSCRs relating to the prevention, suppression, and disruption of proliferation of WMD and its financing. These resolutions require states to impose restrictions on financial services provided such as freezing without delay the funds or other assets of, and ensuring that no funds and other assets are made available, directly or indirectly, to or for the benefit of any person or entity designated by or under the authority of the UNSC under Chapter VII of the UN Charter. The Interpretative Note to Recommendation 7⁹ draws further attention to the need

⁶ Means of delivery involve missiles, rockets, and other unmanned systems capable of delivering nuclear, chemical, or biological weapons that are specially designed for such use.

⁷ Related materials involve materials, equipment, and technology covered by relevant multilateral treaties and arrangements or included on national control lists, which could be used for the design, development, production, or use of nuclear, chemical, and biological weapons and their means of delivery.

⁸ UNSCR 2231 (2015), endorsing the Joint Comprehensive Plan of Action, terminated previous provisions of resolutions relating to Iran and WMD proliferation, including UNSCRs 1737 (2006), 1747 (2007), 1803 (2008), and 1929 (2010).

⁹ FATF, *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation* (the FATF Recommendations), adopted in 2012, updated in October 2020, Paris, France, available at www.fatf-gafi.org/recommendations.html.

for financial institutions to implement preventive measures to counter the flow of funds or assets to proliferators or those who are responsible for proliferation of WMD.

In October 2020, the FATF adopted amendments to FATF Recommendation 1 (risk assessment) to include PF. It instructs countries to also identify, assess, and understand PF risks for the country. In the context of this amended recommendation, PF risk refers strictly and only to the potential breach, non-implementation, or evasion of the targeted financial sanctions obligations referred to in Recommendation 7. It further instructs countries to require financial institutions and designated non-financial businesses and professions to identify, assess, and take effective action to mitigate their ML, TF, and PF risks.¹⁰

5. National Legislation

For the purpose of addressing the potential risk of PF and to comply with the mentioned international standards, Aruba has adopted and issued:

- The Sanctions State Ordinance 2006 (AB 2007 No. 24),¹¹ which grants the Government of Aruba the power to adopt State Decrees containing General Administrative Orders for the implementation of international obligations (article 2). Such a State Decree containing General Administrative Orders may impose a restriction, a prohibition, or a burden on the citizens of Aruba. On the basis of the Sanctions State Ordinance, both UN sanctions and EU sanctions targeting financial sanctions related to the prevention, suppression, and disruption of WMD can be incorporated into Aruban legislation.
- The Sanctions Decree North Korea (AB 2017 no.42),¹² which provides for a targeted financial sanctions regime in implementation of UNSCR 1718 (2006) and its successor resolutions; and
- The Interim State Decree Priority Sanctions Regimes (AB 2019 no.47),¹³ which provides for a targeted financial sanctions regime to a number of regulations and decisions, adopted within the framework of the Common Foreign and Security Policy of the European Union, to the degree that they are intended to maintain or restore international peace and security or to promote international legal order.¹⁴ This Sanctions State Decree covers a broad country-specific targeted financial sanctions provision against, inter alia, the DPRK and Iran.¹⁵

¹⁰ On March 23, 2021, the Government of Aruba published the summary report of its money laundering national risk assessment (NRA) – February 21, 2021, in compliance with the FATF Recommendations. This summary report is available at <https://www.cbaruba.org/cba/readBlob.do?id=7423>. On June 10, 2021, a separate report was approved and adopted by the Prime Minister as Chair of the AML/CFT Steering Committee, which captures the (confidential) results of the terrorism financing and proliferation financing risk assessment of Aruba.

¹¹ The Sanctions State Ordinance (AB 2007 no. 24) is available on the CBA's website (in Dutch: <https://www.cbaruba.org/cba/readBlob.do?id=3105>; in English: <https://www.cbaruba.org/cba/readBlob.do?id=2858>).

¹² The Sanctions Decree North Korea (AB 2017 no. 42) is available on the CBA's website (in Dutch: <https://www.cbaruba.org/cba/readBlob.do?id=4127>; in English: <https://www.cbaruba.org/cba/readBlob.do?id=4222>).

¹³ The Interim State Decree Priority Sanctions Regimes (AB 2019 no. 47) is available on the CBA's website (in Dutch: <https://www.cbaruba.org/cba/readBlob.do?id=5890>; in English: <https://www.cbaruba.org/cba/readBlob.do?id=5896>).

¹⁴ The Interim State Decree Priority Sanctions Regimes requires the freezing of all funds and other assets of persons and organizations mentioned in the annex of this State Decree.

¹⁵ Reference is made to Annex I of the Interim State Decree Priority Sanctions Regimes under the sections DPRK and Iran for an overview of the adopted EU Resolutions and Decision with regard to these countries. These EU Resolutions and Decisions cover obligations related to the implementation of proliferation financing-related Targeted Financial Sanctions made under UNSCRs 1718 (2006) and UNSCR 2231 (2015) and their successor resolutions.

- The Sanctions State Decree Chemical Weapons (AB 2021 no.31),¹⁶ which implements the EU sanctions regime concerning restrictive measures against the proliferation and use of chemical weapons aimed at the freezing of funds or other assets.¹⁷

The CBA is entrusted with overseeing compliance with the obligations under, among other legislation, the Sanctions State Ordinance 2006 (AB 2007, no.24), the Sanctions Decree North Korea, and the Interim State Decree Priority Sanctions Regimes.¹⁸

With respect to targeted financial sanctions related to proliferation, the CBA stipulates in its Handbook for the Prevention and Detection of Money Laundering and Financing of Terrorism for Services Providers (financial and designated non-financial), dated January 1, 2020 (AML/CFT Handbook) that entities¹⁹ that fall under the scope of the State Ordinance for the Prevention and Combating of Money Laundering and Terrorist Financing (AB 2011 no. 28) (AML/CFT State Ordinance) must take PF risks into consideration when carrying out their periodic evaluations of the extent to which their activities and operations expose them to the risk of PF (“business risk assessment”) (paragraphs 3.3.3 and 11.1.2 of the AML/CFT Handbook).

6. Understanding How Proliferators Operate

Several typologies²⁰ delineate a number of characteristics attributed to proliferators and their complex networks. These typologies include the following:

A. Proliferators:

- operate globally;
- disguise their acquisitions as legitimate trade; and
- exploit weaknesses in global commerce controls (i.e., they operate in countries with weak export controls or free trade zones where their procurements and shipments might escape rigorous control).

B. Proliferation networks are composed of proliferators who:

- abuse both the formal/informal sectors of the international financial system by using ordinary financial transactions to pay intermediaries and suppliers outside the network;
- use cash to trade in proliferation types of goods to bypass the system;
- purchase proliferation-sensitive goods/services in the open market and make them appear legitimate to avoid suspicions of proliferation (e.g., purchase of dual-use goods);
- conduct financial transactions in the banking system through fake intermediaries, front companies, and illegal trade brokers; and

¹⁶ Sanctions State Decree Chemical Weapons (AB 2021 no.31) is available on the CBA’s website (in Dutch: <https://www.cbaruba.org/cba/readBlob.do?id=7342>; in English: <https://www.cbaruba.org/cba/readBlob.do?id=7354>).

¹⁷ The Sanctions State Decree Chemical Weapons implements Regulation (EU) No. 2018/1542 of the Council of the European Union of October 15, 2018, and Decision (CFSP) 2018/1544 of October 15, 2018, concerning restrictive measures against the proliferation and use of chemical weapons.

¹⁸ Pursuant to the Sanctions State Ordinance 2006 (AB 2007 no.24), the CBA informs the supervised financial institutions, by letters, of all new decrees and regulations that have been enacted by the Government of Aruba. The supervised financial institutions and DNFBPs are required to take measures to ensure that they keep abreast of the content of the freezing lists and all changes made and to otherwise ensure that they comply with the requirements and prohibitions set in sanctions regulations/decrees in a timely and adequate manner. Further, the CBA requires that all supervised institutions take adequate measures to identify possible relationships or transactions with the persons listed therein.

¹⁹ These entities include all financial institutions and DNFBPs that fall under the scope of supervision of the CBA.

²⁰FATF, *Proliferation Financing Report*, 18 June 2008, available at <https://www.fatf-gafi.org/media/fatf/documents/reports/Typologies%20Report%20on%20Proliferation%20Financing.pdf>.

- create complex procurement networks to avoid detection of the true end-users of proliferation-sensitive goods.

7. PF Red Flag Indicators & Potential PF Risks

The prime purpose of the following red flags and indicators is to illustrate common situations that may pose potential PF-related risks. This section also aims to enhance the understanding of the risks posed by the financing of proliferation, which may be affiliated with certain customers, transactions, methods, or jurisdictions. Nevertheless, these indicators are not exhaustive, but serve as a foundation for the type of measures that a supervised institution should implement for the purpose of detecting, mitigating, and deterring the risks associated with proliferation and its financing.

The red flag indicators have been categorized under a number of sections. The presence of a single red flag may not automatically make a transaction suspicious. However, a combination of the red flags below with other indicators may require further investigation.

It is imperative for financial institutions and DNFBBs to conduct enhanced customer due diligence before providing services to customers that are red-flagged as well as to perform ongoing transaction monitoring throughout the business relationship with such customers. The CDD performed as well as the ongoing transaction monitoring need to be adequately documented.

a. *Customer Red Flag Indicators*

- The customer is involved in the supply, sale, delivery, or purchase of dual-use, proliferation-sensitive or military goods, particularly to higher risk jurisdictions.
- The customer or counter-party, or its address, is the same or similar to that of an individual or entity found on publicly available sanctions lists (e.g., OFAC, UN, EU Sanctions Lists).
- The customer is a military or research body connected with a higher risk jurisdiction of proliferation concern.
- The customer's activities do not match the business profile, or end-user information does not match the end-user's business profile.
- The customer is vague about the end user(s) and end use, provides incomplete information, or is resistant when requested to provide additional information when it is sought.
- A new customer requests a letter of credit transaction awaiting the approval of a new account.
- The customer uses complicated structures to conceal involvement - for instance, use of layered letters of credit, front companies, intermediaries, and brokers.

b. *Transaction Red Flag Indicators*

- The transaction(s) concern(s) dual-use, proliferation-sensitive, or military goods, whether licensed or not.
- The transaction(s) involve(s) an individual or entity in a foreign country of proliferation concern.
- The transaction reflect(s) a link between representatives of companies (e.g., same owners or management) exchanging goods, in order to evade scrutiny of the goods exchanged.
- The transaction(s) involve(s) the shipment of goods inconsistent with normal geographic trade patterns i.e., where the country involved does not normally export or import the types of goods concerned.
- The order for goods is placed by companies or individuals from countries other than the country of the stated end-user.
- A transaction involves possible shell companies.

- A trade finance transaction involves shipment route through a country with weak export control laws or weak enforcement of export control laws.

c. Country/Jurisdiction Red Flag Indicators

- Countries with weak financial safeguards and which are actively engaged with a sanctioned country.
- The presence of an industry that produces dual-use goods, proliferation-sensitive items, or military goods.
- Deliberate insertion of extra links into the supply chain (e.g., diverting shipments through a third country).
- Countries that are known to have weak import/export control laws or poor enforcement.
- Countries that do not have the required level of technical competence with regard to dual-use goods involved.

d. Other Red Flag Indicators

- The final destination or end-user is unclear.
- Project financing and complex loans where other objective factors such as an unidentified end-user are present.
- Declared value of shipment is undervalued in relation to the shipping cost.
- Inconsistencies in information contained in trade documents and financial flow, e.g., names, addresses, final destination.
- The use of fraudulent documents and identities (e.g., false end-use certificates and forged export certificates or re-export certificates).
- The use of facilitators to ensure that the transfer of goods avoids inspection.
- A freight forwarding firm is listed as the product's final destination.
- Wire instructions or payment from or due to entities are not identified on the original letter of credit or other documentation.
- Pattern of wire transfer activity demonstrates unusual patterns or has no apparent purpose.
- Inconsistencies in information contained in trade documents and financial flows, such as names, companies, addresses, final destination, etc.

8. What does PF Mean for the Regulated Institutions in Aruba?

Aruba is not adjacent to any of the countries identified as a threat for proliferation or its financing (e.g., the DPRK or Iran). However, due to its solid and reliable financial sector, the threat associated with PF derives predominantly from the possibility that the financial system of Aruba can be potentially misused to launder illicit money, which subsequently may be used for the financing of proliferation of WMD. Proliferation financing vulnerabilities exist in global commerce, international trade, free-trade zones, and shipping, among other areas. Countering proliferation financing is crucial for the purpose of blocking efforts of proliferating states, actors, and complex proliferation networks to procure goods and technology needed for their illicit WMD programs.

Given the identified Medium risk of PF in Aruba, financial institutions and DNFBPs should be aware of the PF red flags indicators.²¹ PF risks are more likely to be evident in cases where the source of funds is legal and the end-user of a type of goods involved is vague, making identification of such activities problematic. Identification and detection of PF presents its challenges given that most transactions occur within normal business transaction processes and can be masked along with all other legitimate transactions. Additionally, identifying PF is not limited to individuals and entities designated on sanctions lists. It may also involve other actors with no apparent connection to designated entities and individuals.

Taking into consideration the content of this Guidance Note, financial institutions and DNFBPs should take the following actions:

- report any (potential) unusual transactions to the Financial Intelligence Unit (FIU) with regard to PF;
- broaden staff training by incorporating the risk of PF;
- implement new policies and procedures, or adjust existing ones related to PF;
- assess the risks of proliferation financing as part of the business risk assessment depending on the customers, products, suppliers, end-users, and third parties involved in particular areas of their business. If applicable, the business risk assessment should include assessment of customers trading in dual-use and other sensitive goods, especially when they are exported to individuals and entities that are involved in WMD proliferation-related activities, including assessment of products that would facilitate financing of export;
- tailor measures regarding sanctions controls and PF based on the conducted business risk assessment; and
- employ enhanced due diligence procedures with respect to higher-risk transactions and entities that may be related to PF.

²¹ On June 10, 2021, the Prime Minister of Aruba, in the capacity of Chair of the AML/CFT Steering Committee, approved and adopted the TF and PF national assessment report. The national risk assessment resulted in an overall PF risk rating of Medium for Aruba. The threat level for PF in Aruba is considered Low, but the vulnerability to PF is considered High. The risk rating is mainly the result of deficiencies in Aruba's legislative framework with regard to PF, limited awareness in both the public and private sectors on PF red flag indicators, and lack of implementation of effective controls to prevent the import and export of dual-use goods, including the need for better national cooperation and coordination among competent authorities in the prevention and combating of PF.

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