



**Financial Action Task Force**  
Groupe d'action financière

Annual Review of Non-Cooperative  
Countries and Territories  
2006–2007:  
Eighth NCCT Review

12 October 2007

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## EXECUTIVE SUMMARY OF THE OCTOBER 2007 NCCTS REPORT

1. This is the eighth annual review of the FATF's non-cooperative countries and territories (NCCTs) initiative. This report summarises the NCCTs process and updates the situation on the jurisdictions identified as non-cooperative and those monitored as of June 2006.
2. In October 2006, the FATF removed Myanmar from the NCCTs list. Consequently, the procedures prescribed in FATF Recommendation 21 were withdrawn. To ensure continued effective implementation of reforms in Myanmar, the FATF monitored developments there for a period of time after de-listing, in consultation with the relevant FATF-style regional body (FSRB), and paying particular attention to the areas of concern laid out in this NCCT report. While some progress has been made, the FATF will continue to monitor Myanmar for the time being.
3. The FATF de-listed Nigeria in June 2006, and monitored that country's progress in implementing reforms until June 2007, when the FATF ended its formal monitoring. Similarly, Nauru (having been de-listed in October 2005), was subject to formal monitoring until October 2006, when FATF ended the monitoring period. Nauru is a member of the Asia Pacific Group on Money Laundering (APG), an FSRB, which has mechanisms to review members' progress in implementing AML/CFT measures. Nigeria is a member of GIABA (*Groupe Inter-Gouvernemental d'Action Contre le Blanchiment de l'Argent en Afrique*), an FSRB, which also has mechanisms to review members' progress in implementing AML/CFT measures.

## I. BACKGROUND AND HISTORY OF THE NCCTS EXERCISE

4. The Forty Recommendations of the Financial Action Task Force (FATF) are the international standard for effective anti-money laundering measures. Through periodic mutual evaluations, the FATF reviews its members' compliance with these Forty Recommendations, as well as the Nine Special Recommendations on Terrorist Financing, and suggests areas for improvement as necessary. The FATF also identifies emerging trends and methods used to launder money and suggests measures to combat them.

5. The Non-Cooperative Countries and Territories (NCCTs) exercise began in 1998 at a time when many countries around the world did not have adequate AML measures in place. The goal of the initiative has been to secure the adoption by all financial centres of international standards to prevent, detect and punish money laundering, and thereby effectively co-operate internationally in the global fight against money laundering.

6. Forty-seven jurisdictions were referred to the NCCTs process and were reviewed in two rounds (31 in 2000<sup>1</sup> and 16 in 2001<sup>2</sup>). A total of 23 jurisdictions were identified as NCCTs (15 in 2000 and 8 in 2001). The FATF recommended that financial institutions give special attention to transactions involving the NCCTs, in accordance with Recommendation 21. No additional jurisdictions have been reviewed under this process since 2001. The timeline with respect to FATF decisions on listing, counter-measures, implementation plans, and de-listing is summarised in narrative and graphic form in Annex 3.

7. The process has demonstrated the willingness and commitment of countries to improve their AML regimes. Most NCCTs began immediately improving their AML regimes after being listed. Generally, countries recognised that adopting current AML standards was important for the protection and soundness of their own financial systems. Being identified by the FATF as an NCCT and being the target of the FATF's application of Recommendation 21 were also viewed by countries as harmful to their reputation, requiring steps to address the identified anti-money laundering (AML) deficiencies. Also, in some jurisdictions, there were already stimuli for moving forward with AML reforms such as through feedback from mutual evaluations conducted by FSRBs.

8. The annual NCCT reviews of June 2002, June 2003, July 2004, June 2005, and June 2006 updated the situation as of those times. The FATF approved this eighth NCCTs review at its 10-12 October 2007 Plenary meeting. Section II of this document summarises the NCCT process. Section III highlights progress made by the jurisdictions that remained on the NCCTs list or were monitored after the June 2006 Plenary meeting.

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<sup>1</sup> Antigua & Barbuda, *Bahamas*, Belize, Bermuda, British Virgin Islands, *Cayman Islands*, *Cook Islands*, Cyprus, *Dominica*, Gibraltar, Guernsey, Isle of Man, *Israel*, Jersey, *Lebanon*, *Liechtenstein*, Malta, *Marshall Islands*, Mauritius, Monaco, *Nauru*, *Niue*, *Panama*, *Philippines*, *Russia*, Samoa, Seychelles, *St. Kitts & Nevis*, *St. Lucia*, *St. Vincent & the Grenadines* and Vanuatu. (The 15 jurisdictions identified as NCCTs at that time are in italics.)

<sup>2</sup> Costa Rica, Czech Republic, *Egypt*, *Grenada*, *Guatemala*, *Hungary*, *Indonesia*, *Myanmar*, *Nigeria*, Palau, Poland, Slovakia, Turks & Caicos Islands, United Arab Emirates, *Ukraine* and Uruguay. (The 8 jurisdictions identified as NCCTs at that time are in italics.)

## II. THE NCCT PROCESS

9. In February 2000, the FATF published the initial report on the NCCT process<sup>3</sup>, which included 25 criteria identifying detrimental rules and practices that impede international co-operation in the fight against money laundering. These criteria are listed in Annex 1. The report described the process that would be used, including the setting up of four regional review groups (Americas; Asia/Pacific; Europe; and Africa and the Middle East) to analyse the AML regimes of a number of jurisdictions. The report also contained a set of possible counter-measures that FATF members could use to protect their economies against the proceeds of crime. From 2000-2004, the review groups monitored progress made by NCCTs as well as de-listed jurisdictions subject to the monitoring process. In October 2004, the FATF consolidated the four review groups into two: the Review Group on Asia/Pacific and the Review Group on the Americas, Europe and Africa/Middle East.

### A. REVIEW PROCESS

10. The jurisdictions to be reviewed were informed of the work to be carried out by the FATF. The reviews involved gathering the relevant information, including laws and regulations, as well as any mutual evaluation reports, related progress reports and self-assessment surveys, where these were available. This information was then analysed against the 25 criteria, and a draft report was prepared and sent to the jurisdictions for comment. These comments and the draft reports themselves were discussed between the FATF and the jurisdictions concerned during a series of face-to-face meetings. Subsequently, the draft reports were discussed and adopted by the FATF Plenaries.

### B. ASSESSING PROGRESS

11. The assessments of the jurisdictions identified as non-cooperative by the FATF were discussed as a priority item at each FATF Plenary meeting. Decisions to revise the NCCTs list were taken in the FATF Plenary. The FATF viewed the enactment of the necessary legislation and the promulgation of associated regulations as an essential and fundamental first step. The FATF attached particular importance to reforms in the area of criminal law, financial supervision, customer identification, suspicious transaction reporting, and international co-operation.

12. In addition, the FATF sought to ensure that the listed jurisdictions were effectively implementing the necessary reforms. Thus, the jurisdictions that enacted sufficient legislation were asked to submit implementation plans to enable the FATF to evaluate the actual implementation of the legislative changes. The FATF, through the review groups, then made an on-site visit to the NCCT at an appropriate time to confirm effective implementation of the reforms. When the review group was satisfied that the jurisdiction had taken sufficient steps to ensure continued effective implementation of AML measures, it recommended to the Plenary that the jurisdiction be de-listed. (See Annex 2 for a thorough description of the de-listing process.)

### C. MONITORING PROCESS FOR JURISDICTIONS REMOVED FROM THE NCCT LIST

13. To ensure continued effective implementation of the reforms enacted, the FATF adopted a monitoring mechanism to be carried out in consultation with the relevant FSRB. This mechanism included the submission of regular implementation reports and a possible follow-up visit to assess progress in implementing reforms and to ensure that stated goals had been fully achieved.

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<sup>3</sup> The Initial Report on NCCTs of February 2000 and the Annual NCCT reviews are available at: [http://www.fatf-gafi.org/document/51/0,3343,en\\_32250379\\_32236992\\_33916403\\_1\\_1\\_1\\_1.00.html#Annual\\_NCCTs\\_Reports](http://www.fatf-gafi.org/document/51/0,3343,en_32250379_32236992_33916403_1_1_1_1.00.html#Annual_NCCTs_Reports).

14. The monitoring process was carried out against the implementation plans, specific issues raised in the implementation reports, and using the experience of FATF members on implementation issues. In this context, subjects included, as appropriate: the issuance of secondary legislation and regulatory guidance; inspections of financial institutions planned and conducted; suspicious transaction reporting (STR) systems; money laundering investigations and prosecutions conducted; regulatory, financial intelligence unit (FIU) and judicial co-operation; adequacy of resources; and assessment of compliance culture in the relevant sectors.

#### **D. IMPLEMENTATION OF COUNTER-MEASURES**

15. In addition to the application of Recommendation 21, in cases where NCCTs had failed to make adequate progress in addressing the serious deficiencies previously identified by the FATF, and in cases where progress had stalled, the FATF recommended the application of further counter-measures which should be gradual, proportionate and flexible regarding their means and taken in concerted action. These included the possibility of:

- Stringent requirements for identifying clients and enhancing advisories (including jurisdiction-specific financial advisories) to financial institutions for identification of the beneficial owners before business relationships are established with individuals or companies from these countries;
- Enhanced relevant reporting mechanisms or systematic reporting of financial transactions on the basis that financial transactions with such countries are more likely to be suspicious;
- Taking into account the fact that the relevant bank is from an NCCT, when considering requests for approving the establishment in FATF member countries of subsidiaries or branches or representative offices of banks;
- Warning non-financial sector businesses that conducting transactions with entities within the NCCTs might run the risk of money laundering.

### **III. FOLLOW-UP TO COUNTRIES ON THE NCCT LIST AND/OR MONITORED AS OF JUNE 2006**

16. This section summarises the progress made by these countries. References to “meeting the criteria” means that the concerned jurisdiction was found to have detrimental rules and practices in place. For each of the following jurisdictions, the situation that prevailed when the jurisdiction was identified by the FATF as an NCCT is summarised (criteria met, main deficiencies) and is followed by an overview of the actions taken since that time.

#### **A. COUNTRY REMOVED FROM THE NCCT LIST IN OCTOBER 2006**

##### **Myanmar**

###### *Situation in June 2001*

17. In June 2001, Myanmar met criteria 1, 2, 3, 4, 5, 6, 10, 11, 19, 20, 21, 22, 23, 24 and 25. It lacked a basic set of anti-money laundering provisions. It had not yet criminalised money laundering for crimes other than drug trafficking. There were no anti-money laundering provisions for financial institutions, and there was an absence of a legal requirement to maintain records and to report suspicious or unusual transactions. There were also significant obstacles to international co-operation

by judicial authorities. In addition, there was an absence of measures to guard against holding of management functions and control or acquisition of a significant investment in financial institutions by criminals or their confederates.

*Progress made since June 2001*

18. On 17 June 2002, Myanmar enacted The Control of Money Laundering Law (CMLL) (*The State Peace and Development Council Law No. 6/2002*). The law criminalises money laundering for a number of predicate offences. The law created a framework for suspicious transaction reporting, customer identification, and record keeping. However, due to Myanmar's failure to address remaining deficiencies—the need for comprehensive mutual legal assistance legislation and the lack of implementing regulations for the CMLL—the FATF recommended that its members apply counter-measures to Myanmar on 3 November 2003.

19. The Government of Myanmar enacted significant AML reforms since that time. It issued implementing rules for the CMLL in December 2003 (Notification 1/2003) and 3 orders in January 2004 that specify reporting requirements for financial institutions and property record offices (suspicious transactions and transactions exceeding approximately USD 100,000) and assign certain staff to an FIU. Myanmar adopted the Mutual Assistance in Criminal Matters Law (*The State Peace and Development Council Law No. 4/2004*) on 28 April 2004. On 14 October 2004, Myanmar adopted the Mutual Assistance in Criminal Matters Rules (Notification 5/2004), and Notification 30/2004, which adds fraud as a money laundering predicate offence. On the basis of this progress, the FATF withdrew counter-measures in October 2004. *The Law Amending the Control of Money Laundering Law No. 8/2004* was adopted on 2 November 2004 and prohibits persons from disclosing the fact that a suspicious or unusual report was filed. In 2004, the Central Bank of Myanmar (CBM) also issued five Instructions requiring banks to, *inter alia*, exercise customer due diligence, report suspicious and threshold transactions, and designate AML compliance officers. In February 2005, the FATF invited Myanmar to submit an implementation plan.

20. Myanmar has made progress in implementing its AML regime and continues to take active measures to implement their legal reforms. In August 2005, the CBM issued Instruction No. 2/2005, which specifies on-site inspection procedures. Authorities reported that since 2004, all domestic commercial banks had been inspected for AML compliance. Three banks were shut down in 2005 and their licenses revoked. The major shareholder of one bank was convicted of drug trafficking and also convicted under the CMLL on 15 May 2006, which is a significant achievement. The FIU received a total of 99 STRs as of October 2006; 33 of those were deemed sufficient for further analysis and resulted in four active investigations. Based on this progress, the FATF de-listed Myanmar in October 2006, to be followed by the FATF's standard monitoring process after de-listing.

21. After October 2006, Myanmar continued to implement its AML regime. Amendment to section 5 of the CMLL to expand the list of predicate offences was passed by the Cabinet in July 2007; the government issued its Order No 13/2007 dated 18 July 2007 to notify the passage of the Amended Law. In July 2007 the Central Control Board issued five directives to bring more non-bank financial institutions under the AML/CFT compliance regime. As of August 2007, 823 STRs had been received. One case related to trafficking in persons was filed for prosecution, resulting in the convictions of 20 individuals under the CMLL and the Trafficking in Persons Law. In the first eight months of 2007, seven cases have been identified as potential money laundering investigations. Myanmar is scheduled to undergo a mutual evaluation by the APG, with the on-site visit to take place in November 2007. While some progress has been made, the FATF will continue to monitor Myanmar for the time being.

## **B. COUNTRIES MONITORED AFTER JUNE 2006**

### **Nauru**

#### *Situation in June 2000*

22. In June 2000, Nauru met criteria 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 14, 19, 23, 24 and 25. It lacked a basic set of anti-money laundering regulations, including the criminalisation of money laundering, customer identification and a suspicious transaction reporting system. It had licensed approximately 400 offshore “banks,” which were prohibited from taking deposits from the public and were poorly supervised. These banks were shell banks with no physical presence. Excessive secrecy provisions prevented the disclosure of the relevant information.

#### *Progress made since June 2000*

23. The *Anti-Money Laundering Act 2001* criminalises money laundering, requires customer identification for accounts, and requires suspicious activity reporting. However, the Act did not cover the regulation and supervision of Nauru’s offshore banking sector; therefore, the FATF recommended that its members apply counter-measures as of 5 December 2001. On 6 December 2001, Nauru amended the law to make the preventative measures applicable to the offshore banks, although it did not address the main area of concern—the licensing and supervision of the offshore sector. On 27 March 2003, Nauru enacted the *Corporation (Amendment) Act 2003* and the *Anti-Money Laundering Act 2003*. The legislation aimed to abolish offshore shell banks and prohibit the granting of new licences. Nauru authorities also formally revoked the licenses of all remaining offshore banks at that time. The government took further steps in 2004 to ensure that offshore banks could no longer operate, through enactment of the *Banking (Amendment) Act 2004* and the *Corporation (Amendment) Act 2004*. Nauru also enacted the *Anti-Money Laundering Act 2004*, which expanded the scope of AML requirements, as well as the *Mutual Assistance in Criminal Matters Act 2004*, the *Proceeds of Crime Act 2004*, and the *Counter-Terrorism and Transnational Organised Crime Act 2004*. In 2005, Nauru implemented further improvements to its offshore corporate registry to require that adequate information on ownership and control of these companies be collected and maintained. As of October 2005, there were only 66 companies remaining—down from approximately 2,000 companies in the year 2000.

24. On the basis of this progress, the FATF de-listed Nauru in October 2005. The FATF indicated that it would continue to monitor progress, as part of the FATF’s standard policy to monitor all de-listed jurisdictions for a period of time, and in particular, Nauru’s oversight of its corporate registry. After that time, the Nauru continued to monitor its corporate registry, and only 56 companies remained as of June 2006. In October 2006, the government of Nauru indicated that it had drafted further legislation to update its AML/CFT regime. Nauru was also seeking technical assistance to facilitate the re-establishment of commercial banking in Nauru under an adequate supervisory framework. Based on this continued progress, the FATF ended formal monitoring of Nauru in October 2006. Nauru is a member of the Asia Pacific Group on Money Laundering (APG), an FSRB, which has mechanisms to review members’ progress in implementing AML/CFT measures.

### **Nigeria**

#### *Situation in June 2001*

25. In 2001, Nigeria demonstrated an unwillingness or inability to co-operate with the FATF in the review of its system, and when placed on the NCCTs list in June 2001, met criteria 5, 17 and 24. It partially met criteria 10 and 19, and had a broad number of inconclusive criteria as a result of its general failure to co-operate in this exercise.

*Progress made since June 2001*

26. The Government of Nigeria substantially improved its co-operation with the FATF and its willingness to address its anti-money laundering deficiencies. On 14 December 2002, Nigeria enacted the *Money Laundering Act (Amendment) Act 2002*. This Act enhanced the scope of Nigeria's 1995 Money Laundering Law by extending predicate offences for money laundering from drugs to "any crime or illegal act," extending certain AML obligations to non-bank financial institutions, and extending customer identification requirements to include occasional transactions of USD 5,000 or more. In December 2002, Nigeria also enacted the *Economic and Financial Crime Commission (EFCC) (Establishment) Act*. The EFCC was inaugurated in April 2003 to investigate money laundering cases from predicate offences other than drug trafficking. (The National Drug Law Enforcement Agency investigates drug and drug money laundering offences). The *Banking and other Financial Institutions (BOFI) Amendment Act*, also enacted in December 2002, improved licensing requirements for financial institutions.

27. Nigeria subsequently enacted the *Money Laundering (Prohibition) Act 2004* on 29 March 2004 and the *Economic and Financial Crimes Commission (Establishment) Act 2004* on 4 June 2004, which superseded and improved upon the previous versions of these laws. These laws establish: the framework for a broader STR and customer identification system, AML obligations for a broader range of financial and non-financial institutions, and a framework for the Nigerian FIU (NFIU) within the EFCC. The NFIU became operational in January 2005.

28. Nigeria made considerable progress in implementing its AML regime as of June 2006. Nigeria also implemented a compliance inspection program for banks and other financial institutions, and joint AML inspections are carried out by both the supervisory bodies and the NFIU. As of June 2006, the NFIU had a staff of 58 (up from 27 in June 2005), and received approximately 1,500 STRs in 2005. The NFIU had referred 42 STRs to investigative agencies. The EFCC prosecuted 29 money laundering cases in 2005, resulting in 12 convictions. For 2006, there were 8 additional convictions and 96 ongoing investigations as of May. In addition, the NDLEA prosecuted 30 money laundering cases in 2005, resulting in 22 convictions.

29. On the basis of this progress, in June 2006 the FATF removed Nigeria from the NCCTs list. As is the case with other de-listed jurisdictions, the FATF monitored Nigeria's implementation of its AML regime, and in particular: investigations, prosecutions and convictions on corruption-related money laundering cases as well as concrete measures adopted to protect the staff of authorities responsible for AML compliance from the risk of corruption, steps taken in order to strengthen further the FIU's independence and its sustainability in the future, and progress in implementing judicial reforms in order to make the overall process for prosecuting ML cases more efficient.

30. After de-listing, Nigeria continued to implement its AML regime. Approximately 150 new STRs were reported from June 2006—May 2007. There were 24 additional referrals to EFCC for further investigation. The EFCC had secured a total of 150 convictions for money laundering and other financial crimes offences. The Nigerian government also had begun implementing a fast track court system to make the judicial process more efficient for the most important cases. Legislation to enhance the judicial process was also under consideration. Nigeria's NFIU was also admitted into the Egmont Group in June 2007. Based on this progress, the FATF ended formal monitoring of Nigeria in June 2007. Nigeria is a member of GIABA (*Groupe Inter-Gouvernemental d'Action Contre le Blanchiment de l'Argent en Afrique*), an FSRB, which has mechanisms to review members' progress in implementing AML/CFT measures.

## LIST OF CRITERIA FOR DEFINING NON-COOPERATIVE COUNTRIES OR TERRITORIES

### A. Loopholes in financial regulations

#### *(i) No or inadequate regulations and supervision of financial institutions*

1. Absence or ineffective regulations and supervision for all financial institutions in a given country or territory, onshore or offshore, on an equivalent basis with respect to international standards applicable to money laundering.

#### *(ii) Inadequate rules for the licensing and creation of financial institutions, including assessing the backgrounds of their managers and beneficial owners*

2. Possibility for individuals or legal entities to operate a financial institution without authorisation or registration or with very rudimentary requirements for authorisation or registration.

3. Absence of measures to guard against holding of management functions and control or acquisition of a significant investment in financial institutions by criminals or their confederates.

#### *(iii) Inadequate customer identification requirements for financial institutions*

4. Existence of anonymous accounts or accounts in obviously fictitious names.

5. Lack of effective laws, regulations, agreements between supervisory authorities and financial institutions or self-regulatory agreements among financial institutions on identification by the financial institution of the client and beneficial owner of an account:

- no obligation to verify the identity of the client;
- no requirement to identify the beneficial owners where there are doubts as to whether the client is acting on his own behalf;
- no obligation to renew identification of the client or the beneficial owner when doubts appear as to their identity in the course of business relationships;
- no requirement for financial institutions to develop ongoing anti-money laundering training programmes.

6. Lack of a legal or regulatory obligation for financial institutions or agreements between supervisory authorities and financial institutions or self-agreements among financial institutions to record and keep, for a reasonable and sufficient time (five years), documents connected with the identity of their clients, as well as records on national and international transactions.

7. Legal or practical obstacles to access by administrative and judicial authorities to information with respect to the identity of the holders or beneficial owners and information connected with the transactions recorded.

#### *(iv) Excessive secrecy provisions regarding financial institutions*

8. Secrecy provisions which can be invoked against, but not lifted by competent administrative authorities in the context of enquiries concerning money laundering.

9. Secrecy provisions which can be invoked against, but not lifted by judicial authorities in criminal investigations related to money laundering.

*(v) Lack of efficient suspicious transactions reporting system*

10. Absence of an efficient mandatory system for reporting suspicious or unusual transactions to a competent authority, provided that such a system aims to detect and prosecute money laundering.

11. Lack of monitoring and criminal or administrative sanctions in respect to the obligation to report suspicious or unusual transactions.

**B. Obstacles raised by other regulatory requirements**

*(i) Inadequate commercial law requirements for registration of business and legal entities*

12. Inadequate means for identifying, recording and making available relevant information related to legal and business entities (name, legal form, address, identity of directors, provisions regulating the power to bind the entity).

*(ii) Lack of identification of the beneficial owner(s) of legal and business entities*

13. Obstacles to identification by financial institutions of the beneficial owner(s) and directors/officers of a company or beneficiaries of legal or business entities.

14. Regulatory or other systems which allow financial institutions to carry out financial business where the beneficial owner(s) of transactions is unknown, or is represented by an intermediary who refuses to divulge that information, without informing the competent authorities.

**C. Obstacles to international co-operation**

*(i) Obstacles to international co-operation by administrative authorities*

15. Laws or regulations prohibiting international exchange of information between administrative anti-money laundering authorities or not granting clear gateways or subjecting exchange of information to unduly restrictive conditions.

16. Prohibiting relevant administrative authorities to conduct investigations or enquiries on behalf of, or for account of their foreign counterparts.

17. Obvious unwillingness to respond constructively to requests (e.g. failure to take the appropriate measures in due course, long delays in responding).

18. Restrictive practices in international co-operation against money laundering between supervisory authorities or between FIUs for the analysis and investigation of suspicious transactions, especially on the grounds that such transactions may relate to tax matters.

*(ii) Obstacles to international co-operation by judicial authorities*

19. Failure to criminalise laundering of the proceeds from serious crimes.

20. Laws or regulations prohibiting international exchange of information between judicial authorities (notably specific reservations to the anti-money laundering provisions of international agreements) or placing highly restrictive conditions on the exchange of information.

21. Obvious unwillingness to respond constructively to mutual legal assistance requests (e.g. failure to take the appropriate measures in due course, long delays in responding).
22. Refusal to provide judicial co-operation in cases involving offences recognised as such by the requested jurisdiction especially on the grounds that tax matters are involved.

**D. Inadequate resources for preventing and detecting money laundering activities**

*(i) Lack of resources in public and private sectors*

23. Failure to provide the administrative and judicial authorities with the necessary financial, human or technical resources to exercise their functions or to conduct their investigations.
24. Inadequate or corrupt professional staff in either governmental, judicial or supervisory authorities or among those responsible for anti-money laundering compliance in the financial services industry.

*(ii) Absence of a financial intelligence unit or of an equivalent mechanism*

25. Lack of a centralised unit (i.e., a financial intelligence unit) or of an equivalent mechanism for the collection, analysis and dissemination of suspicious transactions information to competent authorities.

## FATF'S POLICY CONCERNING IMPLEMENTATION AND DE-LISTING IN RELATION TO NCCTS

The FATF has articulated the steps that need to be taken by Non-Cooperative Countries and Territories (NCCTs) in order to be removed from the NCCT list. These steps have focused on what precisely should be required by way of implementation of legislative and regulatory reforms made by NCCTs to respond to the deficiencies identified by the FATF in the NCCT reports. This policy concerning implementation and de-listing enables the FATF to achieve equal and objective treatment among NCCT jurisdictions.

In order to be removed from the NCCT list:

1. An NCCT must enact laws and promulgate regulations that comply with international standards to address the deficiencies identified by the NCCT report that formed the basis of the FATF's decision to place the jurisdiction on the NCCT list in the first instance.
2. The NCCTs that have made substantial reform in their legislation should be requested to submit to the FATF through the applicable regional review group, an implementation plan with targets, milestones, and time frames that will ensure effective implementation of the legislative and regulatory reforms. The NCCT should be asked particularly to address the following important determinants in the FATF's judgement as to whether it can be de-listed: filing of suspicious activity reports; analysis and follow-up of reports; the conduct of money laundering investigations; examinations of financial institutions (particularly with respect to customer identification); international exchange of information; and the provision of budgetary and human resources.
3. The appropriate regional review groups should examine the implementation plans submitted and prepare a response for submission to the NCCT at an appropriate time. The Chairs of the four review groups (Americas; Asia/Pacific; Europe; Africa and the Middle East) should report regularly on the progress of their work. A meeting of those Chairs, if necessary, to keep consistency among their responses to the NCCTs.
4. The FATF, on the initiative of the applicable review group chair or any member of the review group, should make an on-site visit to the NCCT at an appropriate time to confirm effective implementation of the reforms.
5. The review group chair shall report progress at subsequent meetings of the FATF. When the review groups are satisfied that the NCCT has taken sufficient steps to ensure continued effective implementation of the reforms, they shall recommend to the Plenary the removal of the jurisdiction from the NCCT list. Based on an overall assessment encompassing the determinants in paragraph 2, the FATF will rely on its collective judgement in taking the decision.
6. Any decision to remove countries from the list should be accompanied by a letter from the FATF President:
  - (a) clarifying that de-listing does not indicate a perfect anti-money laundering system;
  - (b) setting out any outstanding concerns regarding the jurisdiction in question;

(c) proposing a monitoring mechanism to be carried out by FATF in consultation with the relevant FSRB, which would include the submission of regular implementation reports to the relevant review group and a follow-up visit to assess progress in implementing reforms and to ensure that stated goals have, in fact, been fully achieved.

7. Any outstanding concerns and the need for monitoring the full implementation of legal reforms should also be mentioned in the NCCT public report.

## **OUTLINE FOR MONITORING PROGRESS OF IMPLEMENTATION SUBSTANCE**

The FATF will monitor progress of de-listed jurisdictions against the implementation plans, specific issues raised in the updated progress reports (e.g., phasing out of unidentified accounts) and the experience of FATF members. Subjects addressed may include, as appropriate:

- the issuance of secondary legislation and regulatory guidance;
- inspections of financial institutions planned and conducted;
- STR systems;
- process for money laundering investigations and prosecutions conducted;
- regulatory, FIU and judicial co-operation;
- adequacy of resources;
- assessment of compliance culture in the relevant sectors.

## TIMELINES OF FATF DECISIONS ON NCCTS—JURISDICTIONS LISTED AND MONITORED

### Timeline on listing, counter-measures, and de-listing

DATE	DECISION
14 February 2000	Initial report on NCCTs lays out the framework and procedures.
22 June 2000	First review of NCCTs identified 15 jurisdictions as NCCTs: Bahamas, Cayman Islands, Cook Islands, Dominica, Israel, Lebanon, Liechtenstein, Marshall Islands, Nauru, Niue, Panama, Philippines, Russia, St. Kitts and Nevis, and, St. Vincent & the Grenadines.
22 June 2001	Bahamas, Cayman Islands, Liechtenstein, and Panama are de-listed. Second review of NCCTs identifies new NCCTs; Egypt, Guatemala, Hungary, Indonesia, Myanmar and Nigeria.
7 September 2001	Grenada and Ukraine are identified as NCCTs.
5 December 2001	FATF recommends that its members apply additional counter-measures to Nauru.
21 June 2002	Hungary, Israel, Lebanon, and St. Kitts & Nevis are de-listed.
11 October 2002	Dominica, Marshall Islands, Niue, and Russia are de-listed.
20 December 2002	FATF recommends that its members apply additional counter-measures to Ukraine.
14 February 2003	FATF withdraws counter-measures for Ukraine; however, it remains on the list. Grenada is de-listed.
20 June 2003	FATF de-lists St. Vincent & the Grenadines.
3 November 2003	FATF recommends that its members apply additional counter-measures to Myanmar.
27 February 2004	Egypt and Ukraine are de-listed.
2 July 2004	FATF de-lists Guatemala.
22 October 2004	FATF removes additional counter-measures for Nauru and Myanmar; however, they remain on the list.
11 February 2005	FATF de-lists Cook Islands, Indonesia, and Philippines.
13 October 2005	FATF de-lists Nauru.
23 June 2006	FATF de-lists Nigeria.
13 October 2006	FATF de-lists Myanmar.

## Timeline of decisions on listing, implementation plans, counter-measures, de-listing, and ending formal monitoring

