



Paris, 20 December 2002

**FATF decides to impose counter-measures on Ukraine;
no counter-measures to apply against Nigeria at this time**

Members of the Financial Action Task Force will apply counter-measures¹ to Ukraine, in addition to the current application of Recommendation 21². This decision is the result of Ukraine's failure to enact anti-money laundering legislation that meets international standards. On 7 December 2002, Ukraine enacted the "*Law of Ukraine on Prevention and Counteraction of the Legalization (Laundering) of the Proceeds from Crime*". However, this legislation does not address the main deficiencies identified by the FATF in its June 2001 review of Ukraine's anti-money laundering regime. The FATF notes the December 2002 statement by the Prime Minister of Ukraine that legislative amendments will be discussed by the Ukrainian Parliament promptly.

The FATF has decided, for the time being, not to apply additional counter-measures to Nigeria due to Nigeria's enactment of the "*Money Laundering Act (Amendment) Act 2002*" on 14 December 2002. This legislation significantly enhances the scope of Nigeria's 1995 anti-Money Laundering Law. However, deficiencies remain in Nigeria's anti-money laundering regime and Nigeria therefore remains subject to Recommendation 21.

Ukraine and Nigeria both remain on the list of non-cooperative countries and territories (NCCTs). The FATF will follow the situation in both countries closely and discuss them again at the next FATF Plenary meeting in Paris on 12-14 February 2003. The FATF hopes that, prior to that meeting, Ukraine will comprehensively address the deficiencies in its anti-money laundering regime, and that Nigeria continues to address its remaining anti-money laundering deficiencies.

Further information about the FATF and its work on non-cooperative countries and territories can be found at: <http://www.fatf-gafi.org>.

The FATF is an independent international body whose Secretariat is housed at the OECD. The twenty nine member countries and governments of the FATF are: Argentina; Australia; Austria; Belgium; Brazil; Canada; Denmark; Finland; France; Germany; Greece; Hong Kong; China; Iceland; Ireland; Italy; Japan; Luxembourg; Mexico; the Kingdom of the Netherlands; New Zealand; Norway; Portugal; Singapore; Spain; Sweden; Switzerland; Turkey; United Kingdom and the United States. Two international organisations are also members of the FATF: the European Commission and the Gulf Co-operation Council. South Africa and Russia are observer countries.

¹ See Annex setting out additional counter-measures.

² 21. Financial institutions should give special attention to business relations and transactions with persons, including companies and financial institutions, from countries which do not or insufficiently apply these 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 supervisors, auditors and law enforcement agencies.

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ANNEX

FATF Countermeasures for Non-cooperative Countries and Territories

In addition to the application of Recommendation 21, the FATF recommends the application of further counter-measures which should be gradual, proportionate and flexible regarding their means and taken in concerted action towards a common objective. It believes that enhanced surveillance and reporting of financial transactions and other relevant actions involving the concerned jurisdictions is required, including the possibility of:

- Stringent requirements for identifying clients and enhancement of 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;
- In considering requests for approving the establishment in FATF member countries of subsidiaries or branches or representative offices of banks, taking into account the fact that the relevant bank is from an NCCT;
- Warning non-financial sector businesses that transactions with entities within the NCCTs might run the risk of money laundering.