



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

Paris, 5 December 2001

FATF decides to impose counter-measures on Nauru

Members of the Financial Action Task Force will apply counter-measures¹ to Nauru in addition to Recommendation 21². This decision is the result of the Nauru government's failure to enact, by 30 November 2001, appropriate legislative amendments to its Anti-Money Laundering Act of 28 August 2001.

The FATF will follow the situation in Nauru closely and discuss it again at the next FATF Plenary meeting in Hong Kong, China on 30 January-1 February 2002. The FATF hopes that Nauru will rectify the deficiencies in the above-mentioned Act prior to that meeting.

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.

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¹ See Annex setting out counter-measures agreed in June 2001, contained in the FATF *Review to Identify Non-Cooperative Countries or Territories: Increasing the Worldwide Effectiveness of Anti-Money Laundering Measures* (22 June 2001) at: www.fatf-gafi.org/NCCT_en.htm.

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.

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.