



Sixth Follow-Up Report

ARUBA

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ARUBA – SIXTH FOLLOW-UP REPORT

I. Introduction

1. The third mutual evaluation report (MER) of Aruba was adopted by the FATF Plenary in October 2009. Aruba is presently required to report to the FATF Plenary every year. As a member of CFATF, and in order to keep abreast of Aruba's progress in the FATF's follow-up process relevant updates are presented to the CFATF Plenary. The last report to the CFATF Plenary was in May 2013. The Plenary in November 2012 in the Virgin Islands decided that countries in the follow-up process would be required to achieve substantial progress on outstanding recommendations and fully comply with all outstanding recommended measures in their key and core Recommendations by November 2013. It was noted in the last follow-up report that Aruba would be reporting to the FATF Plenary in October 2013 with a view to applying for removal from regular follow-up. This report presents a summary of the measures Aruba has implemented since its last report to the CFATF Plenary. Aruba was rated largely compliant (LC) on 3 Core and Key Recommendations and partially compliant (PC) or non-compliant (NC) on 13 remaining Core and Key Recommendations and 25 other Recommendations. The Core and Key Recommendations are indicated in *italics* in the table below.

Table 1; Ratings of Core and Key Recommendations

Rec.	1	3	4	5	10	13	23	26	35	36	40	I	II	III	IV	V
Rating	LC	PC	LC	NC	LC	PC	NC	PC	PC	PC	PC	NC	NC	NC	PC	NC

2. With regard to the remaining Recommendations, Aruba was rated partially compliant or non-compliant on twenty-five (25) as indicated below:

Table 2: Non Core and Key Recommendations rated Partially Compliant and Non-Compliant

Partially Compliant (PC)	Non-Complaint (NC)
R. 11 (Unusual transactions)	R. 6 (Politically exposed persons)
R. 14 (Protection & no tipping-off)	R. 7 (Correspondent banking)
R. 25 (Guidelines & Feedback)	R. 8 (New technologies & non face-to-face business)
R. 27 (Law Enforcement authorities)	R. 9 (Third parties and introducers)
R. 31 (National co-operation)	R. 12 (DNFBP – R.5,6,8-11)
R. 38 (MLA on confiscation and freezing)	R. 15 (Internal controls, compliance & audit)
	R. 16(DNFBP – R.13-15 & 21)
	R. 17 (Sanctions)
	R. 18 (Shell banks)
	R. 21 (Special attention for higher risk countries)
	R. 24 (DNFBP – regulation, supervision and

	monitoring)
	R. 29 (Supervisors)
	R. 30 (Resources, integrity and training)
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	R. 32 (Statistics)
	R. 33 (Legal persons – beneficial owners)
	SR. VI (AML requirements for money value transfer services)
	SR. VII (Wire transfer rules)
	SR. VIII (Non-profit organizations)
	SR. IX (Cross-border Declaration & Disclosure)

II. Summary of measures implemented by Aruba

3. As indicated in Aruba's seventh follow-up report for the FATF in June 2013 the State Decree Principles Administrative Enforcement Sectoral Supervision State Ordinance came into force. This legislative instrument provides further rules for the application of sanctions to a number of categories of financial institutions and DNFBPs for non-compliance and a new set of objective and subjective indicators for unusual transaction reporting. The AML/CFT national risk assessment was also approved by the AML/CFT Steering Group on May 30, 2013.

4. The FATF interim report of September 27, 2013 stated that Aruba had made significant progress in addressing four Core Recommendations and nine Key Recommendations rated PC/NC. Measures taken by Aruba include:

- The enactment and entry into force of the State Ordinance for the Prevention and Combat of Money Laundering and Terrorist Financing (AML/CFT State Ordinance) on June 1, 2011;
- Criminalisation of terrorist financing as a separate and autonomous offence in the Penal Code of Aruba;
- Revision of sectoral supervisory State Ordinance for credit institutions, insurance businesses, money transfer companies, and trust service providers;
- Enactment and entry into force of the State Decree Combating Terrorism and Terrorist Financing on June 25, 2010, which provides for the direct implementation of S/RES/1267 and mandates the creation of an operational framework for S/RES/1373; and
- Strengthening the training and resources of the financial supervisor (Central Bank van Aruba) and the FIU (Meldpunt Ongebruikelijke Transacties), in order to enhance their effectiveness.

5. It was further noted in the FATF interim report that Aruba needs to issue a new Penal Code, a State Ordinance for supervision of the securities sector, and make amendments to the Criminal Procedures Code. A regulatory and supervisory approach needs to be established for insurance intermediaries, Aruba also needs to enact a domestic freezing list and put into operation the framework for effective implementation of S/RES/1267 and S/RES/1373. There is need for

data on the effectiveness of the international cooperation regime with respect to mutual legal assistance and law enforcement cooperation. Meanwhile proposals for the State Ordinance for supervision of the securities sector and for the State Decree Supervision Insurance Intermediaries have been submitted to and approved by the Council of Ministers and forwarded to the Advisory Council for technical review before they are submitted to parliament. A proposal for the domestic freezing list has also been submitted to the Minister of Justice for approval, while the procedures for the effective implementation of the freezing lists are expected to be finalized shortly or in any case before the end of this year.

6. The FATF Interim Report concluded that due to the remaining deficiencies and the lack of information in several areas and considering that further progress is expected from Aruba in January 2014, that Aruba may be in a position to exit the follow-up process in February 2014. As such, it was recommended that Aruba submit a detailed report to the FATF Plenary in February 2014. If Aruba is able to demonstrate satisfactory progress, the request at that time should be to exit regular follow-up. If deficiencies remain outstanding, then Plenary should consider what further action to take as part of the process to be agreed upon for countries that fail to exit 3rd round follow-up by February 2014.

III. Conclusion

7. Based on the above and in line with the FATF reporting requirements for Aruba it is recommended that Aruba submit a report to Plenary in May 2014.