



Fifth Follow-Up Report

ARUBA

30 May 2013

© 2013 CFATF. All rights reserved.

No reproduction or translation of this publication may be made without prior written permission. Requests for permission to further disseminate reproduce or translate all or part of this publication should be obtained from the CFATF Secretariat at [**CFATF@cfatf.org**](mailto:CFATF@cfatf.org)

ARUBA – FIFTH 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 October 2012. This report presents a summary of the measures Aruba has implemented since its last report to the CFATF Plenary. No analysis or assessment of compliance of these measures with the recommendations in Aruba's FATF MER is provided. Aruba was rated partially compliant or non-compliant on 13 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)
	R. 30 (Resources, integrity and training)
	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. Extensive modifications were introduced on January 1, 2013 to the State Ordinance on the supervision of the credit system (SOSCS), the State Ordinance on the supervision of insurance business (SOSIB), the State Ordinance on the supervision of money transfer companies (SOSMTC) and the State Ordinance on the supervision of trust and company service providers (SOSTCPS) to facilitate the implementation of the AML/CFT State Ordinance. These modifications include strengthening of the licensing provisions in order to improve the quality of fit and proper tests and procedures aimed at preventing criminals and their associates becoming beneficial owners of credit institutions and insurance companies. The scope of the above ordinances was expanded to include certain financial businesses, insurance brokers, currency exchange businesses and trust and company service providers (TCPS)

4. A separate state ordinance for the implementation of the new Penal Code has been submitted to the Council of Ministers for approval and forwarding to the Advisory Council for technical review before it is submitted to Parliament for approval and enactment by January 1, 2014.

5. On April 1, 2013 new reporting indicators were introduced for all financial institutions as well as DNFBBs for the reporting of unusual transactions to Aruba's FIU (MOT). At present there is a single indicator regulation containing objective and subjective indicators for all reporting entities. Both types of indicators have been reduced considerably.

6. To enhance the quality and efficiency of reporting, processing and analysis of unusual transactions the MOT introduced a new online reporting system for financial institutions. The new IT system became fully operational in April 2013. A new additional financial analyst has been hired by the MOT in April 2013.

7. A proposal for new, comprehensive up to date legislation for regulation of the gaming sector (including casinos) is expected to be submitted to the Council of Ministers at the end of May 2013.

8. The AML/CFT National Risk Assessment as requested by the Parliament of Aruba is in its final phase and set for approval by the AML/CFT Steering Group at the end of May 2013.

9. New secondary legislation is being drafted for the implementation of article 22 of the AML/CFT State Ordinance to regulate the exchange of information by the MOT with foreign FIUs. The requirement for a memorandum of understanding (MOU) for the exchange of

information with FIUs which are members of Egmont will be eliminated in the new legislation. The enactment date for this legislation is July 1, 2013.

10. On September 14, 2012, the State Decree was modified in lieu of changes of the United Nations Security Council resolutions regarding Al Qaeda and the Taliban. By virtue of these changes a National Sanctions Committee was also instituted. This Committee is headed by the Prosecutor General and is tasked with advising the Minister of Justice regarding domestic freezing and all related matters.

11. It was noted in Aruba's sixth follow-up report dated February 1, 2013 to the FATF that Aruba indicated that it would seek removal from follow-up in October 2013. It was recommended that Aruba should report back to the FATF Plenary in October 2013 with a view to applying for removal from regular follow-up at that time.

III. Conclusion

12. 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 November 2013.