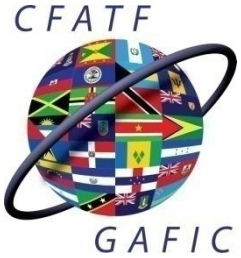

CARIBBEAN FINANCIAL
ACTION TASK FORCE

Third Follow-Up Report

Suriname

November 2012

MUTUAL EVALUATION OF SURINAME: THIRDFOLLOW-UP REPORT

I. INTRODUCTION

1. This report represents an analysis of Suriname's report back to the CFATF Plenary concerning the progress that it has made with regards to correcting the deficiencies that were identified in its third round Mutual Evaluation Report. The third round Mutual Evaluation Report of Suriname was adopted in October 2009 in Curacao and Suriname was placed in expedited follow-up. Suriname's first follow-up report was presented to plenary in May of 2011 and Suriname was placed into the first stage of enhanced follow-up. In spite of the accelerated pace of legislative reform, there are Core and Key Recommendations which are outstanding and as a consequence, Plenary is being asked to keep Suriname in Enhanced follow-up.

2. Suriname received ratings of PC or NC on 15 of the Core and Key Recommendations as follows:

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

3. Relative to the other non-core or key recommendations, Suriname was rated partially compliant and non-compliant as follows:

Partially Compliant (PC)	**Non-Compliant (NC)**
R. 14 (Protection & no tipping-off)	R. 6 (Politically exposed persons)
R. 18 (Shell banks)	R. 7 (Correspondent banking)
R. 20 (Other NFBP & secure transaction techniques)	R. 8 (New technologies & non face-to-face business)
R. 25 (Guidelines & Feedback)	R.9 (Third parties and introducers)
R. 27 (Law enforcement authorities)	R. 11 (Unusual transactions)
R. 30 (Resources, integrity and training)	R. 12 (DNFBP – R.5, 6, 8-11)
R. 37 (Dual criminality)	R. 15 (Internal controls, compliance & audit)
R. 38 (MLA on confiscation and freezing)	R. 16 (DNFBP – R.13-15 & 21)
	R. 17 (Sanctions)
	R. 19 (Other forms of reporting)
	R. 21 (Special attention for higher risk countries
	R. 22 (Foreign branches & subsidiaries)
	R. 24 (Regulation, supervision and monitoring)
	R. 29 (Supervisors)
	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 organisations)
	SR. IX (Cross Border Declaration & Disclosure)

4. The following table is intended to assist in providing an insight into the level of risk in the main financial sector in Suriname:

Size and Integration of the jurisdiction's financial sector (US$ thousands)

		Banks	Non-bank related	Other Credit Institutions*	Pension funds	Insurance	TOTAL
Number of institutions	Total #	9	4	27	34	12	86
Assets	US$	2.336.887	69.528	6.862	434.732	217.277	3.065.286
Deposits	Total: US$	2.026.319	46.890	5.907	-	-	2.079.116
	% Non-resident	% of deposits					
International Links	% Foreign-owned:	% of assets	% of assets	% of assets	% of assets	% of assets	% of assets
	#Subsidiaries abroad	N.A.					

** There are no Securities institutions
Data on Banks and Non-bank related as of March 2012
Data on Other Credit Institutions (13) as of December 2011
Data on Pension funds (18) and Insurance (12) as of December 2010

II. SUMMARY OF PROGRESS MADE BY SURINAME

5. Since the second follow-up report, Suriname has amended the Wet Melding Ongebruikelijke Transacties (SB 2002, 65), MOT (Act on the Reporting of Unusual Transactions) and the Wet Identificatieplicht Dienstverleners (SB 2002, 66), WID (Act on the identification requirements for Service Providers). Both amendments were adopted by the Jurisdiction's Parliament on July 17, 2012 and entered into force on August 9, 2012. The Central Bank of Suriname (CBS) issued new directives to financial institutions in April 2012.

CBS Directives as Other Enforceable Means (OEM)

6. Under **art 16.1** of the **Banking and Credit System Supervision Act 2011**(BCSSA)the CBS is authorised to issue guidelines with regards to the administrative and management organization of credit institutions, including financial administration and internal control, to their business operations to combating of money laundering and the financing of terrorism. At **art 17** of the **BCSSA**, if the CBS discovers that a credit institution is not following the guidelines, it may instruct the relevant credit institution, by registered letter, to take the necessary measures or to follow a particular line of conduct in accordance with CBS' instructions. If no satisfactory response is forthcoming from the credit institution within a period determined by the CBS, or if the CBS determines that its instructions has not been satisfactorily complied with, then it may place the defaulting credit institution under undisclosed custody requiring it to carry out its activities only subject to approval by the CBS, through persons appointed by the CBS. At **art 56** of the BCSSA, the CBS is authorized to impose a financial penalty on the credit institution for non compliance, including non compliance with article 16. The amount of all such penalties are set by order or decree, on the understanding that the penalty payable per infringement may not exceed SRD 1,000,000 and under no circumstances can such penalty exceed 25 percent of the annual profit, as evidenced by the most recent certified financial statements issued by the external auditor in respect of the credit institution that was penalized. Ultimately, **art 11** of the **BCSSA** gives the CBS the authority to revoke the license of a credit institution if that credit institution fails to observe the guidelines issued in accordance with the said BCSSA. The CBS guidelines do not in any way cover the service providers who are DNFBPs. The CBS' previous directives against money laundering were issued in 1996 and notwithstanding that the Jurisdiction has not provided any data to demonstrate that any sanctions were ever imposed pursuant to those directives, the 2012 directives appear to contain all the necessary elements of OEM. Suriname must however now demonstrate that they are in fact enforceable.

Core Recommendations

Recommendations 1, 5, 10, 13, SRII and SRIV

7. For **Recommendation 1,** insider trading and market manipulation have not as yet been criminalised in Suriname. The Jurisdiction has reported that the CBS is in the process of drafting legislation to target the supervision of the capital market and this legislation will criminalise the offences noted above. Suriname expects this legislation to be in place before the end of 2012. This Recommendation remains ***outstanding.***

8. For **Recommendation 5,** which was rated NC, Suriname has made significant progress in addressing the deficiencies noted in its MER. The Assessors made thirteen recommendations aimed at closing the gaps they discerned in Suriname's AML/CFT infrastructure. Suriname has responded by amending the WID Act and the MOT Act to specifically close these gaps. The analysis of these amendments and the effect they have had towards actually closing those gaps are detailed below:

   i. *All financial institutions should be fully and effectively brought under AML and CFT regulation and especially under the broad range of customer due diligence requirements*–The preface to the CBS' 2012 directives has noted that the bank, in its capacity as supervisor of financial institutions, has decided to issue the new directives to

support Suriname's AML/CFT legislation. The OEM status of these directives was already discussed at paragraph 6 above.

ii. *The definition of "financial activities" should be updated in accordance with the definition of "financial activities" in the FATF Methodology*–According to **art. 1 c** of the **WID** and **art.1 c** of the **MOT** financial services have the meaning of the professional of commercial performance of one or more of the following activities:

1. **C. 10 -** accepting deposits and other withdrawable funds from the public;
2. **C.11 –** granting of loans;
3. **C.12 -** financial leasing, with the exception of consumer-relating leasing;
4. **C.8 -** performing national or international financial transfers;
5. **C.13 -** issuing and managing of payment instruments other than cash, which in any case includes credit cards, debit cards, cheques, travellers cheques, payment orders, electronic and non-electronic money orders and electronic money;
6. **C.14 -** furnishing of financial guarantees and sureties;
7. **C.16 -** trading in the following:

a. money market instruments, such as cheques, bills of exchange and derivatives;
b. transferable securities;
c. futures market commodities;

8. **C.17 -** participating in securities dealing and related financial services;
9. **C.18 -** receiving in safekeeping and managing of cash or liquid securities for third parties;
10. **C.19 -** other forms of investment, administration or management of funds or cash for third parties;
11. **C.5 -** taking out, surrendering and payment, as well as acting as a broker in taking out, surrendering and payment of a life insurance agreement and other investment-linked insurance products;
12. **C.7 -** buying or selling Suriname dollars (SRDs) or foreign currency;

9. Whilst the inclusion of the financial activities listed above now bring Suriname closer to fully implementing the Assessors recommendation, it must be noted that the activity of '*Individual and collective portfolio management'* has not been included and Suriname has not indicated whether the exclusion of this activity was predicated on the limited occurrence of that activity or whether there was, based on analyses, little risk of money laundering activity occurring through its provision.

iii. Financial institutions should be required to undertake full CDD measures when carrying out occasional transactions that are wire transfers in circumstances covered by the Interpretative Note to SR VII or occasional transactions above the applicable threshold of USD/EUR 15.000 –At **art. 2** of the WID there is the Duty to provide proof of identity. At **art 2 sub2b** of the said WID service providers are required to perform client screening if they conduct a non-recurring transaction, in or from within Suriname, with a threshold as established in the State Decree on Indicators of Unusual Transactions (SDIUT). The SDIUT however appears silent on that threshold. This gap remains ***open***.

iv. The requirement to undertake CDD measures in cases where there is a suspicion of terrorist financing and in cases where there are doubts about the veracity or adequacy of previously obtained customer identification data –This requirement has

been met by virtue **art. 2 sub 2d** and**2e** of the WID. Article 2 sub 2 d addresses doubts surrounding the reliability of previously obtained client information whilst article 2 sub 2 e is concerned with clients who are at risk of being involved in terrorist financing. This gap is ***closed.***

v. *The requirement to verify the legal status of legal arrangements like trusts and understand who is (are) the natural person(s) that ultimately owns or control the customer or exercise(s) effective control over a legal arrangement such as a trusts* –It is noted at paragraph 610 of the MER that Suriname "Does not know trusts or other legal arrangements". This gap is ***closed****.*

vi. *The requirements regarding identification and verification of the beneficial owner for legal persons, including the obligation to determine the natural persons who ultimately own or control the legal person* –**Art 1**of the **WID** has defined ultimate beneficial owner as the natural person who owns, has control over or exercises control over a legal entity. At **art 2 sub 1 b** of the **WID** there is the requirement for service providers to perform client screening which in the case of ultimate beneficial owners includes identifying the beneficial owner and verifying his identity to such an extent that the service provider is convinced of the identity of the beneficial owner. This gap is ***closed.***

vii. *The obligation to obtain information on the purpose and intended nature of the business relationship* –This gap has been filled because the client screening obligations under the WID's amendment "Duty to provide Proof of Identity" includes, at **art. 2.1c**,an obligation to determine the object and intended nature of the business relationship. This gap is ***closed.***

viii. *No specific requirement to perform ongoing due diligence on business relationships* – This gap has been specifically closed due to the WID's amendment "Duty to provide Proof of Identity" where at **art. 2.1d** service providers are mandated to perform on-going checks of the business relationship to ensure that the transactions correspond with the knowledge that the service provider has of the client and the ultimate beneficial owner. This gap is ***closed***

ix. *Performing enhanced due diligence on higher risk categories of customers, business relationships or transactions* – At **art 4** of the WID amendment, service providers are required to carry out a more stringent client screening process if the nature of a business relationship or transaction entails a higher risk of money laundering or terrorist financing. This more stringent client screening is required to be performed both prior to the establishment of, and during the business relationship in specific situations noted at **art 4 sub a - h.** This gap is ***closed***

x. *There should be some consideration/assessment made based on which there is a satisfaction about compliance with the Recommendations by countries which are currently seen as compliant without any doubt* **Art 3 sub 1** of the **WID** requires service providers to tailor their client screening based on the risk sensitivity for ML and TF and the type of customer, business relationship, product or transaction. . This gap *is* ***closed.***

xi. *There are no general requirements to apply CDD measures to existing customers on the basis of materiality and risk*–The comments noted at *ix and x* above are also relevant here. This gap remains ***open***

xii. *When regulating the identification and verification of beneficial owners, a requirement to stop the financial institution from opening an account, commence business relations or performing transactions when it is unable to identify the beneficial owner satisfactorily*–At **art 2a sub 3** and **4** there is the provision preventing a service provider from entering into a business relationship or executing a transaction if that service provider is either unable to perform client screening or if client screening does not result in the objectives set out at **art 2 sub 1** of the said WID Act, which includes the identification of the ultimate beneficial owner. This gap is ***closed.***

xiii. *The requirement to terminate the business relationship and to consider making a suspicious transaction report when identification of the customer cannot be performed properly after the relationship has commenced* – At **art 2a sub 4** if a service provider is no longer able to conduct client screening to the satisfaction of **art 2** of the WID after entering a business relationship, that service provided is mandated to terminate that business relationship without delay. At **art 2a sub 5** there is the requirement for the making of a disclosure in these circumstances. This gap ***is closed.***

10. The action by Suriname relative, to Recommendation 5, has had the effect of significantly closing the gaps discerned in their MER. However, the recentness of legislation suggests that there was insufficient time for Suriname demonstrate effective implementation. *This Recommendation is closed*.**.**

11. With regards to **Recommendation 10**, Suriname has addressed both recommended actions through **art 8sub 1-2** of the **WID.** At sub 2, at the request of a competent authority, service providers must maintain records in an accessible manner even after the statutory retention period of seven (7) years, prescribed at sub 1, has expired. At sub 1 there is the general requirement or the maintenance of records in an accessible manner for seven (7) years after termination of the agreed business relationship. This Recommendation is now ***closed.***

12. With regards to **Recommendation 13** and **Special Recommendation IV** the assessors had made seven (7) recommendations intended to close the gaps they discerned in the MER. The first gap with respect to the reporting obligation not covering insider trading and market manipulation will remain ***outstanding*** because he legislation to criminalise these acts are not expected to be enacted before the end of 2012.

13. The second assessors recommendation that *"the reporting duty needs to be explicitly in the law to include all funds where there are reasonable grounds to suspect or they are suspected to be linked or related to, or to be used for terrorism, for terrorist acts, or by terrorist organizations or those who finance terrorism"* still does not appear to have been taken on board by Suriname. Instead, the Jurisdiction has pointed to **art. III sub C** of the **O.G. 2011 no 96**, which amended Suriname's Criminal Code. Article III of this amendment has added 'financing of terrorism' to the money laundering obligations of Suriname's Reporting Centre. Suriname is also reporting that even though the legislation does not explicitly prescribe reporting as required above, an indirect form of reporting exists where ,**Art 6** of the **MOT** requires the FIUS to provide data which gives rise to a reasonable suspicion that a specific person has committed money laundering, financing of terrorism or an underlying offence. The gap in this regard remains ***open***.

14. As for the third assessors' recommendation for Suriname to include in the State Decree on Unusual Transaction, the requirement to also report "attempted unusual transactions", the second follow-up report (Suriname_2nd_Follow-up_Report) has already noted Suriname's positive action, in this regard, which has resulted in this gap being ***closed***.

15. The fourth Assessors' recommendation relative to the obligations of financial institutions who chose to use an UTR-interface for reporting purposes (electronic reporting), has been addressed through **art 12 sub 2** of the MOT, which is concerned with the 'Duty of Disclosure'. In this regard **art. 12 sub 2 a –g** has itemised the details which service providers must provide when reporting suspicious transactions. This action has the effect of ensuring that this gap is ***closed.***

16. The fifth assessors' recommendation was for Suriname to *Consider whether the obligation to report unusual transactions "without delay" is sustainable*. In order to comply with this recommendation, it has already been noted in the preceding paragraph that **art. 12** of the MOT is concerned with a Duty of Disclosure. At **art. 12 sub 1** service providers are required to report UTRs, to the FIU, '*immediately'* following the discovery of facts which point to money laundering or terrorist financing. At **art 22** of the MOT, which is concerned with 'Supervision', **sub 1 a - c** has entrusted several bodies with the responsibility of ensuring compliance with the said MOT Act. In this regard the CBS has been entrusted as the Supervisory Authority for service providers; the Gaming Supervision and Control Institute as Supervisory Authority in so far as gaming providers are concerned and the FIUS in so far as other non-financial service providers are concerned. The Gaming Supervision and Control Institute was created by article 2 of the act of July 2nd 2009 (O.G. 2009 no. 78).

    At **art. 22 sub 2**the supervisory authorities noted above can give directives to their respective supervisees for the purpose of facilitating compliance with the MOT Act. At **art. 22 sub 3**, where a service provider either fails to comply with a directive by its supervisor or does not comply in a timely manner that supervisor can impose a fine of up to 1 million Surinamese dollars for each contravention. These provisions, once effectively implemented, can have can have the effect of ensuring a high level of compliance by the supervisee stakeholders. This gap is ***closed***.

17. The sixth assessors' recommendation was that *the FIU and other competent authorities should make an inventory to identify all financial institutions and DNFBPs that have a reporting requirement, reach out to these parties and apply sanctions in case of non-compliance.* On November 7, 2012 Suriname forwarded a list of non-service providers in the Jurisdiction to show that it already has an inventory in accordance with the Examiners recommendation. This listing is regularly used by the FIUS in communicating with its constituent supervisees. It is unclear whether the CBS and the Gaming Supervision and Control Institute have done a similar inventory and whether all financial institutions and DNFBPs in the Jurisdiction have now been identified.

18. The seventh and final assessors' recommendation relative to the raising of awareness for financial institutions and DNFBPs is the subject of ongoing bi-monthly meetings which have already been commenced by the FIU. This action has the effect of ***closing the gap*** for this recommended action.

19. Based on the all of the above, the action by Suriname has the effect of *significantly* closing the many gaps that were discerned in the MER for **Recommendation 13 and SRIV.**

However the major outstanding gap is with respect the non criminalisation of insider trading and market manipulation.

20. For **Special Recommendation II,** Suriname has further reported that it has developed a template for the maintenance of statistics which were to be formally distributed to all stakeholders in August of 2012.

Key Recommendations

Recommendations 3, 4, 23, 26, 35, 40, SRI, SRIII and SRV

21. The second follow-up Report (Suriname_2nd_Follow-up_Report) noted that the gap discerned for **Recommendation 3,** was ***closed.***

22. For **Recommendation 4, art 9** of the **MOT Act** permits the FIUS to exchange data, held in its Register of disclosures, with other FIUs which have similar functions as Suriname's FIU. Whilst the Register of disclosures contains only information on UTRs, any exchange of this information must be predicated by the establishment of a treaty, convention or MOU. Within Suriname the data from the Register of disclosures can only be shared through the Procurator General, and even so, only to investigation and prosecution authorities. At **art 46** of the **BCSSA,** which came into force on 23rd November, 2011 the CBS has the authority to provide data or information it obtained in the execution of its duties as a supervisor, to a supervisory authority or any overseas authority charged with the supervision of other financial markets, following the establishment of information exchange agreement between the two (2) parties. There are several provisions before such information can be shared. They include:

1. the provision of such information is not or is not expected within reason to be in conflict with the interests purported to be protected under the BCSSA;

2. the CBS has ascertained the purpose for which the data or information is to be used;

3. there are sufficient guarantees that the data or information will be used for no purpose other than that for which they were intended, except where the CBS's prior consent has been obtained for such use;

4. the confidentiality of the data or information is satisfactorily guaranteed;

5. the information and data provided by the CBS contain no names of individual depositors of the relevant credit institution;

6. the data and information can be exchanged on the basis of reciprocity.

23. The provision at 5 above appears to be wholly restrictive and could have the effect of limiting the sharing of specifics by the CBS. Suriname is required to demonstrate that the implementation of that provision would not create an inhibition on the part of a competent authority's access to specific information it requires to properly carry out its AML/CFT obligations.

24. The MOT Act is silent on the Gaming Supervision and Control Institute's, as the other supervisory authority in Suriname, ability to share information. As a result of the many apparent shortcomings noted above this Recommendation remains ***outstanding***.

25. With regards to **Recommendation 23, art 22** has been introduced to the **MOT Act** to specifically address this recommended action. In this regard, and as was already noted at paragraph 16 of this report, the Central Bank of Suriname has been entrusted with as the Supervisory Authority for service providers; the Gaming Supervision and Control Institute as Supervisory Authority in so far as gaming providers are concerned and the FIU in so far as other non-financial service providers are concerned. Relative to the other recommended actions, a Draft Act concerning the supervision of money transfer offices and money exchange offices are currently before the Surinamese Parliament awaiting passage. This Recommendation remains ***outstanding.***

26. For **Recommendation 26,** the Assessors had put forward nine (9) recommended actions for fixing the shortcomings noted in the MER. An analysis of the action undertaken by Suriname, thus far, towards fixing those shortcomings is detailed below:

i. *That the missing implementing legal instruments be drafted without further delay, so to consolidate the legal framework of the organisation and functioning of the FIU* – Suriname has reported that in May 2011 the Minister of Justice and Police issued a Ministerial Decree causing the organisational chart of the Ministry of Justice to be changed so as to identify the FIU as an independent institute within the said ministry. Additionally, **art 2 sub 1**of the MOT Act has confirmed this action by establishing an office for disclosure of unusual transactions, known as the Financial Intelligence Unit Suriname (FIUS) as an independent unit of the Ministry of Justice and Police. This action has therefore ensured that the gap for this recommended action is ***closed.***

ii. *To substantially increase the human and financial resourcing of the FIU*- The second follow-up Report had noted the increase in the strength of the FIUS by eight (8) persons including four (4) analysts and two (2) lawyers. Additionally, for fiscal year 2012, the budget for the FIUS has been incorporated into the budget of the Ministry of Justice and police. It is unclear whether or not this is a temporary measure.

iii. *To move MOT to a location that ensures a secure conservation and management of the sensitive information and the safety of the staff*-Since September 2011 the FIU was relocated to a new location situated in the business area of Paramaribo where more office space and 24/7 security is now available. The gap for this recommended action is ***closed.***

iv. *To improve the IT security measures to protect the sensitive and confidential information* - Since 2009 the FIU acquired a server to store its information also weekly backups of the said information are done. The gap for this recommended action is ***closed.***

v. *That the sensitisation and education of all reporting entities should be substantially enhanced by awareness raising sessions and typology feedback, aimed at an increased perception of suspicious activity to be reported;*-The FIU is reportedly continuing its awareness raising seminars for financial institutions and DNFBPs which it started in 2009. No details were provided on any of sessions conducted thus far.

vi. *To issue the necessary guidance to the sector stressing the importance of timely reporting, particularly of suspicious activity*- Guidelines have reportedly been drafted to address this recommended action.

vii. *To increase the quality of the analytical process by systematically querying all accessible sources, particularly the law enforcement and administrative data (including tax information);***Art 7 sub 1** of the **Mot Act** authorises the FIUS to request information from

government, financial and non-financial institutions if such information becomes necessary when analysing UTRs. At **art 7 sub 2** any government, financial and non-financial institutions from whom the FIUS has requested information is obliged to comply. This action has resulted in this gap being ***closed.***

viii. *To fully exploit all possibilities of information collection, particularly by having the supervisory and State authorities report as provided by the Law* - This action has not as yet been taken on board by Suriname.

ix. *Finally, to intensify the efforts for the analysts to acquire better knowledge and insight in money laundering techniques and schemes.* – Suriname was to have participated in analysis and supervision training course in cooperation with the US authorities in October of 2012.

27. These new measures by Suriname have actually closed many of the gaps noted by the assessors however, several weaknesses for Recommendation 26 still exists including the fact that the FIU still has not provided feedback; has not issued any guidance aimed at stressing the importance of the timely reporting of suspicious activity. As a consequence, Recommendation 26 remains ***outstanding.***

28. The Assessors recommendations aimed at filling the gaps for **Recommendation 35** and **Special Recommendation 1** are identical. In this regard, drafted legislation to give effect to the U.N. CFT Convention is currently before the Surinamese Parliament. Suriname has not as yet acceded to the U.N. International Convention for the Suppression of the Financing of Terrorism nor has the jurisdiction enacted legislation which would give effect to the freezing and seizing under the U.N. S/RES/1267(1999) and U.N. S/RES/1373(2001). In both instances however, the jurisdiction has begun the process by enacting draft legislation to give effect to the U.N. Conventions and by, reportedly, initiating the accession procedure. In spite of the above pending action, some aspects of the U.N. International Convention for the Suppression of the Financing of Terrorism have already been incorporated into O.G. 2011 no 96. This Recommendation and Special Recommendation continues to remain ***outstanding***.

29. At **Recommendation 40**, there were six (6) recommended actions made by the Assessors aimed at closing the gaps in the MER. The analyses of Suriname's efforts at closing those gaps are detailed below:

i. *The treaty condition should be discarded and replaced by the generally accepted rule of information exchange with its counterparts, based on reciprocity and the Egmont Principles of Information exchange. Ideally such exchange should be allowed on an ad hoc basis or, if deemed necessary, on the basis of a bilateral agreement between FIUs* – The comments at paragraph 22 of this report are relevant here in that **art 9** of the **MOT Act** permits the FIU to exchange data, held in its Register of disclosures, with other FIUs, which have similar functions as Suriname's FIU. Such exchange must however be predicated by the establishment of a treaty, convention or MOU. This gap has effectively been ***closed.***

ii. *The Law should expressly allow MOT to collect information outside its register at the request of a counterpart FIU. One simple and adequate way to realise this is to put such foreign request legally at par with a disclosure, which would automatically bring them under the regime of art. 5 and 7 of the MOT Act* – Suriname has put forward **art.9sub 2** of the **MOT Act** as satisfying this recommended action. However, sub article 2 is only

concerned with empowering the FIUS to share information from the Register of disclosures with international FIUs and the basis under which such sharing is allowed to take place. It is noted that **art 7 sub 1 of the MOT** allows the FIUS to request information from any government, financial and non-financial institutions the MOT is silent on the FIUS' ability to share such information with non-investigative or prosecutorial agencies thereby precluding sharing with administrative type FIUs. Suriname has indicated that notwithstanding the apparent limitation to investigations in practice all sources can be used by the FIUS. Consequently this gap remains ***open.***

iii. *The confidentiality status of the exchanged information should be expressly provided for to protect it from undue access or dissemination* – Suriname has reported that the conditions regarding the confidentiality status of the exchanged information will be included in the model MOU which has been prepared by the FIUS. This model MOU was produced and at **art 3** there is a restriction on the use of information and documents being disseminated or to be used for administrative-, judicial- or prosecution purposes, without prior written consent no. This gap is ***closed.***

iv. *The (physical) protection of the MOT data-base and its offices be upgraded* – It has already been noted in this report and the Second follow-up report that the FIUS has been relocated to new secure accommodation within the business district of Paramaribo. This gap has been ***closed.***

v. *The processing of TF related disclosures should be brought within the assignment of the FIU as soon as possible, which would also increase the chance of MOT acceding to the Egmont Group and its ESW* – **Article III sub C** and **D** of O.G. 2011 no 96 has amended the Act on the Disclosure of Unusual Transactions (S.B. 2001 No. 65) giving effect to the assessor's recommendation. Consequently the main task of the FIUS has been amended to include the compilation, registration, processing and analysis of data "important for the prevention and investigation of money laundering, the financing of terrorism and other crimes". This gap has been ***closed.***

vi. *A legal basis should be provided for information exchange between the CBS and counterpart supervisors, by way of MOUs or otherwise* - it was previously noted in this Report that with the enactment of **art 46** of the BCSSA this specific gap has been ***closed***.

30. With regards to **Special Recommendations III and IV** the situation is the same as was noted in the second follow-up Report (Suriname_2nd_Follow-up_Report). Consequently these Special Recommendations remain ***outstanding.***

Other Recommendations

31. The shortcoming for **Recommendation 6** was related to the fact that Suriname had not implemented any AML/CDD measures regarding the maintenance of customer relationships with politically exposed persons (PEPs). The WID Act, through an amendment which was brought into force on August 9, 2012 now has specific PEP-related AML/CDD provisions. At **art 1** PEP is defined as "*a person who occupies or has occupied an important public function abroad, as well as his/her immediate family members and close associates*" immediately it can be seen that the vagueness of this definition has the potential for misinterpretation of the public functions which may be termed a important. At **art 4 sub b** PEPs are listed as one of the categories of customers for whom service providers are required to perform more

stringent client screening measures. At **art 9sub 1** service providers are required to establish policies and implement procedures which are aimed at determining whether a client, potential client or beneficial owner is a PEP, and the source of assets of any such clients. At **art 9sub 2** any decision to enter a business relationship or perform an individual transaction for a PEP can only be done or approved by the persons who has overall management responsibility of the service provider. At **art 9sub 3**if a client or ultimate beneficial owner is determined to be a PEP subsequent to the establishment of the business relationship then the business relationship can only be continued following the receipt of approval to do so from the persons who has overall management responsibility of the service provider. All of these obligations must be observed up to one year after the client ceases to be a PEP. This action by Suriname, once the issue surrounding the vagueness of the term ***"important public functions"*** has been addressed, would have the effect of ***fully implementing this Recommendation***.

32. For **Recommendation 7,** Suriname was rated NC because there were no legal requirements applicable to correspondent banking relationships. Suriname has addressed this shortcoming at **art 13** of the **WID. Article 13 sub 1 a-c** details the responsibilities of a banking institution in Suriname that is planning to enter a into a correspondent banking relationship. "Payable-through accounts" and the need for financial institutions to be satisfied that the respondent has performed all normal CDD obligations is specifically addressed at **art 13 sub 1 c** of the **WID.** Here "payable-through accounts" are referred to as 'transit accounts' and where a correspondent banking relationship entails the use of such accounts, the Surinamese bank must satisfy itself that the bank with which it has the correspondent banking relationship has identified its clients that have direct access to those accounts. The CDD obligations for identification and verification here must be in line with international standards and the Surinamese bank must be certain that it is able to retrieve all relevant client identity data, from its respondent, upon request. **Art 13 sub 2** of the WID Act: A banking institution is only permitted to enter into a new correspondent banking relationship after receiving permission from the persons charged with the overall management of the bank. This Recommendation is ***closed.***

33. At **Recommendation 8,** Suriname was rated NC and the Assessors recommended that Suriname should also implement the necessary requirements pertaining non-face to face business relationships or (ongoing) transactions and take steps taken to ensure that financial institutions have policies in place or take such measures as may be needed to prevent the misuse of technological developments in ML or TF schemes. **Art 11** of the **WID** has addressed the recommendation that financial institutions have adequate policies and procedures aimed at preventing the use of new technologies to facilitate money laundering and terrorist financing particularly with regards to business relationships and transactions involving clients who are not physically present. **Directive III** of the CBS 2012 directives, which is concerned with "non-face to face" business relationships or transactions has mandated that financial institutions have policies and procedures in place to address any specific risks associated with business relationships or transactions that do not involve personal contact. By way of examples Directive III has listed the following types of transactions as falling into the category of "non-face to face":

a. business transactions concluded over the internet or by other means such as through the post;

b. services and transactions over the internet, including trading in securities by retail investors over the internet or other interactive computer services;

c. telephone banking;

d. use of debit and credit cards;

e. making payments and receiving cash withdrawals as part of electronic point of sale transactions using repaid or reloadable or account-linked value cards.

34. This action on the part of Suriname has the effect of ensuring that this Recommendation is ***closed.***

35. Suriname was rated NC for **Recommendation 9** because the Assessors had determined that none of the five (5) essential criteria were present in Surinamese laws. Suriname has attempted to address this through **art 12** of the **WID.** This article permits service providers to rely on the client screening performed by a financial service provider ***having its registered office in Suriname***. However both the WID and the CBS' 2012 directives are still silent on the requirement for service providers relying on third party to perform aspects of the CDD process to immediately obtain from such third party the necessary information concerning certain elements of the CDD process. There is also no requirement for service providers to satisfy themselves that the third party is regulated and supervised for AML/CFT and has measures in place to comply with Suriname's CDD requirements. This Recommendation continues to remain ***outstanding.***

36. For **Recommendation 11** Suriname was rated NC as none of the essential criteria were deemed to be present by the Assessors. Suriname, through **art 10 sub 1 a & b** of the **WID** has addressed these shortcomings. It must be noted however that whilst the WID is silent on the obligations with regards to large transactions, this is covered at **Directive VI** of the CBS's 2012 directives. This Recommendation is ***closed.***

37. At **Recommendation 12** Suriname was rated NC and there were ten shortcomings for which the Assessors recommended eleven actions as cures. **Art 22** of the **MOT 22** entrusted the FIUS, and the Gaming Supervision and Control Institute as supervisory authorities, for DNFBPs and gaming providers, respectively. These supervisory authorities are authorized to give directives to their supervisees regarding compliance with the provisions of the MOT, and are endowed with sanctioning capabilities for non-compliance with such directives. The MOT refers to DNFBPs as non-financial service providers and has subsumed their activities within the meaning of service providers. Consequently the obligations for service providers and non-service providers are identical.

38. Relative to the Assessors recommendation *that Suriname should introduce in the ID law or in another law provisions enabling effective, proportionate and dissuasive sanctioning of non-compliance*: this issue is properly ventilated at Recommendation 17 of this report. This gap is ***closed.***

39. The Assessors had recommended that *Suriname should provide proper, continuous and effective guidance to the DNFBPs on the purpose and compliance with the ID law*to date however no such guidance has been issued thereby leaving this gap ***open.***

40. Relative to the Examiner recommendation that *the ID law should contain more specific provisions for the identification of the ultimate beneficiary owners involved in transactions*

carried out by DNFBPs –This issue has already been discussed in this report under Recommendation 5 obligations which concluded that this gap has been ***closed***.

41. *The ID law should contain more specific provisions for the identification of the ultimate beneficiary owners involved in transactions carried out by DNFBPs. DNFBPs should also be required to understand the ownership and control structure of the customers, and to determine who are the natural persons that ultimately own or control the customer* – **Art 3a sub 1** of the **WID** which is concerned with the establishing the identity of legal entities permits the use of several types of documents all of which must contain the legal form of the entity. This gap ***is closed.***

42. Another recommendation was for the WID to be amended to provide for DNFBPs to establish the identity of a natural person acting on behalf of another when providing the non-financial services particularised at **art 1 sub d.** Paragraph 37 above has already noted that the WID makes no distinction between DNFNPs and the other financial institutions in Suriname. The requirement in this regards is properly addressed at **2 sub 1b** of the **WID.** As t This gap is ***closed.***

43. This report has already noted the positive influence of the new legislative measures on Recommendations 5, 6, 8-11 which have cascaded onto Recommendation 12 thereby significantly closing the gaps for this Recommendation as well.

44. For **Recommendation 14,** the Assessors had recommended that violations of the prohibition against tipping-off should be enforced by sanctions. This recommended action has been taken onboard by Suriname through the enactment of **art 21** of the **MOT,** which is concerned with Criminal Provisions. According to that article, violations of the rules laid down by the MOT are criminal offences and punishable by a maximum prison sentence of ten years and a maximum fine of SRD 5 million. Tipping-off is actually covered at **art 25** of the **MOT.** Consequently this Recommendation is now ***closed.***

45. For **Recommendation 15,** the CBS directives of 2012 are relevant and his report has already provided an analysis of the enforceability of the CBS' directives. Suriname was rated NC and the Assessors had noted seven (7) shortcomings for which there were no 'general enforceable requirements'. **Directive X paragraphs a-e** of the 2012 directives has subsumed all of these shortcomings *with the exception of the requirement that the internal audit function be adequately resourced.* Once this apparent issue has been addressed by Suriname this Recommendation would be closed. Until then it remains ***outstanding.***

46. Suriname was rated NC for **Recommendation 16** and the steps taken by the Jurisdiction towards closing the gaps for Recommendations 13-15 have already been noted in this report. Paragraph 535 of the MER (Suriname_3rd_Round_MER) noted that *"As for the rights and obligations of these DNFBPs, the MOT Act does not distinguish between and the financial institutions which are also subject to the MOT Act".* Consequently the open gaps noted at Recommendations 13-15 have cascaded unto Recommendation 16. As for the requirement that Suriname should provide adequate and continuous guidance to the DNFBPs this report has already noted *that "The FIU is reportedly continuing its awareness raising seminars for financial institutions and DNFBPs which it started in 2009. No details were provided on any of sessions conducted thus*". It is important to note here as well that even though **art 22** of the **MOT** authorises the FIUS, as supervisory authority for DNFBPs and the Gaming Supervision and Control Institute, insofar as gaming providers are involved to issue directives (guidance),

none have as yet been issued. None of the other recommended actions have as yet been taken on board. As a consequence, this Recommendation remains ***outstanding.***

47. With regards to **Recommendation 17,** Suriname was rated NC. In response to the Assessors recommended actions, Suriname has pointed to **art 21** and **22** of the **MOT.** Art. 21 has created criminal offences punishable by a maximum prison sentence of ten years and a maximum fine of SRD 5 million for violations of the rules laid down by the MOT. Art. 22 authorises the supervisory authorities to impose a maximum fine of SRD 1 million for each contravention by a service provider that does not comply, or does not comply on time, with the obligations laid down in the directives which the said supervisory authority has issued. Paragraph 6 of this report has already noted the range of sanction which the CBS can impose on credit institutions for violations of its AML/CF directives of 2012. Whilst these actions by Suriname have resulted in its AML/CFT regime being endowed with a broadened range of sanctions it is not clear whether they can be applied to directors and senior management of Suriname's service providers. Additionally, Suriname has provided no details as to the whether such sanctions have ever been imposed for AML failings. This Recommendation remains ***outstanding.***

48. For **Recommendation 18,** Suriname's third round MEVAL Assessors had recommended that the Jurisdiction implement a specific requirement that covers prohibition on the establishment or continued operation with shell banks. According to **art 14 sub 1** of the **MOT** has specifically prohibited Suriname banks in Suriname from entering into or maintaining a correspondent banking relationship with a shell bank. Another Assessors recommendation was for there to be specific enforceable obligations on financial institution to reassure themselves that a respondent financial institution in a foreign country does not permit its accounts to be used by shell banks. In this regard **art 14 sub 2** of the **MOT** has mandated that Suriname banks shall satisfy themselves that the financial service providers that have their registered office outside of Suriname with which such Suriname banks has either entered into or maintains a correspondent banking relationship, do not permit their accounts to be used by shell banks. In addition to the above, **directive II** of the CBS 2012 directives specifically prohibits financial institutions from entering into correspondent relationships with "so-called shell banks". This action on the part of Suriname has the effect of fully implementing the Assessors recommended actions and as a result this Recommendation is ***closed.***

49. As for **Recommendation 19,** no action has as yet been taken by Suriname.

50. At **Recommendation 20,** the position remains the same as was noted in the second follow-up report (Suriname_2nd_Follow-up_Report).

51. Suriname was rated NC for **Recommendation 21** and the Assessors had recommended that Suriname should issue a law or regulation to implement the requirements of this Recommendation. At **art 4 f** of the **MOT** service providers are mandated to perform a more stringent client screening prior to the business relationship or transaction and during the business relationship if the natural persons or legal entities originate in countries or jurisdictions that do not meet at all or sufficiently the internationally accepted standards in the field of the prevention of and fight against money laundering and terrorist financing. Also at **art 10 sub 1 a & b** of the **WID** service providers are required to pay special attention to:

    1. business relationships and transactions involving natural persons and legal entities that originate in countries or jurisdictions that do not sufficiently meet all the

internationally accepted standards in the field of the prevention of and fight against money laundering and terrorist financing; and

2. all complex and unusual transactions and all unusual characteristics of transactions that do not have any explicable economic or legal purpose.

52. At **art 10 sub 2** of the **WID** if a transaction, as particularised at 1 or 2 above occurs, a service provider is required to: conduct an investigation into the background and object of that transaction; record his/her findings in writing; and keep such finding for a period of seven (7) years. Also **directive VII** of the CBS 2012 directives, which is concerned with foreign business relationships in high-risk countries, recommends caution by financial institutions when accepting authenticated documents from persons and institutions from these countries**.** The directive further recommends that the financial institution consult publicly available information to identify higher-risk countries. In spite of the all of the above Suriname's legislation appears to be deficient in the requirement for effective measures to be in place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries. Another apparent deficiency is the lack of an ability/requirement to apply counter measures on countries which do not appropriately apply the FATF Recommendations. This Recommendation remains ***outstanding.***

53. For **Recommendation 22** Suriname was rated NC and the Assessors made three (3) recommended actions aimed at closing the deficiencies they discerned. These deficiencies and Suriname's efforts at closing them are detailed below:

i. *To pay particular attention to the principle with respect of countries which do not or insufficiently apply FATF Recommendations* – At **Directive XI** of the CBS directives of 2012 financial institutions are required to ensure that the provisions of the said directives are applied in their branches and subsidiaries in Suriname and abroad, taking account of local regulations, with special attention being paid to branches and subsidiaries operating in countries which do not sufficiently apply the FAT F Recommendations.

ii. *Where the minimum AML/CFT requirements of home and host country differ to apply the higher standard to the extent that host country laws permit*- **Directive XI** specifically mandates that where there are differences in the standard of supervision between the home country and the host country, financial institutions are required to apply the higher of the two (2) but subject to the provisions of the local regulations.

iii. *To inform the home country supervisor when a foreign branch or subsidiary is unable to observe appropriate AML/CFT measures* - . Further in **Directive XI,** if a foreign country's regulations make it impossible for a financial institution to comply with the CBS' directives that financial institution must report this to the CBS.

54. The effect of the provisions of Directive XI is to fully close all the gaps noted by the Assessors. As a consequence, Recommendation 22 is ***closed.***

55. **Recommendation** 24 was rated NC because there were no AML/CFT based regulation and supervision of casinos and no adequate regulatory and monitoring measures regarding AML/CFT in place for other categories of DNFBPs. **Art 22 1 b** of the **MOT** the Gaming

Supervision and Control Institute has been made the supervisory authority, charged with supervising compliance with the provisions of MOT Act, particularly as they relate to gaming providers. The Gaming Supervision and Control Institute, as supervisory authority, is authorized to give directives to the gaming providers and impose a penalty for non compliance with such directives. The MER had noted that the Law on Hazard Games (*Wet op de Hazardspelen)* regulated the licensing of casinos in the Jurisdiction. However based on the fact that this law was dated and contained no AML/CFT measures, proposals were to be made to the Surinamese Authorities for the creation of a Gaming Supervision and Control Institute for games of chance. Although the MOT, at **art 22,** has entrusted the Gaming Supervision and Control Institute with the supervisory powers over gaming providers, no information was provided as to whether the Law on Hazard Games has in anyway been updated to include AML/CFT provisions. In light of the above and also because none of the other recommended actions have as yet been taken on board this Recommendation remains ***open.***

56. For **Recommendation 25** none of the Assessors recommended actions have as yet been taken on board consequently this Recommendation remains ***outstanding.***

57. For **Recommendation 27** Suriname is reporting that all information supplied by the FIU for investigation is adequately used by FOT and results are documented in the investigative reports.

58. At **Recommendation 29** Suriname was rated NC and the Assessors made three (3) recommendations to close the gaps they discerned.

i. *The CBS should have the general power to compel production or to obtain access to all records, documents or information relevant to monitoring compliance* – Suriname has reported that according to **art 29 sub 1 a** of the **BCSSA,** in order to carry out its supervision functions, the CBS is entitled, at all times, to have unrestricted access to all accounts, records, documents and other data of a credit institution. This entitlement exists irrespective of who has possession of the information noted above. *There is no mention here whether this power can be used to ensure compliance by credit institutions with the FATF Recommendations.* This gap remains ***is open*****.**

ii. *The CBS should have the authority to conduct inspections of all relevant financial institutions including on-site inspection to ensure compliance* - According to **art 29 sub 2** of the **BCSSA the CBS** is authorised to carry out inspections at any credit institution, holding company, subsidiary, or other companies affiliated to the credit institution as frequently as it considers necessaryin order to assess the financial condition and activities of the credit institution and the effect of the business management and the financial relations between the credit institution and its affiliated companies. *There is no mention here whether these inspections can also be done to ensure compliance by credit institutions with the FATF Recommendations.* Suriname has however reported that the powers in this regard are general and include AML/CFT.

iii. *The supervisor should have adequate powers of enforcement and sanction against financial institutions and their directors or senior management for failure to comply with the AML/CFT requirements* –Paragraph 6 of this report has

already noted the powers of the CBS to enforce sanctions against credit institutions for failure to comply with the AML/CFT guidelines issued pursuant to art. 16 of the BCSSA. *There is however no indication whether these sanctions can also be issued against the directors and senior management*. This gap remains ***open.***

59. Based on all the apparent shortcomings noted at i. to iii above, this Recommendation remains ***outstanding.***

60. For **Recommendation 30** the only positive concrete action to note for this report is the appointment of a senior prosecutor, within the Office of the Attorney General, to provide instructions and guidance in the investigation of ML/TF cases. There are other proposed increases in the staff of the FIUS and the CBS examiners. The status of the other recommended action is as was noted in the second follow-up Report (Suriname_2nd_Follow-up_Report). This Recommendation continues to remain ***outstanding***.

61. With regards to **Recommendation 32,** Suriname is reporting that it has developed a template designed to keep comprehensive statistics on investigations, prosecutions and convictions. It is not clear whether this template will also redound to the maintenance of the other types of statistics required under this Recommendation and whether or not statistics are now actually being maintained by Suriname. This Recommendation continues to remain ***outstanding***

62. For **Recommendation 33** Suriname was rated as NC owing to the fact that there were no measures to prevent the unlawful use of legal persons in relation to money laundering and terrorist financing; no adequate transparency concerning the beneficial ownership and control of legal persons and the information at the registries were not kept up to date. The recommended actions and Suriname's progress at implementing then are detailed below:

i. *Suriname should take measures to prevent the unlawful use of legal persons in relation to money laundering and terrorist financing and there should be adequate transparency concerning the beneficial ownership and control of legal persons*– Suriname has put forward **art 3a** of the **MOT Act** as implementing this recommended action. This article is concerned with the manner in which legal entities registered in Suriname should be identified and makes no prescriptions relative to beneficial ownership information. It is unclear whether there is central registration for all companies and other legal persons registered in Suriname and no information was put forward as to whether Surinamese competent authorities are able to obtain or have timely access to beneficial ownership information. This gap remains ***open.***

ii. *Measures should be taken to ensure that the information with the different registrars is accurate and kept up to date* – This recommended action has not as yet been taken on board by Suriname. This gap remains ***open.***

iii. *Measures will have to be taken to prevent the misuse of bearer shares for ML* – Suriname has put forward **art 22** of the **BCSSA** as a cure for this deficiency. Whilst paragraphs 1, 2 and 3 of art 22 are concerned with the registration of the shares of credit institutions no mention of bearer shares is made. This gap remains ***open.***

63. In light of all the gaps noted in the MER still being open, this Recommendation is still ***outstanding.***

64. With regards to **Recommendations 37** and **38** the situation in Suriname is still as was noted in the second follow-up Report. Report (Suriname 2nd Follow-up Report). This Recommendation continues to remain ***outstanding***.

65. A **Special Recommendation VI** the Assessors had noted that "None of the requirements are included in legislation regulations or other enforceable means". The recommended actions to cure this deficiency are as follows:

66. *A competent authority should be designated to register or licence MTCs and be responsible for ensuring compliance with licensing and/or registration requirements* – Legislation to bring effect to this recommendation is currently before the Surinamese Parliament. Suriname has indicated that this law, once enacted, will endow the CBS with the responsibilities as the sole licensing authority for Money Transfer Offices (MTOs) and Money Exchange Offices (MEOs).This gap remains ***open.***

67. *A system for monitoring MTCs ensuring that they comply with the FATF Recommendations should be implemented. The mission also recommends that the CBS issues the AML/CFT Guidelines to MTCs that indicate circumstances in which a transaction might be considered as "unusual"* –Suriname has not as yet implemented a system for monitoring its MTO operators for compliance with the FATF Recommendations. This gap remains ***open.***

68. The other recommended actions have not as yet been addressed by Suriname. This Recommendation continues to remain ***outstanding.***

69. **Special Recommendation VII** was rated NC and the Assessors had recommended that Suriname *"Issue a law or regulation to implement the requirements"*. Suriname has pointed to the CDD measures of the CBS 2012 directives as satisfying this recommended action. At **Directive I** of the **CBS' 2012** directives financial institutions are required to apply CDD procedures when carrying out occasional transactions in certain circumstances. These circumstances include wire transfers. According to essential criterion VII.1 however, the trigger for action by financial institutions is threshold based (EUR/USD 1000 or more). By linking SR VII obligations to occasional transactions, implementation would result in all non-occasional transactions falling below the radar and thus the data required to be captured, pursuant to SRVII.1 would not be particularised. In addition to the above none of the other essential criteria appear to have been introduced in Surinamese legislation. This gap remains ***open.***

70. For **Special Recommendation VIII** Suriname was rated as being NC and the Assessors had noted a complete absence of an adequate legislative and regulatory system for the prevention of misuse of the non-profit sector by terrorists or for terrorism purposes. The MER at paragraph 611 (Suriname 3rd Round MER) had noted that *"There were no specific laws and regulations with regards to NPO*s" To cure this deficiency, the Assessors had recommended that Suriname "*Should see to it that laws are passed and other targeted measures taken to avoid the misuse of NPOs for FT".* As Suriname has not as yet taken this recommended action on board, this Recommendation remains ***outstanding.***

71. For **Special Recommendation IX** the second follow-up Report (Suriname 2nd Follow-up Report) had noted Suriname's intention to introduce a border management system

("BMS") in July 2012. Suriname has now indicated that this system will be introduced, in a pilot phase, in November, 2012. Suriname is also in the process of drafting an embarkation card which is expected to contain ML aspects. This Special Recommendation remains ***outstanding.***

CONCLUSION

72. Legislatively Suriname has made significant concrete progress since the second follow-up Report. Additionally, the Jurisdiction has shown a keen willingness to comply with the requirements set by the CFATF ICRG towards implementing the measures outlined in its Action Plan, within the agreed timeframes. The WID and MOT Acts, which were enacted on August 9th 2012, have had the effect of fixing many of the deficiencies for the Core Recommendations. In this regard the status of Recommendation 5 has significantly improved; all the gaps for Recommendation 10 have been closed and Recommendations 13 and SRIV now have just a small number of outstanding Assessors recommendations to be addressed. For the 'Other' Recommendations, 6, 8, 11, 14, 18, and 22 have been closed. The April 2012 CBS directives are complementary to many of the provisions of the MOT and the WID but Suriname has not demonstrated a history of having successfully imposed any sanctions for breach of its CBS directives and this leaves the enforceability of the 2012 directives questionable. Overall however there are several Core and Key Recommendations that continue to remain outstanding which the Jurisdiction has committed to curing within the next six (6) months.

73. Based on the above, Plenary is being asked to keep Suriname in enhanced follow-up to report back to the May 2013 Plenary where it is expected that the status of the Key Recommendations would have significantly improved.

CFATF Secretariat
November 2012

Matrix with ratings and follow-up action plan 3rd round Mutual Evaluation
Suriname August 10, 2012

Forty Recommendations	Rating	Summary of factors underlying rating[1]	Recommended Action	Action Undertaken
Legal systems				
1. ML offence	PC	• Not all designated categories of predicate offences are covered in the absence of the criminalization of 'terrorism and financing of terrorism' and 'insider trading and market manipulation' in Suriname penal legislation; • It is virtually impossible to do any assertion with regards to the effectiveness and efficiency of the systems for combating ML, due to the lack of comprehensive and reliable (annual) statistics. • Evidentiary requirements for autonomous ML still untested (effectiveness issue).	i. It is recommended that legislation is adopted to make insider trading and market manipulation and terrorism and the financing of the same offences under Surinamese laws.	i. CBS is drafting legislation regarding the supervision of the capital market. In this legislation insider trading and market manipulation will be criminalized. According to the Suriname ICRG/CFATF Action Plan 2012 this legislation should come into force before the end of this year. The Act penalizing Terrorism and the Financing of Terrorism (O.G. 2011 no. 96) (CFT legislation) came into force on July 30, 2011. In the legislation also amendments were made regarding the Fire arms Act (art. II) and the Act regarding suspicious transactions (MOT Act art. III). In general all categories of

[1] These factors are only required to be set out when the rating is less than Compliant.

			ii. Besides the criminalization of FT, local authorities should see to it, that, as soon as there is an act criminalizing the FT, comprehensive statistics be kept on the number investigations, prosecutions and convictions for the act of FT	predicate offences, related to money laundering are applicable to the financing of terrorism (art. I C sub art. 71a). That also includes acts in preparation of activities related to terrorism. ii. A template to keep comprehensive statistics on the number of investigations, prosecutions and convictions is developed and will be formally distributed in August 2012 to the stakeholders: FIU, Prosecutors office and the Central Bank . This is in line with the Suriname ICRG/CFATF Action Plan 2012.
2. ML offence – mental element and corporate liability	LC	• It is virtually impossible to do any assertion with regards to the effectiveness and efficiency of the systems for combating ML, due to the lack of comprehensive and reliable (annual) statistics. • Evidentiary requirements for autonomous ML still untested (effectiveness issue).	i. Besides the criminalization of FT, local authorities should see to it, that, as soon as there is an act criminalizing the FT, comprehensive statistics be kept on the number investigations, prosecutions and convictions for the act of FT	A template to keep comprehensive statistics on the number of investigations, prosecutions and convictions is developed and will be formally distributed in August 2012 to the stakeholders: FIU, Prosecutors office and the Central Bank. This is in line with the Suriname ICRG/CFATF Action Plan for 2012.
3. Confiscation and provisional measures	PC	• No legal basis for the confiscation of TF related assets, in the absence of a TF offence	i. The two shortcomings are the fact that the FT is no offence under Surinamese laws, and there are no statistics available	Terrorism has been penalized in art. I A of the Act dated July 29, 2011 (O.G. 2011 no. 96). The financing of terrorism is penalized

		• It is impossible to assess the effectiveness and efficiency of the systems for combating ML, due to the lack of comprehensive and reliable (annual) statistics with respect to property / objects seized and confiscated.	to see how effective the legislation is in practice.	in art. IC of the same Act, in which art.71a was added to the Penal Code. Provisional and confiscation measures also related to TF are addressed, respectively in art. 82 and 82a of the Criminal Proceeding Code, and in art. 50, 50a, 50b and 50c of the Penal Code as amended in O.G. 2002 no. 67. A template to keep comprehensive statistics on the number of investigations, prosecutions and convictions is developed and will be formally distributed in August 2012 to the stakeholders: FIU, Prosecutors office and the Central. This is in line with the Suriname ICRG/CFATF Action Plan for 2012.
Preventive measures				
4. Secrecy laws consistent with the Recommendations	PC	• While most of the competent authorities have access to information, there are no measures allowing for the sharing of information locally and internationally.	i. The assessment team recommends that the relevant competent authorities in Suriname be given the ability to share locally and internationally, information	Article 9 of the MOT Act is revised in order to make sharing of information possible, both, locally and internationally. In line with the Suriname ICRG/CFATF Action Plan for 2012, this legislation was adopted by

		• There are no measures for the sharing of information between financial institutions as required by Recommendations 7 and 9 and Special Recommendation VII.	they require to properly perform their functions.	Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012. The Banking and Credit System Supervision Act, which entered into force on November 23rd 2011, gives the CBS the authority to enter into information exchange agreements (MOU's) with supervisory authorities abroad (art. 46).
5. Customer due diligence	NC	• All financial institutions should be fully and effectively brought under AML and CFT regulation and especially under the broad range of customer due diligence requirements. The definition of "financial activities" should be updated in accordance with the definition of "financial activities" in the FATF Methodology.	Suriname should implement the following elements from Recommendation 5 which have not been fully addressed:	By amending the WID Act and the MOT Act, Suriname has implemented the following elements from Recommendation 5. In line with the Suriname ICRG/CFATF Action Plan for 2012, legislation regarding the following elements was adopted by Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012.
		• Financial institutions should be required to undertake full CDD measures when carrying out occasional transactions that are wire transfers in circumstances covered by the Interpretative Note to SR VII or occasional transactions above the applicable threshold of USD/EUR 15.000;	i. All financial institutions should be fully and effectively brought under AML and CFT regulation and especially under the broad range of customer due diligence requirements;	i. The CBS has issued in April 2012, new AML/CTF regulations for the financial sector . These new regulations are in line with the recommendations of the MER with regard to: Comprehensive CDD requirements, Peps, cross border correspondent banking, none face to face transactions,

		• There is no legal requirement to undertake CDD measures in cases where there is a suspicion of terrorist financing and in cases where there are doubts about the veracity or adequacy of previously obtained customer identification data. • There is no legal requirement to verify the legal status of legal arrangements like trusts and understand who is (are) the natural person(s) that ultimately owns or control the customer or exercise(s) effective control over a legal arrangement such as a trust. • There is no legal requirement regarding identification and verification of the beneficial owner of a legal person. • There is no legal requirement to obtain information on the purpose and intended nature of the business relationship. • No specific requirement to perform ongoing due diligence on business relationships. • Performing enhanced due diligence on higher risk categories of	ii. The definition of "financial activities" should be updated in accordance with the definition of "financial activities" in the FATF Methodology; iii. Financial institutions should be required to undertake full CDD measures when carrying out occasional transactions that are wire transfers in circumstances covered by the Interpretative Note to SR VII or occasional transactions above the applicable threshold of USD/EUR 15.000; iv. The requirement to undertake CDD measures in cases where there is a suspicion of terrorist financing and in cases where there are doubts about the	KYC regarding third parties and beneficiaries, recordkeeping, enhanced due diligence on high risk and complex transactions. ii. Legislation amending the MOT Act and the WID Act, art. 1, in order to bring the definition of financial activities in accordance with the FATF Methodology was adopted by Parliament. iii. In legislation amending the WID Act, ART. I sub B amendments are made to art. 2, requiring CDD measures when carrying out wire transfers for occasional transactions. iv. In legislation amending the WID Act, ART. I sub F and G amendments are made to art. 4 and 6, in order to update previously obtained CDD information and to keep it relevant. v.

		customers, business relationships or transactions. • There should be some consideration/assessment made based on which there is a satisfaction about compliance with the Recommendations by countries which are currently seen as compliant without any doubt. • There are no general requirements to apply CDD measures to existing customers on the basis of materiality and risk. • When regulating the identification and verification of beneficial owners, a requirement to stop the financial institution from opening an account, commence business relations or performing transactions when it is unable to identify the beneficial owner satisfactorily is needed. • There is no legal requirement to terminate the business relationship and to consider making a suspicious transaction report when identification of the customer cannot be performed properly after the relationship has commenced.	veracity or adequacy of previously obtained customer identification data; v. The requirement to verify the legal status of legal arrangements like trusts and understand who is (are) the natural person(s) that ultimately owns or control the customer or exercise(s) effective control over a legal arrangement such as a trust; vi. The requirements regarding identification and verification of the beneficial owner for legal persons, including the obligation to determine the natural persons who ultimately own or control the legal person; vii. The obligation to obtain information on the purpose and intended nature of the business relationship;	In legislation amending the WID Act, ART. I sub E a new art. 3a is added, regarding CDD measures for Suriname and foreign legal persons. vi. In legislation amending the WID Act, ART. I sub G provisions has been included regarding the identification requirements of the beneficial owner for legal persons. vii. In legislation amending the WID Act, ART. I sub D amendments are made to art. 3, with the obligation to obtain information regarding the purpose and nature of the business relation. viii. In legislation amending the WID Act, ART. I sub G amendments are made to art. 6, in order to update previously obtained CDD information and to keep it relevant. ix.

			viii. No specific requirement to perform ongoing due diligence on business relationships;	In legislation amending the WID Act, ART. I sub F amendments are made to art. 4 for enhanced due diligence on higher risk categories of customers, business relations and transactions.
			ix. Performing enhanced due diligence on higher risk categories of customers, business relationships or transactions;	x. In legislation amending the WID Act, ART. I sub K adds a new art. 10 requiring special attention regarding business relations and transactions with natural and legal persons from countries or territories with none or less compliance with international recommended AML/CFT requirements.
			x. There should be some consideration/assessment made based on which there is a satisfaction about compliance with the Recommendations by countries which are currently seen as compliant without any doubt;	xi. In legislation amending the WID Act, ART. I sub F and G amendments are made to art. 4 and 6, in order to apply CDD measures to existing clients on the basis of the business relationship or nature and higher risks of transactions to be conducted.
			xi. There are no general	xii. In legislation amending the WID Act, ART. I sub C adds a new article 2a section 3 and 4, prohibiting a transaction to be

			requirements to apply CDD measures to existing customers on the basis of materiality and risk; xii. When regulating the identification and verification of beneficial owners, a requirement to stop the financial institution from opening an account, commence business relations or performing transactions when it is unable to identify the beneficial owner satisfactorily. xiii. The requirement to terminate the business relationship and to consider making a suspicious transaction report when identification of the customer cannot be performed properly after the relationship has commenced.	conducted if identification and verification of the client pose difficulties and as a last resort the business relation can be terminated. xiii. In legislation amending the WID Act, ART. I sub C adds a new article 2a section 4 which requires termination of the business relationship. Accordingly the business relation will be terminated.

6. Politically exposed persons	NC	• Suriname has not implemented any AML/CDD measures regarding the establishment and maintenance of customer relationships with politically exposed persons (PEP´s).	i. Suriname should implement the necessary requirements pertaining to PEPs.	Legislation to amend article 1, art. 4 and art. 9 of the WID act, in order to include AML/CDD measures regarding PEPs was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012. The CBS has issued in April 2012, new AML/CTF regulations for the financial sector in line with the recommendations of the MER with regard to comprehensive CDD requirements for Peps.
7. Correspondent banking	NC	• There are no legal requirements applicable to banking relationships.	i. With regard to correspondent banking, financial institutions should be required to determine that the respondent institution's AML/CFT controls are adequate and effective, and regarding payable through accounts, to be satisfied that the respondent has performed all normal CDD obligations.	Legislation to amend article 1, 4, 13 and 14 of the WID act, introducing legal requirements applicable to correspondent banking relationship was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012. The CBS has issued in April 2012, new AML/CTF regulations for the financial sector in line with the recommendations of the MER with regard to comprehensive CDD requirements related to cross border correspondent banking.
8. New technologies & non face-to-	NC	• The (legal) requirement for financial institutions to have policies in place or take such	Suriname should also implement the necessary requirements pertaining non-face to face	Legislation amending article 11 of the WID act, which require financial institutions to pay

face business		measures as may be needed to prevent misuse of technological developments in ML or TF schemes is not covered.	business relationships or (ongoing) transactions. In addition, steps should be taken to ensure that financial institutions have policies in place or take such measures as may be needed to prevent the misuse of technological developments in ML or TF schemes.	special attention to ML/TF threats that can arise from new or developing technologies and to have policies and procedures in place to address specific risks associated with non face to face business relations or transactions was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012. These non-face to face businesses are also addressed by the new CBS AML/CFT regulations for the financial sector and are among others: internet banking, phone banking, POS payments, reloadable or account-linked value cards.
9. Third parties and introducers	NC	• There is no legal provision that addresses the reliance on intermediaries or third party introducers to perform some of the elements of the CDD process or to introduce business. • Financial institutions are not required to take adequate steps to satisfy themselves that copies of the relevant documentation will be made available from the third party upon request without delay • There is no requirement that the	i. If financial institutions are permitted to rely on third parties or introducers the Surinamese legislation needs to be adjusted accordingly. If financial institutions are not permitted to rely on third parties or introducers for some elements of the CDD process, the law or regulation should specify this	Legislation amending article 12 of the WID act, permitting financial institutions to rely on the client screening performed by another financial service provider having its registered office in Suriname with regard to a client introduced by this financial service provider, was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012. According to this new legislation

		financial institution must be satisfied that the third party is regulated and supervised and has measures in place to comply with the CDD requirements. • In determining in which countries the third party that meets the conditions can be based, competent authorities do not take into account information available on whether those countries adequately apply the FATF Recommendations. • There is no legal provision that indicates that the ultimate responsibility for customer identification and verification remains with the financial institution relying on the third party.		the ultimate responsibility for customer identification and verification remains with the financial institution which relies on the introducer. The CBS has issued in April 2012, new AML/CTF regulations in line with the recommendations of the MER which contain criteria for financial institutions who rely on intermediaries.
10. Record keeping	PC	• No requirement to keep all documents recording the details of all transactions carried out by the client in the course of an established business relationship. • No requirement to maintain account files and correspondence for at least five years following termination of an account or relationship. • No general requirement in law or regulation to keep documentation longer than 7 years if requested by a	i. There should be a requirement to keep all documents, which record details of transactions carried out by the client in the course of an established business relationship, and a requirement to keep all documents longer than 7 years (if requested to do by an competent authority).	i. In this regard article 8 of the ID law requires all service providers to keep all documents, which record details of transactions carried out by the client in the course of an established business relationship, longer than 7 years (if requested to do by an competent authority). ii. Legislation amending article 8 of the WID Act, in order to make it

		competent authority. • There is no general requirement for financial institutions to ensure that all customers and transactions records and information are available on a timely basis to domestic competent authorities upon appropriate authority.	ii. There should be a requirement for financial institutions to ensure availability of records to competent authorities in a timely manner.	possible to continue recordkeeping of details regarding transactions which has been carried out by a client, for a period longer than 7 years, once requested by a competent authority was adopted by Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012.
11. Unusual transactions	NC	• No requirement to pay special attention to all complex, unusual large transactions, or unusual patterns of transactions, that have no apparent or visible economic or lawful purpose. • The obligation to examine as far as possible the background and purpose of the transaction and to set forth the findings in writing is not dealt with explicitly in the legislation. • No specific requirements for financial institutions keep findings regarding examinations about complex, unusual large transactions available for competent authorities and auditors for at least five years	i. There should be a requirement for financial institutions to pay special attention to all complex, unusual large transactions, or unusual patterns of transactions, that have no apparent or visible economic or lawful purpose.	i. Article 10 of the WID Act was amended. Financial institutions are now required to pay special attention to all complex, unusual large transactions and all unusual patterns of transactions which have no apparent economic or feasible lawful purpose. The background and purpose of such transactions should be examined, the findings should be established in writing and be available for competent authorities for seven years. Upon request of a competent authority, the findings should be available for a longer period. In line with the Suriname ICRG/CFATF Action Plan for 2012, this new legislation was

			ii. There should be requirement for financial institutions to examine as far as possible the background and purpose of the transaction and to set forth the findings in writing and to keep these findings available for competent authorities and auditors for at least five years.	adopted by Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012. ii. The CBS has issued in April 2012, new AML/CTF regulations for the financial sector in line with the recommendations of the MER with regard to the aspects of complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose.
12. DNFBP – R.5, 6, 8-11	NC	• The ID law does not contain any provisions with regard to the supervision of DNFBPs on their compliance with their obligations pursuant to the ID law; • There is a significant lack of guidance to the DNFBPs as to the proper application of the identification obligations pursuant to the ID law; • There is no public entity or government agency explicitly tasked with guidance and supervision for DNFBPs with respect to their obligations under the ID law; • The ID law lacks an effective	Suriname should modify the ID law in order for it to cover the full range of CDD measures as set out in the FATF standards Suriname should introduce in the ID law or in another law provisions regarding the supervision of the DNFBPs on their compliance with the	In line with the Suriname ICRG/CFATF Action Plan for 2012, Suriname has modified the ID law to cover the full range of CDD measures as set out in the FATF standards. This legislation was adopted by Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012. In this regard, the following elements are implemented in the ID law. A new article 22 has been added to the MOT Act, regarding supervision of the DNFBP's, respectively the Gaming Board for

		sanctioning system; • The above leads to an overall problem of effectiveness of the ID law in so far as it concerns DNFBPs; • The registration system for legal persons is not always adequate, thereby hampering certain DNFBPs to properly identify the persons behind a legal person involved in a transactions • The ID law does not contain specific provisions regarding the identification by the DNFBPs of the ultimate beneficiary owner; • The ID law does not contain explicit provisions regarding transactions carried out by DNFBPs involving ultimate beneficiary owner; • DNFBP-specific laws such as the new Law on lawyers, which may	identification requirements of the ID law. In doing so Suriname should set out the supervisory instruments and powers, and designate a public entity or government agency tasked with the actual supervision of DNFBPs. Suriname should introduce in the ID law or in another law provisions enabling effective, proportionate and dissuasive sanctioning of non-compliance by DNFBPs with their obligations pursuant to the ID law. More specifically Suriname should consider the introduction of administrative sanctioning of violations of the ID-law by DNFBPs next to the existing general criminal sanctioning provision of article 10 of the ID law. In doing so Suriname should also designate a public entity or government agency tasked with the imposition of the administrative sanctions on non-compliant DNFBPs. Suriname should provide proper, continuous and effective guidance to the DNFBPs on the purpose	the casinos and lotteries and MOT to supervise the other DNFBP's as mentioned in the Act. The new art. 22 of the MOT Act enables the supervisory authorities to impose administrative sanctions once a service provider does not comply with the obligations pursuant to the law. The supervisory authorities will deposit the collected fines and collection costs in the treasury. FIU has started awareness raising sessions for all service providers since 2009, and will continue doing this. On the 28th of February 2012 an awareness raising session for financial and non-financial service providers and all other stakeholders was held in collaboration with the CFATF.

		provide for useful additional identification requirements, have not been fully implemented; • The ID law requires only civil notaries, accountants and lawyers to establish the transaction amount when recording additional personal data of the customer	and compliance with the ID law, in order to raise their awareness of their obligations and responsibilities under the ID law and to facilitate and enhance their compliance. The ID law should contain more specific provisions for the identification of the ultimate beneficiary owners involved in transactions carried out by DNFBPs. DNFBPs should also be required to understand the ownership and control structure of the customers, and to determine who are the natural persons that ultimately own or control the customer. Article 4, first section, of the ID law, which deals with identification of natural persons	In the WID Act a new art. 3a has been added regarding special CDD measures relating to local and foreign legal persons, public corporations and religious organizations. Legislation to require identity establishment of a natural person acting on behalf of another when providing a service as meant in paragraph d of article 1 of the ID law was adopted by Parliament. The ID law was modified, art. 1 sub q, art 2 and art. 2a, so as to inquire about ownership and control structure of the customers, and to determine who the natural persons are that ultimately own or control the customer. The ID law, art. 4, was modified, so as to require identity establishment of a natural person acting on behalf of another for all services provided, financial and non-financial.

			acting on behalf of a customer, requiring DNFBPs in the process to establish the identity of such a natural person prior to the provision of a financial service, should be modified so as to requiring identity establishment of a natural person acting on behalf of another when providing a service as meant in paragraph d of article 1 of the ID law. Article 7, second section, of the ID law should be expanded to require other DNFBPs besides currently civil notaries, accountants and lawyers, to record the transaction amount as part of the identification requirements pursuant to article 7 and 3 of the ID law. Suriname should improve its registration system for legal persons, especially for foundations, in order to better enable DNFBPs to better comply with their identification obligations under the ID law. Additionally, measures, including legal ones, should be taken to better enable DNFBPs to identify the ultimate beneficiary owner through the legal persons	

			registration system. Suriname should consider bringing the scope of the ID requirements for casinos, real estate agents, dealers in precious metals, dealers in precious stones, lawyers, civil notaries, accountants and other DNFBPs in accordance with essential criterion 12.1. This means introducing a monetary threshold for casinos, dealers in precious metals and dealers in precious stones, as well as a description of activities for real estate agents, lawyers, civil notaries, accountants and other legal professionals, for activities subject to the identification requirements. Suriname should fully implement the Law on lawyers. In doing so, Suriname might consider to have an order decree pursuant to article 34 of this law enacted with provisions on the identification of clients by lawyers, thereby further strengthening the identification framework for lawyers. Suriname may also consider introducing similar provisions for other professionals such as civil notaries and accountants.	

13. Suspicious transaction reporting	NC	• The reporting obligation does not cover transactions related to insider trading and market manipulation as these are not predicate offences for money laundering in Suriname. • There is no requirement to report suspicious transactions related to terrorist financing because the legislation on TF is not yet in place. • Not <u>all</u> institutions and DNFBPs that have a reporting requirement are fully aware of this requirement. • There is a concern on the quality of STRs under the objective criteria, since quite a lot of STRs do not contain the information as prescribed by article 12.2 of the MOT Act; only 32 out of 101 institutions file STRs that comply with the article 12.2 of the MOT Act. • There is a concern on the delay of STRs reported under the objective criteria; since this is virtually always done by using fixed period intervals, rather than without delay, as required by the MOT Act. • Reporting institutions mainly rely in the objective criteria to report and	The reporting obligation under the MOT Act should cover transactions related to insider trading and market manipulation. The reporting duty needs to be explicitly in the law to include all funds where there are reasonable grounds to suspect or they are suspected to be linked or related to, or to be used for terrorism, for terrorist acts, or by terrorist organizations or those who finance terrorism. The assessment team advises to include in the State Decree on Unusual Transactions the requirement to also report "attempted unusual transactions" The financial institutions that choose to use an UTR-interface for reporting purposes, should be obliged to improve the quality of the UTRs as soon as possible and	After criminalisation of insider trading and market manipulation, which legislation, as scheduled in the Suriname Action Plan to the ICRG, should come into force before the end of this year, the MOT Act will be amended to cover transactions related to insider trading and market manipulation. Based on art. III sub C of the CFT legislation (OG 2011 no. 96) UTR's are filed with the FIU regarding transactions, which are suspected to be related to terrorism, terrorist acts of terrorists organizations. Art 12 MOT Act already incorporates attempted unusual transactions. Sub 1 of art. 12 was amended in order to include UTR's based on TF (Art. III of the Terrorist Act (O.G. 2011 no. 96). Art. 12 of the MOT Act, explicitly requires reporting of all unusual transactions or attempted unusual transactions.

		pay little or no attention to elements that would make a transaction suspicious. • Overall serious concern about the effectiveness of the system	in such a way that the disclosures contain all information as prescribed by article 12.2. of the MOT Act. The authorities should consider whether the obligation to report unusual transactions "without delay" is sustainable. The FIU and other competent authorities should make an inventory to identify all financial institutions and DNFBPs that have a reporting requirement, reach out to these parties and apply sanctions in case of non-compliance. The FIU and other competent authorities should raise awareness and enhance the sensitivity of all	Sub 2 of art. 12, where the reporting requirements are stipulated was amended, obligating financial institutions to improve the quality of the UTRs. Enforcement of the obligation to report transactions without delay is supervised by the authorities mentioned in art. 22 of the MOT Act. In the legislation amending the MOT Act art. 22 has been added which gives the FIU the supervision over the DNFBP's. In this article sanctions are applied in case of non-compliance. This legislation was adopted by Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012. FIU has started awareness raising session for all service providers since 2009, and will continue.

			financial institutions and DNFBPs regarding money laundering and terrorist financing risks.	
14. Protection & no tipping-off	PC	• No compliance with the prohibition by law to disclose the fact that a UTR or related information is being reported or provided to the FIU, is not enforced by sanctions, as Suriname is lacking effective AML/CFT supervision.	Violation of the prohibition against tipping-off should be enforced by sanctions.	Art 22 and 23 of the Mot Act include sanctions in case of tipping-off. Legislation amending art. 25 of the MOT Act, which prohibits disclosure of data and information given or received in relation to the MOT Act, including data related to UTR's as mentioned in art. 12 sub 1 was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012. Violation of this prohibition is sanctioned in art. 21 of the MOT Act The new AML/CTF regulations of the CBS also address the aspects of protection and no tipping off.
15. Internal controls, compliance & audit	NC	No general enforceable requirements to: • Establish and maintain internal procedures, policies and controls to prevent money laundering and to communicate them to employees; • Designate compliance officers at management level;	i. The Surinamese authorities need to ensure that Recommendation 15 in all its aspects is clearly required by law, regulation or other enforceable means all of which requirements should be capable of being sanctioned.	The CBS has issued in April 2012, new AML/CTF regulations for financial institutions in line with the recommendations of the MER with regard to the internal control, compliance and audit. The regulations introduce a formal requirement for the

		• Ensure compliance officers have timely access to information; • Maintain an adequately resourced and independent audit function to test compliance with AML/CFT procedures, policies and controls; • Establish ongoing employee training; • Put in place screening procedures; • Ensure high standard when hiring employees.		financial sector to appoint a compliance officer, who will be responsible for the design and implementation of the compliance policy.
16. DNFBP – R.13-15 & 21	NC	The same deficiencies and shortcomings detected in the MOT legislative framework and its implementation with respect to the financial institutions recur with the DNFBPs. These include the absence of TF-related provisions, of compliance supervision, effective, proportionate and dissuasive sanctions to enforce compliance and the lack of clear and effective guidance; Due to practical constraints the FIU has been focusing primarily on financial institutions, further compromising the effectiveness of the reporting system for DNFBPs; The definition of legal professionals	Suriname should address the deficiencies and shortcomings noted in sections 2.5 and 3.7 regarding the functioning of the FIU and the application and enforcement of the provisions of the MOT Act and the Decree Indicators Unusual Transactions, since these are equally applicable to the DNFBPs. These include, but is not limited to, DNFBPs should also be required to understand the ownership and control structure of the customers, and to determine who are the natural persons that ultimately own or control the customer the introduction of adequate compliance supervision provisions in the MOT Act and the	Art 12 sub 1 of the MOT Act was amended in order to include UTR's based on TF (Art. III of the Terrorist Act (O.G. 2011 no. 96). Reporting by DNFBP's of ML/TF is based on art. 12 sub 1 of the MOT Act. Art. 22 sub 1c of the MOT Act gives the FIU the supervision over DNFBP's. Art 22 sub 2 gives FIU the authority to introduce AML/CFT guidelines. Art. 22 sub 3 and sub 4 introduces administrative sanctions. Art. 1 sub d of the MOT Act has been amended in order to include

		services in the MOT Act and the Decree Indicators Unusual Transactions is excessive while the legal professional secrecy of lawyers and civil notaries has not been taken into account; Only certain groups of DNFBPs or individual DNFBPs submit unusual transactions reports to the FIU; Deficient reporting of unusual transactions in which only unusual transactions based on objective indicators containing monetary thresholds are reported, while unusual transactions based on subjective indicators are not reported at all; No requirement with respect to the presence of AML/CFT programs as required by Recommendation 15; Absence of measures or legal basis for such measures with respect to countries that do not or insufficiently comply with the FATF Recommendations.	introduction of effective, proportionate and dissuasive sanctions in the MOT Act. The latter could be done by introducing administrative sanctions in the MOT Act. More specifically, Suriname should provide adequate and continuous guidance to the DNFBPs in order to reach and maintain satisfactory compliance with the MOT Act and the Decree Indicators Unusual Transactions. This guidance should have as one of its primary objectives the prompt and continuous reporting of transactions based on the subjective indicators as well as transactions based on the objective indicators. Suriname should bring the definitions of services by lawyers, civil notaries and other legal professionals in the MOT Act and Decree Indicators Unusual Transactions in line with the circumstances set out in essential criterion 16.1 of the Methodology. While doing so Suriname should also take the legal professional secrecy of lawyers and civil notaries into account.	a wide range of services performed by DNFBP's. In line with the Suriname ICRG/CFATF Action Plan for 2012, this legislation was adopted by Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012.

			Suriname should consider lowering the threshold amounts mentioned in the relevant objective indicators in order to better reflect the current realities of the Surinamese financial-economic situation, thereby increasing the amount of reports to be received pursuant to these indicators. It should be noted that a significant amount of subjective indicators described in the various categories are very broad and actually do not relate with the typical activities pursued by the relevant DNFBPs. For example, the subjective indicators for legal professionals cover various services which are typically financial services but are not services provided by legal professionals. Reference can be made to sections 7 up to and including 11 of the subjective indicators for legal professionals (category F of article 3 of the Decree Indicators Unusual Transactions). Suriname should address this issue in order to ensure effective reporting based on the subjective indicators.	

17. Sanctions	NC	• The range of sanctions is not sufficiently broad. There are no administrative sanctions, which can be imposed against financial institutions, directors, controlling owners and senior management of financial institutions directly for AML/CFT breaches. The available sanctions do not include the possibility to directly bar persons from the sector. Currently, there is not the general possibility to restrict or revoke a license for AML/CFT violations. • No requirement to report suspicion of terrorist financing and consequently no supervision of this issue. • The effectiveness of the overall sanctioning regime, at present, is questioned because penal sanctions have not been imposed for AML failings.	i. ii.	The assessment team recommends to include administrative (e.g. fines) or civil sanctions in the AML/CFT framework, which are in practise easier enforceable and in practice more effective than penal provisions. The range of sanctions should be broadened with administrative sanctions for financial institutions, DNFBPs, for directors and senior management of financial institutions, to include the more direct possibility to bar persons from the sector, to be able to more broadly replace or restrict the powers of managers, directors, or controlling owners for AML & CFT breaches. In addition, there should be	i. Art. 21 and 22 of the MOT Act include a wide range of penal and administrative sanctions to deal with natural and legal persons mentioned as service providers in the act, that fail to comply with AML/CFT requirements. In line with the Suriname ICRG/CFATF Action Plan for 2012, this legislation was adopted by Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012. ii. Based on art. 16 of the Banking and Credit system Supervision Act (O.G. 2011 no. 155), the CBS has the authority to issue AML/CFT regulations for financial institutions. Art. 56 of the Banking and Credit system Supervision Act, enables the CBS to impose fines for breaches of AML/CTF regulations. Based on art. 11 sub 1h of the Banking and Credit system Supervision Act the CBS will be able to revoke a license of a

				the possibility to restrict or revoke a license for AML and CFT violations.	financial institution for violations of AML/CTF regulations.
18. Shell banks	PC	• Measures to prevent the establishment of shell banks and to prevent financial institutions to enter into or continue a correspondent banking relationship with shell banks are not sufficiently explicit. • There is no specific enforceable obligation that requires financial institutions to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks	i. ii.	Suriname should review its laws, regulations, and procedures and implement a specific requirement that covers in a formal way, the prohibition on the establishment or continued operation with shell banks. There should a specific enforceable obligation on financial institutions to reassure themselves that a respondent financial institution in a foreign country does not permit its accounts to be used by shell banks.	i. Legislation amending the WID Act, art. 1 and 14, prohibits financial institutions to enter into a correspondent bank relation or to establish relations with shell banks. In line with the Suriname ICRG/CFATF Action Plan for 2012, this legislation was adopted by Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012. ii. Based on art. 14 sub.2of the WID Act financial institutions should also ensure that their foreign correspondent relations do not have accounts with, or facilitate shell banks. The CBS has issued in April 2012, new AML/CTF regulations for the financial sector in line with the recommendations of the MER with regard to prohibiting financial institutions to have correspondent bank relationships with shell banks.

19. Other forms of reporting	NC	• Feasibility and utility of CTR or threshold reporting has not been considered	i. Suriname should consider the feasibility and utility of implementing a system where financial institutions report all transactions in currency above a fixed threshold to a national central agency with computerized database.	
20. Other NFBP & secure transaction techniques	PC	Although real estate agents and car dealers are also subject to basically the same legal identification and reporting obligation as the DNFBPs meant in R.12 and R.16, the same legal and practical deficiencies are present; No obligation in the ID law for real estate agents and car dealers to establish the transaction amounts during the identification of their clients; Threshold for reporting of unusual transactions based on monetary objective indicator is too high; No measures are currently present encouraging the development and use of modern and secure techniques for conducting financial transactions that are less vulnerable to money laundering.	i. Suriname is urged to correct the deficiencies discussed in sections 4.1 and 4.2 of this report which are also present with respect to the real estate agents and car dealers. ii. Suriname should require the transaction amounts to be established as well when real estate agents and car dealers establish the identity of a client pursuant to the ID law. iii. Suriname should also consider lowering the threshold amounts mentioned in Decree Indicators Unusual Transactions in order to	i. The National AML commission has started the process of reviewing the State Decree Indicators Unusual Transactions regarding the transaction amounts that are required for all designated non financial businesses and professionals. Also the threshold amounts will be reviewed.

			improve the amounts of reports received based on the objective indicators. iv. As Suriname has a largely cash-based economy with a fairly large informal component it is encouraged to introduce measures for the development and use of modern and secure techniques for conducting financial transactions that are less vulnerable to money laundering	
21. Special attention for higher risk countries	NC	• No obligation to examine as far as possible the background and purpose of transactions with persons from countries which do not or insufficiently apply FATF Recommendations. • No specific requirements to keep written findings available to assist competent authorities and auditors. • No provision for the financial institutions to apply appropriate counter-measures against countries which do not or insufficiently apply the FATF.	i. Suriname should issue a law or regulation to implement the requirements of Recommendation 21.	Legislation amending the WID Act, art. 4 and 10, introducing legal requirements to pay special attention to transactions with persons and institutions from high risk countries, was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012. The CBS has issued in April 2012, new AML/CTF regulations for the financial sector in line with the recommendations of the MER with regard to transactions with countries that are considered to be high risk.

22. Foreign branches & subsidiaries	NC	• There is no general obligation for all financial institutions which ensures their branches and subsidiaries observe AML/CFT measures consistent with home requirements and the FATF Recommendations to the extent that host country laws and regulations permits; • There is no requirement to pay particular attention to situations where branches and subsidiaries are based in countries that do not or insufficiently apply FATF Recommendations; • Provision should be made that were minimum AML/CFT requirements of the home and host countries differ, branches and subsidiaries in host countries should be required to apply the higher standard to the extent that local (i.e. host country) laws and regulations permit; • No general obligation to inform the home country supervisor when a foreign branch or subsidiary is unable to observe appropriate AML/CFT measures.	1) There should be a binding obligation on all financial institutions: i. To pay particular attention to the principle with respect of countries which do not or insufficiently apply FATF Recommendations; ii. Where the minimum AML/CFT requirements of home and host country differ to apply the higher standard to the extent that host country laws permit; iii. To inform the home country supervisor when a foreign branch or subsidiary is unable to observe appropriate AML/CFT measures.	In accordance with art. 16 of the Bank and Credit System Supervision Act, the Central Bank has issued AML/CTF regulations that address the requirement for credit institutions to ascertain that said regulations also apply to their foreign branches and subsidiaries. If standards of the foreign country are higher, the highest standard should apply, notwithstanding the requirements of the home country.
23. Regulation, supervision and monitoring	NC	• Relevant supervisory authority has not been designated as responsible	i. A relevant supervisory authority should be	i Legislation which introduces a

		for ensuring the compliance of their supervised financial institutions and DNFBPs with AML/CFT requirements. • The money & value transfer companies, money exchange offices and stock exchange are not subject to AML/CFT supervision. • Money transfer offices and money exchange offices are not registered or licensed and appropriately regulated. • No requirement to report suspicion of terrorist financing and consequently no supervision of this issue.		designated as responsible for ensuring the compliance of their supervised financial institutions and DNFBPs with AML/CFT requirements.	new art 22 of the MOT Act gives supervisory authority to: a. CBS for the financial sector b. The Gaming Board for the gaming industry c. FIU for all other DNFBP's In line with the Suriname ICRG/CFATF Action Plan for 2012, this legislation was adopted by Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012.
			ii.	There should be a general requirement for money transfer offices and money exchange offices to be licensed or registered. In addition, money transfer offices and money exchange offices should also be made subject to a system for monitoring and ensuring compliance with the AML/CFT requirements.	ii The draft Act concerning the Supervision of money transfer offices (MTOs) and money exchange offices (MEOs) is already in Parliament. Discussions concerning the adoption of this draft act by Parliament will commence soon. Under the new legislation the CBS will be the sole licensing authority for MTOs and MEOs.
			iii.	Surinamese authorities	iii The CBS has drafted an act regarding supervision of capital market which will include the

			should consider regulating and supervising the Stock exchange for AML/CFT purposes.	stock exchange and securities firms.
24. DNFBP - regulation, supervision and monitoring	NC	No AML/CFT based regulation and supervision of casinos currently present. No adequate regulatory and monitoring measures regarding AML/CFT in place for the other categories of DNFBPs currently operating in Suriname	i. Suriname should effectively introduce as soon as possible an AML/CFT-based regulation and supervision of casinos in accordance with Recommendation 24. This includes the institution of a regulatory body with adequate powers and operational independence, and invested with sanctions instruments that are effective, proportionate and dissuasive ii. As for lawyers, Suriname should fully implement the Law on Lawyers, a.o. by making the Bar Association operational and providing this entity with all the instruments described in the Law. In doing so, Suriname should consider having the Bar Association issue one or more bar decrees on AML/CFT matters which	In the MOT Act a new art. 22 (sub 1b) has been added, which appoint the Gaming Board as the supervisory authority for casinos and lotteries. As supervisory authority the Gaming Board can issue AML/CFT guidelines. In the new art. 22 (sub 1c) the FIU is appointed as the supervisory authority for all other DNFBP's, and is authorized to issue AML/CFT guidelines. In line with the Suriname ICRG/CFATF Action Plan for 2012, this legislation was adopted by Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012.

			complement and support the current AML/CFT system set out in the ID law and the MOT Act. Suriname should also consider to remove the current ministerial authority set out in article 34 of the Law on Lawyers to annul a bar decree within a given period as this clearly undermines the independent status of the Bar Association. iii. Suriname should consider introducing SRO-style bodies for other (legal) professionals, such as civil notaries, accountants and tax advisors, with mandatory membership and authority to regulate and supervise these professionals. Given the total amount of for example civil notaries (currently 19 against a legal maximum of 20) this does seem quite feasible.	
25. Guidelines & Feedback	PC	• There is no requirement for the FIU to provide the financial institutions and DNFBPs with adequate and	i. Suriname is strongly urged to introduce guidelines for DNFBPs to assist them	According to art. 4 sub 2 of the MOT Act, the FIU will be able to provide feedback to DNFBP's in

		appropriate information on current ML and TF techniques, methods and trends (typologies) and sanitised examples of actual money laundering and terrorist financing cases. • There is no requirement for the FIU to provide the financial institutions and DNFBPs with an acknowledgement of receipt of the UTRs and whether a report is subject to legal principles, if a case is closed or completed, and if information is available, information on the decision or result. • No guidelines present for DNFBPs to assist them with the implementation and compliance with their respective AML/CFT requirements	with the implementation and compliance with their respective AML/CFT requirements. ii. The assessment team recommends the CBS to work together with the FIU and the Anti Money Laundering Commission in drafting guidelines for financial institutions (and DNFBPs) that give a description of money laundering and terrorist financing techniques and methods.	order to assist in applying national AML/CFT measures and in detecting and reporting suspicious transactions. Based on art. 4 sub 3 the FIU is authorized to issue guidelines regarding the reporting of UTR's. Based on art. 5 sub 3 MOT Act, the FIU can request the service provider to supply detailed information within a certain period of time. Based on art. 6 and 8 MOT Act, the FIU is required to provide information once requested by investigating and prosecuting agencies. Such requests should be channelled through the AG. Based on art. 22 sub 2 of the act, the FIU is authorized to issue AML/CFT guidelines for the DNFBP's. Based on art. 4 sub 2, of the act, the FIU will provide financial institutions, DNFBP's, prosecutors, investigators and the general public with typologies and methodologies in order to prevent and combat ML/CFT.

				In line with the Suriname ICRG/CFATF Action Plan for 2012, this legislation was adopted by Parliament on the 17th of July 2012 and entered into force on the 9th of August 2012.
Institutional and other measures				
26. The FIU	PC	• Overall problem of effectiveness • Insufficient use of the analytical and enquiry powers • Insufficient protection of the information and staff security • The FIU remit does not cover TF related disclosures	x. That the missing implementing legal instruments be drafted without further delay, so to consolidate the legal framework of the organisation and functioning of the FIU; xi. To substantially increase the human and financial resourcing of the FIU;	i By Ministerial decree of the Minister of Justice and Police, the organization chart of the Ministry of Justice and Police has been changed as of May 2011 and the FIU has been identified as an independent institute. Art 2 sub 1 of the amended MOT Act confirms the independent status of the FIU. ii FIU personnel have been increased from 4 to 12, including 4 analysts and 2 lawyers. The budget for the FIU has been incorporated in the budget of the Ministry of Justice and Police for the fiscal year 2012. iii Since September 2011 the FIU is

			xii. To move MOT to a location that ensures a secure conservation and management of the sensitive information and the safety of the staff;	located in a new building situated in the business area of Paramaribo. The office space 170 m2 with a 24/7 electronic security system. iv Since October 2009 a server (Local Area Network) is in use by the FIU to store information. Sensitive and confidential information are stored in a secured database. Backups are made once a week.
			xiii. To improve the IT security measures to protect the sensitive and confidential information;	v The FIU has started with awareness raising session for all service providers since 2009, and will continue.
			xiv. That the sensitisation and education of all reporting entities should be substantially enhanced by awareness raising sessions and typology feedback, aimed at an increased perception of suspicious activity to be reported;	vi Guidelines regarding mandatory reporting for the service providers are being drafted determining time limits for all reports.
			xv. To issue the necessary guidance to the sector stressing the importance of timely reporting,	vii According to art. 7 of the MOT Act, the FIU can, on a case to case

			particularly of suspicious activity; xvi. To increase the quality of the analytical process by systematically querying all accessible sources, particularly the law enforcement and administrative data (including tax information); xvii. To fully exploit all possibilities of information collection, particularly by having the supervisory and State authorities report as provided by the Law; xviii. Finally, to intensify the efforts for the analysts to acquire better knowledge and insight in money laundering techniques and schemes.	basis, requests information from law enforcement and governmental agencies, to be used in the analytical process. viii idem ix Ongoing training of FIU staff. November 2009 orientation visit to the FIU in Belgium, march 2010 visit to FIU N.A. November 2009 Tactical Analysis Course for FIU personnel (by Egmont instructor mr. Dambruck) In cooperation with the US Treasury Department analysis and supervision training will start in October 2012.
27. Law enforcement authorities	PC	• No designated financial investigation team until recently – effectiveness untested • Loss of effectiveness by - insufficient focus on the	The performance of the AML/CFT effort should be enhanced by: i. A better interaction between the FIU and the	Interaction between Police (FOT) and FIU has been improved. Members of the Financial Investigative Team (FOT) have participated in a training course

		financial aspects of serious criminality - unsatisfactory exploitation of FIU reports a. non-observance of the legal obligation to spontaneously informing MOT of ML relevant information	police ii. A more efficient use of the information supplied by the FIU iii. A reinforced focus on the financial aspects when investigating (proceeds generating) offences	hosted by CIFAD in march 2012 in Paramaribo. In April 2012 two members of the FOT team have attended a financial investigating training seminar in France. In cooperation with the US Treasury Department financial investigative training will start in October 2012.
28. Powers of competent authorities	C	This Recommendation has been fully observed		
29. Supervisors	NC	• The CBS should have the authority to conduct inspections of relevant financial institutions including on-site inspection to ensure compliance. • The CBS should have the general power to compel production or to obtain access to all records, documents or information relevant to monitoring compliance. • The CBS should have adequate powers of enforcement and sanction against financial institutions and their directors or senior management for failure to comply with the AML/CFT requirements.	i. The CBS should have the general power to compel production or to obtain access to all records, documents or information relevant to monitoring compliance. ii. The CBS should have the authority to conduct inspections of all relevant financial institutions including on-site	i According to Article 29 of the Banking and Credit System Supervision Act CBS is authorized to conduct (on-site) inspections to ensure compliance with AML/CTF regulations for all supervised banks. Similar legislation has been drafted to address the aspect of inspection by CBS of MTOs and MEOs. ii According to Articles 17 and 55 of the Banking and Credit System Supervision Act, CBS has the authority to enforce the AML/CTF regulations and impose sanctions.

			inspection to ensure compliance. iii. The supervisor should have adequate powers of enforcement and sanction against financial institutions and their directors or senior management for failure to comply with the AML/CFT requirements	iii In the MOT Act a new article 22 has been added appointing the CBS as AML supervisor of the financial sector. Under this legislation adequate powers of enforcement and sanction for failure to comply with AML/ CFT requirements is given to CBS. In line with the Suriname ICRG/CFATF Action plan for 2012, this legislation was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012.
30. Resources, integrity and training	PC	FIU: • Serious capacity problem by lack of adequate financial and human resources • Analyst training rather basic PP: • Low number of PP magistrates disproportionate to workload SUPERVISORS (CBS): • Insufficient staffing for (future) AML/CFT supervision on all FI	i. To substantially increase the human and financial resourcing of the FIU; ii. The CBS should consider creating a team of examiners specialising in AML/CFT measures that check financial institutions compliance with AML/CFT on an ongoing	FIU personnel have been increased from 4 to 12, including 4 analysts and 2 lawyers. The FIU is looking into increasing the staff. The CBS will increase the number of examiners. All examiners will be trained in conducting AML/CFT examinations by the US Treasury Department. PP

		• No adequate training on AML/CFT issues	basis for all supervised entities.	Within the office of the Attorney general, a senior prosecutor was appointed in order to instruct and guide FOT/KPS in the investigation of ML/TF cases. In 2013, 9 persons will complete their 5 years period in order to become a junior prosecutor. They also receive training to investigate and prosecute ML/TF cases.
31. National co-operation	LC	• The legal mandate of the existing monitoring and advisory body does not extend to cooperation and coordination	i. Although the legal mandate of the AML Commission does not include the coordination and cooperation between the different competent authorities, in practice it already goes some way in that direction. It could be an option to give this body a more permanent and structural character, with extension of its mandate to expressly include coordination of the AML/CFT effort and streamlining the cooperation between the relevant actors, but this matter is obviously the	As of December 9th 2011 a AML Steering Council was established consisting of the Minister of Justice and Police, Minister of Finance and the President of the Central Bank. This council constitutes a partnership to strengthen the legal framework for countering ML and TF and to strengthen the supervision structure for the financial and non-financial sectors.

			sovereign decision of the government. The relatively small size of the Suriname society is already a facilitating factor for an efficient communication and cooperative relation between the relevant actors.	
32. Statistics	NC	Lack of comprehensive and reliable (annual) statistics on the number of ML investigations. No policy of keeping comprehensive statistics at the Public Prosecutor's level Lack of comprehensive and reliable (annual) statistics with respect to property / objects seized and confiscated. MLA: no statistical information on the nature of the requests, on the number and reasons of refusal, nor on the time required to respond Extradition: no information on the underlying offence and response time Supervisor: no statistics on request for assistance	Besides the criminalization of FT, local authorities should see to it, that, as soon as there is an act criminalizing the FT, comprehensive statistics be kept on the number investigations, prosecutions and convictions for the act of FT i. The CBS should be given additional resources to be allocated for AML/CFT supervision and maintain statistics of the number of on-site inspections conducted and sanctions applied. ii. The competent authorities do not keep annual statistics on the number of cases and the amount of property	i. A template to keep comprehensive statistics on the number of investigations, prosecutions and convictions is developed and will be formally distributed in August 2012 to the stakeholders: FIU, Prosecutors office and the Central Bank. (This is in line with the Suriname ICRG/CFATF Action Plan for 2012). ii. The Central Bank will keep statistics of AML/CFT onsite inspections. They will also keep track of sanctions applied. The Bank will also keep record of

			seized and confiscated relating to ML, FT and criminal proceeds. No comprehensive statistics are maintained on the number of cases and the amounts of property seized and confiscated relating to underlying predicate offences. iii. The CBS should keep statistics on formal requests for assistance made or received by law enforcement authorities relating to money laundering or financing terrorism, including whether the request was granted or refused. iv. The authorities should endeavour to maintain more detailed statistics allowing them to assess and monitor the performance of the MLA regime.	formal request by law enforcement authorities and the decisions on such request.
33. Legal persons – beneficial owners	NC	• There are no measures to prevent the unlawful use of legal persons in relation to money laundering and terrorist financing; • There is no adequate transparency concerning the beneficial ownership	Suriname should take measures to prevent the unlawful use of legal persons in relation to money laundering and terrorist financing. There should be adequate transparency concerning the beneficial ownership and control	According to art. 3a of the MOT Act, provisions are established regarding a transparent system of identification of local and foreign legal persons. Special provisions have been made in art. 3a sub 4 for the identification of religious

		and control of legal persons; • The information at the registries can not be trusted. They are not kept up to date.	of legal persons. The first time a foundation, public limited company, co-operative society / association or association is registered, the information about the directors is at hand and (most of the time) accurate. However there is no information regarding the (ultimate) beneficial owner and changes in directors or beneficial owners are not communicated with the registrars. Measures should be taken to ensure that the information with the different registrars is accurate and kept up to date. Measures will have to be taken to prevent the misuse of bearer shares for ML.	organization. According to art. 6 jo. Art. 4 of the MOT Act, special attention is required for business relationships and transactions regarding the identification of beneficial owners and control of legal persons. In line with the Suriname ICRG/CFATF Action plan for 2012, this legislation was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012. Based on art. 22 of the Bank and Credit System Supervision Act it is prohibited to use bearer shares in credit institutions. Furthermore all shareholdings of 5% or more are subject to permission from the CBS.
34. Legal arrangements – beneficial owners	N/A	• Suriname does not have trusts or other legal arrangements.		
International Co-operation				
35. Conventions	PC	• No signing, ratification and implementation of the TF Convention; no full and effective implementation of the relevant	i. Suriname should take the necessary steps to fully and effectively implement the Vienna and Palermo	i. Several core principles of the Vienna Convention and the Palermo convention have already

		provisions of the Vienna and Palermo Convention	Conventions ii. Suriname should forthwith initiate the accession procedure to the CFT Convention and take the necessary implementation steps. iii. UN Res. 1267 and 1373 should be implemented fully and without delay (see comments above on SRIII).	been incorporated in domestic law. ii. Draft legislation to become part of the CFT UN convention is in Parliament. According to the Suriname Action Plan to the ICRG, this legislation should come into force by mid August 2012. The CFT legislation (O.G. 2011 no. 96) is in accordance with the recommendations of the UN/CFT Convention. ART. I A sub 8, of the CFT legislation explicitly refer to the UN convention. iii. Provisions have been incorporated in the CFT Act (O.G. 2011 no. 96) implementing UN Res. 1373. ART IA sub 9, 71 a, 111a, 111b, 160 b, 188a, 228a, 228b of the CFT Act (O.G. 2011 no. 96) i.a. criminalizes the willful provision or collection, directly of indirectly with the intention that the funds will be used in order to carry out terrorist acts.
36. Mutual legal assistance (MLA)	C	This Recommendation has been fully observed.		
37. Dual criminality	PC	• Restrictive and formalistic	i. In order to enhance the	i.

		interpretation of the dual criminality principle impeding cooperation on the basis of mutually criminalised conduct, also affecting the effectiveness of the MLA system • Formalistic and restrictive interpretation of the dual criminality rule impeding extradition based on mutually criminalised conduct • Effectiveness cannot be assessed on the basis of the available information	quality and comprehensiveness of its MLA system, the Suriname authorities should endeavour to complete their penal legislation with a speedy introduction of the missing designated predicate offences (insider trading and stock market manipulation) and the offence of terrorism financing, so as to avoid all prohibitions resulting from the dual criminality principle. ii. The narrow and legalistic interpretation of the dual criminality principle should be put to the test and efforts should be made to try and create jurisprudence which would bring the application of this (rightful) principle in line with the broader	In the Act penalizing Terrorism and the Financing of Terrorism (O.G. 2011 no. 96) in general all categories of predicate offences, related to money laundering are applicable to the financing of terrorism (art. I C sub art. 71a). This also includes acts in preparation of activities related to terrorism. CBS is drafting legislation regarding the supervision on capital markets in this legislation insider trading and market manipulation are criminalized according to the Suriname Action Plan this legislation should come into force before the end of the year. **ROY**

			international standard, which only requires the underlying conduct to be criminalised by both countries. Legal certainty on the capability to execute foreign confiscation orders should be ensured, if necessary through specific legislation.	
38. MLA on confiscation and freezing	PC	• Seizure and confiscation possibilities negatively affected in the MLA context by the non-criminalisation of all designated predicate offences and TF. • No formal legal basis for enforcement of foreign confiscation orders.	i. In order to enhance the quality and comprehensiveness of its MLA system, the Suriname authorities should endeavour to complete their penal legislation with a speedy introduction of the missing designated predicate offences (insider trading and stock market manipulation) and the offence of terrorism financing, so as to avoid all prohibitions resulting from the dual criminality principle. ii. The narrow and legalistic interpretation of the dual	According to art. 71a of O.G. 2011 no. 96, seizure and confiscation of goods and values, related to all designated predicate offences, including TF, has been made possible. Provisional and confiscation measures also related to TF are addressed, respectively in art. 82 and 82a of the Criminal Proceeding Code, and in art. 50, 50a, 50b and 50c of the Penal Code as amended in O.G. 2002 no. 67.

			criminality principle should be put to the test and efforts should be made to try and create jurisprudence which would bring the application of this (rightful) principle in line with the broader international standard, which only requires the underlying conduct to be criminalised by both countries. Legal certainty on the capability to execute foreign confiscation orders should be ensured, if necessary through specific legislation.	
39. Extradition	LC	• Extradition grounded on certain designated predicate activity is subject to challenge	i. The deficiencies established in respect of the criminalisation of all designated predicate offences and terrorism financing should be remedied forthwith. Also the restrictive interpretation of the dual criminality principle should be subject to reconsideration.	Money laundering and terrorist financing are extraditable offences. Nationals who committed ML/TF crimes abroad cannot be extradited. Based on article 466a of the Criminal Proceeding Code, the AG can request the competent judicial authorities of the foreign country to transfer the ML/TF cases for the purpose of prosecution.

40. Other forms of co-operation	PC	<u>FIU</u>: • Excessive treaty condition • No legal basis for collecting information at the request of a counterpart • Deficient protection of the exchanged information, both formally and physically <u>Supervisor</u> • No legal basis for mutual assistance and information exchange with counterparts	<u>FIU</u> i. In order for MOT Suriname to legally and fully become a player in the international FIU forum and to comply with the present standards, it is recommended that: ii. The treaty condition should be discarded and replaced by the generally accepted rule of information exchange with its counterparts, based on reciprocity and the Egmont Principles of Information exchange. Ideally such exchange should be allowed on an ad hoc basis or, if deemed necessary, on the basis of a bilateral agreement between FIUs; iii. The Law should expressly allow MOT to collect information outside its register at the request of a counterpart FIU. One simple and adequate way to realise this is to put such foreign request legally at par with a disclosure, which would automatically bring them under the regime of art. 5	ii. Legislation amending art. 9 of the MOT Act, regarding the sharing of information, both, locally and internationally was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012. iii. Legislation amending art. 9 sub 2 of the MOT act, in order to maintain a line of communication with foreign FIU's, based on a MOU in order to share data was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012. iv. Conditions regarding the confidentiality status of the exchanged information will be included in the MOU.

			and 7 of the MOT Act; iv. The confidentiality status of the exchanged information should be expressly provided for to protect it from undue access or dissemination; v. The (physical) protection of the MOT data-base and its offices be upgraded; vi. The processing of TF related disclosures should be brought within the assignment of the FIU as soon as possible, which would also increase the chance of MOT acceding to the Egmont Group and its ESW. <u>Supervisor</u> vii. A legal basis should be provided for information exchange between the CBS and counterpart supervisors,	v. The FIU is now located in a new building with an office space of 170 square meters, with a 24/7 electronic security system in the business area in the capital of Paramaribo. Additional IT security measures had been implemented to protect sensitive and confidential data. vi. In art. III sub C and D of the CFT legislation (O.G. 2011 no. 96), UTR's should be filed once a transaction is, or can be related to TF. vii The Banking and Credit System Supervision Act (O.G. 2011 no. 155), which entered into force on November 23rd 2011 creates a legal basis for information exchange between CBS and counterpart supervisors based on a MOU.

			by way of MOUs or otherwise.	
Nine Special Recommendations	Rating	Summary of factors underlying rating		
SR.I Implement UN instruments	NC	• No signing, ratification and implementation of the TF Convention; no effective implementation of the UN Res. 1267 and 1373	i. Suriname should take the necessary steps to fully and effectively implement the Vienna and Palermo Conventions ii. Suriname should forthwith initiate the accession procedure to the CFT Convention and take the necessary implementation steps. iii. UN Res. 1267 and 1373 should be implemented fully and without delay (see comments above on SRIII).	i. Several core principles of the Vienna Convention and the Palermo Convention have been incorporated in domestic law. ii. Draft legislation to become part of the CFT convention is in Parliament. According to the Suriname Action Plan to the ICRG, this legislation should come into force by mid August 2012. iii. Provisions have been incorporated in the CFT Act (O.G. 2011 no. 96) to implement UN Res. 1373. ART IA sub 9, 71 a, 111a, 111b, 160 b, 188a, 228a, 228b of the CFT Act (O.G. 2011 no. 96) i.a. criminalizes the wilful provision or collection, directly of indirectly with the intention that the funds will be used in order to carry out

				terrorist acts.
SR.II Criminalise terrorist financing	NC	• There is no legislation criminalizing FT; • Consequently, there are no TF related investigations, prosecutions and convictions.	i. Besides the criminalization of FT, local authorities should see to it, that, as soon as there is an act criminalizing the FT, comprehensive statistics be kept on the number investigations, prosecutions and convictions for the act of FT	The CFT legislation (O.G. 2011 no. 96) also amendments were made regarding the Fire arms Act and the act regarding suspicious transactions. In general all categories of predicate offences, related to money laundering are applicable to the financing of terrorism. A template to keep comprehensive statistics on the number of investigations, prosecutions and convictions is developed and will be formally distributed in August 2012 to the stakeholders: FIU, Prosecutors office and the Central Bank. (This is in line with the Suriname ICRG/CFATF Action Plan for 2012)
SR.III Freeze and confiscate terrorist assets	NC	• No system in place complying with the relevant UN Resolutions and providing for an adequate freezing regime	i. None of the criteria of Special Recommendation III are met by Suriname. Many of the people interviewed did not even know of the existence of UN Security Council Resolutions 1267 (1999) and 1373 (2001) and there	i. The CFT legislation (OG 2011 no. 96) in art. I and II, makes confiscation of assets related to the financing of terrorism, possible.

				implications, nor did they have any information regarding the Best Practice Paper. ii. The Suriname authorities should endeavour to introduce the appropriate legislative measures effectively implementing the relevant UN Resolutions and establishing an adequate freezing regime in respect of assets suspected to be terrorism related.	ii. Provisions have been incorporated in the CFT Act (O.G. 2011 no. 96) to implement UN Res. 1373. ART IA sub 9, 71 a, 111a, 111b, 160 b, 188a, 228a, 228b of the CFT Act (O.G. 2011 no. 96) i.a. criminalizes the willful provision or collection, directly of indirectly with the intention that the funds will be used in order to carry out terrorist acts.
SR.IV Suspicious transaction reporting	NC	• There are no direct requirements for financial institutions to report to the FIU when they suspect or have reasonable grounds to suspect that funds are linked or related to, or to be used for terrorism, terrorist acts or by terrorist organisations, regardless of the amount of the transaction and including attempted transactions.	i. The reporting obligation under the MOT Act should cover transactions related to insider trading and market manipulation. ii. The reporting duty needs to be explicitly in the law to include all funds where there are reasonable grounds to suspect or they are suspected to be linked or related to, or to be used for terrorism, for terrorist acts, or by terrorist	i After criminalisation of insider trading and market manipulation, which legislation should come into force before the end of this year, the MOT Act will be amended. ii. Requirements for Financial institutions to report UTR's to the FIU on grounds based on TF are the same as for ML as stated in art III of the CFT legislation (OG 2011 no. 96).

			organizations or those who finance terrorism. iii. The assessment team advises to include in the State Decree on Unusual Transactions the requirement to also report "attempted unusual transactions" iv. The financial institutions that choose to use an UTR-interface for reporting purposes, should be obliged to improve the quality of the UTRs as soon as possible and in such a way that the disclosures contain all information as prescribed by article 12.2. of the MOT Act. v. The authorities should consider whether the obligation to report unusual transactions "without delay" is sustainable. vi. The FIU and other competent authorities	iii. In article I sub C of the CFT legislation amending the Penal Code and the MOT Act(O.G. 2011no. 96), an attempt and preparation act of ML / TF has been penalized. iv. Legislation amending art. 12 of the MOT Act, with the obligation for disclosers containing information as prescribed by article 12.2. was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012. v. Sub 2 of art. 12, where the reporting requirements are stipulated was amended, obligating financial institutions to improve the quality of the UTRs. vi. Legislation amending the MOT Act, adding a new art 22, sub 1c, giving the MOT the authority to supervise the DNFBP's, and apply sanctions in case of none

			should make an inventory to identify all financial institutions and DNFBPs that have a reporting requirement, reach out to these parties and apply sanctions in case of non-compliance. vii. The FIU and other competent authorities should raise awareness and enhance the sensitivity of all financial institutions and DNFBPs regarding money laundering and terrorist financing risks.	compliance as mentioned in art. 22 sub 3, was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012.
SR.V International co-operation	NC	• No legal basis for TF related MLA in the absence of TF criminalisation • No legal basis for TF related extradition requests in the absence of TF criminalisation • FIU and law enforcement: no legal framework for TF related information exchange and other forms of (non-legal) mutual	i. The deficiencies established in respect of the criminalisation of all designated predicate offences and terrorism financing should be remedied forthwith. Also the restrictive interpretation of the dual criminality principle should be subject	Mutual legal assistance can be requested or provided in all criminal cases, including ML/TF, as stipulated in art. 466a (ART I B, O.G. 2002 no. 71)

		assistance • Supervisor: No legal basis for mutual assistance and information exchange with counterparts	to reconsideration.	
SR VI AML requirements for money/value transfer services	NC	• None of the requirements are included in legislation, regulations or other enforceable means.	i. A competent authority should be designated to register or licence MTCs and be responsible for ensuring compliance with licensing and/or registration requirements. ii. A system for monitoring MTCs ensuring that they comply with the FATF Recommendations should be implemented. The mission also recommends that the CBS issues the AML/CFT Guidelines to MTCs that indicate circumstances in which a transaction might be considered as "unusual".	i. The draft Act concerning the Supervision of money transfer offices (MTOs) and money exchange offices (MEOs) is already in Parliament. Discussions concerning the adoption of this draft act by Parliament will commence soon. Under the new legislation the CBS will be the sole licensing authority for MTOs and MEOs. ii Based on art. I sub A (13) of the MOT Act, unusual transactions are those listed in the State decree MOT indicators. This legislation was adopted by Parliament, on the 17th of July 2012 and entered into force on the 9th of August 2012.

			iii. MTCs should be required to maintain a current list of its agents and sub-agents, which must be made available to the CBS and the Foreign Exchange Commission. iv. The measures set out in the Best Practices Paper for SR.VI should be implemented and Suriname authorities should take FATF R. 17 into account when introducing system for monitoring money transfer companies.	iv The CBS has issued in April 2012, new AML/CTF regulations for the financial sector in line with the recommendations of the MER .
SR VII Wire transfer rules	NC	• Suriname has not implemented any requirement regarding obtaining and maintaining information with wire transfers.	i. Suriname should issue a law or regulation to implement the requirements of Special Recommendation VII.	The CBS has issued in April 2012, new AML/CTF regulations for the financial sector in line with the recommendations of the MER , with regard to CDD measures for wire transfers. These include the requirement for accurate and meaningful originator information on funds transfer and enhanced scrutiny of and monitoring for suspicious activity funds transfers which do not contain complete originator information.
SR.VIII Non-profit organisations	NC	• Complete absence of an adequate legislative and regulatory system	i. Suriname should forthwith initiate the accession	i

		for the prevention of misuse of the non-profit sector by terrorists or for terrorism purposes	procedure to the CFT Convention and take the necessary implementation steps. ii. UN Res. 1267 and 1373 should be implemented fully and without delay (see comments above on SRIII).	Draft legislation to become part of the CFT convention is in Parliament. According to the Suriname Action Plan to the ICRG, this legislation should come into force by mid August 2012. ii. Provisions have been incorporated in the CFT Act (O.G. 2011 no. 96) to implement UN Res. 1373. ART IA sub 9, 71 a, 111a, 111b, 160 b, 188a, 228a, 228b of the CFT Act (O.G. 2011 no. 96) i.a. criminalizes the wilful provision or collection, directly or indirectly with the intention that the funds will be used in order to carry out terrorist activities. ii The CBS has issued in April 2012, new AML/CTF regulations for the financial sector in line with the recommendations of the MER that also address the implementation of UN resolution 1267 and 1373.
SR.IX Cross Border Declaration & Disclosure	NC	• No declaration/disclosure system in place regarding the cross-border transportation of currency in the AML/CFT context	i. The Suriname authorities should decide on the choice between a disclosure or a declaration system for cross-border transportation of currency or bearer negotiable	The Ministry of Foreign Affairs, in collaboration with all stakeholders, will conduct a pilot phase in November 2012, after which it will become official. This system will detect incoming and outgoing passengers and will

			instruments and put in place such system aimed at discovering criminal or terrorist related assets without delay.	enable blacklisting, giving the Government tools to address threats in the area of terrorism and illegal trafficking of immigrants. The Ministry is now busy with the drafting of an Embarkation Card in which the money laundering aspect will be tackled.