



~~2nd-3rd~~¹ Follow-Up Report

Mutual Evaluation of Myanmar



¹ These editorial changes were made in March 2022.



The Asia/Pacific Group on Money Laundering (APG) is an inter-governmental organisation consisting of 41 members in the Asia-Pacific region, as well as organisations, and observers from outside the region.

Under Article 1 of the APG Terms of Reference 2012, the APG is a non-political, technical body, whose members are committed to the effective implementation and enforcement of the internationally accepted standards against money laundering, financing of terrorism and proliferation financing set by the Financial Action Task Force.

This document, any expression herein, and/or any map included herein, are without prejudice to the status of, or sovereignty over, any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Under the APG Terms of Reference, membership in the APG is open to jurisdictions which have a presence in the Asia-Pacific region.

For more information about the APG, please visit the website: www.apgml.org

© July 2021 APG

No reproduction or translation of this publication may be made without prior written permission. Applications for permission to reproduce all or part of this publication should be made to:

APG Secretariat
Locked Bag A3000
Sydney South
New South Wales 1232
AUSTRALIA
Tel: +61 2 9277 0600

E mail: mail@apgml.org
Web: www.apgml.org

Cover image: Inle Lake

MYANMAR: 3rd ENHANCED EXPEDITED FOLLOW-UP REPORT 2021

I. INTRODUCTION

1. The mutual evaluation report (MER) of Myanmar was published in October 2018. This FUR analyses the progress of Myanmar in addressing the technical compliance deficiencies identified in its MER. Technical compliance re-ratings are given where sufficient progress has been demonstrated. This report does not analyse any progress Myanmar has made to improve its effectiveness.

2. The assessment of Myanmar’s request for technical compliance re-ratings and the preparation of this report was undertaken by the following experts:

- *Mr Kodai Hashimoto: Researcher, International Safety and Security Cooperation Division, Foreign Policy Bureau, Ministry of Foreign Affairs - Japan;*
- *Mr Leigh Hunter: Federal Agent, Australian Federal Police – Australia,*
- *Mr Sajachai Sangsaeyo: Investigator, Anti-Money Laundering Office, Thailand; and*
- *Mr Mohammad AL Rashdan, APG Secretariat*

3. Section III~~V~~ of this report summarises the progress made to improve technical compliance. Section IV contains the conclusion and a table illustrating Myanmar’s current technical compliance ratings.

II. FINDINGS OF THE MUTUAL EVALUATION REPORT & EARLIER FOLLOW-UP

4. Myanmar’s MER ratings and updated ratings based on earlier FURs are as follows¹:

R.	Rating	R.	Rating
1	PC (2018 MER) ↑ LC (FUR 2019)	21	LC (2018 MER)
2	LC (2018 MER)	22	PC (2018 MER)
3	C (2018 MER)	23	PC (2018 MER)
4	LC (2018 MER)	24	NC (2018 MER) ↑ PC (FUR 2020)
5	LC(2018 MER)	25	NC (2018 MER)
6	LC (2018 MER)	26	PC (2018 MER)
7	NC (2018 MER)	27	C (2018 MER)
8	PC (2018 MER)	28	NC (2018 MER)
9	C (2018 MER)	29	PC (2018 MER)
10	PC (2018 MER) ↑ LC(FUR 2020)	30	LC (2018 MER)
11	C (2018 MER)	31	LC (2018 MER)
12	PC(2018 MER) ↑ LC (FUR 2020)	32	PC (2018 MER)
13	PC(2018 MER) ↑ LC(FUR 2020)	33	PC (2018 MER)

¹ Original MER ratings which have changed since the MER are in brackets on the left and current ratings are on the right of the cell.

14	NC (2018 MER) ↑ PC (FUR 2020)	34	PC (2018 MER)
15	LC (2018 MER) ↓ PC (FUR 2020)	35	PC (2018 MER)
16	LC (2018 MER)	36	PC (2018 MER)
17	C (2018 MER)	37	PC (2018 MER)
18	C (2018 MER) ↓ LC (FUR 2019)	38	PC (2018 MER)
19	NC (2018 MER) ↑ PC (FUR 2019)	39	PC (2018 MER)
20	C(2018 MER)	40	LC (2018 MER)

5. Given these results and the effectiveness ratings, Myanmar was placed on enhanced (expedited) follow-up.

III. OVERVIEW OF PROGRESS TO IMPROVE TECHNICAL COMPLIANCE

6. In keeping with the APG ME Procedures 2021, this FUR considers progress made up until 1 February 2021. This section summarises Myanmar's progress to improve its technical compliance by:

- a) addressing the technical compliance deficiencies identified in the MER, and
- b) implementing new requirements where the FATF Recommendations have changed since the MER was adopted.

4.3.1. Progress to address technical compliance deficiencies identified in the MER

7. Myanmar requested re-ratings of Recommendations: 14 and 19 (which were rated NC in the MER, and then upgraded to PC in subsequent FURs); and 22, 23, 26 and 29 (which were rated PC in the MER).

8. The APG welcomes the steps that Myanmar has taken to improve its technical compliance with R. 14, 19, 22, 23, 26 and 29. As a result of this progress, Myanmar has been re-rated on Recommendations: 19, 22, and 23. However insufficient progress has been made to justify a re-rating of R. 14, 26 and 29.

Recommendation 14 (Originally rated NC in the MER, re-rated to PC in 2020 FUR)

9. The 2018 MER rated Myanmar NC for Recommendation 14 and was re-rated to PC in the 2020 FUR. The MER identified that there was no demonstration of actions taken to identify natural or legal persons that carry out money value transfer services (MVTS) without permission, and no demonstration that appropriate and dissuasive sanctions have been applied to such persons.

10. Criterion 14.2 is *met* as per the MER. MVTS services must apply to the Central Bank of Myanmar (CBM) for a registration certificate (Financial Institutions Law s.20(a)).

11. Criterion 14.2 is *mostly met*. The FUR 2020 found that the Foreign Exchange Management Law (2012) and related Regulation on Remittance Business provide explicit prohibition and sanction of unauthorized operation for MVTS which also conduct foreign exchange.

12. Complementary obligations are set out under the Financial Institutions Law (2016) which imposes a general requirement for all non-bank financial institutions to be registered with the Central Bank (s.20). The definition of money services (s.2(j) and s.2(cc)) covers MVTS business, without limiting the services to those including foreign exchange. The Financial Institutions Law sets out a range of penalties applicable to natural and legal persons who operate at the business of an NBFIs without registration (s.159).

13. However, Myanmar did not provide any further updates of actions taken since 2019 to identify and take action against natural or legal persons that carry out MVTS without a licence or registration, and applying proportionate and dissuasive sanctions to them.

14. Criterion 14.3 is *met* as per the FUR 2020.

15. Criterion 14.4 is *mostly met*. Chapter 2 of the Remittance Business Regulation outlines the obligations for entities in Myanmar seeking a license to conduct MVTS. However, the Remittance Business Regulation does not contain a provision that expressly prohibits the conduct of MVTS without a licence/registration. The Remittance Business Regulation also does not contain a provision that requires MVTS providers to maintain a current list of agents. In addition, despite the CBM's recent issuance of seven licenses, there is still an outstanding gap in the lack of provisions for MVTS to maintain a list of their providers.

16. Criterion 14.5 is *not met*. There are still no measures in place to address the gap identified by the MER relating to the requirement to include MVTS agents within AML programs and to monitor their compliance.

Weighting and Conclusion

17. Myanmar has made progress in setting up a formal licensing regime. Minor gaps remain with the licensing regime and the controls on MVTS agents. Major gaps remain with the controls over agents of MVTS providers. Taking into account Myanmar's risk and context, particular weight is given to the gaps with MVTS agents and the actions taken against natural or legal persons that carry out MVTS without a licence. ***Myanmar remains Partially Compliant with Recommendation 14.***

Recommendation 19 (Originally rated NC, re-rated to PC in 2018 FUR)

18. The 2018 MER rated Myanmar NC for Recommendation 19, and was re-rated to PC in the 2018 FUR. The factors underlying the PC rating were no requirement for the EDD or countermeasures applied by FIs in relation to countries for which this is called for by the FATF to be proportionate to the risk. There was no clear indication what countermeasures could be included in FIU directives as no directives had been issued, and no enabling provisions for Myanmar to apply countermeasures other than EDD. The 2019 FUR also found that no measures had been taken since the FIU Directive of February 2018 (which informed ROs of the FATF list of high risk and non-cooperative jurisdictions and provided a link to the FATF homepage) to ensure that ROs are advised of concerns about weaknesses in the AML/CFT systems of other countries.

19. Criterion 19.1 is *met*. The regulatory regime considered in the 2020 FUR is unchanged and the compliance with this criterion is maintained.

20. Criterion 19.2 is *met*. The AML Order 45/2019 requires ROs to apply countermeasures proportionate to the risks when called upon to do so by international AML/CFT organisations including FATF (S. 22 (a)). Anti-Money Laundering Central Body (AMLCB) Order No. 8/2019 contains a non-exhaustive list of possible countermeasures that is an exact mirror of the Standards.

21. The AMLCB Order 8/2019 requires that all ROs, including banks and FIs, and all government organizations conduct EDD and impose countermeasures, proportionate to the risk, to business relationships and transactions with natural and legal persons from countries from countries for high-risk countries and other monitored jurisdictions or when called for by FATF (paragraph 2). In July 2020 the FIU reiterated the obligation on all ROs to apply the AMLCB's order 8/2019 in following the included directives in relation to higher-risk countries.

22. Myanmar's AML/CFT Steering Committee has issued complementing directives to all ROs to apply enhanced due diligence (EDD), to business relationships and transactions with natural and legal persons (including FIs) from high-risk jurisdictions subject to a call for action or other monitored jurisdictions and jurisdictions with strategic deficiencies for which this is called for by the FATF and countries identified by the FIU. The directives require the type of EDD measures applied to be effective and proportionate to the risks.

23. Criterion 19.3 is *met*. The AML Order No. 45 / 2019 (Article 22(b)) empowers the FIU to impose requirements on reporting organisations (ROs) to conduct EDD or countermeasures on natural or legal persons from countries identified as higher risk by the FIU, supervisor and/or other international bodies, and in a way to ensure that FIs are advised of concerns about weaknesses in the AML/CFT systems of other countries.

24. The Myanmar AML/CFT Steering Committee has issued directives to all ROs requiring them to update their own database regarding the list of high-risk jurisdictions subject to a call for action, jurisdictions with strategic AML/CFT deficiencies and jurisdictions under increased monitoring as per the information published on the FATF webpage from time to time. These directives require application of EDD and similar countermeasures to mitigate risks to business relationships and transactions with natural and legal persons, and financial institutions from identified High Risk countries.

Weighting and Conclusion

25. Myanmar has made a significant progress from the last FUR and amended all of the deficiencies addressed under this recommendation. ***Recommendation 19 is re-rated to Compliant.***

Recommendation 22 (Originally rated PC)

26. In its 2018 MER, Myanmar was rated PC for Recommendation 22. The MER found that there were no clear prohibitions in the AML Law or AML Rules on DNFBP maintaining business relationships of unknown identities or in fictitious names, also the availability of a number of technical gaps on preventive measures in the AML Law affect the compliance to this Recommendation. For this FUR, Myanmar has not reported any progress on Criterion 22.2.

27. Criterion 22.1 is *met*. Myanmar issued the AML/CFT Directive for Customer Due Diligence (CDD) Measures No. (1/2021) which prohibits the DNFBPs from maintaining or opening an account or business relationship of unknown identity or in fictitious names (art. 9). The Directive is an enforceable means as art 51 of the Directive states that breaching the requirements of this Directive is subject to the sanctions regime outlined in the AML Law.

28. Criterion 22.2 is *met*. The legal and institutional framework is unchanged since the MER.

29. Criterion 22.3 is *met*. AML Order No. 45/2019 requires enhanced CDD measures for foreign politically exposed persons (PEPs) which mirror the FATF requirements for obtaining senior management approval, establishing the source of wealth and the source of funds, and conducting enhanced ongoing monitoring on that relationship upon identification of foreign PEPs (s.16). In addition, the AML/CFT Directive for the CDD Measures No. (1/2021) oblige DNFBPs to comply with

the PEP requirements (art 33 & 34). As outlined above, these obligations are set out in enforceable means.

30. Criterion 22.4 is *mostly met*. The AML/CFT Directive for the CDD Measures for DNFBPs No. (1/2021) requires that DNFBPs identify, assess and, take appropriate measures to manage and mitigate the ML/TF risks (art. 35). As outlined above, these obligations are set out in enforceable means. However, this criterion is cross applying the new technology elements of R.15 (specifically c. 15.1 & 15.2), and the analysis of R.15 identifies gaps with ROs which apply equally to DNFBPs and FIs under this criterion.

31. The AML/CFT Directive for the CDD Measures for DNFBPs (art. 36) requires that any DNFBPs that may rely on 3rd parties shall, before entering into a relationship with a 3rd party, when determining in which countries the third party that meets the conditions can be based, should have regard to information available on the level of country risk.

32. Criterion 22.5 is *met*. Pursuant to Section 28(d) of the AML Law, third parties that are part of the same financial group are subject to all the same policies and controls, and such groups are required to have information sharing procedures for the purpose of carrying out CDD obligations and managing AML/CFT risks. To satisfy the requirements of Article 36 of the CDD Directive on DNFBPs, such DNFBP are required to take into account the ML/TF risk associated with the country in which the third party is based. Such groups would be supervised for compliance with all of these obligations under Section 36(a) of the AML Law. Art 36 of the CDD Directive on DNFBPs requires that if the third party is identified as high risk, the DNFBP should review any customer relationships introduced by the third party and terminate the relationship with the third party intermediary.

Weighting and Conclusion

33. Myanmar authorities have made considerable progress to address deficiencies identified, mainly with the introduction of the AML/CFT Directive for the CDD Measures No. (1/2021) covering DNFBPs. The Directive has provided clarity on the requirements on important areas such as prohibition of maintaining business relationships of unknown identities or in fictitious names. However, minor gaps remain with mitigating the risks from new technologies. Taking into account Myanmar's risk and context, little weight is given to the gaps with new technologies. ***Recommendation 22 is re-rated to Largely Compliant.***

Recommendation 23 (Originally rated PC)

34. The 2018 MER rated Myanmar NC for Recommendation 23. The factors underlying the PC rating were the technical gaps on relevant measures in the AML Law affect the compliance to this Recommendation. For this FUR, Myanmar has not reported any progress on Criterion 23.1.

35. Criterion 23.1 is *mostly met*. While Section 30 of the AML Presidential Order No (45/2019) describes the obligation of DNFBPs to report suspicious transactions along with other relevant information to the FIU, there is still no instruction to give clarification that the obligation applies to DNFBPs regardless of the transaction amount. In addition, Myanmar still lacks a control mechanism for illegal casinos operating in the border areas.

36. Criterion 23.2 is *mostly met*. In Myanmar all DNFBPs are covered by Section 28 of AML law as ROs and the internal control obligations analysed at R.18 (and found to be met) apply to all ROs (i.e. FIs and DNFBPs). The 2021 AML/CFT Directive for the CDD Measures for DNFBPs (art. 4a) elaborates requirements in keeping with most requirements. However, the Directive does not appear to have any provisions in relation to info sharing, as required under the amended R.18 on group-level info sharing.

37. Criterion 23.3 is *met*. Section 22 (a) of the AML Presidential Order requires the ROs to apply enhanced CDD measures proportionate to the risks (s.22(A)). AMLCB Order No (8/2019) describes the list of enhanced CDD measures that can be applied and refers to FATF’s website for the updated list. All ROs including DNFBP have been directed by the AML/CFT Steering Committee Directives (24th Dec 2020) to apply enhanced due diligence (EDD) measures described in AML Law, AML Rules and respective enforceable directives.

38. The FIU issued two instructions, dated 1st July 2020 and 24th October 2020, to describe the lists of High-Risk Jurisdictions subject to a call for action and jurisdictions under increased monitoring designated by the FATF and all directing that ROs shall apply EDD and countermeasures to those jurisdictions. However, these Instructions have not given reference to the relationship with other acts, which makes it unclear whether these Instructions are legally binding.

39. Article 43 and 44 of the AML/CFT Directive for the CDD Measures on DNFBP (No.1/2021 on 14th Jan 2021) require DNFBPs to conduct ECDD for business relationships and services with any person (natural and legal person) from higher risk jurisdictions identified by the FATF and the FIU, and apply appropriate countermeasures, proportionate to the risk, with any person from those jurisdictions.

40. Criterion 23.4 is *mostly met*. Since the MER, Myanmar issued AML/CFT Directive for the CDD Measures on DNFBP (2021) which addresses the gap identified in the MER (art. 48). However, it seems that the gap identified on the application of the confidentiality obligation beyond termination of employment has not been addressed.

Weighting and Conclusion

41. Myanmar has made commendable progress regarding a number of gaps since its mutual evaluation. However a minor deficiency remains, as the obligation to report STRs does not explicitly include attempted transactions regardless of the transaction amount and with the application of the confidentiality obligation beyond termination of employment. ***Recommendation 23 is re-rated to Largely Compliant.***

Recommendation 26 (Originally rated PC, and remained the same in 2019 FUR)

42. Myanmar was rated PC for R.26 in its 2018 MER. The 2019 FUR identified improvements in Myanmar’s compliance with this Recommendation, but major shortcomings remained. Deficiencies were, consolidated group supervision on AML/CFT does not occur, supervision of core principles institutions is not yet conducted in line with core principles, and CBM supervision of non-bank money changers, NBFIs and mobile financial services is limited to compliance with prudential regulations. There is also a lack of measures to apply risk-based supervisory and monitoring measures in ensuring institutions’ compliance to AML/CFT requirements. CBM reports that it is drafting additional AML/CFT regulations for NBFIs. Myanmar has not reported any progress on Criterion 26.1, 26.2 and 26.6.

43. Criterion 26.1 is *met* as per the MER 2018.

44. Criterion 26.2 is *met* as per the MER 2018.

45. Criterion 26.3 is *partly met*. CBM’s directive No. 8/2019 sets out fit and proper criteria for banks. The Directive states that fit and proper requirements extend to beneficial owners or those with a controlling interest in an FI (art. 2(a)), and extended fit and proper tests for banks apply to state-owned banks (art. 2(e)). Myanmar also issued Notification No. 1/2021 that includes fit and proper criteria for NBFIs only. Therefore, there are some remaining gaps in terms of the absence of fit and proper

requirements across different FIs (as described in the Table 26 of the MER), since the Directive only applies to banks, and CBM Notification No. 1/2021 only applies to limited scope of NBFIs.

46. Criterion 26.4 is *mostly met*.

47. Criterion 26.4(a) is *mostly met* as per the FUR 2020. The Risk-Based Supervision Guide issued in 2020 guides CBM's supervision activities on its regulated entities. It covers a wide range of risk areas, including those related to operational, legal and regulatory risks that complement existing AML/CFT supervision and regulation. The guide also specifies the measures for domestic and international practices among the supervisors. This guide specifically caters for the banking sector. However no evidence was provided on whether there is a similar approach by supervisors of other sectors (i.e. MOPF for insurance and SEC for securities).

48. Criterion 26.4(b) is *met*. Myanmar indicated that all MFS are required to develop KYC/CDD procedures and conduct assessment of their own ML risks, and CBM's supervision of MFS has regard to the ML risks in that sector. CBM Notification No. (1/2021) states that the CBM may conduct on-site examination of a NBFIs from time to time (art. 21(b)). The Notification also states that the CBM may carry out on-site examination of a NBFIs in certain conditions, including if the CBM has reason to believe that the NBFIs has failed to comply with the Directives issued by the CBM (art. 21(a)). The CBM has issued Directives related to AML/CFT (as described in R. 10 of the MER). The Notification is considered as an enforceable mean as art. 22 and 23 of the Notification state that breaching the requirements of this Notification is subject to the sanctions regime outlined in the FI Law.

49. In terms of the nature and scope of the CBM onsite examination to NBFIs, Myanmar indicated that CBM supervision teams conduct their on-site supervision both at prudential and AML/CFT levels and at the same onsite visits, given that the nature and scope of business in the NBFIs sector is relatively small and only targeted to financing of buying consumer goods and services.

50. Criterion 26.5 is *partly met*. Myanmar indicated that all banks received at least one onsite supervisory visit per year, and that the inspection visits targeted banks of different sizes. However, it is not clear how frequent and intense these visits were and how they apply risk-based supervisory and monitoring measures to ensure institutions' compliance with AML/CFT requirements.

Weighting and Conclusion

51. Myanmar has made some good progress to address the deficiencies identified in the MER. However, moderate deficiencies remain including: gaps in fit and proper requirements across different FIs which are limited to banks and particular NBFIs; absence of AML/CFT supervision for FIs other than banks (such as insurance and securities firms) in line with Core Principles; lack of measures to apply risk-based supervisory and monitoring measures in ensuring institutions' compliance to AML/CFT requirements; and lack of any evidence for a periodical review of ML/TF risk profiles for FIs other than banks including MFSP and non-bank money changers by the CBM, and MOPF and SEC in general. Taking into account Myanmar's risk and context, particular weight is given to the gaps with fit and proper and risk-based supervision beyond banks. ***Recommendation 26 remains Partially Compliant.***

Recommendation 29 (Originally rated PC)

52. Myanmar was rated PC for R.29 in its 2018 MER. The MER noted a number of deficiencies: MFIU lacks systems for operational analysis and relies on overly manual systems; strategic analysis is not undertaken; MFIU and domestic LEAs cooperate through informal channels at times, which raises information security concerns; the FIU's dual role as FIU and financial investigation team leaves doubt about the FIU's capacity to carry out its functions freely; and an FIU lack of independence when

considering the AML Law's requirement in obtaining AMLCB approval before the FIU can exchange information with domestic or foreign authorities.

53. Criterion 29.1 is *met*. The legal and institutional framework is unchanged since the MER.

54. Criterion 29.2 is *met*. The legal and institutional framework is unchanged since the MER.

55. Criterion 29.3 is *met*. The legal and institutional framework is unchanged since the MER.

56. Criterion 29.4 remains at *partly met*.

57. Criterion 29.4(a): Under Section 9 and 10(c) of AML Act and the FIU's standard operating procedures, Myanmar FIU is given responsibility for operational analysis. Myanmar did not demonstrate that the MFIU has sufficient capacity and IT system to conduct operational analysis to ensure MFIU uses available information to follow the trail of particular activities or transactions, and to determine links between those targets and possible proceeds of crime, ML predicate offences or TF. Due to capacity constraints, Myanmar has received some support from the US Embassy with IT equipment and software to facilitate its operational analysis and has used that in producing and disseminating 33 operational analysis reports between 2019 -2020.

58. Criterion 29.4(b): Myanmar demonstrated that the MFIU has completed three strategic analysis reports during 2019 and 2020. This is a commendable increase from having conducted no strategic analysis at the time of the 2018 MER. However only one of these reports, "Strategic Analysis on Fraud (STRs, 2019)" shows some evidence of value adding and identifying a pattern of predicate offending. This report, unlike the others, goes on to suggest the identified vulnerability could be addressed by law enforcement and other competent authorities. Given the marked increase in STRs and the increase in infrastructure, a more in depth analysis focusing on ML/TF trends, patterns and vulnerabilities would have been expected in the other reports rather than just essentially a breakdown of the data with no real added value.

59. Criterion 29.5 is *mostly met*. MFIU has established a secure web based database through which competent authorities and other domestic and international partners can manage the dissemination of information and the results of analysis. This is a positive step. However Myanmar is not yet a member of Egmont Group and therefore cannot utilise the Egmont Secure Web system for sharing information with foreign counterparts, which means that MFIU still cooperates with foreign FIUs through emails and fax. This indicates a remaining deficiency around having a protected and secure database and dissemination process particularly for foreign FIUs.

60. Criterion 29.6 is *met*. The legal and institutional framework is unchanged since the MER.

61. Criterion 29.6(a): Section 12(a) and Section 66 of the AML Law confirm the requirement for confidentiality of information obtained in the course of a person's duties under the Act and confers a penalty under the Official Secrets Act for a breach of confidentiality in AML Law. The Official Secrets Act applies to all government agencies and includes clauses on the handling of classified information. In addition Myanmar FIU has detailed SOP in place for security and confidentiality of information received.

62. Criterion 29.6(b): MFIU organises mandatory training of its staff from the MPF on understanding their responsibilities in handling and disseminating sensitive and confidential information. MFIU has also developed SOP for security and confidentiality of information received.

63. Criterion 29.6(c): According to the SOP, a secure electronic web reporting system has been developed by the Myanmar FIU to receive reports/requests electronically from LEAs (not used by all

agencies). A web reporting functionality has also been developed by the FIU for receiving CTRs from financial institutions and money service providers. Information security is maintained within FIU through its password protected database, with only MFIU employees working in related areas authorised to access the system. The MFIU database is only accessible from within the offices of the MFIU - there is no remote access.

64. Criterion 29.7 is *partly met*.

65. Criterion 29.7(a): In the 2018 MER noted that s.11 of the AML Law put some apparent constraints on the independence of the MFIU through the wording, “The Financial Intelligence Unit, with the approval of the Central Body...”. This appears to have been considered within the Presidential Anti Money Laundering Order No. 45/2019, specifically at section 4 which clearly articulates that the MFIU shall be operationally independent and autonomous. However, Section 11 of the AML Law has not been amended and as such it is not clear that the AMLO Order 45/2019 overcomes the deficiency with regards to the FIU independency and autonomy.

66. Criterion 29.7(b): It is noted that the documents provided demonstrate a willingness for the MFIU to engage with foreign counterparts on the exchange of information, however, there is still some concern around the actual level of independence with regards to the current state of the legislation. The statement around pooling of contact persons is encouraging but does not show evidence of independent engagement with domestic competent authorities. In respect to the reference to section 10 of the AML Rules, these rules were in place in 2018 and no evidence has been provided to demonstrate any changes made to these. The assertion that they are redrafting legislation cannot be taken into account in the current assessment. No further information is provided by Myanmar to cover on c.29.7 (c) & (d).

67. Criterion 29.8 is *met*. The legal and institutional framework is unchanged since the MER.

Weighting and Conclusion

68. Myanmar made progress to address some of the deficiencies identified in the 2018 MER. However the operational and strategic analyses are still considered limited and concerns remain with sufficient operational independence. These gaps are given significant weight taking into account the risk and context of Myanmar. **Recommendation 29 remains Partially Compliant.**

IV. CONCLUSION

69. Myanmar has been re-rated on three Recommendations. Recommendations 22 and 23 both have been re-rated to largely compliant and Recommendation 19 has been re-rated to compliant. Insufficient progress has been made on Recommendations 14, 26 and 29 to justify re-rating at this time.

70. Overall, in light of the progress made by Myanmar since its MER was adopted, the review team assesses Myanmar's technical compliance with the FATF Recommendations is as follows as of the reporting date 1 May 2021:

R.	Rating	R.	Rating
1	PC (2018 MER) ↑ LC (FUR 2019)	21	LC (2018 MER)
2	LC (2018 MER)	22	PC (2018 MER) ↑ LC(FUR 2021)
3	C (2018 MER)	23	PC (2018 MER) ↑ LC(FUR 2021)
4	LC (2018 MER)	24	NC (2018 MER) ↑ PC (FUR 2020)
5	LC(2018 MER)	25	NC (2018 MER)
6	LC (2018 MER)	26	PC (2018 MER)
7	NC (2018 MER)	27	C (2018 MER)
8	PC (2018 MER)	28	NC (2018 MER)
9	C (2018 MER)	29	PC (2018 MER)
10	PC (2018 MER) ↑ LC(FUR 2020)	30	LC (2018 MER)
11	C (2018 MER)	31	LC (2018 MER)
12	PC(2018 MER) ↑ LC (FUR 2020)	32	PC (2018 MER)
13	PC(2018 MER) ↑ LC(FUR 2020)	33	PC (2018 MER)
14	NC (2018 MER) ↑ PC (FUR 2020)	34	PC (2018 MER)
15	LC (2018 MER) ↓ PC (FUR 2020)	35	PC (2018 MER)
16	LC (2018 MER)	36	PC (2018 MER)
17	C (2018 MER)	37	PC (2018 MER)
18	C (2018 MER) ↓ LC (FUR 2019)	38	PC (2018 MER)
19	NC (2018 MER) ↑ PC (FUR 2019) ↑ C (FUR 2021)	39	PC (2018 MER)
20	C(2018 MER)	40	LC (2018 MER)

71. Myanmar has 23 Recommendations rated C/LC. Myanmar will remain in enhanced (expedited) follow-up, and will continue to report back to the APG on progress to strengthen its implementation of AML/CFT measures. Myanmar's fourth progress report is due 1 February 2022.