



2nd Follow-Up Report
(without re-rating)

Mutual Evaluation of Nauru

October 2025





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Cover image: Nauru shoreline, courtesy of Nauru FIU

NAURU'S FOLLOW-UP REPORT WITHOUT RE-RATING

OCTOBER 2025

I. INTRODUCTION

1. In accordance with the APG Global Fourth Round Transitional Follow-up Procedures 2025, this document presents the Follow-Up Report (FUR) of Nauru under October 2025 reporting stream period. Nauru is not eligible to seek re-ratings.
2. This FUR without re-rating reflects Nauru's self-reported progress in addressing technical compliance deficiencies identified in its 2024 Mutual Evaluation Report (MER) or last FUR, regarding the FATF Standards on anti-money laundering (AML), countering the financing of terrorism (CFT), and countering proliferation financing (CPF).
3. This report does not constitute a formal compliance assessment by the APG Secretariat or APG Membership. The content represents the jurisdiction's own assessment and has not been subject to the quality assurance and analytical standards applied to FURs with re-ratings or Mutual Evaluations. The APG Secretariat has undertaken only a limited administrative review (focusing on readability and consistent use of terms only), and the information is largely presented as submitted by the jurisdiction.
4. This report is for informational purposes only and should be read alongside the MER and any subsequent FUR.

II. OVERVIEW OF PROGRESS

ML/TF Risk and Context Update

5. To date, Nauru has taken the following actions:
 - Nauru is a low-risk jurisdiction for AML/CFT. This has been a consistent finding since 2012 ME, 2018 NRA, 2023 NRA and 2024 ME. There have not been any changes to the risk and context (low risk as per 2024 MER) since the ME onsite visit and the publication of the MER 2024 (refer to Key finding 1 page 4).
 - Until this report is published, Nauru is currently undertaking a National Risk Assessment (NRA) 2025 and once again the draft NRA 2025 confirms the overall finding as a low-risk jurisdiction for AML/CFT. The NRA 2025 also covers risk assessments on *Nauru Economic and Climate Resilience Citizenship Program (CBI)*, *Nauru's Virtual Assets Program*, *Nauru's Shipping Registry and Proliferation Financing (PF)*.
 - During the Plenary session of the MER 2024, the emerging issue of concern raised was the granting of citizenship under the *Nauru Economic and Climate Resilience Citizenship Act 2024*. Nauru then advised and the position still remains the same that this Program is subject to the compliance of FATF Standards. There is only 1 entity appointed by the Government to promote and recommend this type of citizenship.

Although it is a foreign entity, it is required to have a Program Office physically established in Nauru to ensure their physical presence and due compliance with the laws. Internally, the Government has appointed a group of individuals from key stakeholders or Departments to form a working group (appointment is gazetted), which is responsible for vetting the citizenship application as a **Tier 1** check for Nauru's internal process. **Tier 2** and **Tier 3** check is undertaken by police and NFIU. **Tier 4** check is undertaken by the Registrar of Citizenship, which is yet another **newly created** Section in the Department of Justice. **Tier 5** process is to the Minister and **Tier 6** is by the Cabinet. It is the Cabinet, which grants citizenship. To date, not a single citizenship has been granted. However, the NFIU and Police are fully cognisant with the risk, as such, '*greater vigilance*' will be paid to each application. A risk analysis has already been undertaken by Henley and Partners, the authorised appointees for the program. Nauru has also undertaken a due diligence on the authorised appointee, its staff and other agents engaged by it to promote the Program. This includes obtaining evidence of any beneficial ownership or other forms of direct or indirect interest of the authorised appointee, to ensure there is transparency. This will be an ongoing process to monitor any irregularity or illegality. **Tier 7** requirement is as to oath. Without the oath, citizenship certificates are not issued. **Tier 8** check is to ensure the declaration of oath is done either virtually (before the President through audio visual means) or before a person lawfully entitled to administer oath in the respective countries. **Tier 9** check will be cross checks when an application for a passport is made. In that case, the applicants will have to duly complete the entire form. This program is different from other types of similar programs in that the applicants are not required to make direct investments in the country. That being the case, the potential of the applicants using Nauru as a centre for any AML/CFT activities is low. This is further supported by Nauru's current law on the restriction of registration on offshore legal entities. EGMONT membership is now another means to access information on applicants.

- In terms of financial inclusion, Nauru has now undergone a significant change. Nauru still has one banking agency on island. The Bendigo Bank Agency was replaced by the Commonwealth Bank of Australia (CBA) on 11 August 2025. The CBA will strictly undertake '*KYC*' in accordance with the banking standards in Australia. CBA is now fully operational in Nauru.
- The 2024 MER recommended that an NRA be undertaken as a priority. ADB technical assistance was approved for the necessary work undertaking the NRA. The ADB Consultant visited Nauru in August 2025 for a week and held one on one consultations with the widest range of stakeholders from both public and private sectors. Following the consultations, the consultant has been working closely with the NFIU in additional data collection and development of the NRA 2025. This widely publicised and consultation activity was undertaken to ensure that all stakeholders understood the AML/CFT threat, vulnerability, consequences and mitigation.
- Under ADB technical assistance, Nauru is in the process of undertaking the formulation of the National AML/CFT Strategy in 2025 to replace the current National AML/CFT Strategy. The current National AML/CFT strategy has been extended to 31 March 2026 through an FIU Resolution approved by the Anti-Money Laundering Governance Council. The proposed Strategy will ensure that all recommendations of MER are included as part of the Strategy. The ADB Consultant will engage with all stakeholders in person after the NRA 2025 is completed.

- The National Strategy and the NRA are both undertaken by an independent person with multiple years of experience in AML/CFT work. This is funded by the Asia Development Bank.
- The IMF concluded the first phase of the Technical Assistance project by assisting Nauru finalise the draft Risk-Based Supervision Manual. Nauru provided the draft manual and IMF provided further drafting assistance in finalising the manual as well as information collection templates. IMF is already working on the identification of simplified measures for certain reporting entities and a Safe Payments Corridor mechanism. This will have some reporting by December 2025.
- APGML representatives has also visited Nauru after the MER in January 2025. This was to carry out Strategic Implementation Plan (SIP). A SIP report was submitted to Nauru, and the MER recommendations are now being implemented in accordance with the SIP and independently by Nauru on matters not contained in SIP.
- One of the significant issues of concerns in the MER 2024 related to Nauru's Shipping Registry. Nauru has undertaken a risk assessment on this. The Parliament has enacted a new *Vessel Registration Act 2024* in February 2025. One of the key features of the Act is to relocate the Shipping Registry into Nauru. Also, there is an arrangement in place where the current Foreign Vessel Registry (National Projects Limited) based in Singapore, is providing monthly Registered Vessels Reports including any changes of beneficial ownership and ownership of vessels. This includes registration of new vessels and de-registration of any existing vessels.
- Nauru Financial Intelligence Unit (NFIU) is working on plans to implement the FATF standards for TF/PF. Nauru has requested to also seek technical assistance in implementing this particularly, for the reason that there is nothing which is concerning. However, from various meetings, it has been made clear that the implementation of FATF Standards, will have a particular focus on PF. The UNSCR Consolidated List has already been updated on 06 August 2025 to meet the requirements of Recommendations 6 and 7.
- Nauru has now become a member of the EGMONT Group on 7 August 2025 which will enhance Nauru's position in respect of sharing information which will assist in identifying and assessing risks. This will particularly be in the Citizenship Programme.
- Nauru has enacted the Command Ridge Virtual Assets Authority Act (CRVAAA)2025 which establishes the CRVAAA Authority. Nauru is in the process of issuing the regulations to ensure that that Virtual Assets and Virtual Asset Service Providers are properly regulated and implemented. Nauru has adopted the FATF Standards into the CRVAAA 2025. The risks associated with Recommendation 15 (Virtual Assets) will be covered in the 2025 NRA.

III. TECHNICAL COMPLIANCE UPDATE

Deficiencies Found in MER 2024	Actions taken
Recommendation 1 [R.1] rated PC in MER 2024	
<ul style="list-style-type: none"> • There is no identified cycle for general updates to the risk assessment or for responding to material changes (c.1.3) • The mechanism for ongoing coordination on risks represented by the introduction of the National Strategy for AML-CFT is not yet tested, impacting the awareness raising with the private sector, and appropriate supervision to ensure reporting entities understand ML/TF risks (c.1.4). • Nauru has not used its provision for exempting a RE or class of REs or an activity or class of activities from any or all provisions relating to obligations of REs (c.1.6). 	<p>Nauru has an NRA cycle which requires the NRA to be updated every 3 years. This is contained in the National Strategy Review Document, under Objective 1: Improve the framework to detect, disrupt and prevent AML/ CFT related activities; (a) Introduce a National Risk Assessment plan/policy; NRA REVIEW PLAN.</p> <p>Currently there is an NRA undertaken which Report will be published in due course. This will be the 2025 NRA. Following that the next NRA to be undertaken by the FIU in 2028 (3-year cycle) to update the 2025 NRA. AT did not request for this document, and this document was provided to the AT after the onsite. It is clearly articulated in the document.</p> <p>The mechanism for ongoing coordination of risks has been tested. Various meetings have been held with all the stakeholders to discuss AML/CFT risks identified through the 2023 NRA and the findings of MER. The AMLOC and AMLPPC committees are the main platforms for the coordination of risks. The AMLOC has met 7 times since onsite whilst the AMLPPC has met 5 times. Both committees have met twice as the platform for Public Private Partnership. Additionally, NFIU and the 2025 NRA Consultant (<i>an independent person appointed to carry out the 2025 NRA</i>) has met with all the stakeholders to develop Nauru’s 2025 NRA.</p> <p>Nauru has used <i>Section 14 of the AML-TFS Act 2023</i> to provide exemption to the Commonwealth Bank of Australia (CBA) from the requirements of Part 4 of the <i>Anti-Money Laundering and Targeted Financial Sanctions Act 2023</i>. This was published in Republic’s Gazette No. 174/2025.</p> <p>EXEMPTION was granted on the basis that the Cabinet is satisfied that the Commonwealth Bank of Australia is adequately: (a) regulated under anti-money laundering and combatting financing of terrorism laws of Australia; and</p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> Mechanism for applying simplified Due Diligence is not described in the Act and is not specified whether this is limited to situations where ML/TF risk is low (c.1.8). NFIU is empowered to conduct on-site and offsite inspections to FI and DNFBPs, but at this stage such activities are minimal and at an early stage - focus is on raising awareness of 	<p>(b) supervised by the relevant authorities of Australia.</p> <p>The Mechanism for SDD is described in the Anti-Money Laundering and Targeted Financial Sanctions (Simplified Due Diligence) Guideline 2023 (5) When to apply simplified due diligence. The guide was updated in accordance with the FATF standards on 20 February 2024. This Guideline has now been implemented and is in force.</p> <p>FIU has conducted two onsite inspections to the MVTS since December 2023, which was classified as the only RE in Nauru. Nauru is currently educating the DNFBP's on their obligations and subject to NRA 2025 findings, Law firms and Gaming entity are subject to onsite and off-site inspections. There is a mandatory reporting requirement by the <i>Legal Practitioners Act 2019</i> on AML/CFT matters. The onsite will also depend on the levels of risk identified in the NRA 2025.</p>
Recommendation 2 [R.2] rated LC in MER 2024	
<ul style="list-style-type: none"> Nauru's National AML/CFT Strategy 2022-2025 has set milestone goals for pieces of work that are all in the 2023 calendar year and does not respond to the 2023 NRA (c.2.1). There is no information around coordination on matters relating to PF (c.2.4). 	<p>Nauru's National AML/CFT Strategy 2022-2025 did respond to the set milestone goals which was captured in the Strategy Review Schedule document which the AT did not request. It was provided to the AT after the onsite. The 2023 pieces of work were only the quick wins. All other milestones goals are being captured in the Review Schedule Document. However, with an independent consultant is now undertaking the NRA 2025 and the new National AML/CFT Strategy, Nauru will address this issue. The new Strategy will be produced to respond to the findings of the NRA 2025 and the SIP Recommendations.</p> <p>The PF coordination mechanisms have been addressed through the AMLOC and AMPPPC meetings. Further, PF and TF relating to the updated UN Consolidated List is widely circulated to all stakeholders. To date a total of six Circulars with the updated UN Consolidated list has been circulated to the stakeholders and published on the FIU Website.</p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> There is negligible coordination or awareness of potential proliferation financing risks/issues raised by the Shipping Registry (c.2.4). It is not evident that competent authorities cooperate to ensure compatibility of AML/CFT requirements with Data Protection and Privacy rules and other similar provisions (e.g. data security/localisation) (c 2.5) 	<p>Nauru FIU has entered into an information sharing arrangement with the Shipping Registry in February 2024. The arrangement includes sharing of information relating to terrorists, TF and PF risks. There have not been any incidents. If any such TF/PF risks or incidents are shared by the NFIU or the Shipping registry, the same will be shared with all stakeholders and published on the FIU Website. Furthermore, any PF risk raised by the Shipping Registry will be shared with all stakeholders through the AMLOC and AMLPCC platforms. This is the standard practice.</p> <p>Nauru has also enacted a new legislation which now will relocate the shipping registry in Nauru. This is done under the <i>Vessels Registration Act 2024</i>. The Act requires the supervisory authority to monitor any PF/TF activities.</p> <p>All competent authorities in Nauru understand their obligations relating to data protection and privacy rules. The NFIU SOP and the AML-TFS Act 2023 is explicit in terms of these requirements. The AML/TFS ACT 2023 makes this security requirement explicit in terms of: (i) the appointment of officers of the FIU at s.71(3); (ii) limitations on compliance with request at s.99(1)(b); (iii) and the restrictions on disclosures resonated throughout the Act and its Regulation ss. 26(2)(e), 66, 75, 87, 91(3)(b) and 126, as well as Regulation 63.</p> <p>The NFIU has MOU in place with key competent authorities such as the NPF, Customs and NRO under which they cooperate to ensure compatibility of AML/CFT requirements with Data Protection and Privacy rules.</p> <p>An example is clause 3.3 of the MOU with NRO:</p> <p><i>Security and Protection of Information - The Supervisor FIU and the Deputy Secretary Revenue are responsible and shall be personally liable for ensuring and adopting strict security measures to protect the FIU and NRO records against unauthorised access, use, disclosures or any other form of misuse.</i></p>

Deficiencies Found in MER 2024	Actions taken
	Similar provisions are provided for with AUSTRAC, PFIC Statement of intent and the Shipping registry.
Recommendation 3 [R.3] rated LC in MER 2024	
<ul style="list-style-type: none"> Designated predicate offences generally covered, with some gaps including illicit trafficking in stolen and other goods, and the coverage of indirect tax crimes (c.3.2). The penalties associated with market manipulation does not meet Nauru's predicate offence threshold (c.3.2). 	<p>The gaps identified in the MER 2024 has been addressed on 20 August 2024 as follows:</p> <p>Amendment to Crimes Act 2016</p> <p>Section 165 A: 165A Trafficking of stolen property (1) A person who knowingly initiates, organises, plans, finances, directs, manages, or supervises the theft of property for sale to others, or who knowingly traffics in stolen property, is guilty of trafficking in stolen property. (2) A person who recklessly traffics the property of another that has been stolen, is guilty of trafficking in stolen property. Penalty: 10 years imprisonment.</p> <p>Indirect Tax crimes are covered under the AML-TFS Act 2023, under the definition of 'criminal conduct'...(e) consists of the non-payment or evasion of any form of tax, duty or other statutory levy;</p> <p>This deficiency has now been addressed under the Consumer Protection Act 2024 PART 3 — Restrictive Business Conduct and Practices which came into force in 13 May 2025, contains the relevant offences (Section 30). The sentences range from:</p> <p style="padding-left: 40px;"><i>(a) for an individual, to a fine not exceeding \$20,000 or an imprisonment term not exceeding 1 year or to both;</i></p> <p style="padding-left: 40px;"><i>(b) or (b) for a corporation, to a fine not exceeding \$100,000</i></p> <p>These sentences now meet Nauru's predicate offence threshold.</p>
Recommendation 4 [R.4] rated LC in MER 2024	
<ul style="list-style-type: none"> There are minor gaps in the application of predicate offences referred to in R.3 (C.4.2). A restraining order can only be applied against tainted property held by a person who is about to be 	<p>Please refer to Recommendation 3 commentary.</p> <p>This is under review by the relevant authorities. An assessment has been done on the <i>constitutional right</i> of a person's right to property where he or she is not convicted. Changes will be</p>

Deficiencies Found in MER 2024	Actions taken
<p>charged or convicted of a serious offence. (c.4.2).</p> <ul style="list-style-type: none"> There are no clear provisions regarding the procedures and measures of the 'Administrator' dealing with forfeited or seized although the court can decide on the management and disposal of properties (c.4.4). 	<p>made to the legislation once the issues are resolved.</p> <p>Nauru has made the <i>Proceeds of Crime (Management and Disposal of Property) Regulations 2024</i>. These regulations give clear and specific powers for the Administrator to deal with forfeited or seized property. In particular, Regulation 4 provides the Administrator with a wide range of powers to deal with seized or forfeited property. This Regulation was provided to the AT which is footnoted in the MER. Not only that these Regulations were a subject of a workshop for wider training in the Pacific Region by PILON.</p>
<p>Recommendation 6 [R.6] rated LC in MER 2024</p>	
<ul style="list-style-type: none"> No process for identifying targets for designation based on the relevant UNSCR designation criteria. 	<p>Firstly, this covered under part of the AML TFS Act 2023 Sections 109 -116. <i>Additionally, the AML TFS (Financing of Terrorism Proliferation Financing) Regulations 2023</i> provides the procedure as follows:</p> <p>Part 1 Designations of Groups as terrorist groups. PART 2 — DESIGNATIONS OF NATURAL PERSONS AS TERRORISTS, PART 3 — TERRORIST GROUP PROLIFERATION FINANCING, PART 4 — TERRORIST PROLIFERATION FINANCING, PART 5 — DESIGNATION AND DE-LISTING OF GROUP BY UNSC and PART 6 — DESIGNATION AND DE- LISTING OF PERSON BY UNSC.</p> <p>Nauru is a very low risk jurisdiction for TF and PF. Both the NFIU and the TCU are intelligence units which analyse information and is capable of identifying targets. The TCU in particular is responsible for Transnational organised crime. As part of their duties and responsibilities the TCU conducts intelligence gathering and surveillance on potential targets. If necessary the TCU will escalate for designation if related to terrorism. The TCU has further entered into an MOU with all Border agencies i.e. Customs, Immigration, Passports, DJBC, Quarantine and the NFIU for</p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> Minor gaps remain in relation to the procedures for the release of funds categorised as basic and extraordinary expenses, which are not set out in the AML-TFS Act 2023, in regulations or in other enforceable measures (c.6.7). 	<p>better collation and analysis of intelligence. Apart from the AMLOC and AMLPPC mechanism for sharing information or identifying any targets, Nauru has now established the Committee for Combatting Terrorism and Proliferation Financing under the <i>Anti-Money Laundering and Targeted Financial Sanctions (Financing of Terrorism and Proliferation Financing) Regulations 2023</i> To enhance this mechanism Nauru has requested UNODC for training on TF/PF.</p> <p>Nauru has also become a signatory to the United Nations Convention Against Cybercrime (Hanoi Convention) in October 2025. The ratification process will be done in due course which would allow Nauru to have greater access to information using cyber tools.</p> <p>Nauru has addressed this gap on 1 April 2024 by amending the Anti-Money Laundering and Targeted Financial Sanctions (Financing of Terrorism and Proliferation Financing) Regulations 2023.</p> <p><i>Regulation 53 Review of decision freezing or seizing funds, property or assets by Court</i> <i>(1) The Court may vary an order freezing or seizing funds, property or assets, where it is satisfied on the balance of probabilities that:</i></p> <p><i>(a) the order freezing or seizing the funds, property or assets was arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law;</i></p> <p><i>(b) the person or group had their funds, property or assets frozen in error, owing to their having the same or similar names to those of designated terrorists or terrorist groups;</i></p> <p><i>(c) the person or group is an innocent third party with a bona fide right to the frozen or seized funds, property or assets; or</i></p> <p><i>(d) the expenditure is required to meet the basic needs of the person, group, or members of their family for whom they are responsible, including:</i></p> <p><i>(i) payments for foodstuffs;</i></p> <p><i>(ii) rent or mortgage;</i></p> <p><i>(iii) medicines and medical treatment;</i></p> <p><i>(iv) taxes;</i></p> <p><i>(v) insurance premiums;</i></p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> NFIU has a link to the UNSC consolidated lists on its website for continual access. However, as set out below, the process of alerting changes in designations to competent authorities and reporting entities in Nauru is protracted and would likely take over 24 hours. This impacts implementation without delay. 	<p>(vi) public utility charges; (vii) exclusively for the payment of reasonable professional fees; (viii) reimbursement of incurred expenses associated with the provision of legal services; or (ix) fees or service charges for routine holding or maintenance of frozen funds or other financial assets or economic resources; or (e) the frozen or seized funds, property or assets is exempt from freezing or seizing under any law or under the relevant UNSC Resolutions on combatting terrorist acts, terrorism or proliferation financing</p> <p>Nauru has addressed this gap by amending the <i>Anti-Money Laundering and Targeted Financial Sanctions (Financing of Terrorism and Proliferation Financing) Regulations 2023</i>. The timeline of 24 hours is prescriptive and reduced to 12 hours in the Regulations. This is within the required FATF framework. The Regulation reads as follows:</p> <p><i>Regulation 44: Designation of person required to be designated by UNSC</i></p> <p>(1) Where the UNSC or its committees designates a person as a terrorist, or where the UNSC or its committees designates a person for activities related to proliferation financing under any UNSC resolution adopted under Chapter VII of the United Nations Charter, the Permanent Mission of Nauru to the United Nations shall, without any delay and in any event not exceeding 12 hours after the designation, inform the Minister for Foreign Affairs, Minister and the Financial Intelligence Unit, of the particulars of the designation by providing the declaration:</p> <p>(a) by transmitting an electronic copy; and (b) where necessary to communicate in any other form including telephone conversation to expedite the transmitting of the information.</p> <p>(2) The Minister for Foreign Affairs or any person he or she may nominate shall obtain such information from the Minister, Secretary for Justice and Border Control, Director of Public Prosecutions, Administrator, Secretary for Finance, Commissioner of Police or the FIU that the</p>

Deficiencies Found in MER 2024	Actions taken
	<p><i>designation under sub regulation (1) has been implemented or the process of implementation has commenced, without any delay and in any event not exceeding 24 hours, of the publication of the designation by the UNSC and its committees.</i> <i>[subreg (2) subst SL 27 of 2024 reg 6, opn 18 Sep 2024]</i></p> <p><i>(3) For avoidance of doubt, a person may only be designated a terrorist by the Minister under this Part if:</i> <i>(a) such person is designated as such by the UNSC or its committees; or (b) such person is designated for activities related to proliferation financing by the UNSC or its committees, in accordance with a relevant UNSC resolution.</i></p> <p><i>(4) The designation under sub regulation (2) shall be in Form 2 of Schedule 3.</i></p> <p><i>(5) Notwithstanding sub regulations (1) and (2), the FIU shall within:</i> <i>(a) 4 hours of a designation being published by the UNSC or its committees, publish such designation on the FIU website; and</i> <i>(b) 12 hours of a designation being published by the UNSC or its committees, notify reporting entities and other relevant stakeholders of such designation.</i> <i>[subreg (5) insrt SL 27 of 2024 reg 6, opn 18 Sep 2024]</i></p> <p><i>(6) The Supervisor may in addition to the UNSC or its committee's designation, source information of designations from other entities including the OFAC, for the purpose of dissemination and notifying reporting entities and stakeholders.</i> <i>[subreg (6) insrt SL 27 of 2024 reg 6, opn 18 Sep 2024]</i></p>
Recommendation 8 [R.8] rated LC in MER 2024	
<ul style="list-style-type: none"> Measures and monitoring of NPOs are generic, not taking into account the TF risks of individual NPOs (c.8.3). 	<p>The NFIU together with Registrar of Associations and the NRA 2025 Consultant have met with all the associations in Nauru to review the TF risks of the individual associations. This will be covered in the NRA 2025.</p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> Supervisory activities aiming at preventing misuse of NPOs for TF are limited in practice and not fully in a risk-based manner (c.8.4). It is not clear whether AMLOC works as a system to facilitate coordination between the relevant authorities for information gathering/sharing regarding abuse of NPOs for TF (c.8.5) 	<p>The NPOs in Nauru have been fully educated on the requirements of FATF standards with the necessary NPO Guideline. This is published on the website and also each NPO has been provided a copy.</p> <p>Nauru has undertaken a review of all the associations in Nauru. Majority of the associations are fairly new. The risks associated with associations remain low. Therefore, the supervisory activities in future will be conducted in a risk-based manner.</p> <p>The AMLOC is a committee where the stakeholders discussed and share information on AML TF risks. The AMLOC has met 7 times (6 times after the onsite) and information on any emerging significant risks are discussed by the members. AMLOC serves as a platform to facilitate coordination among the authorities for information gathering/sharing regarding abuse of NPOs for TF. Additionally, during the NRA meetings with all stakeholders the consultant together with the FIU and discussed TF potential risks. The potential of NPOs/Associations are facing abuse for TF related matters remains low.</p> <p>Further the TOR for AMLOC clearly stipulates the requirement for AMLOC to:</p> <ul style="list-style-type: none"> a) actively support activities that concern anti-money laundering in particular identification of AML/CFT related risks and mitigating those risks through collaborated engagement; b) actively detect, disrupt, prevent and report suspicious activities and construe these issues related to anti-money laundering. This may include training and awareness events as mandated under the AMLTFS Act 2023 and other relevant laws.
Recommendation 15 [R.15] rated LC in MER 2024	
<ul style="list-style-type: none"> While Nauru requires VASPs to be licensed, the deficiencies in c26.3 flow through to R.15. (The fit and proper criteria do not cover beneficial owners in line with the 	<p>Nauru has amended the Anti-Money Laundering and Targeted Financial Sanctions (Fit and Proper Person) Criteria 2023 on 20 February 2024 to address the deficiencies:</p>

Deficiencies Found in MER 2024	Actions taken
<p>FATF definition and do not cover criminal associates c26.3)</p>	<p><i>5. What is the fit and proper person criteria?</i></p> <p><i>(1) A person considered to be appointed as a Responsible Person must have the necessary competencies, skills, knowledge, technical expertise, diligence, experience and soundness of judgment to perform that role.</i></p> <p><i>(2) A person considered to be appointed as a Responsible Person must also have the requisite character, diligence, honesty, integrity and judgment.</i></p> <p><i>(3) With regard to a legal person, Responsible Persons and beneficial owners of such must meet the fit and proper person criteria set out above.</i> <i>[Subclause (3); am per FATF Standards; IO 3, 20 Feb 2024]</i></p> <p><i>(4) A person must not be appointed as a Fit and Proper Person where: (a) any individual who had previously held the position of a Director on the Board of Directors, a Senior Executive, an External Auditor or an Actuary of a Licensed reporting entity in the Republic or elsewhere at the time the license of the reporting entity was revoked;</i> <i>(b) any individual who had been convicted of a fraud, bribery, money laundering related offence or terrorist, terrorism, proliferation financing related offence, which generally come within the parameters of the AML/CFT framework. This includes a person who was convicted of such offence and did not serve the full term of the sentence, was pardoned for the crime or from serving any term of sentence;</i> <i>[Para (b); am per FATF Standards; IO 3, 20 Feb 2024]</i></p> <p><i>(c) any individual under a sanction by the United Nations or country-specific Sanctions List;</i> <i>(d) any individual who has been declared a prohibited immigrant, bankrupt or deported from the Republic;</i> <i>(e) the person has failed to settle all undisputed obligations for taxes due for payment to the taxation authorities in the Republic or another jurisdiction;</i> <i>(f) the person is or becomes an appointed or elected member of the Nauru Parliament;</i> <i>(g) the source of wealth of a significant shareholders capital contribution raises questions about past or current activities or whether the</i></p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> • There is no information to indicate that Nauru has identified and assessed risks emerging from VA activities or operations of VASPs (c.15.3(a)). • VASPs are defined as FIs and included under RE regulatory requirements, but this is not a risk-based approach and there are no measures for maintaining vigilance for emerging activities in relation to VA/VASPs (c.15.3(b)). 	<p><i>shareholder is acting as a nominee, trustee or agent for some other undisclosed party;</i> <i>(h) the person has been determined to hold a conflict of interest in performing their appointment;</i> <i>(i) he or she has associations with other persons or network of persons who have been convicted of criminal offences or are under suspicion of carrying out criminal activities.</i> <i>[Para (i); insrt per FATF Standards; R 26.4, 20 Feb 2024</i></p> <p>This deficiency is currently being addressed by Nauru under the NRA 2025. There will be a specific topic of discussion on the risk from VA activities in the NRA 2025.</p> <p>The NRA 2025 will cover the risks associated with VA/VASP. Nauru has enacted the <i>Command Ridge Virtual Asset Authority Act 2025. Under PART 2 — Section 6 Establishment of the Command Ridge Virtual Asset Authority:</i> <i>(1) The Command Ridge Virtual Asset Authority is established.</i> <i>(2) The Authority shall act independently in performing its functions.</i></p> <p>Section 7: Functions : <i>The functions of the Authority are to: (a) promote Nauru as a progressive, internationally recognised jurisdiction for virtual assets and Web innovation;</i> <i>(b) promote sustainable digital economic growth, entrepreneurship, and fintech investment;</i> <i>(c) ensure financial system integrity, consumer protection, and market stability;</i> <i>(d) ensure compliance by the VASPs with the FATF Standards;</i> <i>(e) ensure compliance by the VASPs with international data protection standards;</i> <i>(f) liaise with international standard-setting bodies such as FATF and IOSCO to ensure compliance with standards set by such bodies;</i> <i>(g) grant, suspend, vary or revoke licences; (h) establish permissible and prohibited Virtual Asset activities;</i> <i>i) conduct risk-based supervision, inspections, and enforcement;</i></p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> The AM-TFS (Fit and Proper Person) Criteria do not explicitly cover preventing criminals or associates from being a beneficial owner and regular checks to ensure continued compliance do not occur (c.15.4(b)). It is not clear that Nauru has specifically sought to ensure there are no natural or legal persons carrying out VASP activities without the requisite license or registration (c.15.5). There is no specific provision that states that the occasional transactions designated threshold where VASPs are required to conduct CDD is USD/EUR 1000 and whether the equal application of AML/CFT provisions to VASPs covers the travel rule (c15.9(a)) 	<p>(j) regulate token issuance, exchange, staking, DeFi activities, and Non-Fungible Token marketplaces; (k) define cybersecurity and data standards for all VASPs; (l) publish codes of conduct, circulars, and compliance guidance; (m) establish licencing categories; (n) cooperate with foreign regulators and participate in global frameworks; (o) establish a Virtual Asset Innovation Sandbox for emerging technologies; and (p) virtually establish and maintain a virtual asset register.</p> <p>Furthermore, Nauru is in the process of issuing Regulations to strengthen the provisions of the Act in accordance with international standards.</p> <p>As mentioned above; Nauru has amended the Anti-Money Laundering and Targeted Financial Sanctions (Fit and Proper Person) Criteria 2023 on 20 February 2024 to address this gap.</p> <p>This deficiency has been addressed by Nauru through the Command Ridge Virtual Assets Authority Act 2025 enacted on 17 June 2025. Under the CRVAAA 2025, Part 3 covers licencing and conduct of VA/VASPs. Nauru is in the process of setting up the Command Ridge Virtual Assets Authority. The Authority shall be responsible for regulating VA/VASPs in Nauru.</p> <p>The specific provision for this requirement is covered under the AML-TFS Act 2023 (Division 4 — obligations of financial institutions in relation to electronic currency transfers) and this is further reinforced under the Nauru Virtual Asset Service Provider Policy. Any VA registered under the CRVAA will be required to comply with the policy of conducting CDD for transactions of USD/EUR 1000 and above.</p>
Recommendation 24 [R.24] rated LC in MER 2024	
<ul style="list-style-type: none"> The 2023 NRA gives only a cursory analysis of legal persons' vulnerabilities to misuse for ML/TF. It additionally does not provide an 	<p>The 2023 NRA Chapter 10 provides an analysis of the business sector. Chapter 11 provides a detailed analysis on the risks associated with legal persons vulnerabilities to misuse for ML/TF. Both</p>

Deficiencies Found in MER 2024	Actions taken
<p>analysis of the activities of the business sector in order to base a conclusion of risk (C.24.2)</p> <ul style="list-style-type: none"> • There does not appear to be a requirement to maintain the regulating powers of Corporations at the place of business. However, the regulating powers are provided for statutorily, as such there would only be a gap where a corporation changes their regulating powers (c.24.4) • There is no explicit timeframe for which a corporation's register of members must be updated after a change in members takes place. This information is not required to be maintained on a timely basis (c.24.5) • Nauru has deficiencies related to timely update or access to information and no clear legal foundation for enforcement of <i>Beneficial Ownership (Identity and Declaration) Regulations 2023</i> (c.24.10). 	<p>these 2 chapters must be read together to reach an accurate conclusion. Nauru finds risks associated with BO as low however Nauru also anticipates the level of risk associated with legal persons can escalate to Medium. The 2025 NRA which is in draft stages will also examine the risk associated with legal persons as identified in the MER.</p> <p>The MER notes that the only gap here would be if a corporation changes their regulating powers. This gap is being considered to be addressed by prescribing Regulations for the same, under Section 243 of the <i>Corporation Act 1972</i> which reads: 243 Regulations (1) Regulations may be made by the Cabinet prescribing all matters and things required or authorised by this Act to be prescribed or provided or which are necessary or convenient to be prescribed or provided for carrying out or giving effect to this Act and in particular for prescribing penalties for breaches of the regulations.</p> <p>This gap is being considered to be addressed by prescribing Regulations for the same, under Section 243 of the <i>Corporation Act 1972</i></p> <p><i>Beneficial Ownership Act 2017</i>, in relation to timely update of information, <i>Regulation 9 states:</i> <i>9 Beneficial owner's obligation</i> (1) <i>A person upon becoming a beneficial owner shall submit to the legal entity a declaration of beneficial ownership detailing the registerable particulars in Form 1 of the Schedule.</i> (2) <i>Where the beneficial ownership interest of an existing beneficial owner is varied or changed, he or she shall submit to the legal entity a declaration of beneficial ownership detailing such variation or change.</i> (3) <i>For the purposes of subregulation (1) and (2) a beneficial owner shall submit the information to the legal entity within 7 days of becoming a</i></p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> The Beneficial Ownership (Identity and Declaration) Regulations 2023 do not have proportionate or dissuasive sanctions (c.24.13). 	<p><i>beneficial owner or any change or variation of beneficial ownership.</i></p> <p>In relation to access to information the Beneficial Ownership Authority is required to provide all information to fulfil its international obligations. See <i>Regulation 12(2)</i>:</p> <p><i>12 Quality of assistance</i> <i>(1) The Authority shall monitor on the quality of assistance the Republic receives from any competent authority in a foreign jurisdiction, in response to requests for basic and beneficial ownership information or requests for assistance in locating the beneficial owners residing abroad.</i></p> <p><i>(2) For avoidance of doubt, the Authority shall provide all such information:</i> <i>(a) kept and maintained by the Authority, where necessary; and</i> <i>(b) information which is required to be kept and maintained under the Act by the Republic in fulfilling its international obligations.</i></p> <p><i>(3) The Authority as the custodian of the beneficial ownership records of legal entities shall:</i> <i>(a) allow foreign competent authorities to have access to basic information of legal entities registered in Nauru; or</i> <i>(b) allow foreign competent authorities to have access to information on shareholders which includes the name, permanent address, email and phone contact, if available;</i></p> <p><i>(4) Where information is not available in respect of beneficial ownership for which a foreign competent authority requires information, the Authority shall obtain such information in Nauru to provide it to the requesting foreign competent authority.</i></p> <p>With regard to failure to make a declaration in accordance with the <i>Beneficial Ownership (Identity and Declaration) Regulations 2023</i>, Regulation 13(6) provides “<i>(6) Where a person fails to provide the details requested, the Authority may decline the application for beneficial ownership or issue a notice to show cause as to why a registered beneficial owner be removed from holding such interest in a legal entity.</i>”</p>

Deficiencies Found in MER 2024	Actions taken
	Further, the sanctions under the BO Act 2017 for duties of nominated officers and legal entities are dissuasive and propionate as it meets the predicate offence threshold. Offences are punishable with \$50,000.00 fines or 3 years imprisonment.
Recommendation 25 [R.25] rated LC in MER 2024	
<ul style="list-style-type: none"> Enforcement of the requirement for a trustee to disclose their status to FIs and DNFBPs only extends to enforcement of reporting entities and does not extend to trustees. While there may overlap between reporting entities (lawyers acting as trustees), where the trustee is not a lawyer or other reporting entity, they would not be covered (c.25.3). 	<p>Regulations 6 & 7 of the <i>Trusts (Forms and Fees) Regulations 2018</i></p> <p>6 Records in the Register</p> <p>(1) For the purposes of Section 19(2) of the Act, the Registrar shall keep and maintain the records as set out in Form 4 of Schedule 1.</p> <p>(2) The Registrar shall keep and maintain the records under subregulation (1) for a period of at least 7 years from the date of voluntary or involuntary winding up or dissolution of the trust or cessation by virtue of Section 22 or 23 of the Act.</p> <p>(3) The trustees, individually or collectively of a trust, which has been voluntarily or involuntarily wound up or dissolved, or ceased to exist by virtue of Section 22 or 23 of the Act shall keep and maintain records of the trust for a period of 7 years from the date of the winding up, dissolution or cessation of operations of the trust.</p> <p>7 Change or variation of trustee or annual return</p> <p>(1) For the purposes of Section 21(1)(a) of the Act, the prescribed form for change or variation of particulars of a trustee or annual return is set out in Form 5 of Schedule 1.</p> <p>(2) The form for variation or change in particulars under subregulation (1) shall be submitted to the Registrar within 7 days of the occurrence of the variation or change.</p> <p>The forms entails an offence which is found at PART 7 — OFFENCES of the Trust Act 2018:</p> <p>24 Offence of filing false or misleading information</p> <p>(1) A person shall not, lodge or cause to be</p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> • There is liability assigned for included offences, however, many of the underlying duties required of Recommendation 25 (such as requiring the trustee to obtain and hold the information in c.25.1(a) and c.25.1(b)) are included in Trusts (Trustee Duties) Regulation 2023(3)(1), but it is not clear what the penalty is for violation of these duties (c.25.7). • In regards to 25.1(b), outside a civil suit, there does not appear to be any penalties for non-compliance of Trusts (Trustee Duties Regulation 2023 Section 	<p>lodged, an application form or annual return that is false or misleading in a material respect.</p> <p>(2) A person who contravenes subsection (1), commits an offence and upon conviction is liable to a term of imprisonment not exceeding 3 years or a fine not exceeding \$10,000 or to both.</p> <p>25 Obligation to keep and maintain accounts and records</p> <p>(1) A trustee of a registered trust shall ensure that:</p> <p>(a) records including the underlying documentation such as proper accounts and records relating to the affairs of the trust are kept and maintained; and</p> <p>(b) those accounts and records are kept for not less than 7 years from the end of the period to which the information relates.</p> <p>(2) The records that shall be kept under subsection (1) shall include underlying documentation such as but not limited to invoices and contracts for the following:</p> <p>(a) all sums of money that the trust receives and expends;</p> <p>(b) items or matters for which the trust receives or expends money;</p> <p>(c) all sales and purchases of goods and services by the trust;</p> <p>(d) all assignments of rights or assumptions of liabilities by the trust;</p> <p>(e) all transactions by the trust affecting its assets or liabilities; and</p> <p>(f) the assets and liabilities of the trust.</p> <p>(3) A trustee who contravenes this Section, commits an offence and upon conviction is liable to a fine not exceeding \$5,000.</p> <p>26 Offence of failure to register trust or file annual returns</p> <p>(1) If a trust is not registered in accordance with Sections 12 and 13, each trustee commits an offence and upon conviction is liable to:</p> <p>(a) a penalty not exceeding \$5,000; and</p> <p>(b) a penalty not exceeding \$50 for each day that the failure continues.</p> <p>(2) If an annual return is not filed for a registered trust in accordance with</p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> Sanctions are not proportionate and dissuasive for non-compliance with timely provision of the information (c.25.8). 	<p>Section 15, each trustee commits an offence and upon conviction is liable to:</p> <p>(a) a penalty not exceeding \$5,000; and (b) a penalty not exceeding \$50 for each day that the failure continues</p> <p>The sanctions under the BO Act 2017 for timely provision of information is dissuasive and proportionate as it meets the predicate offence threshold.</p> <p>Beneficial Ownership Act 2017 <i>S.16 Disclosure of beneficial owner information by nominated officer:</i> (3) <i>The notice shall state:</i> (a) <i>the information required;</i> (b) <i>that the information is required for a permitted purpose as defined in Section 3(1); and</i> (c) <i>that the information to be provided as soon as practicable not exceeding 7 days from the receipt of the notice....</i> (7) <i>A person who contravenes subsection (6), commits an offence and upon conviction is liable to a fine not exceeding \$50,000 or to a term of imprisonment not exceeding 3 years or to both.</i></p>
Recommendation 26 [R.26] rated LC in MER 2024	
<ul style="list-style-type: none"> The fit and proper criteria do not cover beneficial owners in line with the FATF definition and do not cover criminal associates (c.26.3). It is not clear that the supervision of the FI considers specific risks posed by its activities in Nauru (c.26.5). In relation to reviewing ML/TF risk profiles, there does not seem to be a 	<p>As mentioned above in Rec 15; Nauru has amended the Anti-Money Laundering and Targeted Financial Sanctions (Fit and Proper Person) Criteria 2023 on 20 February 2024 to address this gap.</p> <p>The NFIU supervises the MVTS on a risk-based approach. The outcome of the supervisory activities resulted in the MVTS developing its own Business Risk Assessment which fulfils this obligation. The NFIU has conducted a strategic analysis to identify specific risks posed by activities in Nauru with no major activities affecting the MVTS. Both the 2018 and 2023 NRA's found MVTS sector as low risk. Current NRA 2025 which is being undertaken also finds the MVTS sector as low risk.</p> <p>The MVTS as required under Section 26 of the AML-TFS Act 2023 complies with the Western</p>

Deficiencies Found in MER 2024	Actions taken
<p>trigger relating to major events or developments in the management and operations of the FI or group. Further, the FIU's activities have not yet demonstrated periodic review of the FI's business risk assessments (c.26.6)</p>	<p>Union Group Wide Compliance Program. The Group Compliance program clearly provides the red flags for money laundering and terrorism financing. The MVTs provides limited services only which are outward and inward remittances. NFIU's onsite (Supervisory Activities) in 2023 resulted in the MVTs complying with section 24 of the AML-TFS Act 2023 and has produced a Business Risk Assessment for its operations. This therefore now meets this criterion.</p>
<p>Recommendation 28 [R.28] rated LC in MER 2024</p>	
<ul style="list-style-type: none"> There is a gap in relation to the fit and proper criteria set out in the legislative framework to the extent that it does not capture beneficial owners in line with the FATF definition or associates of persons convicted of a criminal offence (c.28.1(b), c.28.4(b)). 	<p>Nauru has amended the Anti-Money Laundering and Targeted Financial Sanctions (Fit and Proper Person) Criteria 2023 on 20 February 2024 to address the deficiencies:</p> <p><i>5. What is the fit and proper person criteria?</i></p> <p><i>(1) A person considered to be appointed as a Responsible Person must have the necessary competencies, skills, knowledge, technical expertise, diligence, experience and soundness of judgment to perform that role.</i></p> <p><i>(2) A person considered to be appointed as a Responsible Person must also have the requisite character, diligence, honesty, integrity and judgment.</i></p> <p><i>(3) With regard to a legal person, Responsible Persons and beneficial owners of such must meet the fit and proper person criteria set out above. [Subclause (3); am per FATF Standards; IO 3, 20 Feb 2024]</i></p> <p><i>(4) A person must not be appointed as a Fit and Proper Person where: (a) any individual who had previously held the position of a Director on the Board of Directors, a Senior Executive, an External Auditor or an Actuary of a Licensed reporting entity in the Republic or elsewhere at the time the license of the reporting entity was revoked; (b) any individual who had been convicted of a fraud, bribery, money laundering related offence or terrorist, terrorism, proliferation financing related offence, which generally come within the parameters of the AML/CFT framework. This includes a person who was convicted of such offence and did not serve the full term of the sentence, was pardoned for the crime or from serving any term of sentence;</i></p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> • Not all DNFbps have been subject to monitoring for compliance for AML/CFT (c.28.3). • The FIU supervisory plan does not include all law firms (c.28.5) 	<p><i>[Para (b); am per FATF Standards; IO 3, 20 Feb 2024]</i></p> <p><i>(c) any individual under a sanction by the United Nations or country-specific Sanctions List;</i> <i>(d) any individual who has been declared a prohibited immigrant, bankrupt or deported from the Republic;</i> <i>(e) the person has failed to settle all undisputed obligations for taxes due for payment to the taxation authorities in the Republic or another jurisdiction;</i> <i>(f) the person is or becomes an appointed or elected member of the Nauru Parliament;</i> <i>(g) the source of wealth of a significant shareholders capital contribution raises questions about past or current activities or whether the shareholder is acting as a nominee, trustee or agent for some other undisclosed party;</i> <i>(h) the person has been determined to hold a conflict of interest in performing their appointment;</i> <i>(i) he or she has associations with other persons or network of persons who have been convicted of criminal offences or are under suspicion of carrying out criminal activities.</i></p> <p><i>[Para (i); insert per FATF Standards; R 26.4, 20 Feb 2024]</i></p> <p>This issue has now been resolved. All 5 law firms and the Gaming Entity in Nauru are subject to NFIU compliance monitoring. The Law Firms underwent a Continued Legal Education (CLE) on their AML/CFT Obligations under the AML-TFS Act 2023 with assistance from the APG, NZ FIU and NZ DIA. The issue of the Gaming Entity is currently outstanding and FATF has commenced work to resolve this issue. However, the Gaming entity has been educated by the NFIU and is aware of its obligations. The Gaming Entity now conducts CDD.</p> <p>This was an issue at onsite. The NFIU Supervisory plan has been revised and now captures all the 5 law firms and the Gaming entity.</p>
<p>Recommendation 29 [R.29] rated LC in MER 2024 – Now rated C after February FUR</p>	

Deficiencies Found in MER 2024	Actions taken
	<p>A report on the activities for recommendation 29 was submitted in April 2024, which was accepted by APGML hence the re-rating of R29. Nauru has now not only joined but also became a full member of the Egmont Group, which at the time of the onsite visit Nauru was in the process of making the application.</p>
Recommendation 30 [R.30] rated LC in MER 2024	
<ul style="list-style-type: none"> The time frame in which the court will grant an application for a restraining order, monitoring order or forfeiture order is not stated in the POCA (c.30.3). 	<p>Nauru has amended the POCA 2004 as follows:</p> <p>S. 50 Restraining order.....</p> <p><i>(8) When the application is made under Section 48 on the basis that a person is about to be charged, any order made by the court shall lapse if the person is not charged:</i></p> <p><i>(a) within 28 days, where the offence is an offence against any written law of the Republic; or</i></p> <p><i>(b) within 6 months, where the offence is an offence against the law of a foreign State.</i></p> <p><i>[subs (8) insrt Act 4 of 2023 s 26, opn 7 June 2023]</i></p> <p><i>(9) When the application is made under Section 48 on the basis that a person is about to be charged and the person absconds, any order made by the Supreme Court shall lapse where the person is not charged within 6 months.</i></p> <p><i>[subs (9) insrt Act 4 of 2023 s 26, opn 7 June 2023]</i></p> <p><i>(10) Upon application, the Supreme Court may extend the period:</i></p> <p><i>(a) in the case of the period referred to in subsection (8)(a), by another 28 days; and</i></p> <p><i>(b) in the case of the period referred to in subsection (8)(b) or (9), by another 6 months.</i></p> <p><i>[subs (10) insrt Act 4 of 2023 s 26, opn 7 June 2023]</i></p> <p><i>(11) The period under subsection (8)(a) may be extended twice. [subs (11) insrt Act 4 of 2023 s 26, opn 7 June 2023]</i></p>
Recommendation 31 [R.31] rated LC in MER 2024	
<ul style="list-style-type: none"> There is no statutory authority for the police to take witness statements (c.31.1(c)). 	<p>Nauru has addressed this gap under the Nauru Police Force Act 2025:</p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> There is no explicit provision for LEAs to conduct undercover operations (c.31.2(a)). 	<p><i>s.85: Power to question and obtain a statement from any person</i> <i>(1) A police officer may question and obtain a statement from a person that he or she reasonably believes to have information relevant to an investigation.</i> <i>(2) Where during the questioning of the person the police officer forms the view that the person is a suspect, he or she shall cease his or her questioning and caution the person under Section 89.</i></p> <p>This gap has been addressed: Firstly, Nauru enacted the <i>Anti-Money Laundering and Targeted Financial Sanctions (Parallel Financial Investigations) Regulations 2024</i>.</p> <p><i>Regulation 11 Controlled Delivery:</i></p> <p><i>(1) Where the Commissioner of Police or in his or her absence, any authorised officer suspects on reasonable grounds that a person has committed, is committing or is about to commit a predicate offence which may be related to a financial crime, he or she may give written approval for:</i> <i>(a) controlled delivery to be carried out; and</i> <i>(b) specify persons to carry out or participate in the controlled delivery.</i></p> <p><i>(2) The enforcement activities which may be undertaken in the course of and for the purposes of controlled delivery include the following:</i> <i>(a) allowing any craft, vehicle or other means of transport or conveyance to enter, leave, or transit through the Republic;</i> <i>(b) allowing delivery of any criminal property including cash in any currency or denomination;</i> <i>(c) using such force as may be reasonable in the circumstances to enter and search the craft, vehicle or other means of transport, or other conveyance;</i> <i>(d) placing a tracking device on board a craft, vehicle or other means of transport or other conveyance; or</i> <i>(e) allowing a person who has possession, custody or control of criminal property including cash in any currency or denomination to enter, leave or transit through the Republic.</i></p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> Under the <i>Illicit Drugs Control Act 2004</i> NPF may covertly monitor and record conduct and communications of a suspected person and use tracking devices, but there are no other provisions which explicitly authorise the police to intercept communications to investigate ML, TF and other predicate offences (c.31.2(b)). 	<p>Nauru has taken steps to further address this gap by the <i>Nauru Police Force Act 2025</i> which was enacted on 19 September 2025:</p> <p><i>s.140 Undercover investigations</i> <i>(1) The Commissioner may authorise the conduct of undercover investigations under his or her supervision or a police officer designated by the Commissioner.</i> <i>(2) Undercover investigations may be instigated for matters related to national security, corruption, money laundering and combatting of proliferation financing or terrorist financing offences or unlawful movement of illicit drugs.</i></p> <p><i>s. 141 Surveillance</i> <i>(1) For the purpose of allowing a police officer to gather information and evidence in the performance of his or her functions and subject to subsection (2), the Commissioner may authorise a designated police officer to conduct surveillance of a person suspected of committing or about to commit an offence.</i> <i>(2) The Commissioner or a designated police officer shall prior to undertaking surveillance, apply for and obtain a surveillance warrant from the court.</i> <i>(3) The application under subsection (2) shall be in writing, on oath and set out the following particulars:</i> <i>(a) the facts relied upon to show that there are reasonable grounds for suspecting that a person is planning, participating in, or committing, or has planned, participated in, or committed a serious offence;</i> <i>(b) a description of the manner in which it is proposed to intercept private communications, record or observe activities or track activities;</i> <i>(c) the name and address, if known, of the person whose private communications or a record or observations of whose activities there are reasonable grounds for suspecting will assist the police investigation of the case or if the name and address of the suspect are not known, a general description of the premises, place, thing, or type of facility in respect of which it is proposed to intercept private communications or record or observe activities;</i></p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> Controlled delivery is only conducted by NPF in cases of drug offences and offences under the CTTOCA 2004 (c.31.2(d)). 	<p>(d) the retrieval of the surveillance device;</p> <p>(e) entry with such force as necessary to any premises for the purpose of placing, servicing or retrieving a surveillance device;</p> <p>(f) the connection of the surveillance device to any source of electricity and the use of electricity from that source to operate the surveillance device;</p> <p>(g) the provision of assistance or technical expertise to the police officer primarily responsible for the execution of the warrant in the installation, use, maintenance or retrieval of the surveillance device; and</p> <p>(h) the period for which a warrant is requested.</p> <p>(4) The court may issue a warrant for a police officer to: (a) intercept a private communication by means of an interception device; (b) record visually or observe an activity of a person by means of an optical surveillance device; or (c) use a tracking device.</p> <p>(5) The court may renew the period of the warrant upon application by the police which shall:</p> <p>(a) give the reason and period for which the renewal is required;</p> <p>(b) be accompanied by full particulars, together with times and dates, of any interceptions made or attempted under the warrant and an indication of the nature of the information that has been obtained by every such interception; and</p> <p>(c) be supported by such other information as the court may require</p> <p>Nauru has taken steps to address this gap by the <i>Anti-Money Laundering and Targeted Financial Sanctions (Parallel Financial Investigations) Regulations 2024</i>.</p> <p><i>Regulation 5 Predicate offence requiring parallel financial investigation</i></p> <p><i>Where the Nauru Police Force or any other law enforcement agency is carrying out an investigation in relation to one or more of the following offences, the Nauru Police Force or any other law enforcement agency shall also carry out a parallel financial investigation:</i></p> <p>(a) participation in an organised criminal group and racketeering;</p>

Deficiencies Found in MER 2024	Actions taken
	<p><i>(b) terrorism, including terrorism financing and proliferation financing; (c) trafficking in human beings and migrant smuggling;</i></p> <p><i>(d) sexual exploitation;</i></p> <p><i>(e) sexual exploitation of children;</i></p> <p><i>(f) illicit trafficking in narcotic drugs and psychotropic substances;</i></p> <p><i>(g) illicit arms trafficking;</i></p> <p><i>(h) illicit trafficking in stolen and other goods;</i></p> <p><i>(i) corruption and bribery;</i></p> <p><i>(j) fraud;</i></p> <p><i>(k) counterfeiting currency;</i></p> <p><i>(l) counterfeiting and piracy of products;</i></p> <p><i>(m) environmental offences including criminal harvesting, extraction or trafficking in protected species of wild fauna and flora, precious metals and stones, other natural resources, or waste;</i></p> <p><i>(n) murder;</i></p> <p><i>(o) grievous bodily injury;</i></p> <p><i>(p) kidnapping;</i></p> <p><i>(q) illegal restraint and hostage-taking;</i></p> <p><i>(r) robbery or theft;</i></p> <p><i>(s) smuggling, including in relation to customs and excise duties and taxes;</i></p> <p><i>(t) tax offences including offences related to direct taxes and indirect taxes;</i></p> <p><i>(u) extortion;</i></p> <p><i>(v) forgery;</i></p> <p><i>(w) piracy;</i></p> <p><i>(x) insider trading and market manipulation; or</i></p> <p><i>(y) any such other offence which may be relevant to or associated with a financial crime. 6 Financial crime which may be relevant to predicate offences</i></p> <p>Regulation 11 Controlled delivery</p> <p><i>(1) Where the Commissioner of Police or in his or her absence, any authorised officer suspects on reasonable grounds that a person has committed, is committing or is about to commit a predicate offence which may be related to a financial crime, he or she may give written approval for: (a) controlled delivery to be carried out; and (b) specify persons to carry out or participate in the controlled delivery;</i></p> <p>It is also provided for under the <i>Nauru Police Force Act 2025</i>.</p>

Deficiencies Found in MER 2024	Actions taken
	<p>143 Controlled delivery</p> <p><i>(1) The Commissioner or a designated police officer on reasonable grounds suspects that a person has committed, is committing or is about to commit an offence may give written approval for:</i></p> <p><i>(a) a controlled delivery to be carried out; and</i></p> <p><i>(b) specify the persons to participate in the controlled delivery.</i></p> <p><i>(2) Notwithstanding any other law, the activities which may be undertaken in the course of and for the purposes of a controlled delivery include the following:</i></p> <p><i>(a) allowing any craft, vehicle or other means of transport or conveyance to enter, leave, or transit through the Republic;</i></p> <p><i>(b) allowing delivery of any property suspected to be derived directly or indirectly from any offence against any written law;</i></p> <p><i>(c) leaving or replacing any property suspected to be derived directly or indirectly from any offence against any written law;</i></p> <p><i>(d) using such force as may be reasonable in the circumstances to enter and search the craft, vehicle or other means of transport, or other conveyance;</i></p> <p><i>(e) placing a tracking device on board the craft, vehicle or other means of transport, or other conveyance; or</i></p> <p><i>(f) allowing a person who has possession, custody or control of the property suspected to be derived directly or indirectly from any offence against any written law, to enter, leave or transit through the Republic.</i></p> <p><i>(3) For the purpose of this Section, 'controlled delivery' means the investigative technique of allowing an unlawful or suspect consignment of any matter including funds or currency to enter, leave, transit, be transferred through the Republic with the approval of a senior ranking police or customs officer with a view to gathering evidence to identify a</i></p>

Deficiencies Found in MER 2024	Actions taken
	<i>person involved in any offence or to facilitate prosecution of that offence.</i>
Recommendation 32 [R.32] rated LC in MER 2024	
<ul style="list-style-type: none"> • Nauru’s declaration system for cross-border transportation of currency and BNIs does not explicitly extend to foreign currency (c.32.1, c.32.2). • Unclear whether authorised officers are required to make information obtained through declarations or disclosure available to NFIU (c.32.6). • Unclear channels for Customs to report to NFIU suspicious cargo transportation (c.32.6). 	<p>This gap has been addressed under: <i>Proceeds of Crime (Border Declaration Form) Regulations 2023:</i> <i>Regulation 5 Declaration of transportation of cash and other items by mail or cargo</i> (1) Where cash, bearer negotiable instruments, precious metals or stones including sapphire, gold and silver are transported from or into the Republic through mail or cargo, the manifest for such transportation shall be appropriately recorded the following in the Customs system: (a) amount in Australian dollars or its equivalent in foreign currency; and (b) value of any of the precious sapphire, gold and silver in Australian dollars or its equivalent in foreign currency.</p> <p><i>(2) The Nauru Customs Service shall report the transportation of cash, bearer negotiable instruments, precious metals or stones including sapphire, gold and silver under sub regulation (1) to the Financial Intelligence Unit</i></p> <p><i>As above, Regulation 5 (2) The Nauru Customs Service shall report the transportation of cash, bearer negotiable instruments, precious metals or stones including sapphire, gold and silver under sub regulation (1) to the Financial Intelligence Unit.</i></p> <p>Additionally, Customs SOP provides: <i>Method of Reporting to the FIU</i> 9.1 When reporting the matters under 6.5, 7.3 and 8 to the FIU, it should be done using a secure channel. <i>Electronic means (Email) is the preferred channel</i></p> <p>Customs Act 2014 <i>s. 151 Customs to keep records of transmission</i> (1) <i>Customs shall keep a record of any transmission sent to or received from a registered user using a Customs electronic entry processing system.</i></p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> It is not clear whether the Customs Act requirement for documents or records to be retained extends to situations where there is a suspicion of ML/TF (c.32.9). It is unclear whether the authorised officer to whom the declaration is made under POCA 2004 has a security mechanism to protect their declaration information and to prevent accidental or unauthorised dissemination (c32.10). 	<p><i>(2) The record described in subsection (1) shall be kept for a period of 5 years from the date of the sending of or the receipt of the transmission, or for any other prescribed period.</i></p> <p>Proceeds of Crime (Border Declaration Form) Regulations 2023:</p> <p>4 Record keeping</p> <p><i>(1) A declaration made in the Form in the Schedule, shall be kept and maintained for a period of 7 years by the:</i></p> <p><i>(a) Nauru Customs Service; and</i></p> <p><i>(b) Financial Intelligence Unit.</i></p> <p><i>(2) An electronic declaration made for the purposes of this Regulation or any other written law, shall be kept and maintained in an electronic storage database or system.</i></p> <p>Regulation 4 Record keeping</p> <p><i>.....(2) An electronic declaration made for the purposes of this Regulation or any other written law, shall be kept and maintained in an electronic storage database or system.</i></p> <p><i>(4) For the purpose of this Regulation ‘Customs system’ has the meaning given to it under the Customs Regulations 2023. [reg 5 insrt SL 5 of 2024 reg 6, opn 28 Mar 2024]</i></p> <p>Nauru Customs Services uses the Asycuda system which is a secure system for storage of electronic records.</p> <p><i>Customs Regulations 2023, Regulation 3 ‘Customs system’ means an integrated customs management system known as the ASYCUDA System, that is used by Customs for international trade and transport operations;</i></p>
Recommendation 33 [R.33] rated LC in MER 2024	
<ul style="list-style-type: none"> In areas that have proven relevant to Nauru’s context, such as international cooperation, statistics are not comprehensive across agencies. (c.33.1d)). 	<p>AML-TFS Act 2023: s.84 Statistics and records</p> <p><i>(1) The FIU shall maintain all records relating to its activities for at least 7 years.</i></p> <p><i>(2) The FIU shall maintain statistics on the effectiveness and efficiency of the Republic’s framework for anti-money laundering and combatting the financing of terrorism and other financial crime, including in relation to:</i></p>

Deficiencies Found in MER 2024	Actions taken
	<p><i>(a) suspicious activity reports received and disseminated;</i> <i>(b) financial crime investigations, prosecutions and convictions;</i> <i>(c) property frozen, seized and confiscated; and</i> <i>(d) mutual legal assistance or other international requests for co-operation made and received.</i></p> <p>The MER 2023 and its findings have been circulated to all law enforcement agencies, and all LEAs understand their obligations to maintain statistics. Further, APG conducted the Strategic Implementation Planning workshop in 2025 and met with the LEA's. The recommended actions of the MER 2023 including the obligation to maintain international cooperation records were explained to the LEAs. LEAs are aware of and are maintaining statistics for this purpose.</p> <p>The issue of keeping up to date statistics is a subject of discussion amongst all Government stakeholders. This also includes the Nauru Bureau of Statistics. The statistics are needed for many things, and the Government is investing in ensuring accurate statistics are maintained at all times. One of the ways is to digitise the Government system so that statistics becomes automatic records.</p>
Recommendation 36 [R.36] rated LC in MER 2024	
<ul style="list-style-type: none"> Nauru has signed and ratified all international conventions, but there are some minor gaps in the implementation of these conventions (c.36.2). 	<p>The gaps identified in the MER 2024 has been addressed as follows:</p> <p><i>Amendment to Crimes Act 2016</i> <i>Section 165 A: 165A Trafficking of stolen property</i> (1) <i>A person who knowingly initiates, organises, plans, finances, directs, manages, or supervises the theft of property for sale to others, or who knowingly traffics in stolen property, is guilty of trafficking in stolen property.</i> (2) <i>A person who recklessly traffics the property of another that has been stolen, is guilty of trafficking in stolen property. Penalty: 10 years imprisonment.</i> (20 August 2024)</p> <p><i>Indirect Tax crimes is covered under the AML-TFS Act 2023, under the definition of 'criminal conduct'...(e) consists of the non-payment or</i></p>

Deficiencies Found in MER 2024	Actions taken
	<p><i>evasion of any form of tax, duty or other statutory levy;</i></p> <p><i>This deficiency has now been addressed under the Consumer Protection Act 2024 PART 3 — Restrictive Business Conduct and Practices which contains the offences. The sentences range from:</i></p> <p style="padding-left: 40px;"><i>(c) for an individual, to a fine not exceeding \$20,000 or an imprisonment term not exceeding 1 year or to both;</i></p> <p style="padding-left: 40px;"><i>(d) or (b) for a corporation, to a fine not exceeding \$100,000</i></p> <p><i>These sentences now meet Nauru’s predicate offence threshold.</i></p>
Recommendation 37 [R.37] rated LC in MER 2024	
<ul style="list-style-type: none"> The minor gaps in predicate offences referred to in R.31 have affected the application of MLA (c.37.8). <p>Gap in recommendation 31: The Nauru Police Force (NPF) has the necessary power to investigate ML/TF and predicate offences. However, there is no explicit provision regarding undercover operations conducted by LEAs. Controlled delivery is only conducted by NPF in cases of drug offences and offences under the Counter Terrorism and Trans</p>	<p>Nauru has addressed this gap under the Nauru Police Force Act 2025:</p> <p><i>s.85: Power to question and obtain a statement from any person</i></p> <p><i>(1) A police officer may question and obtain a statement from a person that he or she reasonably believes to have information relevant to an investigation.</i></p> <p><i>(2) Where during the questioning of the person the police officer forms the view that the person is a suspect, he or she shall cease his or her questioning and caution the person under Section 89.</i></p> <p><i>This gap has been addressed: Firstly, Nauru enacted the Anti-Money Laundering and Targeted Financial Sanctions (Parallel Financial Investigations) Regulations 2024.</i></p> <p>Regulation 11 Controlled Delivery:</p> <p><i>(1) Where the Commissioner of Police or in his or her absence, any authorised officer suspects on reasonable grounds that a person has committed, is committing or is about to commit a predicate offence which may be related to a financial crime, he or she may give written approval for:</i></p> <p style="padding-left: 20px;"><i>(a) controlled delivery to be carried out; and</i></p> <p style="padding-left: 20px;"><i>(b) specify persons to carry out or participate in the controlled delivery.</i></p>

Deficiencies Found in MER 2024	Actions taken
	<p><i>(2) The enforcement activities which may be undertaken in the course of and for the purposes of controlled delivery include the following:</i></p> <p><i>(a) allowing any craft, vehicle or other means of transport or conveyance to enter, leave, or transit through the Republic;</i></p> <p><i>(b) allowing delivery of any criminal property including cash in any currency or denomination;</i></p> <p><i>(c) using such force as may be reasonable in the circumstances to enter and search the craft, vehicle or other means of transport, or other conveyance;</i></p> <p><i>(d) placing a tracking device on board a craft, vehicle or other means of transport or other conveyance; or</i></p> <p><i>(e) allowing a person who has possession, custody or control of criminal property including cash in any currency or denomination to enter, leave or transit through the Republic.</i></p> <p>This gap has been addressed by the Nauru Police Force Act 2025:</p> <p>s.140 Undercover investigations</p> <p><i>(1) The Commissioner may authorise the conduct of undercover investigations under his or her supervision or a police officer designated by the Commissioner.</i></p> <p><i>(2) Undercover investigations may be instigated for matters related to national security, corruption, money laundering and combatting of proliferation financing or terrorist financing offences or unlawful movement of illicit drugs.</i></p> <p>s. 141 Surveillance</p> <p><i>(1) For the purpose of allowing a police officer to gather information and evidence in the performance of his or her functions and subject to subsection (2), the Commissioner may authorise a designated police officer to conduct surveillance of a person suspected of committing or about to commit an offence.</i></p> <p><i>(2) The Commissioner or a designated police officer shall prior to undertaking surveillance, apply for and obtain a surveillance warrant from the court.</i></p> <p><i>(3) The application under subsection (2) shall be in writing, on oath and set out the following particulars:</i></p> <p><i>(a) the facts relied upon to show that there are reasonable grounds for suspecting that a person is</i></p>

Deficiencies Found in MER 2024	Actions taken
	<p><i>planning, participating in, or committing, or has planned, participated in, or committed a serious offence;</i></p> <p><i>(b) a description of the manner in which it is proposed to intercept private communications, record or observe activities or track activities; (c) the name and address, if known, of the person whose private communications or a record or observations of whose activities there are reasonable grounds for suspecting will assist the police investigation of the case or if the name and address of the suspect are not known, a general description of the premises, place, thing, or type of facility in respect of which it is proposed to intercept private communications or record or observe activities;</i></p> <p><i>(d) the retrieval of the surveillance device;</i></p> <p><i>(e) entry with such force as necessary to any premises for the purpose of placing, servicing or retrieving a surveillance device;</i></p> <p><i>(f) the connection of the surveillance device to any source of electricity and the use of electricity from that source to operate the surveillance device;</i></p> <p><i>(g) the provision of assistance or technical expertise to the police officer primarily responsible for the execution of the warrant in the installation, use, maintenance or retrieval of the surveillance device; and</i></p> <p><i>(h) the period for which a warrant is requested.</i></p> <p><i>(4) The court may issue a warrant for a police officer to: (a) intercept a private communication by means of an interception device; (b) record visually or observe an activity of a person by means of an optical surveillance device; or (c) use a tracking device.</i></p> <p><i>(5) The court may renew the period of the warrant upon application by the police which shall:</i></p> <p><i>(a) give the reason and period for which the renewal is required;</i></p> <p><i>(b) be accompanied by full particulars, together with times and dates, of any interceptions made or attempted under the warrant and an indication of the nature of the information that has been obtained by every such interception; and</i></p> <p><i>(c) be supported by such other information as the court may require</i></p>

Deficiencies Found in MER 2024	Actions taken
	<p><i>This gap has been addressed by the Anti-Money Laundering and Targeted Financial Sanctions (Parallel Financial Investigations) Regulations 2024.</i></p> <p><i>Regulation 5 Predicate offence requiring parallel financial investigation</i></p> <p><i>Where the Nauru Police Force or any other law enforcement agency is carrying out an investigation in relation to one or more of the following offences, the Nauru Police Force or any other law enforcement agency shall also carry out a parallel financial investigation:</i></p> <ul style="list-style-type: none"> <i>(a) participation in an organised criminal group and racketeering;</i> <i>(b) terrorism, including terrorism financing and proliferation financing; (c) trafficking in human beings and migrant smuggling;</i> <i>(d) sexual exploitation;</i> <i>(e) sexual exploitation of children;</i> <i>(f) illicit trafficking in narcotic drugs and psychotropic substances;</i> <i>(g) illicit arms trafficking;</i> <i>(h) illicit trafficking in stolen and other goods;</i> <i>(i) corruption and bribery;</i> <i>(j) fraud;</i> <i>(k) counterfeiting currency;</i> <i>(l) counterfeiting and piracy of products;</i> <i>(m) environmental offences including criminal harvesting, extraction or trafficking in protected species of wild fauna and flora, precious metals and stones, other natural resources, or waste;</i> <i>(n) murder;</i> <i>(o) grievous bodily injury;</i> <i>(p) kidnapping;</i> <i>(q) illegal restraint and hostage-taking;</i> <i>(r) robbery or theft;</i> <i>(s) smuggling, including in relation to customs and excise duties and taxes;</i> <i>(t) tax offences including offences related to direct taxes and indirect taxes;</i> <i>(u) extortion;</i> <i>(v) forgery;</i> <i>(w) piracy;</i> <i>(x) insider trading and market manipulation; or</i> <i>(y) any such other offence which may be relevant to or associated with a financial crime. 6 Financial crime which may be relevant to predicate offences</i>

Deficiencies Found in MER 2024	Actions taken
	<p>Regulation 11 Controlled delivery <i>(1) Where the Commissioner of Police or in his or her absence, any authorised officer suspects on reasonable grounds that a person has committed, is committing or is about to commit a predicate offence which may be related to a financial crime, he or she may give written approval for: (a) controlled delivery to be carried out; and (b) specify persons to carry out or participate in the controlled delivery;</i></p> <p>See also Section 143 of the <i>Nauru Police Force Act 2025</i></p>
<p>Recommendation 38 [R.38] rated PC in MER 2024</p>	
<ul style="list-style-type: none"> • There are no provisions concerning a situation where the perpetrator is unavailable or unknown (c.38.2). • It is not clear whether MLA requests may be made on the basis of non-conviction forfeiture or confiscation (c.38.2). 	<p>This deficiency has been addressed. <i>Proceeds of Crime (Miscellaneous) Regulations 2023</i> includes:</p> <p>Regulation 11 Forfeiture order where person is untraceable or unknown For the purpose of Section 21(2) of the Act, the following category of persons, may also be considered by the Court, against which a forfeiture order may be issued: (a) a person who cannot be traced or his or her whereabouts is unknown; or (b) the person is not known. [reg 11 insert SL 6 of 2024 reg 4, opn 28 Mar 2024]</p> <p>MACMA s.8 Assistance may be provided in whole or in part and subject to conditions <i>Assistance under this Act may be provided to a foreign country in whole or in part and subject to any conditions that the Minister determines.</i></p> <p>s. 38(3) <i>Where a foreign country requests the Minister to make arrangements for the enforcement of a foreign restraining order for a serious offence against property that is believed to be located in the Republic, the Minister may apply for the registration of the order in the court.</i></p> <p>This provision does not require a conviction to apply to register a foreign restraining order. <i>Section 20(1) of the MACMA Regulations 2023 states that unless a law expressly requires a</i></p>

Deficiencies Found in MER 2024	Actions taken
<p><i>could not conclude from the text of this provision that confiscated properties resulting indirectly from coordinated law enforcement action can be shared.</i></p> <p>644. Under section 100 of POCA, the money relating to confiscated assets under MLA will be deposited into “Confiscated Assets Fund”. Monies from this fund can be disbursed or shared with other countries.</p>	<p>Also under the <i>Proceeds of Crime (Management and Disposal of Property) Regulations 2024.....</i> (q) assist the Minister, Financial Intelligence Unit, Nauru Police Force or any other law enforcement authority in coordinating with a similar person or body as the Administrator of other countries in freezing, seizure or forfeiture of property whether there is a reciprocal arrangement or not;</p> <p>Nauru’s membership to the Egmont Group itself enhances the mutual legal assistance amongst the members. Furthermore, the recent membership of Nauru to the <i>United Nations Convention Against Cybercrime</i> requires a mandatory mutual assistance in a number of matters including that of provision of evidence for offences.</p>
<p>Recommendation 39 [R.39] rated LC in MER 2024</p>	
<ul style="list-style-type: none"> There is no procedure for prioritising extradition requests (c.39.1), and there are only light simplified extradition mechanisms which require Ministerial approval (c.39.4). 	<p>Nauru has amended its laws to address this deficiency: PART 3 — SIMPLIFIED PROCEDURE FOR EXTRADITION [Pt 3 insrt Act 10 of 2024 s 6, opn 20 Aug 2024]</p> <p><i>s. 16 Simplified procedure for extradition</i></p> <p><i>(1) A simplified procedure may be considered by the Minister for the returning of an offender to a designated country under Part 2, where:</i></p> <p><i>(a) a person who is accused or convicted of a relevant offence voluntarily consents to be returned to a designated country having been informed of a request being made by the designated country for the return of the person;</i></p> <p><i>(b) the request is made by a Pacific Islands Forum Country and which is a designated country under this Act; or</i></p> <p><i>(c) any other circumstances which the Cabinet may deem necessary.</i></p> <p><i>(2) In considering an application under subsection (1), the Minister shall consider:</i></p>

Deficiencies Found in MER 2024	Actions taken
	<p><i>(a) the person accused or convicted of a relevant offence is given a fair hearing and opportunity to take legal advice; and</i></p> <p><i>(b) that a person accused or convicted of a relevant offence to which Section 6 and Section 12 applies is not extradited from the Republic.</i></p>
Recommendation 40 [R.40] rated LC in MER 2024	
<ul style="list-style-type: none"> • There are no clear processes for the prioritisation and timely execution of requests for international cooperation other than MLA/extradition (c.40.2(d)). • There is no legal provision for the FIU to enter into an arrangement or understanding with a foreign supervision body (c.40.3). 	<p>The NFIU applies the same requirements for all requests as stipulated under the AML-TFS Act 2023, which is any requested information must be dealt with within 14 days where applicable.</p> <p>This criterion is now covered under the AML-TFS Act 2023.</p> <p><i>s. 91 Power to enter into arrangement or understanding with certain foreign financial intelligence bodies</i></p> <p><i>(1) The FIU may, enter into an arrangement or understanding with a foreign financial intelligence body, foreign law enforcement body or foreign financial supervisor regarding the exchange of reports, information or analysis between the FIU and the foreign financial intelligence body, foreign law enforcement body or foreign financial supervisor.</i> [subs (1) am Act 16 of 2024 s 7, opn 20 Aug 2024]</p> <p><i>(2) The report, information or analysis exchanged under subsection (1) shall be a report, information or analysis that the FIU, the foreign financial intelligence body, foreign law enforcement body or foreign financial supervisor has reasonable grounds to suspect would be relevant for any of the purposes provided under Section 90(3).</i> [subs (2) am Act 16 of 2024 s 7, opn 20 Aug 2024]</p> <p><i>(3) An arrangement or understanding entered into under subsection (1) shall include the following:</i></p> <p><i>(a) restrictions on the use of the report, information or analysis for the purposes provided under Section 90(3);</i></p> <p><i>(b) a stipulation that the report, information or analysis shall be treated confidential and is not to</i></p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> There are no conditions requiring that authorities (beyond the FIU) not refuse a request for assistance from a foreign government or international government due to the elements set out in c.4.05 (a)-(d) (c.40.5). 	<p><i>be further disclosed without the express consent of the FIU; and</i></p> <p><i>(c) provisions concerning the use of the report, information or analysis and the other bodies with which the report, information or analysis may be shared</i></p> <p>Counter Terrorism and Transnational Organised Crime Act 2004</p> <p>s. 77 Obligation to extradite or prosecute Where the Minister refuses a request from another country to extradite a person, and the extradition request relates to an act or omission which is an offence in this Act or the Anti-Money Laundering and Targeted Financial Sanctions Act 2023 or the Proceeds of Crime Act 2004, the Minister shall submit the matter to the Director of Public Prosecutions for prosecution. [s 77 am Act 2 of 2023 s 140, opn 7 June 2023]</p> <p>s.78 Consent of the Minister (1) Proceedings for any offence under this Act, for which jurisdiction is claimed under Section 71(a)(ii) for an offence committed on board an aircraft while in flight, or a vessel, elsewhere than in or over the Republic or for any other offence committed outside the Republic may only be instituted with the consent of the Minister.</p> <p>(2) Subsection (1) does not prevent the arrest, or the issue of a warrant for the arrest, of a person for any offence, or the remanding in custody or on bail of a person charged with any offence.</p> <p>s.79 Restricted grounds for refusal to extradite or provide mutual assistance (1) Notwithstanding anything in the Mutual Assistance in Criminal Matters Act 2004 or the Extradition Act 1973, an offence under this or any other Act, where the act or omission constituting the offence also constitutes a terrorist act, is taken, for the purposes of extradition or mutual assistance, not to be: (a) an offence of a political character or an offence connected with a political offence or an offence inspired by political motives; or (b) a fiscal offence.</p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> There is no legal basis for control or safeguards established for the authorities beyond NFIU to ensure that the exchanged information is used by foreign counterparts only for the intended purpose, and not transferred to other foreign authorities without prior authorisation (c.40.6). 	<p>[subs (1) am Act 12 of 2008 s 10, opn 26 Nov 2008]</p> <p>(2) Notwithstanding anything in the <i>Mutual Assistance in Criminal Matters Act 2004</i>, no request for mutual assistance in relation to an offence under this Act may be declined solely on the basis of bank secrecy.</p> <p>Nauru has in place conditions for information exchange with foreign counterparts.</p> <p><i>Vessel Registrations Act 2024:</i> <i>s.71 Restriction on sharing, disclosure and exchange of information</i> <i>(1) Notwithstanding Section 69, the Registrar shall not disclose, share or exchange information, where the Registrar is not satisfied that the recipient of such information has in place an adequate mechanism to keep such information confidential.</i> <i>(2) The Registrar may for the purposes of Section 69 impose conditions on the use of the information shared, disclosed or exchanged.</i></p> <p><i>Fisheries Management Act 2024:</i> <i>s. 124 Duty of confidentiality</i> <i>(1) A person exercising powers or performing functions in the Authority or under this Act, including the Minister and members of the Board shall not, unless authorised in accordance with this Act, disclose any information, document or other data of a confidential nature, that is obtained by virtue of the person's powers or functions, to any person who does not have such powers or functions.</i> <i>(2) The Authority may designate any information, document or other data as confidential and in doing so may exempt general summaries of aggregated information from confidentiality requirements.</i> <i>(3) The Authority may authorise in writing any person to:</i> <i>(a) receive or access any confidential information, document or other data; or</i> <i>(b) access or restrict access to such premises holding the confidential information, document or other data as he or she may designate.</i></p>

Deficiencies Found in MER 2024	Actions taken
	<p><i>(4) Notwithstanding subsection (2), the following shall be confidential:</i></p> <p><i>(a) any information, document or other data of a commercial nature provided in records, returns or other documents required under this Act;</i></p> <p><i>(b) any information, document or other data supplied by a vessel monitoring system in accordance with this Act;</i></p> <p><i>(c) any information, document or other data from an electronic system; (d) such other information, document or other data as may be prescribed.</i></p> <p><i>(5) Any information, document or other data may be disclosed to the extent:</i></p> <p><i>(a) that the disclosure is authorised or required under this Act or any other written law;</i></p> <p><i>(b) that the person providing the information authorised its disclosure;</i></p> <p><i>(c) necessary to enable the Chief Executive Officer to publish statistical information relating to the fisheries sector; or</i></p> <p><i>(d) necessary to enable advice to be given to the Minister or the Authority.</i></p> <p><i>(6) The Authority may authorise the release of any information, document or other data supplied by a vessel monitoring system or other electronic monitoring system relating to the position of any vessel or activities on the vessel, upon request, to the responsible authority for purposes including surveillance, search and rescue, investigations and other emergency and may authorise the release of such other confidential information, document or other data for such purposes as may be prescribed.</i></p> <p>.....</p> <p>Counter Terrorism and Transnational Organised Crime Act 2004</p> <p>29 Disclosure of information</p> <p>.....</p> <p><i>(4) A financial institution shall inform the Financial Intelligence Unit about every dealing that occurs in the course of its activities and for which there are reasonable grounds to suspect is related to the commission of a terrorist act.</i></p> <p><i>(7) A person who receives information under subsection (4) shall not disclose the information or its source except:</i></p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> No legal basis for confidentiality requirements established with foreign counterparts by other authorities beyond the FIU, including refusal of requests due to weak information protection of a requesting authority (c.40.7). 	<p>(a) for the purposes of:</p> <p>(i) the enforcement of this Act;</p> <p>(ii) the detection, investigation or prosecution of an offence under this Act; or</p> <p>(iii) providing assistance under the Mutual Assistance in Criminal Matters Act; or</p> <p>(b) in accordance with an order of a court.</p> <p>S.187 Commissioner may authorise disclosure of confidential information – Nauru Police Force Act 2025</p> <p>(1) The Commissioner may, in writing, authorise the disclosure of confidential information.</p> <p>(2) The Commissioner may impose conditions on the disclosure of the information.</p> <p>(3) Where an agreement between the Republic and a foreign law enforcement agency provides for the disclosure or non-disclosure of confidential information, the Commissioner shall comply with the agreement.</p> <p>(4) This Section shall be subject to any:</p> <p>(a) written law that prevents or restricts the Commissioner from disclosing the confidential information; or</p> <p>(b) requirement prescribed by regulations in relation to the disclosure of the information.</p> <p>(5) In this Section, ‘confidential information’ has the same meaning given to it in Section 176(3).</p> <p>Vessel Registrations Act 2024:</p> <p>s.68 Confidentiality of information</p> <p>(1) Subject to subsection (2), the Registrar shall keep and maintain the confidentiality of information required to be kept and maintained under this Act.</p> <p>(2) The Registrar, shall disclose such information for the purposes of:</p> <p>(a) detecting, investigating or prosecuting an offence under this Act or any other written law;</p> <p>(b) detecting, investigating or prosecuting an offence under the law of another country;</p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> No legal basis for power of other authorities beyond the FIU, to conduct inquiries on behalf of foreign counterparts and exchange information with them (c.40.8). It is not clear whether the FIU as an AML/CFT financial supervisor can exchange information with foreign supervisors that are not FIUs or LEAs (c.40.12 – 40.16). 	<p><i>(c) enforcing or taking action under this Act, any other written law or a law of another country relating to proceeds of crime; or</i> <i>(d) any other prescribed purpose.</i></p> <p>s.69 Sharing, disclosure and exchange of information <i>For the purposes of Section 68(2), the Registrar:</i></p> <p><i>(a) whether on his or her own initiative or upon request, shall share, disclose or exchange information that is required to be kept and maintained under Section 65, to the Authority, Financial Intelligence Unit, Nauru Fisheries and Marine Resources Authority or any other law enforcement agency or authority;</i></p> <p><i>(b) may coordinate the exchange of information required to be kept and maintained under Section 65 with:</i> <i>(i) a national law enforcement agency or authority;</i> <i>(ii) an international law enforcement agency or authority; or</i> <i>(iii) a regional or international body with a law enforcement function; or</i></p> <p><i>(c) share, disclose or exchange information required to be kept and maintained under Section 65, with a flag administration, as he or she deems necessary</i></p> <p>s.71 Restriction on sharing, disclosure and exchange of information <i>(1) Notwithstanding Section 69, the Registrar shall not disclose, share or exchange information, where the Registrar is not satisfied that the recipient of such information has in place an adequate mechanism to keep such information confidential</i></p> <p>Nauru Police Force Act 2025 s. 5 Functions of the Force The Force shall have the following functions: <i>(n) coordinate with police forces or foreign law enforcement agencies for the prevention and investigation of crime;</i> <i>(o) enter into agreements, arrangements or understanding with foreign law enforcement</i></p>

Deficiencies Found in MER 2024	Actions taken
<ul style="list-style-type: none"> It is unclear if NPF has the authority to exchange investigative information with foreign counterparts which are not members of regional multilateral platforms (c.40.17). There are no provisions that enable law enforcement authorities to use their powers to conduct inquiries and obtain information on behalf of foreign counterparts even without MLA (c.40.18). 	<p>agencies for the purpose of meeting the Republic's international law enforcement obligations;</p> <p>s. 91 Power to enter into arrangement or understanding with certain foreign financial intelligence bodies</p> <p>(1) The FIU may, enter into an arrangement or understanding with a foreign financial intelligence body, foreign law enforcement body or foreign financial supervisor regarding the exchange of reports, information or analysis between the FIU and the foreign financial intelligence body, foreign law enforcement body or foreign financial supervisor. [subs (1) am Act 16 of 2024 s 7, opn 20 Aug 2024]</p> <p>(2) The report, information or analysis exchanged under subsection (1) shall be a report, information or analysis that the FIU, the foreign financial intelligence body, foreign law enforcement body or foreign financial supervisor has reasonable grounds to suspect would be relevant for any of the purposes provided under Section 90(3). [subs (2) am Act 16 of 2024 s 7, opn 20 Aug 2024]</p> <p>(3) An arrangement or understanding entered into under subsection (1) shall include the following:</p> <p>(a) restrictions on the use of the report, information or analysis for the purposes provided under Section 90(3);</p> <p>(b) a stipulation that the report, information or analysis shall be treated confidential and is not to be further disclosed without the express consent of the FIU; and</p> <p>(c) provisions concerning the use of the report, information or analysis and the other bodies with which the report, information or analysis may be shared</p> <p>Nauru Police Force Act 2025</p> <p>s. 5 Functions of the Force</p> <p>The Force shall have the following functions:</p> <p>.....</p> <p>(n) coordinate with police forces or foreign law enforcement agencies for the prevention and investigation of crime;</p> <p>(o) enter into agreements, arrangements or understanding with foreign law enforcement</p>

Deficiencies Found in MER 2024	Actions taken
	<p><i>agencies for the purpose of meeting the Republic's international law enforcement obligations;</i></p> <p>Nauru Police Force Act 2025 s. 5 Functions of the Force The Force shall have the following functions: <i>(n) coordinate with police forces or foreign law enforcement agencies for the prevention and investigation of crime;</i> <i>(o) enter into agreements, arrangements or understanding with foreign law enforcement agencies for the purpose of meeting the Republic's international law enforcement obligations;</i></p>

IV. EFFECTIVENESS UPDATE

Immediate Outcome 1 - Risk, policy and coordination

6. NFIU has already undertaken:
- (a) a scoping work and drafted the Terms of Reference (TOR) for the new National Strategy for AML/CFT and a TOR for an independent NRA 2025. It was submitted to ADB for technical assistance which was accepted. ADB appointed a consultant to undertake Nauru's NRA 2025 and a second National AML/CFT strategy. Nauru has adopted an across the government and private sector approach for these 2 projects. The TOR of the NNRA clearly stipulates that a detailed review to be conducted of the 2018 and 2023 NRAs as well as the deficiencies identified in the MER 2024.
 - (b) The consultant provided data collection templates and the NFIU assisted in the collection of the requested data. The NFIU also met with all the stakeholders including public and private stakeholders (AMLOC and AMLPPC) as well Associations to explain the NRA process and obligations of each stakeholder. Following which the NRA Consultant spent a week in Nauru and together with the NFIU held meetings with all the stakeholders. During the meetings, the consultant explained in detail the purpose of the risk assessment and the obligations of each stakeholder. Further the consultant met with the President of the Law society to ensure the law firms in Nauru understood the AML/CFT risk and their obligations under the AML-TFS Act 2023.
 - (c) The consultant has provided a draft NRA 2025. The draft NRA 2025 will be reviewed by the Anti-Money Laundering Governance Council and the NFIU before it is circulated to all stakeholders (both Public and Private) for final comments. The AMLGC will be responsible for the approval of the final NRA 2025, and the NRA 2025 will provide an update to Nauru's AML/CFT risks.
 - (d) In terms of risks associated with the Shipping registry (TF/PF risks), both the NFIU and Nauru Maritime and Ports Authority (NMPA) now has oversight over the Shipping Registry. The NFIU has a bilateral arrangement in place since February 2024 under which the Shipping Registry provides monthly reports which includes

beneficial ownership information as well. The NMPA utilises the Pacific Fusion Centre to monitor Nauruan Flagged vessels registered by the Shipping Registry. The Vessels Registration Act 2024

- (e) Nauru anticipates that the 2025 NRA once finalised will address the deficiencies of the MER 2024 as well as provide the latest AML/CFT threats and vulnerabilities faced by Nauru.
- (f) In terms of coordination, the NFIU has proactively assisted the consultant and the stakeholders in the 2025 NRA process. Various one on one meeting was held with the stakeholders to ensure they understood the NRA process, their obligations and the AML/CFT risks each sector faced. The stakeholders were further advised that they would be responsible for the mitigating measures once the NRA was finalised.
- (g) Ongoing coordination of AML/CFT matters including the latest NRA is continuing through the AMLOC and AMLPPC committees. To date the AMOC has met 6 times, AMPLPPC has met 5 times and twice jointly under the Public Privat Partnership arrangement (PPP). During these meetings the NFIU keeps the stakeholders updated on AML/CFT risks including TF/PF risks.
- (h) In terms of the Nauru Economic and Climate Change Resilience Program (NECRP), the NFIU Supervisor has been appointed to the NECRP working Group. The NFIU is directly involved in the due diligence process for any applications. The NFIU has contributed to cases which were deemed high risk and recommendations for the Registrar to consider in making any decisions.
- (i) Nauru is the process of regulating Crypto Currency in Nauru. Nauru has now appointed the CEO for the Authority who is responsible for the implementing the requirements under CRVAAA 2025. A VASP registered in Nauru will be subject to the AML-TFS Act 2023 for AML/CFT compliance.
- (j) In terms of financial inclusion, Bendigo has ceased operations in Nauru with effect from 8 August 2025. Commonwealth Bank of Australia (CBA) commenced operation with effect from 11 August 2025. Nauru has used the provisions under Section 14 of the AML-TFS Act 2023, to grant CBA exemptions from Part 4 (Obligations of Reporting Entities) of the AML-TFS Act 2023. However, CBA has volunteered to provide Suspicious Activity Reports to the NFIU on a voluntary basis. The NFIU, CBA and AUSTRAC has worked together in developing secure reporting channels and to ensure that SARs received from CBA are ingested into the TAIPAN System (Secure database).

Immediate Outcome 2 - International cooperation

7. Nauru has made significant progress in terms of its international cooperation obligations and framework and continues to take measures to enhance its international cooperation obligations. The following are some of the progresses to date:

- (a) International and Regional arrangements:
 - i. Nauru is now a member of the EGMONT Group with effect from 07 August 2028. It has enhanced its capabilities for information exchange with the rest of the EGMONT member jurisdictions (Approximately 180-member jurisdictions).
 - ii. Nauru FIU has renewed its bilateral cooperation with AUSTRAC on 26 September 2025

- iii. NFIU has signed the multi-lateral arrangement with PFIC members titled Statement of intent, on 15 November 2023
- iv. NFIU signed an MOU with Timor Leste FIU on 25 August 2025
- v. NFIU signed an MOU with Vietnam FIU on 25 August 2025
- vi. Nauru has become a member of the *United Nations Conventions Against Cybercrime (Hanoi Convention)*.

Immediate Outcome 3 - Risk-based supervision

8. Nauru has made the following progress:
 - (a) NFIU has held numerous meetings with the MVTs. This was to rectify the deficiencies identified in the Onsite Report. The deficiencies with MVTs were failure to submit SARs to NFIU (was submitted to the Head Office by the Western Union Agency), keeping records of expired identities (expired driver's licence) and failure to undertake the Business Risk Assessment (BRA). The MVTs has now rectified the deficiencies. It has now submitted a SAR, maintains records in accordance with the AML-TFS Act 2023 and produced a BRA. NFIU now has monthly meetings with only MVTs provider, that is Western Union Agency.
 - (b) NFIU has numerous meetings with DNFBPs. This area of focus is directed to the law firms. Each individual law firms and the lawyers have met with NFIU to understand their obligations based on the MER. This was in particular relation to providing trust and company services. NFIU has informed all lawyers to comply with the requirements of the AML/CFT, particularly in relation to undertaking CDD for the clients and reporting any suspicious activities/transactions to the NFIU.
 - (c) NFIU has held various meetings with the only gaming entity. The owner has been informed of his obligations for reporting under AML/CFT. He will also be required to report any suspicious activities, /transactions. The Gaming entity owner has informed NFIU that it has now put a ceiling to its price which cannot now be affected by any software or hardware malfunctioning. The price is limited to \$3000 AUD. Despite assurance by the owner, following from the recommendation in the MER, NFIU continues to monitor the operations of this entity. The owner has agreed to provide reports to NFIU in case of any wins that goes beyond \$3,000 which will be automatically reported. Furthermore, the Gaming Entity now conducts CDD and KYC for all customers. The Gaming entity has been further advised to undertake CDD of its customers, particularly focusing on any new patron. A major development is that the Gaming Entity has less than 20 machines left in operation compared to when the onsite was conducted (around 50). This was confirmed by the NFIU when the NFIU visited the gaming operator during the NRA consultations. The operator has advised that these old machines are expensive to maintain and he is not sure if the business will continue if all the machines breakdown in future.
 - (d) Under IMF Technical Assistance Nauru now has a Risk-Based Supervision Manual in place with data collection template. The NFIU will use the Manual to conduct future onsite and off-site supervisory activities.
 - (e) NFIU has updated its annual supervisory plan which now includes DNFBP's (Law firms and gaming entity). NFIU undertook various meetings including one on one consultations with each of the 5 law firms, the Gaming Entity and the Associations in Nauru.

- (f) Nauru has amended the **Anti-Money Laundering and Targeted Financial Sanctions (Fit and Proper Person) Criteria 2023** on 20 February 2024 to ensure that the Fit and Proper Criteria meets the FATF definition. The amendments were conducted to rectify the deficiencies identified in technical compliance for Recommendations 15, 26 and 28. The following amendments were done:

5. *What is the fit and proper person criteria?*

.....

(3) With regard to a legal person, Responsible Persons and beneficial owners of such must meet the fit and proper person criteria set out above.

[Subclause (3); am per FATF Standards; IO 3, 20 Feb 2024]

(4) A person must not be appointed as a Fit and Proper Person where:

(b) any individual who had been convicted of a fraud, bribery, money laundering related offence or terrorist, terrorism, proliferation financing related offence, which generally come within the parameters of the AML/CFT framework. This includes a person who was convicted of such offence and did not serve the full term of the sentence, was pardoned for the crime or from serving any term of sentence;

[Para (b); am per FATF Standards; IO 3, 20 Feb 2024]

(i) he or she has associations with other persons or network of persons who have been convicted of criminal offences or are under suspicion of carrying out criminal activities.

[Para (i); insrt per FATF Standards; R 26.4, 20 Feb 2024]

Immediate Outcome 4 - AML/CFT regulation

9. Nauru has made the following progress:

- (a) NFIU with the MVTs, Law Firms and the Gaming Entity during the NRA consultations to ensure that the DNFBP's understood their risks, reporting obligations to identify and mitigate those risks. Further they were informed of their obligations to conduct CDD and report SARs as part of their AML-TFS Act 2023 obligations. Furthermore, the NRA consultant together with the NFIU also met with the DNFBP Sector to ensure the NRA process and the NRA obligations were understood by the DNFBP Sector. The NFIU continues to liaise and provide feedback to the DNFBP's whilst the 2025 NRA is being finalised.
- (b) In coordination with the Nauru Law Society and UNDP, the NFIU has conducted a Continued Legal Education Training (CLE) for the lawyers to ensure they understood their AML/CFT obligations. Assistance was provided by APG Secretariat, NZ FIU and DIA NZ as presenters in the training. NFIU is working with the lawyers to draft the CDD forms for lawyers and monthly status reporting forms. This will assist in implementing their AML/CFT work relating to lawyers.
- (c) During the meetings and training sessions with the DNFBP Sector (law firms and gaming entity), they have been reminded and encouraged to report suspicious activities to the NFIU. During the CLE training the law firms, a practical exercise was conducted on how to fill out the SAR form.

Immediate Outcome 5 - Legal persons and arrangements

10. Nauru has been identified as the only Pacific Jurisdiction with a Beneficial Ownership registry by the NRA consultant. In regard to the legal persons and arrangements, Nauru has made the following progress:

- (a) Nauru amended the *Beneficial Ownership (Identity and Declaration) Regulations 2023* in March 2024 regarding the deficiency identified in MER 2024 and to meet the FAT standards. This was in relation to the declaration of previous convictions by a beneficial owner. Furthermore, Nauru has amended the Declaration of Beneficial Ownership Information Form to capture the declaration of previous convictions. This form is now fully implemented, and all beneficial owners are required to fill out the form during registration of a company or at renewal.
- (b) Nauru has sought technical assistance from ADB in developing the online BO registry for Nauru. There are ongoing discussions with ADB on this matter with a few meetings completed.

Immediate Outcome 6 - Use of financial intelligence

11. Nauru requested a re-rating for Recommendation 29 (R29) in February 2025 and as a result of the MEC meetings, Nauru's Technical Compliance for R29 was upgraded to Compliant.

12. In terms of effectiveness, NFIU has undertaken the following measures:

- a. Nauru has now become a member of the EGMONT Group. Nauru has paid its membership subscription and the NFIU Supervisor has been onboarded to the Egmont Secure Website (ESW). Nauru FIU is now able to exchange information with all EGMONT Members hence increasing the scope of its information exchange capabilities.
- b. A review of its financial independence by seeking a completely separate head of budget. Finance approved this change from Head 4301 to Head 47. The Supervisor of the NFIU is directly responsible for the purposes of appropriation and expenditure under this Head. The NFIU budget has been approved and the NFIU Supervisor is solely responsible directly responsible for the purposes of appropriation and expenditure under H 47. NFIU has used its budget for the following:
 - EGMONT membership subscription
 - APGML membership subscription
 - Catering services for APG SIP meeting, NRA consultations, Anti-money Laundering Governance council meeting etc.
 - Purchase of other items under stores
- c. A review of its capacity and is in the process of increasing its staff and redefining the job descriptions which is more focused on the implementation and enforcement of the AML/CFT laws. The restructure of the NFIU has been approved by the Cabinet and the NFIU is in the process of recruiting additional staff. The staff numbers will increase from 3 to 6. The NFIU has recruited an additional NFIU Officer and secured the services of a dedicated legal officer from the Solicitor General's office, assisting the NFIU whilst the recruitment process is underway to fill the approved vacancies.
- d. A comprehensive discussion with CBA officials. The CBA has now confirmed that it will report Suspicious Activity Reports (SAR's) directly to NFIU. CBA commenced onboarding Customers from 17th March 2025. Bendigo Bank ceased operations in

Nauru on 8 August 2025 whilst CBA commenced operations in Nauru on 11 August 2025' CBA will continue to provide other reports such as International Funds Transfer Instructions (IFTI's) to AUSTRAC. NFIU has in place information sharing arrangement with AUSTRAC to share such information. The information sharing arrangement was renewed between the parties on 26 September 2025.

- e. Further work sharing of information, coordination and cooperation with all other Pacific FIU's. A revised Declaration of Intent to further enhance the Rarotonga Statement. The Rarotonga Statement is a multilateral PFIC Instrument which was signed on 15 November 2023 in Rarotonga, Cook Islands. This instrument enhances NFIU capabilities as follows:
 - (i) sharing information between our FIUs where it relates to suspected money laundering, terrorism financing and associated predicate offences;
 - (ii) protecting the information shared by other FIUs, using the information exchanged only for the purpose for which it was sought or provided and seeking permission to further disclose the information to additional entities;
 - (iii) analysing data available to our FIUs to respond to requests for information received from members of the PFIC, in the broadest way possible; and
 - (iv) collaborating with other members of the AML/CFT community to broaden our intelligence outcomes and effectiveness as FIUs.
- f. The collaboration and coordination with law enforcement and competent authorities is ongoing. NFIU has disseminated 2 reports to the Nauru Revenue Office on potential tax evasion and money laundering cases. Both cases have been finalised by the Nauru Revenue Office and Tax Assessment have been raised against the taxpayers. NFIU collaborated with AUSTRAC in these 2 cases to obtain the required financial information.
- g. NFIU has undertaken analysis of 2 SARs, one from the MVTs and one from a private partner. Nauru considers this as a considerable progress for effectiveness purposes when taking into consideration the context of Nauru. The MER 2024 found Nauru as a low-risk jurisdiction and the MVTs on an average basis conducts less than 10 transactions per day. This demonstrates Nauru's ability to have access to real time information. Both SAR's have been investigated. The SAR from MVTs was investigated and closed with no further action after NFIU verified it to be a genuine transaction. The second SAR is still under investigation and awaiting further information from foreign counterparts. The matter was reported to Police by the victim simultaneously upon guidance from the NFIU. This addresses the concern in the MER of NFIU's capacity to undertake real time SARs. This work is a precursor to the bigger quantity of reporting anticipated to be received by the CBA.

Immediate Outcome 7 - ML investigation and prosecution

- 13. Nauru has made the following progress:
 - (a) One of the recommended actions of the MER 2024 was for Nauru to ensure that LEAs are involved in discussions to further Nauru's understanding of ML and proceeds of crime and familiarity with the NRA's findings. In this regard, the NRA consultant met with each of the LEA's (NPF, Customs and NRO) during the NRA consultation process. The findings of the MER were discussed, and each LEA was reminded of their obligation relating to ML investigations and prosecution.

- (b) Nauru has issued the *Anti-Money Laundering and Targeted Financial Sanctions (Parallel Financial Investigations) Regulations 2024* in June 2024. The Regulations enhances the capabilities of LEAs to conduct parallel financial investigations. Furthermore, the PFI Regulations provides LEAs with powers to conduct undercover operations including controlled delivery and this covers a wide range of predicate offences.
- (c) Additionally, the Nauru Police Force Act 2025 provides a wide range of powers to the Police Force to undertake financial investigations. The NPF Act 2025 includes powers to record statements of witnesses, undertake undercover investigations in relation to ML/TF/PF and drug related offences. It allows Police to obtain warrants from the court for interception of private communications, use tracking devices, control delivery and control delivery.
- (d) The Nauru Police Force (TCU) initiated an MOU to enhance its capabilities in terms of transnational crime investigations, information exchange, cooperation, coordination and border protection. The MOU enhances the membership of the TCU and now includes NPF (team leader), Customs, Immigration, Quarantine, Passport section representatives. The NFIU whilst not a member of the TCU is included in the MOU to provide the TCU with investigative and financial information support. The MOU is endorsed by the Heads of Departments namely Commissioner of Police, The Secretary for Justice and Border Control and the Secretary for Finance demonstrating a high-level support to this mechanism.
- (e) Substantial training through the Pacific Islands Legal Officers Network (PILON) in relation to asset confiscation and management. NFIU was invited to conduct a presentation on Nauru's *Proceeds of Crime (Management and Disposal of Property) Regulations 2024*. The Supervisor of the NFIU presented the practice and procedure for dealing with seized or confiscated assets for any AML/CFT related crime. The Director of Public Prosecutions of Nauru presented on the prosecution of AML/CFT related offences. The President of the Court of Appeal of Nauru presented a perspective from the Judiciary on the manner of dealing with confiscated or seized properties. This included interim and final orders. To further enhance the capability in relation to 'follow the money techniques' and increasing the use of financial intelligence, 2 NPF investigators together with the President of the Nauru Court of Appeal, DPP, a DPP prosecutor, NFIU Supervisor and NFIU dedicated lawyer from the Justice department attended a financial crime investigation practical workshop organised by PILON in Fiji from 10-13 February 2025
- (f) Coordination with other agencies to encourage training in relation to AML/CFT laws and implementation. NFIU has arranged for or coordinated training for various staff from law enforcement and competent authorities to address Capacity and Capability challenges. To date a total of 140 staff have attended various trainings. After the ME an additional 26 staff have attended various trainings in relation to AML/CFT and also in particular beneficial ownership.
- (g) The Office of the DPP is currently in the process of launching its revised Prosecution Policy to enhance the effectiveness of prosecution of predicate and money laundering offences. Additionally, the DPP is working with the Attorney General's Office of Australia in developing a Mutual Legal Assistance Manual.

Immediate Outcome 8 - Proceeds and instrumentalities of crime are confiscated.

14. Nauru has made the following progress:

- (a) Nauru introduced the *Proceeds of Crime (Management and Disposal of Property) Regulations 2024*. This Regulations now gives greater accountability on the management and disposal of criminal property. Under the Regulations the Administrator has a wide range of powers including taking into custody any retrained or forfeited property. The Administrator is responsible for the disposal of the properties after the case is finalised. All funds realised after disposal of the properties goes into the Confiscated Assets Fund. The Administrator is required to keep proper records and therefore enhances the requirements for maintaining statistics.

Immediate Outcome 9 - TF investigations

15. Nauru has made some progress:

- (a) The NFIU conducted a joint exercise with the Nauru Police Force on the assessment of Nauru's capability on the implementation of the United Nations Convention on Transnational Organised Crime. Nauru is currently being reviewed for this which is directly linked with AML/CFT work. NFIU is fully engaged in this process to ensure that relevant parts of the AML/CFT is also considered. This includes Terrorism and terrorism financing.
- (b) Nauru has again sought assistance from UNODC during the 2025 annual meeting in Japan for TF/PF related training. Whilst UNODC had committed to this training for Nauru previously, UNODC was unable to deliver the training due to funding arrangements. UNODC has assured Nauru that this will be prioritised training for Nauru.
- (c) Nauru has further strengthened its coordinating framework for TF and PF by establishing the Committee for Combatting Terrorism and Proliferation Financing under the *Anti-Money Laundering and Targeted Financial Sanctions (Financing of Terrorism and Proliferation Financing) Regulations 2023*. The committee members include representatives from the LEAs, competent authorities and the private sector including a rep from the reporting entities. The NFIU will utilise this committee to enhance the TF/PF framework in Nauru.

Immediate Outcome 10 - Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector

16. Nauru has made the following progress:

- (a) The NFIU Supervisor and the deputy registrar conducted an offsite review of all the Associations registered in Nauru. Since the MER onsite in 2023, there has been a significant increase in the number of registered Associations in Nauru. AT onsite, Nauru had 11 registered Associations out of which 9 were within the ambits of the FATF definitions. To date we have a total of 56 Associations out of which 46 falls within the FATF definition. This was determined through identifying the Associations involved in raising and the disbursement of those funds. The source of funding was the major identifier.
- (b) Additionally, the NFIU together with the NRA consultants met with the Associations in Nauru for the 2025 NRA. The Associations were explained why Nauru needed to ensure that the Associations were properly registered and regulated in Nauru. This would help the authorities to ensure the Associations were prevented from being abused for TF/PF purposes.

Immediate Outcome 11 - PF TFS regime

17. Nauru has made the following progress:
- (a) Nauru has amended the *Anti-Money Laundering and Targeted Financial Sanctions (Financing of Terrorism and Proliferation Financing) Regulations 2023* to ensure that the courts are able to review the decision to vary its decision on any freezing, seizing funds, property or assets. This is to allow for basic human needs such as food, mortgage, rent etc. This is in accordance with the FATF standards.
 - (b) Nauru has further amended the Regulations in terms of the implementation without delay. The amendments now require the implementation process to be executed as soon as possible, without any delay and in any event not exceeding 24 hours of the publication of the designation by the UNSC and its committees. Additionally, the FIU is required to publish the any designation published by the UNSC or its committees on the FIU website within 4 hours and ensure that within 12 hours, inform all the reporting and other relevant stakeholders of such designation. Upon receipt of such information NFIU issues a notice of the change and the updated UN Consolidated list to all stakeholders and publishes the same on its website.
 - (c) An example of implementation without delay: On 6 August 2025, NFIU received a notification of change to the UN Consolidated list and the press release. The change had occurred on 05 August 2025 New York time which meant 06 August Nauru time (same day). NFIU issued the notice, press release and circulated the updated consolidated list to all the stakeholders for screening. This demonstrates effective implementation without delay. Follow up reports for identifying any of the persons or entities listed in the consolidated list to be notified to NFIU. So far, no such entity or persons are identified in Nauru.
 - (d) With the assistance of APG and UNODC, NFIU is now subscribed to the UNSCR Consolidated list emails. Any update to the consolidated list will be communicated to the NFIU directly and on a real time basis. This will enhance TFS implementation without delay. NFIU has also subscribed to the ***Australian Sanctions regime*** on the recommendation of the APG SIP team to add additional mechanisms to enhance implementation of TFS. NFIU has also subscribed to the ***US Office of Foreign Assets Control Designation List***.
 - (e) To date the NFIU has issued a total of 5 notices and updated UN consolidated list to all stakeholders as well having published the same on the NFIU Website. The NFIU is continuing with this procedure as and when a notification is received from the UN Security Council.
 - (f) In regard to Nauru's shipping registry, the NFIU has a bilateral arrangement with *National Projects Limited*, (Nauru's foreign vessel registry). The NPL now provides monthly reports of all the registered Nauru flagged vessels. This includes providing the number of vessels and details of ownership. They also provide any incident relating to Nauru flagged vessels, which to date has been none. The NPL has also implemented reporting systems for Nauruan flagged vessels to monitor any contravention of matters relating to TFS and PF.
 - (d) The NFIU conducted a joint exercise with the Nauru Police Force on the assessment of Nauru's capability on the implementation of the United Nations Convention on Transnational Organised Crime. Nauru is currently being reviewed for this which is directly linked with AML/CFT work. NFIU is fully engaged in this process to ensure that relevant parts of the AML/CFT is also considered; and

- (e) Nauru continues to develop and enhance its context-appropriate mechanisms within competent authorities to ensure information sharing amongst agencies has confidentiality provisions. The PFI regulations under *Regulation 12, Section 124* of the *Fisheries Management Act 2024* and *Section 68* of the *Vessel Registration Act 2024* are examples of specific confidentiality provisions. Both the *Vessel Registration Act 2024* and the *Fisheries Management Act 2024* make it a legal requirement for the Shipping Registry, Nauru Maritime and Ports Authority and the Nauru Fisheries and Maritime Resources Authority to share information with the NFIU. Additionally, they are required to comply with AML/CFT requirements under the Financial Action Task Force Standards and in particular, international law on counter terrorism and transnational organised crime, targeted financial sanctions and other related matters. Refer to Section C on Updated Laws below. The *Vessel Registration Act 2024* also requires vessel owners to specifically comply with the requirements of the *Financial Action Task Force*.

V. CONCLUSION

18. Nauru will remain in enhanced (expedited) follow-up and report in accordance with Paragraph 1.45 of the APG Global Fourth Round Transitional Follow-up Procedures 2025.