



Outcomes of the Plenary meeting of the FATF, Paris, 22-24 February 2017

Paris, 24 February 2017 – Under the Spanish Presidency of Mr. Juan Manuel Vega-Serrano, the second Plenary meeting of Plenary year FATF-XXVIII was held.

Mr. Michel Sapin, French Minister of Finance and Public Accounts, [addressed the Plenary](#) to emphasize FATF's important role in ensuring the integrity of the international global system from threats such as terrorist financing, and his country's commitment to increase the traction capacity of the FATF even further ([original speech in French](#)).

The main issues dealt with by this Plenary meeting were:

- [Work on terrorist financing, which continues to be a priority for the FATF.](#)
- [FATF work on improving transparency and beneficial ownership.](#)
- [Impact of recent FATF work on de-risking.](#)
- [Discussion of the mutual evaluation report of Sweden.](#)
- Two public documents identifying jurisdictions that may pose a risk to the international financial system.
 - [Jurisdictions with strategic anti-money laundering and combating the financing of terrorism \(AML/CFT\) deficiencies for which a call for action applies](#)
 - [Jurisdictions with strategic AML/CFT deficiencies for which they have developed an action plan with the FATF](#)
- [Statement on Brazil's progress in addressing the deficiencies identified in its mutual evaluation reports, since the FATF's statement of October 2016.](#)
- [Forum of the Heads of FATF Financial Intelligence Units.](#)
- Update on the activities of the FATF Training and Research Institute in Busan, Korea.

In the margins of the Plenary meeting, the FATF organised a [Fintech and Regtech Roundtable](#). This first meeting involved representatives from the banking sector, engaged in Fintech activities. The discussions will feed into future events with representatives from the Fintech and Regtech communities. FATF aims to develop a constructive dialogue with both communities, in order to support a more effective implementation of the FATF Standards and innovation in financial services.

Efforts to combat terrorist financing

Recalling the July 2016 G20 Chengdu statement, delegates discussed how FATF could further strengthen the role of both FATF and FSRBs. Delegates discussed what more could be done to increase FATF's traction capacity and ensure that all countries of the FATF Global Network swiftly, and effectively, implement measures to prevent, detect and counter all sources and methods of terrorist financing.

FATF continues to deepen its knowledge and understanding of ISIL/Da'esh' methods to raise, move and use funds, and discussed changes to their financing strategy since the October 2016 Plenary. In particular, delegates discussed the methods terrorist organisations and sympathisers use to fund their recruitment efforts, and the

use of new payment products and technology (including virtual currencies) to finance terrorism. Up-to-date knowledge and understanding of the financing of ISIL and its affiliates is critical to taking effective actions to disrupt their access to funding and deprive them of the ability to finance terrorist attacks.

The FATF adopted a revision to the Methodology for assessing how countries criminalise terrorist financing (Recommendation 5 and Immediate Outcome 9). This follows the October 2016 revision of the interpretive note to Recommendation 5, which clarified the scope of the term 'economic support' to cover a broad range of economic support, including trade in oil and other natural resources and assets which could be used to obtain funds.

The FATF Strategy on Combatting Terrorist Financing highlights the importance of more effective domestic co-ordination and international co-operation. Delegates discussed progress on two important projects to identify challenges and best practices in the context of domestic Inter-agency information sharing and private-private information sharing respectively. The FATF also considered the results of a survey by the Institute of International Finance to identify obstacles to information sharing by the private sector. These projects will be further developed and discussed at the forthcoming Typologies Experts meeting in Moscow in April (domestic sharing) and the Private Sector Consultative Forum in Vienna in March (private sharing). The final reports are expected to be published later in 2017.

FATF work on improving transparency and beneficial ownership

Improving transparency and beneficial ownership information is high on the FATF's agenda. Since it first introduced standards on beneficial ownership in 2003, the FATF has revised and strengthened these standards, and issued guidance to improve their implementation.

However, effective implementation of these measures continues to be a challenge, and FATF is prioritising work to improve transparency and beneficial ownership. The FATF and the Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) are working to reinforce each other's work to improve the effective implementation of international standards in this area.

At this Plenary, delegates discussed progress in FATF's comprehensive programme of work on beneficial ownership.

- In collaboration with the Egmont Group of Financial Intelligence unit, the FATF is undertaking a research project to identify the risks and the mechanisms used to hide and obscure beneficial ownership of corporate vehicles, the role of professional intermediaries, and the challenges in establishing beneficial ownership and how to overcome them. The discussions of the preliminary findings of this research will feed into the meeting of the Joint Experts Group in Moscow in April, where relevant experts and delegates will continue to work on these issues.
- Delegates discussed the preliminary analysis of the information gathered in the horizontal study on the effective supervision and enforcement of beneficial ownership obligations.
- Since the October 2016 Plenary, a mapping exercise has identified the areas where FATF and the Global Forum's respective processes coincide. The FATF discussed how to ensure that both bodies' processes result in consistent and mutually reinforcing recommendations to the assessed countries, while respecting the independent nature of the work carried out by each organisation.

Impact of recent FATF work on de-risking

The FATF has continued to monitor the impact of the Guidance on correspondent banking services which was issued in October 2016 to address the issue of de-risking and clarify how the risk-based approach should be applied to correspondent banking activity. The FATF will continue this work, in close collaboration with other relevant organisations such as the Financial Stability Board (FSB), the Committee on Payments and Market Infrastructures (CPMI), the International Monetary Fund (IMF), the World Bank and others.

Discussion of the mutual evaluation report of Sweden

The Plenary discussed the mutual evaluation report of Sweden which sets out the level of effectiveness of its AML/CFT systems and its level of compliance with the FATF Recommendations. The report was prepared on the basis of the FATF Methodology for assessments, which requires countries to take into account the effectiveness with which AML/CFT measures are implemented, as well as technical compliance for each of the FATF Recommendations.

The Plenary discussed the assessment team's key findings, priority actions, and recommendations regarding Sweden's AML/CFT regime. The FATF expects to publish the mutual evaluation after the quality and consistency review at the end of April, in accordance with its procedures.

Statement on Brazil's progress in addressing the deficiencies identified in its mutual evaluation reports, since the FATF's statement of October 2016

In February 2016, the Financial Action Task Force (FATF), the international standard-setter for combating money laundering, the financing of terrorism and proliferation of weapons of mass destruction, released a statement conveying its deep concerns about Brazil's continued failure to remedy the serious deficiencies identified in its third mutual evaluation report adopted in June 2010, especially those related to terrorism and terrorist financing. The FATF called for actions to address those deficiencies. The FATF reiterated its concern in October 2016, and again called on Brazil to address these shortcomings.

The FATF recognises that Brazil has taken several significant steps to improve its CFT regime; however deficiencies remain regarding targeted financial sanctions.

The FATF calls on Brazil to fulfil its FATF membership commitment by taking actions that fully address these shortcomings.

Forum of the Heads of FATF Financial Intelligence Units

The FATF President chaired a second Forum of Heads of FATF Financial Intelligence Units (FIUs), in the margins of the Plenary, following the success of the first Forum in October 2016.

Every year, FIUs investigate large numbers of suspicious transaction reports submitted by financial institutions in their country. This allows them to identify cases of money laundering and terrorist financing, and report on new methods that terrorist and criminals use to try and circumvent AML/CFT measures. This second forum meeting again highlights the important role of FIUs around the world to protect the financial system from abuse. The discussions focused on the latest terrorist financing developments, particularly ISIL's financing as it loses territory, FIUs' role in identifying small cells and individual terrorists, and the misuse of virtual currencies. Participants discussed how to enhance the effectiveness of FIUs in dealing with the evolving terrorist financing risks. They will meet again in the margins of the June 2017 Plenary meeting in Valencia, Spain.

More on:

[Industry Roundtable on FinTech and RegTech](#), 18 February 2017

[Public Statement](#), 24 February 2017

[Improving Global AML/CFT Compliance: On-going Process](#), 24 February 2017