

Outcomes of the Plenary meeting of the FATF, Paris, 22-24 October 2014

Paris, 24 October 2014 – Under the Australian Presidency, the first FATF Plenary meeting of Plenary year FATF-XXVI was held on 22-24 October 2014. The main issues dealt with by this Plenary were:

- Issuing a statement to clarify the risk-based approach in the light of the de-risking phenomenon: '[FATF clarifies risk-based approach: case-by-case, not wholesale de-risking](#)'
- Expressing concern with the financing generated by and provided to the terrorist group the Islamic State of Iraq and the Levant (ISIL): '[FATF action on the terrorist group ISIL](#)'
- Producing 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](#)
- Discussing the [fourth round mutual evaluation reports](#) on compliance with the FATF Recommendations of Norway and Spain.
- Approving [Turkey's exit from the targeted follow-up process](#) of the third round of mutual evaluations.
- Welcoming Japan's important progress in its legislative actions, and encouraging Japan to continue to address deficiencies, including through the adoption of relevant bills.
- Receiving an update on [AML/CFT improvements](#) in Argentina, Cuba, Ethiopia, Tajikistan and Turkey
- Reviewing the [voluntary tax compliance programmes](#) in several jurisdictions.
- Adopting and publishing:
 - [Guidance on Transparency and Beneficial Ownership](#)
 - [Risk-based approach guidance for the Banking Sector](#)
- Receiving an update on FATF's [membership expansion](#).
- Hearing a briefing by the Chair of the Egmont Group on recent developments in financial intelligence units and welcoming a closer co-operation with the Egmont Group.

Fourth round mutual evaluation reports on compliance with the FATF Recommendations of Norway and Spain.

The Plenary discussed the first two reports of the fourth round of mutual evaluations of countries' compliance with the FATF Recommendations adopted in 2012. The reports were prepared on the basis of the Methodology for assessments which was adopted in 2013. This is a new methodology that requires the FATF to take into account the effectiveness with which AML/CFT measures are implemented, as well as technical compliance for each of the FATF Recommendations.

Each assessment team consists of legal, financial and law enforcement experts, principally drawn from FATF members, as well as a member of the FATF Secretariat. Each team presented its findings from the on-site

visit and analysis of the country's AML/CFT regime as well as recommendations to the country to strengthen its measures.

The Plenary discussed the findings of the assessment teams and will finalise the mutual evaluation reports for publication in due course.

Turkey's exit from the targeted follow-up process of the third round of mutual evaluations.



In June 2014, the FATF ended the third round of mutual evaluations, and the regular follow-up process for those countries whose assessment identified shortcomings in their AML/CFT measures.

At that time, a number of FATF members still had ongoing deficiencies in key aspects of their AML/CFT system. All of these countries, including Turkey, committed to address these deficiencies swiftly and as of June 2014, were placed in the targeted follow-up process and required to report back to the FATF on a regular basis.

The FATF Plenary reviewed the progress report by Turkey, and decided that the country has taken sufficient measures to address the deficiencies identified in its mutual evaluation report of February 2007. The FATF Plenary has removed the country from the targeted follow-up process. Since February 2010, Turkey was also identified as a country with strategic AML/CFT deficiencies by the FATF International Co-operation Review Group (ICRG) process. Turkey has addressed the action plan agreed to with the FATF as part of the ICRG process, and will no longer be subject to the FATF's monitoring process under its on-going global AML/CFT compliance process.

[Read more.](#)

[Download the follow-up report](#) (pdf, 666 Kb)

Update on AML/CFT improvements in Argentina, Cuba, Ethiopia, Tajikistan and Turkey

The FATF congratulates Argentina, Cuba, Ethiopia, Tajikistan and Turkey, for the significant progress made in addressing the strategic AML/CFT deficiencies earlier identified by the FATF and included in their action plans. These countries will no longer be subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. These countries will work with FATF or their respective FSRBs as they continue to further strengthen their AML/CFT regimes.

Voluntary tax compliance programmes in several jurisdictions.

The Plenary heard a report and an update on the voluntary tax compliance (VTC) programmes of Argentina, Australia, France, and Kyrgyzstan. All these programmes were found to be consistent with the FATF's four

basic principles on VTC. Monitoring of the VTC programme of Kyrgyzstan ends at this Plenary as the programme has ended at the end of June 2014.

As for the members of the FSRBs, EAG and MONEYVAL provided an update of their monitoring results on the programmes of Kazakhstan and Albania respectively. The Plenary was also informed that APG and EAG have adopted their own procedures to monitor their member's VTC, which were developed to be consistent with the FATF VTC procedures adopted in June 2014.

Report: Guidance on Transparency and Beneficial Ownership



The FATF has adopted guidance which will help policy makers and practitioners in national authorities to identify, design and implement risk-based measures to prevent the misuse of corporate vehicles for the purpose of money laundering, terrorist financing and other illicit purposes. These measures will also support efforts to prevent other serious crimes such as tax crimes and corruption.

[Read more.](#)

[Download the guidance](#) (pdf, 560 Kb).

Report: Risk-Based Approach Guidance for the Banking Sector



The risk-based approach is an essential component of the effective implementation of the FATF Recommendations. Countries, competent authorities and reporting entities are expected to identify, assess and understand the money laundering / terrorist financing risks they are exposed to so that they can develop the risk-based measures to mitigate these risks. This guidance will help in the design and implementation of this approach for the banking sector, taking into account national risk assessments and the national legal and regulatory framework.

[Read more.](#)

[Download the guidance](#) (pdf, 1.3 Mb)

FATF's membership expansion

FATF welcomes Malaysia as an observer country to the FATF. The FATF will work closely with the country as it works towards meeting all of the requirements for full membership of the FATF.