

PLENARIA FATF-GAFI

Parigi 20-25 giugno 2021

A causa della pandemia di COVID-19, i delegati che rappresentano i 205 membri della Rete Globale e le organizzazioni di osservatori, come l'FMI, le Nazioni Unite e la Banca Mondiale, si sono incontrati virtualmente. In tutta la rete globale del GAFI, paesi e giurisdizioni continuano ad affrontare le sfide della pandemia. Molti paesi stanno ancora affrontando la risposta di emergenza a questa crisi sanitaria senza precedenti, mentre altri paesi stanno gradualmente emergendo dalle restrizioni legate alla pandemia. Ci sono molte sfide da affrontare per garantire che ogni paese si riprenda. Sebbene sia importante che i governi si concentrino sulla ricostruzione della loro economia, devono continuare ad attuare pienamente ed efficacemente gli standard GAFI basati sul rischio e garantire che criminali e terroristi non trovino scappatoie nuove ed emergenti da sfruttare.

I delegati hanno portato a termine il lavoro in una serie di aree importanti. Questi includono un rapporto che dettaglia i flussi finanziari legati ai crimini ambientali e un rapporto sul finanziamento del terrorismo a sfondo etnico o razziale, entrambe priorità sotto la presidenza tedesca del GAFI. Il GAFI ha completato una seconda revisione di 12 mesi dei progressi all'interno della rete globale GAFI sull'attuazione degli standard rivisti del GAFI sugli asset virtuali e sui fornitori di servizi di asset virtuali (VASP). Il GAFI ha finalizzato due rapporti come parte del suo progetto per esplorare le sfide e le opportunità dell'innovazione tecnologica per rendere più efficaci gli sforzi contro il riciclaggio di denaro e il finanziamento del terrorismo. Il GAFI ha inoltre finalizzato un rapporto per le autorità governative che identifica azioni concrete per migliorare i risultati del recupero dei beni, che contribuiranno ad aumentare i beni restituiti alle vittime di reato e a rimuovere i fattori che determinano l'attività criminale. Infine, il GAFI ha deciso di pubblicare un libro bianco per la consultazione pubblica sulla trasparenza e la titolarità effettiva delle persone giuridiche per rafforzare le misure che impediranno ai criminali di nascondere attività e proventi illeciti, una priorità globale.

Ogni informazione sulle conclusioni della Plenaria è stata pubblicata sul sito ufficiale del FATF-GAFI (www.fatf-gafi.org) che trovate di seguito riportate.



Outcomes FATF Plenary, 20-25 June 2021

Paris, 25 June 2021- The fourth Plenary of the FATF under the German Presidency of Dr. Marcus Pleyer took place on 21-25 June.

Due to the continuing COVID-19 pandemic, delegates representing the 205 members of the Global Network and observer organisations, such as the IMF, the United Nations and the World Bank met virtually. Throughout the FATF global network, countries and jurisdictions continue to deal with the challenges of the pandemic. Many countries are still dealing with the emergency response to this unprecedented health crisis, while other countries are gradually emerging from the pandemic-related restrictions. There are many challenges ahead to ensure that every country recovers. While it is important for governments to focus on rebuilding their economy, they must continue to fully and effectively implement the risk-based FATF Standards and ensure that criminals and terrorist do not find new and emerging loopholes to exploit.

Delegates finalised work in a number of important areas. These include a report that details the financial flows linked to environmental crime and a report on the financing of ethnically or racially motivated terrorism, both priorities under the FATF's German Presidency. The FATF completed a second 12-month review of the progress within the FATF Global Network on implementing the FATF's revised Standards on virtual assets and virtual asset service providers (VASPs). The FATF finalised two reports as part of its project to explore the challenges and opportunities of technological innovation to make anti-money laundering and counter terrorist financing efforts more effective. The FATF also finalised a report for government authorities that identifies concrete actions to improve asset recovery outcomes, which will help increase assets returned to the victims of crime and remove the drivers for criminal activity. Finally, the FATF agreed to release a white paper for public consultation on the transparency and beneficial ownership of legal persons to strengthen measures that will prevent criminals from hiding illicit activity and proceeds, a global priority.

1. Strategic Initiatives

- Exploring the Opportunities and Challenges of Digital Transformation of AML/CFT
- Virtual Assets: Adoption of Second 12-Month Review of Implementation
- Money Laundering from Environmental Crime
- Ethnically or Racially Motivated Terrorism Financing
- Operational Challenges Associated With Asset Recovery
- Strengthening Measures to Prevent the Financing of Proliferation of Weapons of Mass Destruction – new guidance and revised interpretive note
- Strengthening the FATF Standards on Beneficial ownership - public consultation
- Mitigating the Unintended Consequences of the FATF Standards

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- Mutual Evaluation of Japan and South Africa
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1. Strategic Initiatives

Exploring the Opportunities and Challenges of Digital Transformation of AML/CFT

Under its German Presidency, the FATF launched a project to explore the benefits, efficiencies and cost savings that technology can offer as well as the challenges that digital transformation presents for AML/CFT. This Plenary, the FATF completed work in two areas and discussed progress on the use of advanced analytics and machine learning in detecting suspicious activities of money laundering (ML) and terrorist financing (TF), analysing financial intelligence, and understanding ML/TF risks.

Opportunities and Challenges of New Technologies for AML/CFT

New technologies can improve the speed, quality and efficiency of measures to combat money laundering and terrorist financing. They can help financial institutions and supervisors, assess these risks in ways that are more accurate, timely and comprehensive. When implemented using a responsible and risk-based approach, new technologies and innovative products and services can also improve financial inclusion, bringing more people into the regulated financial system and thereby reinforcing the effectiveness of AML/CFT measures. The FATF finalised a report that identifies emerging and available technology-based solutions. The report highlights the necessary conditions, policies and practices that need to be in place to successfully use these technologies to improve the efficiency and effectiveness of AML/CFT. The report also examines the obstacles that could stand in the way of successful implementation of new technology. The report will be published on 1 July.

Stocktake on Data Pooling, Collaborative Analytics and Data Protection

Technological advances in recent years have made it possible for financial institutions to analyse large amounts of data more efficiently and to identify patterns and trends more effectively. Data pooling and collaborative analytics can help financial institutions collaborate to better understand, assess and mitigate money laundering and terrorist financing risks. The FATF has examined innovative technologies that will make it easier and more effective to identify criminal activity, while reducing false positives and preventing criminals from exploiting information gaps between financial institutions.

The report also highlights the need to protect data protection and privacy, while enabling governments and institutions to fight financial crime: AML/CFT and data privacy and protection are both significant public interests that serve important objectives. New and emerging privacy-enhancing technologies offer promising ways to protect information in specific use cases and in line with national and international data protection and privacy frameworks. The report will be published on 1 July.

Virtual Assets: Adoption of Second 12-Month Review of Implementation

The Plenary finalised a second 12-month review of the implementation of FATF's revised Standards on virtual assets and VASPs. The report finds that many jurisdictions have continued to make progress in implementing these revisions, finalised in 2019. So far, 58 out of 128 reporting jurisdictions advised that they have now implemented the revised FATF Standards, with 52 of these regulating VASPs and six of these prohibiting the operation of VASPs. The private sector have made progress in developing technological solutions to enable the implementation of the 'travel rule'. However, the majority of jurisdictions have not yet implemented the FATFs requirements, including the "travel rule". This disincentivises further investment in the necessary technology solutions and compliance infrastructure. These gaps in implementation also mean that we do not yet have global safeguards to prevent the

misuse of VASPs for money laundering or terrorist financing. The lack of regulation or implementation of regulation in jurisdictions can enable continued misuse of virtual assets through jurisdictional arbitrage.

The report highlights the need for all jurisdictions to implement the revised FATF Standards, as quickly as possible. The Report also identifies potential future FATF actions to prevent the misuse of virtual assets for criminal activities, including by placing emphasis on actions to help mitigate the risk of ransomware-related virtual asset use. The report will be published on 5 July. The Plenary also agreed to finalise the FATF's revised Guidance on virtual assets and VASPs in October 2021. This revised Guidance will help assist jurisdictions and the private sector to implement the revised Standards as a priority.

Money Laundering from Environmental Crime

Environmental crime is a significant criminal enterprise, generating billions in illicit profits each year. This includes illegal mining, illegal logging, illegal land clearing and waste trafficking. There has been limited action by governments and the private sector to identify, investigate and prosecute laundering of proceeds from these crimes. As a result, environmental crimes have become "low risk, high reward" activities that provide a safe source of income for criminals, while causing devastating damage to the world's ecosystem. Building on the FATF's work on the Illegal Wildlife Trade, the FATF finalised a report that raises awareness about the scale and money laundering techniques of environmental crimes. The report highlights that criminals frequently use trade-based fraud and shell and front companies to launder proceeds from environmental crime. They often commingle legal and illegal goods early in the supply chain to make it harder to detect suspicious financial flows.

The report stresses the need for AML authorities to collaborate with environmental crime investigators, environmental agencies and other non-traditional partners and foreign counterparts. This report will be published on 28 June.

Ethnically or Racially Motivated Terrorism Financing

The FATF finalised a report on the funding behind ethnically or racially motivated terrorism, also referred to as extreme right-wing terrorism (ERW). While most ERW attacks were carried out by self-funded lone actors, they can also involve small and medium organisations, as well as transnational extreme right-wing movements. Extreme right-wing attacks have increased in recent years, highlighting the need to raise awareness about this complex phenomenon and its financing. While ERW groups do obtain funding from criminal activity, most funding comes from legal sources, such as donations, membership fees and commercial activities. The report highlights the challenges in tackling the financing of ERW and preventing attacks. These challenges include how countries view the threat, ranging from terrorism, to racially motivated violence. Few countries have designated ERW groups as terrorists and there are differences in the countries' legal regimes for addressing ERW activity. ERW groups are becoming increasingly sophisticated in the way they move and use funds and there are growing transnational links between the groups. The report encourages countries to continue to develop their understanding of this increasingly transnational criminal activity, including by considering ethnically or racially motivated terrorism financing (EoRMTF) in their national risk assessments. It also encourages public, private and international partners to work together to identify the threats and exchange best practices on combating EoRMTF. This report will be published on 30 June.

Operational Challenges Associated With Asset Recovery

Asset recovery is one of the key tools of effective action against money laundering and terrorist financing. By taking away the profits, authorities are removing the incentives that drive criminal activity. Asset recovery compensates the victims of crime and keeps illicit funds out of the financial system and broader economy. Asset recovery disrupts criminal activity, reduces dangers to society, and builds trust in a fair society and rule of law. While asset recovery is at the core of the FATF Recommendations, a large majority of assessed countries in the current cycle of mutual evaluations achieved only low or moderate levels of effectiveness in their ability to confiscate the proceeds of crime. The FATF finalised a report for government authorities that analyses the key obstacles to asset recovery and how to overcome them. The FATF will consider how to follow-up at its October meeting.

Guidance on Proliferation Financing Risk Assessment and Mitigation

In October 2020, the FATF revised its Standards (R.1 and INR.1) to require countries, financial institutions and designated non-financial businesses and professions (DNFBPs) to identify, assess, understand and mitigate their proliferation financing risks.

The FATF has now prepared guidance on proliferation financing risk assessment and mitigation, to help countries, financial institutions, DNFBPs and VASPs effectively implement the new mandatory FATF requirements. The guidance, which reflects the input from a public consultation in March 2021, explains how both public and private sectors should conduct risk assessments in the context of proliferation financing, and how they can mitigate the risks they identify. This guidance includes advice to supervisors and self-regulatory bodies responsible for ensuring that proliferation financing risks are being properly assessed and mitigated. The Guidance emphasises the need for supervisors, financial institutions, DNFBPs and VASPs to apply the new obligations in a manner that is proportionate to the risks identified, in order to avoid contributing to de-risking or financial exclusion. This guidance will be published on 29 June.

Strengthening Measures to Prevent the Financing of Proliferation of Weapons of Mass Destruction

The FATF has now updated the Interpretive Note to the Recommendation 15, to clarify that the new obligations on proliferation financing risk assessment and mitigation also apply to VASPs. Like financial institutions and DNFBPs, VASPs must now identify, assess, and take actions to mitigate their proliferation financing risks.

Strengthening the FATF Standards on Beneficial Ownership - public consultation

Transparency about the true beneficial ownership of companies is crucial to stop criminals from hiding their illicit activities and proceeds behind complex corporate structures. Front companies are used to hide criminal activities from law enforcement, including environmental crime and corruption. Improving beneficial ownership transparency has been on the FATF agenda since 2003 when it introduced the first global standards on this subject. However, as shown by FATF's mutual evaluations, and by major investigations, countries are still not doing enough to ensure that beneficial ownership information is available and up to date, and to prevent the abuse of company structures by criminals.

Earlier this month, G7 Ministers acknowledged this problem and pointed to the effectiveness of beneficial ownership registries as a tool to tackle it, as they agreed to implement and strengthen their own national registries of company beneficial ownership information.

The FATF is considering amendments to strengthen Recommendation 24 on the transparency and beneficial ownership of legal persons, including a multi-pronged approach to ensure beneficial ownership information is available to competent authorities, as well as stronger measures to manage the risks of legal persons, and stricter controls on bearer shares and nominees. The FATF is releasing a white paper for public consultation, and welcomes input from its stakeholders, including companies and other legal persons, financial institutions, designated non-financial businesses and professions (DNFBPs), and non-profit organisations by 27 August 2021. The FATF will discuss next steps at its October 2021 Plenary meeting.

- [White Paper Recommendation 24 - Public consultation](#)

Mitigating the Unintended Consequences of the FATF Standards

In February this year, the FATF launched a project to study and mitigate the unintended consequences resulting from the incorrect implementation of the FATF Standards. The FATF discussed the stocktake report, which examines de-risking, financial inclusion, undue targeting of non-profit organisations, and the curtailment of human rights. The project will now identify possible options to mitigate these unintended consequences.

2. Country-specific processes

Mutual Evaluation of Japan and South Africa

The Plenary discussed the joint FATF and Eastern and Southern Africa Anti-Money Laundering Group assessment of South Africa's measures to combat money laundering and terrorist financing in a virtual session. The Plenary concluded that South Africa has a solid legal framework for combating money laundering and terrorist financing but significant shortcomings remain. In particular, the country needs to pursue money laundering and terrorist

financing in line with its risk profile, including by proactively seeking international cooperation, detecting and seizing illicit cash flows, and improving the availability of beneficial ownership information. Authorities need to make better use of the financial intelligence products provided by South Africa's financial intelligence unit. The country should also improve the application of the risk-based approach by obligated entities and supervisors. The assessment was led by the International Monetary Fund.

The FATF also discussed the joint FATF and Asia/Pacific Group on Money Laundering (APG) assessment of Japan's measures to combat money laundering and terrorist financing. The Plenary concluded that Japan's measures to combat money laundering and terrorist financing are delivering results. Japan has demonstrated good results in understanding, identifying and assessing its money laundering and terrorist financing risks, in the collection and use of financial intelligence and in the cooperation with its international partners. However, the country needs to prioritise efforts in certain areas, including the supervision of and preventive measures by financial institutions and designated non-financial businesses and professions, the prevention of misuse of legal persons and arrangements, and investigating and prosecuting money laundering and terrorist financing. The FATF will publish these reports in August, after a quality and consistency review.

Jurisdictions under Increased Monitoring

Jurisdictions under increased monitoring are actively working with the FATF to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to extra checks. In line with the flexible procedures adopted in February 2021 to allow FATF to continue its monitoring programme in light of the COVID-19 pandemic, the FATF has updated its statements for countries under review.

- New jurisdictions subject to increased monitoring: Haiti, Malta, the Philippines and South Sudan
- [Jurisdictions under increased monitoring](#)
- [High-Risk Jurisdictions subject to a Call for Action](#) (unchanged from February 2020)

Jurisdiction No Longer Under Increased Monitoring – Ghana

The FATF congratulated Ghana for the significant progress it has made in addressing the strategic AML/CFT deficiencies identified earlier by the FATF and included in its action plan. Ghana will no longer be subject to the FATF's increased monitoring process. This comes after Ghana received an on-site visit, despite the COVID-19 crisis. Ghana will work with GIABA of which it is a member, to continue to strengthen its AML/CFT regime.

Strengthening the Global Network

Safeguards to combat money laundering and terrorist financing are only effective if they are implemented globally. The FATF's regional partners, the FATF-Style Regional Bodies (FSRBs), play a crucial role in promoting the full and effective implementation of the FATF Standards within their membership and assessing that their respective members have taken the necessary action.

FATF members have intensified their support to help FSRBs progress their ME rounds with timely and high quality reports, despite the current COVID-19 context, which has exacerbated existing challenges. FATF delegations noted that increasing support is going to higher priority FSRBs and welcomed this positive trend. They agreed on options that could help deliver enhanced support, provided that additional resources are allocated to these activities or current resources are reallocated from the FATF's other projects.