

# PLENARIA FATF-GAFI

Parigi 19-21 febbraio 2020

Si è chiusa a Parigi lo scorso 21 febbraio, la Plenaria del FATF-GAFI - Financial Action Task Force/Gruppo d'Azione Finanziaria - l'organismo intergovernativo che ha per obiettivo la lotta al riciclaggio di capitali, al finanziamento del terrorismo e alla proliferazione di armi e di distruzione di massa.

La Plenaria, la seconda sotto la presidenza della Repubblica Popolare di Cina di Mr. Xiangmin Liu, ha radunato più di 800 delegati provenienti da 205 paesi e giurisdizioni, oltre agli osservatori internazionali, e si è occupata di:

## **1. Priorità Strategiche:**

L'identità digitale

La mitigazione dei rischi di riciclaggio e di finanziamento di terrorismo legati all'impiego delle valute virtuali

## **2. Processi di valutazione paese**

Rapporti di Mutua valutazione della Repubblica di Corea e degli Emirati Arabi Uniti.

Rapporto di Follow-Up degli Stati Uniti d'America.

### Giurisdizioni soggette ad un monitoraggio rinforzato

Tali paesi collaborano attivamente con il FATF-GAFI per colmare le lacune strategiche identificati nei regimi nazionali di prevenzione ai rischi di riciclaggio, di finanziamento del terrorismo e della proliferazione di armi di distruzione di massa. Quando una giurisdizione è aggiunta a questa lista, significa che il paese si è impegnato a colmare rapidamente le lacune strategiche evidenziate e in un periodo di tempo concordato con il FATF-GAFI, ed è, dunque, sottoposto ad un monitoraggio rinforzato.

Giurisdizioni che non sono più soggetti al monitoraggio rinforzato: Trinidad and Tobago

Nuove giurisdizioni soggetti al monitoraggio rinforzato: Albania, Barbados, Giamaica, Mauritius, Myanmar, Nicaragua, Uganda.

Sono state monitorate le azioni intraprese dal Pakistan per colmare le lacune strategiche identificate nel sistema di prevenzione nazionale rispetto ai rischi di riciclaggio, di finanziamento del terrorismo e della proliferazione di armi di distruzione di massa.

### Giurisdizioni ad alto rischio per i quali il FATF-GAFI invita ad agire

Tali giurisdizioni hanno lacune strategiche e significative nei rispettivi regime di lotta al riciclaggio, al finanziamento del terrorismo e alla proliferazione di armi di distruzione di

massa. Per i paesi identificati come ad alto rischio, il FATF- GAFI invita e sollecita i suoi membri ad applicare misure di adeguata verifica rafforzata, e, nei casi più seri, ad applicare contro misure al fine di proteggere l'integrità del sistema finanziario internazionale dai rischi provenienti da questi paesi.

Sono state monitorate le azioni intraprese dalla Repubblica Islamica dell'Iran per colmare le lacune strategiche identificate nel sistema di prevenzione nazionale rispetto ai rischi di riciclaggio, di finanziamento del terrorismo e della proliferazione di armi di distruzione di massa.

### **3. Altre iniziative di natura strategica**

Lotta ai proventi del riciclaggio derivante dal traffico illegale della fauna selvatica protetta (wild life).

Promuovere e favorire una supervisione nazionale dei soggetti obbligati più efficace.

Revisione strategica dei processi di valutazione del Global Network del FATF-GAFI.

Presidenza del FATF-GAFI per gli anni 2020-2022.

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



# Outcomes FATF Plenary, 19-21 February 2020

Paris, 21 February 2020 - FATF President Xiangmin Liu of the People's Republic of China, chaired the second Plenary under the Chinese Presidency of the FATF from 19-21 February 2020.

More than 800 delegates, representing the global network of 205 countries and jurisdictions, as well as international organisations, discussed the following issues:

## 1. Strategic Priorities

- Understanding and leveraging the use of digital identity
- Mitigating the money laundering and terrorist financing risks of virtual assets

## 2. Country-specific processes

### Mutual evaluations and follow-up reports

- Mutual evaluations of the Republic of Korea and the United Arab Emirates
- Follow-up report for the mutual evaluation of the United States

### 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 increased monitoring.

- Jurisdictions no longer subject to monitoring: Trinidad and Tobago
- New jurisdictions subject to monitoring: Albania, Barbados, Jamaica, Mauritius, Myanmar, Nicaragua, Uganda
- Pakistan's actions in addressing deficiencies in its AML/CFT system

### High-risk jurisdictions subject to a call for action

High-risk jurisdictions have significant strategic deficiencies in their regimes to counter money-laundering, terrorist financing, and financing of proliferation. For countries identified as high-risk, the FATF calls on all members and urges all jurisdictions to apply enhanced due diligence, and in the most serious cases, countries are called upon to apply counter-measures to protect the international financial system from the ongoing money laundering, terrorist financing, and proliferation financing risks emanating from the country.

- Monitoring Iran's actions to address deficiencies in its AML/CFT system

## 3. Other Strategic Initiatives

- Combating the laundering of proceeds of the illegal wildlife trade
- Promoting and facilitating more effective supervision at national level
- Strategic review of the FATF Global Network assessment processes
- FATF Presidency 2020-2022

## 1. Strategic Priorities

### Understanding and leveraging the use of digital identity

The rapidly growing number of digital financial transactions every year requires a better understanding of how digital financial services identify and verify their customers.

The Plenary adopted a new guidance paper on digital identity. This guidance paper aims to help government agencies as well as private sector stakeholders develop a clearer understanding of how digital ID systems work. It explains the FATF's requirements for customer identification and verification and ongoing due diligence and how these can align with key components of digital ID systems. The guidance sets out the risks and the benefits of digital ID, such as potentially increasing financial inclusion.

The guidance is technology neutral but sets out a decision-process to determine whether a digital ID meets the FATF's requirements for customer due diligence.

The FATF recognises the potential that innovation offers to improve AML/CFT efforts. Robust digital ID systems can improve the reliability, security and efficiency of identifying individuals in the financial sector and reduce the weaknesses of human control measures.

### Mitigating the money laundering and terrorist financing risks of virtual assets

The FATF has been closely monitoring the implementation and impact of its new standards to address the potential money laundering (ML) and terrorist financing (TF) risks of virtual assets, including the progress made towards fully implementing the "travel rule", which requires transparency about the originator and beneficiary of payments.

The FATF discussed progress in its 12-month review of the implementation of the FATF's new requirements, taking into account updates from private sector representatives on their proposed technical solutions. The FATF will report to the G20 in July 2020 on its analysis of ML/TF risks associated to so-called stablecoins and the application of the FATF Standards to them.

## 2. Country-specific processes

### Mutual evaluations and follow-up reports

#### **Mutual evaluations of the Republic of Korea (Korea) and the United Arab Emirates**

The FATF and the Asia/Pacific Group on Money Laundering jointly assessed Korea's measures to combat ML and TF. The Plenary discussed this evaluation and concluded that Korea understands the risks it faces and has a sound legal and institutional framework that is delivering some good results. These include the effective use and development of financial intelligence, and recovery of criminal proceeds. However, the country needs to implement AML/CFT measures and supervision to non-financial businesses, strengthen supervision, focus on preventing the misuse of legal persons and arrangements for ML and TF, and prioritise money laundering investigations and prosecutions.

The Plenary also discussed the joint FATF-MENAFATF assessment of the United Arab Emirates and concluded that the country has implemented many recent measures to strengthen its system to combat ML and TF, including by developing a national risk assessment, AML/CFT strategy and effective measures to investigate and prosecute TF. However, the country needs to refine its understanding of ML/TF risks, enhance ML investigations and prosecutions, and international cooperation. It should also better focus on preventing the abuse of legal persons and arrangements, supervision, and on ensuring that assets with links to terror or the financing of weapons of mass destruction are frozen without delay.

These reports will be published after a quality and consistency review, in April.

### **Follow-up report for the mutual evaluation of the United States**

The Plenary discussed the progress that the United States has made since its 2016 mutual evaluation report. The FATF Plenary agreed to re-rate the United States on one Recommendation to reflect the country's current level of technical compliance. In due course, the FATF will publish the follow-up report, which sets out the actions that the United States has taken to strengthen its measures to combat money laundering and the financing of terrorism and proliferation of weapons of mass destruction.

### **Jurisdictions under increased monitoring**

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#### ***Jurisdiction no longer subject to increased monitoring: Trinidad and Tobago***

The FATF congratulated Trinidad and Tobago 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. Trinidad and Tobago will no longer be subject to the FATF's increased monitoring process, and will work with the Caribbean Financial Action Task Force, of which it is a member, to continue to strengthen its AML/CFT regimes.

#### ***New jurisdictions subject to increased monitoring: Albania, Barbados, Jamaica, Mauritius, Myanmar, Nicaragua, Uganda***

The FATF has identified Albania, Barbados, Jamaica, Mauritius, Myanmar, Nicaragua and Uganda as jurisdictions with strategic AML/CFT deficiencies. Each jurisdiction has developed an action plan with the FATF to address the most serious deficiencies. The FATF welcomed their high-level political commitment to their action plans. (see [Jurisdictions under increased monitoring – 21 February 2020](#))

#### ***Pakistan's actions in addressing deficiencies in its AML/CFT system***

Since June 2018, when Pakistan made a high-level political commitment to work with the FATF and APG to strengthen its AML/CFT regime and to address its strategic counter-terrorist financing-related deficiencies, Pakistan's political commitment has led to progress in a number of areas in its action plan, including risk-based supervision and pursuing domestic and international cooperation to identify cash couriers. Pakistan should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) demonstrating that remedial actions and sanctions are applied in cases of AML/CFT violations, relating to TF risk management and TFS obligations; (2) demonstrating that competent authorities are cooperating and taking action to identify and take enforcement action against illegal money or value transfer services (MVTs); (3) demonstrating the implementation of cross-border currency and BNI controls at all ports of entry, including applying effective, proportionate and dissuasive sanctions; (4) demonstrating that law enforcement agencies (LEAs) are identifying and investigating the widest range of TF activity and that TF investigations and prosecutions target designated persons and entities, and those acting on behalf or at the direction of the designated persons or entities; (5) demonstrating that TF prosecutions result in effective, proportionate and dissuasive sanctions (6) demonstrating

effective implementation of targeted financial sanctions (supported by a comprehensive legal obligation) against all 1267 and 1373 designated terrorists and those acting for or on their behalf, including preventing the raising and moving of funds, identifying and freezing assets (movable and immovable), and prohibiting access to funds and financial services; (7) demonstrating enforcement against TFS violations including administrative and criminal penalties and provincial and federal authorities cooperating on enforcement cases; (8) demonstrating that facilities and services owned or controlled by designated person are deprived of their resources and the usage of the resources.

All deadlines in the action plan have expired. While noting recent and notable improvements, the FATF again expresses concerns given Pakistan's failure to complete its action plan in line with the agreed timelines and in light of the TF risks emanating from the jurisdiction. To date, Pakistan has largely addressed 14 of 27 action items, with varying levels of progress made on the rest of the action plan. The FATF strongly urges Pakistan to swiftly complete its full action plan by June 2020. Otherwise, should significant and sustainable progress especially in prosecuting and penalising TF not be made by the next Plenary, the FATF will take action, which could include the FATF calling on its members and urging all jurisdiction to advise their FIs to give special attention to business relations and transactions with Pakistan.

Please see the separate page with more details about jurisdictions under increased monitoring here: [Jurisdictions under increased monitoring – 21 February 2020](#).

## High-risk jurisdictions subject to a call for action

High-risk jurisdictions have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation. For countries identified as high-risk, the FATF calls on all members and urges all jurisdictions to apply enhanced due diligence, and in the most serious cases, countries are called upon to apply counter-measures to protect the international financial system from the ongoing money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks emanating from the country.

### ***Monitoring Iran's actions to address deficiencies in its AML/CFT system***

In June 2016, Iran committed to address its strategic deficiencies. Iran's action plan expired in January 2018. In February 2020, the FATF noted Iran has not completed the action plan.<sup>[1]</sup>

In October 2019, the FATF called upon its members and urged all jurisdictions to: require increased supervisory examination for branches and subsidiaries of financial institutions based in Iran; introduce enhanced relevant reporting mechanisms or systematic reporting of financial transactions; and require increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in Iran.

Now, given Iran's failure to enact the Palermo and Terrorist Financing Conventions in line with the FATF Standards, the FATF fully lifts the suspension of counter-measures and calls on its members and urges all jurisdictions to apply effective counter-measures, in line with Recommendation 19.<sup>[2]</sup>

Iran will remain on the FATF statement on [High Risk Jurisdictions Subject to a Call for Action] until the full Action Plan has been completed. If Iran ratifies the Palermo and Terrorist Financing Conventions, in line with the FATF standards, the FATF will decide on next steps, including whether to suspend countermeasures. Until Iran implements the measures required to address the deficiencies identified with respect to countering terrorism-financing in the Action Plan, the FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system.

Please see separate page with more details about high-risk jurisdictions for which a call for action applies: [High-risk jurisdictions subject to a call for action – 21 February 2020](#)

## 3. Other strategic Initiatives

### Combating the laundering of proceeds of the illegal wildlife trade

The Plenary discussed progress on one of its priorities under the Chinese FATF Presidency: to tackle the financial flows linked to the illegal wildlife trade. The Plenary discussed the contributions and preliminary findings of this project that aims to analyse common supply chains and payment methods. The final Guidance paper, which will include a large number of case studies from countries that have experience in investigating the financial flows from the illegal wildlife trade, will be published in June 2020.

### Promoting and facilitating more effective supervision at the national level

Supervisors play an essential role in ensuring the effectiveness of national regimes to detect and prevent illicit financial flows. In practice, supervision is not always achieving its purpose, as highlighted in mutual evaluations. The FATF discussed the outcomes of its first Supervisors' Forum held in Sanya, China in November and those of the VASP Supervisors' Forum held in Paris in January. Both events brought together experts to understand the reasons for weaknesses in AML/CFT supervision and explore ways to make supervision more effective. A further Supervisors' Forum meeting will take place in May.

These events contribute to improving FATF's guidance and advice. For example, the FATF will now develop guidance on risk-based AML/CFT supervision. This guidance will set out how supervisors can assess ML/TF risks to their sectors and how they can develop supervision programmes based on these risks.

### Strategic review of the FATF Global Network assessment processes

The Plenary discussed progress in the strategic review of its mutual evaluation and follow-up processes. This work will result in decisions regarding the future assessment processes of the FATF and its Global Network. It aims to strengthen the efficiency and effectiveness of the FATF and make the assessment and monitoring processes more timely, effective and risk-based.

### FATF Presidency 2020-2022

The Plenary selected Dr Marcus Pleyer (Germany) to be the next FATF President. His term will begin on 1 July 2020, and he will be the first FATF President with a two-year term. Dr Pleyer currently holds the position of FATF Vice-President. He will continue in that role until the start of his term as President, at which point the FATF Plenary will appoint a new Vice-President.

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[1] In June 2016, the FATF welcomed Iran's high-level political commitment to address its strategic AML/CFT deficiencies, and its decision to seek technical assistance in the implementation of the Action Plan. Since 2016, Iran established a cash declaration regime, enacted amendments to its Counter-Terrorist Financing Act and its Anti-Money Laundering Act, and adopted an AML by-law.

In February 2020, the FATF noted that there are still items not completed and Iran should fully address: (1) adequately criminalizing terrorist financing, including by removing the exemption for designated groups "attempting to end foreign occupation, colonialism and racism"; (2) identifying and freezing terrorist assets in line with the relevant United Nations Security Council resolutions; (3) ensuring an adequate and enforceable customer due diligence regime; (4) demonstrating how authorities are identifying and sanctioning unlicensed money/value transfer service providers; (5) ratifying and implementing the Palermo and TF Conventions and clarifying the capability to provide mutual legal assistance; and (6) ensuring that financial institutions verify that wire transfers contain complete originator and beneficiary information.

[2] Countries should be able to apply appropriate countermeasures when called upon to do so by the FATF. Countries should also be able to apply countermeasures independently of any call by the FATF to do so. Such countermeasures should be effective and proportionate to the risks.

[The Interpretative Note to Recommendation 19](#) specifies examples of the countermeasures that could be undertaken by countries.