



# Outcomes of the FATF Plenary meeting, Paris, 21-23 October 2015

Paris, 23 October 2015 - Under the Korean Presidency, the first FATF Plenary meeting of Plenary year FATF-XXVII was held on 21-23 October 2015.

The main issues dealt with by this Plenary were:

- Work on terrorist financing, which remains the top priority for the FATF, including:
  - Revising the [Interpretive Note to Recommendation 5](#) to address the foreign terrorist fighters threat
  - Adopting a report identifying [emerging terrorist financing risks](#)
  - Approving a report to G20 leaders on action taken by FATF
- The [mutual evaluation report of Italy](#) on compliance with the FATF Recommendations.
- A statement on FATF action regarding [de-risking](#)
- Endorsement of general principles for establishing the [Training and Research Institute \(TREIN\)](#).
- [Expansion of the FATF global network](#) - Recognising the Task Force on Money-Laundering in Central Africa (GABAC) as an FATF–Style Regional Body
- 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](#)
- An update on AML/CFT improvements in [Ecuador and Sudan](#)
- Adoption of the following documents:
  - [Money Laundering through the Physical Transportation of Cash](#)
  - [Guidance on Data and Statistics](#)
  - [Guidance on the Risk-Based approach for Effective Supervision and Enforcement by AML/CFT Supervisors of the Financial Sector and Law Enforcement](#)

## Terrorist financing

Financial tools are one of the most effective ways to deter detect and disrupt terrorist activity. In February 2015, the FATF launched a fact-finding initiative, to determine whether jurisdictions had implemented measures to cut off terrorism-related financial flows, as required by FATF Recommendation 5 and 6. In total, 194 jurisdictions from the FATF’s global network of FATF and FSRBs members provided feedback to the FATF on their ability to:

- Criminalise the financing of individual terrorists and terrorist organisations.
- Freeze terrorist assets without delay and implement ongoing prohibitions.
- Designate terrorists and their financiers.

The analysis showed that most jurisdictions have criminalised terrorist financing, but that some jurisdictions do not have adequate measures in place. Given the urgent need to choke off funding to terrorist organisations at a global level, the FATF will take immediate and decisive action regarding those jurisdictions who are not able to cut off terrorist-related financial flows, and in particular the few who had not implemented legislation as required under Recommendations 5 and 6. The FATF expects these jurisdictions to take immediate steps to implement the measures to stop terrorist-related financial flows. The FATF, together with relevant FSRBs, will monitor their progress closely. The fight against terrorism is a priority for the FATF, FSRBs and very much a global effort to ensure that terrorism-related financial flows cannot remain undetected in any country or jurisdiction.

This analysis has been set out in a report by the FATF to G20 leaders on terrorist financing and the global state of implementation of measures to cut off terrorist-related financial flows, as requested by the G20 in February. The report to the G20 will be published in due course.

## Foreign Terrorist Fighters, Revision of the Interpretive Note to Recommendation 5

The Foreign Terrorist Fighters threat, although not new, has now reached a large scale, in particular in relation to the conflict in Syria and Iraq and is challenging many FATF and FSRB members. UN Security Resolution 2178, adopted in September 2014, addresses the threat posed by foreign terrorist fighters.

In light of the urgent need to address the threat posed by foreign terrorist fighters, the FATF has revised the Interpretive Note to Recommendation 5 on the criminal offence of terrorist financing to incorporate the relevant element of UNSCR 2178. This clarifies that Recommendation 5 requires countries to criminalise financing the travel of individuals who travel to a State other than their States of residence or nationality for the purpose of the perpetration, planning, or preparation of, or participation in, terrorist acts or the providing or receiving of terrorist training.

The FATF will undertake further work in this area to ensure that the FATF standards reflect the evolving terrorist threat and the changing forms of financial and material support for terrorism.

## Emerging Terrorist Financing Risks



The terrorist financing risks identified in the FATF's 2008 Terrorist Financing report, while still evolving, are as relevant today as they were back then. However, advances in social media and new payment methods have created additional vulnerabilities due to their broad reach and anonymity which make the attractive to terrorists and terrorist organisations. Terrorist groups, and in particular organisations such as ISIL, require a financial management strategy to allow them to obtain, move, store and use their assets. Understanding these financial management strategies is essential in developing effective counter-terrorism measures. This report is not a comprehensive study but rather, aims to provide a snapshot of current terrorist financing risks to raise awareness.

[Emerging Terrorist Financing Risks](#) (pdf, 1240 kb)

## Future work

The FATF will continue to prioritise terrorist financing, including:

- Ensuring that jurisdictions take steps to cut off terrorist financing flows
- Preparing guidance on the criminalisation of terrorist financing and a handbook to facilitate the implementation of targeted financial sanctions.
- Building closer links with operational experts & the Egmont Group of Financial Intelligence Units

## Italy's compliance with the FATF Recommendations

The Plenary discussed the mutual evaluation report of Italy, which sets out the level of effectiveness of its AML/CFT system and its level of compliance with the FATF Recommendations. The report was prepared by the International Monetary Fund (IMF) 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 IMF assessment team comprised legal, financial and law enforcement experts. The Plenary discussed the team's key findings, priority actions, and recommendations regarding Italy's AML/CFT regime. The FATF will finalise the mutual evaluation report for publication after the quality and consistency review, in accordance with its procedures.

## Endorsing general principles for establishing the Training and Research Institute (TREIN).

The FATF Plenary endorsed general principles that will serve as the framework for establishing an FATF Training and Research Institute (TREIN). The institute will contribute to the work of the global AML/CFT network by providing training on the FATF standards and other related areas to national authorities and by undertaking research on AML/CFT issues. The Korean government made the original proposal for the institute, which will be physically located in Busan, Korea.

## Expansion of the FATF global network, The Task Force on Money-Laundering in Central Africa (GABAC)

The FATF recognised GABAC as an FATF-Style Regional Body and admitted it as an associate member. Nonetheless, the FATF has identified a few areas where GABAC needs to strengthen its capacity and procedures. Accordingly, associate membership status has been granted on the condition that GABAC shows continued progress on these issues. GABAC is a body of the Economic and Monetary Community of Central Africa and includes six countries. Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea and Gabon. It was established in 2000 with the mandate to combat money laundering and terrorist financing, assess the compliance of its members against the FATF Standards, provide technical assistance to its member States and facilitate international co-operation. GABAC became an observer organisation of the FATF in February 2012, and since then worked with the FATF to meet the requirement of an FSRB. GABAC's membership as an associate member has extended the reach of the FATF global network into Central Africa. The FATF will continue to work with GABAC to ensure that it implements the obligations of associate membership. [Link to full list of associate members]

## Update on AML/CFT improvements in Ecuador and Sudan

The FATF congratulated Ecuador and Sudan for the significant progress made in addressing the strategic AML/CFT deficiencies earlier identified by the FATF and included in their respective action plans. Both countries will no longer be subject to the FATF's monitoring under its on-going global AML/CFT compliance process. Both countries will work with their respective FATF-Style Regional Bodies as they continue to further strengthen their AML/CFT regime.

## Money Laundering through the Physical Transportation of Cash

The plenary approved the report on money laundering through the physical transportation of cash for publication. In order to break the audit trail, criminals often choose to remove their illicit assets from their bank account and transport these funds to another country to spend it or reintroduce it into the banking system. This report identifies the methods and techniques that criminals use to transport funds across the border and highlights the main challenges that relevant border control agencies face to detect and disrupt these transports.

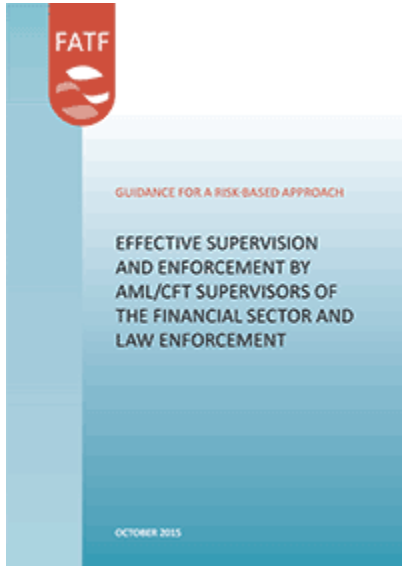
This report provides a series of case studies and other information for use by all agencies, who need to work together and exchange information to control their borders. *[Guidance to be published shortly]*

## Guidance on AML/CFT-related Data and Statistics

The FATF issued guidance on AML/CFT related data and statistics. High quality AML/CFT statistics has several important benefits, by providing key input for national risk assessments and allowing jurisdictions to review and demonstrate the effectiveness of their AML/CFT system, including in the context of FATF mutual evaluations. High quality AML/CFT statistics also have a number of other important benefits beyond mutual evaluations by, for instance, providing key input for enhancing management tools.

Taking into account that statistics models depend on each country's context, this guidance sets out optional examples of useful data that jurisdictions may collect and includes options for the collection, analysis and presentation of AML/CFT statistics. *[Guidance to be published shortly]*

# Guidance for a Risk-Based approach: Effective Supervision and Enforcement by AML/CFT Supervisors of the Financial Sector and Law Enforcement



The FATF issued guidance on effective supervision and enforcement by AML/CFL supervisors of the financial sector and law enforcement. The financial services sector play a key role in preventing ML/TF related funds from flowing through the international financial system. Supervision of this sector, and the ability to take effective, dissuasive and proportionate enforcement actions in the case of AML/CFT breaches are therefore essential. This guidance describes the features of effective supervision by regulators and supervisors, and also clarifies the interplay with the role of law enforcement agencies.

A range of illustrative case examples are provided which aim to assist jurisdictions in undertaking effective supervision of their financial sector in a manner that is appropriate to the sector's size and complexity, and the degree of ML/TF risk to which it is exposed.

Download [Guidance for a risk-based approach for effective supervision and enforcement by AML/CFT supervisors of the financial sector and law enforcement](#)(pdf, 59