



Outcomes of the Plenary meeting of the FATF, Paris, 17-19 February 2016

Paris, 19 February 2016 – Under the Korean Presidency, the third FATF Plenary meeting of Plenary year FATF-XXVII was held.

The main issues dealt with by this Plenary held on 17-19 February 2016 were:

- Work on terrorist financing, which remains the top priority for the FATF, including:
- Approval of a Consolidated FATF Strategy on Combating Terrorist Financing
 - Focus on enhancing effective exchange of information
 - Considering whether changes are necessary to the FATF Standards for combatting terrorist financing
 - Assessing and improving implementation of counter terrorist financing measures
- A statement on Brazil's continued failure to address the serious deficiencies identified in its mutual evaluation reports.
- 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 Algeria, Angola and Panama
- Malaysia welcomed as a member to the FATF
- Israel welcomed as an observer to the FATF
- Adoption of *Guidance for a Risk-Based Approach for Money or Value Transfer Services*
- Revising the *FATF/FATF-Style Regional Body High-Level Principles and Objectives*
- Developments on de-risking

Approval of a Consolidated FATF Strategy on Combating Terrorist Financing

Terrorist financing remains the top priority for the FATF as it resumed its discussions from the December 2015 Special Plenary on Terrorist Financing.

The FATF adopted a [consolidated strategy](#) which builds on existing work and reflects the latest developments on terrorist financing. The strategy notes the intensified global terrorist threats and sets out key policy objectives and the priority actions that the FATF and the global network will take to combat these threats. These include ensuring that there is a full understanding of the current terrorist financing threats, that the FATF Standards provide the full range of counter measures, and that countries are taking effective action against terrorist financing. The strategy sets objectives not only for the FATF as an organisation but also for individual countries.

Cooperation and exchange of information - internationally, domestically between government authorities, with and within the private sector - is crucial to effectively combat terrorist financing. Just prior to the Plenary

meeting, the FATF held two special meetings that informed the Consolidated FATF Strategy to Combatting Terrorist Financing as well as future work:

- A meeting with the private sector provided valuable insights into the operational aspects of terrorist financing. It involved a wide range of experts including from a full range of operational authorities and from the banking and money service business sectors. The experts exchanged views on how to identify terrorist financing, as well as on enhancing information exchange. Deeper knowledge of all aspects of terrorist financing will allow FATF to more accurately gauge whether its measures provide countries with the strongest possible tools to combat terrorist financing.
- A [joint FATF-CIFG meeting](#) brought together 55 states and multilateral organisations, including the United Nations, the Egmont Group of Financial Intelligence Units, the International Monetary Fund, the World Bank and other stakeholders to exchange information on current efforts to combat ISIL financing.

Focus on effective exchange of information

In December 2015, the FATF called on its members to provide more information on their terrorist financing risks and the barriers they face in effective information sharing -- at the international and domestic levels, as well as between government authorities, with and within the private sector. The initial review of this information confirmed some of these barriers but also noted a number of good practices and useful tools and mechanisms that may help to overcome them. The FATF will continue its analysis which will help to identify steps to strengthen information exchange at all levels. Combatting terrorist financing is a global priority, and all the FATF-Style Regional Bodies (FSRBs) agreed to expeditiously conduct similar exercises. This will ensure that there is a global response to challenges in information sharing.

Considering whether changes are necessary to the FATF Standards for combatting terrorist financing

The FATF is also analysing whether revisions to the FATF standards are necessary to integrate the financial provisions of recent United Nations Security Council Resolutions dealing with terrorism and terrorist financing, such as UNSCR 2199 and 2253.

Assessing and improving implementation of counter terrorist financing measures

In 2015, the FATF conducted a review of 199 jurisdictions to determine the extent to which they had implemented key elements of Recommendations 5 and 6 (criminalisation of terrorist financing, targeted financial sanctions). When the findings of this review were published in October 2015, the FATF identified 22 jurisdictions with fundamental problems: either the jurisdiction had not criminalised terrorist financing or it had no powers to implement targeted financial sanctions. Since then, a number of these jurisdictions passed urgent legislation to address these shortcomings. As a result, 12 countries are no longer identified as having fundamental shortcomings. Five countries were added to FATF's list. The remaining 15 jurisdictions must now take urgent action to address their shortcomings, including requesting technical assistance from relevant bodies if necessary. They must report to the FATF's International Cooperation Review Group on the progress they have made.

The FATF members with less serious shortcomings in their implementation of Recommendation 5 and 6 will report to the Plenary in June 2016 on the steps they have taken to address these shortcomings. FSRB members will be subject to a similar process with their respective FSRB.

The FATF modified its methodology for assessing AML/CFT systems to include requirements related to banning the financing of foreign terrorist fighters.

Future work on combatting terrorist financing

The FATF will continue to prioritise measures to combat terrorist financing. It will report to the G20 Finance Ministers and Central Bank Governors' Meeting on 26-27 February on key anti-terrorist financing issues.

Brazil

The FATF is deeply concerned by Brazil's continued failure to remedy the serious deficiencies identified in its third mutual evaluation report adopted in June 2010. Brazil has not criminalised terrorist financing since 2004 when Brazil's second mutual evaluation report was adopted. While we welcome progress by Brazil on the freezing of terrorist assets, further improvements are required to fully satisfy the FATF standards.

The FATF now calls on Brazil to fulfil its FATF membership commitment by enacting counter terrorist financing legislation that adequately addresses these shortcomings in line with the FATF Recommendations. If adequate legislation has not been enacted by the next FATF Plenary (20 June 2016), the FATF will consider the next steps in the follow-up process.

Update on AML/CFT improvements in Algeria, Angola and Panama

The FATF congratulated Algeria, Angola and Panama for the significant progress made in addressing the strategic AML/CFT deficiencies earlier identified by the FATF and included in their respective action plans. These countries will no longer be subject to the FATF's monitoring under its on-going global AML/CFT compliance process. Each country will work with its respective FATF-Style Regional Body as it continues to further strengthen its AML/CFT regime.

Malaysia welcomed as a Member of the FATF

The FATF granted full membership to Malaysia at this Plenary. Malaysia underwent a mutual evaluation that was adopted in 2015. Since then, it has worked to develop an action plan for addressing key effectiveness issues identified during the evaluation. Based on the commitment demonstrated by the action plan and the continuing progress in efforts to improve its AML/CFT, the Plenary agreed to grant membership and continue to monitor progress through the enhanced follow-up process.

Guidance for a Risk-Based Approach for Money or Value Transfer Services



The FATF issued an updated Guidance for a Risk-Based Approach for Money or Value Transfer Services (MVTS). MVTS providers play an important role in the international financial system, in particular for the migrant communities around the world. This guidance will assist countries and their competent authorities, as well as the practitioners in the MVTS sector and in the banking sector that have or are considering MVTS providers as customers, to apply the risk-based approach to the development of measures to combat money laundering and terrorist financing for the MVTS sector.

[Read more](#)

[Guidance for a Risk-Based Approach for Money or Value Transfer Services](#) (2311 kb)

Revising the FATF/FSRB High-Level Principles and Objectives

The FATF updated high-level principles and objectives that provide a list of rights and obligations that apply to both the FATF and the FSRBs and which govern the relationship between the FATF and FSRBs.

Developments on de-risking

The FATF is closely following developments on de-risking by financial institutions, and is prioritising its work to give guidance on the proper implementation of the risk-based approach, including in the correspondent banking context.