

Outcomes FATF Plenary, 14-17 June 2022

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Berlin, 17 June 2022 - The last Plenary of the FATF under the German Presidency of Dr. Marcus Pleyer concluded today, following four days of hybrid meetings in Berlin, Germany. Delegates from over 200 jurisdictions of the Global Network participated in these discussions, with a significant number of participants once again able to travel for on-site meetings.

The FATF expressed its deepest sympathies for the people of Ukraine and continues to deplore the huge loss of life caused by the ongoing Russian invasion of Ukraine. As a result of the invasion, FATF agreed to severely limit the Russian Federation's role and influence within the FATF.

The Plenary was preceded by the Working Group meetings from 6 to 13 June and the Digital Transformation Conference, also hosted by the German government in Berlin, on 11 June, which brought together private and public sector anti-money laundering (AML) / counter terrorist financing (CFT) leaders, experts in innovative technologies and data protection authorities to discuss the use of new technologies to mitigate money laundering and terrorist financing threats. [see [FATF Conference on Digital Transformation](#)]

FATF members approved a report that will help the real estate sector to better detect and prevent money laundering, and finalised a targeted update on implementation of the FATF requirements on virtual assets and virtual asset service providers. FATF also approved releasing a white paper for public consultation on potential revisions to Recommendation 25 on transparency and beneficial ownership of legal arrangements.

Under the German Presidency, the FATF made it a priority to explore the opportunities and challenges of digitalisation in the fight against money laundering and terrorist financing. At this Plenary, the FATF finalised a report that shares good practices and recommendations for combating money laundering and terrorist financing by sharing information while adhering to data protection and privacy. This is the first report that provides tangible examples of information sharing initiatives with analysis of the data protection implications. It highlights the importance of collaboration and cooperation between anti-money laundering and data protection authorities.

Delegations heard an update on ongoing work, which includes efforts to help countries more effectively recover criminal assets. The Plenary agreed to start new work that includes a project on countering the laundering of proceeds from ransomware attacks and an update to the FATF best practices paper on combating the abuse of NPOs.

Responding to the request from FATF ministers to advance the FATF's efforts to combat the laundering of illicit proceeds of corruption, the Plenary also agreed to undertake new projects on the misuse of citizenship and residency by investment schemes, guidance for assessors on how to assess implementation of the United Nations Convention Against Corruption, and a horizontal review on how the non-financial sector facilitates corruption.

Delegates welcomed a commitment by the incoming FATF Presidency of Singapore to push forward the strategic priorities identified by FATF Ministers in April this year.

Compliance with the FATF Standards

Mutual Evaluation of Germany and the Netherlands

The Plenary discussed the assessment of Germany, chaired by the FATF Vice-President, and the assessment of the Netherlands. The Plenary concluded that while Germany has made improvements to its AML/CFT framework over the past five years, some of these most recent reforms are not yet fully effective. Technical compliance with the FATF Standards is generally strong. Germany has taken positive steps to develop a stronger national understanding of money laundering and terrorist financing risks, improve co-ordination between Federal and state (Länder) governments and boost human resources to key institutions. However, major improvements in certain areas are required, including to effectively supervise the private sector (particularly the non-financial sectors), increase availability and access to beneficial ownership information, strengthen the development and use of financial intelligence by all relevant authorities including the Financial Intelligence Unit and Law Enforcement Authorities, and prioritise money laundering investigations and prosecutions.

The Netherlands has made notable improvements to its AML/CFT framework in recent years. Technical compliance with the FATF Standards is strong, although there are some outstanding deficiencies including in relation to the regulation of Virtual Asset Service Providers. A key strength of the Dutch AML/CFT system lies in its robust system of domestic co-operation and co-ordination at both policy and operation levels. Other strong aspects of the regime include the use of data in investigations and in the development of financial intelligence. The Netherlands makes it a strategic priority to confiscate criminal assets, and also proactively engages with the NPO sector to avoid their abuse for terrorist financing and prevent de-risking. However, various

improvements should be made to prevent legal persons from being used for criminal purposes and to ensure that there is access to adequate, accurate and current beneficial ownership information. Other improvements include strengthening risk-based supervision and allocating adequate resources to tackling unlicensed activities.

The FATF will publish these reports by September, 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: Gibraltar.

Jurisdiction No Longer Under Increased Monitoring – Malta

The FATF congratulated Malta for the significant progress it has made in addressing the strategic AML/CFT deficiencies previously identified by the FATF and included in its action plan. Malta will no longer be subject to the FATF's increased monitoring process. This comes after the country received an on-site visit. Malta will work with FATF regional partner MONEYVAL, of which it is a member, to continue strengthening its AML/CFT regime.

Strategic initiatives

Information Sharing and Data Protection

A financial institution sees only one side of a financial transaction: a small piece of what is often a large, complex puzzle. Criminal groups, corrupt officials, terrorist organisations, weapons proliferators, drug and human traffickers continuously exploit this information gap to raise, use and move illicit funds. Collaborative analytics, bringing data together in responsible ways, or developing other sharing initiatives can help financial institutions understand the full picture to assess and mitigate money laundering

and terrorist financing risks. However, the collection and use of personal data for these purposes can trigger data protection and privacy concerns. Relevant data and systems must be managed and designed in accordance with applicable data protection and privacy principles. This report provides observations and lessons learnt from members of the FATF and its Global Network who have increased private sector information sharing while meeting domestic data protection and privacy objectives and obligations. Countries that wish to embark on private sector information sharing mechanisms can learn from their peers how they have balanced data protection and privacy obligations with information sharing initiatives.

This report will be published in July.

Risk-based Approach Guidance for the Real Estate

Following a public consultation that concluded in April, the FATF finalised guidance that aims to help those involved in the real estate sector implement risk-based measures to prevent money laundering and terrorist financing. Professionals involved in the real estate sector, from real estate agents to notaries, play an important role in preventing criminals from laundering their illicit assets through the purchase of often high-end real estate. However, the fourth round of mutual evaluations has demonstrated that the sector generally has a poor understanding of the risks they face. The guidance will help the private sector participants develop a better understanding of the ML/TF risks and take effective measures to mitigate the risk.

The report will be published in July.

FATF Targeted Update on Implementation of the FATF Standards on Virtual Assets/VASPs - Travel Rule and Other Developments

The Plenary discussed a targeted update on implementation of the FATF Standards to prevent the misuse of virtual assets and virtual asset service providers (VASPs) for money laundering, and the financing of terrorism and proliferation. The report focuses in particular on the implementation of the FATF's Travel Rule, which requires VASPs to collect or send information on the identities of the originator and beneficiary with virtual asset transfers. The report highlights that some progress has continued but not all countries have started introducing the Travel Rule. The slow introduction of regulations in many countries leaves a significant gap that means the VASP sector is vulnerable for criminal misuse. The report stresses the urgent need for jurisdictions to implement and enforce the travel rule.

In addition, the report provides a brief update on emerging risks and market developments that FATF continues to monitor, such as Decentralised Finance (DeFi), Non-Fungible Tokens (NFTs), and unhosted wallets.

The report will be published at the end of June.

Improving access to Beneficial Ownership Information

Guidance to Implement the FATF Standard on Beneficial Ownership Information for legal persons

Transparency concerning the true beneficiary in financial transactions is critical to stopping illicit assets being laundered. In March 2022, the FATF agreed on tougher global beneficial ownership rules to stop criminals from laundering their dirty money or hiding illegal activities through complex corporate structures or legal persons. This includes the requirement to ensure beneficial ownership information is held by a registry or alternative mechanism, which is as efficient.

At this Plenary, the FATF discussed progress in developing a guidance that aims to help countries implement the revised requirements of the FATF. This will assist countries in the rapid implementation of these changes. Delegates agreed to seek views from targeted stakeholders before finalising the guidance in October 2022.

Strengthening the FATF Standard on Beneficial Ownership Information for trusts and other legal arrangements

The FATF is considering amendments to strengthen Recommendation 25, which applies to trusts and other legal arrangements. These revisions aim to ensure a balanced and coherent approach to beneficial ownership in the FATF Recommendations. The FATF is releasing a white paper for public consultation and welcomes views particularly on the scope of legal arrangements, risk assessment and foreign trusts; obligations of trustees; definition of beneficial owners; approach in collecting beneficial ownership information; adequate, accurate and up-to-date information; and obstacles to transparency. Deadline for comments is 1 August, 18h00 CEST.

Implementing the Strategic vision to strengthen the Global Network

The FATF approved a set of actions to implement the March 2022 Strategic vision for the Global Network of 206 jurisdictions, who have jointly agreed to strengthen their regimes to tackle money laundering, terrorist and proliferation financing. The FATF agreed to continue providing support to FATF-Style Regional Bodies for the completion of their current mutual evaluation round, in a timely manner and with quality reports, and to work jointly with them for the preparation of the next mutual evaluation round that is expected to start in 2025. The FATF Plenary supported projects to enhance the inclusiveness and cohesiveness of the Global Network.

Priorities under the Singapore Presidency

The FATF Plenary heard the incoming President T. Raja Kumar of Singapore highlight the priorities of his Presidency, which will start on 1 July 2022.

In line with the strategic priorities agreed by FATF Ministers in April, the work of the FATF will have a particular focus on strengthening asset recovery and international cooperation in combating cross-border financial crime, such as cyber-enabled fraud/scams and ransomware. The FATF will also work to strengthen the use of data analytics and public-private partnerships to better combat money laundering and terrorism financing. Alongside these contemporary issues, FATF members will continue to strengthen financial sector integrity through the timely and effective implementation of the FATF Recommendations as set out in the FATF's mandate. This includes close collaboration with FATF-Style Regional Bodies to enhance their capabilities and capacity.

The FATF will publish the FATF Priorities under its Singapore Presidency on 1 July.