

Outcomes FATF Plenary, 20-21 October 2022

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Paris, 21 October 2022 - The first Plenary of the FATF under the Presidency of T. Raja Kumar of Singapore concluded today. Delegates from over 200 jurisdictions of the Global Network participated in these discussions at the FATF headquarters in Paris.

The FATF reiterated its deepest sympathies for the needless loss of life, suffering and destruction caused by the ongoing Russian invasion of Ukraine.

Russia's actions continue to violate FATF's core principles, which aim to promote security, safety and the integrity of the financial system. As a result of Russia's continuing actions, the FATF has decided to impose additional restrictions on the country's remaining role, including by barring them from participating in current and future FATF project teams. Russia is also barred from participating in meetings of the FATF-Style Regional Bodies as an FATF Member. These measures expanded the actions that the FATF took in June, which stripped Russia of all its leadership roles among other restrictions. The FATF will continue to monitor the situation and consider at each of its Plenary meetings whether grounds exist for lifting or modifying these restrictions.

Following the statements issued in March, April and June 2022, the FATF reiterates that all jurisdictions should be vigilant to emerging risks from the circumvention of measures taken against Russia in order to protect the international financial system.

FATF members agreed to release, for public consultation, draft guidance on Recommendation 24 to help countries and the private sector implement FATF's strengthened requirements on beneficial ownership to prevent criminals from hiding illicit activity behind opaque corporate structures. FATF also approved the release of a public consultation document on proposed revisions to Recommendation 25 on transparency and beneficial ownership of legal arrangements.

FATF members also approved a report on the illicit proceeds generated from the supply chains for fentanyl and related synthetic opioids and discussed a report on money laundering through arts, antiquities and other cultural objects, which will be finalised by February 2023.

Delegations were updated on other ongoing work, including a project on countering the laundering of proceeds from ransomware attacks, and work to update to the FATF best practices paper on combating the abuse of non-profit organisations. Delegations were

also updated on projects and activities to implement the March 2022 Strategic Vision for the Global Network of 206 jurisdictions that have jointly agreed to strengthen their regimes to tackle money laundering, terrorist and proliferation financing.

Compliance with the FATF Standards

Jurisdictions under Increased Monitoring

Jurisdictions under increased monitoring are actively working with the FATF to address the 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. New jurisdictions subject to increased monitoring are the Democratic Republic of Congo (DRC), Mozambique and Tanzania.

Jurisdictions subject to a call for action

FATF identifies countries or jurisdictions with serious strategic deficiencies to counter money laundering, terrorist financing, and financing of proliferation. These jurisdictions are subject to a call for action to protect the international financial system. Myanmar has been added to the list of jurisdictions subject to a call for action. When applying enhanced due diligence measures, countries should ensure that flows of funds for humanitarian assistance, legitimate NPO activity and remittances are not disrupted.

Jurisdictions No longer under Increased Monitoring – Nicaragua and Pakistan

Nicaragua

The FATF notes Nicaragua's progress in improving the elements of its AML/CFT regime covered by its action plan. Nicaragua has addressed technical deficiencies to meet the commitments of its action plan regarding strategic deficiencies in the areas that the FATF

identified in February 2020. Nicaragua is therefore no longer subject to the FATF's increased monitoring process.

However, the FATF is strongly concerned by the potential misapplication of the FATF Standards resulting in the suppression of Nicaragua's non-profit sector. Nicaragua should continue to work with GAFILAT to improve further its AML/CFT regime, including by ensuring its oversight of NPOs is risk-based and in line with the FATF Standards. Nicaragua is strongly encouraged to continue cooperating with GAFILAT on this issue.

Pakistan

The FATF welcomes Pakistan's significant progress in improving its AML/CFT regime. Pakistan has strengthened the effectiveness of its AML/CFT regime and addressed technical deficiencies to meet the commitments of its action plans regarding strategic deficiencies that the FATF identified in June 2018 and June 2021, the latter of which was completed in advance of the deadlines, encompassing 34 action items in total. Pakistan is therefore no longer subject to the FATF's increased monitoring process.

Pakistan will continue to work with APG to further improve its AML/CFT system.

Strategic initiatives

Improving Asset Recovery

Under the Singapore Presidency, and in line with the strategic priorities agreed by its Ministers in April, the FATF is working to enhance asset recovery results and thereby remove the financial incentives that drive criminal activity. Delegates expressed support for the key takeaways agreed at the inaugural joint FATF-INTERPOL Roundtable Engagement (FIRE) that was held in Singapore in September 2022. Participants recognised that the amount of criminal proceeds that are confiscated are estimated to be less than 1% of total criminal proceeds, and that ambitious and decisive action is needed by the FATF and its members to drive greater asset recovery. Participants agreed on the importance of a strong legal framework to effectively pursue asset recovery, that action is needed to ensure that international cooperation occurs more rapidly and smoothly, and that the FATF's Standards need strengthening so that countries are better equipped to act effectively at every stage of the asset recovery process. The event also discussed the impact of cyber-enabled fraud on victims, including the need to better understand the risks and for more proactive action to trace the financial flows and rapidly seize the criminal assets (see the [outcomes from FIRE](#) for more information).

At this Plenary, delegates were updated on the ongoing projects to strengthen the FATF's Standards on asset recovery,) and to enhance the asset recovery inter-agency networks such as ARINs/CARIN.

Delegations also emphasised the need for the FATF to continue to work closely with INTERPOL, the Egmont Group, UNODC, the World Bank and other partners, to promote effective asset recovery action, including through the use of effective mechanisms and practices. They agreed that the FATF should continue to proactively take a leadership role to improve international cooperation in this area and drive greater global asset recovery.

Improving Access to Beneficial Ownership Information

Guidance on Beneficial Ownership (R.24)

In March 2022, the FATF strengthened its Recommendation 24 and its Interpretive Note which require countries to prevent the misuse of corporate structures, or legal persons, for money laundering or terrorist financing and to ensure that there is adequate, accurate and up-to-date information on the beneficial ownership and control of legal persons. To guide countries and the private sector in implementing these new requirements, the FATF has developed a Guidance on Beneficial Ownership which will be released for full public consultation to solicit wider input from stakeholders. The FATF expects finalising the guidance in February 2023.

This guidance currently focuses on Recommendation 24, and will be further updated when the FATF has completed its review of Recommendation 25 on legal arrangements.

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

The FATF also agreed to release proposed modifications to the FATF Standard on beneficial ownership of legal arrangements (Recommendation 25) for public consultation.

The proposed revisions take into account views received on the white paper that the FATF issued for public consultation in June 2022, and aim to ensure a balanced and

coherent approach to beneficial ownership in the FATF Recommendations on trusts and other legal arrangements. The FATF expects to finalise these revisions in February 2023.

Illicit Proceeds Generated from the Fentanyl and Related Synthetic Opioids Supply Chains

The FATF also worked on assisting law enforcement and other authorities in carrying out financial investigations into the growing illicit trade in fentanyl and other synthetic opioids more effectively. In North America, the non-medical use of fentanyl has caused a record number of overdose deaths and a tramadol epidemic is having a significant impact on public health in parts of Africa. Across Asia also, more countries are also reporting growing numbers of cases. Despite the majority of countries identifying drug trafficking as a major predicate offence for money laundering, and the growing number of incidents leading to loss of life, investigations and prosecutions of laundering of proceeds from synthetic opioids trafficking remain low. The FATF report, which will be published in mid-November, includes risk indicators that can help identify suspicious activity and makes recommendations on the best approaches to detect and disrupt financial flows relating to this illegal trade. This includes training for law enforcement and prosecutors to better understand the supply chain and the role of the pharmaceutical industry, international cooperation between source, transit and destination countries, and public-private partnerships to share red flag information and help the private sector better identify and report suspicious activity.