



FATF Chairman's Summary, Amsterdam, 23-25 June 2010

On the occasion of the 20th anniversary of the FATF Recommendations, **H.R.H. Princess Máxima of the Netherlands**, United Nations Secretary-General's Special Advocate for Inclusive Finance for Development delivered a [keynote address](#) on the subject of Financial Inclusion on the first day of the FATF Plenary meeting. Her keynote speech was introduced by the Dutch Minister of Justice, **Mr. Ernst Hirsch Balin**.



H.R.H. Princess Máxima of the Netherlands, United Nations Secretary-General's Special Advocate for Inclusive Finance for Development and Mr. Paul Vlaanderen, President FATF-XXI

The celebratory event also brought together a number of ex-Presidents of the FATF who shared with the FATF Plenary some experiences and highlights of their time as President of the FATF.

A special meeting was also held between the Presidents of the FATF-Style Regional Bodies and the FATF President, during which significant discussions took place that will further strengthen the FATF's Global Network.

The FATF welcomed India as a full member of the FATF.

The FATF Plenary has taken important new steps to protect the international financial system from abuse by:

- Admitting the Eurasian Group (EAG), the Inter Governmental Action Group against Money-Laundering in West Africa (GIABA) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) as FATF associate members.
- Producing two public documents as part of its on-going work to identify jurisdictions that may pose a risk to the international financial system. The governments of Angola, Ecuador, Ethiopia, Pakistan and Turkmenistan made high-level written commitments to implement action plans to address specific AML/CFT deficiencies. Based on these commitments and on progress made, these countries have been moved from the Public Statement dated 18 February 2010 to the public document 'Improving Global AML/CFT Compliance: On-going Process' dated 25 June 2010. The FATF welcomes these commitments and looks forward to working with these countries to implement their action plans.

[FATF Public Statement](#)

[Improving global AML/CFT Compliance: On-going Process](#)

- Adopting evaluations of the anti-money laundering and counter-terrorist financing systems in the **Kingdom of Saudi Arabia, India** and **Brazil**.
- Publishing a detailed examination of the risks of Money Laundering through money remitters and currency exchange providers.
- Approving the Global Threat Assessment report.
- Issuing a statement on Tax Amnesty and Asset Repatriation Programmes.

Associate Membership applications

Recognising their efforts in the implementation of the FATF Standards in their respective regions, the FATF welcomed the Eurasian Group (EAG), the Intergovernmental Action Group against Money-Laundering in Africa (GIABA) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) as associate members of the FATF. Associate membership gives these FATF-style regional bodies a greater decision-making role within the FATF. The acceptance of these FSRBs as Associate Members further reinforces the FATF's Global Network as all eight FSRBs have now attained Associate Membership status.

Mutual Evaluations

The FATF discussed and adopted the mutual evaluation reports assessing compliance of the Kingdom of Saudi Arabia, India and Brazil, against the international standards for combating money laundering and terrorist financing – the 40+9 Recommendations.

The **Kingdom of Saudi Arabia** is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF) and of the Gulf Co-operation Council (GCC), which is a member of the FATF. The assessment was conducted jointly by FATF and MENAFATF. The executive summary of the mutual evaluation of the Kingdom of Saudi Arabia will be published on the FATF website on 1 July 2010.

The FATF discussed and adopted the mutual evaluation report of **India**. India has been an observer of the FATF since 27 November 2006 and was assessed as an observer country in the context of their request for FATF Membership. The assessment was conducted jointly by FATF and APG. The FATF recognizes India's efforts and commitment to bring its AML/CFT system into line with FATF Recommendations. The executive summary of the mutual evaluation of India will be published on 1 July 2010.

The FATF also discussed and adopted the mutual evaluation report of **Brazil**. This assessment was conducted jointly by FATF and GAFISUD. The executive summary of the mutual evaluation of Brazil is available on the FATF website.

[Mutual Evaluation of Brazil](#)

The full reports of the three mutual evaluations will be made available on the FATF website within a few weeks.

Global ML/TF Threat Assessment

The FATF discussed and adopted the FATF Global ML/TF Threat Assessment. This report is the culmination of almost two years of intensive work by the FATF with significant contribution and participation by FATF-style regional bodies and international organisations. The Global ML/TF Threat Assessment is a new way of looking at Money Laundering and Terrorist Financing threats: it provides a strategic overview of the most common elements of ML and TF (features), aspects of these features that facilitate their use for ML and TF (drivers and enablers), and finally the negative impacts that ML and TF have on financial systems, societies and individuals (harms). The report will be made available on the FATF website shortly.

Money Laundering through money remitters and currency exchange providers

The FATF approved a joint study, conducted with MONEYVAL, on the risk of money laundering through money remitters and currency exchange providers. The study examines how this sector is being used for money laundering purposes, it identifies vulnerable areas which have or may be exploited by criminals. It also provides the industry and competent authorities with a series of illustrative cases and lists of indicators intended to assist in detecting money laundering activities. The report will be made available on the FATF website within the next few weeks.

Tax Amnesty and Asset Repatriation Programmes

The FATF has agreed to the following basic principles in relation to the AML/CFT policy implications of voluntary tax compliance programmes.

- **Principle 1:** The effective application of AML/CFT preventative measures is a prerequisite for addressing and mitigating the money laundering and terrorist financing risks associated with implementing any type of voluntary tax compliance programme.
- **Principle 2:** The FATF Recommendations do not allow for full or partial exemptions from AML/CFT requirements in the context of implementing a voluntary tax compliance programme. Therefore, when implementing a voluntary tax compliance programme, national authorities should ensure that its terms do not allow, in law or in practice, for full or partial exemptions from AML/CFT requirements as set out in the FATF Recommendations. Voluntary tax compliance programmes which do so are in breach of the FATF Recommendations.
- **Principle 3:** When implementing a voluntary tax compliance programme, it should be ensured that all relevant domestic competent authorities be able to co-ordinate and co-operate, and exchange information, as appropriate, with a view to detecting, investigating and prosecuting any ML/TF abuse of the programme.
- **Principle 4:** The widest possible range of mutual legal assistance and exchange of information in ML/TF investigations, prosecutions and related proceedings relating to the abuse of voluntary tax compliance programmes, including asset recovery investigations and proceedings, should be provided.

On the basis of these four basic principles, the FATF will develop guidance for jurisdictions in their implementation of tax amnesty/asset repatriation programmes and to address the issue of what action should be taken in relation to jurisdictions implementing programmes not complying with the basic principles.

The FATF will continue to examine specific tax amnesty/asset repatriation programmes. The FATF calls on its members, when considering the implementation of such a programme, to inform it directly and without delay if such a law is introduced. The FATF Plenary concluded that jurisdictions have to apply maximum transparency in time and substance when informing FATF on the execution of their AML/CFT mechanisms in the context of an amnesty law. The FATF will analyse the measures and respond appropriately in cases where the tax amnesty/asset repatriation programme breaches the basic principles or any future guidance in this area.

Future work

In response to the G20 call for action, the FATF has committed to publishing information to raise awareness of how AML/CFT measures may be leveraged to combat corruption and the FATF's ongoing work to strengthen standards in this area.

In April this year, the FATF published [*Combating Proliferation Financing: A Status Report on Policy Development and Consultation*](#). In October, the FATF will have an in-depth discussion about which areas and policy options will be taken forward.

Acknowledging the United Nations Security Council's adoption of Resolution 1929, and recognising its language welcoming the guidance issued by the FATF to assist countries in implementing their financial obligations under Resolutions 1737 and 1803, the FATF agreed to examine the financial provisions of Resolution 1929, with a view to developing additional guidance.

In relation to financial inclusion the FATF, with input from the World Bank, will undertake a global inventory of innovative approaches to risk-based implementation of AML/CFT measures as a starting point for discussion about best practices for compliance with the FATF standards.

Paul Vlaanderen
President FATF-XXI