

Outcomes of the Joint Plenary Meeting of FATF and GAFISUD, Mexico City, 22-24 June 2011

Under the Mexican Presidency, the first joint FATF-GAFISUD Plenary meeting was held in Mexico City on 22-24 June 2011. The meeting was co-chaired by the FATF and GAFISUD Presidents.

FATF Decisions

The FATF took important new steps to protect the international financial system from abuse by:

Producing two public documents as part of its ongoing work to identify jurisdictions that may pose a risk to the international financial system:

- [FATF Public Statement](#) on jurisdictions with strategic anti-money laundering and combating the financing of terrorism (AML/CFT) deficiencies.
- [Improving Global AML/CFT Compliance: on-going process](#) - Jurisdictions with strategic AML/CFT deficiencies for which they have developed an action plan with the FATF

Issuing a statement on the progress made by [Argentina](#) in addressing deficiencies identified in its mutual evaluation of October 2010.

Adopting the mutual evaluation reports of the [State of Kuwait and the Sultanate of Oman](#).

Publishing a detailed examination of [Organised Maritime Piracy and Related Kidnapping for Ransom](#), [Trafficking in Human Beings and Smuggling of Migrants](#) and [Money Laundering and Corruption](#).

Publishing [Guidance on Financial Inclusion](#).

Continuing its work on revision of the FATF Recommendations and preparation for the [fourth round of mutual evaluations](#).

AML/CFT improvements in Greece

The FATF welcomes Greece's significant progress in improving its AML/CFT regime and notes that Greece has met its commitments in its Action Plan regarding the strategic AML/CFT deficiencies that the FATF had identified in February 2010. Greece is therefore no longer subject to monitoring under the FATF's ongoing global AML/CFT compliance process. Greece will continue to work with the FATF to further strengthen its AML/CFT regime.

Statement on the progress made by Argentina

The FATF heard Argentina's report on progress made since its first follow-up report presented in February 2011 and recognised the important legislative efforts aimed at improving the criminalisation of money laundering. Based on the initial analysis of the recent legal amendments, the FATF expressed some specific concerns that there are still shortcomings in the criminalisation of money laundering, and further clarification is required. Substantial progress to improve the criminalisation of terrorist financing has not yet taken place, and there are a large number of other AML/CFT deficiencies remaining. The FATF remains seriously concerned about the risks that such deficiencies may pose, as identified in ["Improving Global AML/CFT Compliance: on-going process"](#), and will continue to review progress, in the context of measures that the FATF has agreed to follow under its enhanced follow-up procedures for members insufficiently in compliance with the FATF Recommendations.

The FATF expects more substantial progress by Argentina by October 2011. In particular, the FATF expects Argentina to fully address the FATF's concerns regarding the criminalisation of money laundering in accordance with international standards, present to the FATF a draft law criminalising terrorist financing in accordance with international standards, and inform about the progress in addressing the other AML/CFT deficiencies. As part of this discussion, the FATF reaffirmed the responsibility of all members to observe a high level of compliance with the FATF Recommendations in an expedited manner.

Mutual Evaluation of the State of Kuwait and the Sultanate of Oman

The FATF discussed and adopted two mutual evaluation reports assessing the compliance of two Gulf Cooperation Council members, the State of Kuwait and the Sultanate of Oman against the international standards for combating money laundering and terrorist financing – the 40+9 Recommendations.

Summaries of these mutual evaluations will soon be available on the FATF website, and the full reports will be released in the coming weeks.

There is currently no evidence of significant money laundering and no major terrorist activity has been recorded in the **State of Kuwait**. However, Kuwait's financial sector is growing rapidly and thus may create a potential environment for such activities. The assessment team for this evaluation, composed of staff of the International Monetary Fund (IMF), concluded that the Kuwaiti AML/CFT framework had some deficiencies: terrorist financing is currently not criminalised, the money laundering offence does not cover all serious predicate

offences, the Kuwaiti financial intelligence unit (KFIU) has not been established as an independent agency carrying out all core functions set out by the FATF standards, and there are shortcomings in the AML/CFT supervisory framework for some financial institutions and designated non-financial businesses and professions (DNFBPs).

The evaluation of the AML/CFT regime of the **Sultanate of Oman** was conducted jointly by the FATF and the Middle East and North Africa Financial Action Task Force (MENAFATF). The level of compliance with the FATF Recommendations for the AML/CFT regime of Oman is comparatively high for the region, and the legal framework is generally sound. However, the Omani AML/CFT Law was only recently updated, and executive regulations must still be issued. In addition, the overall effectiveness is generally lacking, parts of the terrorist financing legal framework need to be improved and the number of money laundering cases needs to be significantly raised.

With the adoption of the mutual evaluation reports of the State of Kuwait and the Sultanate of Oman, the FATF concluded its third round of mutual evaluations that started in 2005 and comprised 35 FATF jurisdictions and five members of the Gulf Cooperation Council.

Organised Maritime Piracy and Related Kidnapping for Ransom

In recent years, there has been a growing concern over organised piracy on the high seas and kidnapping for ransom. These activities present a number of a potential risks to the international financial system and challenges to the law enforcement and regulatory framework worldwide. The FATF has completed a study that provides an overview of this problem and analyses the related money flows to the extent that this is possible. In addition to informing the work of other international bodies dealing with this issue, the report, which will be published shortly, will also serve as a useful source of general information on the subject.

Human Being Trafficking and Smuggling of Migrants

Criminals are increasingly turning to the trafficking of human beings and the smuggling of migrants given the high profitability of these illegal activities. The money generated by such activities finds its way into the financial system. The FATF has carried out a study which describes the money flows related to these two distinct problems and attempts to assess their scale. The report, which will be published shortly, provides a series of red-flag indicators for the various destination / origin countries and different sectors to help financial institutions to better detect related suspicious financial activity.

Money Laundering and Corruption

Corruption continues to be a significant public policy issue throughout the world, and for that reason work related to anti-corruption was identified as an objective under the Mexican Presidency. In the larger framework of its work on corruption, the FATF has prepared a study on the links between corruption and money laundering. The report, which will be published shortly, identifies key vulnerabilities within the current AML/CFT framework and discusses some of the obstacles to the recovery of corruption. In addition to providing the basis for further examination of related issues, the report will serve as the catalyst for future FATF work in developing guidance or best practices on AML/CFT measures relevant to combating corruption. The FATF will continue to work on issues related to the use of AML/CFT tools in the fight against corruption.

Guidance on Financial Inclusion

Financial inclusion is an important policy objective for many countries, and the implementation of AML/CFT measures should not become an impediment to financial inclusion. However, an overly cautious approach to AML/CFT safeguards could have the unintended consequence of excluding legitimate business and consumers from the financial system. In collaboration with the World Bank and the Asia Pacific Group on Money Laundering (APG) and in consideration of the objectives set by the Mexican Presidency, the FATF has completed work on guidance that will help in developing AML/CFT measures that are in line with financial inclusion goals without compromising the overall purpose of combating crime. In providing this guidance, the FATF is contributing to the common objective of the G20 in this area as agreed at the Seoul Summit of November 2010. The FATF will continue to strive to ensure that the objectives of financial inclusion and AML/CFT are complementary. The report will be available on the FATF website shortly.

Revision of the FATF Recommendations and Preparation for the Fourth Round of Mutual Evaluations

The FATF continues its work to revise the FATF Recommendations to ensure that they will continue to provide a comprehensive set of means to combat money laundering and terrorist financing, and to build on the experience of the 3rd round of mutual evaluations. The FATF is committed to a constructive engagement with all stakeholders, and is issuing a [second public consultation document](#) (*pdf, 438 Kb*) on a range of issues where changes to the Standards are being considered. This covers important issues such as:

- Clarifying beneficial ownership requirements (Recommendations 5, 33 and 34)
- Ensuring no inconsistency between AML/CFT and data protection / privacy requirements

- Creating an obligation for group wide compliance programmes for financial groups
- Enhancing international cooperation (Recommendation 40)
- Promoting a risk based approach to supervision
- Strengthening measures in relation to politically exposed persons
- Enhancing the transparency of wire transfers
- Implementing targeted financial sanctions in the context of terrorist financing and proliferation financing
- Strengthening and clarifying the requirements for financial intelligence units and law enforcement authorities

The President of the FATF, Mr. Luis Urrutia, thanked the FATF members for their decisive support to achieve the objectives set at the outset of his tenure and wished the new President, Mr. Giancarlo del Bufalo of Italy, and the new Vice-President, M. Bjorn Skogstag AAMO of Norway, Godspeed.