

Outcomes of the FATF Plenary, 20-22 February 2013

Under the Norwegian Presidency, the second FATF Plenary meeting of FATF-XXIV was held in Paris on 20-22 February 2013.

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.](#)
- Adopting new **Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems.**
- Issuing a statement on **Turkey**. After passing a new law on preventing Terrorist Financing, Turkey was not suspended.
- Updating the **Guidance on Anti-Money Laundering and Counter Terrorist Financing Measures and Financial Inclusion.**
- Approving and publishing guidance on conducting **National Risk Assessment.**
- Receiving an update on AML/CFT Improvements in **Ghana** and **Venezuela.**
- Welcoming **OSCE** as Observer.
- Deciding on the process of whether to undertake a limited expansion of FATF Membership.
- Discussed the global challenges in supervision and enforcement.

Adopting the Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems

A critical part of the FATF's work is a programme of rigorous, comprehensive assessments of whether countries are compliant with the FATF Recommendations. The FATF itself assessed 40 countries as part of its 3rd round of Mutual Evaluations. Over 180 countries were assessed by the FATF's global network. The FATF's next round of assessments, which will commence this year, will focus much more on assessing how effectively countries are combating money laundering and terrorist financing in practice. While the FATF remains committed to rigorous and comprehensive assessment of technical compliance with the Standards, the next round will have a major focus on

whether countries' laws, regulations, and institutions are really achieving their objectives. So the FATF has developed a new framework for assessing the effectiveness of AML/CFT systems, which will help countries focus much more intensively on practical steps to improve their performance.

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Statement on Turkey

In October 2012, the Financial Action Task Force (FATF), the international standard-setter for combating money laundering, the financing of terrorism and proliferation of weapons of mass destruction, released a statement conveying its deep concerns about Turkey's continued failure to take action to fully criminalise terrorist financing and establish an adequate legal framework for identifying and freezing terrorist assets consistent with the FATF Recommendations. The statement indicated that Turkey's membership in the FATF would be suspended on 22 February 2013 unless Turkey had adopted legislation to remedy deficiencies in its terrorist financing offence and establishes a legal framework for identifying and freezing terrorist assets consistent with the FATF Recommendations before that date.

On 7 February 2013, the Turkish Grand National Assembly adopted the *Law on the Prevention of the Financing of Terrorism*, which was signed into law on 15 February 2013. The new law addresses many of the shortcomings identified in Turkey's terrorist financing offence and creates the legal basis for the freezing of terrorist assets. The FATF welcomes this significant step made by Turkey, which improves the country's compliance with the international standards. As a consequence, the FATF has decided not to suspend Turkey's membership.

In spite of this positive step, there still remain a number of ongoing shortcomings in the Turkish counter-terrorist financing regime. Turkey must address these shortcomings in order to reach a satisfactory level of compliance with the FATF standards. Turkey has committed to addressing these deficiencies and will submit, prior to the next FATF meeting in June 2013, a report on how these deficiencies are being addressed.

Updating the Guidance on Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion

The FATF has updated the 2011 Guidance on Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion, to bring it in line with the revised FATF Recommendations. The paper aims to provide support in designing AML/CFT measures that meet the goal of financial inclusion, without compromising the measures that exist for the purpose of combating crime. The revised Guidance focuses in particular on the reinforcement of the risk-based approach (RBA), as a general and underlying principle of all AML/CFT systems.

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Approving and publishing guidance on National Risk Assessment

The 2012 FATF Recommendations require that countries identify, assess and understand the money laundering and terrorist financing risks facing them and adapt their AML/CFT system accordingly. The FATF has adopted a new guidance which is intended to assist in the conduct of risk assessment at the country or national level. Once ML/TF risks are properly understood, country authorities may apply AML/CFT measures in a way that ensures they are commensurate with those risks – *i.e.* the risk-based approach (RBA) – which is central to the FATF standards as is set out in Recommendation 1. *(Document will be published shortly)*

AML/CFT Improvements in Ghana and Venezuela

The FATF congratulated Ghana and Venezuela for the significant progress made in addressing the strategic AML/CFT deficiencies identified in their action plans agreed with the FATF. These countries will no longer be subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. These countries will work with their respective FATF-Style Regional Bodies as they continue to address the full range of AML/CFT issues identified in their Mutual Evaluation Reports.

Welcoming OSCE as Observer

The FATF has welcomed the Organization for Security and Co-operation in Europe (OSCE) as an observer to the FATF. OSCE observership will enhance the FATF's global reach geographically in the greater European region, Asia, North Africa, and the Middle East.

FATF Membership

The FATF established a process for considering the case for/whether to undertake a limited expansion of its membership with the aim of ensuring it has an optimal membership in the fight against money laundering and terrorist financing.

Global challenges in supervision and enforcement

The plenary received and discussed presentations from US and UK representatives on the current state of compliance and of the supervision and enforcement of AML/CFT standards. Analyses of the experiences will be included in FATFs work on effectiveness. The FATF agreed to have regular discussions of this important issue.

Refer to the FATF link below:

<http://www.fatf-gafi.org/countries/s-t/turkey/documents/outcomesofthefatfplenary20-22february2013.html>