

Outcomes of the February 2024 meeting of the Financial Action Task Force

South Africa participated in the meetings of the [Financial Action Task Force](#) (FATF) under the Singapore Presidency, which took place from 19 to 23 February 2024.

At these meetings the FATF appointed Ms Elisa de Anda Madrazo of Mexico as the next President of the FATF, for a fixed two-year term (2024-2026). In addition, the FATF released a statement on concerns about the potential risks to the international financial system relating to growing financial connectivity of Russia with countries subject to FATF countermeasures, risks of proliferation financing, and malicious cyber activities and ransomware attacks. The full statement can be accessed [here](#).

The FATF also took a number of important steps to promote effective implementation of measures against money laundering and the financing of terrorism and proliferation and other threats to the integrity of the international financial system. Key among these are the following:

- [Adopting new risk-based guidance for the implementation of Recommendation 25 on the beneficial ownership and transparency of legal arrangements](#)
- [Releasing a range of options for potential changes to Recommendation 16 and its Interpretive Note on electronic funds transfers for public consultation](#)
- [Adopting amendments to the Methodology for assessing the FATF Standards to protect non-profit organisations from potential abuse for terrorist financing in the next round of Mutual Evaluations](#)
- [Identifying jurisdictions with materially important virtual asset activity, to support them in implementing the FATF's requirements to supervise and regulate this activity](#)
- [Identifying high-risk and other monitored jurisdictions](#)

Increasing Beneficial Ownership Transparency of Legal Arrangements

Following the February 2023 revisions to FATF Recommendation 25 on Beneficial ownership and transparency of legal arrangements, the FATF has updated its risk-based guidance for this Recommendation. The guidance complements the existing guidance on Recommendation 24 on legal persons and aims to help stakeholders from the public and private sectors that are involved in trusts or similar legal arrangements to assess and mitigate money laundering and terrorist financing risks.

The finalised guidance reflects input from public consultations on the draft guidance following the October Plenary. The FATF extensively engaged with the private sector and other stakeholders on this initiative. The updated guidance completes a comprehensive body of work aimed at improving transparency of beneficial ownership globally. The stronger FATF standards and guidance in this area will help identify the corrupt, sanctions evaders, money launderers and tax evaders who hide or launder their criminal property or activities in shell companies or other complex structures as well as trusts or other legal arrangements.

The FATF will assess countries' implementation of these requirements during its upcoming round of mutual evaluations.

The guidance will be published at the end of February.

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Options to Improve Payments Transparency

The FATF has worked on proposed amendments to Recommendation 16, to reflect the rapid development of cross-border payment systems, and changes to industry standards in particular ISO20022.

These revisions aim to help make cross-border payments faster, cheaper, more transparent and more inclusive whilst ensuring AML/CFT compliance, and to ensure that FATF Recommendation 16 remains technology-neutral.

The FATF agreed to release the proposed revisions for public consultation.

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Assessing the FATF Standards to protect non-profit organisations from potential abuse for terrorist financing in the next round of Mutual Evaluations

At its October 2023 Plenary, the FATF agreed on amendments to Recommendation 8 that aim to protect non-profit organisations (NPOs) from potential terrorist financing abuse through the effective implementation of risk-based measures. The FATF also updated its best practices to reflect the amendments to Recommendation 8 and to help countries, the non-profit sector and financial institutions understand how best to protect relevant NPOs from abuse for terrorist financing, without unduly disrupting or discouraging legitimate NPO activities.

The FATF has now agreed on changes to its assessment methodology for the next round of mutual evaluations, which clarify the existing obligations to apply risk-based measures to protect NPOs that are most vulnerable to potential terrorist financing abuse and prevent the unintended consequences of the incorrect application of the FATF's requirements.

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Digital Transformation: Support for Jurisdictions with Materially Important Virtual Asset Activity in Implementing the FATF's Requirements

Many countries have yet to fully implement the FATF's revised Recommendation 15. Given the inherently borderless nature of virtual asset activity, this lack of implementation leaves significant loopholes globally, that criminals and terrorists exploit.

In February 2023, the FATF agreed on a roadmap to strengthen implementation of the FATF Standards on virtual assets and virtual asset service providers. The FATF conducted a stocktake of current levels of implementation across the global network.

The FATF agreed to publish an overview of the steps that FATF and FSRB member jurisdictions with the most materially important virtual asset activity, based on trading volume and user base, have taken to regulate and supervise virtual asset service providers (VASPs). The purposes of this exercise are to enable the FATF network to support these jurisdictions in regulating and supervising VASPs for AML/CFT purposes and to encourage jurisdictions to fully implement Recommendation 15.

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High-risk and other monitored jurisdictions

The FATF monitors jurisdictions that have 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 jurisdiction has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes. The FATF issues a statement on jurisdictions under increased monitoring after each Plenary meeting. In its latest statement the FATF has confirmed that Barbados, Gibraltar, Uganda and the United Arab Emirates are no longer subject to increased monitoring. The Financial Intelligence Centre (FIC) issued an Advisory on jurisdictions under increased monitoring on 27 February 2024, which can be accessed [here](#).

The FATF also identifies high-risk jurisdictions that have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation and makes a call for action to protect the international financial system from these deficiencies. These jurisdictions are: the Democratic Republic of Korea, Iran and Myanmar.

The FIC issued an Advisory on high-risk jurisdictions on 27 February 2024, which can be accessed [here](#).

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For more information on these and other matters relating to the work of the FATF please visit <http://www.fatf-gafi.org/home/>.

Issued by the FIC on 27 February 2024.