

Outcomes of the Plenary meeting of the FATF, Brisbane, 24-26 June 2015

Brisbane, 26 June 2015 – Under the Australian Presidency, the third FATF Plenary meeting of Plenary year FATF-XXVI was held on 24-26 June 2015. The main issues dealt with by this Plenary were:

- Issuing a statement and set out a future work plan on "de-risking".
- Producing two public documents identifying jurisdictions that may pose a risk to the international financial system:
 - Jurisdictions with strategic anti-money laundering and combating the financing of terrorism (AML/CFT) deficiencies for which a call for action applies
 - Jurisdictions with strategic AML/CFT deficiencies for which they have developed an action plan with the FATF
- Continuing its work on terrorist financing, which remains a priority.
- Receiving an update on AML/CFT improvements in Indonesia.
- Discussing the mutual evaluation report on compliance with the FATF Recommendations of Malaysia.
- Welcoming the Kingdom of Saudi Arabia as an observer to the FATF.
- Adopting and publishing:
 - Revised best practices on combating the abuse of non-profit organisations (Recommendation 8)
 - Guidance for a risk-based approach to virtual currencies
 - Typologies report on the money laundering / terrorist financing risks and vulnerabilities associated with gold
- Indicating its support for a proposal from the Republic of Korea to establish an AML/CFT training and research institute in Korea.

Continuing its work on terrorist financing

Terrorist financing continues to be a priority issue on the FATF agenda given concerns about the terrorist threats posed notably by ISIL and foreign terrorist fighters. The FATF agreed to:

- report to the G20 in October on the level of implementation in FATF countries of the FATF standards on criminalising terrorist financing and applying targeted financial sanctions
- undertake work aimed at enhancing countries' implementation of the FATF standards on terrorist financing, and
- conduct further typologies work in this area.

Update on AML/CFT improvements in Indonesia

The FATF congratulated Indonesia for the significant progress made in addressing the strategic AML/CFT deficiencies earlier identified by the FATF and included in its action plan. Indonesia will no longer be subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. It will work with the Asia/Pacific Group on Money Laundering (APG) as it continues to further strengthen its AML/CFT regime.

Mutual evaluation report on compliance with the FATF Recommendations of Malaysia

The Plenary discussed the mutual evaluation report of Malaysia, which is currently an observer to the FATF. The report sets out the level of effectiveness of Malaysia's AML/CFT system and its level of compliance with the FATF Recommendations. The report was prepared by the Asia-Pacific Group on Money Laundering (APG) on the basis of the FATF Methodology for assessments, adopted in 2013, which requires countries to take into account the effectiveness with which AML/CFT measures are implemented, as well as technical compliance for each of the FATF Recommendations.

The mutual evaluation of Malaysia was undertaken by the APG, and the assessment team comprised legal, financial and law enforcement experts principally drawn from FATF members. The Plenary discussed the team's key findings, priority actions, and recommendations regarding Malaysia's AML/CFT regime.

The FATF will finalise the mutual evaluation report for publication in due course.

Best practices on combating the abuse of non-profit organisations

The Plenary approved the revised best practices paper on combating the abuse of non-profit organisations (NPOs) for publication. The NPO community provides vitally important services around the world assisting those in need, often in remote regions. However, terrorists and terrorist organisations may also abuse some NPOs by creating fake charities to funnel money to terrorists, or abusing legitimate NPOs without the knowledge of their donors, management, or staff. This guidance paper highlights the need for countries to protect NPOs from such abuse by implementing appropriate mitigation measures that are commensurate with the terrorist financing risks identified and in line with the risk-based approach. With input from governments and the private sector, including NPOs, the FATF has revised its best practices, aimed at preventing misuse of NPOs for the financing of terrorism while, at the same time, respecting legitimate activities of NPOs.

The FATF is committed to continuing a constructive engagement with NPOs on these important issues, and will continue doing so on an ad hoc basis, as needed, to facilitate its technical work. The FATF also agreed to enhance its engagement by holding an annual discussion with NPOs on specific issues of common interest.

Guidance for a risk-based approach to virtual currencies

The Plenary adopted Guidance for a risk-based approach to virtual currencies for publication. This is an important step in the staged approach taken by the FATF and the focus of the Guidance is on the points of intersection that provide gateways to the regulated financial system, in particular convertible virtual currency exchangers.

This Guidance aims to help national authorities understand the ML/TF risks associated with virtual currencies payments products and services (VCPSPS), and potentially develop regulatory responses to address them. It also aims to help the private sector better understand and comply with relevant AML/CFT obligations. This Guidance builds on the typologies report published in June 2014, and on the risk matrix and the best practices of the Guidance for the risk-based approach to prepaid cards, mobile payments and internet

based payment services published in June 2013. Going forward, the FATF will continue to monitor developments in this area.

Money laundering / terrorist financing risks and vulnerabilities associated with gold

The plenary approved the report on money laundering / terrorist financing risks and vulnerabilities associated with gold for publication. This report identifies the features of gold and the gold trade that have made it an alternative means for criminals to transfer value and generate proceeds. Gold is anonymous, has a stable value and is easily transformable and transportable, which have made it an attractive alternative for criminals to store or move and generate value as regulators implement stronger AML/CFT measures to protect the formal financial sector from abuse. This report provides a series of case studies and red flag indicators to raise awareness, particularly with AML/CFT practitioners and companies involved in the gold industry, of the key vulnerabilities of gold and the gold market. [report to be published in due course]