

## **Outcomes FATF Plenary, 19-23 February 2024**

The Plenary was preceded by the Working Group meetings from 19 to 20 February 2024.

*Paris, 23 February 2024* - The fifth Plenary of the FATF under the Presidency of T. Raja Kumar of Singapore concluded today. Delegates from the FATF's Global Network of over 200 jurisdictions and observers from international organisations participated in three days of discussions on key money laundering, terrorism financing and proliferation financing issues at the FATF headquarters in Paris.

Among the key outcomes of the Plenary is a new risk-based guidance for the implementation of Recommendation 25 on the beneficial ownership and transparency of legal arrangements. This completes the FATF's body of work to enhance transparency of beneficial ownership globally and prevent criminals and terrorists from hiding their activities and funds behind complex corporate structures and legal arrangements such as trusts. The FATF will continue its outreach to ensure effective implementation of the revised Standards.

The Plenary also agreed to release for public consultation, a range of options for potential changes to Recommendation 16 and its Interpretive Note on wire transfers. The proposed revisions seek to adapt FATF Standards to the changes in payment systems' business models and messaging standards and ensure that they remain technology-neutral.

In preparation for the next round of mutual evaluations, the Plenary finalised modifications to its assessment methodology to reflect the recent revisions to the FATF Standards to protect non-profit organisations from potential abuse for terrorist financing.

The FATF identified jurisdictions with materially important virtual asset activity, to support them in implementing the FATF's requirements to supervise and regulate this activity.

The FATF updated the statements identifying high-risk and other monitored jurisdictions and removed four countries from its increased monitoring list following successful on-site visits.

The Plenary agreed on the appointment of a new President of the FATF (2024-2026).

The FATF issued a [statement](#) on the Russian Federation.

### **Compliance with the FATF Standards**

#### **High-risk and other monitored jurisdictions**

##### **Jurisdictions under Increased Monitoring**

Jurisdictions under increased monitoring are actively working with the FATF to address the 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 country has committed to implement an Action Plan to resolve swiftly the identified strategic deficiencies within agreed timeframes. At this Plenary, the FATF added Kenya and Namibia to the list of jurisdictions subject to increased monitoring.

- [Jurisdictions under Increased Monitoring – 23 February 2024](#)

##### **Jurisdictions no Longer under Increased Monitoring - Barbados, Gibraltar, Uganda, and the United Arab Emirates**

The FATF plenary congratulated Barbados, Gibraltar, Uganda and the United Arab Emirates for their significant progress in addressing the strategic AML/CFT deficiencies previously identified during their mutual evaluations. These jurisdictions had committed to implement an Action Plan to resolve swiftly the identified strategic deficiencies within agreed timeframes. These countries will no longer be subject to the FATF's increased monitoring process.

This comes after a successful on-site visit to each of these countries. Each country will work with the FATF-Style Regional Body, of which it is a member, to continue strengthening their AML/CFT/CPF regimes.

### **Jurisdictions subject to a call for action**

Paris, 23 February 2024 - High-risk jurisdictions have significant strategic deficiencies in their regimes to counter money laundering, terrorist financing, and financing of proliferation. For all countries identified as high-risk, the FATF calls on all members and urges all jurisdictions to apply enhanced due diligence, and, in the most serious cases, countries are called upon to apply countermeasures to protect the international financial system from the money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks emanating from the country. This list is often externally referred to as the "black-list". Since February 2020, in light of the COVID-19 pandemic, the FATF has paused the review process for Iran and DPRK, given that they are already subject to the FATF's call for countermeasures. Iran reported in January 2024 with no material changes in the status of its action plan.

Given heightened proliferation financing risks, the FATF reiterates its call to apply countermeasures on these high-risk jurisdictions.

- [High-Risk Jurisdictions subject to a Call for Action – 23 February 2024](#)

### **Strategic Initiatives**

#### **Setting the Strategic Priorities for 2024-2026**

In preparation for the next biennium, delegates discussed the specific areas of focus for the FATF to deliver on its mandate to prevent criminals, the corrupt and terrorists from abusing the international financial system and strengthen the foundations for sustainable and more inclusive economic development.

The FATF's Strategic Priorities will be presented to FATF Ministers at the upcoming FATF Ministerial meeting in April.

#### **Increasing Beneficial Ownership Transparency Globally - FATF Risk-Based Guidance - Recommendation 25 on Beneficial Ownership and 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. FATF's strengthened 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.

### **Leveraging Digital Transformation: Virtual Assets**

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 Plenary 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 Plenary 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.

### **Payment 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 ensure that FATF Recommendation 16 remains technology-neutral.

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

### **Protecting Non-Profit Organisations from abuse for Terrorist Financing**

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.

### **FATF Presidency 2024-2026**

This week, the Plenary decided to appoint Ms Elisa de Anda Madrazo of Mexico as the next President of the FATF, for a fixed two-year term.

FATF members took this decision following a comprehensive process which included consultations with all delegations. Ms de Anda Madrazo, who was FATF Vice President from 1 July 2020 to 30 June 2023, will take up duties on 1 July 2024, the day after the two-year Presidency of Mr. T. Raja Kumar concludes.

The next FATF Plenary will be held in June 2024.