



FINANCIAL ACTION TASK FORCE



FATF BUSINESS BULLETIN

This report provides a brief update on outcomes from the **October 2018 FATF plenary meeting** that are relevant for the private sector. The complete summary of outcomes from the Plenary is available [here](#).

November 2018

Recent important FATF outcomes relevant for:

All private sector

Amendments to FATF Recommendations to Address the Regulation of Virtual Assets

- The FATF plenary **discussed and adopted amendments to the FATF Recommendations and Glossary to respond to the increasing use of virtual assets for Money Laundering (ML) and Terrorist Financing (TF) and at the request of the G20 Ministers**. Exchanges and wallet providers will be required to implement AML/CFT controls, and to be licensed or registered and supervised or monitored by national authorities. As a next step, the **FATF will update its Guidance to assist countries with the full and effective implementation of these requirements**. Given the speed of innovation, and to ensure that the FATF Standards remain relevant, the FATF will review its standards as they apply to the virtual asset sector in 12 months. See [statement on regulating virtual assets](#).

Combating the Financing of Terrorism

- During the October Plenary meeting, delegates heard **an update of the financing methods employed by ISIL, Al-Qaeda and affiliates**, and released a [public statement](#) on the evolution of these TF strategies since the [FATFs 2015 report on the financing of ISIL](#).

New Work on Proliferation Financing

- The FATF agreed to **start a project that will consider the feasibility of expanding the FATF Recommendations applicable to proliferation financing**, as well as enhancing implementation of existing obligations. There is no presumption that the FATF will adopt any amendments to the Recommendations at this time. The project will explore the degree to which there is support for revisions and will develop and consider detailed proposals for amendments in these areas within the framework of FATF and UN mandates.

Insurance and Securities Providers

- The **risk-based approach (RBA) is at the core of the FATF Recommendations**. It ensures that countries identify and understand the unique risks they are exposed to, allowing them to prioritise resources on areas where risks are highest. The FATF published a [RBA Guidance for the Life Insurance Sector](#) and a [RBA Guidance for the Securities Sector](#) on 26 October. These guidance documents aim **to support the implementation of the RBA, taking into account national ML/TF risk assessments and AML/CFT legal and regulatory frameworks**. The guidance documents were developed in close partnership with the private sector to reflect a more practical approach to RBA.

High-risk and other monitored jurisdictions

- The FATF identifies jurisdictions with **strategic AML/CFT deficiencies** in the following public documents issued three times a year: *FATF Public Statement (October 2018)* (call for action) and *Improving Global AML/CFT Compliance: on-going Process (October 2018)* (other monitored jurisdictions).

Recent updates include

- FATF has identified **The Bahamas, Botswana and Ghana** as countries with strategic AML/CFT deficiencies. Each country has developed an action plan with the FATF to address the most significant deficiencies. The FATF welcomed the high level political commitment of these countries to their respective action plans.

- In October 2018, **the FATF decided to continue the suspension of counter-measures against Iran**. The FATF expressed its disappointment that the majority of Iran's Action Plan remains outstanding and expects the country to proceed swiftly in the reform path to ensure that it addresses all of the remaining items by February 2019. The FATF continued to call on its members and to urge all jurisdictions to apply enhanced due diligence, including obtaining information on the reasons for intended transactions with natural and legal persons from Iran, consistent with the FATF Recommendation 13.
- The FATF also continued its call for all jurisdictions to apply counter-measures to protect their financial sectors from ML, TF and PF risks emanating from the measures related to the Democratic People's Republic of Korea (DPRK.)**



Other Strategic Outcomes

Future Work on Digital Identity

- The FATF will develop guidance on digital identity.** The guidance will consider endorsement by national authorities as a key test for acceptability of digital ID. It will focus mainly on **the reliability and independence features of digital IDs** that are not issued on the basis of a process that is agreed, regulated or supervised by a national authority. The FATF will consider a first draft of this guidance in February 2019 with a planned completion of the project in June following consultation with the private sector.

Outcomes from the Meeting of the FATF Heads of FIU

- FATF Heads of FIU met in the margins of the FATF plenary, and agreed two reports: one addressing **how large international financial institutions identify suspicious activity**, and the other describing the **practical considerations in setting up public-private partnerships**. These reports will be disseminated through the FATF Global Network.

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