



OBJECTIVES FOR FATF XXVIII (2016-2017)

PAPER BY THE INCOMING PRESIDENT

Priorities for the Spanish Presidency of FATF (2016-2017)

1. The persistent terrorist threat and the recently highlighted large scale abuse of corporate vehicles demonstrate once again the critical importance of the work of the FATF in protecting the integrity of the international financial system. Under the Spanish presidency, this work will continue at pace and in closer collaboration with other international bodies, including the UN, IMF, World Bank, Financial Stability Board (FSB), Egmont Group of Financial Intelligence Units, Interpol, G20 and G7. It will require a more collaborative approach with the private sector and a greater operational focus of the work of the FATF.
2. The rapid innovation in financial services brings opportunities as well as risks. Under the Spanish presidency, the FATF will work to build a new partnership with the FinTech community to improve collective understanding, facilitate cooperation with regulators and work together to design out risks and design in risk mitigation measures.
3. During 2016-17 the FATF will prioritise activity in the following areas:

Counter Terrorist Financing

4. It is imperative that the FATF work to combat **terrorist financing** remains as a top priority, including through
 - Implementation of its consolidated strategy; updating and reviewing this as necessary;
 - Assess the progress countries are making to combat terrorist financing and the additional measures that need to be taken, including to break down barriers to information and intelligence sharing.

Enhancing transparency

5. The FATF will prioritise work to **improve transparency and the integrity of financial flows**, including through implementation of the FATF standards on **beneficial ownership**. It will continue to identify and promote every means possible to combat money laundering and maximise the transparency and integrity of the financial system. It will continue to inform and advise relevant international fora on its work to improve the implementation of beneficial ownership requirements.

Outreach to the FinTech Community

6. FATF will develop a new partnership with the **FinTech** and **RegTech** community to support **innovation in financial services**, while maintaining transparency and mitigating the associated risks. Technology based innovations are starting to radically change the financial industry, and therefore some of the assumptions on which the FATF standards are based. FATF will build a partnership with people and firms not accustomed to dealing with financial regulators. FATF will use this partnership to become more proactive in the development of standards, guidance and best practice, anticipating and being involved in these new developments rather than responding to them. This will include convening key members of these communities with FATF members and their regulators at event/s during the course of the year.

Effective implementation of the FATF Standards

7. Having recently reviewed and strengthened the FATF Recommendations, assessing and **promoting effective implementation** by the 198 jurisdictions of the FATF Global Network, will continue to be the primary focus of FATF's activity. Most countries now have necessary legal, regulatory, institutional and operational frameworks in place. The FATF is now focussing on assessing and promoting the effective implementation and use of these measures to combat the full range of serious criminal and terrorist activity.

Increased operational focus

8. FATF will develop closer relationships with partners in order to **enhance its operational focus** and deliver greater operational benefits, including with Financial Intelligence Units and through more focussed collaboration with the private sector.

9. This will include re-considering the role, remit and organisation of the FATF Working Groups to develop a **joint task force approach** with experts from the private sector, NGOs, academia and civil society.

10. The President will chair a meeting of **Heads of Financial Intelligence Units** in the margins of each FATF Plenary meeting.

Enhanced international standing

11. The FATF will seek to play a **more active role in key international fora, in particular the G20**. It will need to ensure its budget, work plan, governance and working group structures are aligned to these strategic priorities and that this is reflected in the mid-term review of the FATF mandate. This will include a **stocktake and prioritisation of current and foreseeable work**. And it may include considering the status of the FATF and its institutional arrangements.

12. Through the focus on these strategic priorities, under the Spanish presidency the FATF will continue to lead global efforts to understand risks, trends and methods; develop policies and counter measures; assess countries implementation of these measures; and hold countries to account for failing to take the action necessary to combat money laundering and terrorist financing.

Mr. Juan Manuel Vega-Serrano

10 June 2016