



FATF BUSINESS BULLETIN

November 2019

FATF President Xiangmin Liu of the People's Republic of China, chaired the first meeting under the Chinese Presidency of the FATF from 16-18 October 2019. This Bulletin provides a brief update on the key outcomes. For additional details, please see the [FATF public website](#).

Strategic Initiatives

Money laundering risk from “stablecoins” and other emerging assets

- Emerging assets such as so-called “stablecoins”, and their proposed global networks and platforms, could potentially cause a shift in the virtual asset ecosystem and have implications for money laundering and terrorist financing risks. In general terms, **both “stablecoins” and their service providers would be subject to the FATF standards** either as virtual assets and virtual asset service providers or as traditional financial assets and their service providers.
- The **FATF is actively monitoring emerging assets including “stablecoins”**. It will continue to examine their characteristics and risks, and consider further clarifications on how the FATF standards apply to “stablecoins” and their service providers, as well as whether further updates are necessary. See [public statement](#).

Understanding digital identity

- The FATF is developing guidance to clarify how digital identity (digital ID) systems can be used for customer due diligence (CDD). The [draft guidance](#) intends to help governments, financial institutions and other relevant entities apply a risk-based approach to the use of digital ID for CDD.
- The FATF is consulting private sector stakeholders before finalising the guidance. We welcome your views on the areas of focus below, in addition to specific proposals to the text of the guidance.

Please provide your response to FATF.Publicconsultation@fatf-gafi.org with subject-line “Comments of [author] on the draft Digital ID Guidance”, by **29 November 2019 (18:00 UTC)**.

New work on combating the laundering of proceeds of illegal wildlife trade

- Illegal wildlife trade has a devastating impact on the environment, in particular endangered species. As one of the priorities under the Chinese Presidency, the FATF will work to develop good practices in tackling the financial flows linked to illegal wildlife trade. This project will analyse common supply chains and payment methods, as well as case studies from countries that have experience in investigating the financial flows from illegal wildlife trade. It will also consider the role of public-private partnerships and international cooperation in combating this crime. The project is slated for completion in June 2020.



London, 12 September 2019 - FATF President Xiangmin Liu, Vice-President Marcus Pleyer and Executive Secretary David Lewis met with The Duke of Cambridge and Lord William Hague at Kensington Palace to discuss the United for Wildlife Financial Taskforce, spearheaded by The Duke of Cambridge and The Royal Foundation.

Mutual Evaluations

Russia

The Plenary discussed the joint FATF-EAG-MONEYVAL assessment of Russia and concluded that Russia has an in-depth understanding of the money laundering and terrorist financing risks it faces. It has established robust policies and laws to address these risks, and the country is particularly effective in its use of financial intelligence audits, as well as investigation and prosecution of terrorist financing. However, it should refine its approach to supervision and prioritise the investigation and prosecution of complex money laundering, especially concerning money being laundered abroad.

Turkey

The Plenary concluded that Turkey has understood the risks it faces from money laundering and terrorist financing and has an adequate legal framework for effective action against these crimes, but serious shortcomings remain. In particular, it needs to pursue money laundering and terrorist financing in line with the country's risk profile. Turkey also needs to strengthen its ability to freeze without delay, the assets related to terrorism, the financing of terrorism and proliferation of weapons of mass destruction, of entities designated by the United Nations Security Council.

The mutual evaluation reports are expected to be published by December 2019 in accordance with procedures.

Follow-up assessments

Norway

Norway has strengthened its understanding of the money laundering and terrorist financing risks it faces and developed a strategy to effectively address these risks. Norway is making better use of financial intelligence and has improved its ability to freeze assets linked to the financing of weapons of mass destruction.

Spain

Spain has taken action to ensure that money value transfer services and trusts are implementing measures to prevent their misuse for crime and terror financing and has established a more effective coordination mechanism to ensure that assets linked to proliferation of weapons of mass destruction are frozen.

Norway and Spain made progress in improving their effective action against money laundering and terrorist financing since their mutual evaluations in 2014. Both countries demonstrated that they have now achieved substantial levels of effectiveness in these areas.

Follow-up reports

The Plenary discussed the progress that **Denmark, Ireland and Singapore** have made since their mutual evaluation reports were adopted. The FATF Plenary agreed to re-rate these countries on a number of FATF Recommendations to reflect their current level of technical compliance. Ireland moved from enhanced to regular follow-up process. In due course, the FATF will publish the follow-up reports, which set out the actions that they have taken to strengthen their measures to combat money laundering and the financing of terrorism and proliferation of weapons of mass destruction.

Review and Compliance

- FATF reviewed **Brazil**'s actions addressing the deficiencies identified in its 2010 mutual evaluation report and FATF concerns about a recent court decision regarding the use of financial intelligence
 - Identifying jurisdictions with strategic AML/CFT deficiencies
for which a call for action applies
for which they have developed an action plan with the FATF
- Jurisdictions no longer subject to monitoring: **Ethiopia, Sri Lanka and Tunisia**
- New jurisdictions subject to monitoring: **Iceland, Mongolia and Zimbabwe**
- Monitoring **Pakistan and Iran**'s actions to address deficiencies in its AML/CFT system

Promoting and facilitating more effective supervision at national level

A priority under the Chinese Presidency of the FATF is to identify challenges and weaknesses in AML/CFT supervision. The FATF approved the programme of outreach to national supervisors to explore ways of making supervision more effective. An objective of this effort is to encourage national supervisors and regulated entities to focus more on outcomes than processes and to promote risk-based approach to supervision. The Chinese government will host the first Supervisors' Forum in November 2019.

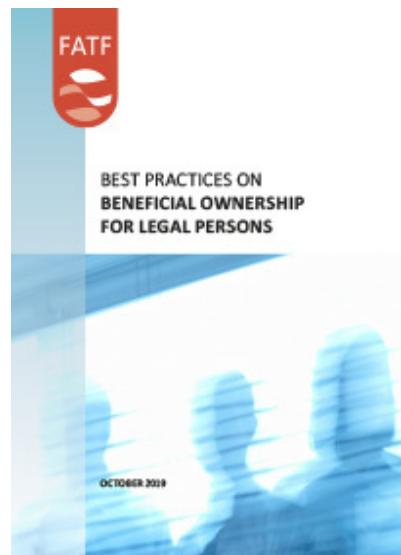


Strategic Review

The Plenary agreed to commence work under its strategic review to consider the experience of the conduct of mutual evaluations to date which should inform the future of FATF's work post the current round of mutual evaluations. This aims to strengthen the efficiency and the effectiveness of FATF and make the FATF's country assessments and monitoring processes more timely, effective and risk-based.

Best Practices on Beneficial Ownership for Legal Persons

The FATF approved new **Best Practices Paper on Beneficial Ownership for Legal Persons**. The new best practices paper highlights the importance of using a multi-pronged approach, and suggests key features of an effective system. Based on inputs and case studies from countries around the global network, it will help countries implement robust and effective measures to prevent criminals and terrorists from hiding behind companies and other legal persons. The paper also suggests options for jurisdictions to obtain beneficial ownership information of overseas entities.



APG



- ▶ Chinese Taipei - [Mutual Evaluation Report](#)
- ▶ Macao, China - [Follow-up Report](#)
- ▶ Mongolia - [Follow-up Report](#)
- ▶ Pakistan - [Mutual Evaluation Report](#)
- ▶ The Philippines - [Mutual Evaluation Report](#)
- ▶ Solomon Islands - [Mutual Evaluation Report](#)
- ▶ Sri Lanka - [Follow-up Report](#)

MONEYVAL



- ▶ Malta - [Mutual Evaluation Report](#)
- ▶ Moldova - [Mutual Evaluation Report](#)

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