

Information Note¹

Event: Financial Action Task Force (FATF) Plenary and Working Groups Meetings

Organizers: Financial Action Task Force Secretariat

Date and Venue: 18-22 February 2013; Paris, France

Participants: *FATF Member Jurisdictions:* Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, Greece, Hong Kong – China, India, Ireland, Italy, Japan, Luxemburg, Mexico, Netherlands, Norway, Portugal, Republic of Korea, Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States

Other FATF Members: European Union, Gulf Cooperation Council

FATF Associate Members: Asia Pacific Group (APG), Caribbean Financial Action Task Force (CFATF), Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), Eurasian Group, Financial Action Task Force of South America (GAFISUD), Intergovernmental Action Group against Money Laundering in West Africa (GIABA), Middle East and North Africa Financial Action Task Force (MENAFATF), MONEYVAL

FATF observers: Anti-Money Laundering Liaison Committee of the Franc Zone (CLAB), Asian Development Bank (ADB), Basel Committee on Banking Supervision, Egmont Group, European Bank for Reconstruction and Development (EBRD), European Central Bank (ECB), Europol, Group of International Finance Centre Supervisors (GIFCS), Inter-American Development Bank (IADB), International Monetary Fund (IMF), International Organization of Securities Commissions (IOSCO), Organization for Economic Cooperation and Development (OECD), Task Force on Money Laundering in Central Africa (GABAC), World Bank

Other FATF observers: Counter-Terrorism Executive Directorate (CTED), UN Office on Drugs and Crime, 1267/1988 Monitoring Team, 1874 Panel of experts (DPRK), 1929 Panel of experts (Iran), 1540 Committee expert

1. **Objectives**

- Gather information on the directions taken by the FATF to assess compliance with Recommendation 2 and address the matter of proliferation financing, with a view to identify areas in which further cooperation could be considered;
- Inform the participants, as appropriate, on the 1540 requirements, on the clearinghouse role played by the 1540 Committee and on other relevant aspects of resolution 1540.

2. **Background**

- On 29 June 2007, FATF adopted a Guidance Paper on “*The Implementation of Financial Provisions of United Nations Security Council Resolutions to Counter the Proliferation of*

¹ For information – not an official report. The views expressed here do not necessarily represent those of the 1540 Committee or of the organizer or participants in the event.

Weapons of Mass Destruction” intended, inter alia, to establish a framework for further study of broad-based measures to combat WMD proliferation financing under resolution 1540 (2004).

- Pursuant to the 29 June 2007 Guidance Paper, FATF released on 18 June 2008 a Proliferation Financing Report which aimed at analyzing the existing threat of proliferation financing, at examining existing measures used to counter this threat, and at outlining a series of options that could be considered by FATF to counter proliferation financing, in the context of resolution 1540 (2004).
- In October 2008, the Working Group on Terrorist Financing and Money Laundering (WGTM) Project Team on Proliferation Financing (PFPT) was created to develop policy options for the WGTM to consider as measures that could be considered in combating proliferation financing within the framework of existing United Nations Security Council Resolutions (UNSCRs), such as UNSCR 1540(2004), in consideration of the 18 June 2008 Proliferation Financing Report and national legal frameworks. The work of the PFPT resulted in a FATF Status Report on “Combating Proliferation Financing”, released in February 2010, which identified 23 options for consideration by the WGTM. The WGTM then decided to undertake additional consultations on the topic of proliferation financing, with a view toward establishing recommendations and guidance.
- In February 2012, FATF adopted revised standards. Recommendation 2 addresses the matter of proliferation financing: *“Countries should ensure that policy-makers, the financial intelligence units, law enforcement authorities, supervisors and other relevant competent authorities, at the policy-making and operational levels, have effective mechanisms in place which enable them to cooperate, and, where appropriate, coordinate domestically with each other concerning the development and implementation of policies and activities to combat money laundering terrorist financing and the financing of proliferation of weapons of mass destruction.”*
- In February 2012, FATF also adopted its Best Practices Paper on “Sharing Among Domestic Competent Authorities Information Related to the Financing of Proliferation”, related to Recommendation 2. The Paper provides guidance on:
 - facilitating implementation of Recommendation 2 and the sharing of information between or among anti-money laundering (AML)/counter-terrorist financing (CFT) authorities and authorities responsible for combating weapons of mass destruction (WMD) proliferation;
 - a possible framework for information sharing and exchange between relevant authorities, in terms of effective implementation of United Nations Security Council obligations relating to the financing of proliferation;
 - identifying the relevant agencies which may have or may need information to combat the financing of proliferation; and,
 - possible mechanisms (including relevant legal authorities) by which relevant agencies cooperate and, where appropriate, may co-ordinate domestically to combat the financing of proliferation.
- The matter of proliferation financing is of central relevance for resolution 1540 (2004). The 2011 Report of the 1540 Committee to the Security Council notes that the Committee continues to take into consideration the guidance provided by the Financial Action Task Force.
- In resolution 1977 (2011), the Security Council indicates taking into consideration the guidance of the framework of the Financial Action Task Force.

3. **Highlights**

Work was conducted on several topics related to resolution 1540 (2004), including:

- a discussion paper by the FATF Secretariat proposing revisions and a consolidation of the three existing guidance papers on the implementation of the financial provisions of UNSC resolutions to counter proliferation, including the 2007 Guidance Paper on “*The Implementation of Financial Provisions of United Nations Security Council Resolutions to Counter the Proliferation of Weapons of Mass Destruction*”;
- a draft revised Anti-Money Laundering and Terrorist Financing (AML/CFT) Methodology, which will provide the basis for undertaking assessments of technical compliance with the revised FATF standards adopted in February 2012, including Recommendation 2 on proliferation financing;
- the 4th Round of Mutual Evaluations, expected to be launched in 2013.

4. **Additional comments**

More information is available on FATF website at: <http://www.fatf-gafi.org/>

For further information, please contact the 1540 Committee experts by e-mail at 1540experts@un.org.