

Chairman's Summary, Paris Plenary, 14-16 October 2009

The FATF welcomed the Republic of Korea as a full member of the FATF. Click [here](#) to see the full statement released on 14 October.

The FATF Plenary has taken important new steps to protect the international financial system from abuse by:

Responding to the call by the G20 Leaders to identify **high risk jurisdictions** by February 2010.

Issuing a statement reaffirming its call on members and others jurisdictions for effective counter-measures concerning the risks to the integrity of the international financial system emanating from **Iran**. The FATF remains concerned about the money laundering and terrorist financing risks emanating from **Uzbekistan, Turkmenistan, Pakistan** and **São Tomé and Príncipe**.

Adopting evaluations of the anti-money laundering and counter-terrorist financing systems in **Aruba, Kingdom of the Netherlands** and **New Zealand**.

Publishing a detailed examination of the risks of **money laundering and terrorist financing in the securities sector**.

Publishing new guidance for the **life insurance sector** on applying a risk-based approach to combating money laundering and terrorist financing.

G20

The G20 Leaders released a public statement following their meeting in Pittsburgh on 24 and 25 September 2009. In this statement, the G20 Leaders welcomed the progress made by the FATF in the fight against money laundering and terrorist financing. The FATF Plenary will take action on the items as mentioned in their statement:

"We welcome the progress made by the Financial Action Task Force (FATF) in the fight against money laundering and terrorist financing and call upon the FATF to issue a public list of high risk jurisdictions by February 2010".

"We ask the FATF to help detect and deter the proceeds of corruption by prioritizing work to strengthen standards on customer due diligence, beneficial ownership and transparency".

International Co-operation Issues

The FATF Plenary released the following statement concerning Iran, Uzbekistan, Turkmenistan, Pakistan and São Tomé and Príncipe.

FATF STATEMENT CONCERNING IRAN, UZBEKISTAN, TURKMENISTAN, PAKISTAN, AND SÃO TOMÉ AND PRÍNCIPE

IRAN

The FATF is concerned by Iran's lack of engagement with the FATF and its failure to meaningfully address the ongoing and substantial deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime. The FATF remains particularly concerned about Iran's failure to address the risk of terrorist financing and the serious threat this poses to the integrity of the international financial system. The FATF urges Iran to immediately and meaningfully address its AML/CFT deficiencies, in particular by criminalising terrorist financing and effectively implementing suspicious transaction reporting (STR) requirements.

The FATF reaffirms its call on members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with Iran, including Iranian companies and financial institutions. In addition to enhanced scrutiny, the FATF reaffirms its 25 February 2009 call on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from Iran. FATF continues to urge jurisdictions to protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and to take into account ML/FT risks when considering requests by Iranian financial institutions to open branches and subsidiaries in their jurisdiction. If Iran fails to take concrete steps to improve its AML/CFT regime, the FATF will consider calling on its members and urging all jurisdictions to strengthen counter-measures in February 2010.

UZBEKISTAN

The FATF welcomes the significant steps that Uzbekistan has taken to establish the necessary AML/CFT framework and urges Uzbekistan to continue its progress towards implementing effective AML/CFT measures. The FATF welcomes Uzbekistan's upcoming mutual evaluation by the EAG that will be finalized in spring 2010. The FATF will continue to monitor the progress being made in Uzbekistan and will reconsider in February 2010 the measures that are currently in place to protect jurisdictions' financial sectors from ML/FT risks emanating from Uzbekistan.

TURKMENISTAN

The FATF welcomes Turkmenistan's progress in adopting AML/CFT legislation and secondary legislation that aims to implement the AML/CFT law. However, deficiencies remain in Turkmenistan's AML/CFT regime, including the absence of a Financial Intelligence Unit (FIU). Consequently, the FATF reiterates its 25 February 2009 statement informing financial institutions that these deficiencies constitute an ML/FT vulnerability in the international financial system and that they should take appropriate measures to address this risk. Turkmenistan is urged to continue to take steps to implement an AML/CFT regime that meets international AML/CFT standards. Turkmenistan is encouraged to continue to work closely with the Eurasian Group and the International Monetary Fund to achieve this.

PAKISTAN

The FATF welcomes the close co-operation between Pakistan and the Asia/Pacific Group on Money Laundering (APG), but remains concerned regarding the ML/FT risks posed by Pakistan and reaffirms its public statement of 28 February 2008 regarding these risks. In particular, the FATF expresses concern that Pakistan's Anti-Money Laundering Ordinance (AMLO) will expire on 28 November 2009. The FATF notes that Pakistan has initiated a legislative process to address this. The FATF strongly urges Pakistan to implement a permanent AML/CFT framework before the expiration of the AMLO and strongly encourages Pakistan to establish a comprehensive AML/CFT framework. Failing concrete progress, the FATF will consider taking action in February 2010 to protect the financial system from the ML/FT risks emanating from Pakistan.

SÃO TOMÉ AND PRÍNCIPE

The FATF welcomes São Tomé and Príncipe's continuing efforts to implement its AML law, including the development of an action plan with the Inter Governmental Action Group against Money Laundering in West Africa (GIABA). However, the FATF remains concerned about the deficiencies in São Tomé and Príncipe's AML/CFT regime, particularly relating to terrorist financing. The FATF urges São Tomé and Príncipe to work with GIABA to address the remaining AML/CFT deficiencies.

Aruba, Kingdom of the Netherlands, and New Zealand: Evaluation of anti-money laundering and counter-terrorist financing action.

The FATF discussed and adopted two mutual evaluation reports assessing compliance of Aruba, Kingdom of the Netherlands and New Zealand against the international standards for combating money laundering and terrorist financing – the 40+9 Recommendations. A summary of the comprehensive assessments will soon be on the FATF website and the full reports will be released in the coming weeks.

Both countries have made clear commitments to further strengthen their national systems for the prevention, detection and suppression of money laundering and terrorist financing.

Click [here](#) to download the Aruba Executive Summary.

New guidance for the life insurance sector on applying a risk-based approach to combating money laundering and terrorist financing

The FATF has agreed to the guidance paper for the life insurance sector on applying a risk-based approach to combating money laundering and terrorist financing.

The risk-based approach guidance is the result of a joint FATF-private sector project to develop a series of sector-specific guidance papers. Earlier this year, the FATF published guidance papers for i) lawyers and notaries, ii) casinos and iii) money services businesses. These guidance papers, and previously issued guidance papers, are available on the FATF website.

The guidance aims to set out the key elements of an effective risk-based approach and identifies the types of issues that both public authorities and financial institutions may wish to consider when applying a risk-based approach.

Click [here](#) to download the report.

The risks of money laundering and terrorist financing in the Securities Sector.

The FATF finalised a comprehensive report on money laundering and terrorist financing in the securities sector.

The securities sector is one of the core industries through which persons and entities can access the financial system, providing opportunities for criminals to misuse the financial system. The sector's

characteristics - speed of executing transactions; global reach, adaptability - also make it attractive to those who would abuse it for illicit purposes.

The case studies in this report illustrate the risks associated with the various types of intermediaries, products, payment methods and clients involved in the securities industry.

The need for the securities-specific indicators and case studies that are contained in this report, was highlighted in the consultations on this project with private sector. The number of suspicious transactions reported in this sector remains relatively low, which could be due to a lack of awareness, one of the issues this report aims to address. The report will soon be available on the FATF Website.

Click [here](#) to download the report.

FATF Statement on Cover Payments

Cover payments are used to facilitate funds transfers on behalf of a customer to a beneficiary in another country, and typically involve the originator's and beneficiary's banks not having a relationship with each other that allows them to settle with each other directly. The FATF released the following statement on cover payments.

FATF STATEMENT ON COVER PAYMENTS

The FATF welcomes the work of the international banking community and the Basel Committee on Banking Supervision (BCBS) to address the potential for misuse of cover payments and to promote greater transparency of cross-border wire transfers.

The FATF reminds jurisdictions that they should ensure that financial institutions are subject to adequate AML/CFT regulation, and urges financial supervisors and financial institutions to focus on the transparency of cover payments and all cross-border wire transfers. As noted in the BCBS paper on due diligence and transparency regarding cover payment messages related to cross-border wire transfers, "increasing transparency in payment messages does not depend on messaging standards alone, but also on the implementation of appropriate practice by banks involved in processing the transfers."

The FATF will review the effect of these developments and will amend as appropriate its standards to ensure transparency of cover payments and to address money laundering and terrorist financing vulnerabilities associated with the abuse of such payments.

Paul Vlaanderen
FATF President
16 October 2009
Paris