

MLAC
Update on International Issues
5 October 2005

Financial Action Task Force

The XVII Plenary meeting of the Financial Action Task Force will take place in Paris in October. Priorities for the UK at this meeting are:

- Global implementation of the FATF standards. In particular through enhancing the relationship between FATF and FATF-Style regional bodies (FSRBs) so that these bodies can become more effective drivers of implementation.
- Effectiveness. Ensuring that implementation of FATF standards is effective, through evaluations of implementation and enforcement activity by FATF.
- Ensuring that implementation of FATF standards is informed by dialogue with the private sector.

IMFC

At the recent International Monetary and Financial Committee meeting in Washington, attended by the Chancellor, the Committee called for continued actions by all countries to develop strong programmes on anti-money laundering and combating the financing of terrorism. The Committee supported the IMF's efforts to implement its intensified AML/CTF work programme, and noted the critical importance of supporting countries' efforts with well-targeted and coordinated technical assistance.

G7 Presidency

The UK's Presidency of G7 has focussed on three areas of AML/CTF activity: improving the process for freezing terrorist assets; enhancing information sharing; and exploring new tools to disrupt criminality.

G7 members have already started to use good asset freezing practices developed through this work by: establishing up to date contact arrangements; undertaking early and constructive consultation prior to designating; sharing details of the criteria required for designation; and developing a template for identification information for designation cases.

G7 has supported work being undertaken by international regulatory bodies to develop good information sharing practices. G7 has also directly encouraged work by the Egmont Group of Financial Intelligence Units (FIUs) to improve the effectiveness of information sharing between its members.

Throughout this year the G7 supported and developed proposals by FATF to engage with the private sector and obtain greater private sector input to assessments of current risks from money laundering and terrorist finance. In

addition, G7 members will explore how information is accessed by the private sector in order that they fulfil their regulatory obligations more effectively.

An approach to countering criminal activity that considers using regulatory tools may provide useful alternative mechanisms to disrupt money laundering and terrorist financing threats. G7 officials are exploring a number of potential approaches to improve the tools currently available.

EU

At the September ECOFIN, European Finance Ministers renewed their determination to create a hostile environment for terrorists, and those who finance terrorism. Ministers repeated their commitment to international standards to tackle terrorist finance and money laundering, to implement these standards ourselves in Europe and to helping other countries do so. The UK's EU Presidency has aimed to refocus international counter-terrorist financing based on the principles of effectiveness and engagement. As Presidency we have held a number of workshops on combating terrorist financing including on the proposed EU Code of Conduct for Not for Profit Organisations, and financial investigation and information exchange.

Technical Assistance

The FCO continues to fund initiatives aimed at improving AML and CFT standards through FATF Style Regional Bodies (FSRBs) in the Asia Pacific Region, the Caribbean, and Europe. The FCO's Drugs and Crime Fund currently supports technical assistance projects to provide AML training and improve capacity, legislation and inter-agency communication in Pakistan, UAE, China, Nigeria, Cuba, Panama, Colombia and Turks & Caicos Islands.

FCO are working to co-ordinate HMG's provision of overseas technical assistance on AML - thus ensuring more effective use of expertise and resources.

HMT & FCO

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