



Financial Action Task Force on Money Laundering  
Groupe d'action financière sur le blanchiment de capitaux



Organisation for Economic Co-operation and Development  
Organisation de Coopération et de Développement Economiques

PAC/COM/NEWS(2002)12

Hong Kong, China, 1 February 2002

### **FATF Acts Against Terrorist Financing, Money Laundering and Non-cooperative Jurisdictions**

“The Financial Action Task Force (FATF) Plenary meeting in Hong Kong, China, and its global Forum to counter the financing of terrorism on 1 February 2002 demonstrate that countries throughout the world are united in ensuring that terrorists and those who support them are denied access to the international financial system”, FATF President Clarie Lo said. At the Forum, the FATF announced the completion of the first phase of a self-assessment exercise of its members against the Eight Special Recommendations to counter the financing of terrorism agreed on 30 October 2001. The entire assessment will be published by June 2002, the deadline for FATF members to comply with the Special Recommendations.

The Forum, attended by almost 60 jurisdictions from FATF, the FATF-style regional bodies (1), and the OGBS (2) as well as 10 international organisations (3), stressed the importance that all countries in the world adopt and implement the Special Recommendations. The FATF is pleased that some regional groups have already endorsed the Eight Special Recommendations and developed their own plans of action to combat the financing of terrorism. Many countries, which are not FATF members, have expressed their commitment to join the FATF's efforts to combat terrorist financing. The Forum called on all jurisdictions in the world to undergo a self-assessment exercise against the Eight Special Recommendations on the same terms as FATF members. The self-assessment questionnaire on terrorist financing will be available next week at: [www.fatf-gafi.org](http://www.fatf-gafi.org). Countries should return the completed questionnaire to the FATF Secretariat by 1 May 2002 to: [contact@fatf-gafi.org](mailto:contact@fatf-gafi.org). In June 2002, the FATF will initiate a process to identify jurisdictions that lack appropriate measures to combat terrorist financing. FATF members reiterated that they are ready to assist non-members, as appropriate, to comply with the Special Recommendations.

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(1) The Asia/Pacific Group on Money Laundering, the Caribbean Financial Action Task Force, the Eastern and Southern Africa Anti-Money Laundering Group, the Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures of the Council of Europe, the South American Financial Action Task Force. These bodies, the OGBS and the FATF represent collectively almost 130 jurisdictions worldwide.

(2) Offshore Group of Banking Supervisors.

(3) Asian Development Bank, Commonwealth Secretariat, European Central Bank, Europol, the Inter-American Development Bank, the International Monetary Fund, the International Organisation of Securities Commissions, Interpol, the United Nations Office on Drug Control and Crime Prevention and the World Bank.

JT00120207

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Since October 2001, the FATF has intensified its co-operation with the United Nations, the Egmont Group, the G-20 Finance Ministers and Central Bank Governors and the International Financial Institutions to work with all countries to combat terrorist financing.

In November 2001, the FATF Typologies experts' group met in New Zealand. The report (4) of this meeting outlines the issues discussed, including terrorist financing and a range of money laundering issues such as correspondent banking, private banking and corruption, bearer securities and other negotiable instruments. Many of these issues are relevant to the review of the Forty Recommendations. The private sector and relevant bodies will be consulted in the course of this review. An additional Plenary meeting of the FATF will take place in May in Rome to accelerate the review process.

Finally, the FATF reviewed its list of non-cooperative countries and territories (NCCTs) in the fight against money laundering. The FATF welcomed the additional progress (5) made by a number of the 19 jurisdictions on the list. The FATF notes with particular satisfaction the rapid and significant progress made by Hungary to eliminate the deficiencies previously identified. On the basis of the progress made, Hungary and St. Kitts and Nevis will be asked to submit implementation plans to enable the FATF to evaluate the actual implementation of their legislative changes. At its Plenary meeting on 19-21 June 2002, the FATF will review again the situation of each NCCT.

Despite the enactment of new legislation on 6 December 2001, Nauru has not adequately addressed the deficiencies found in the process of licensing, regulation and supervision of its offshore banking sector. FATF members will therefore continue to apply counter-measures against this jurisdiction. FATF is committed to working with Nauru to address the outstanding issues. At the June 2002 Plenary, the FATF will deliberate with respect to taking counter-measures against those jurisdictions which were identified as non-cooperative in June 2001 and have not made adequate progress. It will also consider taking counter-measures against those jurisdictions listed in June 2000 whose progress in addressing deficiencies has stalled.

The FATF is an independent international body whose Secretariat is housed at the OECD. The twenty nine member countries and governments of the FATF are: Argentina; Australia; Austria; Belgium; Brazil; Canada; Denmark; Finland; France; Germany; Greece; Hong Kong, China; Iceland; Ireland; Italy; Japan; Luxembourg; Mexico; the Kingdom of the Netherlands; New Zealand; Norway; Portugal; Singapore; Spain; Sweden; Switzerland; Turkey; United Kingdom and the United States. Two international organisations are also members of the FATF: the European Commission and the Gulf Co-operation Council.

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(4) The 2001-2002 typologies report is available at the FATF website at: [www.fatf-gafi.org](http://www.fatf-gafi.org).

(5) An update of the action taken by NCCTs since September 2001 is annexed.

**ANNEX****Update on Action Taken by NCCTs Since September 2001**

Two jurisdictions have enacted most, if not all, legislation and regulations to remedy their previously identified deficiencies.

- Hungary enacted the Act on Aggravation of the Provisions for Fighting against Terrorism and for the Prevention of Money Laundering and on the Establishment of Restricting Measures, on 27 November 2001.
- St. Kitts and Nevis enacted the Companies (Amendment) Act 2001, No. 14 of 2001, on 4 October 2001; the Anti-Money Laundering (Amendment) Regulations No. 36 of 2001, on 29 November 2001; the Nevis Business Corporation (Amendment) Ordinance, No. 3 of 2001, on 28 November 2001; and the Nevis Offshore Banking (Amendment) Ordinance No. 4 of 2001, on 28 November 2001.

Other jurisdictions have passed legislation or are taking steps to implement the recently enacted legislation.

- Guatemala enacted Decree No. 67-2001, entitled "Law Against Money and Asset Laundering" on 27 November 2001.
- Nauru passed the Anti-Money Laundering Amendment Act on 6 December 2001.
- The Philippines enacted the Anti-Money Laundering Act of 2001 on 29 September 2001.
- St. Vincent and the Grenadines enacted Financial Intelligence Unit Act No. 38 of 2001, on 18 December 2001; the Proceeds of Crime and Money Laundering (Prevention) Act No. 39 of 2001, on 18 December 2001; and the Proceeds of Crime (Money Laundering) Regulations 2002 on 29 January 2002.
- On 1 November 2001, a Decree of the President of the Russian Federation established a Committee on Financial Monitoring, which will act as a financial intelligence unit for Russia.
- Israel promulgated regulation on 22 November 2001 for members of stock exchange, portfolio managers, insurance companies and agents provident funds to identify, report and keep records of specified transactions for at least seven years. On 6 December 2001, Israel issued the regulation on the requirements of identification, reporting and record-keeping by the postal bank as well as the order on the financial sanctions related to the anti-money laundering obligations.