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Dear Brothers & Sisters,

It is with great pleasure that I welcome everyone through MENAFATF newsletter which is issued to introduce the most important events and activities organized by the MENAFATF or in which it took part; the current issue is Issue No. 5 which falls at the same time with the Saudi Arabia presidency year in MENAFATF.

The discussions held during the 15th MENAFATF plenary meeting in Jeddah by end of April 2012, reflected the will and determination of the member countries' representatives towards further cooperation with a view to achieve common interests. At the same time, I have felt a genuine desire to build channels of cooperation and understanding between all member countries for everyone's interest. More, the joint efforts made by the member countries have taken the form of a regional obstruction against the challenges in the area of AML/CFT.

On the first hand and within the same context, the revised FATF standards represent, on the international level, the most important AML/CFT achievements, which further strengthen the Measures adopted by the countries in combating money laundering and terrorist financing. FATF has adopted the revised Recommendations during its plenary meeting held in February 2012. Such recommendations included new elements and concepts to enhance the national mechanisms in combating money laundering and terrorism financing, and added new risks such as fighting corruption, financing of proliferation of weapons of mass destruction and tax crimes, which should be included by the countries in their national legislations. The MENAFATF has worked closely with the FATF during the review phase. Such revised Recommendations will serve as the new reference of the assessment of the member countries.

On the other hand and despite the many achievements attained over the past years thanks to the expended efforts; yet, we still have a long path ahead as we aim more and higher and everyone wants to reach the aspirations; and I am confident that we will make it all together.

At the end, I would like to thank all Member Countries and Observers for their supportive cooperation with the MENAFATF and hope to see you soon at the 16th MENAFATF plenary meeting.

MENAFATF
President



Morocco the next venue for the MENAFATF plenary meeting

The 15th plenary held in KSA discusses MENAFATF work and activities

The 15th MENAFATF plenary meeting was held in the Kingdom of Saudi Arabia from 28 to 30 April 2012. The meeting was chaired by the Saudi Kingdom and inaugurated by H.E. Dr. Fahad Al Mubarak, Governor of Saudi Arabian Monetary Agency (SAMA) and Chairman of the Anti Money Laundering Permanent Committee (AMLPC).

During the plenary meeting presided by H.E. Dr. Abdulrahman Bin Abdulmohsin Al Kalaf, Deputy Governor for Technical Affairs at Saudi Arabian Monetary Agency (SAMA), a number of important topics related to issues on MENAFATF work and activities were discussed; on the other

hand, it was decided to hold the 16th plenary meeting in November 2012 in the Kingdom of Morocco.

The Plenary was attended by experts in AML/CFT from the member countries (Jordan, UAE, Bahrain, Tunisia, Algeria, Saudi Arabia, Sudan, Iraq, Oman, Qatar, Kuwait, Lebanon, Libya, Egypt, Morocco, Mauritania and Yemen) and observers (Palestine, France, United Kingdom, United States of America, World Bank, International Monetary Fund, Gulf Cooperation Council, Arab Monetary Fund, Eurasian Group and the United Nations).

Provide the authorities with a stronger framework to combat crimes

FATF adopts the revised Recommendations

FATF adopted and published the revised Recommendations during FATF plenary meeting held from 15 to 17 February 2012 in Paris, France.

took 2 years of deliberations with Member Countries, Observers and Associate Members including MENAFATF.

provide the authorities with a stronger framework to act against crimes and address the new threats to the international financial system.

The revision of the Recommendations and introduction of the amendments

Such amendments represent the basis to address all AML/CFT issues, which would

A copy of the revised Recommendations is available on MENAFATF website.

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Member countries make a progress in AML/CFT regimes

Within the framework of follow up process for the mutual evaluations, the 15th MENAFATF plenary meeting held in Jeddah from 28 to 30 April 2012 adopted 6 follow up reports for the following member

countries: Kingdom of Saudi Arabia, Arab Republic of Egypt, Republic of Yemen, Islamic Republic of Mauritania, Kingdom of Morocco and Arab Republic of Syria. Such reports revealed the

extent of progress made by such countries in developing their AML/CFT regimes in light of the plan established for that purpose in their mutual evaluation reports adopted between 2006 and 2010.

FIUs sharing their experience in reinforcing international cooperation

The MENAFATF FIUs met in Jeddah, Kingdom of Saudi Arabia on Friday 27 April 2012.

The Forum addressed several topics of mutual interest, such as the promotion and follow-up of joining the Egmont Group, the mechanisms for building and promoting the capacities of FIUs and the relation of the forum with other authorities and working groups inside the MENAFATF.

Within the framework of exchanging expertise based on the Best Practices, each the Tunisia Financial Analysis Committee, Egyptian Money Laundering Combating Unit (EMLCU), the Money Laundering Reporting office (Iraq FIU) and Saudi Arabia Financial Intelligence Unit shared their experience and expertise on the issue of "Reinforcing



International Cooperation".

The forum aims at establishing mechanisms to build and promote the capacities of FIUs and unify channels of communication in order

to support and exchange experience among each other with a view to achieve an increasingly ongoing and permanent regional cooperation in the area of AML/CFT.



Adopting the MEWG recommendations and following up on the review process of the international standards

The 15th MENAFATF plenary meeting held in the Kingdom of Saudi Arabia adopted the report submitted by the MEWG Chair including decisions and recommendations such as, drafting a prospect on the form of the 2nd round of mutual evaluation, updating the study on the applicability of R. 25 to Wakf, in addition to following up on the execution of the timeline of mutual evaluation and follow up

processes, the latest developments in the review process of the international standards as well as the international cooperation review process and following up on the formation of a committee on assessing MENAFATF's policies vis-à-vis mutual evaluation.

The 18th MEWG meeting was held on the margin of the 15th MENAFATF plenary meeting on

Thursday 26 April 2012. The MEWG has been presided, since its establishment in 2005, by the Arab Republic of Egypt. It is composed of the following member countries: Jordan, UAE, Tunisia, Algeria, Saudi Arabia, Sudan, Syria, Kuwait, Lebanon, Egypt, Morocco and Yemen, in addition to the observers: International Monetary Fund, World Bank and Financial Action Task Force (FATF).

Adel Hamad
Al Qulish



It is a great honor to meet you again through the new Requirements of MENAFATF newsletter. One of the most important new issues in the AML/CFT area, and which precedes the implementation of the preventive and control measures as well as the criminal procedures – focus on the risks. Identifying and assessing ML/TF risks have become among the priorities to be taken by the countries, FIs and DNFBPs in order to effectively combat money laundering and terrorism financing. The importance of assessing and Identifying risks lies in identifying ML/TF weaknesses and the degree of related risks in order to direct the resources and focus the efforts more effectively, then establish policies in line with the assessment and implement the preventive measures that are commensurate with the nature of such risks. For such purpose, some international entities were keen on setting standards, such as the revised Recommendations issued by the FATF in February 2012 including R.1 which requires all countries to identify and assess ML/TF risks within the regime of the country, in addition to requiring countries to oblige FIs and DNFBPs to identify, assess and take all effective measures for the mitigation of such risks. Such recommendation provides for: "Countries should identify, assess, and understand the money laundering and terrorist financing risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively. Based on that assessment, countries should apply a risk-based approach (RBA) to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified. This approach should be an essential foundation to efficient allocation of resources across the anti-money laundering and countering the financing of terrorism (AML/CFT) regime and the implementation of risk based measures throughout the FATF Recommendations. Where countries identify higher risks, they should ensure that their AML/CFT regime adequately addresses such risks. Where countries identify lower risks, they may decide to allow simplified measures for some of the FATF Recommendations under certain conditions".


R.1 for its significance and for the positive elements, it suggests to protecting the country as well as the financial and banking system and Non Financial Business and Professions against the offences of money laundering and terrorism financing in such as way to achieve the security and stability required.

MENAFATF
Executive Secretary

Qatar moves from regular follow up process to biennial update:

The 15th plenary reviewed the large progress made by the State of Qatar and commended its achievements in enhancing its AML/CFT regime based on the plan established in the mutual evaluation report. The plenary meeting adopted the 4th follow up report for Qatar and approved to be moved from regular follow up to biennial update.

MENAFATF issues its 7th annual report



MENAFATF issued its 7th annual report which was adopted by the 15th plenary meeting; the report included many activities, events and achievements held, organized and made by the MENAFATF during 2011.



About 50 financial experts participated in a regional workshop on applying RBA in supervision

MENAFATF held in collaboration with the World Bank & the UTRF (Moroccan FIU) a regional workshop for Training Banking Supervisors on AML/CFT Compliance Supervision (Phase II) from 21 to 23 May 2012 in Casablanca, Morocco.

The workshop was attended by about 50

financial experts from member countries; this workshop aimed at introducing the participants and training them to apply the Risk-Based Approach (RBA) in AML/CFT supervision, and enhancing their expertise in evaluating banking risks in AML/CFT. The RBA is one of the main points highlighted in the new recommendations adopted by the FATF in February 2012.

Based on all member countries' request, Renewing the term of the Executive Secretary for a third term (2013-2016):

The 15th plenary meeting decided to renew the term of the current Executive Secretary Mr. Adel Hamad Al Qulish, Saudi Arabia representative for a 3rd term of 4 years as of 2013.

The renewal decision was taken based on the request of all member countries, in appreciation of the large and continuous efforts Mr. Al Qulish has made in achieving many accomplishments and successes since MENAFATF establishment in 2004, for such has a great effect on assisting member countries further strengthening their compliance with the international AML/CFT requirements.

Mr. Al Qulish has been selected at the end of 2004 to hold the position of the first Executive Secretary and to chair the MENAFATF Secretariat, which is located in the Kingdom of Bahrain.

FIUs forum Subcommittee holds its 4th meeting

The 4th MENAFATF FIU forum subcommittee meeting was held in Jeddah, Kingdom of Saudi Arabia on Friday 27 April 2012.

The Subcommittee addressed several topics of mutual interest, such as the Best Practices in the region and reinforcing common cooperation in addition to conducting statistics and studying the current situation of exchange of information between FIUs in the MENA region.

The proceeds of forgery, counterfeiting of tools, documentary credits and their relation with ML/TF.

The MENAFATF approved the project of proceeds of forgery, counterfeiting of tools, documentary credits and their relation with ML/TF; the project relies on the study of offenses of forgery, counterfeiting of tools, documentary credits, being serious offenses on the economic level and their relation – as one of the predicate offenses - with the money laundering offense.

This project sheds the light on the substance of forgery offences, their elements, the relevant risks and negative effects as well as the most modern means on which the criminals rely; the project seeks

also to increase the understanding of the relationship between the offenses of forgery and counterfeiting with ML/TF and the most widespread techniques to launder the proceeds of forgery and counterfeiting financial instruments and documentary credits and develop the capacities of concerned entities to combat such offenses.

The project seeks also to develop better ways to support the efforts of concerned entities in combating counterfeiting offenses and laundering their proceeds as well as help them carry out their role in tracing the criminals with more effectiveness.

150 Societies benefited from a workshop held in Bahrain on “protecting NPOs against misuse in ML/TF operations”

In collaboration with the Bahraini Ministry of Social Development, MENAFATF held a workshop on “protecting NPOs against misuse in ML/TF operations” on 26 and 27 May 2012 in Manama, Kingdom of Bahrain.

The workshop was inaugurated by Mr. Adel Al Qulish, MENAFATF Executive Secretary and Mrs. Hanan Mohamed Kamal, Undersecretary for Social Development in Bahrain, and Mr. Abdul Rahman Mohamed Al Baker, Executive Director of Financial Institutions Supervision at the Central Bank of Bahrain.

The workshop was beneficial for around 150 societies of the private sector in Bahrain



whereby it aimed at increasing the awareness and identifying the risks of misusing NPOs in ML/TF operations as well as increasing comprehensive awareness of the most recent international standards

related to protecting such sector against misuse in ML/TF operations.

This workshop comes at a significant phase following the spread of the NPOs in the region, which inevitably

forces the competent authorities to improve the level of the sector, increase the awareness and reinforce the supervision techniques of the concerned entities in this field.

Adopting draft TATWG mandate

The 15th MENAFATF plenary meeting adopted the TATWG recommendations, the most important were: approving the 2 typologies projects on “proceeds of forgery, counterfeiting of tools, documentary credits and their relation with ML/TF” and “ML/TF trends and indicators – Update”, the revised TATWG draft mandate, proceeding with the execution of the training plan for the years 2012-2014 in addition to following up on the organization of the regional conference of “cross border transportation of funds: challenges, detection and combating” in the Republic of Sudan and a seminar for “Prosecution Authorities and the Judiciary” in the Kingdom



of Saudi Arabia. The 14th TATWG meeting was held on the margin of the 15th MENAFATF plenary meeting in Saudi Arabia on Thursday 26 April 2012.

The TATWG has been presided, since its establishment in 2005, by the United Arab Emirates and it is composed of 8 member

countries: Jordan, UAE, Bahrain, Algeria, Sudan, Lebanon, Morocco and Yemen, in addition to the following observers: Palestine, International

Monetary Fund, World Bank, Financial Action Task Force “FATF”, United States of America, the United Nations and Egmont Group.