



MENAFATF Newsletter

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President of MENAFATF

Praise be to Allah and Peace and Blessings on His Messenger,

I am pleased to welcome you in this thirteenth issue of MENAFATF's Newsletter that handles the most important news and activities carried out by MENAFATF during the first half of 2016. I am also pleased to extend my gratitude to the Sultanate of Oman for its presidency in 2015 and for the accomplished achievements, and I am honored to be the President of MENAFATF this year as representative of the State of Qatar.

The Middle East and North Africa Financial Action Task Force (MENAFATF) was able, over the past few years, to achieve major breakthroughs in the field of combating money laundering and terrorism financing and to prove its existence and effective participation in the international efforts. MENAFATF strengthened its relations with the observing States and the regional and international organizations and reinforced the communication and collaboration opportunities with them. In March 2016, in collaboration with the Arab Monetary Fund, a workshop was held on the preparation of the second round of the mutual evaluation process of the Member States in the field of combating money laundering and terrorism financing. MENAFATF held the 23rd plenary meeting in April 2016 in Doha, in the presence of a large number of experts in the field of combating money laundering and terrorism financing from MENAFATF Member States and representatives of the observing States and authorities, with the participation of His Excellency the Director General and Chairman of the Arab Monetary Fund, Dr. Abdul Rahman Al Hamidi, and the President of Financial Action Task Force (FATF), Mr. Shin Je-Yoon. MENAFATF took important decisions to strengthen its efforts in the field of combating terrorism financing, notably the formation of a special forum for the experts of combating terrorism financing to discuss the risks and challenges faced by the combating process, to identify the needs of the Member States, organize the provision

of technical assistance and various typologies in this field, identify and understand the risks, trends and methods of financing terrorism and to assist the States and provide continuous training for the same in light of the rapid development of the methods referred to by the financiers. The meeting proceeded with the commitment of the Member States to comply with the international standards, particularly regarding the fifth and sixth recommendations related to combating terrorism financing in order to take appropriate and effective action to prevent or disrupt the financing of terrorism.

As per the international cooperation and exchange of experiences, Australia joined MENAFATF as an observer in June 2016, bringing the number of observers to sixteen, which would enhance the opportunities of cooperation and support the experiences of the Member States in the field of combating money laundering and terrorism financing. The cooperation between the Member States and the authorities operating in this field is very important especially in the investigation and disruption of the actions of the international terrorist networks.

In line with the growing threat of terrorist activities carried out by terrorist and extremist groups, MENAFATF promises to continue to achieve a high level of comply towards the international recommendations and standards, especially those related to terrorism financing, and to review the effectiveness of the laws of combating terrorism financing at the Member States based on the main risks to which they are exposed. It will also work, through the relevant typologies projects, on monitoring the latest developments in the field of the methods and means of collection of terrorism financing and identifying the same.

Finally, I would like to thank all the Member States and observers that participated in MENAFATF's actions and activities, looking forward to more of their valuable contributions and wishing success to MENAFATF in facing the challenges and pushing the process of cooperation and joint action towards new heights in order to achieve security and prosperity in our societies.

Peace be upon you and God's mercy and blessings!

FATF Plenary meeting discussed the latest developments in the field of Terrorism Financing

The FATF held its fourth plenary meeting during the 27th session in the Busan city, Republic of South Korea, in 22 -24 June 2016 under the presidency of Mr. Je-Yoon Shin. The most important topics addressed at the meeting was the financing of terrorism, which is still a priority in all areas. In this regard, the meeting discussed a number of reports, including an update on the financing of what is known as Daesh/ISIL organization. It also reviewed the eighth recommendation concerning non-profit organizations and the relevant explanatory note and approved a handbook to assist the implementation of Security Council Resolution 1373. On another hand, the plenary meeting discussed the mutual evaluation reports of Austria, Canada and Singapore. It also approved the establishment of the FATF Research and Training Institute to be based in South Korea, under its auspices. It is expected to effectively launch its activities in the coming months.

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Memories and Future Visions

Adel Al Qulish
Executive Secretary

I am pleased to meet you on the release of the thirteenth edition of MENAFATF newsletter in an article citing the most important events experienced by the Group since its inception, and that will be followed, God willing, in the next issue by another article addressing the future visions and aspirations.

Twelve years have passed since the establishment of MENAFATF in a successful journey highlighted by several milestones that demonstrated the importance and its significant role within the framework of the efforts exerted by the MENA countries in the fight against money laundering and terrorist financing. The number of members reached 19 Arab countries, in addition to 16 countries and regional and international organizations occupying the seats of observers in MENAFATF, which reflects the extent of interest in its works and activities in the region and the world. MENAFATF enjoys the membership of a number of international groups mainly FATF, Egmont Group of Financial Intelligence Units, Asia/Pacific Group, and the Eurasian Group.

This period was filled with achievements starting with the establishment of a regional entity and determination of internal work policies and procedures with technical and professional cadres that contributed significantly to ensuring the continuity of work in a sophisticated and dynamic way dealing and coping with the challenges and developments; in addition to the success with member countries in developing legal and legislative frameworks to meet the international requirements on combating money laundering and financing of terrorism and strengthening the states combating systems, through an assessment executed by MENAFATF to the member states compliance with standards and

recommendations on combating money laundering and terrorist financing issued by the FATF, as well as a close follow up for countries that have undergone the mutual evaluation. Up until the beginning of this year, 12 countries in the group were able to make sufficient progress in this area, which led to their exit from the regular follow-up process to the biennial update (every two years). MENAFATF discussed in more than 20 plenary meetings, more than 100 follow-up reports to the member states. In the framework of training programs, technical assistances and raising awareness against risks, MENAFATF has been able to organize more than 45 workshops and seminars on combating money laundering and terrorist financing for stakeholders in member states, as well as programs in which it participated, along with more than 7 projects to raise awareness about the ways, methods and trends of money laundering and terrorist financing.

In the same context and in order to develop and strengthen its relations with organizations, whether regional or international operating in the field of combating money laundering and terrorist financing, MENAFATF participated with the FATF and counter groups in carried out of typologies and capacity building workshops.

I can say that the impact of MENAFATF on the legislative and practical development for stakeholders in the region, became clear and obvious to everyone, Member states became more capable of dealing with anti-money laundering and combating of the terrorism financing files in a much more effective way, This was the target for the stakeholders. MENAFATF will strive forward towards the enhancement of effective cooperation between member states and observers to advance the systems of anti-money laundering and terrorist financing and raise the level of effectiveness.

In conclusion, I must mention MENAFATF Presidents whom contributed significantly to its establishment and development stages and continuing its constructive role.

EAG 24th plenary meeting

MENAFATF participated in the 24th Plenary Meeting of the Eurasian Group as well as in the workshops and events organized on the margins thereof, in the city of Astana, Kazakhstan, during the period 6 -10 June 2016, along with representatives of the Member States and bodies that have observer status. The meeting discussed a number of important topics and issues on its agenda, such as follow-up reports, risk-based approach, national risk assessment, preparation of Member States for the evaluation process, as well as improvement of CFT measures and interaction with the private sector thereon. The most important topics discussed during the plenary meeting were related to what is known as Daaesh/ISIL organization. It urged member states to intensify efforts to combat the financing of this terrorist organization and implement the relevant UN resolutions.

FIUs forum to discussed cooperation between the FIUs and the private sector

On the margins of MENAFATF 23rd plenary meeting, FIU's forum held its 13th meeting on Sunday, 23rd of April 2016, in which it discussed a number of important topics and issues namely encouraging and following-up the applications of non-member FIU's to join Egmont Group and the progress made by each unit in this regard. The meeting discussed the «Cooperation between the FIUs and the private sector», emphasizing on the importance thereof. The meeting was also attended by the private sector who delivered presentations in this regard.

At the beginning of the second round the plenary meeting discussed the Mutual Evaluation Report of the Republic of Tunisia

Ranking first in the second round of the mutual evaluation processes, the 23rd plenary meeting discussed the detailed assessment report of the Tunisian Republic, which shows the extent of Tunisia technical compliance with the 40 recommendations and the effectiveness of its AML/CFT systems based on immediate outcomes. A team consisting of experts from the World Bank participated in the evaluation process. It is worth mentioning that Tunisia's last evaluation carried out by the World Bank in 2006 was based on the methodology of 2004. The report available on the mutual evaluation page on MENAFATF website.



Money Laundering Through Electronic Means

MENAFATF Launched a new typologies project on Money Laundering Through Electronic Means (May 2016 – September 2017), under the Leadership of the Kingdom of Saudi Arabia and Sultanate of Oman. This project was proposed by KSA due to the lack of studies in this field and given the significant risks that may result from money laundering operations conducted by misusing the advanced electronic means and easily hiding behind such means, especially after the development of online money services, the presence of e-money, the provisions of e-services by financial entities that are not subject to any supervision and the distance between the parties of an online transaction. The aim of this project is to help Member States better understand the methods used for Money Laundering through electronic means, improve their detection and prevention capabilities, thus, enhance their efforts to combat money laundering through electronic means in the Middle East and North Africa.

Australia joint MENAFATF with observer status

The Member States welcomed Australia as a new observer, and emphasized on the benefits that may result there from as Australia is a founding member of the Financial Action Task Force, Asia/Pacific Group and Egmont Group of Financial Intelligence Units. On another hand, Australia expressed its support to MENAFATF activities and its willingness to share its expertise namely in the areas of mutual evaluation, national risk assessment, preparation for the evaluation processes along with its vast experience in the areas of Anti Money Laundering and Terrorism Financing typologies as well as financial intelligence and analysis that can benefit the Task Force in its field work, knowing that it enjoys well-established relations with a number of financial intelligence units in the region.

Fourth Meeting of the National Risk Assessment Committee

The National Risk Assessment Committee held its fourth meeting on the margins of MENAFATF 23rd plenary meeting, during which a session was devoted to sharing expertise on the second Stage of the National Risk Assessment - Risk Analysis, with presentations regarding the methodology and the most important procedures followed in this regard.

Sudan and Algeria moved from follow-up process to the biennial update

The plenary meeting discussed the exit follow-up reports of the Republic of Sudan and the People's Democratic Republic of Algeria and praised their achievements in addressing the deficiencies contained in their reports. The plenary meeting also praised their level of compliance, and agreed for them to move from the follow-up process to the biennial update. It is worth mentioning that as prescribed by the procedures of exiting the follow-up process, the State provides the Secretariat with a full report on the progress made since the adoption of the mutual evaluation report.

Based on this, the secretariat prepares a detailed analysis report regarding the core recommendations rated Non-Compliant or Partially Compliant including an analysis of the other recommendations rated Non-Compliant or Partially Compliant and submits the same along with its recommendations regarding this matter to the plenary meeting.

MENAFATF 23rd Plenary Meeting

MENAFATF 23rd Plenary Meeting was held during the period 26 - 28 April 2016 in Doha, State of Qatar, chaired by the State of Qatar represented H.E. Sheikh Fahad bin Faisal Al Thani, Deputy Governor of the Central Bank of Qatar, Chairman of the National Anti-Money Laundering and Terrorism Financing Committee and President of MENAFATF.

The Plenary Meeting was attended by a large number of AML/CFT experts from seventeen Arab Member States Hashemite Kingdom of Jordan, United Arab Emirates, Kingdom of Bahrain, Republic of Tunisia, People's Democratic Republic of Algeria, Kingdom of Saudi Arabia, Republic of Sudan, Republic of Iraq, Sultanate of Oman, State of Palestine, State of Qatar, State of Kuwait, Republic of Lebanon, State of Libya, Arab Republic of Egypt, Kingdom of Morocco and Islamic Republic of Mauritania.

The Plenary Meeting was also attended by representatives of several countries and bodies that have observer status Republic of France, United Kingdom, United States, International Monetary Fund, World Bank, Cooperation Council for the Arab States of the Gulf, Financial Action Task Force (FATF), United Nations (UN), Egmont Group, Arab Monetary Fund and Eurasian Group.

The plenary meeting discussed during three-days many important issues related to MENAFATF work and activities, and took a number of decision in this regard. Within the framework of the Presidency's proposals, the plenary meeting approved the establishment of a forum for CFT experts to discuss operational issues, monitor the latest developments in



this regard and study relevant topics on an ongoing basis as well as make recommendations and proposals to the plenary meeting. The forum will hold its first meeting in November 2016. The plenary meeting also adopted the first mutual evaluation report within the second round of evaluations, which was the report of the Republic of Tunisia prepared by the World Bank.

Within the framework of the follow-up processes subsequent to the mutual evaluations, the plenary meeting discussed five follow-up reports for the following countries: Syrian Arab Republic, Republic of Iraq, Sultanate of Oman, Republic of Lebanon and Islamic Republic of Mauritania. The plenary meeting also discussed the exit follow-up reports of the Republic of Sudan and the Peoples Democratic Republic of Algeria and agreed for them to move from the follow-up process to the biennial update. Furthermore, the Plenary Meeting reviewed three update reports pertaining to the Kingdom of Saudi Arabia, the Republic of Yemen and the State of Qatar, which included the latest developments and procedures taken by those countries

towards improving their AML/CFT systems.

Within the framework of the typologies work, the plenary meeting approved the adoption of a new typologies project on «Money Laundering through Electronic Means», and urged Member States to fully cooperate in order to achieve it by participating in the Working team, throughout the project's phases. The Plenary Meeting also adopted several other reports including the Mutual Evaluation Working Group (MEWG) and the Technical Assistance and Typologies Working Group (TATWG) co-chairs reports, Both reports included the recommendations and decision's as outcomes of the WGs meetings held on Sunday and Monday 24th and 25th of April 2016 on the margins of the plenary meeting, beside the Co-Chairs report of the NRA Committee on the meeting held on Saturday 23rd of April 2016. The plenary meeting also adopted the FIUF chair report on the issues discussed at the 13th meeting held on Saturday 23rd of April 2016.

Forum for Operational CFT Experts

The 23rd Plenary Meeting held in Doha, Qatar, April 2016, approved the establishment of a forum for operational CFT experts comprising representatives of all Member States, bodies that have observer status and MENAFATF Secretariat. This Forum targets operational experts from various bodies, namely law enforcement, security, intelligence and financial information units fighting against terrorism financing. This Forum provides a platform for CFT experts to discuss the risks of terrorist financing in the region and beyond as well as the relevant challenges. The members of the forum shall meet on the margins of MNEFATF plenary meeting under the presidency of a representative who has an appropriate expertise in CFT, in the state presidency. The first forum will be held in November 2016.