

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENTS
OF THE MEMBER STATES OF THE MIDDLE EAST AND NORTH AFRICA
FINANCIAL ACTION TASK FORCE
AGAINST MONEY LAUNDERING AND TERRORIST FINANCING

PREAMBLE

Recognizing the threat posed by money laundering and terrorist financing to countries in the Middle East and North Africa Region ("MENA Region");

Considering that this threat can only be effectively tackled by co-operation between countries within the MENA Region;

Recalling measures taken by the United Nations with regard to countering money laundering and the financing of terrorism;

Recognizing the Financial Action Task Force ("FATF") 40 Recommendations on Money Laundering and the Special Recommendations on Terrorist Financing as the worldwide-accepted international standard for combating money laundering and terrorist financing;

Determining that the countries in the MENA Region should work together to comply with these standards and measures; and adopt other standards and measures that enhance the fight against money laundering and the financing of terrorism in the region through the creation of an effective system which countries need to implement according to their particular cultural values, constitutional frameworks and legal systems;

Accordingly, the Member States to this Memorandum resolve to establish the Middle East and North Africa Financial Action Task Force ("MENAFATF") against Money Laundering and Terrorist Financing on the following basis:

1.- OBJECTIVES

Member countries of the MENAFATF agree on the following objectives and will work towards achieving them:

1.1 To adopt and implement the 40 Recommendations of the FATF against money laundering;

- 1.2 To adopt and implement the Special Recommendations of the FATF against terrorist financing;
- 1.3 To implement the relevant UN treaties and agreements and United Nations Security Council Resolutions dealing with countering money laundering and terrorist financing;
- 1.4 To co-operate together to raise compliance with these standards and measures within the MENA Region and to work with other international organizations to raise compliance worldwide;
- 1.5 To work together to identify money laundering and terrorist financing issues of a regional nature, to share experiences of these problems and to develop regional solutions for dealing with them; and
- 1.6 To build effective arrangements throughout the region to combat effectively money laundering and terrorist financing in accordance with the particular cultural values, constitutional framework and legal systems in the member countries.

2.- NATURE

The MENAFATF is voluntary and co-operative in nature and is established by agreement between its members. It does not derive from an international treaty. It is independent of any other international body or organization and sets its own work, rules and procedures. Its work, rules, and procedures will be determined by consensus between its members and it will co-operate with other international bodies, notably the FATF to achieve its objectives.

3.- MEMBERSHIP

- 3.1 The States that subscribe to this Memorandum constitute the founding members;
- 3.2 Other countries in the MENA Region may join in the future provided they subscribe to the terms of this memorandum and their application is accepted by the Plenary;
- 3.3 Criteria for joining the MENAFATF are:

3.3.1 Countries accept the objectives of the MENAFATF as set out in Article 1 herein, and commit to participate in mutual evaluation programmes as established by the Plenary, and to participate in the other work of the MENAFATF; and

3.3.2 Countries agree to contribute to the budget in accordance with contributions set by the Plenary;

3.4 Applications for future membership should be made to the President (through the Secretariat) in writing, who should transmit them immediately to all members;

3.5 Applications for membership of the MENAFATF will be considered by the next plenary, if such applications are submitted at least 90 days before the date of the said Plenary or, if submitted within 90 days of the next Plenary, by the following Plenary; and

3.6 All decisions on membership will be unanimous.

4.- OBSERVERS

4.1 The Plenary will determine observers from the following categories:

4.1.1 International and Regional Organizations which support the objectives of the MENAFATF;

4.1.2 Countries within the MENA Region which have applied for membership and are awaiting a decision; and

4.1.3 Countries from outside MENA Region which support the objectives of the MENAFATF;

4.2 Initial observers to the MENAFATF shall be the Republic of France, the United Kingdom of Great Britain and Northern Ireland, the United States of America and the International Monetary Fund, the World Bank, the Co-operation Council for the Arab States of the Gulf (GCC), the Financial Action Task Force, the United Nations Office on Drugs and Crime (UNODC) and the Egmont Group of Financial Intelligence Units (Egmont Group);

4.3 Application for future observers status should be made to the President (through the Secretariat) in writing who should transmit them immediately to all members;

4.4 Applications for observers status at the MENAFATF will be considered by the next Plenary, if such applications are submitted at least 90 days before the date of the said plenary or, if submitted within 90 days of the next Plenary, by the following Plenary; and

4.5 All decisions on observers will be unanimous.

5.- FUNDING

- 5.1 The activities of the MENAFATF will be funded by contributions from its members on the basis agreed by the Plenary;
- 5.2 The Kingdom of Bahrain, as host country for the Secretariat, has offered to meet reasonable start-up costs for creating the MENAFATF Secretariat and reasonable operating costs for a period of 5 years from the date of the MENAFATF Secretariat commencing its operations;
- 5.3 Member countries and observers will bear the cost of their own participation in the MENAFATF; and
- 5.4 The Presidency, with the support of the Secretariat, will submit a proposed work plan and funding proposal annually for the consideration of the Plenary.

6.- LANGUAGES

The official languages of the MENAFATF will be Arabic, English and French.

7.- STRUCTURE

The MENAFATF comprises two bodies:

- 7.1 The Plenary Meeting of Representatives (the Plenary); and
- 7.2 The Secretariat.

8.- PLENARY

- 8.1 The Plenary will decide the structure of the organization, and will be the decision making body of the MENAFATF;
- 8.2 The Plenary will meet at least once a year and will elect a President and President Elect/Vice President who will remain in that office for one year, from amongst its members, provided that the said President and President Elect are not from the same country;
- 8.3 The Plenary will carry forward the MENAFATF work program and will be formed of delegates appointed by the member states with expertise in the areas of combating money laundering and terrorist financing; and

8.4 The Plenary will meet at least once a year and will have the following functions:

8.4.1 To determine MENAFATF policy;

8.4.2 To determine MENAFATF rules and procedures;

8.4.3 To approve the annual report, work plan, and budget for the organization;

8.4.4 To appoint the Executive Secretary and approve the Secretariat's structure and other functions;

8.4.5 To appoint an independent auditor;

8.4.6 To adopt any revisions to this MOU that may be necessary in future;

8.4.7 Decide upon new members and observers;

8.4.8 Consider mutual evaluation reports of members' compliance with FATF standards;

8.4.9 To identify technical assistance needs of member States and co-ordinate delivery of such assistance needs of member States and co-ordinate delivery of such assistance with countries and international and regional organizations providing such assistance; and

8.4.10 To establish working groups if needed to undertake special tasks.

9.- THE SECRETARIAT

9.1 The Secretariat will provide technical and administrative functions under the direction of the Executive Secretary;

9.2 The Secretariat will be located in the Kingdom of Bahrain;

9.3 The Executive Secretary will be appointed by the Plenary and will be a person with appropriate expertise in the field of combating of money laundering and terrorist financing;

9.4 The Secretariat will carry out the following functions:

9.4.1 To prepare drafts of the annual report, financial reports, work plan and budget for the Plenary;

9.4.2 To implement the work programme as approved by the Plenary;

9.4.3 To submit to the Presidency, members and observers a regular progress report;

9.4.4 To administer the approved budget;

9.4.5 To co-ordinate mutual evaluation exercises;

9.4.6 To identify the training and technical assistance needs of member states and facilitate the provision of appropriate technical assistance;

9.4.7 To liaise with other organizations and countries involved in combating money laundering and terrorist financing;

9.4.8 To monitor worldwide AML/CFT developments and provide appropriate information to the Plenary; and

9.4.9 To carry out any other functions assigned by the Plenary.

10.- PROCEDURE AT PLENARY MEETINGS

10.1 The quorum for the Plenary will be when at least three quarters ($\frac{3}{4}$) of the Members are present;

10.2 Meetings of the Plenary will be open to observers as well as members but the members may decide to hold closed sessions;

10.3 All members and observers participate in the meetings but only members have the right to vote. This provision applies to discussions of mutual evaluations; and

10.4 Except for decisions made in accordance with Articles 3.6, 4.5 and 15 all other decisions will be made with the consensus of all members attending the Plenary Meeting.

11.- MUTUAL EVALUATION

11.1 The Plenary will establish an ongoing program of mutual evaluations co-ordinated by the Secretariat in which all members agree to participate; and

11.2 Assistance from experts from observer countries and organizations may be required.

12.- ACCOUNTING PERIOD

The financial year will be from the 1st day of January to the 31st day of December.

13.- FINANCIAL REPORTS

13.1 The Accountant will prepare annual financial statements in accordance with the International Accounting Standards; and

13.2 The external Auditor will carry out the annual audit of the accounts of the MENAFATF, which will be submitted to the Plenary.

14.- ENTRY INTO EFFECT

This MOU will take effect as soon as eight (8) member countries have signed and approved the Memorandum.

15.- AMENDMENT OF THE MOU

This MOU may only be amended by a unanimous decision of the member countries.

16.- WITHDRAWAL

A member or observers may resign from the MENAFATF upon written notification of resignation to the President.

Signed at Manama on the 30th day of November 2004 in the Arabic, English and French languages all versions being equally authentic, except in cases of divergence when the Arabic text will prevail.