



**THE 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
Signed on 30 November 2004
(As amended on 26 November 2013)**

This Memorandum of Understanding was edited and signed in Manama, Kingdom of Bahrain in the Ministerial Meeting held on Tuesday the 30th of November 2004. The MOU was amended by the 18th MENAFATF Plenary Meeting on Tuesday the 26th of November 2013 in Manama, Kingdom of Bahrain.

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

PREAMBLE

Recognizing the threats posed by money laundering and terrorist financing operations to countries in the Middle East and North Africa Region;

Whereas this threat can be effectively tackled through 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 Combating Money Laundering and Financing of Terrorism and Proliferation, the related UN Conventions and UN Security Council Resolutions, as the worldwide-accepted international standards in this regard, in addition to any other standards that are adopted by the Arab States to enhance the fight against money laundering and the financing of terrorism and proliferation in the region;

Whereas the countries in the MENA Region should work jointly to comply with these standards; in order to establish an effective system which countries need to implement in a way that does not contradict with their cultural values, constitutional frameworks and legal systems; The Member States to this Memorandum agreed to establish the Middle East and North Africa Financial Action Task Force against Money Laundering and Terrorist Financing, referred to hereinafter as "MENAFATF", on the following basis:

1. OBJECTIVES

MENAFATF Member countries endeavour towards achieving the following objectives:

- 1.1 To adopt and implement the FATF 40 Recommendations on combating money laundering and financing of terrorism and proliferation;
- 1.2 To implement the relevant UN treaties and agreements and United Nations Security Council Resolutions;
- 1.3 To co-operate among each other to raise compliance with these standards within the MENA Region and to cooperate with other international and regional organizations, institutions and agencies to improve compliance worldwide;

- 1.4 To work jointly to identify issues of regional nature related to money laundering and terrorist financing, and to share relevant experiences and to develop solutions for dealing with them; and
- 1.5 To take measures throughout the region to effectively combat money laundering and terrorist financing in a way that does not contradict with the cultural values, constitutional frameworks and legal systems in the member countries.

2. NATURE

The MENAFATF is voluntary and co-operative in nature and independent from any other international body or organisation; it was established by agreement between the governments of its members and is not based on an international treaty. It sets its own work, regulations, rules and procedures and co-operates with other international bodies, notably the FATF, to achieve its objectives.

3. MEMBERSHIP

- 3.1 MENAFATF is composed of the founding States (founding members) that subscribed to the Memorandum of Understanding signed on 30 November 2004 and the states that joined later;
- 3.2 Other Arab countries may join the MENAFATF provided they subscribe to the terms of this memorandum and the Plenary approves their request;
- 3.3 Criteria for joining the MENAFATF are the following:
 - 3.3.1 Country accepts the objectives of the MENAFATF as set out in Article 1 herein, and commits to participate in mutual evaluation programmes which the Plenary adopts, and to participate in other MENAFATF works; and
 - 3.3.2 Country agrees to contribute to the budget in accordance with contributions the Plenary approves.
- 3.4 Applications for membership should be made in writing to the President (through the Secretariat), who should forward them directly to all members;
- 3.5 Applications for MENAFATF membership will be considered by the next plenary, if submitted at least 90 days before the date of the said plenary; otherwise they shall be considered by the following plenary; and
- 3.6 All decisions on membership will be unanimous.

4. OBSERVERS

4.1 Applications to hold observer status are accepted from the following categories:

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

4.1.2 Arab Countries which have applied for membership and are awaiting a decision; and

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

4.2 Applications for observer status should be made in writing to the President (through the Secretariat) who should forward them directly to all member countries;

4.3 Applications for observer status at the MENAFATF will be considered by the next plenary, if submitted at least 90 days before the date of the said plenary; otherwise, they shall be considered by the following plenary;

4.4 All decisions on observers will be unanimous;

4.5 Observers to MENAFATF include Observers who joined upon the establishment dated 30 November 2004: the Republic of France, the United Kingdom of Great Britain and Northern Ireland, the United States of America, 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); as well as the observers who joined later;

4.6 The performance of observers and their participation in MENAFATF activities and works shall be reviewed in the manner decided by the Plenary in order to verify and assess the expected benefit after obtaining such status; and

4.7 The Plenary meeting may suspend or withdraw the observer status from any of the observers according to rules which the Plenary determines.

5. FUNDING

5.1 The activities of the MENAFATF are funded through contributions from its members on the basis approved by all member countries;

5.2 The Kingdom of Bahrain, as host country for the Secretariat, had borne start-up costs for the MENAFATF Secretariat and appropriate operating costs for a period of 5 years from the date the MENAFATF Secretariat commenced its operations;

5.3 Member countries and observers bear the cost of their participation in MENAFATF plenary meetings and events; and

5.4 The Secretariat, shall prepare, on an annual basis and in consultation with the President and Vice President, a work plan and funding proposal for the Plenary discussion.

6. LANGUAGES

Arabic is the official language of the MENAFATF. English and French may be used when required.

7. STRUCTURE

The MENAFATF consists of 2 bodies:

7.1 The Plenary Meeting of Representatives of member countries; and

7.2 The Secretariat.

8. THE PLENARY

8.1 The Plenary is the decision making body of the MENAFATF; and is composed of delegates appointed by the member countries having expertise in fighting money laundering and combating financing of terrorism;

8.2 The Plenary meets twice a year at least and nominates the President and Vice President/Next President from amongst member countries on a rotation basis according to the Arabic alphabetical order of the member countries; they shall remain in that office for one year, provided that they are not from the same country;

8.3 The Plenary approves the MENAFATF work program and carries out the following tasks:

8.3.1 To establish and approve MENAFATF policies;

8.3.2 To determine MENAFATF rules and procedures;

- 8.3.3 To approve MENAFATF annual report, work plan, and estimated budget and ratify the financial report and auditor's report;
- 8.3.4 To appoint the Executive Secretary and approve the Secretariat's organisational structure and other functions;
- 8.3.5 To appoint an independent auditor;
- 8.3.6 To adopt any amendments to this MOU that may be necessary in the future;
- 8.3.7 To decide upon new members and observers;
- 8.3.8 To consider and approve mutual evaluation reports of members' compliance with FATF standards;
- 8.3.9 To identify technical assistance needs of member States and co-ordinate delivery of technical assistance in consultation with such countries and in co-operation with countries as well as international and regional organizations providing such assistance, particularly those holding the observer status;
- 8.3.10 To establish working groups and committees when needed to undertake special tasks; and
- 8.3.11 To consider any other subjects proposed by any of the member countries, the President or the Secretariat.

9. THE SECRETARIAT

- 9.1 The Secretariat is based in the Kingdom of Bahrain;
- 9.2 The Executive Secretary is appointed by the Plenary; he should have appropriate expertise in the field of combating money laundering and terrorist financing;
- 9.3 The Secretariat provides technical and administrative functions under the direction of the Executive Secretary;
- 9.4 The Secretariat carries out the following tasks:
 - 9.4.1 The required technical and administrative preparation for convening the plenary, working groups, and any established committees;
 - 9.4.2 To prepare the annual report, work plan and estimated budget and submit them to the Plenary;
 - 9.4.3 To implement and follow up the work plan as approved by the Plenary;

- 9.4.4 To submit to the Plenary and President a regular report on MENAFATF work;
- 9.4.5 To manage the expenditure of the approved budget;
- 9.4.6 To carry out mutual evaluation exercises;
- 9.4.7 To identify the training and technical assistance needs of member states and facilitate the provision of such needs in consultation with such countries;
- 9.4.8 To liaise with other organizations and countries involved in combating money laundering and terrorist financing;
- 9.4.9 To monitor worldwide AML/CFT developments and provide appropriate information to the Plenary; and
- 9.4.10 To carry out any other tasks assigned by the Plenary.

10. PROCEDURES OF THE PLENARY MEETINGS

- 10.1 The quorum for the Plenary is met when at least three quarters ($\frac{3}{4}$) of the Member countries are present;
- 10.2 Sessions of Plenary Meetings are equally open to member countries and observers; member countries have the right to hold closed sessions;
- 10.3 All member countries and observers participate in the meetings but only member countries have the right to vote. This provision applies to the discussion of mutual evaluations reports of member countries; and
- 10.4 Except for decisions made in accordance with Articles 3-6, 4-4, 5-1, 15-1, 15-2 and 16, all decisions are taken with the consensus of all member countries attending the Plenary Meeting.

11. MUTUAL EVALUATION

- 11.1 The Plenary approves an on-going program of mutual evaluations prepared by the Secretariat. All member countries participate in the implementation of such programme; and
- 11.2 Member countries shall provide assessors; Assistance in this regard may be requested from the countries and organizations holding the observer status.

12. ACCOUNTING PERIOD

The financial year starts from the 1st day of January and ends on the 31st day of December.

13. FINANCIAL REPORTS

13.1 MENAFATF Secretariat prepares annual financial statements in accordance with the International Accounting Standards; and

13.2 The external Auditor carries out the annual audit of MENAFATF accounts and submits the results to the Plenary for ratification.

14. WITHDRAWAL

Members or observers may withdraw from the MENAFATF according to rules determined by the Plenary meeting.

15. SUSPENSION OF MEMBERSHIP

15.1 The Plenary may suspend the membership of any member country in the MENAFATF according to rules determined by the Plenary with the approval of all member countries; and

15.2 Decisions on suspending membership are made by approval of all member countries, except the country whose membership is to be suspended.

16. AMENDMENT OF THE MOU

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

MENAFATF Plenary meeting adopted on Tuesday the 26th of November 2013 the amendments made to the Memorandum of Understanding signed on 30 November 2004.