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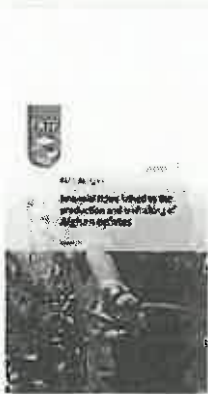
Adopting and publishing the typologies report on the risk or terrorist financing abuse of the non-profit sector



Terrorist organisations need funds, material, personnel and public influence to carry out their illegal activities. Non-profit organisations (NPOs) have similar needs to further their legitimate and good causes. The high level of public trust in the good work done by NPOs, their large transitory workforce and the global networks they have created, are some of the factors that make NPOs attractive and vulnerable for abuse by terrorists and terrorist organisations. This typologies report examines in detail, how and where NPOs are at risk of terrorist abuse and provides a number of red flag indicators to help all stakeholders identify and investigate possible cases of abuse.

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Adopting and publishing the typologies report on the financial flows linked to the illicit production and trafficking of afghan opiates and associated ML/TF activities.



Despite international efforts, the cultivation of opium poppies in Afghanistan continues; the world leader in the production and trafficking of opiates. The trade even increased significantly in southern parts of the country, generating revenues as high as USD 70 billion. This report aims to raise awareness about the financial flows related to the Afghan opiate trade and the interrelationship between drug trafficking and terrorist financing. It analyses how the financial transactions related to the Afghan opiates trade are conducted which will assist in the detection of opiate-related financial transactions. It also provides financial centres with information about the factors that make them attractive and vulnerable to financial transactions involving proceeds of drug trade.

Report published shortly.

Expansion of membership

The FATF has agreed to expand its membership. It has begun a process to determine the readiness of candidate countries.

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The FATF also heard an update on the actions taken by Australia. Australia has now taken sufficient steps to address the deficiencies identified in the Core and Key Recommendations and is removed from the follow-up process. In particular, Australia issued revised AML/CTF rules which commenced on 1 June 2014 and enhanced customer due diligence requirements. The FATF has already begun Australia's 4th round mutual evaluation, which will examine the full AML/CFT system and which will be presented to the FATF Plenary in February 2015.

Update on AML/CFT Improvements

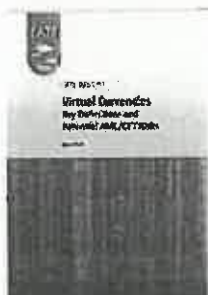
The FATF congratulates Kenya, Kyrgyzstan, Mongolia, Nepal and Tanzania, for the significant progress made in addressing the strategic AML/CFT deficiencies identified in their mutual evaluation reports and the action plans agreed with the FATF. These countries will no longer be subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. These countries will work with their respective FSRBs as they continue to address the full range of AML/CFT deficiencies identified in their Mutual Evaluation Reports.

Reviewing voluntary tax compliance programmes in several jurisdictions

The FATF heard reports on the voluntary tax compliance (VTC) programmes of Argentina, Australia, Kyrgyzstan and Pakistan. On the programme of Argentina, which had been found consistent with the FATF's four basic principles on the VTC,[1] no suspicious transactions were detected. The programmes of Australia, Kyrgyzstan and Pakistan were found to be compliant with the four basic principles. As for the members of the FSRBs, MONEYVAL provided an update of their monitoring results on the programmes of Albania, Hungary and Malta.

The FATF adopted new procedures for dealing with VTC programmes with further clarity in terms of monitoring VTCs of member jurisdictions of FSRBs, and urges any country which introduces a VTC programme to apply all AML/CFT measures to such a programme.

Virtual Currencies: Key Definitions and Potential AML/CFT Risks.



The FATF conducted research on virtual currencies. From this research, the FATF has made a preliminary assessment of the associated ML/TF risks. An important step in assessing the risks and ultimately in determining an appropriate response is to have a clear understanding of the types of virtual currencies and how they are controlled and used. This report establishes a set of key definitions and forms a basis for further policy development





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FATF calls on Japan to enact adequate anti-money laundering and counter terrorist financing legislation

The FATF is concerned by Japan's continued failure to remedy the numerous and serious deficiencies identified in its **third mutual evaluation report** adopted in October 2008, despite Japan's high-level political commitment.

The most important deficiencies deal with:

- the incomplete criminalisation of terrorist financing
- the lack of satisfactory customer due diligence requirements and other obligations in the area of preventive measures applicable to the financial and non-financial sectors
- the incomplete mechanism for the freezing of terrorist assets, and
- the failure to ratify and fully implement the Palermo Convention.

The FATF encourages Japan to promptly address these AML/CFT deficiencies, including through the adoption of the necessary legislation. The FATF will continue to monitor Japan's progress.

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