

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Notice to Financial Services Licence Holders

FATF - International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation

Financial services licence holders are advised that the Financial Action Task Force (FATF) has issued a revised set of Recommendations. The revised FATF Recommendations entitled **International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation** replace the former 40 Recommendations and the 9 Special Recommendations on Terrorist Financing. The aim of the revision is to strengthen global safeguards and to further protect the integrity of the financial system by providing governments with stronger tools to take action against financial crime.

The new standards and additional information are available by following this link; http://www.fatf-gafi.org/document/17/0,3746,en_32250379_32236920_49656209_1_1_1_1,00.html

The revised Recommendations now include the integration of counter-terrorist financing measures with anti-money laundering controls and new measures to counter the financing of the proliferation of weapons of mass destruction. The laundering of the proceeds of corruption and tax crimes are also being addressed as new priority areas. They also strengthen the requirements for higher risk situations and allow countries to take a more targeted risk-based approach. The main changes include:

- Combating the financing of the proliferation of weapons of mass destruction through the consistent implementation of targeted financial sanctions when these are called for by the UN Security Council.
- Improved transparency to make it harder for criminals and terrorists to conceal their identities or hide their assets behind legal persons and arrangements.
- Stronger requirements when dealing with politically exposed persons (PEPs).
- Expanding the scope of money laundering predicate offences by including tax crimes.
- An enhanced risk-based approach which enables countries and the private sector to apply their resources more efficiently by focusing on higher risk areas.
- More effective international cooperation including exchange of information between relevant authorities, conduct of joint investigations, and tracing, freezing and confiscation of illegal assets.
- Better operational tools and a wider range of techniques and powers, both for the financial intelligence units, and for law enforcement to investigate and prosecute money laundering and terrorist financing.

The FATF affirms that the Recommendations are the basis on which all countries should meet the shared objective of tackling money laundering, terrorist financing and the financing of proliferation and calls upon all countries to effectively implement these measures in their national systems. Financial services licence holders are therefore expected to review and familiarise themselves with

the revised recommendations which, as the new global standards, will in due course be implemented in Maltese Prevention of Money Laundering and Funding of Terrorism legislation.

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