

MENAFATF NEWSLETTER



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I would like to take this opportunity to express my thanks and appreciation to the States for their full and continuous support for the MENAFATF at all the levels.

It is my pleasure and honor to chair my first meeting with you, in which I am taking over the MENAFATF presidency, to represent my country Algeria where I have been recently assigned as president of the Cellule de Traitement du Renseignement Financier (CTRF).

I have been following up the MENAFATF activities and its distinguished regional role before joining your Group and work with you closely. There is no doubt that the tasks and activities conducted by the MENAFATF as one of FATF style regional bodies such as the evaluation of the level of compliance of the member



Abdenour Hibouche
MENAFATF President

states with regard to the AML/CFT international standards, the consistency of their applicable laws with such standards, the coordination for the provision of technical assistance to the member states, the study of ML/TF means and methods or what is known as typologies and the importance

of such tasks, are sufficient to demonstrate the distinguished and important regional role the MENAFATF plays.

Algeria had the honor to preside the MENAFATF in 2011. During this year, it sought to offer its full cooperation, whether with the rest of member states, the observers or the MENAFATF secretariat, in order to achieve the objectives the MENAFATF was established for in the AML/CFT field and it undertakes to continue in this trend.

Finally, I would like to thank the member states and the observers for their hard dedication to make MENAFATF a success and I would also like to thank all the secretariat staff for their efforts and cooperation, and I wish them all plenty of success and prosperity.



13th MENAFATF Plenary in Kuwait

MENAFATF held its 13th plenary in the State of Kuwait from 3 – 5 May, 2011. The Plenary was chaired by Mr. Abdenour Hibouche, President of Cellule de Traitement du Renseignement Financier (CTRF). Mr. Hibouche opened the Plenary - hosted by the Central Bank of Kuwait and the National Anti-money Laundering and Combating of Financing of Terrorism Committee - alongside H.E. the Consultant Riyad Al Hajiri, the 1st attorney general (Public Prosecution in the State of Kuwait) and Mr. Luis Urrutia, President of FATF.

A number of AML/CFT experts from the member countries (Jordan,

UAE, Bahrain, Tunisia, Algeria, Saudi Arabia, Sudan, Syria, Iraq, Oman, Qatar, Kuwait, Lebanon, Egypt, Morocco, Mauritania and Yemen) and the observing countries and international organizations (UK, USA, Spain, the International Monetary Fund (IMF), World Bank, The Gulf Cooperation Council, The FATF, Egmont Group and the Arab Monetary Fund) participated in the events of the Plenary.

The Plenary adopted the Mutual Evaluation Report "MER" of the AML/CFT laws for the Sultanate of Oman (made jointly with FATF) and the MER of the State of Kuwait (made by IMF), as well as 6 follow-up reports for the Arab Republic of

Egypt, the Hashemite Kingdom of Jordan, the Republic of Yemen, the Islamic Republic of Mauritania, the Kingdom of Morocco and the Arab Republic of Syria. The Plenary also adopted the report of the Chair of the Mutual Evaluation Working Group and the report of the Chair of the Technical Assistance and Typologies Working Group, both which included recommendations reached in their meetings held on 1 May, 2011 on the margins of the 13th MENAFATF Plenary.

On another level, the Plenary decided to hold the 14th Plenary meeting during the last week of November 2011 in the People's Democratic Republic of Algeria.

Upcoming Events (July - December 2011)

26 November 2011

4th Meeting of MENAFATF FIUs forum, Algeria.

27 November 2011

17th MEWG & 13 TATWG Meetings, Algeria.

28 - 30 November 2011

14th MENAFATF Plenary meeting, Algeria.

14 - 15 December 2011

Workshop on "towards good governance of the NGOs Sector and compliance with FATF SR VIII", Jordan.

MENAFATF Participation (January - June 2011)

22 – 23 March 2011

3rd Annual Compliance and AML Seminar, Riyadh, Kingdom of Saudi Arabia.

9 - 13 May 2011

Meetings of Expert Group (A) and Expert Group (B) of the working group on Evaluations and Implementations of the "FATF", Paris, France.

22 - 24 June 2011

Joint Plenary meeting of the FATF and GAFISUD. Mexico City, Mexico.

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Adel Hamad Al Qulish
MENAFATF Executive Secretary

I am happy to meet you in this new issue of MENAFATF Newsletter through which we used to know more about the latest and most important activities of MENAFATF and its participations. This issue encompasses a special coverage of the 13th plenary meeting which was held in Kuwait from 3 to 5 May 2011, and all the meetings and gatherings that were held on this occasion too, in addition to the participations of the MENAFATF in the

regional and international events. The most remarkable achievements of MENAFATF during the first six months of this year are the adoption of the mutual evaluation reports of each Oman and Kuwait within the framework of the evaluation program which was designed to measure the level of compliance of the state members with regard to the 40 recommendations and the special nine recommendations issued by the Financial Action Task Force "FATF".

I am also glad to inform you that the FATF is currently reviewing a number of the 40 recommendations and the 9 special recommendations, and may enter amendments on them so they become more convenient with the requirements and changes on the international scale. For example, it is proposed to include the United Nation Convention against Corruption "2003 Merida Convention" among the essential criteria for the recommendation requirements. All states will have to join this convention and fully implement its requirements at the national level. Moreover among these major proposed amendments the introduction of the "local" PEPs as financial institutions will be required to take reasonable measures under the enhanced CDD for domestic PEPs if

there is a higher risk. Perhaps this attention to this convention and to enhancing countries compliance with it came after the interest of the international community in fighting corruption, including the G20 that has asked the FATF to concentrate on fighting corruption within its missions and tasks.

It is worth mentioning that the FATF finished many parts within the process of reviewing the recommendations, and shall adopt the revised standards for good in February 2012 after concluding the current phase which is the "private sector consultations". MENAFATF seeks, through its membership in FATF to strengthen its participation within the review process to give its expertise and regional experiences. This collaboration will help all the state members in this stage to accomplish the goals of the body to serve the countries of the region. That's why, the attention of the state members for rising up, improving and developing the fight against money laundering and terrorist financing has been evident knowing the importance of the engagement with the different levels in matters of contributing deeply in increasing the performance.

MENAFATF FIUs in Kuwait

Representatives of MENAFATF FIUs participated in the third meeting of the Financial Intelligence Units "FIU"s forum organized by MENAFATF and held in the State of Kuwait on Monday 2 May 2011.

The Forum addressed several topics of mutual interest on its agenda, such as the promotion and follow-up of joining the Egmont Group, the mechanisms proposed by the Sub-Committee for building and promoting the capacities of

the FIUs and establishing mechanisms for cooperation with other authorities inside the group.

As a part of exchanging expertise based on the best practices, the FIUs of Saudi Arabia, Morocco and Egypt delivered presentations on their experiences with regard to "The role of the FIU in analyzing STRs", whereas the FIU of Qatar delivered a presentation on its experience with regard to "Assessing the ML/

TF risks".

It is worth mentioning that the Forum aimed to establish mechanisms for building and promoting the abilities of FIUs and unify channels of communication to support and exchange expertise between the FIUs to achieve an ongoing regional cooperation in combating ML/TF.

16th MEWG Meeting

Alongside 13th MENAFATF Plenary, the 16th MEWG was held in Kuwait on 1 May 2011. MEWG has been chaired by Egypt, since the establishment in 2005, and consists twelve member countries (Jordan, UAE, Tunisia, Algeria, KSA, Sudan, Syria, Kuwait, Lebanon, Egypt, Morocco and Yemen) in addition to the observers: the International Monetary Fund, FATF, and the World Bank.

The meeting discussed all the subjects on its agenda, the most important of which are the timelines of the follow-up processes following the mutual evaluation processes, which shows the progress made by the member countries in terms of developing their AML/CFT regulations in light of the plan set up for that purpose in their MERs,

adopted from 2006 to 2009.

The 13th Plenary meeting also adopted the report submitted by the Chair of the MEWG, which included decisions and recommendations the MEWG has reached in its meeting, involving the mandates of the Working Group and following up the work mechanism of the FATF International Cooperation Review Group. The Plenary also adopted the two timelines of the ME and follow-up process for countries that have been already evaluated, in addition to adopting the follow up of the latest developments of the international standards review procedure and the international cooperation review procedure, which shall promote the interactive vision of the work of this team.

12th TATWG Meeting

On the margin of the 13th MENAFATF Plenary, the TATWG, consisting of seven countries (Jordan, UAE, Bahrain, Sudan, Lebanon, Morocco and Yemen) and the observers (IMF, WB, FATF, USA, UNODC and Egmont Group) and chaired by UAE since its establishment in 2005, held its 12th meeting on 1 May 2011 in Kuwait.

The Plenary adopted the report of the Chair of the TATWG, which included decisions and recommendations the TATWG has reached in its meeting. The main points concluded by the meeting are related to following

up the developments of accomplishing the typologies project on "illicit trafficking of narcotic drugs, psychotropic substances and ML", the training plan for 2012 - 2014 and following up the stance of organizing "The Public Prosecutions and Judiciary Authorities" and the regional conference on "The Cross-border Money Transfer: Challenges, Detection and Combating", in addition to carrying on the coordination with technical assistance providers in supplying technical assistance to some member countries for developing their AML/CFT laws.



Sultanate of Oman Mutual Evaluation Report

As a part of implementing the timelines of the first round of the mutual evaluation process for the AML/CFT systems applied in the member countries for measuring the level of their compliance with the international standards in this regard, a mutual evaluation for the applied regimes in the Sultanate of Oman was conducted jointly with FATF.

The evaluation was conducted by a team from the FATF and

MENAFATF Secretariats as well as experts from the member countries in law enforcement, financial and legal issues, using the 2004 AML/CFT methodology.

The mutual evaluation was based on laws and regulations and other materials provided by the Sultanate of Oman as well as information obtained by the evaluation team during its on-site visit that took place on 17 – 29 July 2010.

Following the on-site visit to Sultanate of Oman, the MER addressed all the aspects of the AML/CFT regime, the level of the compliance of Sultanate of Oman with the international standards in this regard and the degree of effectiveness of this regime. The MER was discussed again in the FATF Plenary held in June 2011 by virtue of the GCC membership in FATF.



Kuwait Mutual Evaluation Report

By virtue of the State of Kuwait membership in MENAFATF, a mutual evaluation was conducted to assess the ML/TF combating regime in Kuwait, for measuring the level of its compliance with the international standards in this field.

The evaluation was conducted by a team of experts from IMF

in legal sector, law enforcement, financial issues, using the 2004 AML/CFT methodology.

The mutual evaluation was based on laws and regulations and other materials provided by the State of Kuwait as well as information obtained by the evaluation team during its on-site visit that took place on 17 October – 1 November 2010.

Following the on-site visit to Kuwait, the MER addressed all the aspects of the AML/CFT regime, the level of the compliance of Kuwait with the international standards in this regard and the degree of effectiveness of this regime. The MER was discussed again in the FATF Plenary held in June 2011.



The 40 Recommendations and the 9 Special Recommendations in their New Form (2012)

As a part of the Financial Action Task Force's (FATF) preparation for the fourth round of the mutual evaluation process for its members, the revision of the 40 + 9 recommendations has almost been done. Thus, some amendments are expected on some recommendations in order to keep abreast with the developments experienced by the AML/CFT field since the previous revision of these recommendations in 2003. From among these recommendations, the predicate offenses' scope might be expanded (to include tax crimes), the risk-based approach in implementing the standards is expected to be promoted as well as the content of recommendation 5, the anti-corruption procedures in the recommendations is also expected to be promoted (including recommendation 6 and the local politically exposed persons), the recommendations pertaining to international cooperation and the recommendations pertaining to the law enforcement authorities. On

the other hand, focus stress was laid on the link between corruption and ML/TF and the financial sector's safety worldwide in light of the G20 request in 2009 for the FATF to help deter and detect corruption by strengthening the FATF recommendations.

FATF is also considering some issues related to the Standards form such as the structure of ML and TF recommendations as well as the form of the mutual evaluation reports to be better in drawing the picture of AML/CFT systems in the evaluated countries.

The recommendations were reviewed by the concerned working group of the FATF, whereas it set up in 2009 a detailed plan pertaining to a timeline for performing this task. By the end of 2011, the standards with their new form would have been finished, the evaluation methodology would have been amended and mutual evaluation procedures would have been established. As of 2012, all of the foregoing will be adopted.

MENAFATF at FATF Plenary in France

MENAFATF participated in the FATF Plenary held in Paris on 23-25 February 2011.

MENAFATF secretariat represented the group in the plenary meeting. Representatives of a number of member countries of the group also attended the Plenary; these were from Jordan, Kuwait, Syria and Lebanon.

The Plenary came out with a number of outcomes, most notably updating the two public documents as part of its ongoing work to identify jurisdictions that may pose a risk to the international financial system. A follow-up report of Singapore was published. An update on AML/CFT improvements in Argentina was also provided, indicating that Argentina has resolved the forms of deficiency related to AML/CFT, which were identified by the FATF in October 2010.

FATF adopted the 3rd MER for the AML/CFT regime in France and indicated that France has

promoted and developed its laws and expanded its scope during the past years to detect and suppress the ML and TF transactions, especially that the level of compliance of France with the forty recommendations and the nine special recommendations of the FATF is considered very high, especially in the financial sector and the legal scope.

On another level, FATF adopted the 3rd MER for the AML/CFT regime in Netherlands, whereas it asserted that the AML/CFT regime is highly consistent with the FATF requirements, but some forms of deficiency were detected in the legal scope.

The Plenary attendants agreed on holding the typologies experts meeting in November 2011 in Korea in association with the Asia/Pacific Group. It is worth mentioning that Mexico is the presidency country of FATF and its term will finish after June 2011.