

Financial Action Task Force (FATF) Advances Its Work on Virtual Assets, Proliferation Financing, COVID-19, and Illegal Wildlife Trafficking

June 30, 2020

WASHINGTON - The Financial Action Task Force (FATF) concluded its 31st plenary meeting by calling on its members to tackle new threats and vulnerabilities posed by criminals during the COVID-19 crisis. The FATF also completed a 12-month review of progress made by jurisdictions on implementing the new FATF standards on virtual assets adopted during the U.S. presidency of the FATF. The international task force further agreed upon draft text, on which it will seek public consultation, revising its standards to incorporate measures to counter proliferation financing, and adopted a groundbreaking report on money laundering and illegal wildlife trafficking.

“The FATF’s work continues to grow in importance as bad actors across the world engage in illicit activity such as COVID-19 fraud, use of virtual assets to hide criminal activity, and many others,” said Secretary Steven T. Mnuchin. “The United States looks forward to the continued collaboration of the FATF and remains committed to strengthening the global financial system.”

FATF ISSUES INFORMATION FOR COUNTRIES ON ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING (AML/CFT) POLICY RESPONSE TO COVID-19

The attempts by criminals to profit from and exploit the COVID-19 pandemic through fraud is a concern to all nations fighting the disease. The FATF has compiled case studies from around the world on different fraud schemes to assist law enforcement and governments in adopting best practices to address these threats.

FATF ISSUES REPORT ON VIRTUAL ASSETS

As the use of virtual assets as an alternative to traditional payment systems has grown, the FATF has sought to address associated money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks. Virtual assets have been associated with a range of criminal activity,

including cybercrime and other cyber-enabled crimes, and high-volume vendors and buyers of narcotics. Criminals and other facilitators are increasingly using anonymity-enhancing technology and tools to disguise their transactional activity. Addressing this issue was a priority of the U.S. FATF Presidency. In June 2019, the FATF revised its standards to explicitly impose AML/CFT obligations on virtual assets and virtual asset service providers (VASPs) and undertook a 12-month review on the state of implementation. The review, which was completed this year and will be published on the FATF website, surveys the global implementation of the new FATF standards by governments and industry. The FATF Plenary also adopted a soon-to-be published report for the G20 Finance Ministers and Central Bank Governors on the AML/CFT and counter-proliferation financing (CPF) implications of so-called “stablecoins.” The FATF Plenary further endorsed continued scrutiny of virtual assets by approving a second 12-month review for completion in 2021 and committed to providing updated guidance on virtual assets, including so-called “stablecoins.”

FATF SEEKS PUBLIC CONSULTATION ON ENHANCED STANDARDS TO COUNTER WEAPONS OF MASS DESTRUCTION (WMD) PROLIFERATION FINANCING RISK

The FATF agreed to seek [public consultation](#) on amendments to the standards that would require countries and their financial institutions and designated non-financial business and professions to identify, assess, and mitigate proliferation financing risk. These proposed revisions to the FATF standards will build upon the commitment made by FATF Ministers in 2019 to strengthen the global response to WMD proliferation financing by ensuring that members of the FATF Global Network have the proper tools to address this threat.

FATF RELEASES REPORT ON ILLEGAL WILDLIFE TRAFFICKING

The FATF adopted a [report](#) to assist jurisdictions in combatting money laundering related to wildlife crimes. This activity is estimated to generate billions of dollars a year in criminal proceeds. The study highlights the need for an increased focus on financial investigations to combat these crimes and notes that the FATF standards provide a useful framework for countries to address these threats by strengthening their national laws and policies, their domestic and international cooperation, and their partnerships with the private sector.

NEW INCOMING FATF PRESIDENT

This plenary closes out the term of the FATF Presidency under China. Starting July 1, 2020, Germany will hold the first two-year Presidency. The FATF under the German Presidency will focus on digital transformation in the AML/CFT space, combatting environmental crime and addressing new challenges of terrorism financing. The German Presidency will carry on the work initiated under the Chinese Presidency and bring to conclusion the strategic review of the FATF, which is designed to make future mutual evaluations more timely, risk-based, and effective.

[Outcomes of the FATF Plenary](#), 30 June February 2020

The Financial Action Task Force (FATF) is an international policy-making and standard-setting body, headquartered in Paris, dedicated to combating money laundering and the financing of terrorism and proliferation finance. Treasury's Deputy Assistant Secretary for Terrorist Financing and Financial Crimes leads the U.S. delegation to FATF.

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