WASHINGTON – Today the Financial Action Task Force (FATF) concluded its fourth virtual plenary since the start of the ongoing COVID-19 pandemic. The FATF advanced its core work on virtual assets, proliferation finance, digital transformation, and peer member assessments.

“The United States commends the FATF for tackling some of the most pressing illicit finance issues the world faces today,” said Treasury Secretary Janet L. Yellen. “We welcome the FATF’s work reporting on the growing threat of conservation crimes and racially and ethnically motivated terrorism, its groundbreaking guidance on proliferation finance, and its second twelve-month review on virtual assets. These reports will be vital in assisting countries to protect the international financial system from illicit finance.”

**FATF ADOPTS GUIDANCE ON PROLIFERATION FINANCING RISK AND MITIGATION**

The FATF finalized and adopted guidance on how to implement the October 2020 revision to the FATF standards, an initiative launched under the U.S. Presidency of the FATF, requiring the assessment and mitigation of proliferation financing (PF) risks. This guidance takes into account comments received during the public consultation phase and will assist countries and the private sector in understanding their PF risks and how to adopt or improve measures to addresses those risks. The guidance will be published on the FATF website next week.

**COMPLETION OF A SECOND 12-MONTH REVIEW ON AML/CFT OBLIGATIONS IN THE VIRTUAL ASSETS SECTOR**

The FATF completed its second 12-month review to determine how well jurisdictions and the private sector are implementing the revised FATF standards on virtual assets and virtual
assets service providers (VASPs). The first 12-month review conducted by FATF was released in July 2020. Since the first 12-month review, FATF found that jurisdictions and the VASP sector continue to make progress on implementing the revised standards to regulate the sector, but weak or non-existent AML/CFT implementation in many countries remains a key source of risk. Relatedly, the FATF concluded that the revised FATF standards have fostered growth and innovation, while better protecting the international financial system. The FATF will continue to monitor ML/TF trends for virtual assets including the use of virtual assets for ransomware activity. The second 12-month review will be published in the coming weeks on the FATF website.

**REPORT ON THE FINANCING OF RACIALLY AND ETHNICALLY MOTIVATED VIOLENT EXTREMISM**

The FATF completed a milestone report that examines the financing of racially or ethnically motivated violent extremists (REMVEs). This report was led by the United States and Germany and will be published in the coming weeks on the FATF website. This is the first comprehensive assessment of how REMVEs raise, move, and use funds. It also identifies challenges in disrupting the financing of these groups, as well as opportunities for further action. The report asks countries to consider examining REMVEs when updating their national terrorist financing (TF) risk assessments and to further build upon public-private partnerships to improve detection of this unique TF activity.

**REPORT ON MONEY LAUNDERING RISKS FROM CONSERVATION CRIMES**

The FATF finalized and agreed on a report that delves into conservation crimes and the wide range of associated activities as a source of revenue for criminal enterprises. This report is a culmination of input from over 40 countries and identifies good practices, red flags and recommendations to help countries address money laundering from illegal logging, illegal mining, and waste trafficking. The report will be published on the FATF website next week.

**FATF ADOPTS THE MUTUAL EVALUATION REPORTS ON JAPAN AND SOUTH AFRICA**

The FATF adopted the Mutual Evaluation Reports on Japan and South Africa, which will be published on the FATF website in the near future, representing the conclusion of a peer
review by FATF members to assess both jurisdictions’ AML/CFT and counter-proliferation financing legal frameworks as well as the measures in place to implement these frameworks effectively.

Outcomes of the FATF Plenary, 25 June 2021

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. The Treasury Department leads the U.S. delegation to FATF.

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