

# FATF Strengthens Financial Transparency Standards and Updates Evaluation Methodology

March 4, 2022

WASHINGTON – Today the Financial Action Task Force (FATF) concluded its sixth plenary since the start of the ongoing COVID-19 pandemic, in a hybrid virtual/in-person session. The FATF agreed upon a revised standard to combat the misuse of anonymous shell companies and set the stage for its members and the broader global FATF network to be held accountable to more stringent standards.

“We commend the FATF for its continued focus on strengthening beneficial ownership standards, which will aid all countries in identifying criminals and their funds hiding behind corporate structures. By strengthening financial integrity, we can better protect the global financial system from corrupt officials hiding their stolen wealth and undermining transparency, accountability and democracy. This is a priority of the United States at home and abroad,” said Secretary of the Treasury Janet L. Yellen. “In light of Russia’s military aggression in Ukraine, it is more important than ever for the FATF, the global standard setting body for combating money laundering, terrorist financing, and WMD proliferation financing, to continue its work to strengthen financial integrity and enforce adherence to strong international standards that promote safety and security.”

## **BENEFICIAL OWNERSHIP TRANSPARENCY**

Following two years of work, the FATF adopted amendments to Recommendation 24 (R.24) on beneficial ownership transparency for legal persons. The amendments enhance the quality of beneficial ownership information (BOI) collected by governments. The changes enable efficient access by law enforcement to this information and require improved international cooperation. To help countries fight corruption, the amendments also require national authorities to collect BOI for the purposes of public procurement.

## **FUTURE OF THE FATF**

After three years of intense work, the FATF's Strategic Review concluded its work on the scoping of methodology behind the fifth round of mutual evaluations. The FATF agreed upon a new updated Mutual Evaluation Methodology and an updated Mutual Evaluation Procedures. The FATF will soon publish a report that analyzes progress of countries during the fourth round of mutual evaluations and outstanding gaps in effectiveness. The report finds that countries have made significant progress in establishing and enacting a broad range of laws and regulations to technically comply with the international standards to address money laundering, terrorist financing, and proliferation financing. However, many countries still face substantial challenges in taking effective action commensurate with the risks they face. This includes difficulties in investigating and prosecuting high-profile cross-border cases and preventing anonymous shell companies and trusts from being used for illicit purposes. To address these gaps, the FATF concluded that the next round of assessments will have a greater focus on effectiveness and will take a more risk-based, targeted approach. Future assessments will also be more frequent, by halving the time between assessments to six years.

## **REPORT ON MIGRANT SMUGGLING**

The FATF will publish a report on migrant smuggling. The report will raise awareness to the importance of developing a comprehensive understanding of the financial component of this criminal activity among both the public and private sectors. Treasury welcome the good practices and recommendations it contains which include strengthening domestic, international, and regional cooperation, with a particular focus on supporting countries that are directly affected by migrant smuggling.

## **PUBLIC CONSULTATION OF RISK-BASED GUIDANCE FOR REAL ESTATE**

This spring, the FATF will launch a public consultation on updated Risk Based Guidance for the real estate sector. The purchase of real estate with criminal or illicit proceeds fuels corruption, bribery, fraud, and drug trafficking is well documented worldwide, and the draft guidance includes best practices across jurisdictions to help better position governments and the real estate sector to understand and mitigate risks.

## **FATF MINISTERIAL**

The Plenary discussed the upcoming meeting of FATF Ministers this April to endorse its strategic priorities for the next two years and commit to ensuring suitable funding to carry out this work. Key issues for the Ministerial meeting include how the FATF can address the most significant threats to the international financial system, enhance beneficial ownership transparency, increase capabilities to recover criminal assets more effectively, and do more to combat corruption.

### [Outcomes of the FATF Plenary, 4 March 2022](#)

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