

Remarks by Under Secretary for Terrorism and Financial Intelligence Brian Nelson at the U.S.-India Anti-Money Laundering and Countering the Financing of Terrorism Working Group

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As Prepared for Delivery

I would like to thank the Ministry of Finance for hosting today's Working Group. I would also like to extend a special thanks to my co-chair Ministry of Finance Secretary Sanjay Malhotra.

For those whom I have not had the opportunity to meet, I am Brian Nelson, Treasury's Under Secretary for Terrorism and Financial Intelligence. Within Treasury, my office is responsible for crafting initiatives and strategies to develop and deploy the full range of financial authorities to combat illicit financial activity both at home and abroad.

As Under Secretary, I have seen first-hand the value and importance of bringing governments together for dialogues like this one, and I am pleased we are here to restart the U.S.-India AML/CFT Working Group which we last convened in 2016.

This working group is an important forum to gather representatives of both our governments to share best practices and discuss the collective challenges we face in safeguarding the international financial system.

As two of the world's largest economies, our continued partnership is vital, to ensure that our economies not only prosper but are also safeguarded from abuse. We understand well that global interconnectedness requires us to ensure strong cooperation to implement AML/CFT standards effectively.

While we each have our own unique set of challenges, our two countries face several similar threats and risks when it comes to protecting our financial systems from abuse.

I expect that our conversations today will be open and direct. My hope is that our discussions will lead not only to broader, strategic cooperation, but also to future engagement on concrete, priority issues, which our governments and private sectors can solve together.

Today, we will hear about a few important topics.

I am very much looking forward to hearing your perspective on the risks and vulnerabilities posed by virtual assets and virtual asset service providers (VASPs).

We have been considering the illicit finance risks of virtual assets in our national risk assessments for several years. A number of illicit actors—such as the Democratic People’s Republic of Korea (DPRK), terrorists, cybercriminals, and ransomware groups—are exploiting virtual assets leveraging both virtual asset service providers and decentralized financial (DeFi) services, to transfer and launder their illicit proceeds.

In addition to discussing risks associated with virtual assets and VASPs, we will discuss how we are implementing our AML/CFT frameworks to minimize these risks and vulnerabilities. We have had a framework in place for nearly a decade and in September 2022, we published our Action Plan to Address Illicit Financing Risks of Digital Assets that identifies our priorities in this space moving forward. Foreign engagement to promote implementation of the FATF standards for virtual assets and VASPs is one such priority.

I am interested to hear about the progress you have made on addressing risks associated with virtual assets and VASPs and in particular your shift from prohibiting financial institutions from interacting with virtual assets, to now implementing an AML/CFT framework for virtual assets.

I am also looking forward to the discussion about our respective efforts to enhance our frameworks for beneficial ownership transparency. This is an issue to which both of our countries are committed. We appreciated India’s great partnership during the process to revise and enhance the relevant global standard, Recommendation 24, at the Financial Action Task Force.

As you know, we have been hard at work implementing the Corporate Transparency Act, which establishes a new beneficial ownership database at the Financial Crimes Enforcement Network, the U.S. FIU, and goes online on January 1, 2024—just a few weeks away.

As I know that India has had its beneficial laws on the books for a number of years, I am particularly interested in learning from India’s implementation experience and applying it to our own rollout.

Finally, we will discuss the current challenges we each face with sanctions implementation and the implications of those challenges. I am also interested in discussing ways we can improve cooperation and information sharing to combat sanctions evasion. We must maintain a dialogue between our governments on this topic as well as with our financial institutions,

manufacturers, and other industry participants to ensure those involved in illicit activities are denied access to the world's most important markets. We must also continue to collaborate, share information, and discuss trade trends and enforcement priorities at all levels of the supply chain.

All these topics, as you will hear today, demonstrate the necessity of cooperation between our two countries in order to protect our respective and global financial systems.

I would like to thank everyone who has agreed to present today, and I look forward to our lively, robust, and productive discussions.

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