

MENAFATF NEWSLETTER

A bi-annual newsletter issued by the Secretariat of MENAFATF-Issue No. (1), June 2010

The year 2010 MENAFATF is celebrating its sixth anniversary. It is also the year the Tunisian Republic was honored to take on the MENAFATF presidency; following Lebanon, Egypt, Jordan, UAE and Bahrain.

The five member countries sought maximum efforts to carry out the tasks entrusted to them, enabling MENAFATF to achieve positive results and successfully positioning itself in the international sphere despite being aware of the impeding difficulties, obstacles and new challenges facing the international community in general and the MENA countries in particular, in developing and activating AML/CFT systems.

In 2010 the Tunisian presidency has sought to develop new blocks in the MENAFATF edifice, most notably the outstanding results that concluded the first joint plenary meeting between MENA-



Samir Brahimi
MENAFATF President

FATF and the FATF which was kindly hosted by the United Arab Emirates, led to launching a forum for the Financial Intelligence Units (FIUs), starting preparations for the second ministerial meeting and approving the strategic plan of the Tunisian presidency which was adopted by MENAFATF plenary.

Another advancement made by the MENAFATF in 2010, is the issuance of a bi-annual newsletter; that will contribute to better communication and outreach from MENAFATF and shed light on the most important events and developments made by the group. The first issue of the newsletter, the one before your hand, covers the period of six months, from January 2010 till June 2010.

On this occasion, I express my sincere thanks and appreciation to all former MENAFATF presidents, to member countries, observers and staff of MENAFATF secretariat led by Mr. Adel Hamad Al Qulish for their efforts over the past years and wish them and MENAFATF all success.

I also express my thanks to those involved in the making and editing of the newsletter.

Upcoming Events (July – December 2010)

19-24 September

Fourth Assessors' Training workshop,
United Arab Emirates.

November

A seminar for Prosecution Authorities and Judiciaries,
Kingdom of Bahrain.

28 November - 2 December

The 12th MENAFATF
Plenary meeting.

November

The second ministerial
(high level) meeting.

November

The second FIUs forum for
MENAFATF member countries, alongside
the 12th Plenary.

14-16 December

A regional conference on
"Cross Border
Cash transportation,
United Arab Emirates.

Regulatory Frameworks and Inspection Techniques Workshop

Aiming to provide training on the AML/CFT compliance control measures, MENAFATF organized a regional workshop was for a number of supervisory authorities of banks. The workshop was held on 6 & 7 May 2010 in Tunisia and witnessed participation from all MENAFATF member countries.

The workshop, held in collaboration with the World Bank (WB), aims to introduce participants to the risk based approach and the effective regulatory frameworks, to identify the technical techniques for field inspection and to encourage national and international cooperation in implementing effective AML/CFT measures.



11th MENAFATF Plenary Held in Tunisia

The Mutual Evaluation report for the Kingdom of Saudi Arabia in addition to a number of follow-up reports were approved and adopted by MENAFATF plenary concluded on 5th May 2010. The 11th MENAFATF plenary, held in the Tunisian Republic during the period 3-5 May 2010, approved the follow-up reports for the State of Qatar, the United Arab Emirates, the Islamic Republic of Mauritania, the Republic of Yemen, the Arab Republic of Syria and the Kingdom of Morocco. The plenary was presided over by His Excellency Mr. Samir Brahimi, MENAFATF President, General Manager of Legal Regulation & Audit Affairs and Secretary General of the Tunisian Committee for Financial Analysis. In addition to that, aims of the

second round of the Mutual Evaluation process were reviewed during the plenary and a number of reports and recommendations were adopted; most importantly, the Fifth Annual Report 2009, the MENAFATF 2011 Budget. The plenary also approved holding the second ministerial meeting in November 2010. The request of Arab Monetary Fund to join MENAFATF as an observer was also approved, in addition to a number of events and activities to take place in 2010 such as the 4th workshop on training assessors to be held in September 2010, a seminar for Prosecution Authorities and Judiciaries to be held during November and a regional conference entitled "Cross-Border Cash Transportation" to be held on 14-16 December 2010.

Middle East & North Africa Financial Action Task Force - MENAFATF

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MENAFATF Attends Amsterdam FATF Meeting

As a FATF associate member, MENAFATF participated in the FATF third plenary meeting held in Amsterdam from 21-25 June 2010. MENAFATF was represented in the meeting by a delegate from the Secretariat and five MENAFATF member countries, namely, Jordan, Sudan, Syria, Libya and Morocco.

The meeting was organized by FATF in celebration of the 20th anniversary of the FATF Recommendations. The celebratory event included a special meeting held between the Presidents of the FATF-Style Regional Bodies and the FATF President, during which significant discussions took place with the aim to strengthen the FATF's Global Network.

During the meeting, the FATF welcomed India as a full member of the FATF. Important new steps to expand the FATF network and to protect the international financial system from abuse were also taken; most importantly admitting the Eurasian Group (EAG), the Inter Governmental Action Group against Money-Laundering in West Africa (GIABA) and the Eastern and Southern Africa Anti-Money Laundering Group

(ESAAMLG) as FATF associate members.

During the meeting, The FATF welcomed the high-level written commitments made by the governments of Angola, Ecuador, Ethiopia, Pakistan and Turkmenistan to implement action plans to address specific AML/CFT deficiencies.

Based on that, the countries have been moved from the Public Statement dated 18 February 2010 to the public document 'Improving Global AML/CFT Compliance: On-going Process' dated 25 June 2010.

The mutual evaluation reports of the anti-money laundering and counter-terrorist financing systems in the Kingdom of Saudi Arabia, India and Brazil, were adopted by the FATF meeting, in addition to the Global Threat Assessment report.

Finally the FATF meeting produced two public documents on threats to the international financial system; published a detailed report on "the risks of Money Laundering through money remitters and currency exchange providers" and issued a statement on "Tax Amnesty and Asset Repatriation Programs".

It gives me a great honor and pleasure to be here with you through a newsletter that will be a new channel of communication with MENAFATF. This is the first publication of our bi-annual newsletter, to be issued in June 2010 covering MENAFATF activities, events, advancements and news related to training and technical assistance provided to the group member countries.



As in this issue, all upcoming newsletters will highlight MENAFATF updates, its news and latest achievements. All aspects of our work, activities and events, will also be covered.

The first issue covers all the activities and achievements conducted by from January till June 2010, including the adoption of the mutual evaluation report of the Kingdom of Saudi Arabia, the review of the ML/TF trends and indicators typologies report for the MENA region and the review of findings of the typologies workshop that witnessed the participation of typologies experts in Qatar, the launch of the Financial Intelligence Units "FIUs" Forum in the MENA region, which was enacted with the organizing of the 1st FIUs forum in Tunis in May 2010. We hope this newsletter will make a shift in MENAFATF outreach to the parties interested and involved.

I would like to take this opportunity to express my thanks to the team working on the newsletter that will help MENAFATF in its endeavors to achieve its aims and objectives, particularly MENAFATF President for 2010 His Excellency Mr. Samir Brahimi, who is representing Tunisia. I also wish to express my thanks and gratitude to all former MENAFATF presidents, to all member countries, observers and to MENAFATF secretariat staff.

Adel Hamad Al Qulish

MENAFATF Executive Secretary

FIUs Forum Organized in Tunisia

Alongside its 11th plenary meeting held in Tunisia, MENAFATF organized the first Financial Intelligence Units "FIUs" forum for its member countries on 1st May 2010.

The forum aims to activate communication channels between

FIUs in MENAFATF member countries, to establish a long lasting regional cooperation that supports the exchange of expertise and knowledge between MENAFATF member countries and help them in fulfilling their role in combating ML/TF.

ML/TF Trends and Indicators Typologies Workshop

Aiming to introduce ML/TF trends and indicators in the region, a typologies workshop was organized by MENAFATF in Doha, Qatar on 10 & 11 January 2010.

The workshop, the first of its kind in the MENA region, was organized in collaboration with the National Committee to Combat Money Laundering and Financing

of Terrorism in Qatar and was attended by specialists and experts in ML/TF.

Various case studies were cited and discussed during the workshop in addition to the typologies project on ML/TF indicators and trends in the MENA region.

Workshop to prepare Countries for ME

Aiming to prepare countries for the Mutual Evaluation during 2010 – 2011, a Joint MENAFATF/IMF Workshop was held on 22-26 February 2010 for the Countries Undergoing a Mutual Evaluation/Assessment; namely (Oman, Kuwait, Sudan and Libya).

Participants of the workshop got a better understanding of the mutual Evaluation process, including timelines, processes and practical logistical issues, in addition to understanding the essential role of the coordinator in ensuring an effective and efficient evaluation process.

The participants were also introduced to the requirements of a high quality MEQ that reflects an appreciation of the international AML/CFT standards.

A draft plan for countries' mutual evaluation, including identification of key public and private sector stakeholders, and a draft schedule for the on-site mutual evaluation visit, were also presented during the workshop.

MENAFATF Participation

Meeting of the Africa-Middle East Regional Review Group, part of the International Cooperation Review Group "ICRG", 5-7 January 2010, Bahrain.

International Cooperation Review Group "ICRG" meeting, January 2010, Paris.

Meeting of the Working Group on Evaluation and Implementation, emanating from the FATF, represented by Lebanon, 29-31 March 2010, Strasbourg.

Meeting of the Africa-Middle East Regional Review Group, part of the International Cooperation Review Group "ICRG", 12-13

May 2010, Bahrain.

An academic forum on "Money Laundering and Terrorist Financing", Naif Arab University for Security Sciences "NAUSS", 29 May 2010, Riyadh.

Egmont Group Plenary Meeting, 28 June – 1 July 2010, Columbia.



MENAFATF Joint Meeting with FATF in Abu Dhabi

A paper outlining “AML/CFT Initiatives of MENAFATF” in the Middle East and North Africa region was approved and adopted by the Joint Plenary Meeting that took place in Abu Dhabi, United Arab Emirates, 15-19 February 2010. The paper which was prepared by the Secretariat of the Middle East and North Africa Financial Action Task Force (MENAFATF), reviews the AML/CFT efforts sought by MENAFATF member countries and the progress of MENAFATF and efforts in the region in terms of the implementation of Mutual Evaluations and providing technical assistance, training and typologies.

The aim of the joint meeting, which was attended by all the FATF and MENAFATF member countries, was to increase awareness of the risks of money laundering (ML) and terrorist financing (TF). The event also aims to consolidate international coordination and

cooperation to combat these crimes and to enhance the ability to face various challenges in this area by taking greater international efforts and through the coordination between MENAFATF countries and its Financial Intelligence Units (FIUs).

During the meeting, the AML/CFT initiatives of MENAFATF and its member countries were viewed. A number of challenges facing the countries of the region in AML/CFT were also reviewed; most importantly, the «Special Recommendation 9: Cross Border Cash Transportation»; the Tunisian experience in compliance with FATF Special Recommendation 9, was cited as a regional example.

One of the most important decisions taken at the meeting, was the FATF adoption of the new essential procedures to protect the international financial system from exploitation, by providing the «Public Statement of the

Financial Action Task Force», and «Improving Global AML/CFT Compliance: On-going Process». The meeting also discussed and adopted the evaluation reports of the AML/CFT systems in Germany and Luxembourg, despite the fact that the two systems in these two countries possess various features that do not fully comply with the FATF recommendations, but that the two countries proved clear commitment to improve their national systems of the prevention, detection and suppression of money laundering and terrorist financing.

During the same meeting, FATF approved the publication of a detailed report on ML vulnerabilities of free trade zones, and two best practices papers on confiscation and detection of the cross-border transportation of illicit funds and the Bearer Negotiable Instruments.

KSA Mutual Evaluation Report

By virtue of the Gulf Cooperation Council membership in FATF, a mutual evaluation was conducted, in collaboration with the FATF, to assess the ML/TF combating system in the Kingdom of Saudi Arabia.

The evaluation was conducted by a team from the Secretariats of both the FATF and the MENAFATF as well as experts from the member countries in law enforcement, financial and legal issues, using the 2004 AML/CFT methodology as amended in October 2008.

The mutual evaluation was based on laws and regulations and other materials provided by the Kingdom of Saudi Arabia as well as information obtained by the evaluation team

during and following its field visit that took place on 1-11 March 2009.

During its field visit, the evaluation team met with officials and representatives from all relevant governmental bodies and the private sector in the Kingdom of Saudi Arabia. The team reviewed the institutional framework, laws and regulations, guidelines and other requirements on combating ML/TF, as well as other AML/CFT systems applied through financial institutions and the Designated non-Financial Businesses and Professions as well as checking the capacity, applicability and effectiveness of these systems.

The ME report provides a summary of the

AML/CFT efforts and measures in the Kingdom of Saudi Arabia, applied either during the field visit or immediately following it. The report also includes a description and an analysis of these efforts and measures and determines the level of compliance of the Kingdom of Saudi Arabia to the forty recommendations and the nine special recommendations of the FATF. The report also makes recommendations on how to enhance certain aspects of the system. The report was adopted at 11th MENAFATF plenary held in Tunis in May 2010, and was also adopted by FATF plenary held in June 2010.

MENA AML/CFT Trends and Indicators

A study on «AML/CFT Trends and Indicators in the MENA region» was conducted by MENAFATF based on various sources; most importantly; 79 case studies from 12 countries, national lists of suspicion indicators from some countries, the typologies workshop which identified the tools used in such cases, the exploited parties and ML/TF trends and indicators. A list of suspicion indicators was developed based on the findings.

A report drafted for this study included several recommendations, most importantly, to intensify control over the transaction carried out by other persons, either by proxies or by authorizations and to identify the ultimate beneficiary of these transactions, to continue supporting efforts of enhancing the effectiveness and the development of AML/CFT systems and to give more attention to the training programmes.

In addition to that, the study recommended greater attention to be paid to cash transactions of high risk in ML/TF and taking steps and measures that aim to reducing cash dealing and to work on developing a list of suspicion indicators to detect TF suspected transactions, to direct FIUs to pay greater attention to the classification of ML/TF cases.

Among the recommendations, also, to study the common ML/TF patterns in the framework of typologies and the possibility of suggesting a proposal that the next typologies project focuses on proceeds of the predicate offenses based on results of this project. The report was presented to MENAFATF 11th plenary held in Tunisia in May 2010.

13th MEWG Held in Syria

MENAFATF organized its 13th Meeting of the Mutual Evaluation Working Group (MEWG) in Syria from 11-13 April 2010.

The meeting provided an update of the study conducted on FSRB's follow-up process and revised mutual evaluations procedures. The meeting also discussed expanding the scope of MEWG and following up on the regional and international developments in the field of the mutual evaluation and international cooperation and finally made the needed suggestions in this regard.