

What is FATF and Why Does FATF Care about Beneficial Ownership?

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4:30 – 5:30 Panel

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Thematic Approach and Topical Roadmap

Thematic Approach

- Separating Fact from Fiction
- Highlight Key Challenges and Priority Issues in Strengthening the Global and US Counter-Illicit Financing Mission

Topical Roadmap

- What is FATF (and why should we care)?
- FATF 4th Round of Mutual Evaluations / Assessments
- Financial Transparency and Beneficial Ownership
- Key Takeaways

What is FATF (and why should we care)?

- **Mission**

- FATF as a political body or a technical organization?
- FATF as a regulatory authority or global standard-setter?

- **Membership and Governance**

- FATF as an exclusive club or inclusive global forum?
- FATF as a democratic or dictatorial body?
- FATF as a U.S. proxy or instrument of global consensus?

- **Broader FATF Global Architecture and Community**

- FSRBs, IMF and World Bank as assets or liabilities?
- Observers as token representatives or substantive contributors?
- FATF-Private Sector partnership, confrontation, or irrelevance?

- **FATF Standards, Working Groups and Core Substantive Focus**

- Regulatory, law enforcement, collective security, or international cooperation focus?

FATF 4th Round of Mutual Evaluations / Assessments

- **4th Round Objectives and Overview**
 - Focus on technical compliance or effective implementation?
 - Focus on rules or risk-based approach?
 - Focus on expansion of AML/CFT regime or fundamentals?
 - Follow-up process and focus on internal or external progress?
- **4th Round Results to Date**
 - Surprising (or not) comparative country results from 4th Round adopted MERs?
 - More pragmatic (or not) information for the private sector?
 - True focus and movement (or not) on effectiveness?
- **US Mutual Evaluation**
 - Significant progress (or not) in addressing technical deficiencies from 3rd Round?
 - Significant consideration (or not) on effectiveness in US implementation?
 - Level playing field (or not) and absolute or comparative nature of assessment?

Financial Transparency and Beneficial Ownership

- **Paradox of Financial Transparency (FT)**
 - Financial transparency as a core premise or objective of the AML/CFT/CIF Mission?
 - Financial transparency as an accomplishment, work-in-progress or chasing unicorns?
- **Beneficial Ownership (BO) and Two-Pronged Approach of FATF**
 - BO as a primary responsibility of (i) states, legal entities, and formation processes; financial institutions and CDD processes; and/or (iii) DNFBPs?
 - BO requirements unnecessarily redundant or necessarily complementary?
 - CDD BO implementation reliant on legal entity formation reform or independently meaningful?
 - Source of data and verification for BO is ultimately independent or customer-based?

Key Takeaways

- FATF is an increasingly important body to global security and the effectiveness of the U.S. AML/CFT/CIF regime.
- Reconciling and integrating technical compliance and effectiveness, including through clear RBA expectations and understanding, is a key challenge for FATF and the global AML/CFT/CIF mission.
- Addressing financial transparency challenges, including through BO reform, will be crucial in driving systemic vs episodic advance of AML/CFT/CIF mission.
- Continued U.S. leadership is critical to drive substantial global progress on AML/CFT/CIF mission.
- Improved U.S. technical compliance on both prongs of BO will be important for U.S. and FATF credibility and in improving the effectiveness of U.S. and global AML/CFT/CIF regimes.