




FINANCIAL ACTION TASK FORCE
GROUPE D'ACTION FINANCIÈRE

The Revised FATF Standards

6. The Financing of Proliferation

1




Overview

- The financing of proliferation (FOP) in the FATF Recommendations
- Domestic cooperation and coordination (R.2)
- Targeted financial sanctions (R.7)(TFS)

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2




The FOP in the FATF Recommendations

- Issue of FOP limited to parts of R.2 and to R.7 only: no FOP requirements in other Recommendations. E.g. FOP is not a predicate to ML (R.3) and STR requirements (R.20) do not relate to FOP.
- The requirements in R.2 and R.7 relate to different elements of different UNSCRs.

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3




Domestic cooperation and coordination (R.2)

- Domestic authorities should cooperate in the development and implementation of anti-ML, -TF and -FOP policies
- The objective is to facilitate implementation of the financial provisions of UNSCR 1540 and other UNSCRs related to FOP
- Best Practices Paper on R.2 & FOP

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4




Targeted financial sanctions (R.7)

- A new Recommendation requiring countries to implement targeted financial sanctions as called for by:
 - UNSCR 1718 (DPRK)
 - UNSCR 1737 (Iran)and successor resolutions to these and future resolutions.
- R.7 is modelled on R.6, but with some differences – under R.7, countries have no obligation to be able to propose entities for designation to the UN

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5




Targeted financial sanctions (R.7)

- **Identifying and designating**
 - Countries *could consider* being able to identify and propose persons and entities to the UN
 - Designations are made by the UN
 - Criteria, procedures and designation criteria as set out by UNSCRs

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6




Targeted financial sanctions (R.7)

- Countries should implement TFS against persons/entities designated under UNSCR
- Designate competent authority for TFS
- Similar obligations to TF to freeze and not make available funds to designated persons/entities

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7



Targeted financial sanctions (R.7)

- **Delisting and unfreezing**
 - Delisting by the UN
 - Unfreezing by countries, based on UN delisting decisions (no unilateral unfreezing allowed)
 - UN Focal Point (UNSCR 1730)

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8