



Understanding the “Big 6” FATF Recommendations - Part 1

CFATF RESEARCH DESK
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What are the “Big 6” FATF Recommendations?

- Recommendations 3, 5, 6, 10, 11 and 20 are viewed as vital building blocks for a functional AML/CFT regime, regardless of a jurisdiction’s risk and context.
- Recommendations 3, 5, and 6 correspond to criminalizing money laundering (ML), terrorist financing (TF) and targeted financial sanctions for TF respectively.
- Recommendation 10 focuses on customer due-diligence (CDD), Recommendation 11 on record keeping measures, while Recommendation 20 relates to reporting of suspicious transactions.
- If a country is rated Non-compliant or Partially Compliant (NC/PC) on three (3) or more of these big six, then a country may be referred to the pool of countries subject to the International Co-operation Review Group process, with the potential for active monitoring if they meet the prioritisation criteria.¹

¹ A country may be subject to review by ICRG for example if it is above a 5 billion USD threshold for M3 (Money supply).



Recommendation 3 - Money Laundering Offence

- Money laundering should be criminalized based on:
 - The United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988 (the Vienna Convention)
 - The United Nations Convention against Transnational Organized Crime, 2000 (the Palermo Convention).
- As a distinct criminal offence, there are specific requirements for ML, inter alia,
 - Proportionate and dissuasive criminal sanctions for natural and legal persons.
 - Application to any type of property that is directly or indirectly the proceeds of crime.
 - Includes a wide range of predicate offences that cover all serious offences.
 - Includes ancillary offences, such as participation in, association with or conspiracy to commit.



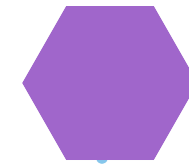
Recommendation 5 - Terrorist Financing Offence

- In respect to TF, both Recommendations 5 (TF Offence) and 6 (targeted financial sanctions for terrorism finance), are among the “Big Six” Recommendations.²
- Countries should criminalize TF based on the Terrorist Financing Convention (Article 2 of the International Convention for the Suppression of the Financing of Terrorism).
- As a distinct criminal offence, there are specific requirements for TF, inter alia,
 - Willfully providing or collecting funds/assets (directly or indirectly) with the unlawful intention or knowledge that they will be used in a terrorist act or by an individual terrorist/organization.

²FATF (2022), Report on the State of Effectiveness Compliance with FATF Standards, FATF, Paris



Recommendation 5 - Terrorist Financing Offence



- TF offences should extend to any funds or other assets from legitimate or illegitimate sources.
- Proportionate and dissuasive criminal sanctions should apply to natural persons convicted of TF.
- Ancillary offences such as attempting to commit the TF offence, participating as an accomplice or organise or direct others to commit a TF offence.



Recommendation 6 - Targeted Financial Sanctions related to Terrorism and Terrorist Financing

- The intensification of terrorist attacks worldwide in the 21st Century prompted urgent concerted action to strengthen global counter terrorist financing regimes by the FATF.
- This Recommendation allows for TFS as well as freezing of terrorist assets with requirements that include, inter alia,
 - Identifying and designating persons and entities according to the designation criteria of the relevant United Nations Security Council Resolutions (UNSCRs).
 - Freezing all assets and funds of designated persons and entities without delay and without prior notice.
 - Prohibiting persons and entities from providing any funds/assets, economic resources, or financial or other related services, in any form to of designated persons and entities.



**MER – Mutual
Evaluation Report**

**FUR – Follow Up
Report**

CFATF Countries 4th Round Ratings for Recs. 3, 5 and 6

Country	Type of Report	Date	R. 3	R. 5	R. 6
Antigua & Barbuda	FUR	Nov/21	LC	C	PC
Aruba	MER	Jul/22	LC	C	LC
Bahamas	FUR	Dec/22	C	LC	LC
Barbados	FUR	Feb/21	LC	LC	LC
Bermuda	MER	Jan/20	C	C	LC
Cayman Islands	FUR	Nov/21	C	C	LC
Grenada	MER	Jul/22	C	PC	NC
Haiti	MER	Jul/19	PC	PC	NC
Jamaica	FUR	Dec/22	LC	LC	LC
Saint Kitts and Nevis	MER	Feb/22	LC	LC	PC
Saint Lucia	MER	Jan/21	PC	PC	NC
Suriname	MER	Jan/23	PC	PC	NC
Trinidad and Tobago	FUR	Jun/19	LC	C	C
Turks & Caicos	FUR	Dec/22	C	C	LC
Venezuela	MER	Mar/23	LC	PC	NC

For R. 3, 12 of the 15 assessed CFATF countries were rated complaint (C) or largely compliant (LC). Ten (10) out countries were rated C/LC for R. 5 while eight (8) were C/LC for R. 6.



Thank you!



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