

BUFF/02/117

July 26, 2002

**Statement of the Staff Representative on
Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)
Comprehensive Assessment Methodology: Meeting with Standard Setters and the
Egmont Group, Basel, July 23, 2002
Executive Board Meeting 02/80
July 26, 2002**

On July 23, 2002, staff chaired and Fund and Bank staff participated in a meeting with standard setters (the FATF, Basel Committee, IOSCO, and IAIS) and the Egmont Group to agree on the concrete steps to complete a draft of a comprehensive methodology to assess the FATF 40+8 Recommendations by the Annual Meetings of the Fund and the Bank and for endorsement by the FATF at its Plenary October 9–11, 2002. This statement is to update Executive Directors on the outcome of these discussions.

The standard setters and the Egmont Group indicated a strong commitment to complete the comprehensive methodology consistent with the schedule outlined above and a willingness to work flexibly to achieve this objective. There was general endorsement for the following approach:

- Moving forward with a comprehensive and converged methodology document that would include sector specific criteria. A draft of a comprehensive methodology based on a merger of former Annex I and Annex II was circulated in advance to the participants, and there was agreement to work within the framework of this converged document.
- Ensuring consistency between sector specific criteria in the methodology and those developed by the individual standard setters. The Basel Committee, IOSCO and the IAIS are all in the process of developing either additional criteria for AML/CFT for their specific sectors or the methodologies to assess these criteria. The standard setters agreed that these would follow the format of the methodology and prepared in a way that could be merged into the methodology.
- Preparing material in a timely manner so that:
 - (i) the draft of the comprehensive methodology that is scheduled to be circulated to FATF delegates for comments in August would reflect the draft sector specific additional criteria and proposed assessment methodologies of the standard setters. In this way the FATF delegates, standard setters, Egmont Group, and the Fund and the Bank will be fully informed of all substantial changes when commenting on the document; and

(ii) that the final draft of sector specific criteria to be ready for endorsement by the FATF Plenary would have been considered in advance of endorsement by the standard setters.

- A draft comprehensive methodology incorporating the comments of the FATF delegates would be distributed to all interested parties prior to the Fund Board discussion of the progress report on the AML/CFT action plan to the IMFC. This draft methodology will be open to discussion at the FATF plenary.

A specific timetable was agreed as detailed in Attachment I.

Timetable for the Completion of the AML/CFT Methodology

IMF to send streamlined version to FATF Secretariat and standard setters	2 August
Small drafting meeting hosted by the French Banking Commission (for banking and FIU issues) <i>Venue and time : 9.00 a.m. Commission Bancaire, 23, rue de Richelieu, 75002 Paris</i>	14 August (morning: banking issues, afternoon: Egmont Group issues)
Initial inputs on the specific sector criteria by IAIS and IOSCO	14 August
FATF Secretariat send a revised version to FATF delegations, observer international organisations and other standard setters. Staff would circulate the revised version to the Executive Board for their comments.	20 August
[Cross-border banking WG meeting on 9 September]	
<u>Deadline for comments</u>	<u>10 September</u>
[Basel Committee meeting on 17 September]	
New draft prepared by FATF Secretariat for circulation to same addresses as above	20 September
[IMF Board on 23 September; IMFC and DC on 28 September]	
<u>Final deadline for comments before October Plenary</u>	<u>30 September</u>
[IAIS Technical Committee & Executive Committee 7–8 October]	
[IOSCO meeting on 9,10 or 11 October]	
FATF Plenary meeting	9–11 October