

RESULTS OF RUSSIAN CHAIRMANSHIP OF THE FINANCIAL ACTION TASK FORCE

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Stenogram of the Trialogue Club International meeting
December 16th, 2014

V.P. Nechaev: Thank you very much for calling me an interesting keynote speaker, although after having listened to the overview of the work you do I would like to say that my presentation is probably going to be a little more technical, because it seems that you are dealing with more practical issues. I greatly appreciate the opportunity to present to you the results of Russian chairmanship of the Financial Action Task Force, and looking at the composition of today's meeting, I think it would be a good idea to start by saying a few words about what FATF is and what it does.

Since its establishment in 1989, FATF has evolved to become a body with membership with as many as 34 member states and two regional organizations, such as the European Community and the Gulf Cooperation Countries Union and 8 regional FATF-style groups that are associated members. Together they make up the FATF global network which, to-date, is composed of over 190 jurisdictions, and I want to stress that I'm not saying countries, I'm saying jurisdictions; according to certain estimates it's about 192 of them, in addition to countries. The network includes such jurisdictions as the Isle of Man, for instance, and Jersey Island, which are part of the United Kingdom, but constitute separate jurisdictions.

In April 1990 FATF published 40 recommendations concerning the detection and prevention of money laundering, thus completing its mandate, which was subsequently extended in order to follow up on the implementation of the recommendations. Recommendations have been reviewed three times, in 1996, 2003, and in 2012. These recommendations create a very broad structure and set a very broad range of measures covering law enforcement agencies, criminal justice, and the financial system, its regulation, supervision, and international cooperation. Although, unlike conventions, these recommendations are not mandatory under international law, the Security Council, in one of its resolutions, recommended that U.N. member states implement these recommendations, so they have become a global standard when it comes to combating money laundering and financing of terrorism, with proliferation of weapons of mass destruction included. FATF works in accordance with a mandate. The current mandate was given in 2012 and it expires in 2020. The decision on future mandates will be taken by the ministers of finance. In the case of most jurisdictions it's ministers of finance that work out the mandate, although other ministers could participate in this work, depending on the country. They meet normally in Washington on the sidelines of the meeting of ministers of finance and, of course, governors of the IMF and World Bank. FATF is a very important organization for a particular reason. Its membership includes 25

international organizations, just to name a few, the International Monetary Fund, the World Bank, the Egmont Group of Financial Intelligence Units, a number of U.N. bodies, and various construction and developing banks. I would like to note specifically that standards and methodology used for evaluation of countries are the same in the case of FATF, the World Bank, and the IMF.

As has been mentioned, chairmanship in FATF lasts for one year, from July 1st to June 30th of the following year. Before becoming chairman, the country that is due to become chairman of FATF acts as deputy chairman of the organization for the twelve months preceding its ascension, and, when needed, can substitute the existing chairman and represent the organization at various official forum meetings. After the chairmanship of the country expires, the president of the organization or any head of delegation (that is left to the discretion of the former chairman of the country) *ex officio* becomes a member of FATF's steering group and participates in shaping the agenda of the organization, among other things. But let me make a small correction. It's not that we define the future scope of work of the organization. We come up with suggestions and proposals, and then the general conference of the organization approves future plans of work.

As is the usual tradition, before assuming chairmanship in the organization, Russia came up with a set of priorities for its year at the head of the organization. Let me list the top priorities, beginning at the fourth round of mutual evaluation, which is going to be the first round of mutual evaluation to take place after the organization's new standards and new recommendations were introduced in 2012. The further assessment of risks and new risks to the integrity of the global financial system is referred to as Typology.

Future development of FATF global network: We're planning to cover five countries that are not members of the FATF global network.

Expanding cooperation with the private sector: This is a very important kind of work, because it's the private sector that identifies suspicious transactions and reports them to the supervisory boards of financial intelligence units.

The last priority that I would like to mention is further cooperation with the G20 on the issues of country corruption. Like I said, the latest revision of recommendations and standards of the organization took place in February 2012. They are currently in effect, and all countries that are members of the FATF network have committed politically to their practical implementation. I will talk later at greater length about innovations which you will find in these new recommendations, but the most important innovation would be a risk-oriented approach to combating money laundering terrorism financing. That's going to mean in the first place that countries will need to put in place efficient procedures to identify, evaluate, and better understand risks related to money laundering and terrorism financing, as well as provide for more operational, administrative, and supervisory capabilities in areas where there are greater risks of money laundering and terrorism financing. It also means that financial and other institutions will have to do their own in-house assessment for risks of money laundering and terrorism financing in respect of certain types of clients, products, and countries with which they cooperate.

If you want me to very briefly describe key changes that were introduced in the standards and recommendations of FATF, they are as follows. First, the organization assumed a risk-oriented approach that will allow better targeting of suspected resources. Previous recommendations and standards of the organization incorporated risk analysis, but only in certain recommendations. Right now, risk assessment is a cross-country topic that's going to be incorporated in all recommendations. And, in accordance to what FATF says, the higher the risk, the tougher the measures should be. Similarly, the lower the risks, the lower the measures that could be facilitated, but just because they could be lower does not mean that they have to be.

The second novelty is transparency when it comes to ownership of legal entities and legal arrangements. That means that there's now a requirement in place concerning trustworthy information about beneficiary ownership and control of companies, other legal entities, and legal arrangements. When it comes to international cooperation we're going to be talking about more efficient information exchange between investigative, supervisory, and prosecutorial agencies, as well as helping countries to trap, freeze, and confiscate illicit assets. Another point that we're considering is the return of assets to their countries of origin, or the countries from which they were stolen. Financing of the proliferation of weapons of mass destruction is a new recommendation aimed at consistent and efficient implementation of targeted financial sanctions in case early decision is taken by the U.N. Security Council.

Concerning corruption and politically exposed persons, a new requirement was put in place to aid a financial organization to identify such politically exposed persons. When I say that it is a new requirement, what I mean to say is that in the past recommendations only covered foreign politically exposed persons, while the current revision puts on the list domestic politically exposed persons, as well as international civil servants. This doesn't mean that they are all under suspicion, it just means that because of their position they are politically exposed and are at higher risk of corruption. Therefore financial institutions should monitor their activities closer.

There are 20 categories of credited crimes under FATF classification of crimes, the proceeds of which are likely to be laundered and, according to the organization, all these crimes should be criminalized by national legislation in member countries. Until recently, tax fraud was not on the list of such credited crimes, and the new improved version of recommendations includes tax fraud on the list of such credited crimes. Smuggling, as well customs duties and excise related abuses were also included on the list. Those of you that are familiar with the work of the organization know that, up until the year 2001, there were only 40 recommendations in place dealing with combating money laundering. After 9/11, FATF came up with 8 additional recommendations (and one more a little later) that were fashioned to fight against the financing of terrorism. But the organization decided that having one set of recommendations is better than two. It is easier and more efficient. Therefore, in the new revision, the 40 existing recommendations cover all types of abuse and crime, or the financing of crime, be it

money laundering, financing terrorism, or the proliferation of weapons of mass destruction.

When I listed Russia's priorities, it was not by chance that I started with the fourth round of mutual evaluation, because under FATF's mandate, follow up and supervision of the implementation of FATF's decisions is the second most important line of its work. Like I said in the beginning, FATF's recommendations are not like international conventions. They are not mandatory for the global standard, but still force members to be efficient. There has to be mandatory supervisory mechanisms in place, and some sanctions for those that fail to comply with these recommendations. The purpose is not to sanction or punish anyone, but rather to try to identify drawbacks in national systems, and come up with a set of recommendations that will help remedy the situation. And this is the purpose of mutual evaluation of the new review that is done by experts of countries that look into each other's financial systems. Like I said, last February a new methodology was put in place. It was recognized by the IMF and the World Bank. The methodology helps to look at technical compliance and efficiency of national regulatory systems. I said that risk-oriented approaches were a very important recommendation because the marks the breaks a country gets can be lowered if this risk-oriented approach is not incorporated in the assessment. Two reports have already been approved, the reports of Spain and Norway, in the October plenary session. It was actually the end of Russian chairmanship, but this work was, however, started under our chairmanship as of last year. The results of the evaluation are not the same. Spain got better results than Norway. Spain's report has already been published on the website last week, and Norway's report is going to be published shortly.

For those of you who are interested in the non-proliferation of weapons of mass destruction, you are invited to read the report's seventh recommendation of the immediate outcome number 11 are dedicated to weapons of mass destruction.

Another very important line of work of FATF would be evaluating risks and new threats to the integrity of the global financial system. It's a very important work because it helps to identify new risks and emerging trends and emerging challenges when it comes to money laundering and financing terrorism, and shapes future lines of work. A very important and interesting suggestion that Russia made under its chairmanship was to conduct an investigation to identify illegal financial flows linked with the production and trafficking of Afghan (57:49) drugs. The main idea is that we all know the trafficking routes, but we have little knowledge of what happens to the money afterwards, or where the money goes, because only a small part of the money goes back to Afghanistan. Therefore, the idea of the research and analysis was to analyze financial flows and to identify where the money goes, so as to undermine and compromise the financial management system of this illicit business. The project was launched under Russian chairmanship in June last year and the two co-presidents were the Russian Federation and the U.N. Office on Drugs and Crime. On the team, we had representatives from the United States, China, India, Norway, Eurasia, the Asia-Pacific Group, the IMF, and the World Bank. Very importantly, Afghanistan and Pakistan also took part in the effort. The final version of the report was approved at the latest plenary under my chairmanship,

and you can find it published on the FATF website. It's a voluminous document, but I find it very interesting. You are encouraged to read it. It contains a list of jurisdictions that might be attractive for those that are trying to launder the proceeds from drug-related crimes. Efforts were made to exclude from the list specific countries, not naming specific names, but we thought that would deflate the report. We hope that the analysis and methodology that was suggested will find broader application and could be used to analyze the flows of proceeds from other types of drug-related crimes, or from other types of crimes and offenses altogether.

Over this year of Russian chairmanship, a number of reports were adopted, and reports and research were published. Some were done by FATF, others in cooperation with FATF and regional FATF organizations. Let me just list them (and they're all published on the website): First, the financing of terrorism in West Africa. The report deals with trade and other commercial activities, nonprofit organizations, charitable organizations, weapons trafficking, transportation of liquidity, and drug trafficking. The second document addresses the role of Hawala and other, similar services provided in money laundering and terrorism financing. FATF traditionally refers to the Hawala system, although this system only operates in the Middle East and Asia, while in India and China there are other, similar systems. However, the same approach is used in relation to all systems of the type. Among major problems that are listed is lack of supervision, lack of resources, direct and insufficient supervision, liquidity operations and security operations outside the banking sector in very many cases, using unregulated manageable organizations, and mixing up clean and illicit funds together.

Another report that was published was related to money laundering and terrorism financing through the diamond trade. Among serious issues that were identified is that diamonds are very often used for settlement, which makes it very difficult to track transactions, and make them more anonymous. Another report that was published was dedicated to the risk of abuse of the noncommercial sector and terrorism financing. We made an attempt to do a brief study on virtual currencies, key notions, and potential risks of money laundering and terrorism financing. We started with Bitcoins, of course, but that was not the only crypto currency we analyzed. So this is a very brief initial report, and FATF will continue to analyze the topic, and look at the typology and how these currencies can be used for the purposes of money laundering. So these are the reports that have been published under Russian chairmanship and the organization. Work is under way on a number of additional reports.

Now about strengthening FATF's global network, if you would. It was clear from the beginning that if FATF seeks global application of its standards to protect the global financial system, that would mean that these standards and recommendations should be implemented not only by members of FATF global network, but also by all members of the international community. Therefore, through 8 regional groups, the whole world is united in the FATF network and global system, which monitors the development of a system of countering money laundering and terrorism financing. Another important area of work would be technical assistance, and our partners from the IMF and World Bank are very active when it comes to technical assistance, because some countries need it

badly, especially those that in which their national systems and mechanisms are underdeveloped. I wanted to mention the Egmont Group of Financial Intelligence Units, which is a natural partner for FATF because it is financial intelligence units in all countries that are the first point of reference; organizations that receive financial abuse-related information first hand.

Cooperation with the private sector became a very important area of work under our chairmanship. I met a number of agents with the Wolfson Group, Basel Committee, and the banking community. And these meetings were held not only in Russia, London, and Paris. I attended a conference in the Caribbean under British chairmanship. I also made a presentation to the G8. I attended a conference that was arranged under British chairmanship of the G8 on Sub-Saharan Africa, and spoke at a number of events in the Eurasian region. But the end of the year is, of course, the advisory and consulting forum with the private sector, the meeting that brings together about 120 participants from all over the world. Such a meeting was held this March in Brussels. I presided over the meeting, and we spoke about the risk-oriented approach for the banking sector.

For a number of years, FATF has been cooperating with G20 on combating corruption. Russian chairmanship initiated the third joint meeting between agencies that fight money laundering and corruption, including the OSCE, G20, and FATF. And this forum has already become a tradition. This October, after the end of Russian chairmanship, on the sidelines of the G20 meeting, we had a joint meeting. It was just in the middle between the two weeks of plenary of FATF and the G20 meeting on a Saturday. We time it in such a way so as to cut costs. We discussed the Best Practices document on the implementation of FATF recommendations to combat corruption. And we found out that it is very common that experts that counter corruption are unaware of how FATF recommendations could be used to fight corruption, and this relates not only to recommendation 6 about politically-exposed persons, but also to other recommendations as well. We even published a booklet with recommendations on how FATF recommendations can be used to fight corruption. This is a very vivid example of the need for greater cooperation between experts that fight crime in different fields.

Let me mention that at the June plenary, the last plenary that was chaired by the Russian Federation, the decision was taken to expand, in a limited fashion, membership of FATF. It was a difficult endeavor that lasted about a year, but we ended up agreeing on the list of 4 countries that FATF would like to invite to become members of the organization. I can only name one country; that is Malaysia, which got its observer status this October, because, in accordance with the evaluation that was done, its national system is up to the standards of the Asia-Pacific region of FATF. As soon as the evaluation reports are ready and an action plan is drafted to deal with deficiencies, should any be identified during the evaluation, in just one to three years, which is the usual practice, Malaysia might become a full member of the organization. As to the other three countries, they are in differed status at the moment. Discussions and negotiations are underway regarding timelines, but it might take some time.

I'm sure that all of you have heard of the FATF blacklist. It used to be referred to as the NCCT list, countries that are non-cooperating. Countries on the list have serious deficiencies when it comes to their national anti-money laundering systems. Only two countries are on the real blacklist: Iran and North Korea. FATF sanctions apply to these two countries. As to all the other countries (there are 20 of them) that are on the so-called "grey list," these are just countries that FATF perceives as potential threats related to transactions originating from these countries. The role of FATF, as the organization sees it, is not just to identify deficiencies, but also to cooperate with these countries, and help them remedy the deficiencies as soon as possible. As a result of this effort, under the Russian chairmanship, ten countries were excluded from the list. In respect to 5 countries, missions were sent to them for evaluation, and in October, under Australian chairmanship, they were also excluded from the list.

One of the criteria that would land a country on the grey list would be refusal to join FATF-style regional groups. So the two countries that are black listed (I named them already, North Korea and Iran) refused to participate in any FATF-style regional groups. Last year, North Korea approached the Asia-Pacific group requesting observer status. I was there at the session, and the only precondition that North Korea had was that they were prepared to comply with all recommendations, with the exception of recommendation 7, which relates to weapons of mass destruction. But then we explained to them that if they wanted to be part of this system, they have to play by the rules and have to implement all the 40 recommendations without exceptions. After that, North Korea decided to reconsider, and in July of this year, they sent a letter to the Asia-Pacific group, subscribing to all the 40 recommendations, and eventually got their observer status. Full observer status is different from full membership, and there are fewer commitments that it entails. However, FATF and the Asia-Pacific regional group shall review progress and implementation of the 40 recommendations. In regards to Iran, FATF also works with this country, as with other blacklisted countries. Iran already requested Eurasian group full membership in the group. Although no decision has been taken by the group yet, the group made a comment saying that Iran should apply all relevant legislation when it comes to money laundering, and the issue will be reviewed once again at the next plenary meeting, which is scheduled to take place in Tashkent, Uzbekistan, next May.

So the work is in progress. We're seeing specific results, we're seeing improvements, and that all helps improve the security of the global financial system. Last November, I spoke at the U.N. briefing for the diplomatic corps of the counterterrorist committee. So the topic was the same as this time, I spoke about FATF, the work it does globally and in the regions. I spoke about combating terrorism and compiled different lists and sets of measures. We also spoke about catching the financing of weapons of mass destruction. We discussed potential forms of cooperation with the executive director of the counterterrorist committee of the United Nations. We spoke about future meetings. We participated at the joint workshop we held. We also spoke at the plenary meeting of FATF. We stressed from the beginning that FATF does not try to steal the bread from the U.N. Security Council when it comes to controlling weapons of mass destruction. The recommendations talk about targeted financial sanctions in compliance with U.N.

Security Council resolutions. And I want to stress that we are talking about targeted financial sanctions, about asset freezes and other financial measures, because there are other aspects of the U.N. Security Council resolutions that are trade based aspects related to jewel use, goods, other aspects that fall outside the scope of FATF's set of recommendations. Through consultation, we came to understand that recommendations 6 and 7 on weapons of mass destruction and terrorism finance can be used jointly as one piece of legislation, and there is no need to draft two legal instruments.

We spoke about the need for greater resources in order to introduce targeted financial sanctions regimes. We also said that it was very important to apply targeted financial sanctions on the basis of specific proof and justified reasons, and not just on standards of criminal law. Because if we just used the materials of a criminal case or the court ruling this would not be sufficient. There is high risk that money could be taken away and used to finance terrorism. A very frequent problem we're facing is when one country requests some information from the other information that is needed for an investigation under the U.N. Security Council Resolution 1373, information guessed is incomplete or insufficient. As a result there may be delays in freezing assets, and that would impede prosecution. We agreed to hold regular meetings on the sidelines of the U.N. Security Council, and next week, if I'm not mistaken, the Australian Chairman, Mr. Wilkins will be attending the meeting of the counterterrorist committee of the United Nations Security Council, and he will give a briefing there. Back in the day, executive director of the counterterrorist committee and myself agreed to use our experts for joint evaluations because both the counterterrorist committee of the United Nations and FATF hold evaluation meeting sessions, so the idea is to reduce the burden for countries that will have to host one mission instead of two.

So these are the main points that I wanted to make when talking about the overview of the work of FATF and the Russian chairmanship. Basically, I believe I can say that we managed to cope with all the goals that my country and I set for me. Both secretariat and delegations gave very high appraisal to Russian chairmanship. Most importantly, we started a new stage of testing and trial of new standards and new recommendations. For those of you who are interested, you will find more information, recommendations, methodology and outcomes published on the website of FATF. If you are interested in a Russian translation, it is published on the website of the Eurasian group. Those of you that are dealing with weapons of mass destruction, recommendation 7 relates directly to that, as does immediate outcome number 11. If the recommendation itself is rather brief or contains just one paragraph, it is simple enough to buy an interpretive note, which contains a very detailed explanation of what targeted financial sanctions are. Initially there were only a number of recommendations related to Iran and North Korea, but more recommendations are likely to follow, and FATF decided that if any new recommendations will be introduced, they will also be used for evaluation. A list of all the U.N. Security Council resolutions and its list of legal and physical entities and information is given on how these legal and physical persons cooperate with FATF. FATF does not add any physical or legal entities to the list, but just works with those that are listed by the U.N. Security Council. Thank you.

D.V. Polikanov: Sanctions and difficult relationship in the ex-eight, did they have any impact work of FATF? Or it is that global problem on which all continue as usual? If you are able to slightly open nevertheless this secret where money from sale of drugs leaves. Whether the pessimism of some Russian experts which appeared after research FATF is justified?

V.P. Nechaev: On the first question. I will answer yes and no. Yes – only in one aspect, the countries of FATF, together with those countries who imposed sanctions, couldn't arrive to Moscow where passed a meeting of the Euroasian group.

Therefore, after consultations within the leading groups, having held some telephone conferences we decided to hold plenary session in Paris. Where usually it also passes. Let me just explain that, in FATF there is such tradition - 2 plenary meetings are carried out there where there is a secretariat of FATF. And the third plenary is usually - state in the country of the president of FATF. Therefore by us it was offered Moscow, and it was approved by FATF. But it was the only thing impact from a situation. In Paris, under my presidency, the meeting took place successfully after that in October, Russia participated. In the main FATF it is perceived as the technical organization. Because if we will forget that the crime doesn't know days off, we won't be successful. We establish quite good working relations with all delegation. We successfully finished the project on the Afghan drugs, including in collaboration with the countries which inflicted sanctions.

As for the second question, by the way, not always we can know that money goes to the USA. We work at a basis of that information that to us provide the countries. United Arab Emirates and Hong Kong as the centers, as the intermediate centers for money transfer. But in many cases the South of Europe as acquisition of real estate and values is key. The offshore is also mentioned, but on the other hand I participated through the Council of Europe I participated in estimates sharp jurisdictions of Gennesi. I was very impressed how responsible they are, at all participants of process, probably therefore - that financial business is the only thing, than they live. So not all offshore is that hole where money is lost. I worked long time in Rosfinmonitoring, and I can precisely tell that we had a successful experience with a number of offshore zones, not only in Europe, but also in the Caribbean Sea.

V.A. Orlov: Thank you Vladimir Pavlovich for your report. I would like, using, a case to congratulate you and your team for the Russian presidency. It isn't forgotten that Russia was until recently, object of activity of FATF, and now holds the chairman's post. The question is that excites me proceeding from my researches. Where there is a center of control over the international money laundering and financial crimes, it is in Caribs how you told? Or it at office, in Manhattan?

If we look at the list of banks which were seriously fined, for a money laundering: Iran, Sudan which are under sanctions of UN Security Council or under unilateral American sanctions. Where there is a conducting? Or I can be mistaken, you have very good, debugged interaction between FATF and the USA.

V.P. Nechaev: I think that to speak about one center - incorrectly. After all the system of fight literally consists of cubes. FATF develops standards which have to be applied to the legal system of countries. FATF estimates then as successfully they are applied, including looks and at statistics, on criminal cases, sentences, freezing on different aspects, but these aspects of FATF doesn't dictate, and here it is necessary to correct.

Perhaps the important point is that the FATF said that sanctions must be proportionate, and must turn away from crime. The US penalties can be very large. We in Scandinavia, the sanctions are not very big. But this is the approach of the country. On the other hand, if the sanctions are not big enough to stop people to break. Then I, in some examples, after all, you talked about the regional unions of groups which may have been lost control. FATF is not engaged in specific cases, only in anonymous form, to represent the methods used by criminals. There is a group which is engaged in ADONT improve international cooperation, exchange of information between financial intelligence. There Europol, Interpol, who are monitoring the FATF, with whom we are working to a lesser extent, as they do more practical work. I can only say that after these cases, at the initiative of the US and the UK on the FATF plenary sitting were delivered right to use Enforcement and supervision. They just reported the situation, the problems of the lessons that not only they arise, but also in several other countries. In fact, the FATF has started to work in this direction and in terms of learning and making changes, including the standards. Of course, the United States, United Kingdom, Australia, are the most active participants, as they have no language problem. They also have more resources if we for example in Russia, we must translate urgently FATF documents into Russian, we have to involve experts, and even in English. Although I must say that not all proposals, including America, are easy, because there is always discussion, and the FATF is the concept of consensus, not unanimity and minus 2-3 delegations, not more. FATF - should highlight problems and help countries to remove shortcomings.

Dr. Holgar Kolley: Thanks. You talked about the growing role of the Internet sector. What do you think, whether to adjust the FATF? How to handle it? And which organizations should be dealt with in this case? What is a future role of FATF? What could be your potential partners?

V.P. Nechaev: I would like to tell that the first work, which we made, is a touchstone. As far as I know, rather serious report issued by Switzerland, on Bitcoins. FATF will work, it will not be clear in what format yet, or it will be reviews of the best the practicing of the countries, on counteraction or settlement. Both is obligatory for performance by the recommendation. As far as I understand, today FATF does not see the reasons, for change of standards though now from name FATF the president can speak, already my receiver - Roger. Nevertheless, we have recommendations where new payment methods of research pay off. FATF did not define yet who would participate, some countries declared the desire, but I see, as Canada is interested, and they have an experience, and Russia is interested, and unclear what position be taken by many countries, from a ban before regulation. Because even BITCOINS even given opportunity of identifications, though there is other possibility of anonymity, on the Internet in these aspects different. If I am not mistaken, the World Bank too interested in this work, but here already an initiative of the countries, FATF can't tell: "here, you have to be engaged in it" FATF forms a conceptual note, and forms the working group. It is necessary to tell that are involved in this work both participants and the FATF regional group.

A.F. Zulkharneev: I would like to thank you, I came across the work with your colleagues, and it's nice to see how people raise the prestige of our country. Nice for this watch. I had many questions, but I ask only two. You are talking about the return of the assets, which makes the FATF can be illustrated by the example of Kyrgyzstan? We know the previous president, robbed country, now hiding somewhere, here some role played by the FATF? Helps Kyrgyzstan return capital? And the second: You talked about countering terrorism, and somehow it measured? That can show that here, fewer funded? How can we say the situation has become better or worse?

V.P. Nechaev: On the first question, when we say, "robbed" we must be sure that it was already a court decision. Because suspicion can be confirmed, and maybe not. I want to say again that the FATF is not engaged in specific cases, it is engaged in the system, anti-money laundering, anti-crime. While on the other hand, we check the availability of mechanisms for work and confiscation, and freezing of assets and, if necessary, by using the World Bank's technical assistance. If mechanisms exist, but as a rule, 40ya recommendation and other recommendations, including on international cooperation, they are quite safe. FATF uses estimates of the IMF, Interpol. The only thing I can say is that in any case we are talking about percentages. I think that less than 10% that of laundered money that drug. If we take a global perspective. It is generally accept that the financing of terrorism financing are not as big as that laundered criminal act can be carry out and for little money. But if there is such an observation, if we are talking about people who take interest for giving legal status to money, the percentage increases, becomes so complicated. It is difficult to assess if the global economy grows, and the

proportion of laundered share is growing, the question is what percentage of the shadow economy exists in all countries. In any case, specifically I cannot say. If I gave the example of the offshore, that even they can get information on the beneficiaries, that is, conditions become more difficult, but criminals are tweaks. I think it is very important to the work of microfinance institutions, so FATF pays attention to the training of experts' better find non-standard operations.