



Financial Action Task Force

Groupe d'action financière

FATF MEMBERSHIP POLICY

29 February 2008

Step 1 - Fundamental criteria of membership

a) The jurisdiction should be strategically important:

Indicators

- Size of gross domestic product (GDP).
- Size of the banking sector.
- Impact on the global financial system, including the degree of openness of the financial sector and its interaction with international markets.
- Regional prominence in AML/CFT efforts.
- Level of commitment to AML/CFT efforts.

Additional considerations

- Level of adherence to financial sector standards.
- Participation in other relevant international organisations.
- Level of AML/CFT risks faced and efforts to combat those risks.

b) If the jurisdiction was to become a member, the FATF's geographic balance should be enhanced.

Step 2 - Technical and other criteria

a) The country should provide a written commitment at the political level:

- (i) Endorsing and supporting the FATF *Forty Recommendations* 2003, the *Nine Special Recommendations* 2001 (together referred to as the *FATF Recommendations*) and the *FATF AML/CFT Methodology* 2004 (as amended from time to time).
- (ii) Agreeing to implement all the *FATF Recommendations* within a reasonable timeframe (3 years).
- (iii) Agreeing to undergo a mutual evaluation during the membership process for the purposes of assessing compliance with FATF membership criteria, using the AML/CFT Methodology applicable at the time of the evaluation, as well as agreeing to undergo subsequent periodic mutual evaluations following admission as a full member.
- (iv) Agreeing to participate actively in the FATF and to meet all the other commitments of FATF membership, including supporting the role and work of the FATF in all relevant fora.

b) The country should be a full and active member of a relevant FATF-style regional body.

c) The overall mutual evaluation needs to be regarded as satisfactory, and in particular the level of compliance for the Recommendations dealing with the money laundering and terrorist financing offences (R.1 & SR.II), freezing and confiscation (R.3 & SR.III), customer due diligence (R.5), record-keeping (R.10), suspicious transaction reporting (R.13 & SR.IV), financial sector supervision (R.23), and international co-operation (R.35, R.36, R.40, SR.I & SR.V) need to be acceptable.

- In determining whether the overall level of compliance is satisfactory, some flexibility may be allowed with respect to Recommendation 5 due to its complexity and multi-

faceted requirements. The assessed country is, however, expected to demonstrate significant progress toward full compliance with the components of Recommendation 5.

- It is expected that a country should obtain ratings of fully or largely compliant for all FATF Recommendations listed above in paragraph c). If that is not achieved however, then the country must at a minimum achieve ratings of LC or C for a large majority of these Recommendations, and for the remainder, should demonstrate substantial progress toward full implementation and provide a clear commitment at Ministerial level to come into compliance within a reasonable timeframe and a detailed action plan setting out the steps to be taken and the timeframe for taking them.