

Information Note¹

- Event:** Meeting of the Financial Action Task Force (FATF) Project Team on Proliferation Financing
- Organizers:** FATF Working Group on Money Laundering and Terrorist Financing (WGTM) Project Team on Proliferation Financing and the United Kingdom
- Date & Venue:** 15-16 April 2009; London, United Kingdom
- Participants:** *States:* Australia, Canada, France, Germany, Italy, the Netherlands, South Africa, Switzerland, United Kingdom, United States
- Other:* European Commission, Moneyval
- International organizations:* FATF Secretariat, 1540 Committee expert
- Private sector:* International Chambers of Commerce (ICC), UBS, JP Morgan Chase, HSBC, ABN AMRO, International Financial Services Association (AFSA), Lloyd's, Dresdner Bank AG, and BNP Paribas.

1. Objectives

- raise awareness of the requirements of resolution 1540 (2004) and discuss the progress of the implementation of the resolution;
- gather information from the private sector relevant to forming recommendations on proliferation financing by the Project Team for the WGTM and the FATF June 2009 Plenary;
- exchange information on possible controls for proliferation financing.

2. Background

FATF began to consider the issue of proliferation financing in late 2006. In early 2007, it gathered experts from both the financial and nonproliferation fields in a special inter-sessional meeting of the WGTM to look at the implications of various UN Security Council resolutions (including 1540 (2004)) where these two disciplines, finance and nonproliferation, intersected. A 1540 Committee expert participated in the meeting. The WGTM co-chairs also briefed the 1540 Committee on the work of the WGTM in May 2007. At its June 2007 plenary, the WGTM decided that the issue of proliferation financing warranted further review. The FATF approached these issues using a model that had served it well in its work against money laundering and terrorist financing. It adopted a statement of support and basic principles, and it assigned the Working Group on Typologies the task of reporting on the scope and nature of the issues. A 1540 Committee expert participated in the typologies exercise. Meetings of the Typologies WG in late 2007 and early 2008 led to the adoption of the "Proliferation Financing Report" by the FATF in June 2008 (see <http://www.fatf-gafi.org/dataoecd/14/21/41146580.pdf>). In October 2008, the WGTM decided to form a Project Team on Proliferation Financing to consider the report of the typologies group and prepare a paper on possible policy options and recommendations to present to the WGTM at its June 2009 plenary. The 1540 Committee was invited to participate in the Project Team. The meeting in London was the final meeting before the plenary.

¹ For information – not an official report. The views expressed here do not necessarily represent those of the 1540 Committee or of the organizers or participants in the event.

3. Highlights

This meeting was held to gather information related to private financial institutions and their ability to implement FATF policy recommendations on proliferation financing. The data would then be included in a paper on policy options and recommendations to be prepared by the Project Team on Proliferation Financing.

Focusing on the key issue of what transactions financial institutions can screen effectively, the meeting participants shared experiences, presented new initiatives, and explored potential areas of cooperation. The government officials believed that proliferation financing laws should allow for predicate offenses, freezing of assets, forfeiture, renouncing dual-criminality, extradition, requiring banks to report suspicious transactions, and allowing countries to share these reports.

4. Additional comments

For further information, please contact the 1540 Committee experts by e-mail at 1540experts@un.org.