



FATF JUNE 2024 | PLENARY | SINGAPORE



Editors Message

We encourage you to delve into the insights presented in this report, as they will have far-reaching implications for our regulatory landscape and international standing. Understanding these findings will empower us to contribute more effectively to India's compliance and risk management frameworks. [Read more](#)

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EDITOR'S MESSAGE



Dear Readers,

In this edition of Compliance Lens, we focus on the recently published Mutual Evaluation Report on India by the Financial Action Task Force (FATF). This comprehensive report offers an in-depth analysis of India's efforts in combating money laundering and terrorist financing, highlighting the nation's progress and identifying areas that require further strengthening.

The FATF's evaluation is not just a reflection of our current standing but also a roadmap for future improvements. It underscores the importance of continued vigilance and proactive measures in safeguarding our financial systems against illicit activities. As stakeholders in this ongoing process, it is crucial that we stay informed and engaged with these developments.

We encourage you to delve into the insights presented in the analysis on the report, as they will have far-reaching implications for our regulatory landscape and international standing. Understanding these findings will empower us to contribute more effectively to India's compliance and risk management frameworks.

Thank you for your continued support and dedication to fostering a more secure and transparent financial environment.

Warm regards,

Samta Ahuja

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Editor

OVERVIEW ON FATF - JUNE 2024 PLENARY

PRESIDENCY

The sixth and final Meeting of FATF under the presidency of T. Raja Kumar of Singapore was held in Singapore from 23-28 June, 2024. Elisa de Anda Madrazo, of Mexico is holding the Presidency from 1 July 2024 to 30 June 2026.

KEY OUTCOMES

Compliance with FATF Standards

Revised Criteria for Blacklisting Process -

The FATF's revision of the criteria for prioritizing countries in the blacklisting process marks a shift towards a more risk-based approach. Businesses operating in or dealing with countries that may be at risk of blacklisting will face heightened scrutiny and potentially increased compliance costs.

Impact on Businesses -

- Increased Due Diligence Requirements
- Risk of Financial Isolation
- Heightened Compliance Costs

Asset Recovery and International

Cooperation- The FATF's new standards on asset recovery, adopted in October 2023, emphasize the importance of tracing and confiscating criminal assets. Countries are now required to prioritize asset recovery and demonstrate effective international cooperation.

Impact on Businesses -

- Enhanced Monitoring and Reporting
- Collaboration with Authorities
- Reputational Risks

Strategic Adjustments- As countries prepare for the next round of mutual evaluations, businesses must be proactive in adapting to the evolving FATF standards.

Impact on Businesses -

- Proactive Compliance Strategies
- Global Compliance Networks
- Impact on Cross-Border Transactions

High-risk and other monitored jurisdictions

The FATF's adjustments to its list of high-risk and other monitored jurisdictions, including the addition of Monaco and Venezuela and the removal of Jamaica and Türkiye, have significant implications for businesses.

Addition of Monaco and Venezuela to the Increased Monitoring List.

Impact on Businesses-

- Heightened Risk Management
- Increased Compliance Costs
- Potential Reduction in Business Opportunities
- Reputational Risks

Removal of Jamaica and Türkiye from the Increased Monitoring List.

Impact on Businesses-

- Renewed Business Confidence
- Eased Compliance Burden
- Enhanced Market Access
- Strengthened Partnerships

FATF MUTUAL EVALUATION REPORT ON INDIA

IMPACT AND ANALYSIS

India's achievement of a high level of technical compliance with FATF requirements, particularly in its Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and Counter-Proliferation Financing (CPF) regimes, is a significant milestone. This compliance brings both positive impacts and areas of focus for businesses operating within India.

Positive Impacts:

- **Enhanced Global Standing:** India's high level of compliance with FATF standards enhances its reputation in the global financial community.
- **Easier Access to International Markets:** With India demonstrating strong AML/CFT measures, businesses may find it easier to engage in cross-border transactions and establish international partnerships, leading to potential growth opportunities.
- **Better Understanding of ML and TF Risks-**The improved understanding of money laundering (ML) and terrorist financing (TF) risks means that businesses can expect more robust risk management frameworks.
- **Effective Use of Financial Intelligence:** Businesses can leverage enhanced financial intelligence tools provided by the government to detect and prevent illicit activities.
- **Depriving Criminals of Assets:** India's efforts to deprive criminals of their assets through effective AML/CFT measures help create a more secure and transparent business environment.

Areas for Improvement:

- **Impact on Non-Financial Businesses:** FATF identified the need for stronger supervision and implementation of preventive measures in non-financial sectors.
- **Legal Uncertainty:** The delays in concluding ML and TF prosecutions, as highlighted by FATF, could lead to prolonged legal processes for businesses caught up in investigations.
- **Risk of Misuse:** The FATF's recommendation to strengthen CFT measures to prevent the misuse of the non-profit sector for terrorist financing (TF) requires businesses, especially those in or partnering with NPOs, to be more vigilant.

CONCLUSION

India's high level of compliance with FATF standards presents numerous advantages for businesses, including increased international confidence, better risk management, and asset protection. However, businesses in non-financial sectors, those involved in legal processes, and those partnering with NPOs must be aware of the areas identified for improvement and take proactive steps to ensure full compliance. By doing so, companies can capitalize on the positive impacts while mitigating potential risks associated with AML/CFT regulations.

IMPORTANT FUTURE INITIATIVES BY FATF

IMPACT AND ANALYSIS

Virtual Assets: Targeted Update on Implementation of the FATF Standards-

The FATF (Financial Action Task Force) is about to release its fifth yearly update on how well different countries are following its rules for virtual assets (like cryptocurrencies) and the businesses that handle them (called Virtual Asset Service Providers or VASPs).

Since the last update in June 2023, some countries have made progress in meeting these rules. For example, the number of countries that are either fully or mostly following the rules has gone up (from 25 in 2023 to 33 in 2024). However, a large majority of countries—about 75% (97 out of 130)—are still either only partly following the rules or not following them at all. This means that many virtual assets and VASPs are still at risk of being misused, such as for money laundering or other illegal activities.

The FATF is urging all countries to quickly and completely implement its rules to protect against these risks. The organization is keeping a close watch on the situation and will continue to help countries meet these standards.

Horizontal Review of DNFBP Technical Compliance Related to Corruption-

The FATF (Financial Action Task Force) recently finished checking how well its member countries are regulating certain professionals—like accountants, lawyers, real estate agents, and those who provide services to companies and trusts.

However, if these gatekeepers aren't properly regulated according to the FATF's rules, they are at a high risk of being used by criminals to hide illegal money. Without proper regulations, these gatekeepers might not have the tools or knowledge to spot warning signs of money laundering, making it easier for criminals to take advantage of them.

Payment Transparency-

The FATF (Financial Action Task Force) is working on updating its rules to keep up with changes in how money is sent across borders (cross-border payments). This includes adapting to new industry standards like ISO20022, which is a modern standard for financial messaging.

The goal of these updates is to make cross-border payments faster, cheaper, more transparent, and accessible to more people, while still ensuring that the payments follow rules to prevent money laundering and terrorist financing.

The FATF recently talked about the feedback they received from the public on these updates, but because the changes are complex and could significantly impact payment systems, they decided that more discussions with experts from both the public and private sectors are needed before finalizing the new rules.

FATF GREY LIST*



Bulgaria	Nigeria
Burkina Faso	Philippines
Cameroon	Senegal
Croatia	South Africa
Democratic Republic of Congo	South Sudan
Haiti	Syria
Kenya	Tanzania
Mali	Venezuela
Monaco	Vietnam
Mozambique	Yemen
Namibia	

Added Countries: **Monaco and Venezuela**

Removed Countries: **Jamaica and Türkiye**

***Latest Grey List as per FATF.**

EXCITING HANDBOOK RELEASES: MARK YOUR CALENDAR!

We are thrilled to announce the upcoming release of our first-ever handbook on IFSCA Registered Banking Units, scheduled to be launched on

31st August 2024 on the forthcoming Annual Regional Conference 2024 hosted by Ahmedabad Chapter of WIRC of ICSI and Gandhinagar (GIFT City) Chapter of WIRC ICSI



This comprehensive guide is designed to provide valuable insights, best practices, and regulatory guidelines for banking units registered under the International Financial Services Centres Authority (IFSCA). Whether you're a seasoned professional or new to the sector, this handbook will be an indispensable resource for navigating the complexities of the IFSCA regulatory framework.

But that's not all!

Following this, we are also set to release another essential handbook focusing-

- **Aviation Industry by 15th September 2024.**
- **Capital Market Intermediaries by 30th September 2024.**
- **Fintech Industries by 15th of October 2024.**
- **And Many more to come**



Stay tuned for more details on how you can get your hands on these invaluable resources. These handbooks will equip you with the knowledge you need to excel in your industry.

Mark your calendars and join us in celebrating these exciting launches!

GLIMPSE OF POSH SESSIONS

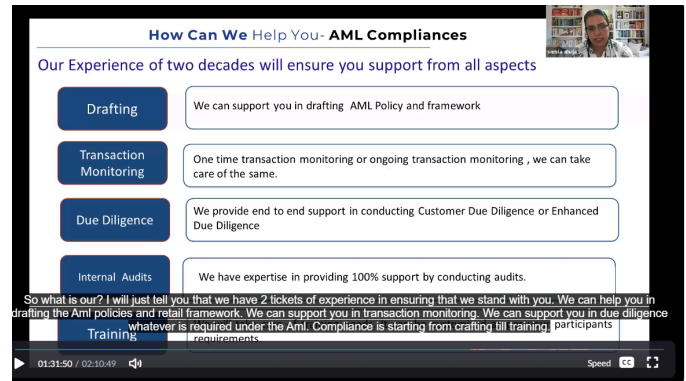


Organised training session on POSH Law for the employees of Home Credit Mumbai



Organised training session on POSH Law for the employees of Unitile Mumbai

CLIPPINGS OF LIVE WORKSHOP



Conducted exclusive workshop on UAE Corporate Tax and AML Compliance for Industry Professional in Dubai UAE

GLIMPSE OF OUR AUGUST EDITION RELEASE



Our Newsletter 'Compliance Lens' August edition released by Mr. Pranat Shah and Mr. Asav Shah IndusInd Bank

OUR FORTH COMING RELEASE AND SESSIONS

OUR FORTH COMING RELEASE

HANDBOOK ON COMPLIANCE FOR IFSCA BANKING UNIT



OUR FORTH COMING SESSIONS

- POSH SESSION FOR INDIA SHELTER GURUGRAM
- POSH SESSION FOR FUTABA GUJRAT
- AML SESSION AT THE ANNUAL REGIONAL CONFERENCE 2024 GANDHINAGAR (GIFT CITY) ORGANISED BY ICSI



OUR SPREAD OF CLIENTS

INDIA

SINGAPORE

RUSSIA

UNITED KINGDOM

GIFT CITY

DUBAI

ESTONIA

OUR PRESENCE

SAMTA CORPORATE CONSULTANCY



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Our Website



READERS FEEDBACK

The Editor has sought for reader's feedback on the edition. Our compliance team would welcome the ideas and suggestions from our readers in respect of regulatory compliance to be covered and comments on the latest developments. We want readers to share what they think about our monthly newsletter and how we can highlight the regulatory framework they wish to read about.

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