

On 28 February 2018, FATF published Guidance on Counter Proliferation Financing

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On 28 February 2018, FATF published Guidance on Counter Proliferation Financing (PF), stipulating requirements for the implementation of financial provisions of United Nations Security Council Resolutions (UNSCRs) to counter proliferation of weapons of mass destruction.

The Guidance aims to facilitate both public and private sector stakeholders in understanding and implementing obligations under proliferation financing-related UNSCRs. The Guidance reflects upon the two-tiered approach adopted by the UNSC in the field of countering PF and the relevant actions required under FATF recommendations.

In particular:

Global approach under UNSCR 1540 (2004) and its successor resolutions: prohibits the financing of proliferation-related activities by non-state actors and requires countries to establish appropriate controls on providing funds and services related to the export and trans-shipment of items that would contribute to the proliferation of weapons of mass destruction. Obligations under the global approach do not form part of the FATF Recommendation 7 and its Interpretive Note, and Immediate Outcome 11, but do form part of the FATF Recommendation 2 and are relevant in the context of other FATF requirements on combating terrorist financing and money laundering.

Country-specific approach under UNSCR 1718 (2006) and UNSCR 2231 (2015) and their (future) successor resolutions: includes country-specific resolutions against the Democratic People's Republic of Korea (DPRK) and the Islamic Republic of Iran (Iran).

The scope and nature of DPRK-related sanctions have been expanded following the country's repeated violations of UN resolutions in the following manner:

clarifying the definition of "economic resources" subject to assets freezes, which includes assets such as vessels;

expanding the categories of list-based designations to include assets stated in the preceding point, in addition to listed persons and entities;

including those funds, other financial resources or economic resources outside of the DPRK which are owned or controlled, directly or indirectly, by entities of the Government of the DPRK or the Worker's Party of Korea, or by persons or entities acting on their behalf or at their direction, or by entities owned or controlled by them, that the State determines are associated with the DPRK's nuclear or ballistic missile programmes or other activities prohibited by relevant UNSCRs.

On the other hand, by adopting UNSCR 2231 the UN endorsed the Joint Comprehensive Plan of Action (JCPOA), thereby terminating previous provisions of resolutions relating to Iran's nuclear program. That said, a number of individuals and entities still remain on the list pursuant to UNSCR 2231 and are subject to asset freezing requirement, which also allows for the listing of additional persons and entities by the UNSC.

Targeted financial sanctions obligations under the country-specific approach form part of the FATF Recommendation 7 and Immediate Outcome 11.

The Guidance is accessible in English
at:

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