



**MAQIT**

AML/CTF  
REGULATORY  
WATCH REPORT

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OCTOBER 2021

During the month of October 2021, MAQIT noticed the following developments in the field of AML/CFT which could be of interest to you

On October 3<sup>rd</sup> a large-scale investigative project, **Pandora Papers**, were released by the International Consortium of Investigative Journalists, the Organized Crime and Corruption Reporting Project and media outlets in 117 countries.<sup>1</sup> Journalists have analyzed the documents leaked from 14 corporate service providers. The confidential documents present **high-level officials, oligarchs and billionaires using shell companies to move wealth offshore and to anonymously buy real estate or luxury goods.**<sup>2</sup> The Pandora Papers investigation reveals the covert owners of offshore companies, incognito bank accounts, private jets, yachts, mansions, even artworks by Picasso, Banksy and other masters.

On October 20<sup>th</sup> the Association for Financial Markets in Europe (AFME) published a paper “**Anti-Money Laundering Transaction Monitoring in the Markets Sector**”.<sup>3</sup> The paper is based on survey results and interviews with banking firms, regulators, law enforcement agencies and financial intelligence units across Europe. It identifies the following emerging themes for the future of AML in Europe’s financial market sector:

- Most of the AML monitoring systems used in the financial market sector are ineffective. Nonetheless did a small number of firms demonstrate that it is possible to monitor effectively through the use of a hybrid approach blending technology tooling and automated techniques with highly skilled manual processes.
- More collaboration between private and public sector would be beneficial.
- Greater effectiveness and cost efficiencies would be achieved through partial convergence of market abuse surveillance with AML TM.

As an initial roadmap to support improved monitoring for firms, the AFME paper discusses the following steps:

- Get the basics right including gathering senior management support.
- Uplift technology capacity.
- Perform intelligence-led investigations.
- Share knowledge and data with other market participants.

<sup>1</sup> <https://www.icij.org/investigations/pandora-papers/>

<sup>2</sup> <https://www.icij.org/investigations/pandora-papers/global-investigation-tax-havens-offshore/>

<sup>3</sup> [https://www.afme.eu/Portals/0/DispatchFeaturedImages/AFME\\_TransactionMonitoring2021-2.pdf](https://www.afme.eu/Portals/0/DispatchFeaturedImages/AFME_TransactionMonitoring2021-2.pdf)

On October 21<sup>st</sup> the Financial Action Task Force (FATF) updated the **jurisdictions under increased monitoring**. The identified jurisdictions with strategic deficiencies are the following:

- Albania
- Barbados
- Burkina Faso
- Cambodia
- Cayman Islands
- Haiti
- Jamaica
- **Jordan**
- **Mali**
- Malta
- Morocco
- Myanmar
- Nicaragua
- Pakistan
- Panama
- Philippines
- Senegal
- South Sudan
- Syria
- **Turkey**
- Uganda
- Yemen
- Zimbabwe

The jurisdictions that were reviewed since June 2021 and are no longer subject to increased monitoring are the following:

- Botswana
- Mauritius

On the 22<sup>nd</sup> of October the Ministry of Finance redesigned its website regarding the international financial sanctions, following the entry into force of the **Law of 19 December 2020 on the implementation of restrictive measures in financial matters**.<sup>4</sup> The Ministry also updated its best practices guides relating to financial sanctions, which are available in French and English.

On the 28<sup>th</sup> of October the FATF published **updated guidance for a risk-based approach for virtual assets (VA) and virtual asset service providers (VASP)**.<sup>5</sup> This Guidance outlines the need for countries and VASPs, and other entities involved in VA activities, to understand the ML/TF risks associated with VA activities and to take appropriate mitigating measures to address those risks. In particular, the Guidance provides examples of risk indicators that should specifically be considered in a VA context, with an emphasis on factors that would further obfuscate transactions or inhibit VASPs' ability to identify customers.

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<sup>4</sup> <https://mfin.gouvernement.lu/en/dossiers/2018/sanctions-financieres-internationales.html>

<sup>5</sup> <https://www.fatf-gafi.org/media/fatf/documents/recommendations/Updated-Guidance-VA-VASP.pdf>

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