



MEDIA STATEMENT

FATF Outcome of Plenary Discussion on South Africa's 12th Mutual Evaluation Follow-up report

The National Treasury and the Financial Intelligence Centre (FIC) welcome the decision taken by the Financial Action Task Force (FATF) at its Plenary meeting held in Paris last week (22 to 24 February).

The Financial Action Task Force (FATF) has deferred a decision on the issuing of a public statement on compliance by South Africa with standards against money laundering and terrorist financing, until its next meeting in June.

The Plenary considered the FATF's 12th Mutual Evaluation Follow-up Report on South Africa's process to remedy deficiencies identified in the 2009 mutual evaluation. These deficiencies relate to gaps in legislation on adequate customer due diligence and record-keeping measures. These are considered serious deficiencies and are addressed in the FIC Amendment Bill which was passed by Parliament in May 2016. On the agenda was a proposal for the FATF to express its concern at the failure to address these deficiencies by means of a public statement.

The meeting was informed that the delay in the enactment of the FIC Amendment Bill is the result of concerns related to the constitutionality of warrantless searches, and that the President had referred the Bill back to the National Assembly in November 2016. Therefore the FIC Amendment Bill has not yet come into force as had been expected when this matter was last discussed by the FATF Plenary in June 2016. The South African delegation requested the deferral of the decision to issue a public statement based on the following factors:

- i) that the process which the President followed in referring his reservations on the constitutionality of the relevant clause back to the National Assembly is provided for in our Constitution and is therefore consistent with our legislative process,
- ii) that the National Assembly, in the form of the Standing Committee on Finance, has been working very expeditiously to discharge its responsibility under the Constitution,

having finalised its report on the matter on 22 February 2017, and that it is expected that the National Assembly will be providing the President with its response in the near future, and

iii) that the issue which caused the President to refer the Amendment Bill back to the National Assembly does not relate to the matters which South Africa had to address in the course of the follow-up process and therefore in no way reflects a lack of political commitment to address these deficiencies.

The FATF will again consider the decision as to whether a public statement should be issued or not at its next Plenary meeting which is due to take place from 21 to 23 June 2017 when it will next consider South Africa's progress in remedying the deficiencies identified in the 2009 mutual evaluation.

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