



# AML/CFT 101

CFATF Secretariat Research Desk  
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# WHAT IS PROLIFERATION FINANCING?





**What is  
proliferation of  
weapons of  
mass  
destruction  
(WMD)?**

**“Proliferation involves the transfer and export of technology, goods, software, services or expertise that could be used in nuclear, chemical or biological weapon-related programmes, including delivery systems.”**

*Source: FATF Proliferation Financing Report, 2008.*



# What are weapons of mass destruction (WMD)?

**! Weapons of mass destruction (WMD) can kill large numbers of people in a short time.**

**The types of WMD are:**

- ! Nuclear**
- ! Radiological**
- ! Biological**
- ! Chemical**

*Source: General Intelligence and Security Service (2003).*



# What is Proliferation Financing (PF)?

“The act of providing funds or financial services which are used, IN WHOLE or IN PART, for the:

manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of

nuclear, chemical or biological weapons and their means of delivery and related materials (including both technologies and dual use goods used for non-legitimate purposes), in contravention of national laws or, where applicable, international obligations.”

- *The Financial Action Task Force (FATF)*





# Did you know?

It is estimated that at the beginning of 2011, nuclear-weapon states possessed more than **20,500** nuclear warheads, more than **5,000** of which are deployed and ready for use.

*Source: United Nations Regional Centre for Peace and Disarmament in Asia and the Pacific (UNRCPD).*



# Targeted Financial Sanctions (TFS)

## Targeted Financial Sanctions

- ✓ Based on persons and entities designated by the United Nations Security Council Resolutions (UNSCRs).
- ✓ Applicable to persons and/or entities designated by the UN Security Council or the relevant committees set up by the Security Council.
- ✓ Aims to deprive identified persons and entities of resources.
- ✓ Prevents raising, using and moving funds or other assets for PF.

*Source: FATF Recommendations, 2012 (Updated June 2019).*



# UNSCR 1540 (2004)

All States shall refrain from providing any form of support (including financial) to non-State actors that attempt to develop, acquire, manufacture, possess, transport, transfer or use nuclear, chemical or biological weapons.

Prevents the use of the means of delivery of WMD.

All States are required to adopt and enforce appropriate laws and measures to prevent proliferation and their means of delivery to non-State actors, in particular for terrorist purposes.



United Nations



# UNSCR 1718 and 2231



UNSCR 1718 and its successor resolutions focus on designations relating the Democratic People's Republic of Korea's (DPRK) nuclear-related, other weapons of mass destruction-related and ballistic missile related programmes.

UNSCR 2231 focuses on designations related to support for Iran's nuclear activities contrary to Joint Comprehensive Plan of Action (JCPOA).



United Nations



# Counter PF measures

- ✓ Countries are obligated implement TFS WITHOUT DELAY.
- ✓ Freeze funds, assets and economic resources controlled by designated persons or entities.
- ✓ Establish legal and domestic competent authorities responsible for implementing and enforcing TFS.
- ✓ Countries should take appropriate steps to ensure that Financial Institutions and DNFBPs are aware of their obligations under the UNSCRs.



# Without Delay

- ✓ Means, ideally, within a matter of hours of a designation by the United Nations Security Council or its relevant Sanctions Committee.
- ✓ Should be interpreted in the context of the need to prevent the flight or dissipation of funds or other assets which are linked to terrorists, terrorist organisations, those who finance terrorism, and to the financing of proliferation of weapons of mass destruction, and the need for global, concerted action to interdict and disrupt their flow swiftly.

*Source: The FATF Recommendations (Updated June 2019)*