



AML PASSED

Iran approves anti-money laundering bill

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MESBAHI

The Expediency Council, a powerful council in Iran, approved an anti-money laundering bill on Saturday, state media reported, a major step towards reforms that would bring Iran into line with global norms and could facilitate foreign trade in the face of U.S sanctions.

The top arbitration body gave its approval to an anti-money laundering bill seen as crucial to maintaining international trade and banking ties.

“The bill on amending the law to counter money laundering was approved with certain changes and will be sent to Parliament Speaker to be communicated to the government,” Expediency Council member Qolamreza Mesbahi Moghadam told IRNA.

The Expediency Council settles

disputes between Parliament, which approved the bill last year, and the Guardian Council, which vets all legislation and had rejected it.

The approval is a major step toward reforms that would bring Iran into line with global norms and could facilitate foreign trade in the face of US sanctions

The bill was passed by the Majlis last September as part of the legislative push by the administration of President Hassan Rouhani to update the country's laws in line with international norms and especially to meet an action plan set forth by the inter-governmental Financial Action Task Force.

However the Guardian Council found the bill in contravention of the constitution but as lawmakers insisted on their earlier version of the bill, the issue

was referred to the Expediency Council which finally decides on what would be “expedient for the system.”

The approval would be a victory for the government and moderate forces that favor an embracement of international conventions which they say is necessary for Iran's financial ties with the outside world as the US tries to isolate Iran.

Two experts which were present at the Expediency Council's Saturday meeting confirmed to the Financial Tribune of the approval but said that due to last-minute changes, they could not opine on the whole legislation until its text is officially released by council.

According to one expert, as per the procedure, the law will now go to the Majlis and the legislative body will in turn notify it to the government.

Majid Ansari, a member of the Expediency Council told the local news website Jamaran that only “minor changes” had been made to the law at the council before being approved.

One expert informed the tribune that although “every word of the government’s bill matter”, the law was not altered much. “What was approved by the council had the same main components as that version passed by the Majlis.”

According to experts with knowledge of the contents of the approved law, the measure lacks an article that would legally bind the Central Bank of Iran to monitor the operations of banks, specifically in the area of money laundering.

“Although it is taken for granted that the CBI should supervise banks in all matters, the legal text officiating that task does not exist in this law,” one expert said.

The government had unsuccessfully sought to insert that section before the bill was approved by lawmakers but will reportedly attempt to do so as an amendment soon, given that Iran’s deadline to complete FATF’s recommendations is approaching its end.

FATF announced in October that Iran had until February to complete reforms or face consequences.

The Paris-based body said after a meeting of its members that it was disappointed that Tehran had failed to complete its action plan despite pledges to make the upgrade. It had previously set a deadline of October to complete all 10 reforms.

The government has sent four pieces of legislation to the parliament, which includes amending the country’s AML/CFT law in accordance with FATF standards and joining the United Nations Convention

Against Transnational Organized Crime (Palermo) and the International Convention for the Suppression of the Financing of Terrorism.

Informed sources told the Tribune that the Expediency council will deal with Palermo bill (also contested by Guardian Council) in two weeks. The fate of the most contentious of the bills—the one that will join Iran to the UN anti-terror finance convention—will almost certainly fall to the Expediency Council as well.

The government of President Hassan Rouhani says the laws are needed to meet demands set by the international Financial Action Task Force (FATF), an inter-governmental organization that underpins the fight against money laundering and terrorist financing.

However, conservatives argue that such legislation will provide Western powers with leverage over Iran’s economy and its financial support for regional resistance groups such as Lebanon’s Hezbollah.

Iran is alone with North Korea on the FATF’s blacklist — although the Paris-based organization has suspended counter-measures since June 2017 while Iran works on reforms.

The government is hoping to salvage banking and trade ties after the United States walked out of a landmark 2015 nuclear deal between major powers and Iran and reimposed unilateral sanctions.

The other parties to the deal — Britain, France, Germany, China and Russia — have sought to keep the agreement alive and maintain trade with Iran, but have called on Tehran to meet FATF requirements.

The European signatories of the nuclear deal are still committed to the accord and seek to launch a mechanism, a so-

called special purpose vehicle (SPV), aiming to sidestep the US financial system by using an EU intermediary to handle trade with Iran.

The director general of Iran’s Strategic Council on Foreign Relations, an advisory body set up by Iran’s Leader Ayatollah Seyyed Ali Khamenei, voiced his support for the FATF-related bills.

“It is better to finalize the FATF and CFT (counter financing of terrorism regimes) in the earliest time, so the Europeans have no excuse not to implement the (SPV) mechanism,” Abdolreza Faraji Rad said.

Foreign businesses say Iran’s compliance with FATF standards and its removal from the organization’s blacklist are essential if they are to increase investment, especially after reimposition of the US unjustified and illegal sanctions on the country.

The anti-money laundering bill is one of four pieces of legislation put forward by the government to that end. A previous bill on the mechanics of monitoring and preventing terrorist financing was signed into law in August.

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