

FATF



# PROCEDURES

FOR THE FATF AML/CFT/CPF  
MUTUAL EVALUATIONS,  
FOLLOW-UP AND ICRG

Last updated: **October 2024**



FINANCIAL ACTION TASK FORCE

The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard.

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# *PROCEDURES*

## **FOR THE FATF AML/CFT/CPF MUTUAL EVALUATIONS, FOLLOW-UP AND ICRG**

**ADOPTED IN MARCH 2022**

**Updated in October 2024**

The FATF amended its assessment procedures and methodology in 2022. The FATF commenced its 5th round of evaluations in 2024, using these revised Procedures.

The Procedures for the FATF Fourth Round of AML/CFT Mutual Evaluations and the 2013 FATF Methodology for assessing compliance with the FATF Recommendations and the effectiveness of AML/CFT systems will continue to apply to countries being evaluated and those engaged in follow-up processes under the 4<sup>th</sup> round of evaluations.

For more information about FATF Mutual Evaluations, and the global assessment calendar see: [www.fatf-gafi.org/publications/mutualevaluations](http://www.fatf-gafi.org/publications/mutualevaluations)



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## TABLE OF ACRONYMS

<b>AML/CFT/CPF</b>	Anti-Money Laundering / Countering the Financing of Terrorism / Countering the Financing of Proliferation of weapons of mass destruction (also used for Combating the financing of terrorism and combatting the financing of proliferation)
<b>DAR</b>	Detailed Assessment Report
<b>DNFBP</b>	Designated Non-Financial Business or Profession
<b>ECG</b>	Evaluations and Compliance Group
<b>FIU</b>	Financial Intelligence Unit
<b>FSAP</b>	Financial Sector Assessment Programme
<b>FSRB</b>	FATF-Style Regional Body
<b>FT</b>	Financing of Terrorism
<b>FUR</b>	Follow-up Report
<b>ICRG</b>	International Co-operation Review Group
<b>IGP</b>	Internal Governance Principles
<b>IO</b>	Immediate Outcome
<b>JG</b>	ICRG Joint Group
<b>KRA</b>	Key Recommended Action
<b>MER</b>	Mutual Evaluation Report
<b>ML</b>	Money Laundering
<b>NC</b>	Non-Compliant
<b>PC</b>	Partially Compliant
<b>POPR</b>	ICRG Post-Observation Period Report
<b>Q&amp;C</b>	Quality and Consistency
<b>RUR</b>	Recommendations Under Review
<b>SRB</b>	Self-Regulatory Body
<b>TC</b>	Technical Compliance
<b>TCRR</b>	Technical Compliance Re-Ratings
<b>VASP</b>	Virtual Asset Service Provider

## I. INTRODUCTION

1. The FATF conducts mutual evaluations and follow-up monitoring for its members and ICRG review for the Global Network based on the FATF Standards,<sup>1</sup> and the Methodology for Assessing Compliance with the FATF Recommendations and the Effectiveness of AML/CFT/CPF Systems, as amended from time to time. This document sets out the procedures that are the basis for those mutual evaluation, follow-up and ICRG processes and should be read in conjunction with Consolidated Processes and Procedures for AML/CFT/CPF Mutual Evaluations and Follow-up (Universal Procedures).

### SCOPE, PRINCIPLES AND OBJECTIVES FOR MUTUAL EVALUATIONS, FOLLOW-UP AND ICRG

2. As set out in the Methodology, the scope of mutual evaluations will involve two inter-related components for technical compliance and effectiveness. The technical compliance component assesses whether the necessary laws, regulations or other required measures are in force and effect, and whether the supporting anti-money laundering (AML) / countering the financing of terrorism (CFT) / countering the financing of proliferation of weapons of mass destruction (CPF) institutional frameworks are in place. The effectiveness component assesses whether the AML/CFT/CPF systems are working, and the extent to which the country<sup>2</sup> is achieving the defined set of outcomes.

3. The follow-up process, including ICRG, is intended to: (i) encourage members' implementation of the FATF Standards; (ii) provide regular monitoring and up-to-date information on countries' compliance with the FATF Standards (including the effectiveness of their AML/CFT/CPF systems and progress against Key Recommended Actions (KRA)); and (iii) apply sufficient peer pressure and accountability. Although the ICRG process applies to all the Global Network, it remains an FATF-led process.

4. There are a number of general principles and objectives that govern FATF mutual evaluations, follow-up and ICRG, as well as AML/CFT/CPF assessments and follow-up conducted by the FATF-Style Regional Bodies (FSRBs), and assessments conducted by IMF or World Bank (collectively referred to as assessment bodies). The procedures for all assessment bodies should:

- a) Require application of the peer review principle in all mutual evaluation and follow-up processes and, where available, ICRG processes.
- b) Produce objective and accurate reports of a high standard in a timely way.
- c) Ensure that there is a level playing field, whereby mutual evaluation reports (MERs), including the Key Recommended Actions and Roadmap (KRA Roadmap) and executive summaries, are consistent, especially with respect to findings, recommendations and ratings.

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<sup>1</sup> The FATF Standards comprise the Recommendations themselves and their Interpretive Notes, together with the applicable definitions in the Glossary. References to an individual Recommendation includes reference to any Interpretive Note or relevant Glossary definition.

<sup>2</sup> All references in the Procedures to *country* or *countries* apply equally to territories or jurisdictions.



- d) Ensure that there is transparency and equality of treatment, in terms of the assessment, follow-up and ICRG processes, for all countries assessed.
- e) Seek to ensure that the evaluation and assessment exercises conducted by all assessment bodies and follow-up exercises conducted by FATF and FSRBs are equivalent, and of a high standard.
- f) Facilitate mutual evaluation, follow-up and, where available, ICRG processes that:
  - (i) are clear and transparent,
  - (ii) encourage the implementation of higher standards,
  - (iii) identify and promote good and effective practices, and
  - (iv) alert governments and the private sector to areas that need strengthening.
- g) Be sufficiently streamlined and efficient to ensure that there are no unnecessary delays or duplication in the process and that resources are used effectively.

### CHANGES IN THE FATF STANDARDS

5. As a dynamic process, on-going work within the FATF could lead to further changes to the FATF Standards or the Methodology. All countries should be evaluated on the basis of the FATF Standards and the Methodology as they exist at the date the country’s mutual evaluation (ME) technical compliance submission is due.<sup>3</sup> The report should state clearly if an assessment has been made against recently amended Standards.

6. To ensure equality of treatment, and to protect the international financial systems, technical compliance with any FATF Standards that have been revised after the date the country’s ME technical compliance submission is due will be assessed as part of the follow-up process if they have not been assessed as part of the mutual evaluation. For the purposes of regular or enhanced follow-up, countries should be evaluated on the basis of the FATF Methodology as it exists at the date the country’s submission is due for its follow-up report. For the purposes of ICRG post-observation period reports (POPRs), countries should be evaluated on the basis of the FATF Methodology as it exists at the date of the beginning of their observation period.

<sup>3</sup> For the purpose of interpreting paragraph 5 only, “the date the country’s ME technical compliance submission is due” means the last first day of the month that was reported to Plenary as the “TC due date” when it approved the country’s ME sequencing. In practice, this means that a country will be assessed based on the FATF Standards and Methodology as they exist on one of the following dates, depending on when the FATF Plenary will discuss its mutual evaluation report:

<b>If a country’s MER is scheduled for 5th round discussion at...</b>	<b>... that country will be assessed based on the FATF Standards and Methodology as they exist on...</b>
February FATF Plenary	1 November in the calendar year two years before
June FATF Plenary	1 March of the previous year
October FATF Plenary	1 July of the previous year

This interpretation does not limit the flexibility provided by paragraph 59 of these procedures to extend the timeline of a mutual evaluation by one or two months when necessary.

7. From time to time, the FATF Plenary makes decisions regarding interpretation of the Standards and application of the *FATF Methodology* and *Procedures*. These decisions are recorded in the FATF Summary Record of the Plenary where the decision is made, take effect immediately and are applied to all subsequent reports. However, such decisions do not constitute changes to the FATF Standards or the *FATF Methodology* and do not trigger automatic reassessment as part of the follow up process.

### SCHEDULING MUTUAL EVALUATIONS

8. The schedule of mutual evaluations, and the number of evaluations to be prepared each year is primarily governed by the number of MERs that can be discussed at each Plenary meeting, and by the need to complete the entire round in a reasonable timeframe. Normally, two to three MERs will be discussed per Plenary.

9. Plenary will decide on the sequence of mutual evaluations based on several risk-related considerations. These considerations include the following factors:

- a) As the primary consideration, the date of the country's last MER<sup>4</sup> with a view to, ideally, not exceeding a maximum of 11 years or minimum of 5 years since the previous evaluation.
- b) General AML/CFT risk, as determined by the country's level of implementation of the FATF Standards and resulting residual risk and the country's follow-up status, including whether the country remains in the ICRG process.<sup>5</sup>
- c) The relative size of the economy and relative size of the financial sector in comparison to the economy.

10. Plenary may consider requests to volunteer for an earlier position in the sequence, provided that sufficient time has passed since the requesting country's previous mutual evaluation, and that the earlier sequencing is practicable and convenient for other affected countries.

11. A schedule of mutual evaluations showing the fixed or proposed date of the on-site visit and the date for the Plenary discussion of the MER will be maintained. Any proposed changes to mutual evaluation scheduling will require Plenary approval.

### CO-ORDINATION WITH THE FSAP PROCESS

12. The FATF Standards are recognised by the IMF or World Bank as one of 12 key standards and codes, for which Reports on the Observance of Standards and Codes (ROSCs) are prepared, often in the context of a Financial Sector Assessment Programme (FSAP). Under current FSAP policy, every

<sup>4</sup> Or 5<sup>th</sup> year follow-up assessment, if one was conducted.

<sup>5</sup> The country's level of implementation of the FATF Standards is informed by the MER results, follow up status (i.e., existing enhanced follow-up (EFU) or regular follow up (RFU) and follow-up outcomes, resulting in a general understanding of residual risk). Risk-based sequencing should take such residual risk into account. When considering a country's status in the ICRG process, the FATF could consider allowing at least 12 months between the expiration of the country's ICRG Action Plan and the date on which the country's TC submission is due to avoid overlap of ME and ICRG processes to the extent possible. However, if the country has not exited ICRG before the TC submission is due, the ICRG and ME processes may run concurrently.

FSAP and FSAP update should incorporate timely and accurate input on AML/CFT/CPF. Where possible, this input should be based on a comprehensive quality AML/CFT/CPF assessment, and in due course, on a follow-up assessment conducted against the prevailing standard. When there is a reasonable proximity between the date of the FSAP mission and that of a mutual evaluation or follow-up assessment conducted under the prevailing methodology, the IMF or World Bank allows for the key findings (including the KRA Roadmap) of that evaluation or follow-up assessment to be reflected in the FSAP.<sup>6</sup>

13. The basic products of the evaluation process are the MER, KRA Roadmap and the Executive Summary (for the FATF) and the Detailed Assessment Report (DAR) and, if requested, ROSC (for the IMF or World Bank)<sup>7</sup>. Where possible, the KRA Roadmap and Executive Summary, whether derived from a MER or follow-up assessment report, will form the basis of the ROSC. Following the Plenary, and after the finalisation of the Executive Summary, the summary is provided by the Secretariat to the IMF or World Bank so that a ROSC can be prepared, following a pro forma review.

14. The substantive text of the draft ROSC will be the same as that of the Executive Summary, though the following formal paragraph will be added at the beginning:

This Report on the Observance of Standards and Codes for the *FATF Recommendations and Effectiveness of AML/CFT/CPF Systems* was prepared by the Financial Action Task Force (FATF). The report provides a summary of [the/certain]<sup>8</sup> AML/CFT/CPF measures in place in [Jurisdiction] as at [date], the level of compliance with the FATF Recommendations, the level of effectiveness of the AML/CFT/CPF system, and contains recommendations on how the latter could be strengthened. The views expressed in this document have been agreed by the FATF and [Jurisdiction], but do not necessarily reflect the views of the Boards or staff of the IMF or World Bank.

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<sup>6</sup> If necessary, the staff of the IMF or World Bank may supplement the information derived from the ROSC to ensure the accuracy of the AML/CFT input. In instances where a comprehensive assessment or follow-up assessment against the prevailing standard is not available at the time of the FSAP, the staff of the IMF or World Bank may need to derive key findings on the basis of other sources of information, such as the most recent assessment report, and follow-up and/or other reports. As necessary, the staff of the IMF or World Bank may also seek updates from the authorities or join the FSAP mission for a review of the most significant AML/CFT issues for the country in the context of the prevailing standard and methodology. In such cases, staff would present the key findings in the FSAP documents: however, staff would not prepare a ROSC or ratings.

<sup>7</sup> The DAR and ROSC use the common agreed template that is annexed to the Methodology and have the same format, although the ROSC remains the responsibility and prerogative of the IMF/World Bank.

<sup>8</sup> For ROSCs based on an MER, the word “the” should be used; for ROSCs based on a MER follow-up assessment, the alternative wording “certain” would be used (since the follow-up assessment is not a comprehensive one).

## II. SUPRA-NATIONALITY

### PROCEDURES FOR CONDUCTING ASSESSMENTS IN THE SUPRA-NATIONAL CONTEXT

15. When an assessed country is a member state of a supra-national jurisdiction, the onus is on the assessed country to provide all relevant and necessary information (both in relation to technical compliance and effectiveness) about any applicable supra-national measures that are relevant to its AML/CFT/CPF framework. This includes being responsible for facilitating the assessment team's appropriate access to representatives of any supra-national authorities and agencies that conduct operational AML/CFT/CPF activities of direct relevance to a country's implementation of AML/CFT/CPF measures. The assessment team may also request that meetings with certain national government agencies or supra-national agencies are restricted to those agencies only.

### RECOGNITION MECHANISM FOR SUPRA-NATIONAL ENTITIES

16. The recognition mechanism for supra-national jurisdictions is completely separate from the mutual evaluation process; it has no impact on the mutual evaluation schedule or any individual country's mutual evaluation. Under this mechanism, any entity comprising jurisdictions in the Global Network may petition the FATF Plenary to be designated as a supra-national jurisdiction<sup>9</sup> for the purposes of an assessment of compliance with any FATF Standards where supra-national laws, regulations or other measures apply.<sup>10</sup> Such a petition may be made at any time, but will be considered separately by the FATF (i.e. not as part of a country's mutual evaluation), as this is a broader issue of how the FATF Standards apply to the supra-national context and if the FATF Standards or Methodology should be revised accordingly.

17. To petition the FATF Plenary, the entity should submit a written request and supporting materials<sup>11</sup> to the FATF Secretariat. Upon receiving such a request, the Secretariat, in consultation with any relevant FSRB Secretariat(s) where the entity is located, should review the supporting materials to confirm that the request:

- a) clearly indicates why the petitioner is seeking designation as a supra-national entity, i.e., for the purpose of the consideration of which Recommendation(s); and
- b) includes sufficient information to support that request.

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<sup>9</sup> For the purposes of this section, supra-national jurisdiction refers to an autonomous entity with its own legal order independent of its member states, to which both its member states and their nationals and residents are subject, and which includes binding and enforceable legislation on all member states.

<sup>10</sup> In effect, an entity making such a petition is requesting the FATF to revise or interpret the FATF Standards in a particular way.

<sup>11</sup> Every case will be different. However, some examples of supporting materials that would be useful to the FATF in making its determination include a description of the entity's structure, membership, (legal, institutional and operational) framework of relevant AML/CFT/CPF measures and how they apply and/or are enforced in member states. Additionally, the petition should specify which Recommendation(s) the entity wants the FATF to re-interpret or amend and the interpretation or amendment it proposes.

18. The FATF and relevant FSRB Secretariat(s) may liaise with the entity to suggest additional information be provided, but the onus remains on the entity to make its case. The FATF Plenary will consider the petition no sooner than 12 weeks after submission of the written request and supporting materials.

19. The decision on whether to recognise that a specific FATF Recommendation may be implemented on a supra-national basis rests entirely with the FATF Plenary. This mechanism is without prejudice to any decision of the FATF Plenary to provide for the implementation of any FATF Recommendation at supra-national level through an amendment or interpretation of the FATF Standards.

20. If a supra-national entity petitions the FATF under this section:

- a) the mutual evaluations of its member jurisdictions will continue as scheduled; and
- b) assessors will continue assessing those member jurisdictions in accordance with the FATF Standards and the Methodology as they exist at the date the country's ME technical compliance submission is due, in line with paragraph 5 of these procedures.

### III. ROLES AND RESPONSIBILITIES IN THE EVALUATION, FOLLOW-UP AND ICRG PROCESSES

#### RESPONSIBILITIES OF THE ASSESSED COUNTRY

21. The onus is on the country to demonstrate that it has complied with the Standards and that its AML/CFT/CPF regime is effective. Therefore, the country should provide all relevant information to the assessment team during the course of the assessment, and to follow-up experts or Joint Group (JG) members<sup>12</sup> during the course of follow-up or ICRG monitoring. The country should ensure that all information provided is accurate and up to date. As appropriate, assessors, follow-up experts and JG members should be able to request or access documents (redacted if necessary), data, or other relevant information. All updates and information should be provided in an electronic format and countries should ensure that laws, regulations, guidelines and other relevant documents are made available in the language of the evaluation and the original language.

22. In preparing for the mutual evaluation, the assessed country is responsible for any costs associated with assessed country training. During the on-site visit, the assessed country should provide the assessment team with a specific office for the duration of the on-site mission. The room should have, or have access to, photocopying, printing, computer projector and other basic facilities, as well as internet access. The assessed country should also ensure that confidentiality is maintained and appropriate security protocols are in place, including measures to prevent use of listening or recording devices during meetings with authorities and deliberations of the assessment team. If interpretation from the country language to English/French is required, the country should ensure professional and well-prepared interpreters who are subject to confidentiality requirements in line with paragraphs 38-40 and are available to provide, ideally, simultaneous translation or consecutive interpretation.

#### RESPONSIBILITIES OF THE MUTUAL EVALUATION ASSESSMENT TEAM

23. The core function of the mutual evaluation assessment team is to collectively produce an independent report (containing analysis, findings and recommendations) concerning the country's compliance with the FATF Standards, in terms of both technical compliance and effectiveness. To safeguard their independence, assessors should maintain as confidential all documents and information produced during the mutual evaluation as outlined in paragraphs 38-40 and disclose any potential bias or conflict of interest between their responsibilities as an assessor and their professional or private interests.

24. Assessors should take the lead on, or take primary responsibility for, topics related to the assessor's own area of expertise. However, assessors also have to conduct an evaluation in a fully collaborative process, whereby all aspects of the evaluation are considered holistically by the entire team. Each assessor is expected to actively contribute to all parts of the evaluation. As a result,

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<sup>12</sup> In the exceptional case where a country reports directly to the ICRG, references to the ICRG Joint Group and JG members should be interpreted to include ICRG and ICRG members participating in the review of that country.

assessors will be actively involved in all areas of the report and beyond their primary assigned areas of responsibility.

25. It is critical that assessors are able to devote their time and resources for the duration of the mutual evaluation process. This includes reviewing all the documents (including the information updates on technical compliance, and information on effectiveness), collaborating with other team members, consulting with the assessed country (via the Secretariat) on an ongoing basis, raising queries and participating in conference calls prior to the on-site, preparing and conducting the on-site assessment, drafting the MER, attending post-onsite meetings (e.g. face-to-face meeting, and ECG/Plenary discussions), finalising the report after adoption by Plenary, adhering to the deadlines indicated, and, if necessary, participating in a handover meeting with ICRG JG members after Plenary adoption of the MER.

### RESPONSIBILITIES OF MUTUAL EVALUATION REVIEWERS

26. The main functions of mutual evaluation reviewers (ME Reviewers) are to ensure MERs are of an acceptable level of quality and consistency, and to assist both the assessment team and the assessed country by reviewing and providing timely input on the risk and scoping exercise, the draft MER, Key Recommended Actions and Roadmap (KRA Roadmap). Reviewers should maintain as confidential all documents and information produced during the mutual evaluation as outlined in paragraphs 38-40 and disclose any potential bias or conflict of interest between their responsibilities as an ME reviewer and their professional or private interests.

27. The ME reviewers need to be able to commit time and resources to review the risk and scoping exercise and the quality, coherence and internal consistency of the second draft TC Annex, second draft MER, as well as consistency with the FATF Standards and FATF precedent. Reviewers are encouraged to consider each TC Annex and MER in its entirety; however, each ME reviewer could, in principle, focus on part of the report so that, at minimum, ME reviewers collectively cover the entire TC Annex, MER and KRA Roadmap.

### RESPONSIBILITIES OF FOLLOW-UP EXPERTS

28. The function of experts for FATF follow-up processes (follow-up experts) is to produce an independent report (containing analysis, conclusions and proposed ratings) outlining the measures a country has taken to address the KRA in its KRA Roadmap, improve its technical compliance with the FATF Standards, to comply with FATF Standards that have changed since its MER or last FUR with technical compliance re-ratings (TCRR), and any area in which the country's technical compliance has diminished. To safeguard their independence, follow-up experts should maintain as confidential all documents and information produced during the follow-up exercise as outlined in paragraphs 38-40 and disclose any potential bias or conflict of interest between their responsibilities as a follow-up expert and their professional or private interests.

29. Follow-up experts will need to be able to commit time and resources to reviewing all the country's submissions, collaborating with any other follow-up experts involved in the follow-up exercise, being open and flexible and seeking to avoid narrow comparisons with their own national requirements or practices, raising queries, participating in conference calls, conducting and writing



up the analysis and adhering to the deadlines indicated. If any issues for which a follow-up expert is primarily responsible require discussion in ECG or Plenary, the follow-up expert will be required to attend the ECG/Plenary discussions.

### RESPONSIBILITIES OF ICRG JOINT GROUPS AND JG MEMBERS

30. Joint Groups are regional sub-groups of the ICRG and carry out analytical work on its behalf. The Joint Groups make recommendations, which are discussed by ICRG and put to Plenary for decision. Each ICRG Joint Group is responsible for assessing the degree and quality of progress made by the countries in its region that are under ICRG review and presenting its findings to each ICRG meeting. To do so, each Joint Group is to produce an independent report (containing analysis, conclusions and proposed KRA ratings) outlining the measures a country has taken to address the KRA in its KRA Roadmap. When necessary, a Joint Group may propose amendments to an FSRB member's KRA roadmap at the start of the Observation Period, for approval by ICRG and the FATF Plenary.<sup>13</sup> The Joint Groups are also responsible for preparing Post-Observation Period Reports (POPR) and, when necessary, developing revised KRA Roadmaps.

31. Joint Group members (JG members) should be able to commit time and resources to participating in the Joint Group meetings in each Plenary cycle and reviewing the reports under consideration by the Joint Group. Joint Group members may also be called upon to participate in a handover meeting with the ME assessment team following adoption of an MER for a country that meets the ICRG referral criteria.

32. Joint Group co-chairs are responsible for chairing meetings of the Joint Group, and leading the discussions. They are also responsible for interpreting the consensus of the Joint Group (in line with paragraphs 51-52 of the FATF Internal Governance Principles) and reporting the Joint Group's recommendations to the ICRG.

33. Joint Group lead reviewers are JG members responsible for producing an independent report (containing analysis, initial conclusions and proposed KRA ratings) outlining the measures a country has taken to address the KRA in its KRA Roadmap and leading the discussions during face-to-face meetings. Lead reviewers should work together to ensure that any report they prepare is internally consistent and consistent with the FATF Standards, Methodology and FATF Plenary decisions. Lead reviewers should be able to commit time and resources to the analytical work of the Joint Group for at least four Plenary cycles.

34. All Joint Group participants<sup>14</sup> act as independent experts. To safeguard their independence, Joint Group participants should maintain as confidential all discussions, internal deliberations, documents and information produced during the ICRG process as outlined in paragraphs 38-40 and disclose any potential bias or conflict of interest between their responsibilities as a Joint Group participant and their professional or private interests.

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<sup>13</sup> The process for amending an FSRB member's KRA roadmap is described in paragraphs 162-163, 167-168.

<sup>14</sup> Joint Group members, co-chairs and lead reviewers.



## RESPONSIBILITIES OF THE SECRETARIAT

35. The mutual evaluation is a dynamic and continuous process. The Secretariat should engage and consult the assessed country and facilitate engagement between the assessment team and assessed country on an ongoing basis, commencing as early as possible, but not less than eight months before the on-site. The country should indicate an identified contact person(s) or point(s) for the assessment. Throughout the process the Secretariat will ensure that the assessors can access all relevant material and that regular conference calls take place between assessors and the assessed country so as to ensure a smooth exchange of information and open lines of communication.

36. During the mutual evaluation process, the Secretariat, among other things:

- a) Impartially supports both the assessment team and the assessed country and ensures consistent application of the procedures;
- b) Focuses on quality and consistency<sup>15</sup> including taking steps necessary to ensure that the assessors' analysis is clearly and concisely written, comprehensive, objective and supported by evidence;
- c) Assists assessors and assessed country in the interpretation of the Standards and application of the Methodology and Procedures in line with past FATF Plenary decisions;
- d) Ensures that assessors and assessed countries have access to relevant documentation;
- e) Co-ordinates the process and other tasks as outlined in these Procedures.

37. During the follow-up and ICRG processes, the Secretariat<sup>16</sup> will impartially assist follow-up experts, and ICRG JG members in achieving quality reports and consistency in the application of the FATF Standards, Methodology and Procedures, and should impartially support the countries in follow-up and ICRG. The Secretariat will also advise the ECG, ICRG and Plenary on process and procedural issues (e.g., in cases where all KRA are not fully or largely addressed or where no progress has been made).

## CONFIDENTIALITY

38. All discussions, internal deliberations and documents and information produced during a mutual evaluation, follow-up or ICRG exercise should be treated as confidential, including information produced:

- a) by an assessed country (e.g., updates and responses, documents describing a country's AML/CFT/CPF regime, measures taken or risks faced (including those for which there will be increased or decreased focus), or responses to queries by assessors, ME reviewers, follow-up

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<sup>15</sup> In this context, "quality and consistency" refers to a good quality evaluation that is consistent with the processes and procedures laid down by the FATF and report based on analysis that is consistent with the FATF Standards, Methodology and Plenary decisions.

<sup>16</sup> In the ICRG process, FSRB Secretariats will assist to ensure the quality and consistency of the reports and act as a neutral party to help reach consensus during JG discussions.

experts, or ICRG JG members, including lead reviewers, (collectively referred to in this section as “participants”);

b) by the FATF Secretariat or participants (e.g., reports from participants, draft MER, draft FUR, etc.); and

c) in comments received through the consultation or review mechanisms.

39. These discussions, internal deliberations and documents and information should only be used for the specific purposes provided and not be disclosed to any person who is not a participant, unless the assessed country and the FATF (and where applicable, the originator of the document) consents to their release. These confidentiality requirements apply to the participants, the Secretariat, officials in the assessed country and any other person with access to the documents or information.<sup>17</sup>

40. Before they are given access to confidential documents or information, the participants should sign a confidentiality agreement, which will include a requirement to disclose any potential bias or conflict of interest between their responsibilities as a participant and their professional or private interests.

## RESPECTING TIMELINES

41. The timelines are intended to provide guidance on what is required if the reports are to be prepared within a reasonable timeframe, and in sufficient time for focused discussion in Plenary. Delays may significantly impact fairness of the process, the quality of the report and the ability of the Plenary to discuss the report in a meaningful way. It is therefore important that all parties respect the timelines.

42. The draft schedule of evaluations has been prepared so as to allow enough time between the on-site visit and the Plenary discussion and reflects the ideal that the assessed country and assessment team will gradually narrow the range of issues under discussion over the course of the ME process. Timelines for follow-up and ICRG reports are also designed to allow enough time to complete the reports and allow for consideration by delegations. A failure to respect the timelines may mean that this would not be the case. By agreeing to participate in the mutual evaluation, follow-up and ICRG processes, the country, the assessors, ME reviewers, follow-up experts, and ICRG JG members undertake to meet the necessary deadlines and to provide full, accurate and timely responses, reports or other material as required under the agreed procedure. Where there is a failure to comply with the agreed timelines, then the following actions could be taken (depending on the nature of the default):

- a) Failure by the country - the FATF President may write to the head of delegation or the relevant Minister in the country. The report may be deferred. The Plenary will be advised as to reasons for deferral, and publicity could be given to the deferment (as appropriate) or other additional action considered. If deferment is not practicable, the

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<sup>17</sup> The confidentiality requirements do not prevent Joint Group members from either seeking factual information from their delegation on issues relevant to the assessed country, or advising their delegations and governments on the progress of an assessed country, as long as this does not interfere with their duty to conduct an independent technical assessment not bound by instructions.

assessment team or follow-up experts will finalise and conclude the report based on the information available to them at that time. In the case of a country under active ICRG review, deferral is not possible except in extraordinary circumstances. The ICRG may recommend that Plenary consider a country's failure to comply with the agreed timelines as a lack of adequate co-operation with the ICRG process and issue a public statement to that effect.

- b) Failure by the assessors, ME reviewers, follow-up experts, and ICRG JG members or the Secretariat - the President may write a letter to or liaise with the Head of Delegation of the assessor, ME reviewer, follow-up expert, ICRG JG member or the FATF Executive Secretary (for the Secretariat).

43. The Secretariat will keep the Presidency advised of any failures so that the President can respond in an effective and timely way. The Plenary is also to be advised if the failures result in a request to delay the discussion of the MER or follow-up report.

## MEETINGS

44. While in-person meetings are generally preferred, they are not always possible. Except in cases where in-person participation is specifically required (e.g., on-site visits), meetings referred to in these Procedures may take place by video or teleconference when in-person meetings are not practicable.

## MUTUALITY AND MINIMUM MEMBER CONTRIBUTIONS

45. Every FATF member is obligated to provide human resources to support all aspects of FATF assessment work (mutual evaluations, follow-up and ICRG). Each member's expected minimum contribution of mutual evaluation assessors and reviewers, follow-up experts and ICRG lead reviewers is calculated on the basis of the FATF minimum contribution formula set by the FATF Plenary.

46. At the start of the FATF 5th round of mutual evaluations and again at the start of each biennium, the FATF Secretariat will update its estimates of human resources needed to support the round and what that means resource contribution-wise for each FATF member (including non-binding biennial targets). The FATF Secretariat will monitor members' progress towards meeting their FATF minimum contribution throughout the 5th round and will update the Plenary at least once per year (or more frequently if needed) on these issues.

47. FATF members not meeting their minimum contribution by the end of the FATF 5th round (June 2031) will be subject to a charge that is commensurate with the value of human resources not provided, as defined by Plenary. The Plenary may also suspend or withdraw membership status because of serious or continuous failure to meet the basic commitments of membership as outlined in the FATF Mandate, or repeated failure to contribute in a timely manner to the agreed financing of the Task Force, as provided in the FATF *Internal Governance Principles*.

#### IV. COMPOSITION OF TEAMS AND SELECTION OF PARTICIPANTS IN ME, FOLLOW-UP AND ICRG PROCESSES

##### COMPOSITION AND FORMATION OF MUTUAL EVALUATION ASSESSMENT TEAM

48. The assessors are confirmed by the President through the Secretariat. This will normally take place at least seven months before the on-site, and will be coordinated with member countries that volunteer assessors for the proposed assessment. The Secretariat will formally advise the country of the composition of the assessment team at the time the team is confirmed, including an overview of assessors' respective primary responsibilities and reminder that the assessment remains an all-team responsibility.

49. An assessment team will usually consist of five to six expert assessors (comprising at least one legal, financial<sup>18</sup> and law enforcement expert), principally drawn from FATF members, and will be supported by members of the FATF Secretariat. Depending on the country and the ML/TF/PF<sup>19</sup> risks, additional assessors or assessors with specific expertise may also be required. To ensure that the assessment team has the appropriate balance of knowledge and skills, a number of factors will be considered when selecting the assessors, including:

- a) their relevant AML/CFT/CPF operational and assessment experience;
- b) level of performance in the assessor training course;
- c) their willingness and ability to conduct the evaluation impartially and abide by the FATF Procedures, including requirements related to confidentiality and conflict of interest;
- d) their commitment, supported by their Head of Delegation, to make available the necessary time to take part in a mutual evaluation or follow-up process and to attend the meetings;
- e) their interpersonal skills to work well in a multi-cultural team, and to communicate with diplomatic sensitivity;
- f) language of the evaluation;
- g) nature of the legal system (civil law or common law) and institutional framework;
- h) regional and gender balance among members of the assessment team; and
- i) specific characteristics of the assessed country (e.g., size and composition of the economy and financial sector, geographical factors, and trading or cultural links).

Assessors should be very knowledgeable about the FATF Standards and FATF Methodology, and are required to successfully complete an FATF, FSRB, or joint FATF/FSRB assessor training course before

<sup>18</sup> The assessment team should have assessors with expertise relating to the preventive measures necessary for the financial sector and designated non-financial businesses and professions.

<sup>19</sup> "Proliferation financing risk" refers strictly and only to the potential breach, non-implementation or evasion of the targeted financial sanctions obligations referred to in Recommendation 7.

they conduct a mutual evaluation. To the extent possible, at least one of the assessors should have previous experience conducting an assessment.

50. For FATF evaluations, the Secretariat could, with the consent of the assessed country, invite an expert from an FSRB (member or Secretariat) or the IMF/World Bank<sup>20</sup> to participate as an expert on the assessment team, on the basis of reciprocity. Normally there should be no more than one, or in exceptional cases two, such experts per evaluation. In joint evaluations, the assessment team should be made up of assessors from both the FATF and the relevant FSRB(s) (see Part VII - Joint Mutual Evaluations with FSRBs) and will be supported by members of the FATF Secretariat.

### SELECTING MUTUAL EVALUATION REVIEWERS

51. Due to the nature of the peer review process, the Secretariat will work to ensure that the mutuality of the process is maintained, and members should provide qualified experts as ME reviewers. ME reviewers should be experts from FATF and FSRB delegations, FSRB Secretariat members, and the IMF or World Bank. To avoid potential conflicts and to strengthen the peer review nature of the process by involving a broader range of peers in the assessment, the ME reviewers selected for any given quality and consistency review will be from countries other than those of the assessors, and will be made known to the country and assessors in advance. Generally, three ME reviewers would be allocated to each assessment; comprising two ME reviewers from the FATF, and one ME reviewer from another assessment body.

### SELECTING FOLLOW-UP EXPERTS

52. Assessments of a country's technical compliance re-ratings and, when in enhanced follow-up, progress against its KRA will be undertaken by other members consistent with the peer review principle of the Mutual Evaluation process. These follow-up experts will analyse the country submission and prepare the summary report. To the extent possible, the original assessors or ME reviewers or ICRG lead reviewers will be sought as follow-up experts, if available. Follow-up experts other than original assessors or ME reviewers or ICRG lead reviewers should be experts from FATF and FSRB delegations with the relevant legal, financial or law enforcement background, who have successfully completed training on follow-up or ICRG processes and are nominated by their Heads of Delegation. The number of follow-up experts assigned to a report, and their expertise, will depend on the nature of the KRA being reviewed and any particular Recommendations to be considered for re-rating. The follow-up experts are confirmed by the President through the Secretariat.

### COMPOSITION AND FORMATION OF ICRG JOINT GROUPS

53. Participation in ICRG Joint Groups is open to experts from all FATF and FSRB members who have successfully completed ICRG reviewer training. Participation by jurisdictions subject to ICRG review will be limited to only those discussions concerning their jurisdiction's report. Experts interested in joining a Joint Group should provide notice to the FATF Secretariat, ideally, before the start of the Plenary cycle. To ensure JG members are fully prepared to participate in technical

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<sup>20</sup> Participation (on a reciprocal basis) of experts from other observers that conduct assessments, such as UNCTED, could be considered on a case-by-case basis.

discussions, experts expressing an interest to join a Joint Group more than one month after the start of a Plenary cycle will be eligible to join from the start of the following cycle. Where a new expert is needed to replace an expert from the same delegation, the new expert may join the Joint Group at any time on the understanding that the new expert will have completed ICRG reviewer training and have been fully briefed on the issues under consideration in that Plenary cycle.

#### SELECTING ICRG JG CO-CHAIRS

54. Each Joint Group is led by two co-chairs, who are appointed through a written process, which is open to all members of the Global Network. One Joint Group co-chair represents the FATF/ICRG and the other represents the FSRBs operating in the region covered by that Joint Group. Joint Group co-chairs serve for two-year terms, renewable at the Plenary's discretion. The ICRG co-chairs will seek nominations to fill the position when a co-chair position is vacated.<sup>21</sup> Following consultation with the FATF President, the ICRG co-chairs will make a recommendation to ICRG delegations which will take effect absent any objection, as outlined in the FATF IGP. The FATF Secretariat will maintain a list of the current Joint Group co-chairs, which will be available to FATF and FSRB members.

#### SELECTING ICRG LEAD REVIEWERS

55. The team of lead reviewers for an ICRG review will be selected by the JG co-chairs, in coordination with FATF and FSRB Secretariats. The selection process will begin immediately following the adoption of the MER. This is intended to ensure continuity of the review process from the MER to the POPR. When nominating lead reviewers for Joint Group reports, delegations will commit to such contribution for at least four Plenary cycles. Delegations will be expected to provide a replacement if their lead reviewer has to step down during that period. If a lead reviewer has to step down after this period, the delegation who supplied the lead reviewer would be approached in the first instance to provide a replacement. If that delegation cannot provide a suitable replacement, other delegations will be asked to provide nominees.

56. When selecting lead reviewers, priority will be given to lead reviewers with substantial expertise in relevant IOs. Each report involving an FSRB member should ideally involve the participation of at least one FSRB member as lead reviewer. To ensure mutuality of the review process, no report should contain multiple lead reviewers from the same delegation and no individual should act as lead reviewer on more than two IOs in a single report, to the extent possible. Members of the FATF or FSRB Secretariats can act as lead reviewer only in cases where there are no volunteers from FATF or FSRB members.

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<sup>21</sup> Nomination of a Joint Group co-chair from a monitored jurisdiction will only be considered after that jurisdiction's removal from the ICRG monitoring process.

## V. PROCEDURES AND STEPS IN THE EVALUATION PROCESS

57. A summary of the key steps and timelines for the assessment team and the country in the FATF mutual evaluation process is set out at Appendix 1. Those steps are described more fully below.

58. The assessed country and the Secretariat should begin informal engagement as far in advance of the on-site visit as possible. The country will advise whether they wish to conduct the evaluation in English or French. The country and the Secretariat will set a date for assessed country training. Ideally, assessed country training should take place before the country begins preparing its technical compliance submissions.

59. The assessed countries and assessment teams have the flexibility to extend the overall timeline by up to one or two months to accommodate translation needs, plan around FATF Plenary meetings, events or holidays, or to adjust the date of the on-site visit to the most appropriate time. In practice, this will require an earlier start to the evaluation process as there is no scope for reducing the time allocated to the post-onsite stages of the process. The assessed country and the Secretariat should therefore agree on the broad timeline of the evaluation at least 18 months before the FATF Plenary discussion. The assessed country should also advise the Secretariat of Recommendations where the country has made legal, regulatory or operational framework changes since the country's last previous MER, or FUR with TCRR as outlined in paragraph 73.

### PREPARATION FOR THE ON-SITE VISIT

60. At least seven months before the on-site visit or as early as possible, the Secretariat will fix the precise dates for the evaluation on-site visit as well as the timelines for the whole process in consultation with the country, and based on the timelines in Appendix 1 (as noted above, some flexibility is permissible).

61. The updates and information provided by the assessed country are intended to provide key information for the preparatory work before the on-site visit, including understanding the country's ML/TF/PF risks, identifying potential areas of increased focus for the on-site, and preparing the draft MER. Countries should provide the necessary updates and information to the Secretariat no less than seven months before the on-site.

### ***Ensuring Adequate Basis to Assess International Co-operation and Input on Risk***

62. Seven months before the on-site visit, FATF members and FSRBs<sup>22</sup> will be invited to provide feedback on their experience of international co-operation<sup>23</sup> with the country being evaluated. The feedback could relate to: (i) general experience, (ii) positive examples, and (iii) negative examples, on

<sup>22</sup> FSRBs and their members will only be invited to provide this information where they are willing to reciprocally invite FATF members to provide the same type of information in relation to their mutual evaluations.

<sup>23</sup> In this section, *international co-operation* refers to both informal international co-operation and formal mutual legal assistance.



the assessed country's level of international co-operation and should include information on any results achieved based on co-operation with the assessed country. Delegations may also provide any comments regarding AML/CFT/CPF issues they would like to see raised during the on-site visit or information that would assist the team to focus on areas of higher or lower risks.

63. In addition, the assessment team and the assessed country should identify countries that, based on the ML/TF/PF risks of the assessed country, would be able to provide valuable feedback on international co-operation or risk. During the risk and scoping exercise (see paragraphs –66-71), the assessment team will select the countries for specific outreach. Regarding these countries, the assessment team should also identify the specific types of information that would be most valuable.<sup>24</sup>

64. The Secretariat will advise the assessed country which countries the assessment team has selected for specific outreach. The Secretariat will then reach out to the selected countries, inviting them to provide both general and specific feedback regarding their experience of participating in international co-operation with the assessed country or their perspective on risks. This feedback should be provided to the Secretariat before completion of the scoping note and may be provided in writing or by teleconference.

65. All feedback received, whether from the general call for feedback or a specific request, will be made available to the assessment team and the assessed country. The assessed country will have an opportunity to respond to or supplement any information that may be used for the purposes of the evaluation.

### ***Risk and Scoping Exercise***

66. The assessment team will, from the beginning of the mutual evaluation process, review the assessed country's risk, context and general situation, to ensure the mutual evaluation is, from the outset, fully informed by risk. Assessors may identify specific areas to which they would pay more attention during the on-site visit and in the MER, as well as possible areas of reduced focus. This will usually relate to effectiveness issues but could also include technical compliance issues.

67. To facilitate this review, the assessed country should provide the information required to complete Chapter 1 of the MER and any other information necessary to explain its identification, assessment and understanding of its risks, context and materiality, including material relevant to core issue 1.1 of Immediate Outcome 1. The country should include this information with its initial submission of technical compliance information seven months before the on-site visit. Within two weeks after making its initial submission, the country and the assessment team should begin to engage to discuss their understanding of the assessed country's risks, context and materiality. This engagement will include an oral presentation by the assessed country, accompanied by any material it considers to be relevant, to explain its understanding of its risks, context and materiality.

68. The assessment team may consider multiple sources of information to develop its preliminary understanding of the assessed country's risks, context and materiality and a scoping note. The information provided by the country as well as the country's explanation of its understanding of

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<sup>24</sup> Examples may include co-operation between customs agencies where a border is shared, cooperation between tax authorities where money laundering from tax crimes is a significant risk, etc.



ML/TF/PF risks serve as a starting point. The assessment team will also consider information from credible and reliable sources external to the assessed jurisdiction, including the assessed country's most recent MER and FUR and the list of contextual factors outlined in the Introduction to the *FATF Methodology*. A list of the information sources used in the risk and scoping exercise should be attached as an annex to the MER, and the assessment team should be able to explain their use when asked by the assessed country.

69. The scoping note should set out briefly the areas for increased focus, as well as areas of reduced focus, and clearly articulate why these areas have been selected on the basis of risk, context and materiality. While the final decision lies with the assessment team, the areas for increased or reduced focus should, to the extent possible, be mutually agreed with the assessed country. In addition to determining areas for increased or reduced focus, the assessment team should use their conclusions from the scoping exercise to determine the level of weight given to risk, context and materiality when providing ratings in MERs.

70. The draft scoping note, along with relevant background information, should be sent to the ME reviewers and to the assessed country at least six months before the on-site. Having regard to the material made available to them, as well as their general knowledge of the jurisdiction, ME reviewers should provide their feedback to the assessment team regarding whether the scoping note reflects a reasonable view on the focus of the assessment. Reviewers should provide this feedback within two weeks of receiving the scoping note. The assessment team should consider the merit of the ME reviewers' comments, and amend the scoping note as needed, in consultation with the country.

71. After the technical compliance review and reviewing the assessed country's information on effectiveness, the assessment team should update the scoping note as needed, in consultation with the assessed country. The final version should be sent to the country, at least six weeks before the on-site, along with any requests for additional information on the areas of increased focus. The country should seek to accommodate any requests arising from the additional focus.

### ***Technical Compliance Review***

#### *Information Updates on Technical Compliance*

72. The ME technical compliance review should be a continuation of the follow-up process of the previous round. The assessment team will determine the Recommendations that fall within the scope of the ME process, referred to as "Recommendations under review" (RUR), based on consultation with the assessed country and having regard to the Recommendations identified by the assessed country and previous MER and FUR.<sup>25</sup> Recommendations under review are those where the country has made legal, regulatory or operational framework changes<sup>26</sup> since the country's last previous MER (or FUR with TCRR) and Recommendations where there has been a change in the FATF Standards for which the country has not previously been assessed.

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<sup>25</sup> Where there is disagreement between the assessment team and the assessed country in this respect, they should discuss the issue with the ECG Co-chairs to reach an agreement.

<sup>26</sup> Any such changes should be *material to the technical requirements of the Recommendation and the functional implications of the changes* that would warrant or lead to a re-rating, not minor changes or changes only as to form.

73. The assessed country is required to identify any Recommendations that it considers will be under review<sup>27</sup>. For each RUR, countries should rely on a questionnaire for the technical compliance update to provide relevant information and explain the relevant changes within each criterion to the assessment team. This questionnaire will be used as a starting basis for the assessment team to conduct the desk-based review on technical compliance for the RUR and should be submitted seven months before the on-site visit. The questionnaire is a guide to assist countries to provide relevant information in relation to: (i) background information on the institutional framework; and (ii) information on the measures that the country has taken to meet the criteria for each RUR. Countries should complete the questionnaire and may choose to present other information in whatever manner they deem to be most expedient or effective.

74. For Recommendations not under review, the Secretariat will compile pre-existing information from the assessed country's most recent MER or follow-up reports with TCRR for inclusion in the TC Annex.

#### *Desk Based Review for Technical Compliance*

75. Prior to the on-site visit, the assessment team will conduct a desk-based review of the country's level of technical compliance with the RUR. The assessment team will base its review on information provided by the country in the information updates on technical compliance, pre-existing information drawn from the country's most recent MER, FUR with TCRR and other credible or reliable sources of information. The team will carefully and comprehensively analyse this information, indicating if each sub-criterion is met, mostly met, partly met or not met and why.

76. The assessment team may highlight relevant strengths or weaknesses not previously noted in the country's MER or FUR and should consider whether there are any significant issues from the previous MER or FUR that should be corrected in the current MER to protect the FATF brand. If the assessors reach a different conclusion to previous MER or FUR (in cases where the Standards or the framework have not changed) then they should explain the reasons for their conclusion. In addition, if the team identifies changes in the assessed country's AML/CFT/CPF system that raise doubts about the ratings of a Recommendation not under review, the assessment team would re-examine that Recommendation.<sup>28</sup>

77. To ensure accurate and comprehensive analysis, the assessment team must consider all criteria of the RUR and examine the relevant legal, regulatory or operational framework in its entirety, even when some elements of the framework remain unchanged from the country's last previous MER, or FUR. However, where a Recommendation is being assessed, but the situation relating to a particular criterion had not changed, the country should indicate that the analysis from the MER or FUR remains valid, and assessors should take a "light touch" approach in considering such criteria.

78. In conducting the review, assessors should only take into account relevant laws, regulations or other AML/CFT/CPF measures that are in force and effect at that time, or will be in force and effect

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<sup>27</sup> That is to say, where it considers that the legal, institutional, or operational framework has changed.

<sup>28</sup> Likewise, if the assessment team identifies any additional Recommendations (other than those under review) that are implicated by changes made to the country's AML/CFT/CPF system, it should request additional information from the assessed country to re-assess these Recommendations.

by the end of the on-site visit. Where relevant bills or other specific proposals to amend the system are made available, these may be referred to in the MER (including for the purpose of the recommendations to be made to the country) but should not be taken into account in the conclusions of the assessment or for ratings purposes.

79. The technical compliance annex (TC Annex) is drafted by the Secretariat on the basis of the assessment team's analysis of the RUR. When drafting the TC Annex for assessors, the Secretariat takes into account the quality and consistency of mutual evaluation reports, including interpretation of the FATF Standards and application of the Methodology and Procedures in line with past FATF Plenary decisions.

80. The assessment team will review the TC Annex before the first draft is sent to the assessed country. About five months before the on-site, the assessment team will provide the country with a first draft of the TC Annex (which need not contain ratings or recommendations). The draft will include a description, analysis, and list of potential technical deficiencies identified. The country will have three weeks to clarify and comment on this first draft TC Annex

81. After considering the assessed country's clarifications and comments on the first draft, the assessment team will prepare a revised draft TC annex. The revised TC annex (second draft) will be sent to the country and the ME reviewers three months before the on-site visit. The second draft TC Annex should contain preliminary ratings. The country and ME reviewers will have three weeks to comment on this second draft TC Annex. Although the primary focus of the on-site visit is assessing effectiveness, a limited number of outstanding TC issues may be discussed during the on-site.

### ***Information and preliminary review on Effectiveness***

82. The assessment team will examine the country's level of effectiveness in relation to all of the 11 Immediate Outcomes. Countries should provide information on effectiveness based on the 11 Immediate Outcomes identified in FATF Methodology approximately four months before the on-site. They should set out fully how each of the core issues is being addressed as set out in each Immediate Outcome. It is important for countries to provide a full and accurate description (including examples of information, data and other factors) that would help to demonstrate the effectiveness of the AML/CFT/CPF regime. The assessed country should highlight areas where it believes recommended actions could improve effectiveness. The Secretariat should facilitate communications between the assessment team and assessed country to promote clarity and ensure a smooth exchange of information. In examining a country's level of effectiveness, assessors should consider the output of AML/CFT/CPF systems (data, statistics, case studies, etc.) that are complete by the end of the on-site visit.

83. After reviewing the information on effectiveness and any clarifications provided by the assessed country, the assessment team will prepare a preliminary outline of initial findings and requests for further information. In preparing this outline, the assessment team will bear in mind the assessed country's risk, context and general situation as identified in the risk and scoping exercise. The preliminary outline of initial findings and requests for further information will be provided to the assessed country two months before the on-site visit. The assessed country should provide any comments on the findings and provide requested information not later than six weeks before the on-site.

84. To expedite the mutual evaluation process, and to facilitate preparing the programme for the on-site visit, the assessment team will update its preliminary outline of initial findings, and identify key issues and potential recommended actions for discussion. The updated outline of initial findings, key issues and potential recommended actions for discussion will be provided to the assessed country one month before the on-site visit.

### ***Programme for On-Site Visit***

85. The country (designated contact) should work with the Secretariat, and prepare a draft programme and coordinate the logistics for the on-site. The draft programme, together with any specific logistical arrangements, should be sent to the assessment team no later than two months before the visit. Please see Appendix 3 for the list of authorities and businesses that would usually be involved in the on-site.

86. The draft programme should take into account the areas where the assessment team may want to apply increased or decreased focus based on the risk and scoping exercise. However, attention to any sector or category of financial institutions, DNFBPs or VASPs identified as an area of decreased focus should be commensurate with the level and nature of associated risk and should not be completely excluded from the programme.

87. To the extent possible, meetings should be held in a fixed location to avoid the assessors travelling between venues, which can be time consuming and wasteful. However, this should not preclude some meetings taking place at the premises of the agency/organisation being met (e.g., the FIU). The programme should be finalised at least three weeks before the on-site visit. The assessment team may also request additional meetings during the on-site, particularly where information gathered during meetings with country authorities and the private sector indicates higher risk levels than those identified in the risk and scoping exercise. When necessary for clarification, the assessment team may also request follow-up meetings with country authorities or the private sector.

88. Both in terms of the programme and more generally, the time required for interpretation, and for translation of documents, must be taken into account. For the efficient use of time, meetings should generally be conducted in the language of the assessment. However, if translation from the country's language into English/French is required, please see paragraph 22 under Responsibilities of the Assessed Country.

### **ON-SITE VISIT**

89. The on-site visit provides the best opportunity to clarify issues relating to the country's AML/CFT/CPF system. Assessors need to be fully prepared to review the 11 Immediate Outcomes relating to the effectiveness of the system and clarify any outstanding technical compliance issues. Assessors should also pay more attention to areas where higher ML/TF/PF risks are identified. Assessors must remain cognisant of the different country circumstances and risks, and that countries may adopt different approaches to meet the FATF Standards and to create an effective system. Assessors thus need to be open and flexible and seek to avoid narrow comparisons with their own national requirements or practices.

90. Experience has shown that at least nine to ten days of meetings are required for countries with developed AML/CFT/CPF systems; however, the exact time needed may vary. A typical on-site visit could thus allow for the following.

- a) An initial half day preparatory meeting between the Secretariat and assessors<sup>29</sup>.
- b) Nine to ten days of meetings with representatives of the country, including an opening and closing meeting. Time may have to be set aside for additional or follow-up meetings, if, in the course of the set schedule, the assessors identify new issues that need to be explored, or if they need further information on an issue already discussed.
- c) Two or three days where assessors work on the draft MER (supported by the Secretariat), ensure that all the major issues that arose during the evaluation are noted in the report, and discuss and agree on preliminary ratings, key findings and recommended actions. The assessment team should provide a written summary of its preliminary key findings and recommended actions to the assessed country officials at the closing meeting.

91. The average total length of the on-site visit may be in the order of 13 to 16 working days. However, actual time needed may be shorter or, in exceptional cases, longer, based on the size and complexity of the jurisdiction.

92. It is important that the assessment team be able to request and meet with all relevant agencies during the on-site. The country being evaluated and the specific agencies met should ensure that appropriate staff, including operational staff, are available for each meeting.

93. Meetings with the private sector or other non-government representatives<sup>30</sup> are an important part of the visit. Generally, the assessors should be given the opportunity to meet with such bodies or persons in private, and without a government official present, if there is concern that the presence of the officials may inhibit the openness of the discussion. The team may also request that meetings with certain government agencies are restricted to those agencies only.

#### **POST ON-SITE - PREPARATION OF DRAFT MER, KRA ROADMAP AND EXECUTIVE SUMMARY**

94. There should be a minimum of 29 weeks between the end of the on-site visit and the discussion of the MER and KRA Roadmap in Plenary. The timely preparation of the MER, KRA Roadmap and Executive Summary<sup>31</sup> will require the assessors to work closely with the Secretariat and the country. Depending on when the Plenary discussion is scheduled, the time period may also be extended or adjusted. In exceptional cases, and based on justified circumstances (and with the consent of the assessed country), a shorter period of time may be allowed.

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<sup>29</sup> The assessment team should also set aside time midway through the on-site to review the progress of the mutual evaluation and where relevant, the identified areas of increased focus for the on-site initially.

<sup>30</sup> E.g., those listed in Appendix 3.

<sup>31</sup> The format for the Executive Summary, MER and KRA Roadmap is contained in Annex II of the Methodology. Assessors should pay special attention to the guidance on how to complete the Executive Summary, MER in the Introduction to the Methodology, including with respect to the expected length of the MER (100 pages or less, together with a technical annex of up to 60 pages).

95. The steps in finalising a draft report for discussion at Plenary, and the approximate time that is required for each part, are set out in greater detail below (see also Appendix 1). With the aim to facilitate communication between the assessment team and the assessed country, the Secretariat should facilitate regular conference calls between all parties, in particular after the circulation of an updated draft MER.

96. In drafting the MER, the assessors should focus on providing their conclusions and the reasons for them rather than recitation of facts. In notes to the assessed country that accompany the first and second draft MER, assessors should aim to clarify as much as possible how information submitted by the assessed country was taken into account, what information was not taken into account and why, and where additional information is still needed. Assessors should also state clearly if they are not willing to change their views on a particular topic and the reasons for their position.

### ***1st Draft MER and Key Recommended Actions Roadmap***

97. The assessment team will have approximately five weeks to coordinate and refine the first draft MER (including the key findings, potential issues of note and recommended actions for the country). The first draft MER will include the preliminary recommended actions and ratings. During this time, the assessment team should also consider which recommended actions should be considered as Key Recommended Actions (KRA) and compile the KRA in a separate list for the country (the KRA Roadmap).<sup>32</sup> These documents are then sent to the country for comments.

98. The country will have four weeks to review and provide its comments on the first draft MER, including the KRA Roadmap and other recommended actions, to the assessment team. During this time, the assessment team should be prepared to respond to queries and clarifications that the country may raise and discuss the KRA Roadmap.

### ***2nd Draft MER and KRA Roadmap***

99. On receipt of the country's comments on the first draft MER and KRA Roadmap, the assessment team will have four weeks to review the various comments and make further amendments, as well as refine the KRA Roadmap. As in the case of the first draft, assessors should aim to clarify as much as possible, in writing, how specific information was taken into account in their analysis. The second draft MER and KRA Roadmap will then be sent to the country and to the ME reviewers.

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<sup>32</sup> Assessors should review the Methodology Introduction para.72-76 for guidance on developing recommended actions, determining which will be Key Recommended Actions and other recommended actions and preparing the KRA Roadmap. Subject to Methodology Introduction para.72, Key Recommended Actions should only relate to IOs rated ME or LE or Recommendations rated PC or NC where these relate to any IO rated ME or LE. Normally, there should be no more than two to three KRA related to each IO, including KRA for technical compliance for Recommendations related to that IO. In addition, there may be one KRA for each of Recommendations 3, 5, 6, 10, 11, and 20 that is rated NC or PC, where these do not pertain to any IO rated ME or LE.



***Pre-Plenary Quality & Consistency Review***

100. As part of the FATF mutual evaluation process, ME reviewers will conduct a pre-Plenary quality and consistency (Q&C) review with a view to:

- a) Commenting on assessors' preliminary review and analysis of the country's risks, materiality and context and the draft scoping note.
- b) Reflecting a correct interpretation of the FATF Standards and application of the Methodology (including the assessment of risks, integration of the findings on technical compliance and effectiveness, and identifying areas where the analysis and conclusions are clearly deficient).
- c) Checking whether the description and analysis supports the conclusions (including ratings),
- d) Considering whether sensible, relevant, measurable and achievable recommended actions for improvement are made and whether the most strategic recommended actions have been identified as KRA.
- e) Where applicable, highlighting potential inconsistencies with earlier decisions adopted by the FATF on technical compliance and effectiveness issues.
- f) Checking that the substance of the report is generally coherent and comprehensible.

101. The ME reviewers should have a copy of the comments provided by the country on the first draft MER and KRA Roadmap. Reviewers need to be able to access all key supporting documents - including the assessed country's technical compliance and effectiveness submissions and its risk assessment. The ME reviewers will have three weeks to examine the second draft MER and draft KRA Roadmap and provide their comments. To ensure transparency, all comments from the ME reviewers will be disclosed to the assessors and country. The ME reviewers do not have any decision-making powers or powers to change a report.

102. It is the responsibility of the assessment team to consider the ME reviewers' comments and then decide whether any changes should be made to the report. In addition to any changes made, assessors should respond to all substantive comments provided by external reviewers. When the draft MER and KRA Roadmap are circulated to delegations for comment, the assessment team should provide a short response to the Plenary regarding the decisions and any substantive changes it made to the report or KRA Roadmap based on the ME reviewers' comments.

103. The assessed country will have the opportunity to submit further comments on the second draft MER and KRA Roadmap, in parallel with the Q&C review process.

104. Where an FATF or FSRB member, the FATF Secretariat, FSRB Secretariat or the IMF or World Bank considers that an FATF, FSRB, IMR or World Bank report has significant problems of quality or consistency, it should wherever possible raise such concerns with the body conducting the assessment (the assessment body) during this pre-Plenary Q&C process.<sup>33</sup> The assessment body,

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<sup>33</sup> If the ME reviewers identify fundamental concerns with the MER's quality and consistency or misapplication of the FATF Standards or FATF Methodology, a targeted review may be considered as outlined in the *Universal Procedures*.

assessment team and assessed country should consider and work to appropriately address the concerns.

### ***Face-to-Face Meeting***

105. Following the conclusion of the pre-Plenary quality and consistency review, the assessment team and the country will have three weeks to consider country and ME reviewers' comments received on the second draft MER and KRA Roadmap, discuss likely changes and unresolved issues, and identify issues for discussion at the face-to-face meeting. At this stage, the draft MER should be as close as possible to the final text, with a narrow range of unresolved issues for discussion.

106. A face-to-face meeting is an important way to assist the country and assessment team to resolve outstanding issues. The assessment team (including Secretariat) and the country should have a face-to-face meeting to further discuss the second draft MER and KRA Roadmap. During this session, the assessment team and country should work to resolve any disagreements over technical compliance or effectiveness issues and identify potential key issues for Plenary discussion. Sufficient time during the face-to-face meeting should be allocated to discuss the KRA Roadmap. The face-to-face meeting should occur at least nine weeks before the Plenary. As a rule, and whenever possible, the face-to-face meeting is also attended by one or both ECG Co-chairs, as this will assist the identification of key issues for Plenary discussions.

107. After the face-to-face meeting, the assessment team will consider whether any further changes should be made to the draft MER or KRA Roadmap.<sup>34</sup> The assessment team, in consultation with the assessed country, will then prepare the Executive Summary.<sup>35</sup>

### ***Identifying Issues for Plenary Discussion***

108. The revised MER, KRA Roadmap and Executive Summary (collectively, the pre-Plenary drafts), will then be circulated to all members, associate members and observers six weeks before Plenary.<sup>36</sup> The ME reviewers' and assessed country's comments on this draft will be circulated then as well. Delegations will have two weeks to provide any written comments on the pre-Plenary drafts, and in particular, to identify any key issues that they wish to discuss in ECG/Plenary. The comments should focus on the substantive key issues, or on other high-level or horizontal aspects of the assessment, though other observations may also be made. The comments received will be made available to all delegations.

109. The ECG Co-chairs will engage the country and the assessment team and prepare a list of (usually five and not more than seven) priority and substantive key issues that will be discussed in ECG. This engagement will be based on the MER, KRA Roadmap, Executive Summary and delegation

<sup>34</sup> If changes are made after the face-to-face meeting to the analysis or conclusions in the MER are so extensive or substantially different from the previous draft as to have a potential significant impact on the quality and consistency of the MER, a targeted review may be considered as outlined in the *Universal Procedures*.

<sup>35</sup> The Executive Summary will describe the key risks, the strengths and weaknesses of the system, and the KRA for the country to improve its AML/CFT/CFP regime.

<sup>36</sup> Where the original draft is in French, the English translation will be distributed at this time.



comments received. The ECG Co-chairs should take into account the issues that the assessed country and delegations are most keen to discuss. The list of key issues for discussion in ECG would include the key issues arising from the report (whether raised by the country, the assessment team or delegations), as well as any questions of interpretation or inconsistency with other MERs adopted by the FATF. To the extent possible, the Secretariat staff directly involved in preparing the MER should not be included in the process of identifying and selecting priority and substantive key issues.

110. After consultation with the President, the finalised list of priority and substantive key issues for ECG discussion will be distributed to delegations two weeks before the Plenary. After discussions in ECG, a revised key issue document and any proposed amendments to the MER, KRA Roadmap and Executive Summary are submitted to the Plenary for discussion. To the extent possible, the revised KID should be circulated at least 24 hours before the Plenary discussion to give members sufficient time to prepare for discussion. Issues that are resolved by consensus in ECG will be presented to Plenary as information items. Proposed amendments to the Executive Summary, KRA Roadmap or MER can be made after the Plenary.

### THE PLENARY DISCUSSION

111. The discussion of each MER, KRA Roadmap and Executive Summary in Plenary will be based on the list of key issues and focus on high-level and substantive issues, primarily concerning effectiveness and the KRA Roadmap. Where appropriate, important technical issues would also be discussed. Adequate time should always be set aside to discuss the KRA Roadmap. The discussion is likely, on average, to take three to four hours of Plenary time. The procedure for the discussion will be as follows:

- a) Assessment team briefly presents in high-level terms the key findings from the report. The team will have the opportunity to intervene or comment on any issue concerning the MER, KRA Roadmap or Executive Summary.
- b) Assessed country makes a short opening statement.
- c) The Plenary discusses—
  - i. the list of key issues identified by the ECG; and
  - ii. the KRA Roadmap.These would usually be introduced briefly by ECG co-chairs.
- d) Time permitting, other issues could be raised from the floor, and discussed by the Plenary.

### ADOPTION OF THE MER, KRA ROADMAP AND EXECUTIVE SUMMARY

112. At the end of the Plenary discussion, the MER, KRA Roadmap and the Executive Summary will be submitted to Plenary for adoption. Plenary may direct that changes be made to the proposed MER, KRA Roadmap or Executive Summary if there is a consensus in Plenary to do so. Following the adoption of the report, the Secretariat will indicate to the Plenary in which level of follow-up the assessed country should be placed based on the final ratings and the date of the plenary at which the

assessed country will be expected to report on its progress in addressing the KRA (see Part IX–Follow-up and ICRG Processes). Based on Plenary’s decision regarding follow-up, the KRA Roadmap will be updated to reflect the expected reporting date.

113. If Plenary reaches consensus that it does not agree with proposed text, or does not adopt the MER, KRA Roadmap and the Executive Summary, then the assessors, the assessed country and the Secretariat should prepare amendments to meet the issues raised by the Plenary. Where substantive changes are required, either because additional information is required to be added, or the report has to be substantially amended, then the Plenary could decide to:

- a) adopt the report subject to it being amended, and the amended report being approved through the post-Plenary Q&C process; or
- b) where the required changes are significant, defer adoption of the report, and agree to have a further discussion of an amended report at the following Plenary.

114. The final report is a report of the FATF, and not simply a report by the assessors. As such, the Plenary will retain the final decision on the wording of any report, consistent with the requirements of the FATF Standards and Methodology. The Plenary will give careful consideration to the views of the assessors and the country when deciding on the wording, as well as take into account the need to ensure consistency between reports.

115. The assessment team is responsible for ensuring that all the changes to the report agreed by the Plenary have been made. Care will be taken to ensure that no confidential information is included in any published report. The Secretariat will check the adopted report, KRA Roadmap and Executive Summary for typographical or similar non-substantive errors and will circulate a revised version of the report to the country within one week of the Plenary. Within two weeks of receiving it from the Secretariat, the country must confirm that the report is accurate and advise of any typographical or similar errors. The report, KRA Roadmap and Executive Summary will then be subject to post-Plenary Q&C review (see Part X).

## **KRA ROADMAPS**

### ***Notice to Minister***

116. When an MER for an FATF member is published (following post-Plenary Q&C review), the FATF President will provide a copy of the KRA Roadmap to the appropriate Minister of the assessed country and advise the Minister regarding the FATF’s expectations for follow-up by the assessed country. The FATF Executive Secretary will provide a copy of this communication to the assessed country’s Head of Delegation annually while the assessed country remains in the follow-up process.

### ***ICRG Handover***

117. To ensure a shared understanding of the KRA Roadmap, the assessment team and assessed country, supported by the assessment body that led the ME, should meet with members and co-chairs of the ICRG Joint Group that has responsibility for the country’s geographical region. This meeting should take place within one month of the adoption of the MER of a country that meets ICRG referral criteria.

## VI. EVALUATIONS OF NEW MEMBERS

118. Any potential new member undergoes a mutual evaluation by the FATF to assess whether it meets the criteria for FATF membership as outlined in the Internal Governance Principles (IGP),<sup>37</sup> The mutual evaluation will proceed under the procedures laid out in Part V of these procedures. If the criteria for membership are met, and the country is admitted as an FATF member, the Plenary shall apply the FATF's follow-up process (see Part IX) to follow the country's progress in resolving any deficiencies identified in the country's AML/CFT/CPF system. If the membership criteria are not met, the process outlined in the IGP will apply.

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<sup>37</sup> FATF/PLEN(2019)82/REV1.

## VII. JOINT MUTUAL EVALUATIONS WITH FSRBS

119. In line with FATF policy, FATF members that are also members of FSRB(s) will undergo a joint evaluation by these bodies. Generally, the FATF will be the principal organiser, and will provide three assessors, while one to two assessors could be provided by the participating FSRBs. The FATF and the FSRB(s) Secretariats will participate. Reviewers should be provided by FATF, the FSRB(s), and another assessment body. To ensure adequate attention is given to consistency, a joint evaluation may use additional ME reviewers beyond the three set out in paragraph 51. The first discussion of the MER should take place in the FATF, and given the additional measures adopted for joint evaluations, the presumption is that the FATF's view would be conclusive.

120. The processes (including following the FATF Procedures for preparing the draft MER, KRA Roadmap and Executive Summary and follow-up monitoring) for joint evaluations would be the same as for other FATF evaluations. The FSRB(s) and its/their members have opportunities to participate directly through being part of the assessment team and providing comments and input on the draft MER, KRA Roadmap, Executive Summary and follow-up reports like other delegations. FSRBs should allow reciprocal participation in mutual evaluation discussions for FATF members, and on this basis, the following measures should also apply for joint evaluations.

- a) A representative from the FSRB(s) will be given a specific opportunity to intervene during the FATF Plenary discussion of the MER.
- b) All the FATF assessors on the assessment team are encouraged to attend the FSRB Plenary(ies) at which the joint evaluation report is considered, and at least one FATF assessor should attend the FSRB Plenary(ies). The same approach should be applied to IMF or World Bank-led assessments of FATF members that are also members of FSRBs.
- c) In an exceptional case where a report was agreed within FATF but subsequently the FSRB identified major difficulties with the text of the report, then the FSRB Secretariat would advise the FATF Secretariat of the issues, and the issues should be discussed at the following FATF Plenary.
- d) Consideration will also be given to the timing of publication, if the MER has not been discussed in the FSRB(s), with a view to finding a mutually agreed publication date.
- e) If scheduling permits, the Plenary discussion of a joint MER may take place at a joint Plenary meeting of the FATF and the FSRB, with the full participation of all FATF and FSRB members.

121. For the evaluation of a member country of the Gulf Cooperation Council, the assessment team may adopt Arabic as the working language, provided that bilingual assessors, ME reviewers, and staff from both the FATF and Middle East and North Africa Financial Action Task Force (MENAFATF) secretariats are available. In this case, laws and other documents would be provided in Arabic and meetings conducted in Arabic. The final pre-Plenary draft (post face-to-face meeting) would be translated into English in time for circulation to the Global Network. English would be the primary language for ECG and Plenary discussion. For these evaluations, the MENAFATF will undertake follow-up monitoring (other than monitoring by the ICRG).

### VIII. IMF OR WORLD BANK LED ASSESSMENTS OF FATF MEMBERS

122. The FATF is responsible for the mutual evaluation process<sup>38</sup> for all of its members, and there is a presumption that the FATF will conduct the mutual evaluations of all FATF members as part of this process. The presumption can be overridden at the discretion of the FATF Plenary on a case-by-case basis, with the country's agreement. For the purposes of FATF mutual evaluations, the FATF Plenary has discretion as to the number of FATF assessments that could be conducted by the IMF or World Bank, but the expectation is that there would be five to six IMF or World Bank-led assessments during a round of mutual evaluations (one a year). Accordingly, IMF or World Bank-led assessments should be agreed and fixed on the same basis as other evaluations in the schedule (see paragraphs 8-11). The FATF should be involved at an early stage in the process of determining which countries will be assessed by the IMF or World Bank, and the Plenary will decide on any such requests.

123. Where the IMF or World Bank conduct an AML/CFT/CPF assessment of an FATF member, they should use procedures and a timetable similar to those of the FATF. The FATF Plenary will in all cases have to approve an IMF or World Bank assessment of an FATF member for it to be accepted as a mutual evaluation.

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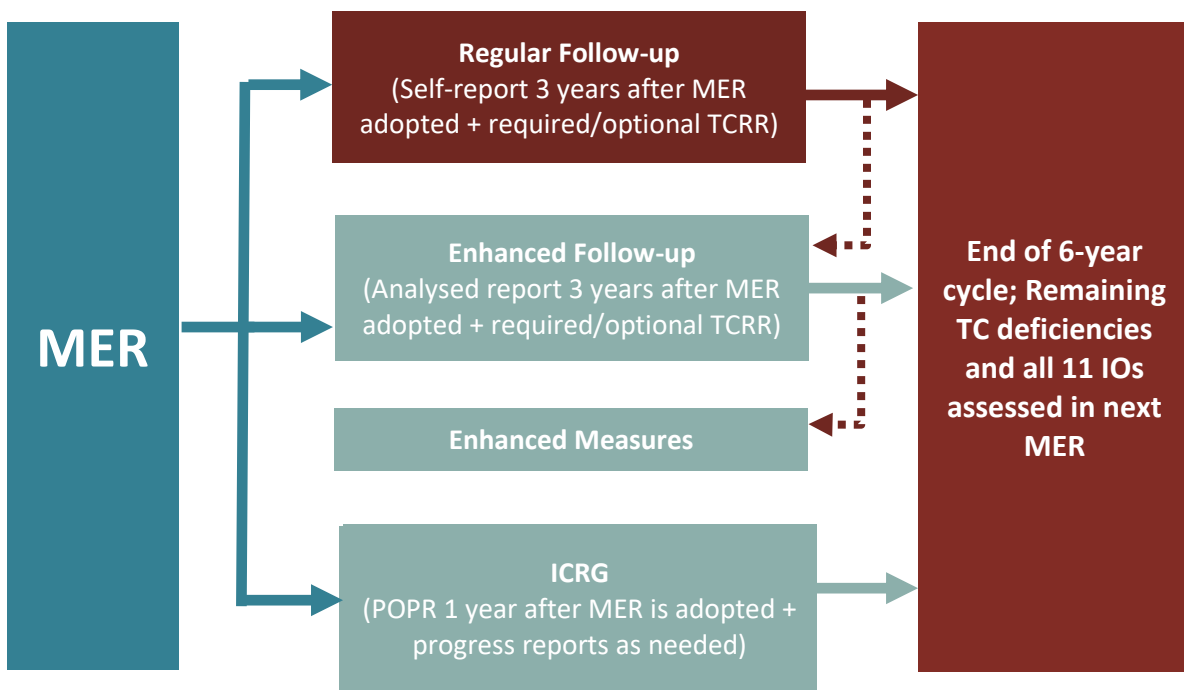
<sup>38</sup> Including any follow-up monitoring that may be required.

## IX. FOLLOW-UP AND ICRG PROCESSES

### OVERVIEW

124. Following the discussion and adoption of an MER, the country could be placed in either regular follow-up, or enhanced follow-up, or referred to ICRG. Regular follow-up is the default monitoring mechanism for all countries. Enhanced follow-up is based on the FATF's traditional policy that deals with members where the AML/CFT/CPF system needs major improvements (for technical compliance or effectiveness), and involves a more intensive process of follow-up. ICRG is a compliance enhancing mechanism for countries across the Global Network where the system needs fundamental improvements, and involves more direct monitoring by the FATF. The following figure provides a basic overview of the follow-up and ICRG processes.

Figure 1. Follow-up and ICRG Processes



125. As a basic commitment of membership, the FATF expects that, in the three-year period (10 plenary cycles) since the MER was adopted<sup>39</sup>, countries would have:

- a) fully or largely addressed all KRA in their KRA Roadmap;
- b) improved their technical compliance with any Recommendation rated NC or PC to the extent that re-rating to LC or C is warranted; and

<sup>39</sup> Deadlines to address specific KRA may be shorter than 3 years for countries in the ICRG process, on the basis of particular risks identified in the assessment process.

- c) made necessary changes to comply with any FATF Standards revised since the date the country's technical compliance submission was due.

126. Countries under regular or enhanced follow-up and countries that qualify for ICRG review but do not meet the prioritization threshold (i.e. FATF countries in the "ICRG Pool") would typically report back ten Plenary cycles (approximately 3 years) after the adoption of the country's MER.<sup>40</sup> This is intended to be a targeted but more comprehensive report on the countries' progress, with the focus being on the extent to which the KRA in its KRA Roadmap have been addressed and any actions taken that might justify technical compliance re-rating (TCRR). Countries that qualify for ICRG review and meet the prioritisation threshold will report as outlined in paragraph 165.

127. All countries should seek re-ratings for technical compliance with Recommendations rated as NC or PC<sup>41</sup> as part of the follow-up process.<sup>42</sup> Requests for technical compliance re-ratings will not be considered where the expert(s) determines that the legal, institutional, or operational framework has not changed since the country's MER (or previous FUR, if applicable) and there have been no changes to the FATF Standards or their interpretation.

128. If any of the FATF Standards have been revised since the date the country's ME technical compliance submission was due, the country will be assessed for compliance with all revised Standards at the time its follow-up report is considered (including cases where the revised Recommendation was rated LC or C) as outlined in paragraph 6.

129. Any recommended actions which are not the subject of a KRA or technical compliance issues that remain after the follow-up report or exit from the ICRG process will be assessed as part of the country's next mutual evaluation, unless Plenary directs the country to report sooner.

## REPORTING REQUIREMENTS

130. For all follow-up and ICRG reports, the country will provide an update to the Secretariat identifying changes made to the legal, regulatory or operational AML/CFT/CPF framework since its MER was adopted and setting out the actions it has taken or is taking to address the KRA Roadmap.<sup>43</sup> Information relevant to KRA may include information identified in the lists in the FATF Methodology on the Examples of Information that could support the conclusions on core issues for each Immediate Outcome and should demonstrate sufficient progress against the relevant KRA so that the KRA is addressed or largely addressed.

131. Some KRA may relate to technical compliance deficiencies, and the country will also submit material on its progress to improve compliance with any Recommendation rated NC or PC where it is

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<sup>40</sup> Plenary retains the discretion to vary the specific reporting date.

<sup>41</sup> Requests for technical compliance re-rating (TCRR) may include Recommendations not included in the KRA Roadmap that are rated PC or NC where the legal, regulatory or operational AML/CFT/CPF framework has changed.

<sup>42</sup> Countries under ICRG review should make their TCRR requests to their respective assessment body in line with that assessment body's procedures.

<sup>43</sup> Representative timelines for preparing follow-up reports, including ICRG reports, are outlined in Appendix 2.

requesting re-rating<sup>44</sup> and with any revised FATF Standards as outlined in paragraph 6. Technical compliance updates should be provided in a similar format to the Mutual Evaluation technical compliance questionnaire (see Appendix 3).

132. For any follow-up or ICRG report, only relevant laws, regulations or other AML/CFT/CPF measures that are in force and effect by the deadline to submit information for a follow-up or ICRG Joint Group report, will be taken into account for determining the extent to which a KRA is addressed, or a technical compliance re-rating is justified.<sup>45</sup>

133. To ensure accurate and comprehensive analysis, the follow-up experts and ICRG JG members, including lead reviewers, should consider all criteria of the Recommendations under review and examine the relevant legal, regulatory or operational framework in its entirety, even when some elements of the framework remain unchanged from the country's MER. The follow-up experts and ICRG JG members may highlight relevant strengths or weaknesses not previously noted in the country's MER. If the follow-up experts and ICRG JG members reach a different conclusion to previous MER (in cases where the Standards or the framework have not changed) then they should explain the reasons for their conclusion.

#### DIMINISHED COMPLIANCE

134. . If, at any time, delegations or the Secretariat become aware that a country has significantly diminished its technical compliance to a level that the Plenary considers as equivalent to NC/PC on any one or more of R.3, 5, 6, 10, 11 and 20 the Plenary may require a TCRR report on the Recommendation. If it comes to the Plenary's attention that a country has significantly lowered its compliance with any other FATF Standards, the Plenary may request the country to address any new deficiencies as part of the follow-up process.

135. If, at any time, delegations or the Secretariat become aware that a country has significantly diminished its level of effectiveness for any one or more Immediate Outcome since its MER, Plenary may require the country to provide an overview report of the relevant Immediate Outcome to determine whether a more comprehensive analysis of the Immediate Outcome by a follow-up expert is required.

136. In cases where Plenary considers whether a country's level of technical compliance or effectiveness is significantly diminished<sup>46</sup>, the Secretariat will contact the assessed country for

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<sup>44</sup> For countries under active ICRG review, requests for TCRR should be made to the relevant assessment body in line with that body's procedures.

<sup>45</sup> This rule may only be relaxed in the exceptional case where the legislation is not yet in force at the deadline to submit information for follow up, but the text will not change and will be in force by the time of the Plenary. In other words, the legislation has been enacted, but is awaiting the expiry of an implementation or transitional period before it is enforceable. In all other cases, the procedural deadlines should be strictly followed to ensure that experts have sufficient time to do their analysis.

<sup>46</sup> Illustrative examples could include judicial decisions that diminish the powers or responsibilities of law enforcement authorities, the FIU or other competent authorities or that render elements of the AML/CFT/CPF legal framework unenforceable; the repeal or replacement of important elements of the AML/CFT/CPF legal framework.



comment and prepare a decision paper for consideration by Plenary. The assessed country will have an opportunity to explain its position to Plenary orally or in writing.

### KRA RATING SCALE

137. To ensure clear and comparable decisions, a country in regular follow-up, follow-up experts, and ICRG JG members should reach a conclusion about the extent to which the country has (or has not) addressed each KRA. For each KRA, there are four possible ratings based on the extent to which the KRA is addressed: *Fully addressed*, *Largely addressed*, *Partly addressed*, and *Not addressed*. These ratings should be decided on the basis of the following:

<b>KRA Ratings</b>		
<b>Fully addressed</b>	FA	The country has fully addressed the KRA.
<b>Largely addressed</b>	LA	The country has addressed the KRA to a large extent, but minor improvements are needed.
<b>Partly addressed</b>	PA	The country has addressed the KRA to some extent, but moderate improvements are needed.
<b>Not addressed</b>	NA	The country has not taken any action or steps or has only taken negligible steps to address the KRA; major improvements are needed.

138. In cases where a country is under active ICRG review and a KRA relates to technical compliance,<sup>47</sup> progress against that KRA should be rated using the KRA rating scale until the country requests TCRR.

### FOLLOW-UP MONITORING MECHANISMS

#### ***Regular Follow-up***

139. Regular follow-up provides a light-touch process for monitoring those countries whose MER reflect substantial to high levels of effectiveness and technical compliance. Countries in regular follow-up will present their follow-up report as a self-assessment. Review of progress on KRA relating to effectiveness will not be analysed, but will be circulated to delegations for information.

140. Compliance with FATF Standards that have changed since the date the country's ME TC submission was due and any Recommendation where the country requests TC re-rating will be analysed for re-rating by follow-up experts. Where a country in regular follow-up seeks technical compliance re-ratings, it should indicate which Recommendations should be considered for re-rating seven months in advance of the relevant Plenary meeting.<sup>48</sup> The TC update by the country should be

<sup>47</sup> See paragraph 97 and related footnote regarding KRA on technical compliance.

<sup>48</sup> For the purposes of this chapter, the Plenary meeting at which a country's report is scheduled to be considered is referred to as the "relevant Plenary meeting".

submitted to the Secretariat one month later (at least six months in advance) of the relevant Plenary meeting.

141. The KRA Roadmap self-assessment report outlining progress against KRA that do not involve TCRR should be submitted at least two months in advance of the relevant Plenary meeting. The Secretariat will prepare a cover note briefly summarising which KRA the country reports as being fully or largely addressed and which KRA the country reports as being partly or not addressed and making a recommendation regarding the next step in the follow-up process, if any.

142. The cover note and any TCRR report will be provided to the country for its comments before it is sent to delegations. The cover note and the country's self-assessment follow-up report will be considered by Plenary as information items, unless all KRA are not fully or largely addressed. If a country has not fully or largely addressed all KRA, the follow-up report will be discussed in ECG and Plenary as outlined in paragraphs 184-185. Any TCRR report will be considered as outlined below in the section entitled Analysis of KRA Progress and TCRR.

143. After considering a regular follow-up report in which the country reports that all KRA have not been fully or largely addressed, the Plenary may direct that the country submit an updated report for analysis as outlined for enhanced follow-up. Using a risk-based approach, Plenary may also decide to apply enhanced measures if strategic shortcomings remain.

### ***Enhanced Follow-up***

144. After the discussion of the MER, the Plenary will place the country in enhanced follow-up if any one of the following applies:

- a) it has 5 or more PC ratings for technical compliance, or
- b) it has 1 or more NC ratings for technical compliance, or
- c) it is rated PC on any one or more of R.3, 5, 6, 10, 11 and 20, or
- d) it has a moderate level of effectiveness for 6 or more of the 11 effectiveness outcomes,  
or
- e) it has a low level of effectiveness for 1 or more of the 11 effectiveness outcomes.

145. For countries in enhanced follow-up, progress against all KRA will be analysed by follow-up experts based on the information submitted by the country, consistent with the peer review principle of the ME process. Compliance with FATF Standards that have changed since the date the country's TC submission was due and any Recommendation where re-rating is requested will be analysed for re-rating as part of this process.

146. Where a country in enhanced follow-up seeks technical compliance re-ratings, it should indicate nine months in advance of the relevant Plenary meeting which Recommendations should be considered for re-rating. The update by the country on steps taken to address its KRA, including both effectiveness and technical compliance, should be submitted to the Secretariat one month later (at least eight months in advance of the relevant Plenary meeting. The country's submission will be analysed for progress against the KRA and for any technical compliance re-ratings by a group of follow-up experts, consistent with the peer review principle of the ME process.

147. The follow-up experts will prepare a follow-up report comprising an analysis of the measures taken to address the KRA and improve technical compliance and conclusions regarding the extent to which those measures address the KRA and whether TCRR is warranted. The analysis and conclusions will be provided to the country for its comments before it is sent to delegations.

148. After the discussion of an enhanced follow-up report in which all KRA have not been fully or largely addressed, the Plenary will apply enhanced measures, as outlined in paragraph 188.

## **ICRG**

### *Entry Criteria*

149. After the discussion of the MER, the Plenary will refer a country to ICRG for observation if it meets any of the following criteria:

- a) it has 15 or more NC/PC ratings for technical compliance; or
- b) it is rated NC/PC on 3 or more of R.3, 5, 6, 10, 11 and 20; or
- c) it has a low or moderate level of effectiveness for 9 or more of the 11 Immediate Outcomes, with a minimum of 2 low level ratings; or
- d) it has a low level of effectiveness for 6 or more of the 11 Immediate Outcomes.

150. Any FATF or FSRB delegation may nominate a country for active ICRG review if, based on direct and specific knowledge,<sup>49</sup> any of the following criteria are met:

- a) Where there appear to be substantial ML, FT, or PF threats or risks likely to meet the criteria for an ICRG review based on MER results.
- b) Where the legal and regulatory framework of a country appears to not comply with important portions of the FATF Standards, which may result in serious vulnerabilities in the AML/CFT framework.
- c) Where, after its MER is adopted, the jurisdiction has lowered its level of commitment to the implementation of the FATF Standards, has seriously weakened its legal and regulatory framework, or has substantially backtracked on technical compliance or effectiveness.
- d) Where a country consistently fails to provide adequate international cooperation related to AML/CFT/CPF.

151. Nominations should be made in writing to the FATF Secretariat, through the delegation's Secretariat, president, or relevant co-chairs, at least one month before the next ICRG meeting. The nomination should clearly indicate the reasons for the referral or outline the nature of the difficulties encountered and include supporting materials (e.g., concrete cases, reasonable findings).

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<sup>49</sup> Direct and specific knowledge may include information from other international evaluations on topics related to AML/CFT or from other international groups and organisations in the fields of financial transparency, including information sharing on tax issues, market integrity, banking and financial stability and supervision.

152. Where a delegation nominates a country that is a member of an FSRB of which the nominating delegation is not part, the ICRG co-chairs will inform the country of its nomination through the relevant FSRB Secretariat, to allow the country time to present explanations if it is represented in the ICRG. The ICRG would then be asked to recommend to Plenary whether the situation requires ICRG review. If Plenary adopts the nomination, the country would move into the active ICRG review process as described in paragraphs –165-168 (Post-Observation Period Report and Revised KRA Roadmap). In such cases, the initial report to the ICRG is referred to as a “post-referral report, since there is no observation period.

153. Any country that does not participate in FATF or an FSRB or that does not allow MER/DAR results to be published in a timely manner will be subject to ICRG review. Non-participation in the FATF or FSRB may demonstrate a lack of political commitment to the FATF Standards, and such countries would also not be subject to a mutual evaluation process with a detailed follow-up process. Failure to publish MER/DAR reports in a timely manner also casts serious uncertainty on a country’s compliance with the AML/CFT/CPF standards. Jurisdictions would enter the ICRG Pool and be subject to the prioritisation as described below.

#### *Prioritisation Threshold and the ICRG Pool*

154. To ensure that ICRG focuses on countries with greater potential to have significant impact on the international financial system, a country will be prioritised for active ICRG review if it meets one of the following indicators;

- a) the country is an FATF member;
- b) the country is a High-Income Country based on data from the World Bank;<sup>50</sup>  
or
- c) subject to paragraph 154*bis*, the country has broad money<sup>51</sup> more than 10 billion USD (or the equivalent in other currency).

154*bis*. When a country has broad money more than 10 billion USD (or the equivalent in other currency) and is a Least Developed Country (LDC) based on data from the UN:

- a) if the ICRG achieves consensus that the LDC does not present a significant ML/TF/PF risk, the LDC will be placed in the ICRG pool;
- b) if the LDC is placed under active ICRG review, (i) the Observation Period referred to in paragraph 164 will be two years, unless, based on risk, the ICRG achieves consensus that the 12-month Observation Period should apply; (ii) after one year of a two-year Observation Period, the LDC should provide an update on progress to its assessment body; and (iii) the assessment body should provide an oral update at the next meeting of the relevant Joint Group.

<sup>50</sup> Excluding High-Income Countries with a financial sector of two or fewer banks.

<sup>51</sup> *Broad money data* is the standard, if such data is available, for determining financial sector assets. When broad money data is out of date, or is not available from the IMF, the Secretariat will seek an updated figure from the country. If broad money data is not available from the country, the ICRG will determine financial sector assets based on an equivalent indicator to measure financial sector assets.

155. At the beginning of the Observation Period, the ICRG will consider whether a country meets the prioritisation threshold to determine whether, at the end of the Observation Period, the country will submit a Post-Observation Period Report (POPR) for ICRG consideration, or a follow-up report for consideration by the country's assessment body. At the end of the Observation Period, the ICRG will again consider whether the country meets the prioritisation threshold to confirm the ICRG's decision on prioritisation. Countries that do not meet the prioritisation threshold at the end of the Observation Period remain in the ICRG pool, and whether they meet the threshold would be considered annually, as new data becomes available. When a country in the ICRG Pool meets the prioritisation threshold, ICRG would discuss and achieve consensus regarding whether to retain that country in the ICRG Pool.

156. The ICRG Pool is a tool to prioritise ICRG review, rather than an indication that a jurisdiction will not be reviewed. A jurisdiction in the ICRG Pool can be referred for active monitoring by the ICRG at any point. This could include deciding to place a jurisdiction under active ICRG review (including the timeline for discussing the POPR) rather than placing the jurisdiction in the ICRG Pool. This decision will be based on issues raised by delegations at the ICRG meeting. The Secretariat will prepare a paper for each Plenary meeting outlining risk factors in each of the countries in the ICRG Pool based on relevant information from the jurisdiction's MER and FUR, when applicable.<sup>52</sup> When the jurisdiction meets the prioritisation criteria, or is otherwise referred for active ICRG review, a POPR would be prepared for discussion at the next ICRG meeting.

157. For countries that remain in the ICRG Pool, progress against KRA will be analysed in line with the enhanced follow-up process of the country's assessment body.

#### *ICRG Decision Making Processes*

158. The following ICRG decision making processes apply when considering:

- a) whether to recommend a nomination for ICRG review to Plenary;
- b) the conclusions of a POPR or a post-referral report;
- c) revisions to a country's KRA Roadmap;
- d) the level of a country's progress against its KRA Roadmap, including whether the country has made insufficient progress;
- e) whether an on-site visit is warranted;
- f) whether a country should exit ICRG review.

#### *Consensus Proposal by the Joint Group*

159. Where the Joint Group agrees by consensus to make a proposal to the ICRG, the ICRG will consider the proposal and, unless there is consensus to change that proposal, recommend the proposal for adoption by Plenary. Plenary consensus is needed to change the Joint Group's proposal prior to adoption.

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<sup>52</sup> If the jurisdiction has never undergone a mutual evaluation, credible and reliable open-source information could be relied upon to present the jurisdiction's ML/TF risk factors.

## No Consensus for Proposal within the Joint Group

160. In the exceptional case where the Joint Group does not achieve consensus on an issue,<sup>53</sup> there will be a technical discussion of that issue in ICRG.<sup>54</sup> The Joint Group co-chairs will summarise the issue, and the FATF Secretariat will prepare a discussion guide outlining the areas of disagreement on that issue for the ICRG discussion. Joint Group Members, including lead reviewers, and the jurisdiction under review can provide written comments on the issue for inclusion in the discussion guide. If the ICRG achieves consensus on the issue, it will recommend the proposal for adoption by Plenary. As outlined in IGP paragraph 52, Plenary consensus is needed to deviate from the status quo.<sup>55</sup>

161. Where the ICRG does not achieve consensus on that issue, the ICRG co-chairs will summarise the discussions in ICRG and the FATF Secretariat will update the discussion guide outlining the remaining areas of disagreement for discussion in Plenary. Where Plenary does not achieve consensus on an issue, the status quo will not be altered, as outlined in IGP paragraph 52.

## *Active ICRG Review*

### KRA Roadmap and Observation Period

162. Countries that meet the entry criteria and meet the prioritisation threshold at the beginning of the Observation Period, will be subject to active ICRG review based on the KRA Roadmap. For FATF jurisdictions the KRA Roadmap will remain the same as adopted by Plenary with the MER. For FSRB jurisdictions, the Joint Group may recommend amendments to the KRA Roadmap to the ICRG on the basis of a meeting with the MER assessment team and the reviewed jurisdiction. In such cases, the Joint Group will prepare a KRA Roadmap with these amendments at the beginning of the Observation Period described in paragraph 164.

163. When amending an FSRB KRA Roadmap, the Joint Group will focus on strategic deficiencies, with a degree of flexibility to add KRA from the list of RAs adopted in the MER, but were not considered sufficiently important to be a KRA. The KRA Roadmap is expected to be consistent with footnote 31 of these Procedures. Where the Joint Group reaches consensus to recommend a KRA Roadmap, Plenary consensus is required to overturn the Joint Group's recommendation. Where there is no consensus on a KRA Roadmap in the Joint Group, the KRA as outlined in the FSRB MER prevail, and Plenary consensus will be required to make any changes.

164. For FATF members under ICRG review, the Observation Period starts when the Plenary adopts the country's MER. The Observation Period for FSRB members under ICRG review starts when its KRA

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<sup>53</sup> Disagreement may arise, for example, over the degree of progress against an existing KRA, or because the proposed KRA is new.

<sup>54</sup> This mechanism should only be used in exceptional circumstances and every effort should be made to achieve consensus within the Joint Group.

<sup>55</sup> In the context of ICRG, the status quo refers to the existing status of ICRG review (including progressing in active ICRG review), text of an existing KRA (in cases where the FATF Plenary has not previously decided on the KRA, this would be the KRA as laid out in the respective FSRB Mutual Evaluation Report), an existing rating, or text of an existing public statement.



Roadmap is finalised and adopted by the FATF Plenary. Normally, this will occur at the FATF Plenary after the FSRB Plenary adopts the country's MER. In cases where the MER is adopted less than six weeks before the FATF Plenary, the preparation and finalisation of the KRA Roadmap (and consequently the start of the Observation Period) will be postponed until the following FATF Plenary. During the Observation Period, the country should work with the FATF or the FSRB which adopted the mutual evaluation report (the assessment body) to address the KRA identified in its KRA Roadmap. The Observation Period is generally 12 months.<sup>56</sup>

#### Post-Observation Period Report and Revised KRA Roadmap

165. All countries under active ICRG review will report to the Joint Group for consideration following the Plenary that marks the end of their Observation Period. This report is intended to be targeted on the countries' progress against its KRA Roadmap, with the focus being on the extent to which the country has addressed KRA related to each Immediate Outcome rated low or moderate and technical compliance deficiencies for Recommendations 3, 5, 6, 10, 11 and 20. The Joint Group assesses the degree and quality of progress made by the country against the KRA Roadmap and reports its findings to the next ICRG meeting. This report is referred to as the Post-Observation Period Report (POPR). All POPRs will be put on the ICRG agenda as single items.

166. If the Joint Group is satisfied that the country has fully or largely addressed the KRA in its KRA Roadmap, it will propose to the ICRG that the country be removed from the ICRG process. When Plenary adopts the proposal, the country is removed from the ICRG process and will prepare for its next mutual evaluation. The country should also request TC re-rating for any Recommendation rated NC or PC. Such a request should be made to the country's assessment body in line with that assessment body's procedures. When considering such a request, the assessment body should consider any relevant conclusions reached by the Joint Group.

167. If the Joint Group does not reach consensus that the country has fully or largely addressed all the KRA in its KRA Roadmap, the Joint Group, in consultation with the assessed country, will develop a revised KRA Roadmap with timelines for addressing each KRA. The revised KRA Roadmap will include any KRA or strategic technical compliance issues that remain after the Observation Period. When revising a KRA Roadmap, the Joint Group may propose to add RAs or amend or remove existing KRAs, taking into account the information provided in the POPR, as well as any changes in risk and context.

168. The FATF will seek from the assessed country a high-level political commitment to the revised KRA Roadmap. Then the revised KRA Roadmap will be discussed in ICRG and recommended for adoption by the Plenary.

#### Continuing ICRG Monitoring and Review for Sufficient Progress

169. A country under active ICRG review is expected to fully or largely address the actions included in the revised KRA Roadmap and make sufficient progress within the agreed timelines. Such actions may include the enactment or amendment of laws, the promulgation of new regulations that comply

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<sup>56</sup> If the country is an LDC, the Observation Period is 2 years, unless the ICRG achieves consensus that the 12-month Observation Period should apply. See paragraph 154*bis*.

with the FATF Standards and any other measures included in the revised KRA Roadmap. In addition, the country is expected to maintain full co-operation with the FATF/FSRB and the ICRG process.

170. If no timelines in the revised KRA Roadmap expire within the first two Plenary cycles, countries will report progress every second Plenary after adoption of the revised KRA Roadmap. Countries may request more frequent reporting on KRA that remain non-addressed or partly addressed where they have made substantial progress against those KRA. Countries will be required to report every cycle if the majority of KRA in the revised KRA Roadmap are not addressed within the agreed timeframes. If expedited reporting is triggered, the FATF President will communicate the new reporting requirements to the assessed country.

171. Each Joint Group will review monitored jurisdictions' progress against the revised KRA Roadmaps. Each Joint Group's co-chairs will report the conclusions of each Joint Group to the ICRG. Sufficient information will be provided to delegations in the report of the Joint Group co-chairs and in individual country reports, to allow the ICRG to endorse these recommendations and propose decisions for Plenary approval where necessary.

172. The ICRG will consider a country's overall progress against its revised KRA Roadmap approximately one year after the country provides its high-level political commitment. At that time, or any time thereafter, the ICRG may conclude that a country under active ICRG review has not made sufficient progress if any of the following criteria are met:

- a) the majority of KRA have not been fully or largely addressed within the agreed timelines; or
- b) the country fails to provide adequate co-operation with the ICRG process or other indications that the high-level political commitment no longer applies.

#### Public Statements

173. Once a country has agreed to a revised KRA Roadmap with the ICRG and that Roadmap is adopted by Plenary, the country would be publicly identified as under review by the FATF. The public statement would note the country's high-level political commitment to address its AML/CFT deficiencies.

174. If a country fails to provide high-level political commitment to its revised KRA Roadmap, or a country has not made sufficient progress on its revised KRA Roadmap, the FATF will issue a separate public statement, calling on members of the Global Network to consider the risks arising from the deficiencies associated with that country. With a view to aligning these public statements with Recommendation 19 on higher-risk countries, the FATF should include the following phrase in the statement: "The FATF calls on its members to advise their financial institutions to apply enhanced due diligence measures proportionate to the risks arising from the deficiencies associated with each jurisdiction as described below". Any such statement will be clear that it is not a call for countermeasures referred to in the second part of Recommendation 19. As with all public statements, the adoption of the public statement would require Plenary consensus.

175. If, after a public statement referred to in paragraph 174, a country continues to fail to provide high-level political commitment to a revised KRA Roadmap or to complete its revised KRA Roadmap, the FATF may issue a public statement calling for the Global Network to apply countermeasures. The



Interpretive Note to Recommendation 19 provides a longer list of examples of countermeasures that could be taken by countries. The Plenary should take these examples into account when considering calling for countermeasures.

176. The public lists of countries subject to a public statement will be updated at each FATF Plenary, as necessary.

#### ICRG On-site Visit and De-listing

177. The ICRG should determine factually that the process of implementing the required reforms and KRA are fully in place, are being sustained, and that the country has high-level political commitment to continue implementing and improving its AML/CFT/CPF frameworks. When the ICRG determines that a jurisdiction has completed its revised KRA Roadmap, the ICRG will recommend an on-site visit to assess this.

178. Each ICRG on-site visit must take place in person and be conducted by a team of at least five ICRG JG participants. The on-site team is led by one or both Joint Group co-chairs with the participation of the FATF or FSRB Secretariat and at least three members of the Joint Group. Other JG members may attend on a voluntary basis, but each member of the team should have been a part of the regular and active dialogue with the monitored jurisdiction throughout the ICRG process and possess technical knowledge of the country's revised KRA Roadmap and progress achieved. Each member of the on-site team should lead at least one section of the discussions.

179. Normally, an ICRG on-site visit lasts two days, but this may vary slightly depending on the details of the revised KRA Roadmap. During the visit, the ICRG on-site team has a number of face-to-face meetings with various stakeholders, to confirm that the reforms and actions are in place and there is high level political commitment to sustain these measures and to continue implementing and improving the AML/CFT/CPF frameworks, in cooperation with the country's assessment body, for the benefit of both the country itself and the Global Network. These stakeholders will include relevant competent authorities, private sector representatives and a minister or other equivalent high-level government authority responsible for the domestic co-ordination of AML/CFT/CPF issues. The on-site programme should also include a visit to the FIU premises where relevant.

180. Following the ICRG on-site visit, the on-site team will produce a report of their findings. At the next ICRG meeting following the on-site, the ICRG will decide on the basis of the findings of the on-site visit report whether the jurisdiction is ready to exit the ICRG process. If the decision is positive, the FATF should make a public statement indicating that the jurisdiction concerned has made significant progress, and that the jurisdiction is no longer the subject to the formal ICRG process.

#### ANALYSIS OF KRA PROGRESS AND TECHNICAL COMPLIANCE RE-RATING

181. As outlined in the relevant sections above, progress against KRA by countries in enhanced follow-up must be subject to expert analysis and approved by the Plenary. Likewise, re-ratings for technical compliance may only be made with Plenary approval. Generally, Plenary's approval for these reports will be sought by written process as outlined in the Internal Governance Principles (IGP). In cases where follow-up experts conclude that a country has not fully or largely addressed all KRA,

the follow-up reports will be discussed in ECG and Plenary as outlined in paragraphs –184-185. Reports on TCRR requests will likewise be discussed if they are not adopted by written process.

#### ***Reporting of analysis and approval by written process***

182. At least ten weeks before the ECG/Plenary meeting, the follow-up experts should report their analysis of progress against KRA and/or technical compliance to all members, associate members and observers, who will have two weeks to comment on the report. If no comments are received (including from the assessed country), the report will be circulated for Plenary approval by written process as outlined in the IGP and then proceed to publication.

183. If comments are received, a revised report will be circulated seven weeks before the ECG/Plenary meeting. Delegations will have one week to comment on the revised text. Unless two or more delegations (not including the assessed country) raise concerns regarding the follow-up experts' analysis of a particular KRA or Recommendation in the revised report, the report will be circulated for approval by written process as outlined in the IGP and then proceed to publication.

#### ***ECG consideration of enhanced follow-up or TCRR reports***

184. If two or more delegations (not including the assessed country) raise concerns regarding the follow-up experts' analysis of a particular KRA or Recommendation in the revised report, that KRA or Recommendation and the issues raised will be discussed at ECG before Plenary. In these circumstances, the secretariat should compile a short list of the priority issues for discussion, and should circulate this list to all members, observers and associate members at least two weeks prior to the ECG discussion. The discussion should be limited in time and scope. Although follow-up and TCRR reports will be first discussed at ECG, Plenary remains the only decision-making body. If ECG reaches consensus on the issues for discussion, the report will be circulated for approval by written process as outlined in the IGP and then proceed to publication.

#### ***Plenary consideration of enhanced follow-up or TCRR reports***

185. Where ECG does not reach consensus on the issues for discussion, any unresolved issues will be considered by Plenary as a discussion item, and a revised list of issues for Plenary discussion will be distributed. Plenary discussions of an enhanced follow-up or TCRR report should take, on average, no more than one hour of Plenary time. In relation to a TCRR report, Plenary will not discuss an individual criterion rating unless it will impact an overall Recommendation rating. Plenary consensus is required to change a report.

#### ***Consideration of follow-up reports with substantive issues or where all KRA are not fully or largely addressed***

186. Although regular follow-up reports will be presented as an information item and most enhanced follow-up reports will be adopted by written process, ECG and Plenary will discuss follow-up reports in cases where follow-up experts conclude that a country has not fully or largely addressed all KRA.

187. Plenary may also opt to discuss follow-up reports that involve strategic or substantive issues. If the issue involves highly technical matters, Plenary may request that ECG consider the issue first and make a recommendation to Plenary. Examples of substantive issues include, but are not limited to:

- a) Significant changes in a country leading to a decline in technical compliance or effectiveness.
- b) Insufficient progress made by a country against its KRA Roadmap.
- c) Recommendations to analyse a self-report or apply enhanced measures.

#### ENHANCED MEASURES

188. If a country does not fully or largely address all KRA outlined in its KRA Roadmap, the Plenary will apply enhanced measures on an escalating basis in accordance with the timeline outlined below:

- a) As soon as possible, but not later than six months after the Plenary adopts the follow-up report, a high-level mission to the member jurisdiction will be arranged to ascertain the level of political commitment to effective implementation of the FATF Standards. This mission would meet with Ministers and senior officials, and will result in a report at the following Plenary to advise whether there is sufficient political commitment. The FATF will also require the country to report on progress against any remaining KRA at the Plenary following consideration of the report.
- b) If the high-level mission concludes there is insufficient political commitment, or if a country has still not addressed or largely addressed all KRA when it reports to Plenary, the FATF will issue a formal FATF statement to the effect that the member jurisdiction is insufficiently in compliance with the FATF Standards. The FATF may consider, in the context of application of Recommendation 19 by its members and based on risk and proportionality, recommending appropriate action.
- c) In cases referred to in sub-paragraph (b), the Plenary may also call on the President to raise the issue of whether the country's FATF membership status should be suspended or withdrawn as outlined in the Internal Governance Principles.

189. To end the enhanced measures process at any time, the country must demonstrate that it has addressed or largely addressed all of its KRA. To do so, the country should inform the Secretariat and submit a progress report for analysis by one or more follow-up experts. Plenary will consider the expert's analysis as a matter of urgency and decide to terminate or continue the enhanced measures process.

## X. POST-PLenary QUALITY AND CONSISTENCY (Q&C) REVIEW

### APPLICATION

190. Highly exceptional situations may arise where significant concerns about the quality and consistency (Q&C) of a report remain after its adoption. The post-Plenary Q&C process seeks to prevent the publication of reports with significant Q&C problems and ensure that poor quality assessments do not damage the FATF brand.

191. The post-Plenary Q&C review process applies to all assessment bodies and—

- a) all MERs (including the KRA Roadmaps and Executive Summaries),
- b) detailed assessment reports (DARs)<sup>57</sup> (including the KRA Roadmaps and Executive Summaries); and
- c) FATF enhanced follow-up reports or any technical compliance re-rating reports with issues discussed in ECG or Plenary<sup>58</sup> and all FSRB FURs with TCRR.<sup>59</sup>

### STEPS IN THE POST-PLenary Q&C PROCESS

192. After changes directed by Plenary and checks for accuracy are made, the FATF Secretariat will circulate the report to all FATF members, associate members, observers and FSRB secretariats (for further circulation to their members)<sup>60</sup>, along with a template for raising Q&C issues for consideration. FSRBs, the IMF and World Bank should provide their reports to the FATF Secretariat for circulation as soon as possible after adoption. Parties will have two weeks to notify the FATF Secretariat in writing of any serious or major issue of quality or consistency. Parties should use the template provided to indicate their specific concerns and how these concerns meet the substantive threshold.<sup>61</sup> For FSRB, IMF or World Bank reports, delegations should notify both the FATF Secretariat and the relevant assessment body using the same template.

<sup>57</sup> Where the evaluation is conducted by either the IMF or World Bank.

<sup>58</sup> FATF FURs and TCRR reports adopted by written process are not subject to the post-Plenary Q&C process.

<sup>59</sup> In this section, MERs, DARs and FURs are collectively referred to as *reports*.

<sup>60</sup> In this section, FATF members, associate members, observers, the FATF Secretariat, and FSRB members and secretariats are collectively referred to as parties.

<sup>61</sup> The substantive threshold is *when serious or major issues of quality and consistency are identified, with the potential to affect the credibility of the FATF brand as a whole*. Examples of situations meeting this substantive threshold include (but are not limited to) the following:

- a) the ratings, KRA or other recommended actions are clearly inappropriate and not consistent with the analysis;
- b) there has been a serious misinterpretation of the Standards, Methodology or Procedures;
- c) an important part of the Methodology has been systematically misapplied; or
- d) laws that are not in force and effect have been taken into account in the analysis and ratings of a report.

193. Unless two or more parties,<sup>62</sup> using the required template, identify the same specific concern before the comment period expires, the post-Plenary Q&C review process is complete at this stage. The FATF Secretariat will advise the parties (and the relevant assessment body, in the case of an FSRB, IMF or World Bank- led evaluation) accordingly and the report will be published.

194. If two or more parties identify the same specific concern, the FATF ECG Co-chairs will review the concern to determine whether *prima facie* it meets the substantive threshold and procedural requirements.<sup>63</sup> The FATF Secretariat will provide the ECG Co-Chairs with any relevant information on the issue, which may include the following:<sup>64</sup>

- a) information submitted by parties raising the Q&C issue;
- b) any related comments raised at the pre-Plenary stage;
- c) an overview of any discussion of the issue by the working group/Plenary, including the pertinent facts in the report, the co-chairs' report or summary record from the working group/Plenary meeting where the report was discussed, whether the issue was discussed in detail, the outcome of those discussions and any rationale or reasons cited for maintaining or changing the report;
- d) objective comparisons with previous FATF reports that address similar issues;
- e) the report's consistency with the FATF Standards or Methodology;
- f) any implications for the follow-up or ICRG processes;
- g) recommendations to resolve the issue, including appropriate next steps.

195. If the ECG Co-Chairs conclude that *prima facie* the substantive threshold and procedural requirements are not met, the FATF Secretariat will present an information paper to Plenary explaining the basis for the Co-chairs' conclusion. The post-Plenary Q&C review process is then complete and FATF Secretariat will advise the parties (and the relevant assessment body, in the case of an FSRB, IMF or World Bank-led evaluation) accordingly and the report will be published.

196. If the ECG Co-Chairs conclude that *prima facie* the substantive threshold and procedural requirements are met, the Secretariat will circulate the report to all FATF delegations for consideration by the ECG with a decision paper prepared by the FATF Secretariat.<sup>65</sup> The decision

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<sup>62</sup> At least one of which should have participated in the adoption of the report.

<sup>63</sup> Procedural requirements are that the same concern is raised by two or more parties, other than the assessed country, one of whom should have participated in the report's adoption; use of the required template; and submission of concerns before the comment period expires.

<sup>64</sup> For an FSRB, IMF or World Bank, the FATF secretariat will liaise with the relevant assessment body to obtain this information.

<sup>65</sup> For an FSRB, IMF or World Bank report, the FATF secretariat will prepare this paper in consultation with the relevant assessment body.

paper will include any relevant information referred to in paragraph 194. The ECG will decide whether the report meets the substantive threshold.<sup>66</sup>

197. If the ECG decides that the report does not meet the substantive threshold, the decision will be reported to Plenary as an information item. The post-Plenary Q&C review process is then complete and the FATF Secretariat will advise the parties (and the relevant assessment body, in the case of an FSRB, IMF or World Bank-led evaluation) accordingly and the report will be published.

198. If the ECG decides that the concerns identified meet the substantive threshold, it will refer the matter to the FATF Plenary with recommendations for the actions needed to resolve the Q&C issue.<sup>67</sup> The FATF Plenary will decide whether to adopt the recommendations made by ECG and indicate the actions needed to resolve the Q&C issue.

199. In the case of an FSRB, IMF or World Bank-led evaluation, the FATF Secretariat will advise the assessment body of the FATF Plenary's decision. If the assessment body declines to take the actions indicated by the FATF, the FATF Plenary will consider what further action may be necessary. The assessment body will not publish the report until the issue is resolved and the FATF Secretariat advises that the post-Plenary Q&C review process is complete.

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<sup>66</sup> Concerns identified less than four to six weeks before an FATF ECG meeting will be discussed at the next ECG meeting to ensure sufficient time for preparation and consideration of the decision paper.

<sup>67</sup> Next steps might include requesting that the relevant assessment body reconsider elements of the report where the issues of concern are addressed; revise the text of the report as directed to address the concerns raised.

## XI. PUBLICATION AND MEDIA OUTREACH

### PUBLICATION OF MERS

200. The FATF publishes all MERs on its website to give timely publicity to an important part of the work of FATF and the Global Network. If no concerns are raised during the post-Plenary Q&C process, publication would happen ordinarily within six weeks of the report being adopted. If concerns are raised, the assessment body will publish the report on its website following completion of the post-Plenary Q&C review process.

### PUBLICATION OF FOLLOW-UP REPORTS, AND TECHNICAL COMPLIANCE RE-RATINGS

201. The FATF publication policy applies to actions taken under the FATF's follow-up policy. Enhanced follow-up reports, and TCRR reports will be published at the conclusion of the post-Plenary Q&C review process.

202. For regular follow-up reports, only the technical compliance analysis is published by the FATF, as assessment of progress against the KRA Roadmap is not analysed or discussed by Plenary. If requested by a country, a link will be provided from the FATF website to a website of the country on which it has placed additional updates or other information relevant to the actions it has taken to enhance its AML/CFT/CPF system, including for effectiveness.

### MEDIA OUTREACH

203. Immediately following the end of the post-Plenary Q&C process an FATF member's report, the FATF Secretariat will contact the assessed country to plan for the release of the report to the media and determine the most suitable date and time of publication (ideally, within the timelines outlined above). In the case of a joint, IMF or World Bank-led assessment, the Secretariat will also liaise with the relevant assessment body. Both the assessed country and the Secretariat may provide access to the report under *strict embargo* to selected members of the media no more than one week before publication.

204. To better publicise the work of the FATF, the Secretariat will develop key messages for media outreach. Key messages adapt some of the key findings in the MER into plain English that is suitable for a wide audience. Based on these key messages, the Secretariat will develop a short summary page, a press release and additional communication and social media material to help disseminate the findings of the report. The assessed country may review this additional material; however, the Secretariat remains responsible for ensuring that the final text is accessible to a wider audience and suitable for the FATF's communication platforms.

## APPENDIX 1 – TIMELINES FOR THE MUTUAL EVALUATION PROCESS

<u>ME Month</u>	<u>Week</u>	<u>Date notes</u>	<u>Key Indicative Milestones</u>		
			For Assessment Team	For Assessed Country	For ME Reviewers
Pre-ME		As early as possible in advance of ME start date (Procedures para.58)		<ul style="list-style-type: none"> <li>- Designate points of contact and set up an internal coordination mechanism (as necessary)</li> <li>- Advise Secretariat whether country wishes to conduct the assessment in English or French</li> <li>- Begin informal engagement on the evaluation, and set a date for assessed country training</li> <li>- Assessed country training</li> </ul>	
ME-3 months	On-site visit (OS) – 40 weeks	At least 18 months before the FATF Plenary discussion (para.59)		<ul style="list-style-type: none"> <li>- Agree on the broad timeline of the evaluation with the Secretariat</li> <li>- Advise the Secretariat which Recommendations are impacted by change to laws, regulations or operational framework</li> </ul>	
ME-1 month	OS-32	(para.35, 48, 62, 74)	<p><i>[Secretariat:</i></p> <ul style="list-style-type: none"> <li>- Gather material from previous MERs and FURs; prepare Technical Compliance (TC) Annex template</li> <li>- Form assessment team from countries who volunteered</li> </ul>		



<u>ME Month</u>	<u>Week</u>	<u>Date notes</u>	<u>Key Indicative Milestones</u>		
			For Assessment Team	For Assessed Country	For ME Reviewers
			<ul style="list-style-type: none"> <li>- Advise country of the assessors once the team is confirmed.</li> <li>- Facilitate engagement between the assessment team and assessed country (on-going)</li> <li>- Invite members and FSRBs to provide information about a) assessed country's risk situation and any specific issues which should be given additional attention by assessors and b) their international cooperation experiences with the assessed country. (4 weeks)</li> </ul>		
1	OS-28	At least 7 months before on-site (para.60-65, 67, 73)	<ul style="list-style-type: none"> <li>- Review background material, including material from previous MERs and FURs</li> <li>- Review material sent by country including TC submission and discuss risk, context, materiality and scoping with assessed country</li> <li>- Develop understanding of risks, context and materiality</li> <li>- Identify and contact countries for specific outreach on international co-operation and risk.</li> <li>- Begin to identify and contact countries for specific outreach on international co-operation and risk and advise assessed country</li> </ul> <p><i>[- Deadline at start of OS-28 for members and FSRBs to provide information on the risk situation and international cooperation with the assessed country – Secretariat to share feedback with country Secretariat to provide compiled TC Annex to assessment team]</i></p>	<ul style="list-style-type: none"> <li>- Fix the precise dates for the evaluation on-site visit as well as the timelines for the whole process in consultation with the Secretariat.</li> <li>- Submit TC update questionnaire, providing updated information including on risk and context and scoping material, and material relevant to core issue 1.1 to assessment team</li> </ul>	
	OS-26	(para.64, 67)	- Facilitated by the Secretariat:	- Facilitated by the Secretariat, engage with assessment team, including oral	

<i>ME Month</i>	<i>Week</i>	<i>Date notes</i>	<i>Key Indicative Milestones</i>		
			For Assessment Team	For Assessed Country	For ME Reviewers
			a) Engage with assessed country to discuss understanding of risk, context and materiality b) Begin preparing preliminary draft scoping note in consultation with the assessed country.	presentation on risk, context and materiality - Respond to or supplement any risk and international co-operation information received	
2	OS-24	6 months before on-site (para.70)	- Finalise and send draft scoping note and any other relevant background information to reviewers and country	- Review and comment on draft scoping note (2 weeks)	- Review draft scoping note and other relevant background information (2 weeks)
	OS-22	(para.71, 75-78)	- Consider assessed country and reviewer comments and amend the scoping note as needed, in consultation with the country (1 week) - Complete initial TC analysis based on the TC Annex template received from Secretariat; give preliminary views on whether each criterion is met, mostly met, partly met or not met. Give preliminary views on the overall rating for each Recommendation, if possible (2 weeks)		
3	OS-20	5 months before on-site (para.80)	- Finalise 1 <sup>st</sup> draft TC annex and send to assessed country	- Review 1 <sup>st</sup> draft TC annex (3 weeks)	
	OS-17	(para.81)	Consider and incorporate country's comments on 1 <sup>st</sup> draft TC annex; prepare 2 <sup>nd</sup> draft TC Annex (3 weeks)		
4	OS-16	4 months before on-site (para.82)		- Provide material on effectiveness based on the 11 Immediate Outcomes and the underlying core issues - Highlight areas where recommended actions could improve effectiveness	
	OS-14	(para.81)	Finalise 2 <sup>nd</sup> draft TC Annex		
5	OS-12	3 months before on-site (para.81, 83)	-Send 2 <sup>nd</sup> draft TC Annex to country and reviewers	- Review and comment on 2 <sup>nd</sup> draft TC Annex (3 weeks)	- Review and comment on 2 <sup>nd</sup> draft TC annex (3 weeks)

<u>ME Month</u>	<u>Week</u>	<u>Date notes</u>	<u>Key Indicative Milestones</u>		
			For Assessment Team	For Assessed Country	For ME Reviewers
			- Prepare preliminary outline of initial findings, questions and requests for further information on effectiveness (3 weeks)		
	OS-9	(para.83)	- Finalise preliminary outline of initial findings, questions and requests for further information on effectiveness to assessed country (1 week)		
6	OS-8	2 months before on-site (para.71, 83-85)	- Review risk and scoping information based on the country's effectiveness submission and update scoping note; request additional information on areas of increased focus - Finalise areas of increased focus and decreased focus and key government agencies and private sector to meet for on-site visit (2 weeks) - Send preliminary outline of initial findings, questions and requests for further information on effectiveness to assessed country	- Provide draft programme for onsite visit to the assessment team and point of contact for on-site logistics	
	OS-7	(para.64, 81, 83)	- Consider and incorporate country and reviewer comments on 2 <sup>nd</sup> draft TC annex - Review draft on-site programme (2 weeks) <i>[- Deadline for countries subject to specific outreach to provide information on the risk situation and international cooperation with the assessed country – Secretariat to share feedback with assessed country]-</i>	- Respond to questions and requests for information on effectiveness materials to assessment team	
	OS-6	6 weeks before on-site (para.68, 81, 83-84)	- Send revised scoping note to country for review, along with any requests for additional information on areas for increased focus - Update outline of initial findings, key issues and develop potential recommended actions for discussion (2 weeks)	- Provide any remaining responses and requested information on effectiveness materials to assessment team	
	OS-5		- Provide comments to assessed country on draft on-site programme		

<i>ME Month</i>	<i>Week</i>	<i>Date notes</i>	<i>Key Indicative Milestones</i>		
			For Assessment Team	For Assessed Country	For ME Reviewers
7	OS-4	1 month before on-site (para.84)	- Send updated outline of initial findings, key issues and potential recommended actions for discussion to the assessed country		
	OS-3	At least 3 weeks before on-site (para.87)	- Facilitated by Secretariat, assessment team and assessed country finalise programme and logistical arrangements for on-site		
	OS-2	At least 2 weeks before the on-site	- Refine outline of initial findings and key issues to discuss during on-site.		
8	OS-0	(para.89-97)	ONSITE VISIT (13 to 16 working days <sup>68</sup> )		
9	Plenary discussion (P)- 29 weeks	(para.97)	- Prepare 1 <sup>st</sup> draft MER and KRA Roadmap, including updated TC Annex (5 weeks)		
10	P-24	Within 5 weeks of on-site visit (para.97)	- Send 1 <sup>st</sup> draft MER and KRA Roadmap to country		
		(para.98)	- Facilitated by Secretariat, liaise with assessed country as needed	- Respond to 1 <sup>st</sup> draft MER and KRA Roadmap (4 weeks)	
11	P-20	(para.99)	- Consider country response, and prepare 2 <sup>nd</sup> draft MER and KRA Roadmap (4 weeks)		
12	P-16	(para.99-101)	- Send 2 <sup>nd</sup> draft of MER and KRA Roadmap to country and reviewers	- Respond to 2 <sup>nd</sup> draft MER and KRA Roadmap (3 weeks)	- Review 2 <sup>nd</sup> draft MER and KRA Roadmap (3 weeks)
13	P-13	Minimum 11 weeks before Plenary (para.102, 105)	- Consider country and ME reviewers' comments received on the second draft MER and KRA Roadmap (3 weeks)		
			- Facilitated by the Secretariat, assessment team and assessed country engage to discuss further changes to the draft MER and identify issues for discussion at the face-to-face meeting		
			- Update MER draft based on reviewer and country comments (1 week)		
14	P-9		Face-to-face meeting (1.5 days)		

<sup>68</sup> This reflects the average length of an on-site visit. Actual time needed may be shorter or, in exceptional cases longer, based on the size and complexity of the jurisdiction.

<i>ME Month</i>	<i>Week</i>	<i>Date notes</i>	<i>Key Indicative Milestones</i>		
			For Assessment Team	For Assessed Country	For ME Reviewers
		Minimum 9 weeks before Plenary (para.106)	- Work with country to resolve potential disagreements and identify potential priority issues for Plenary discussion	- Work with assessment team to resolve potential disagreements and identify potential priority issues for Plenary discussion	
		(para.107)	- Finalise pre-Plenary draft (1 week) - Prepare Executive Summary in consultation with assessed country	- Consult with assessment team regarding Executive Summary	
	P-6	6 weeks before Plenary (para.108)	Circulate final draft MER (along with reviewers' comments, assessed country's views and assessment team responses) to all delegations for a 2-week comment period		
15	P-4	(para.109)	- Consider delegation comments - Identify priority issues for Plenary discussion		
			<i>[Secretariat - Prepare compilation of delegation comments with responses, and in consultation with assessment team, assessed country, ECG Co-chairs and FATF President, develop Key Issues Document (KID)] (2 weeks)</i>		
	P-2	Two-week period before Plenary (para.108-110)	- Engage country on priority key issues and other comments received on MER or Executive Summary - Review and provide input on priority key issues and other comments received on MER or ES. <i>[Secretariat- Circulate a) the compilation of delegation comments and b) the finalised KID]</i>	- Work with assessment team on priority key issues and other comments received on MER or Executive Summary.	
	P-0		Plenary discussion of MER		
Post-Plenary	P+3	(para.115)	- Modify report as directed by Plenary and perform accuracy checks (1 week) <i>[Secretariat- At the end of P+3, circulate report to delegations for 2-week comment period]</i>	- Confirm MER is accurate and advise of any typographical or similar errors (2 weeks)	
	P+5	- Deadline for delegation comments (para.192-199)	Post-Plenary Quality & Consistency Review: - If no concerns are raised during post-plenary Q&C, MER proceeds to publication. - If concerns are raised, Secretariat facilitates discussions and circulates revised text for 1-week comment period.		

<i>ME Month</i>	<i>Week</i>	<i>Date notes</i>	<i>Key Indicative Milestones</i>		
			For Assessment Team	For Assessed Country	For ME Reviewers
		(para.203-204)	Media Outreach: - Work with Secretariat to Develop press materials		
	P+6 (or later if post-Plenary Q&C triggered)	(para.201)	Publication of document: - If no concerns are raised during post-plenary Q&C, publication would ordinarily happen within 6 weeks of the report being adopted - If concerns are raised, the assessment body will publish the report on its website following completion of the post-Plenary Q&C review process.		
			- FATF President writes to Minister regarding the KRA Roadmap		

APPENDIX 2 – TIMELINES FOR THE FOLLOW-UP AND ICRG PROCESSES

REGULAR FOLLOW-UP

N.B. This timeline is an example and does not include all possible steps of adoption by written process if comments are received.

FUR month	Week	Date notes	Key Indicative Milestones		
			Expert(s)	Secretariat	Country
1	P-28	7 months before the relevant Plenary meeting (para.140)		<i>If the country requests TCRR:</i> - Confirm expert(s) from countries that volunteered/pool of experts - Prepare the adapted Technical Compliance (TC) analytical tool template based on the deficiencies in the MER to facilitate country's TC submission (2 weeks)	- Inform Secretariat whether it is requesting TCRR and, if so, identify which Recommendations are implicated
<b><i>If the country requests TCRR</i></b>					
2	P-24	6 months before the relevant Plenary meeting (para.140)	- Review and analyse any requests for TCRR. (4 weeks)		- Submit TC update and re-rating request to the Secretariat
3	P-20			- Finalise and send draft TC analytical tool to the country. (1 week)	
	P-19				- Provide comments on draft TC analytical tool (2 weeks)
	P-17		- Consider country comments on TC and make necessary edits - Draft FUR related to TCRR requests.	- Consolidate TC analytical tool, send revised FUR and tool to assessed country (2 weeks)	
4	P-15				- Provide final comments on FUR and TC analytical tool (1 week)
	P-14			- Draft cover note for progress made against KRA roadmap and incorporate it into the draft FUR (2 weeks)	- Submit self-assessment of progress made against KRA roadmap

FUR month	Week	Date notes	Key Indicative Milestones		
			Expert(s)	Secretariat	Country
5	P-12		- All parties agree on the version of the report which will be circulated to delegations (2 weeks)		
	P-10	At least 10 weeks pre-plenary (para.182)		- Circulate draft FUR to delegations for 2-week comment period	
<b><i>If the country does not request TCRR</i></b>					
6	P-8	2 months pre-plenary (para.141)		- Prepare summary of self-assessment and send to country for comment (2 weeks)	- Submit self-assessment of progress made against KRA roadmap
	P-6				- Comment on draft summary (1 week)
		No later than 2 weeks before Plenary		- Circulate FUR (self-assessment and summary) to delegations <u>for information</u>	

N.B. This timeline is an example and does not include all possible steps of adoption by written process if comments are received.



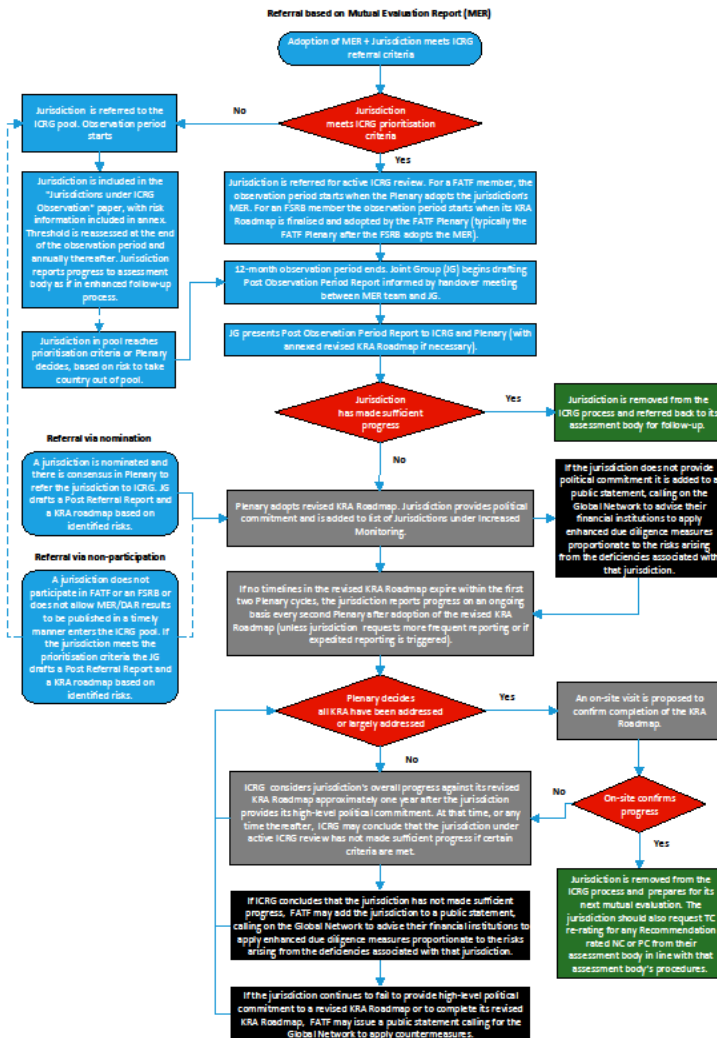
ENHANCED FOLLOW-UP

<i>FUR month</i>	<i>Week</i>	<i>Date notes</i>	<i>Key Indicative Milestones</i>		
			Expert(s)	Secretariat	Country
1	P-36	9 months before relevant Plenary meeting (para.146)		- Confirm expert(s) from countries that volunteered/pool of experts - Prepare the adapted Technical Compliance (TC) analytical tool template based on the deficiencies in the MER to facilitate country's TC submission (2 weeks)	- Inform Secretariat which Recommendations it is requesting to be re-rated
2	P-32	8 months before the relevant Plenary meeting (para.146)	- Review and analyse the extent to which the country has addressed KRAs (including any KRA related to TC) (3 weeks)		- Submit information to support country's progress made against Key Recommended Actions (KRA) roadmap - Submit TC update and re-rating request to the Secretariat
	P-29		- Liaise with Secretariat on questions for assessed country and draft analysis of progress against KRA (2 weeks)		- Respond to questions and requests for information from experts
3	P-27		- Analysis of TC re-rating requests (4 weeks)	- Prepare the 1 <sup>st</sup> draft KRA analysis and send to the country (2 weeks)	
	P-25				- Provide comments on draft analysis of progress against KRA roadmap (3 weeks)
4	P-23			- Finalise draft analysis on TC re-rating request and send to country (1 week)	
	P-22		- Consider country comments on KRA progress and make necessary edits. Draft FUR and send revised KRA analysis to country (2 weeks)		- Provide comments on draft TC analytical tool (2 weeks)
5	P-20		- Consider country comments on TC and make necessary edits. Incorporate updated TC analysis into draft FUR (2 weeks)		- Provide comments on revised analysis of progress against KRA roadmap (3 weeks)
	P-17		- Consider country comments on revised KRA and make necessary edits. Finalise FUR. (2 weeks)	- Send FUR and analytical tool to country for review	

6	P-15				- Provide final comments on revised FUR (including TC analytical tool and analysis of progress against KRA roadmap) (3 weeks)
7	P-12		- Facilitated by the Secretariat, all parties agree on the version of the report which will be circulated to delegations (2 weeks)		
	P-10	At least 10 weeks pre-plenary (para.182)		- Circulate draft FUR to delegations for 2-week comment period	

N.B. This timeline is an example and does not include all possible steps of adoption by written process if comments are received.

ICRG



**APPENDIX 3 – AUTHORITIES AND BUSINESSES TYPICALLY INVOLVED FOR ON-SITE VISIT<sup>69</sup>****Ministries:**

- Ministry of Finance
- Ministry of Justice, including central authorities for international co-operation
- Ministry of Interior
- Ministry of Foreign Affairs
- Ministry responsible for the law relating to legal persons, legal arrangements, and non-profit organisations
- Other bodies or committees to co-ordinate AML/CFT/CPF action, including the assessment of the money laundering and terrorist financing risks at the national level

**Criminal justice and operational agencies:**

- The FIU
- Law enforcement agencies including police and other relevant investigative bodies
- Prosecution authorities including any specialised confiscation agencies
- Customs service, border agencies, and where relevant, trade promotion and investment agencies
- If relevant - specialised drug or anti-corruption agencies, tax authorities, intelligence or security services
- Task forces or commissions on ML, FT, PF or organised crime

**Financial sector bodies:**

- Ministries/agencies responsible for licensing, registering or otherwise authorising financial institutions
- Supervisors of financial institutions, including the supervisors for banking and other credit institutions, insurance, and securities and investment

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<sup>69</sup> When AML/CFT/ CPF issues are addressed not just at the level of the national government, but also at supra-national, state/province or local levels, the assessed country should also facilitate access to supra-national, state/province or local authorities and agencies. See Procedures for conducting assessments in the supra national context (paragraph 15) and the FATF *Methodology* paragraphs 27 - 31.

- Supervisors or authorities responsible for monitoring and ensuring AML/CFT/CPF compliance by other types of financial institutions, in particular bureaux de change and money remittance businesses
- Exchanges for securities, futures and other traded instruments
- If relevant, Central Bank
- The relevant financial sector associations, and a representative sample of financial institutions (including both senior executives and compliance officers, and where appropriate internal auditors)
- A representative sample of external auditors

#### **DNFBP, VASP and other matters:**

- Casino supervisory body
- Supervisor or other authority or Self-Regulatory Body (SRB) responsible for monitoring AML/CFT/CPF compliance by other DNFBPs
- Supervisors or authorities responsible for monitoring and ensuring AML/CFT/CPF compliance by VASPs
- Registry for companies and other legal persons, and for legal arrangements (if applicable)
- Bodies or mechanisms that have oversight of non-profit organisations, for example tax authorities (where relevant)
- A representative sample of professionals involved in non-financial businesses and professions (managers or persons in charge of AML/CFT/CPF matters (e.g., compliance officers) in casinos, real estate agencies, precious metals/stones businesses as well as lawyers, notaries, accountants and any person providing trust and company services)
- Any other agencies or bodies that may be relevant (e.g., reputable academics relating to AML/CFT/CPF and civil societies)

Efficient use has to be made of the time available on-site, and it is therefore suggested that the meetings with the financial sector, DNFBP and VASP associations also have the representative sample of institutions/DNFBP/VASP present.

## APPENDIX 4 – QUESTIONNAIRE FOR CHAPTER 1

## Update on risk and context

**INSTRUCTIONS****Instructions for the assessed country**

The **assessed country** should briefly summarise any significant developments in their AML/CFT/CPF system which have taken place since the MER or the last follow-up report. In particular, identify any changes to risk and context that are relevant to any Recommendations to be re-assessed (e.g., a dramatic increase in the number of companies registered would be relevant context in the re-rating of R.24). This includes:

- New risk and context information, including new national risk assessments, predicate or ML/TF threat profile, and significant changes to the structure of the financial institutions, DNFBP and VASP sectors. This information will assist experts in weighing the relative importance of each criterion in the re-rating.
- Major new AML/CFT/CPF laws.
- Significant changes to co-ordination arrangements, competent authorities, or significant reallocation of responsibility between competent authorities.

For further details, the **assessed country** should see the *FATF Methodology for Assessing Technical Compliance with the FATF RECOMMENDATIONS and the Effectiveness of AML/CFT/CPF Systems*, Annex 1, MER Template for Chapter 1.

[For example, since the mutual evaluation, the following major changes have been made to Country X's AML/CFT/CPF framework:

- Country X completed and published its second ML risk assessment in 2018 (Annex B).
- Country X passed the 'Law on Suspicious Transaction Reporting (2018)' which came into effect on 12 June 2018.
- Responsibility for investigating suspicious transactions has been transferred from the Ministry of Interior to the FIU as of 23 August 2018, according to Government Order number 2018-1503.]

## Size and Structure of the Financial, DNFBP and VASP Sectors

**AML/CFT/CPF Preventive Measures for Financial Institutions, DNFBPs and VASPs  
(R.10 to R.23)**

<b>Type of Entity*</b>	<b>No. Licensed / Regulated / Registered</b>	<b>AML/CFT/CPF Laws** / Enforceable Means for Preventive Measures</b>	<b>Date in Force or Last Updated (where applicable)</b>	<b>Other additional Information (e.g., highlights of substantive changes etc.)***</b>
<b>Banks</b>				
<b>Life Insurers</b>				
<b>Securities</b>				
<b>MVTS</b>				
<b>VASPs</b>				
<b>Casinos</b>				
<b>Lawyers</b>				
<b>Notaries</b>				
<b>Accountants</b>				
<b>Precious Metals &amp; Stones Dealers</b>				
<b>Trust and Company Service Providers</b>				
<b>Others</b>				

\* Additional rows may be added for other type of financial institutions and DNFBPs. Countries may also choose to have more granular and specific classification of the types of financial institutions and DNFBPs.

\*\* Countries should indicate the specific provisions in the AML/CFT/CPF laws that set out the customer due diligence, record keeping and suspicious transaction or suspicious activity reporting obligations.

\*\*\* Where there have been changes since its last update or where relevant, countries should also set out the specific provisions in the AML/CFT/CPF laws or enforceable means and key highlights of the obligations for other preventive measures (e.g., politically exposed persons (PEPs), wire transfers, internal controls and foreign branches and subsidiaries etc.).

**Legal Persons and Arrangements (R.8, R.24 and R.25)**

<b>Type of Legal Persons / Arrangements*</b>	<b>No. Registered</b> <i>(where available)</i>	<b>Applicable Laws / Regulations / Requirements</b>	<b>Date in Force or Last Updated</b> <i>(where applicable)</i>	<b>Other additional Information (e.g., highlights of substantive changes etc.)**</b>

\* Additional rows may be added for other type of legal persons or arrangements. Countries may also choose to have more granular and specific classification of the types of legal persons or arrangements.

\*\* Countries should indicate the specific provisions in the applicable laws / regulations / requirements and key highlights that set out the obligations to maintain the requisite information in R.24 (e.g., basic and beneficial ownership) and R.25 (e.g., settlors, trustees, protectors (if any), the (class of) beneficiaries, and any other natural person exercising control) respectively.







## **PROCEDURES FOR THE FATF AML/CFT/CPF MUTUAL EVALUATIONS, FOLLOW-UP AND ICRG**

These FATF Procedures set out the steps involved in assessing countries' actions to combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction (AML/CFT/CPF) against the 2022 Methodology.

The FATF Procedures cover the mutual evaluation itself, and the regular and enhanced follow-up processes. The ICRG process for countries that need to make fundamental improvements is included as well. The procedures also describe the composition, roles and responsibilities of the participants in these processes, including assessed countries, assessment teams, ME and follow-up reviewers, and the FATF Secretariat.