

APG Third Round Mutual Evaluation Procedures



**Asia/Pacific Group
on Money Laundering**

2023

Asia/Pacific Group on Money Laundering
July 2023

**APG Third Round Mutual Evaluation
Procedures 2023**

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Table of Abbreviations

AML/CFT	Anti-money laundering/countering the financing of terrorism (also used for <i>combating the financing of terrorism</i>)
C	Compliant
DAR	Detailed Assessment Report
DNFBP	Designated non-financial business and profession
ECG	Evaluations and Compliance Group (of the FATF)
ES	Executive summary
FATF	Financial Action Task Force
FIU	Financial intelligence unit
FSAP	Financial Sector Assessment Programme
FSRB	FATF-Style Regional Body
FUR	Follow-up report
GC	Governance Committee
GIFCS	Group of International Finance Centre Supervisors
ICRG	International Cooperation Review Group
IMF	International Monetary Fund
IO	Immediate Outcome
IFI	International Financial Institution (IMF and World Bank)
KID	Key Issues Document
LC	Largely compliant
ME	Mutual evaluation
MER	Mutual evaluation report (including executive summary)
MEC	Mutual Evaluation Committee (of the APG)
ML	Money laundering
NC	Non-compliant
PC	Partially compliant
ROSC	Reports on the Observance of Standards and Codes
SRB	Self-Regulatory Body
TC	Technical compliance
TF	Terrorist financing
UNSCR	United Nations Security Council Resolution

APG THIRD ROUND MUTUAL EVALUATION PROCEDURES FOR AML/CFT 2023

Introduction

1. The APG is conducting a third round of mutual evaluations (MEs) of its members based on the FATF Recommendations (2012), and the Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of anti-money laundering / counter financing of terrorism (AML/CFT) Systems (“the 2013 Assessment Methodology”), as amended from time to time. This document sets out the procedures that are the basis for that third round of mutual evaluations.

Background

2. The FATF's *High-Level Principles and Objectives for the relationship between the FATF and the FSRBs* sets out that there will be a set of core elements which should apply to all AML/CFT assessment bodies, which are set out in the *FATF's Consolidated Processes and Procedures for Mutual Evaluations and Follow-Up (“Universal Procedures”)*. Under the *Universal Procedures*, all AML/CFT assessment bodies (i.e. FATF, FATF-style regional bodies (FSRBs), the International Monetary Fund (IMF) and the World Bank) will conduct the next round of assessments in accordance with the FATF 2013 Methodology as updated from time to time. In principle, FSRBs’ and International Financial Institutions’ (IFI) assessment procedures should be the same as, or close to, those of the FATF, although with some flexibility in the procedural arrangements. The *Universal Procedures* call on all AML/CFT assessment bodies to update their procedures periodically to remain in keeping with the *Universal Procedures* when the *Universal Procedures* are updated. All FSRBs’ and IFIs’ evaluation procedures will be checked against the updated *Universal Procedures*.

3. At the APG’s 2013 Annual Meeting, APG members agreed that the APG would use the 2013 Assessment Methodology for the APG’s third round of MEs. At the APG’s 2014 Annual Meeting, APG members adopted the APG Third Round Mutual Evaluation Procedures, which were based on the FATF’s February 2014 *Universal Procedures*.

4. The FATF has adopted amendments to its *Universal Procedures* each year since 2016. The APG has considered and adopted amendments to the APG Third Round Mutual Evaluation Procedures for AML/CFT each year. This includes incorporating changes arising from the amended *Universal Procedures* and other refinements taking into account the circumstances and processes of the APG and members’ experience in applying the procedures. A list of the previous amendments to these procedures is included at Annex 1.

5. In February 2021, the APG adopted Supplementary Procedures to the APG Third Round Mutual Evaluation Procedures for assessments conducted during the period of the COVID-19 pandemic. Further amendments and refinements to the procedures were also adopted out-of-session.

I. Scope, Principles and Objectives for the APG's Third Round

6. Using the 2013 Assessment Methodology, APG members (and observers, where agreed by members) may be assessed in one of four ways:
 - i. By an APG mutual evaluation.
 - ii. By a joint FATF/APG evaluation, or by the IMF or World Bank, for members of the APG who are also members of the FATF. Where the member is also a member of another FSRB, the evaluation may be conducted as a joint FATF/APG/FSRB evaluation.
 - iii. By a joint APG/FSRB evaluation, or the IFIs, for members of the APG who are also members of another FSRB, but not members of the FATF. Or
 - iv. By an IFI assessment.
7. In each case, the APG will need to consider and adopt the mutual evaluation report (MER), or detailed assessment report (DAR) when the evaluation is conducted by an IFI, of the APG member, irrespective of which body undertook the evaluation.
8. As set out in the 2013 Assessment Methodology, the scope of evaluations will involve two inter-related components: technical compliance (TC) and effectiveness. The TC component will assess whether the necessary laws, regulations or other required measures are in force and effect, and whether the supporting AML/CFT institutional framework is in place. The effectiveness component will assess whether the AML/CFT systems are working, and the extent to which the member is achieving the defined set of outcomes.
9. There are a number of general principles and objectives that govern procedures for APG MEs, as well as assessments conducted by the FATF, other FSRBs, IMF or World Bank. The procedures should:
 - i. Produce objective and accurate reports of a high standard in a timely way.
 - ii. Ensure that there is a level playing field, whereby MERs, including the executive summaries, are consistent, especially with respect to the findings, the recommendations and ratings.
 - iii. Ensure that there is transparency and equality of treatment, in terms of the assessment process, for all members assessed.
 - iv. Seek to ensure that the evaluations and assessment exercises conducted by all relevant organisations and bodies (APG, FATF, IMF, World Bank, other FSRBs) are equivalent, and of a high standard.
 - v. Be clear and transparent; encourage the implementation of higher standards; identify and promote good and effective practices; and alert governments and the private sector to areas that need strengthening.
 - vi. Be sufficiently streamlined and efficient to ensure that there are no unnecessary delays or duplication in the process and that resources are used effectively.

- vii. Make it clear that the onus is on the member being assessed to demonstrate that it has complied with the Standards and that its AML/CFT regime is effective.
- viii. Specify that in conducting the assessment, assessors should only take into account relevant laws, regulations or other AML/CFT measures that are in force and effect at the time of, or will be in force and effect by the end of, the on-site visit.

10. Members are responsible for starting preparation for their ME as they see fit in order to meet the requirements laid out in these procedures and the assessment methodology. Preparation may include undertaking or updating risk assessment(s); forming an ME working group; evaluating coordination and resourcing requirements; and undertaking a self-assessment against the methodology, including initial collation of statistics etc., and could be initiated a few years prior to the ME.

11. As early as possible, the member being evaluated should indicate to the assessment team an identified coordinator and contact person(s) for the ME process to ensure adequate coordination and clear channels of communication between the secretariat and the assessed member. The coordinator should have the appropriate seniority to be able to coordinate with other authorities effectively and make certain decisions when required to do so. The coordinator should also have an understanding of the ME process and be able to perform or ensure quality control of responses provided by other agencies. The coordinator would also be responsible for coordinating logistics and planning with the assessment team.

12. The Secretariat should engage with and consult the member to be assessed on an ongoing basis throughout the evaluation process. This may include early engagement with higher level authorities to obtain support for, and coordination of, the evaluation for the entirety of the process. It may include training for the assessed member to familiarise stakeholders with the evaluation process. The Secretariat should regularly review whether communication and information exchange is working effectively between the assessment team and the assessed member.

II. Changes in the FATF Standards

13. As a dynamic process, ongoing work within the FATF has led and may lead to further changes to the FATF Recommendations, the Interpretive Notes or the 2013 Assessment Methodology. All members will be evaluated on the basis of the FATF Recommendations and Interpretative Notes, and the 2013 Assessment Methodology, as they exist at the date of the member's submission of their technical compliance return (at least 6 months before the on-site visit). The report should state clearly if an assessment has been made against recently amended Standards. However, if an APG member wishes to be assessed using a revised Methodology adopted after the date of its TC submission, the member should provide information on TC/effectiveness for all revised Recommendations/immediate outcomes (IOs) no later than the date for receipt of the effectiveness submission.

14. To ensure equality of treatment, and to protect the international financial system, compliance with the relevant elements of the changes to the FATF Recommendations, the Interpretive Notes or the 2013 Assessment Methodology are assessed as part of the follow-up process (see Section X below).

This occurs whenever TC re-ratings are sought, or generally by the end of the third year following adoption of the MER.

III. Schedule for the APG's Third Round

15. The schedule of MEs for the APG's third round, and the number of evaluations to be prepared each year, is primarily governed by the number of MERs that can be discussed at each APG annual meeting, resource considerations, and by the need to complete the entire round in a reasonable timeframe and, at least initially, by the end of the APG's mandate (then 2020). On this basis, initially seven MERs were scheduled to be discussed per annual meeting during the third round. However, noting changes made by the FATF in June 2014 to its fourth round schedule for resource and other reasons, which also arose in the APG, members agreed at the 2014 Annual Meeting to extend the third round schedule by three years to conclude in 2023, and to reduce the average number of evaluations to approximately five (5) per year.

16. A schedule of MEs showing the proposed year and indicative date of the on-site visit, the dates of relevant Financial Sector Assessment Program (FSAP) missions by the IFIs and the date for the plenary discussion of the MER will be maintained. In addition, the APG secretariat will confirm the date of the on-site visit in consultation with the authorities of the member being evaluated. Any proposed changes to the year in which the on-site is scheduled will require plenary approval, but not the date of the on-site as long as it remains within the approved year.

17. The considerations underlying the sequence of evaluations are:

- i. The sequence of evaluations followed in the APG's second round of evaluations;
- ii. Members' views on their preferred date; members are consulted on the possible dates for on-site visits and plenary discussion of their MER, and this is taken into account in the schedule;
- iii. The scheduled date of any possible FSAP mission (see section IX below regarding the timing of the FSAP and an ME);
- iv. The date of the last ME or IFI assessment.

18. Significant adjustments will be made to the schedule to take account of the many challenges and delays arising from the COVID-19 global pandemic,

IV. Procedures and Steps in the Evaluation Process

19. A summary of the key steps and timelines for the assessment team and the assessed member in the APG mutual evaluation process is set out at [Appendix 1](#). Those steps are described more fully below. Assessed members and assessment teams may commence the process up to two months earlier, including the submission of the TC update by the assessed member, in order to accommodate circumstances such as translation requirements, timing of plenary adoption, or events or holidays.

Preparation for the on-site visit

20. At least nine months before the on-site visit, the secretariat will finalise the timelines for the whole ME process in consultation with the assessed member. This will include the dates for the ME on-site visit and will be based on the timelines in Appendix 1 (some flexibility is permissible).

21. The onus is on the member to demonstrate that it has complied with the Standards and that its AML/CFT regime is effective. The member should, therefore, provide all relevant information to the assessment team as early as possible during the course of the ME. As appropriate, assessors should be able to request or access documents (redacted if necessary), data and other relevant information.

22. All updates and information should be provided in an electronic format and members should ensure that laws, regulations, guidelines and other relevant documents are made available in English and the original language.

(a) Information updates on technical compliance

23. The updates and information provided by the assessed member will provide key information that will enable the preparatory work to be carried out prior to the on-site visit. This preparatory work includes understanding the member's ML and TF risks, identifying potential areas of increased or reduced focus for the on-site (through a scoping exercise), and preparing the draft TC annex. Members should provide the necessary updates and information to the secretariat no less than six months before the on-site visit, or up to eight months if agreed. Prior to that, it is desirable to have informal engagement between the member and the secretariat.

24. For some members, AML/CFT issues are addressed not just at the national government level, but also at state/provincial or local levels. Such members will need to indicate the AML/CFT measures that are the responsibility of state/provincial/local level authorities and provide an appropriate description of these measures. Assessors should also be aware that AML/CFT measures may be implemented at one or more levels of government. Assessors should therefore examine and take into account to the extent practical all the relevant measures, including those taken at a state/provincial/local level. Equally, assessors should take into account and refer to any supra-national laws or regulations that apply to a member.

25. Members should rely on the questionnaire for the TC update to provide relevant information to the assessment team. The APG secretariat will provide the template to assessed members to use. Along with the previous MER and follow-up reports (FURs), this will be used as a starting basis for the assessment team to conduct the desk-based review of TC. The questionnaire is a guide to assist members to provide relevant information in relation to: (i) background information on the legal and institutional framework; (ii) information on risks and context; (iii) information on the measures that the member has taken to meet the criteria for each Recommendation.

26. Members should complete the TC questionnaire carefully and may also choose to present other additional information in whatever manner they deem to be most expedient or effective.

(b) Information on effectiveness

27. Members should provide detailed information on effectiveness based on the 11 Immediate Outcomes set out in the 2013 Assessment Methodology no less than four months before the on-site. Members should set out fully how each of the core issues, as set out in each Immediate Outcome, is being addressed. It is important for members 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 regime. The APG secretariat will provide the template to assessed members to use.

(c) Composition and formation of assessment teams

28. Assessors are initially selected by the APG secretariat. This will take place approximately nine months, and at least six months, before the on-site and will be coordinated with any member that had earlier volunteered assessors for the proposed assessment. The APG secretariat will submit the list of assessors to the member undergoing the evaluation for information and comment before the visit. Any requests for changes to the composition of the team will be taken into account, but the final decision concerning the composition of the team will rest with the APG secretariat.

29. An assessment team will usually consist of at least six expert assessors (normally comprising two legal, two financial¹ and two FIU/law enforcement experts), principally drawn from APG members, and will be supported by members of the APG secretariat. Depending on the member and the ML and TF risks, additional assessors or assessors with specific expertise may also be required. Preferably, at least one of the assessors should have had previous experience conducting an ME.

30. In selecting the assessors, a number of factors will be considered: (i) their relevant operational and assessment experience; (ii) nature of the legal system (civil law or common law) and institutional framework; and (iii) specific characteristics of the jurisdiction (e.g., size and composition of the economy and financial sector, geographical factors, and trading or cultural links), to ensure that the assessment team has a suitable balance of knowledge, skills and expertise. Assessors should be very knowledgeable about the FATF Standards, and are required to successfully complete an assessor training workshop on the 2013 Assessment Methodology before they undertake the on-site visit and conduct an ME. Assessor training workshops include clear expertise requirements for potential candidates, initial assessment ahead of the workshop, performance assessment and feedback to candidates at the end of the training event and feedback to the trainee's delegation following the workshop.

31. In joint evaluations, the assessment team will be made up of assessors from both the APG and the FATF/other FSRB, as appropriate (see section VII), and will be supported by members of the APG and/or other secretariat staff. For some other APG evaluations, the APG secretariat could, with the consent of the assessed member, invite an expert (member or secretariat) from another FSRB, FATF,

¹ 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.

the IMF/World Bank² or the Group of International Finance Centre Supervisors (GIFCS), to participate as an expert on the assessment team, on the basis of reciprocity. Further, in certain circumstances, an expert may be invited from a non-AML/CFT assessment body. Normally there should be no more than one, or in exceptional cases two, such experts per evaluation from other bodies on the assessment team.

32. Where appropriate, the APG secretariat may also select an additional assessor to form part of the assessment team for developmental purposes. Such an assessor will normally be an expert who has not previously participated in an ME or will be from a member that has not previously been involved in an ME.

33. The secretariat will work to ensure that the mutuality of the review process is maintained, and all members should provide qualified experts who are able to devote their time and resources to reviewing all the documents (including the information updates on technical compliance, and information on effectiveness), raising queries prior to the on-site, preparing and conducting the assessment, drafting the MER, attending the meetings (e.g. on-site, face-to-face meeting, and Plenary discussion), and adhere to the deadlines indicated. Members with greater capacity should provide more assessors. A list of members' contribution of assessors for evaluations under the APG's third round will be maintained and monitored by the secretariat and the Mutual Evaluation Committee (MEC) and distributed to members and observers for information at each annual meeting.

(d) Responsibilities of assessment teams

34. The core function of the assessment team is, collectively, to produce an independent report (containing analysis, findings and recommendations) concerning the member's compliance with the FATF standards, in terms of both TC and effectiveness. A successful evaluation of an AML/CFT regime requires, at a minimum, a combination of financial, legal, FIU and law enforcement expertise, particularly in relation to the assessment of effectiveness. Experts therefore have to conduct an evaluation in a fully collaborative process, whereby all aspects of the review are conducted holistically. Each expert is expected to contribute to all parts of the review, but should take the lead on, or take primary responsibility for, topics related to his or her own area of expertise. An overview of assessors' respective primary responsibilities should be shared with the assessed member. Nevertheless, the assessment remains an all-team responsibility and as such, assessors will be actively involved in all areas of the report including those beyond their assigned primary areas of responsibility.

35. The exact division of responsibilities will depend on the size and makeup of the assessment team, and the specific expertise of each assessor. However, an *example* of the division of primary responsibilities that may apply is as follows:

- *Technical Compliance (example only):*

² Participation (on a reciprocal basis) of experts from other observers that are conducting assessments, such as the UN Counter-Terrorism Executive Directorate, could be considered on a case-by-case basis.

- Legal: R.3, R.4, R.5 to R.7, R.24 and R.25, R.36 to R.39
- Financial: R.9 to R.19, R.26 and R.27, R.22 and R.23, R.28, R.35
- FIU/Law Enforcement: R.20 and R.21, R.29, R.30 to R.32
- All: R.1 and R.2, R.33 and R.34, R.8, R.40
- *Effectiveness (example only):*
 - Legal: IO.2, IO.5, IO.7, IO.8, IO.9³
 - Financial: IO.3, IO.4
 - FIU/Law Enforcement: IO.6, IO.7, IO.8, IO.9
 - All/Other: IO.1, IO.10, IO.11

36. It is important that assessors are able to devote their time and resources to reviewing all the documents provided by the assessed member (including the information updates on TC, and information on effectiveness), raising queries prior to the on-site, preparing for and conducting the on-site, drafting the MER, attending the meetings (e.g., on-site visit, face-to-face meeting, and plenary discussion), and keeping to the deadlines indicated.

37. The ME is a dynamic and continuous process. The assessment team/secretariat will engage and consult the assessed member on an ongoing basis, commencing at least nine months before the on-site visit. Throughout the process, the secretariat will ensure that the assessors have access to all relevant material and that regular communication takes place between assessors and the assessed member to ensure effective exchange of information. The assessment team is also to seek clarification from the assessed member on issues that are not clear.

(e) Responsibilities of the APG Secretariat

38. The secretariat will, among other things:

- i. Facilitate identification of suitable assessors.
- ii. Provide impartial support to both the assessment team and the assessed member.
- iii. Focus on quality and consistency of the MER including taking steps necessary to ensure that the assessors' analysis is clearly and concisely written, comprehensive, objective and supported by evidence, including on ratings, and that statistics and legislative references are cited correctly.
- iv. Ensure compliance with process and procedures.
- v. Assist assessors and assessed member in the interpretation of the standards, methodology and process in line with past FATF decisions and consideration of approaches taken in other MERs adopted across the global network and published by the FATF.

³ IO.7 to IO.9 may be assessed jointly by the legal and law enforcement assessors.

- vi. Ensure that assessors and assessed members have access to relevant and accurate documentation.
- vii. Coordinate the process and other tasks outlined in these procedures.

(f) Desk-based review of technical compliance and pre-mutual evaluation visit

39. Prior to the on-site visit, the assessment team will conduct a desk-based review of the member's level of TC, and the contextual factors and ML/TF risks. The review will be based on information provided by the member in the questionnaire/information updates on TC, pre-existing information drawn from the member's second round MER, FURs and other credible or reliable sources of information. The assessment team may also review the findings from the previous MER and FURs and highlight relevant strengths or weaknesses not previously noted. If the assessment team reaches a different conclusion to previous MERs and FURs (in cases where the Standards and the relevant laws, regulations or other AML/CFT measures have not changed) then they should explain the reasons for their conclusion.

40. Subsequent to its review, the assessment team will provide the member with a first draft of the TC annex approximately three months before the on-site visit. This will include a description, analysis and list of potential technical deficiencies, including indications of whether each sub-criterion is met, mostly met, partly met or not met and why. The first draft need not contain ratings or recommendations. The member will have one month to clarify and comment on the first draft TC annex.

41. If needed and on a voluntary basis, the assessment team may undertake a pre-mutual evaluation visit to the member to discuss the first draft of the TC annex and other matters related to the evaluation, including the member's effectiveness response, team's scoping note, and on-site requirements. The timing of such a meeting will be agreed between the assessment team and the member. If a pre-mutual evaluation visit cannot be held in-person, a virtual meeting can be arranged to discuss the same issues. To maximise the benefits of pre-ME meetings, these should occur after the member has received the first draft of the TC annex.

42. In conducting the assessment, assessors should only take into account relevant laws, regulations or other AML/CFT measures that are in force and effect at that time, or will be in force and effect by the end of the on-site visit. Where relevant bills or other specific proposals to amend the system are made available, these will, as appropriate, be referred to in the MER (including for the purpose of the recommendations to be made to the member) but will not be taken into account for ratings purposes.

(g) Ensuring adequate basis to assess international cooperation

43. At least six months before the on-site visit, APG members, the FATF⁴ and FSRBs⁵ will be invited to provide information on their experience of international cooperation with the member being evaluated, including any comments that may assist the assessment team in identifying areas of lower and higher risk that require increased or reduced focus during the on-site (see sub-section *(h)* below). Information on international cooperation should be provided at least three months before the on-site.

44. In addition, the assessment team and the member may also identify and seek specific feedback from key jurisdictions to which the assessed member has provided international cooperation, or from which it has requested it. The feedback could relate to: (i) general experience, (ii) positive examples, and (iii) negative examples, of the assessed member's level of international cooperation. The responses received will be made available to the assessment team and the assessed member.

(h) The scoping note and final preparations for the on-site visit

45. To support the assessment of effectiveness in relation to the 11 Immediate Outcomes, prior to the on-site visit the assessment team may identify specific areas to which it would pay more or less attention during the on-site visit and in the MER. This is based on the scoping process of the assessed member's risks, context and materiality, in the widest sense, and elements which contribute to them. In undertaking the scoping exercise the assessment team will review information on risks, context and materiality as well as the preliminary analysis of both TC and effectiveness issues, including international input provided through the process outlined above at sub-section *(g)*. Delegations will be invited to provide any information and comments that would assist the team to prepare a short scoping note identifying areas of lower and higher risk that need reduced or increased focus. In preparing the scoping note and the continuing scoping exercise, the assessment team will consult the assessed member and, as outlined below, the scoping note prepared by the team will be reviewed by an external quality and consistency review team.

46. Where there are potential areas of increased or reduced focus for the on-site visit, the assessment team should obtain and consider all relevant information and commence discussion of these areas approximately four to six months before the on-site, and consult the member at least two months before the on-site. The member should normally provide additional information regarding the areas for increased/reduced focus. While the prerogative lies with the assessment team, the areas for increased/reduced focus should, to the extent possible, be mutually agreed with the member and should be set out in a draft scoping note. The scoping note should set out briefly (ideally in no more than two pages) the areas for increased/reduced focus and why these areas have been selected. The draft scoping note, along with relevant background information (e.g., the member's risk

⁴ Noting the FATF 2015 policy of releasing such requests from FSRBs to its members only three times a year, being February, June and October.

⁵ FATF and FSRB members will only be invited to provide this information where they are willing to reciprocally invite APG members to provide the same type of information in relation to their mutual evaluations.

assessment(s)), should be sent to the external reviewers (described in the section on quality and consistency, below) and to the member two months before the on-site visit.

47. External reviewers should, within two weeks of receiving the scoping note, provide their feedback to the assessment team regarding whether the scoping note reflects a reasonable view on the focus of the assessment, having regard to the material made available to them as well as their general knowledge of the member. The assessment team should consider the merit of the external reviewers' comments, and amend the scoping note as needed, in consultation with the member. The final version should be sent to the member and the external reviewers at least four weeks prior to the on-site visit, along with any requests for additional information and/or on-site meetings on the areas of increased focus. The member should seek to accommodate any requests arising from the additional or reduced focus. The member should also consider presenting on its risk and context at the start of the on-site visit for assessors to better evaluate the member's understanding of its AML/CFT risks.

48. To assist in their preparation, the assessment team should prepare a preliminary analysis identifying key issues on effectiveness, four weeks before the on-site visit.

49. At least two weeks before the on-site visit the assessment team will share with the member being assessed and the external reviewers a revised draft TC annex. The assessment team will also share an outline of initial findings/key issues on effectiveness to discuss with the member being assessed.

(i) Programme for the on-site visit

50. The member (designated contact) should work with the secretariat and prepare a draft programme and coordinate the logistics for the on-site visit. The draft programme, together with any specific logistical arrangements, should be worked on two months prior to the on-site and finalised with the assessment team no later than two weeks before the visit. At Appendix 2 is a list of authorities and businesses that would usually be involved in the on-site visit. The assessment team may also request additional meetings during the on-site visit.

51. The draft programme should take into account the areas where the assessment team may want to apply increased focus. To reduce travel time between venues and security challenges, and to ensure the availability of suitable premises, meetings should generally be held at one venue or just a few venues per day allowing for maximum use of meeting times by the team. However, in some circumstances it may be warranted for meetings to be held in the premises of the agency/organisation being met.

52. Both in terms of the programme and more generally, the time required for interpretation, and for translation of documents, must be taken into account (see paragraph 59).

(j) Confidentiality

53. All documents and information produced: (i) by an assessed member during a mutual evaluation exercise (e.g., updates and responses, documents describing a member's AML/CFT regime, measures taken or risks faced (including those for which there will be increased focus), or responses to

assessors' queries); (ii) by the APG secretariat or assessors (e.g., reports from assessors, draft MER); and (iii) comments received through the consultation or review mechanisms, should be treated as confidential. They should only be used for the specific purposes provided and not be made publicly available or disclosed to unauthorised third parties unless the assessed member and the APG (and where applicable, the originator of the document) consents to their release. Assessors and external reviewers should use password protected computers/devices and USBs for saving, viewing or transferring confidential materials related to the mutual evaluation. These confidentiality requirements apply to the assessment team, the secretariat, external reviewers, officials in the assessed member and any other person with access to the documents or information. In addition, all meetings held during the course of an evaluation, including on-site interviews with officials in the assessed member or any other person, shall remain confidential. Details of these discussions must not be disclosed to unauthorised third parties by any means, including to media personnel and outlets. At the start of the assessment process, the members of the assessment team and external reviewers should sign a confidentiality agreement, which will include text regarding the need to declare a conflict of interest.

On-site visit

54. The on-site visit provides the best opportunity to clarify issues relating to the member's AML/CFT system. Assessors need to be fully prepared to review the 11 Immediate Outcomes relating to the effectiveness of the system and clarify any outstanding TC issues. Assessors should also pay more attention to areas where higher ML and TF risks are identified. Assessors must be cognisant of different members' circumstances and risks; and that members may adopt different approaches to meet the FATF Standards and to create an effective system. Assessors need to be open and flexible and seek to avoid narrow comparisons with their own jurisdictional requirements.

55. Experience has shown that at least seven to eight days of meetings are required for members with developed AML/CFT systems. A typical on-site visit could allow for the following:

- i. An initial half-day preparatory meeting between the secretariat and assessors.
- ii. Seven to eight days of meetings⁶ with representatives of the member, the private sector or other relevant non-government bodies or persons⁷, including an opening and closing meeting. The opening meeting should consider including an overview of the member's understanding of risk, to complement the write-ups of the member's national risk assessment(s). The programme of meetings should take into account the areas where the assessment team may want to apply increased and reduced focus. Time may have to be set aside for additional or follow-up meetings, if, in the course of the set schedule, the assessors

⁶ 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.

⁷ Generally, assessors should be given the opportunity to meet with such bodies or persons in private without a government official present, not only 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.

identify new issues that need to be explored, or if they need further information on an issue already discussed.

- iii. One to two days where the assessment team works on the draft MER, ensures that all the major issues that arose during the evaluation are noted in the report, and discusses and agrees on preliminary ratings, and key recommendations. The assessment team should provide a written summary of its key findings to the assessed members' officials at the closing meeting.

56. Therefore, the total length of the mission for a normal evaluation is likely to be in the order of ten working days, but this could be extended for large or complex jurisdictions.

57. It is important that the assessment team be able to request and meet with all relevant agencies during the on-site. The member being evaluated, and the specific agencies met, should ensure that appropriate staff members are available for each meeting. While the level and type of officer required will vary from agency to agency, generally speaking members should ensure that both senior managers, who can 'speak for' the agency/jurisdiction at a policy level, as well as 'operational' staff who can if necessary answer detailed questions on AML/CFT implementation, are present at each meeting. Agencies should be made aware by the member that they may be asked quite detailed and probing questions. The persons present should therefore be familiar with the content of the member's technical compliance and effectiveness responses, especially as it relates to their area of expertise, and be prepared for detailed questions relating to that response. Adequate time should be allocated for each meeting.

58. Other than for transportation and interpretation purposes, there may be no need for a dedicated officer to 'escort' the assessment team during its meetings, though this can be helpful. If the coordinating agency wishes to have an officer attend meetings with the team, the officer will do so as an observer and their inclusion will be at the discretion of the assessment team.

59. Where English is not an official language of the assessed member, the process of translation of relevant laws, regulations and other documents should start at an early stage, so that they can be provided to the assessment team in a timely fashion, e.g., English translation of the TC update and relevant laws, regulations etc., must be provided at least six months before the on-site, and the effectiveness response including relevant documents (court cases) at least four months before the on-site. The assessment team should also be provided with the relevant laws or other documents in the language of the member, since translations of technical texts are not always perfect. During the on-site visit, professional and well-prepared interpreters are needed if the member's officials are not fluent in English. The member being evaluated will need to provide the interpreters. Simultaneous interpretation is preferable in order to save time during the discussion, but not mandatory.

60. It is the responsibility of the member being evaluated to provide necessary security and transportation arrangements. All transportation during the visit, both to and from the airport and between appointments, is the responsibility of the member being assessed.

61. The assessment team should be provided with a dedicated room for the duration of the on-site visit. The room should have wireless internet access. The assessment team should be provided with access to photocopying, printing and other basic facilities.

62. Scheduled lunches should be relatively short and, if necessary, working lunches may be arranged. Formalities should be dispensed with to the extent possible during the visit. For example, formal dinners should be kept to a minimum.

63. Gift giving to the assessment team, either at the pre ME, the onsite or face-to-face meeting, should be avoided, and any gifts, if provided, should be of low monetary value.

Post on-site – preparation of the draft mutual evaluation report

64. There should be an adequate amount of time, at least 27 weeks, between the end of the on-site visit and the discussion of the MER in plenary. The steps in finalising a draft MER⁸ for discussion at plenary, and the approximate time that is required for each part, are set out in detail below (noting the timeline set out at Appendix 1). The format for the draft MER will be as per Annex II of the Assessment Methodology and will follow the guidance on how to complete the Executive Summary and MER, including with respect to its expected length.

65. The timely preparation of the MER and executive summary⁹ will require the assessors to work closely with the secretariat and the member. The period may also be extended or adjusted and based on justified circumstances (and with the consent of the assessed member), a shorter period of time may be allowed for.

66. With the aim of facilitating communication between the assessment team and the assessed member, the secretariat should coordinate regular conference calls between all parties, in particular after the circulation of an updated draft MER. When writing the draft MERs and/or during calls, assessors and/or secretariat should aim to clarify as much as possible (subject to resource and time constraints) how information submitted by the assessed member was taken into account¹⁰, if/where additional information is still needed. The assessment team will seek further clarification from the assessed member about information submitted via virtual meeting if needed.

(a) First draft MER

67. The assessment team shall complete as much as possible of the first draft MER during the on-site visit. The assessment team will then have six weeks to coordinate and refine the first draft MER (including the key findings, ratings, potential issues of note and priority recommendations to the member). The first draft MER is then sent to the member for comment. The member will have at least

⁸ All references to the 'draft MER' also include the executive summary.

⁹ Assessors should also pay attention to the guidance on how to complete the executive summary and MER, including with respect to the expected length of the MER (100 pages or less, together with a technical annex of up to 60 pages).

¹⁰ Assessors need not include all information submitted by the assessed member, and should exercise discretion in determining which information is relevant.

four weeks to review and provide its comments on the first draft MER. During this time, the member may seek clarification on the first draft MER and the assessment team should be prepared to respond to queries and clarifications that may be raised by the member.

(b) Second draft MER and executive summary

68. On receipt of the member's comments on the first draft MER, the assessment team will have four weeks to review the comments and make further amendments, as well as prepare the executive summary. Approximately 14 weeks after the on-site, the second draft MER and executive summary will be sent to the external reviewers and the assessed member for comment. Every effort should be made to ensure that the revised draft is as close to a final draft MER as possible.

(c) Quality & consistency review

69. In addition to the secretariat's ongoing work to ensure quality and consistency (Q & C), as part of the APG ME process, there will be an external Q & C review. An external Q & C review team will be formed for each ME to review i) the scoping note before the on-site (per section IV(h) above), ii) the second draft TC Annex and iii) the second draft of the MER.

70. The main functions of the external reviewers are to ensure MERs are of an acceptable level of Q & C; and to assist the assessment team and the assessed member by reviewing and providing timely input on the scoping note and the draft MER (including any annexes) with a view to:

- i. Commenting on assessors' proposals for the scope of the on-site, including on whether the assessors' draft scoping note reflects a reasonable view on the focus of the assessment (see paragraph 45 above).
- ii. Reflecting a correct interpretation of the FATF Standards and application of the 2013 Assessment Methodology (including the assessment of risks, integration of the findings on TC and effectiveness and areas where the analysis and conclusions are identified as being clearly deficient).
- iii. Checking whether the description and analysis supports the conclusions (including ratings); and whether, based on these findings, sensible priority recommendations for improvement are made.
- iv. Where applicable, highlighting potential inconsistencies with earlier decisions adopted by the FATF and/or APG on technical compliance and effectiveness issues.
- v. Checking that the substance of the report is generally coherent and comprehensible.

71. The Q & C review process will be conducted through the MEC. The APG secretariat/MEC will invite qualified volunteer experts from APG members and observers to participate in review teams. Qualified volunteer experts (i.e., trained in the 2013 Assessment Methodology) will include experts from members and secretariats of the APG, FATF, other FSRBs, and staff of the IFIs and other observer organisations.

72. To avoid potential conflicts of interest, the external reviewers selected for any given Q & C review will be from members other than those of the assessors, and will be made known to the member and assessors in advance. Generally, at least three external reviewers will be allocated to each assessment; comprising at least two reviewers from the APG and at least one reviewer (non APG member) from the FATF, another FSRB, the IMF/World Bank or other observer organisations, each of whom could in principle focus on certain parts of the report. The secretariat will determine the final make-up of each external review team.

73. The external reviewers will need to be able to commit time and resources to review:

- i. The scoping note; and
- ii. The quality, coherence and internal consistency of the second draft TC Annex (prior to the on-site)¹¹ and the second draft MER (prior to the face-to-face), taking into account consistency with the FATF Standards and APG and FATF precedents. When conducting their review of the second draft MER, reviewers must review the effectiveness components and any TC analysis which has substantially changed since the second draft TC Annex¹². When conducting their review of the TC Annex and MER, the external reviewers will be provided with access to all key supporting documents, including the assessed member's TC and effectiveness submissions, available risk assessments and a copy of the comments provided by the member on the first draft MER.

74. As noted in paragraph 47 above, the external reviewers will have two weeks to examine the scoping note and provide their comments to the APG secretariat for dissemination to the assessment team. The assessment team will consider the merit of the external reviewers' comments, and amend the scoping note as needed, in consultation with the member.

75. Regarding the second draft TC Annex, the external reviewers will have two weeks, and regarding the second draft MER, the external reviewers and assessed member will have three weeks, to examine the draft and provide their comments to the APG secretariat for dissemination to the assessment team and assessed member. The APG secretariat will also conduct an internal review for Q & C.

76. The assessed member should work to provide the assessment team with its response to the external reviewers' comments on the second draft MER ahead of the face-to-face meeting.

77. The external reviewers do not have any decision-making powers or powers to change a report. It is the responsibility of the assessment team to consider the external reviewers' comments and then decide whether any changes should be made to the report.

¹¹ As this is a new requirement in 2021, this review is strongly encouraged however not mandatory for all reviewers, noting footnote 14 below.

¹² If a reviewer did not undertake a review of the 2nd draft TC Annex, they should conduct a thorough review of the TC Annex as part of their review of the 2nd draft MER.

78. The assessment team will provide a short written response to the plenary on the decisions that it has made and any changes it has made to the report based on the reviewers' comments. The assessment team's response shall be distributed to the global network with the final draft MER.

79. As noted above, the assessed member will have the opportunity to submit comments on the second draft MER in parallel with the review process. The comments from the member and the external reviewers will be used as input for any revisions to the MER and for the face-to-face meeting.

(d) Revision of draft MER and face-to-face meeting

80. Following the conclusion of the internal review by the secretariat and receipt of the external reviewers' comments, and any comments from the assessed member on the second draft MER and/or on the external reviewers' comments, the assessment team and the member will have at least three weeks to consider those comments in preparation for the face-to-face meeting. Assessors should respond to all substantive comments by external reviewers and the secretariat should liaise with external reviewers as needed to facilitate this process. During this time they shall discuss likely changes and unresolved issues, and identify issues for further discussion. The member shall also provide the assessment team with its responses to the external reviewers' comments.

81. A face-to-face meeting will be undertaken to discuss the draft MER, following the external reviewers' and member's comments on the second draft. The face-to-face meeting should ideally be held at least eight weeks before the scheduled plenary discussion, and would normally be held in the jurisdiction of the assessed member, but it could be held elsewhere at a location mutually agreed upon by the assessment team and the assessed member. If a face-to-face meeting cannot be held in-person, a virtual meeting will be arranged to cover the same set of issues.

82. The second draft, and any issues identified subsequently, shall serve as the basis for discussion during the face-to-face meeting. If time permits, and as appropriate and if agreed by all the parties, the assessment team may prepare a third draft of the MER prior to, and for discussion at, the face-to-face meeting.

83. The timing, scope and duration of the face-to-face meeting will be determined through consultation between the assessment team and the assessed member, reflecting key issues with the progress of the assessment. In order to make the most efficient use of the limited time available during the face-to-face meeting, the assessed member should provide the assessment team with a list of priority issues for discussion at the face-to-face meeting at least one week prior to the meetings.

84. Following the face-to-face meeting, the assessment team and the member may, if needed, brief the MEC co-chairs of key issues discussed, including any unresolved issues. The assessment team will also consider if any further changes are to be made to the draft MER. Where significant substantive changes are made to the MER after the face-to-face meeting, the secretariat will consider circulating a revised draft MER to the external reviewers for a further review on targeted issues.

85. Following completion of the third draft MER, unless otherwise agreed between the assessment team and assessed member, the TC Annex will be considered complete with any remaining substantive

disagreements between assessment team and assessed member to be resolved in the MEC and plenary.

86. The assessment team and assessed member should work to (i) resolve any disagreements over the content of the second and third draft MER, and (ii) identify potential issues for plenary discussion before the final draft MER is circulated to members and observers for consideration prior to plenary consideration. This cannot be left to the margins of the plenary meeting in which the report is being considered, as late amendments to the draft MER would preclude proper plenary discussion and consideration of the draft MER.

87. The final draft MER, together with a summary of the conclusions of the external review and assessors' responses and assessed member's formal response to the final draft MER, will be sent to all members and observers at least five weeks (ideally six weeks) prior to plenary for their comments. There should be no further changes to the substance of the draft MER thereafter to allow delegations to provide comments and prepare for the discussion at the MEC and plenary.

(e) Identifying issues and preparing for plenary discussion

88. Delegations (all members of the global network) will have two weeks to provide any written comments on the final draft MER and, in particular, to identify any key issues that they wish to discuss in the MEC meeting or plenary. The comments should focus on the key substantive 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.

89. Based on the final draft MER, and comments received, the secretariat will engage the member and assessment team and reviewers and prepare a list of up to eight priority and substantive issues for inclusion in the key issues document that will be discussed in the MEC prior to referral to the plenary. The preparation of the list of key issues should take into account the issues that the assessed member and delegations are most keen to discuss and include one item on priority, strategic recommendations. Key issues should focus on effectiveness, but may include issues related to technical compliance as well as the assessed jurisdiction's risk and context. The list of priority issues for discussion will include key issues arising from the final draft MER (whether referenced by the member, the assessment team or delegations), as well as any areas of possible interpretation issues or inconsistency with other MERs adopted by the APG or FATF. Examples of priority issues are strategic deficiencies/recommendations, ratings, interpretation of laws and standards, and findings on effectiveness.

90. When an assessed member disagrees with a TC or effectiveness rating or analysis, in addition to presenting its argument for disagreement, the member should prepare a proposed alternative analysis to be presented in the key issues document. This analysis will be substituted as appropriate into the MER if the MEC endorses and the plenary agrees to the call for an upgrade or downgrade, or amended analysis. The assessment team should be consulted in the drafting and shown the proposed alternative analysis during the preparation of the key issues document to allow the team to provide feedback and to ensure assessors are aware of the proposed alternative, but not for the team's endorsement. If needed, the secretariat will consult with the MEC co-chairs before finalising the list of issues to be discussed initially by the MEC.

91. The secretariat will circulate the finalised list of priority issues, the “key issues document (KID)”, to delegations two weeks before the plenary discussions. After discussions in MEC early in the plenary week, a revised KID will be submitted to the plenary for discussion by way of an MEC co-chairs’ report.

92. It is likely that the member and the assessment team will meet to discuss the draft MEC co-chairs’ report prior to its circulation to plenary. If the assessed member requests it, an additional preparation meeting can also be held shortly before MEC/plenary discussion of the MER. However, such meetings will be restricted to discussion of the process adoption of the draft MER, not substantive issues, and the final draft MER will not be subject to further change before the MEC discussion.

(f) The MEC discussion

93. All members and observers are encouraged to take part in the MEC discussion of key issues pertaining to the final draft MER, as set out in the KID. If the MEC meeting cannot be held in-person, a virtual or a hybrid meeting will be arranged to discuss the key issues. The MEC meeting is aimed at facilitating plenary discussion of the final draft MER by refining or potentially resolving issues identified by the assessment team, the assessed member or any delegation. While the plenary retains the final decision on the wording of any MER, consistent with the requirements of the FATF Standards and Methodology, it is expected that the plenary will only need to consider, on an exception basis, minor textual amendments to the MER or technical compliance issues as agreed to by the MEC. This will allow the plenary to focus on more substantive MER issues without compromising the right of members in plenary to raise concerns, make final decisions and to adopt reports.

94. The MEC meeting and discussion of the final draft MER shall:

- i. Be chaired by the MEC co-chairs and open to all APG members and observers.
- ii. Feature the assessment team and suitable representatives from the assessed member able to discuss issues in the final draft MER.

95. The MEC meeting and discussion of the final draft MER will consider the (up to eight) priority issues in the KID and attempt to reach a conclusion for each issue, time permitting. The delegation that raised the priority issue will be asked to briefly outline that item to which the assessment team and the assessed member will be given the opportunity to respond¹³. The issue will be opened for response by other delegations. Upon determining any consensus or not, the MEC co-chairs will note whether any amendment is required/agreed to or not. The MEC will need to endorse and the plenary to agree upon any amended analysis presented as an annex to the key issues document in the event of support by the MEC and/or plenary for a TC or effectiveness upgrade or downgrade.

96. The MEC meeting and discussion of the final draft MER will result in an updated KID by way of an MEC co-chairs’ report that will be circulated for plenary discussion of the MER. The MEC co-chairs’ report will include information on the discussion and the status of unresolved/resolved key issues.

¹³ If the delegation which raised the issue is not present, the MEC Co-Chair will summarise the issue.

Unresolved key issues will be presented in the report as active for discussion by the plenary. Resolved issues will remain in the report but be moved to an item for discussion by exception.

(g) Plenary discussion

97. The plenary discussion of each final draft MER, particularly priority issues as outlined in the KID,¹⁴ will focus on high level and key substantive issues. If the plenary meeting cannot take place in-person, the meeting will take place in a virtual or hybrid format. Adequate time will be set aside to discuss the member's response to the key issues and other issues, including any significant and unresolved issues. The discussion is managed by the APG Co-Chairs and will likely, on average, take three to four hours of plenary time. The procedure for the plenary discussion will be as follows:

- i. The assessment team will briefly present, in high-level terms, the key issues and findings from the report.
- ii. The assessed member will make a short opening statement. This may include a brief outline of any remaining areas of disagreement from the member's perspective.
- iii. The plenary will discuss the list of priority issues identified in the MEC co-chairs' report. This would usually be introduced briefly by the MEC co-chairs, with the assessors, the assessed member and secretariat having the opportunity to provide additional information. The plenary will need to endorse any amended analysis presented as an annex to the key issues document in the event of support by the MEC and/or plenary for an upgrade or downgrade.
- iv. Time will be set aside to discuss the overall situation of the assessed member's AML/CFT regime and ML/TF risks, the priority actions and recommendations set out in the executive summary, the member's response to the MER, including on ratings and any actions already taken, and the key findings.
- v. An APG member that has an expert on the assessment team will not be constrained from either supporting or not supporting a proposal for a change to the MER, including a possible rating upgrade or downgrade.
- vi. It is the role of the APG Co-Chairs to control meeting procedure and agenda timings, and therefore to decide on how discussion of a request for a rating upgrade or downgrade will be handled, including whether to hear first from members objecting or from members supporting an upgrade or downgrade depending on the circumstances of the issues at hand. Where there are multiple proposals for rating upgrades or downgrades, each affected FATF Recommendation or Immediate Outcome will be discussed one at a time.

¹⁴ The executive summary will describe the key risks, the strengths and weaknesses of the system, and the priority actions for the member to improve its AML/CFT regime.

vii. The consensus rule applicable to MEC and plenary consideration of MERs is consistent with the consensus rule applied by the APG for governance and membership issues.

viii. Time permitting, other issues could be raised from the floor, and discussed by the plenary. The member and assessment team may be called on to respond to any issues raised.

98. The plenary discussion of a joint APG/FATF MER, having already been adopted by the FATF with the opportunity for input from APG members, will be abbreviated, as follows¹⁵:

i. The APG or FATF secretariat or an assessor will introduce the report and summarise the process leading up to the plenary consideration, the main findings of the joint report and outline the key issues that were discussed in the FATF when the report was adopted. The secretariat or an assessor will outline the decisions of the FATF that resulted in changes, including any rating changes to the report.

ii. The assessed member may provide a brief statement, should it choose to.

iii. The plenary will discuss the report.

99. This process will likely, on average, take up one hour of plenary time.

100. All observers are permitted to attend discussions of APG MERs. Such representatives may participate by making comments, asking questions or suggesting changes to a draft MER but do not participate in the formal adoption of an MER, which is a matter for APG members only.

101. The FATF secretariat's representative at the plenary will be expected to assist and advise on all issues relating to the interpretation of the Recommendations and the quality and consistency aspects of the draft MER. The plenary discussion will provide members and observers adequate opportunity to raise and discuss concerns about quality and consistency of an MER.

(h) Adoption of the MER

102. At the end of the plenary discussion, the final draft MER will be submitted to plenary for adoption.

103. If the wording of the MER is not agreed upon, then the assessors, the member and the secretariat shall prepare amendments to address the issues raised by the plenary for discussion before the plenary concludes, or the plenary may adopt the MER subject to it being amended. The assessors, the secretariat and the assessed member will be responsible for ensuring that all the changes agreed to by the plenary have been made. If agreement cannot be reached before the plenary concludes or subsequent to the conclusion of the plenary (per paragraph 104 below), then the secretariat will

¹⁵ See also section VII below.

finalise the amendments to the report in line with the decisions taken by the plenary during the discussion and adoption of the report.

104. The final report is a report of the APG and not simply a report by the assessors. As such, the plenary will retain the final decision on the wording of any report (including any minor textual changes to the report that the plenary decides is needed), consistent with the requirements of the FATF Standards and Methodology. The plenary will consider the views of the assessors and the assessed member when deciding on the wording, as well as take into account the need to ensure consistency between reports.

105. At the point of the formal adoption of the MER, the plenary will discuss and decide on the nature of the follow-up measures that are required (see section X below).

(i) Procedures Following the Plenary (Post-Plenary Q & C Review)

106. Following the discussion and adoption of the MER at the plenary meeting, the secretariat, in collaboration with the assessment team, will amend all documents as necessary, including substantive changes as agreed by the Plenary and further checks for typographical or similar errors. The secretariat will circulate a revised version of the report to the member within two weeks of the plenary. Within two weeks of receipt of the final version of the MER from the secretariat, the member must confirm that the MER is accurate and/or advise of any typographical or similar errors in the MER. Care will be taken to ensure that no confidential information is included in any published report.

(j) Respecting timelines throughout the ME process

107. The timelines are intended to provide guidance on what is required if reports are to be prepared within a reasonable timeframe and in sufficient time for discussion in plenary. It is therefore important that all parties respect the timelines.

108. Delays may significantly affect the ability of the plenary to discuss the report in a meaningful way. The draft schedule of evaluations has been prepared to allow enough time between the on-site visit and the plenary discussion. A failure to respect the timetables may mean that this would not be the case. By agreeing to participate in the mutual evaluation process, the member and the assessors 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):

- i. Failure by the member to provide a timely or sufficiently detailed response to the TC update, or response on the core issues on effectiveness, could lead to deferral of the mutual evaluation – the Executive Secretary or the APG Co-Chairs may write to the member’s primary contact point or relevant Minister. APG members are to be advised as to the reasons for the deferral and publicity could be given to the deferral (as appropriate).
- ii. Failure by the member to provide a timely response to the draft MER – the Executive Secretary or the APG Co-Chairs may write a letter to the member’s primary contact point or relevant Minister. Where the delay results in a report not being discussed at the next annual meeting,

members are to be advised of the reasons for deferral. APG members may consider whether the deferral amounts to a breach of APG membership requirements and what action, if any, may need to be taken. In addition, the assessment team may have to finalise and conclude the report based on the information available to them at that time.

- iii. Failure by the assessors to provide timely or sufficiently detailed reports or responses at any stage of the mutual evaluation process, including the revision and amendment of the report in order to reflect decisions taken by the Plenary – the Executive Secretary or the APG Co-Chairs may write a letter to, or liaise with, the primary contact point for the member, or organisation, from which the assessor has come.
- iv. Failure by the reviewers to provide timely comments on the risk scoping and 2nd draft MER – the Executive Secretary or the APG Co-Chairs may write a letter to the primary contact point for the member, or organisation, from which the reviewer has come.
- v. Failure by the secretariat to provide timely reports at any stage of the mutual evaluation process – the APG Co-Chairs may write a letter to, or liaise with, the Executive Secretary.

109. The secretariat will keep the APG Co-Chairs advised of any failures so that the APG Co-Chairs 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.

V. *Ex-Post* Review for Quality and Consistency of Adopted Reports

Post-plenary quality and consistency review

110. All draft MERs and FURs will be circulated to all assessment bodies, as outlined above.

111. Where an FATF or FSRB member, the FATF secretariat, FSRB secretariat or an IFI (together, the global network) considers that an APG MER or FUR has significant problems of quality and consistency, it should, wherever possible, raise such concerns with the APG prior to adoption. The assessment team, assessed member and APG plenary should consider and work to address the concerns appropriately.

112. Nevertheless, in highly exceptional situations significant concerns about the quality and consistency of a report may remain after its adoption. To address such issues, the post-plenary Q & C process is applied to prevent the publication of reports with significant quality and consistency problems and ensuring that poor quality assessments do not damage the APG and FATF brand.

113. The post-plenary Q & C review process applies to all APG MERs (including their executive summaries), detailed assessment reports (DARs)¹⁶ (including their executive summaries) and FURs with TC re-ratings, regardless of which assessment body prepared the report.¹⁷ The exception is FURs

¹⁶ Where the evaluation is conducted by one of the International Financial Institutions (IFI) (IMF or World Bank)

¹⁷ In this section, MERs and FURs are collectively referred to as *reports*.

with TC re-ratings where no Q & C issues are raised through the pre-MEC review process or during the relevant MEC or plenary discussions. Such FURs are not subject to the post-plenary review process and should ordinarily be published within six weeks after their adoption by the APG.

Steps in the post-plenary Q & C process

114. After adoption of the MER or FUR, the APG will amend all documents as necessary and will circulate a revised version of the report to the member within one week of the plenary. Within two weeks of receipt of the revised MER (one week in the case of an FUR), the member must confirm that the report is accurate and/or advise of any typographical or similar errors. Care will be taken to ensure that no confidential information is included in any published report. The APG will then forward the final version of the report to the FATF secretariat.

115. The FATF secretariat will then circulate the report to all the FATF members, FSRBs and the IFIs, along with a template for their members to refer any Q & C issues for consideration. APG Secretariat will forward the report and template to all members and observers for consideration. Members of the global network, including all APG members and observers, who identify any serious or major Q & C issues have two weeks to advise the FATF and APG secretariats¹⁸ in writing, using the template provided to indicate their specific concerns and how these concerns meet the substantive threshold.¹⁹

116. To be considered further in this process, a specific concern should be raised by at least two of the following parties: FATF or FSRB members²⁰ or secretariats or IFIs, at least one of which should have taken part in the adoption of the report. Otherwise, the post-plenary Q & C review process is complete, the FATF secretariat will advise the APG secretariat and delegations accordingly and the report will be published.²¹

117. If two or more parties identify a specific concern, the Co-Chairs of the FATF Evaluations and Compliance Group (ECG) will review the concern to determine whether *prima facie* it meets the substantive threshold and procedural requirements. To aid in this decision, the FATF secretariat will liaise with the APG secretariat to provide the ECG Co-Chairs with any necessary background information on the issue, including (where relevant and appropriate):

- i. Information submitted by parties raising the Q & C issue.
- ii. Background information on any related comments raised at the pre-plenary stage.
- iii. The rationale for the relevant rating/issue under discussion based on the facts in the MER and/or any relevant Co-Chairs' report or summary record from the MEC/Plenary meeting

¹⁸ Or other assessment body secretariats if the report is not an APG report.

¹⁹ The substantive threshold is *when serious and major issues of quality and consistency are identified, with the potential to affect the credibility of the FATF brand as a whole.*

²⁰ Not including the assessed member.

²¹ Ordinarily publication would happen within six weeks of the report being adopted if no further steps in the post-plenary Q & C process are needed.

where the report was discussed (including whether the issue was discussed in detail, the outcome of those discussions and any reasons cited for maintaining or changing the rating or report).

- iv. Objective cross-comparisons with previous FATF reports that have similar issues.
- v. The report's consistency with the corresponding parts of the Methodology.
- vi. Any connection or implications for the ICRG process.
- vii. What next steps might be appropriate.

118. If the ECG Co-Chairs conclude that *prima facie* the substantive threshold and procedural requirements are met, the FATF secretariat will circulate the report to all FATF delegations for consideration by the ECG along with a decision paper prepared by the FATF secretariat in consultation with the APG. On the other hand, if the ECG Co-Chairs conclude that *prima facie* the substantive threshold and procedural requirements are not met, the issue would not be taken forward for discussion, but a short note explaining the Co-Chair's position would be presented to ECG for information.

119. Issues identified less than four to six weeks before the FATF Plenary will be discussed at the next FATF Plenary to ensure sufficient time for consultation among secretariats and preparation of the decision paper. The decision paper prepared by the FATF secretariat in consultation with the APG will include the background information listed above in paragraph 117 to the extent that it is relevant and appropriate.

120. The ECG will decide whether the report meets the substantive threshold (serious or major issues of Q & C with the potential to affect the credibility of the FATF brand as a whole). Examples of situations meeting this substantive threshold include:

- i. The ratings are clearly inappropriate and are not consistent with the analysis;
- ii. There has been a serious misinterpretation of the Standards, Methodology and/or Procedures;
- iii. An important part of the Methodology has been systematically misapplied; or
- iv. Laws that are not in force and effect have been taken into account in the analysis and ratings of a report.

121. If the ECG determines that the Q & C issue meets the substantive threshold, it will refer the matter to the FATF Plenary along with clear recommendations on what action would be appropriate (e.g. requesting that the relevant assessment body reconsiders the report and/or makes appropriate changes before any publication). On the other hand, if ECG decides that the report does not meet the substantive threshold, the FATF secretariat will advise the assessment body and delegations that the post-plenary Q & C review is complete, and the report will be published.

122. Where ECG has referred a post-APG plenary Q & C issue, the FATF Plenary will discuss the matter and decide on the appropriate action. The FATF secretariat will advise the APG of the FATF Plenary's decision. If the APG declines to respond to the action requested by the FATF, the FATF

Plenary will consider what further action may be necessary. The APG will not publish the report until the issue is resolved within FATF and the APG and the FATF Secretariat advises that the post-plenary Q & C review process is complete.

123. Following completion of the post-plenary Q & C review process, the APG will publish the report on its website. Additionally, the FATF publishes all reports on its website to give timely publicity to an important part of the work of the FATF and the global network.

VI. Evaluations of Non-Members

124. If agreed by the APG plenary, in exceptional circumstances, the APG may conduct or participate in an assessment of an APG observer jurisdiction. The procedures laid out in sections I to V of this document will apply. If necessary, the APG secretariat will coordinate arrangements with the secretariat of another assessment body.

VII. Joint Mutual Evaluations with the FATF and other FSRBs

125. The FATF's policy is that FATF members that are also members of an FSRB or multiple FSRBs will undergo a joint evaluation by these bodies. This is also the APG's policy, resources permitting. The FATF will be the principal organiser, and will normally provide three or four assessors, while one to two assessors will be provided by the participating FSRB(s). The APG secretariat will participate, resources permitting. Reviewers should be provided by FATF, the APG, other FSRB(s), and/or another assessment body. To ensure adequate attention is given to consistency, a joint evaluation may use additional reviewers beyond the three set out in section IV(m) of the FATF fourth round mutual evaluation procedures. The first discussion of the MER should take place in the FATF and, given the additional measures adopted by the FATF for joint evaluations (outlined below), the general presumption is that the FATF's view would be conclusive.

126. The process (including the APG and FATF procedures for preparing the draft MER and executive summary) for joint evaluations are the same as for other FATF and APG evaluations, with the APG and its members having opportunities to participate directly through being part of the assessment team, and also being able to provide comments and input. The APG will allow reciprocal participation in mutual evaluation discussions for FATF members, and on this basis, the following measures will also apply for joint evaluations.

- i. A representative from the APG will be given a specific opportunity to intervene during the FATF plenary discussion of the MER.
- ii. All the FATF assessors on the assessment team are encouraged to attend the APG plenary at which the joint evaluation report is considered, and at least one FATF assessor should attend the APG plenary. The same approach should be applied to IFI-led assessments of joint APG/FATF members.
- iii. In an exceptional case where a report was agreed within FATF but subsequently the APG identified major difficulties within the text of the report, then the APG secretariat would advise

the FATF secretariat of the issues, and the issues should be discussed at the following FATF plenary.

- iv. Consideration will also be given to the timing of publication, if the MER has not been discussed in the APG, with a view to finding a mutually agreed publication date.
- v. If scheduling permits, the plenary discussion of a joint MER may take place at a joint plenary meeting of the APG and the FATF, with the full participation of all APG and FATF members.

127. The APG may undertake joint assessments with other FSRBs when an APG member is also a member or observer of another FSRB, but not of the FATF. Where an APG member is a member/observer of another FSRB, and not of the FATF, the principal organiser will be either the APG or the other FSRB, based on discussions between the joint member and the APG secretariat, and the other FSRB secretariat. The composition of the assessment team and the process for adoption of the MER will be decided after close consultation between the joint member and the two secretariats, and may include GIFCS when the assessed member is also a GIFCS member. If scheduling permits, the plenary discussion of a joint MER may take place at a joint plenary meeting of the APG and the respective FSRB, with the full participation of both FSRBs.

VIII. IMF or World Bank Led Assessments of APG Members

128. The APG is responsible for the mutual evaluation process for all of its members, and there is a presumption that the APG will conduct the mutual evaluations²² of all APG members as part of this process. This presumption can be overridden at the discretion of the APG plenary on a case-by-case basis, and with the evaluated member's agreement. For the purposes of the APG third round of mutual evaluations, the APG plenary has discretion as to the number of APG evaluations that could be conducted by the IFIs. However, it is not expected that the IFIs would be permitted to conduct more than two APG evaluations in any given year.

129. For the APG assessment schedule to be finalised with appropriate certainty and in a coordinated manner, the process leading to the plenary decision as to which APG members will have an assessment led by an IFI team should be clear and transparent. In order for the evaluation schedule to be appropriately planned and assessment teams to be formed in sufficient time, it will be necessary for the APG to be involved at an early stage in the process of determining which members will be assessed by an IFI. The FATF's ECG will be informed at every plenary as to the status of the IFIs assessment schedule. The IFIs are also expected to inform the APG secretariat of any proposals to assess an APG member and the plenary will decide on any such requests. Where the IMF or World Bank conduct an AML/CFT assessment as part of the APG third round they should use procedures and a timetable similar to those of the APG.

²² Including any follow up that may be required.

130. The APG plenary will in all cases have to consider and adopt an IFI assessment that is conducted under the APG third round for it to be accepted as an APG mutual evaluation.

IX. Coordination with the IFI's FSAP Process

131. The FATF Standards are recognised by the IFIs 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 FSAP. Under current FSAP policy, every FSAP and FSAP update should incorporate timely and accurate input on AML/CFT. Where possible, this input should be based on a comprehensive quality AML/CFT assessment conducted against the prevailing standard. The APG and the IFIs should therefore coordinate with a view to ensuring a reasonable proximity between the date of the FSAP mission and that of a mutual evaluation conducted under the prevailing methodology, to allow for the key findings of that evaluation to be reflected in the FSAP. Members are encouraged to coordinate the timing for both processes internally and with the APG secretariat and IFI staff.²³

132. The basic products of the evaluation process are the MER and the executive summary (for the APG) and the DAR and ROSC (for the IFIs)²⁴. The executive summary 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.

133. The substantive text of the draft ROSC will be the same as that of the executive summary, though a 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 Systems* was prepared by the Asia/Pacific Group on Money Laundering. The report provides a summary of [the/certain]²⁵ AML/CFT measures in place in [Jurisdiction] as at [date], the level of compliance with the FATF Recommendations, the level of effectiveness of the AML/CFT system, and contains recommendations on how the latter could be strengthened. The views expressed in this document have been agreed by the APG and [Jurisdiction], but do not necessarily reflect the views of the boards or staff of the IMF or World Bank.”

²³ If necessary, the staff of the IFIs may supplement the information derived from the ROSC to ensure the accuracy of the AML/CFT input. In instances where a comprehensive assessment against the prevailing standard is not available at the time of the FSAP, the staff of the IFIs may need to derive key findings on the basis of other sources of information, such as the most recent MER, FUR or other reports. As necessary, the staff of the IFIs may also seek updates from the authorities or join the FSAP mission for a review of the most significant AML/CFT issues for the jurisdiction in the context of the prevailing standard and methodology. In such cases, staff would present the key findings in the FSAP documents but not prepare a ROSC or ratings.

²⁴ The DAR uses a similar template to that of the common agreed template that is annexed to the Methodology.

²⁵ For ROSCs based on an MER, the word “the” should be used.

X. Follow-up Processes

134. The APG's follow-up process is in accordance with the global network's *Universal Procedures* and the FATF's fourth round procedures. The APG's follow-up process has been adapted to suit the specific needs and nature of the APG's diverse membership and current levels of implementation in the region, and bearing in mind practical/resource considerations.

135. The APG's follow-up process is intended to: (i) encourage members' implementation of the FATF Standards; (ii) provide regular monitoring and up-to-date information on members' compliance with the FATF Standards (including the effectiveness of their AML/CFT systems); (iii) apply sufficient peer pressure and accountability; and (iv) better align the APG and FSAP assessment cycle.

136. Re-ratings for technical compliance may only be made with membership approval, which will be sought by written (out-of-session) process in the first instance (as outlined below). There will be no re-ratings for effectiveness of any of the 11 IOs during the follow-up process.

137. When TC re-ratings are sought as part of the follow-up process, or generally by the end of the third year following adoption of the MER, the follow-up report (FUR) will also assess compliance with any FATF standards that have been revised since the last day of the on-site visit.

Timing of follow-up reporting and adoption

138. All members under APG follow-up will be in one of three reporting streams, which will determine the timing for each annual follow-up review of technical compliance. **Annex 2** sets out the allocation of members in the three reporting streams.

139. Separate dates will apply for submission of progress reports in each of the three streams. These will be 1 February, 1 June and 1 October each year for each of the respective streams. The strict cut-off dates for progress to be reflected in the FUR findings will follow each of the three reporting streams.

140. Members will also be required to indicate one month before these submission dates on which Recommendations a re-rating will be requested, to allow the review team to be formed. These dates will be used for both regular (biennial) and enhanced follow-up, and decisions will be taken at the adoption of each FUR to confirm the timing of filing future progress reports. Progress made after a jurisdiction's set reporting deadline will not be considered. The draft FURs will then be discussed in the MEC and adopted (where possible) approximately 4 months after the progress report is provided through an out-of-session process or, if necessary, after plenary discussion (as outlined below).

140(a). Follow-up reports with re-ratings will cease once a member has achieved LC or C ratings on thirty or more recommendations, including recommendations 3, 5, 10, 11 and 20. Those members will still be required to file follow up reports without re-ratings.

140(b). Members will cease follow up reporting 24 months prior to the commencement of their APG 4th Round mutual evaluation.

Modes of follow-up - FURs

141. Members may, at any stage, including following the discussion and adoption of a MER, decide to place a member under either regular or enhanced follow-up:

- i. Regular follow-up is the default monitoring mechanism, and is based on biennial reporting.
- ii. Enhanced follow-up is based on the APG's membership policy and deals with members with significant deficiencies (for technical compliance or effectiveness) in their AML/CFT systems through a more intensive process of follow-up.

142. **Secretariat/Review team analysis:** The member's progress report will be analysed either by the secretariat or by an APG review team comprised of experts from APG members and observers (drawing on former assessment team members whenever possible), as follows:

- Secretariat: The secretariat will prepare the analysis report where there are no re-ratings of technical compliance.
- Review team: A review team will conduct the analysis where there is a re-rating/possible re-rating for technical compliance either upon request by the member, or arising from a preliminary secretariat review.

143. **Analysis Report:** This is a desk-based review. Examples of substantive issues to be considered in the analysis report include:

- i. Re-ratings for technical compliance: Re-ratings on any one or more of the 40 FATF Recommendations rated NC or PC will be possible upon request by the assessed member or if deemed appropriate. Re-rating requests will not be considered where the review team determines²⁶ that the legal, institutional or operational framework is unchanged since the MER or previous FUR and there have been no changes to the FATF Standards or their interpretation. Where such changes have been made, they will be analysed to determine whether the member has sufficiently addressed the underlying key deficiencies identified in the MER to warrant a re-rating. In line with the FATF Methodology, the review team analysis will consider the entirety (all criteria) of the Recommendation under review, noting that this will be cursory where the legal, institutional or operational framework is unchanged since the MER or previous FUR. In highly exceptional circumstances, the FUR analysis may identify and address a deficiency not assessed or incorrectly assessed due to a material or factual error in the original MER (including through plenary and external Q & C processes), but which is

²⁶ Where there is disagreement between the expert(s) and the assessed member in this respect, they should discuss with MEC Co-Chairs to achieve an agreement.

material to the assessment²⁷. The general expectation is for members to have addressed most if not all of the technical compliance deficiencies by the end of the third year following adoption of the MER.²⁸

- ii. If any of the FATF Standards have been revised since the end of the ME on-site visit (or previous FUR, if applicable), the member will be assessed for compliance with all revised standards at the time its re-rating request is considered (including cases where the revised Recommendation was rated LC or C).
- iii. Significant changes in the member leading to an increase or a decline in technical compliance.
- iv. Insufficient progress made by the member against the priority actions in its MER.
- v. Sufficient or insufficient progress made against specific actions agreed by members as part of the follow-up process in more serious cases.
- vi. The report recommends placing the member on enhanced follow-up.

144. When preparing the FUR, the secretariat/review team may consult the original assessors, if available. The FUR will contain a recommendation(s) regarding the next steps in the follow-up process, together with the analysis of compliance. The draft FUR should be provided to the assessed member for comments before it is sent to the global network for consideration and to APG members for adoption (see sections (c) and (d) below).

145. **Confidentiality:** All documents and information produced: (i) by an assessed member during the follow-up assessment (e.g., updates and responses, documents describing a member's AML/CFT regime, measures taken or risks faced (including those for which there will be increased focus), or responses to assessors' queries); (ii) by the APG secretariat or reviewers (e.g., reports from reviewers, draft FUR); and (iii) comments received through the consultation or review mechanisms, should be treated as confidential. They should only be used for the specific purposes provided and not be made publicly available or disclosed to unauthorised third parties unless the assessed member and the APG (and where applicable, the originator of the document) consents to their release. The reviewers should use password protected computers/devices and USBs for saving, viewing or transferring confidential materials related to the follow-up assessment. These confidentiality requirements apply to the review team, the secretariat, officials of the assessed member and any other person with access to the documents or information. In addition, prior to commencement of the follow-up assessment, reviewers should sign a confidentiality agreement, which will include text regarding the need to declare a conflict of interest.

²⁷ Such circumstances exclude cases in which the assessed jurisdiction, the review team, or any delegations seek to re-litigate previous APG decisions.

²⁸ It is up to the plenary to determine the extent to which its members are subject to this general expectation, depending on the member's context.

(a) Regular Follow-up

146. Regular follow-up will be the default mechanism to ensure a continuous and ongoing system of monitoring. This is the minimum standard that will apply to all members. Members subject to regular follow-up will report to the plenary every two years.

147. **Biennial reporting:** Members on regular follow-up will provide a progress report to the secretariat on a biennial basis after adoption of the MER. The progress report should be submitted by the reporting deadline set in the schedule at Annex 2 and confirmed with each adopted FUR. The progress report will set out the actions the assessed member has taken since adoption of the MER/previous FUR. This should include relevant changes to the laws, regulations, guidance and relevant data, as well as other contextual and institutional information. The expectation is that satisfactory progress would have been made.

(b) Enhanced Follow-up

148. The plenary may decide at its discretion, either when a member's MER is adopted or at any other time that the member should be placed on enhanced follow-up. This will result in the member reporting more frequently than for regular follow-up, and may involve other measures being taken under the *Graduated Steps* (refer paragraph 164 below).

149. **Criteria – Enhanced Follow-Up:** In deciding whether to place a member on enhanced follow-up, the plenary will consider the following factors:

- a) After the discussion of the MER: a member will be placed immediately on enhanced follow-up if any one of the following applies:
 - (i) it has eight or more NC/PC ratings for technical compliance, or
 - (ii) it is rated NC/PC on any one or more of R.3, 5, 10, 11 and 20, or
 - (iii) it has a low or moderate level of effectiveness for seven or more of the 11 effectiveness outcomes (IOs), or
 - (iv) it has a low level of effectiveness for four or more of the 11 effectiveness outcomes.
- b) After the discussion of a FUR: the plenary may decide to place the member on enhanced follow-up at any stage in the regular follow-up process, if any one of the following applies:
 - (i) A significant number of priority actions have not been adequately addressed on a timely basis, or
 - (ii) Its level of technical compliance changed to a level that the plenary agrees is equivalent to NC/PC on any one or more of R.3, 5, 10, 11 and 20.

150. Members may move off enhanced follow-up onto regular follow-up in the following situations:

- a) Where the member entered enhanced follow-up solely on the basis of meeting the technical compliance criteria in paragraph 149(a)(i) and/or (ii) above, the plenary may decide to

remove the member from enhanced follow-up where the plenary agrees that the member no longer meets that criteria for enhanced follow-up (after the re-ratings process).

- b) The member no longer meets the criteria for enhanced follow-up based on the re-ratings for both TC and effectiveness.

151. **Additional criteria - Enhanced Follow-up (Expedited):** Members with very serious deficiencies may be placed under the category of enhanced follow-up (expedited):

- a) After the discussion of the MER: a member will be placed immediately on enhanced follow-up (expedited) if either of the following applies:
 - (i) it has 10 or more of the following 13 Recommendations rated NC/PC for technical compliance: R.3, 5, 10, 11, 20; and, R.1. R.4, R.6, R.26, R.29, R.36, R.37, R.40; or
 - (ii) it has a low or moderate level of effectiveness for nine or more of the 11 effectiveness outcomes.
- b) After the discussion of a FUR: the plenary could decide to place the member on enhanced follow-up (expedited) at any stage in the follow-up process, if a significant number of priority actions have not been adequately addressed on a timely basis (for members already subject to enhanced follow-up) or in exceptional circumstances such as a significant decline in technical compliance or effectiveness (for members on regular follow-up).

152. Members may move off enhanced follow-up (expedited) onto enhanced follow-up at any time during the enhanced follow-up process in the following situations:

- a) The plenary decides that it is satisfied that the member has made significant progress against the priority actions in its MER, or has taken satisfactory action to address its deficiencies (after the re-rating process), even if the member still meets the criterion outlined at paragraph 149 (a)(ii) above.
- b) The member no longer meets the criteria for enhanced follow-up based on the re-ratings for TC.

153. **Annual Reporting:** Members on enhanced follow-up will provide a short (one to two page) summary of progress against the recommendations contained in their MER one year after adoption of the MER. Members on enhanced follow-up will provide their first detailed FUR by the reporting deadline set in the schedule at **Annex 2** and on an annual basis beginning approximately two years after adoption of the MER. The member should send the detailed progress report to the secretariat setting out the actions it has taken since its MER, or is taking to address the priority actions and recommendations, and deficiencies outlined in its MER. This should include relevant changes to laws, regulations, guidance etc., as well as relevant data and information, and other contextual and institutional information. While only technical compliance is assessed under the follow-up process, members are able to report on developments in effectiveness for information. This material will not be subject to detailed review, but will be reflected in summary form in the FUR. The expectation is that satisfactory progress should be reported in each detailed progress report, failing which the member

could be moved to expedited reporting. The APG secretariat will provide the follow-up reporting template to members.

154. **Expedited Reporting:** For members placed on enhanced follow-up (expedited) on adoption of the member's MER, or at any other time, the plenary will decide on the frequency and time of the member's follow-up reporting. The plenary may impose quarterly reporting, and in the most serious cases, monthly reporting requirements, until such time the issues have been satisfactorily addressed. The APG secretariat will provide the template to members for reporting.

155. Reports submitted by members on enhanced and enhanced (expedited) reporting will be analysed in accordance with the procedures set out above.

156. **ICRG:** Follow up procedures take account of relevant members' involvement in the International Cooperation Review Group (ICRG) process. APG FUR processes complement and support the ICRG process and avoid an undue reporting burden on relevant members. The APG FUR process produces reports that are relevant to and support the ICRG process, in particular at the stage of the ICRG's post observation period report. Notwithstanding anything to the contrary in paragraph 140(a) and (b), the timing of preparation and adoption of FURs can be adjusted to coincide with the ICRG's post observation period report on a relevant member in order to complement the ICRG process and ensure relevant TC analyses are available for the ICRG at the appropriate time. For members subject to ICRG review, no follow-up reporting to the APG is expected on the Recommendations that are included in an agreed ICRG action plan. However, overall progress on each Recommendation is still expected to be achieved, including on parts of Recommendations that are not covered by the ICRG action plan, under the normal timelines, or as soon as the member has completed its ICRG action plan (if this is after the regular timelines).

157. APG analysis reports may draw on any ICRG review report adopted by the FATF within the 12 months prior to the Annual Meeting. Although reliance will generally be placed on the analysis of compliance with the FATF Recommendations contained in the ICRG report(s), an APG analysis will not be bound by the conclusions of the ICRG report. For technical compliance re-rating purposes, an APG review team may need to update and complement the analysis contained in the ICRG report (e.g. where additional information is provided by the member or an ICRG action plan item does not cover all the essential criteria for a particular FATF Recommendation).

Global Q & C Review for FURs

158. FURs involving TC re-ratings are to be subject to quality and consistency (Q & C) review by the Global Network. In particular:

- i. All draft FURs with TC re-ratings should be circulated to all members and observers, including the FATF Secretariat (for circulation to FATF members), at least five weeks prior to consideration by the MEC (4-monthly meeting) and/or plenary meeting (see next section for details of the FUR adoption process, including the circumstances in which an FUR will be considered by members in plenary). All delegations then have two weeks to provide written comments on the draft.

- ii. If no comments are received, the FUR will be submitted to the MEC for consideration and endorsement (see next section). If comments are received on the draft FUR (including from the assessed member), the draft FUR will be revised as appropriate and, if needed (that is, if there are substantive changes to the FUR), recirculated to the global network for comment in accordance with sub-paragraph (i) above.
- iii. Where there are major disagreements between the review team and the assessed member on the findings contained in the FUR after the FUR has been revised and recirculated (e.g. re-ratings) and/or major issues²⁹ raised by two or more delegations through the global Q & C process which cannot be resolved, the areas of disagreement on major issues in the FUR will need to be considered in plenary (see next section for details). In these circumstances, the secretariat will circulate a short list of the most significant issues to members and observers at least two weeks prior to the MEC and/or plenary discussion of those referred elements of the FUR. The uncontested portion of the FUR will proceed to MEC consideration and out-of-session adoption by members.
- iv. The MEC meeting (held in the margins of the plenary meeting) and/or plenary discussion should prioritise discussion of these issues and should be limited in time and scope.
- v. After adoption, and prior to publication, final FURs with TC re-ratings where Q & C issues are raised through the pre-MEC review or during the relevant MEC or plenary discussions, should be provided to the FATF Secretariat and all other assessment bodies for consideration in the global Q & C *ex-post* review process. The Global Network will have two weeks to notify the APG and FATF Secretariats in writing of any serious or major Q & C issues. Final FURs with TC re-ratings would not be subject to this *ex-post* review process where no Q & C issues are raised through the pre-MEC review process or during the MEC or plenary discussions.

FUR Adoption Process

159. In summary, all FURs must be adopted by the APG membership. FURs will be adopted either out-of-session, or in plenary– if either the assessed member or two or more delegations raise concerns about an FUR, or the MEC otherwise decides to refer an FUR for plenary consideration (see also the process flow-chart at [Appendix 3](#)). The consensus rule applicable to out-of-session and plenary consideration of FURs is consistent with the consensus rule applied by the APG for governance and membership issues.

160. **FURs without re-ratings:** FURs with no TC re-ratings will be submitted to the MEC for consideration and endorsement out-of-session in the first instance (at one of the MEC’s 4-monthly meetings), before being submitted to all members for consideration and adoption through an out-of-session process. The MEC will also consider and recommend the appropriate follow-up status of jurisdictions and next steps for the membership’s consideration. Members will have one week to

²⁹ The MEC Co-Chairs will review the concern before the issue is referred for in-session consideration to determine whether *prima facie* it meets the substantive threshold for a “major issue”. Issues to be considered may include: the substance of the particular concern raised and the consistency of the analysis; interpretation or application of the standards / methodology / procedures; or material facts not being reflected (e.g. entry into force of legal instruments).

comment on the draft FUR. If no comments are received (including from the assessed member), the report will be deemed approved and will proceed to publication. If two or more members (not including the assessed member), or the assessed member, raise concerns regarding the FUR, then those contested elements of the FUR will not be adopted and will be referred to the plenary for consideration and adoption (per the process outlined at paragraph 161 (iii) below).

161. **FURS with re-ratings:** FURs involving TC re-ratings will be discussed by the MEC following the completion of the Q & C process outlined at paragraph 158 above. Following endorsement by the MEC:

- i. FURs which are not disputed by the reviewed jurisdiction, and are not subject to concerns raised by two or more delegations, will be submitted to all members for out-of-session consideration and adoption.
- ii. If no comments are received (including from the assessed member) the report will be deemed approved and will proceed to out-of-session adoption. The MEC may however use its discretion to refer a FUR to plenary for consideration and adoption where the report has been disputed by one member, or by any observers or other members of the global network during the review process.
- iii. If comments are received (disputed by the reviewed jurisdiction, or subject to concerns raised by two or more delegations), the disputed issues in the report will be referred for consideration and adoption in plenary. The uncontested portion of the FUR will proceed to MEC consideration and out-of-session adoption by members and subsequent publication in keeping with the procedures set out below. The MEC will advise the assessed member of any objections to the out-of-session adoption of an FUR, including any concerns raised regarding the content of a FUR. The FUR will then be considered in accordance with the procedures set out at paragraphs 158(iii) to (v) above:
 - a. Depending on the comments received, the FUR may first be discussed at the MEC before plenary. Where there are major disagreements between the review team and the assessed member on the findings contained in the FUR (e.g. re-ratings), and/or major issues raised through the pre-plenary review process, the secretariat will compile a short list of the most significant issues, and will circulate this to all members and observers at least two weeks prior to the MEC and/or plenary discussion. The MEC and/or plenary discussion should prioritise discussion of these issues and should be limited in time and scope. Although FURs will first be discussed at MEC, plenary remains the only decision-making body.
 - b. With consideration to time constraints, the MEC may opt to prioritise discussion of FURs that involve (a) re-ratings for technical compliance, or (b) proposals to change the mode of follow-up, such as, from enhanced follow-up to expedited follow-up (expedited).
 - c. The scope and time for any plenary discussions of FURs with TC re-ratings will generally be limited to a maximum of one hour, and only if, in the view of the APG Co-

chairs, the discussion could feasibly result in a re-rating. Plenary will not discuss an individual criterion rating unless it will affect an overall Recommendation rating.

162. **Membership action:** The MEC will make recommendations to the membership for reports involving the application of less serious membership action (graduated steps (i)-(ii) in paragraph 164). The MEC through the APG Governance Committee will make recommendations to the membership for reports involving the application of more serious membership action (refer graduated steps (iii)-(vi) in paragraph 164) and the reports will be circulated to members for adoption at the plenary meeting or out-of-session, where appropriate.

163. **Membership decisions:** Whether through the out-of-session process or plenary discussion, APG members will consider and adopt all FURs and decide on the category of follow-up, e.g., enhanced follow-up (expedited), including frequency and timing of reports; enhanced follow-up; or regular follow-up. Where expedited reports are involved (or under exceptional circumstances), this could be done out-of-session and not at the annual meeting. In the exceptional case that it comes to the plenary's attention that a member has significantly lowered its compliance with the FATF standards, the plenary may request the member to address any new deficiencies as part of the follow-up process.

164. **Graduated Steps:** In addition to more frequent reporting, the membership may also apply other enhanced measures to members placed on enhanced follow-up, as follows:

- i. Send a letter from the APG Co-Chairs to the relevant Minister(s) drawing their attention to the evaluated member's lack of implementation/progress against the FATF standards and/or with APG ME follow-up requirements and/or membership requirements.
- ii. Arrange a high-level visit. This visit would meet with Ministers and senior officials.
- iii. Refer the matter to the FATF for possible consideration under the FATF's ICRG process.
- iv. In the context of the application of Recommendation 19 by members, issuing a formal APG statement to the effect that the member is insufficiently in compliance with the FATF Standards, and recommending appropriate action, and considering whether additional counter-measures are required.
- v. Suspend a member from some/all APG activities until membership requirements are met.
- vi. Terminate APG membership.

165. Step (i) above will apply to all members placed on enhanced follow-up. Subsequent steps may be applied to members on enhanced follow-up (expedited), as determined by the membership.

Publication of FURs

166. The APG publication policy applies to actions taken under the APG's follow-up policy. FURs with re-ratings will be published on the APG and the FATF websites. The plenary will retain flexibility on the frequency with which FURs without re-ratings are published. If requested by a member, a link will be provided from the APG website to a website of the member on which it has placed additional updates or other information relevant to the actions it has taken to enhance its AML/CFT system, including for effectiveness.

167. As outlined above, after adoption, and prior to publication, final FURs with TC re-ratings should be provided to the FATF Secretariat and the global network for consideration in the post-plenary Q & C review process described in these Procedures. FURs are not subject to this post-plenary Q & C review process in the circumstance where no issues are raised through the pre-plenary review process or during the MEC or plenary discussions.

168. The APG can amend previously published FURs if factual inaccuracies are discovered at a later date. This process would be conducted by the APG secretariat with confirmation through the MEC and Governance Committee.

Follow-up for joint APG/FATF Members and other joint evaluations

169. The follow-up process will differ for APG members subject to FATF follow-up processes. For the APG's joint APG/FATF members, the APG will rely primarily on the FATF's follow-up process for FURs. This will avoid duplication between the two bodies. For FATF members placed under regular follow-up, the first report to the APG will be the first available report provided to the FATF, which will be 2½ years after the FATF's adoption of the MER. Joint APG/FATF members' FURs and any associated FATF Secretariat analysis will be distributed to all APG members and tabled at the MEC for adoption by members out of session. For members of the APG who are also members of another FSRB, but not members of the FATF, the APG follow-up procedures as described above in (a) to (d) of this section will apply, in consultation with the other assessing body.

170. In an exceptional case where a FUR was agreed within FATF but subsequently the APG identified major difficulties within the text of the report, then the APG secretariat would advise the FATF secretariat of the issues.

XI. Identification of horizontal issues and complex Q & C

171. In August 2020, the APG introduced a mechanism for members and observers to raise issues relating to the interpretation of the FATF Standards and/or the application of the Methodology. This mechanism does not overlap or replace the existing processes for Q & C review of unpublished MERs and FURs, referred to above. Instead, this mechanism seeks to resolve wider horizontal or complex Q & C issues that have generally arisen over the course of a number of assessments.

172. APG members and observers are invited to raise any horizontal issues and complex Q&C issues with the APG Secretariat using the template which can be found on the APG website. The MEC may consider these issues and decide to refer any issues to the FATF for further consideration.

XII. Publication of unofficial translations of APG reports

173. APG is unable to prepare reports in languages beyond the APG's official language, which is English. APG members produce unofficial translations of MERs and FURs. APG is unable to verify or endorse the accuracy of translated APG reports.

174. Publication of accurately translated APG reports is encouraged to help ensure the findings of APG assessments are well understood by all relevant AML/CFT stakeholders.

175. Members are asked to include disclaimer statements in both English and the language of translation in any published translated versions of APG MERs or FURs that they produce or distribute. Members are asked to utilise the *pro forma* disclaimer set out below as the basis for the disclaimers:

DISCLAIMER: This document is an unofficial translation of the [APG *MER/FUR of member (year)*], which is provided for information purposes. The official version of the document is the English text published on the APG website (www.apgml.org). The APG bears no responsibility for any inaccuracies in this unofficial translation. In the case of any discrepancy or conflict between this translation and the original English version, the official version of this document published on APG website takes precedence.

Annex 1 - Background to changes in the APG's 3rd Round ME Procedures

1. In 2012 APG members adopted the 2012 FATF 40 Recommendations.
2. In October 2012 FATF adopted the High Level Principles and Objectives for FATF and FSRBs, which include a set of core elements that should apply to all AML/CFT assessment bodies.
3. In 2013 APG members agreed that the APG would use the 2013 Assessment Methodology for the APG's third round of evaluations.
4. In February 2014 the FATF Plenary Adopted the Universal Procedures for AML/CFT Assessments (Including on Quality and Consistency) (the *Universal Procedures*) that should form the basis for the evaluations conducted by all AML/CFT assessment bodies.
5. In 2014 APG members adopted the APG Third Round Mutual Evaluation Procedures 2014 that were consistent with the *Universal Procedures*; and extended the third round ME schedule and to reduce the average number of MEs to approximately five per year.
6. In June 2014 and October 2015 the FATF plenary published amended FATF 4th round ME procedures and follow-up processes respectively.
7. In 2015 APG members amended the APG's 3rd Round ME Procedures to reflect amendments made by the FATF to its Fourth Round Procedures and the new FATF ICRG procedures.
9. In 2016 APG members amended the APG 3rd Round ME Procedures, including incorporating changes arising from the February 2016 amendments to the FATF *Universal Procedures*.
10. In 2017 APG members amended to the APG 3rd Round ME Procedures, incorporating changes arising from the February 2017 amendments to the FATF *Universal Procedures*.
11. In 2018 APG members amended the APG 3rd Round ME Procedures, reflecting the amended FATF *Universal Procedures* and incorporating out-of-session adoption of APG FURs.
12. In 2019 APG members amended the APG 3rd Round ME Procedures reflecting updated FATF *Universal Procedures* and streamlining measures. This included moving to three 'streams' of FUR reporting staggered across the year.
13. In 2020 APG members amended the APG 3rd Round ME Procedures reflecting updated FATF *Universal Procedures* and a number of streamlining measures:
 - Timing issues when there are amendments to the standards and methodology during an ME
 - Re-assessing changed standards when a member is rated LC/C with all 40 Recommendations
 - Further alignment of FUR timing to complement ICRG processes
 - Handling of FURs when certain findings are subject to major disagreement or major issues
 - Publication of translations of APG reports
14. In 2021 APG members adopted changes to remove all references to 5th year follow up assessments of effectiveness.
15. In 2023 members adopted changes to streamline follow up processes for technical compliance. These changes included:
 - Ensuring consistent treatment in follow up for members that have achieved LC or C with each of the 40 Recommendations
 - Ceasing FURs with re-ratings when a reasonable level of technical compliance is achieved
 - Ceasing all FURs 24 months prior to the commencement of the member's next ME.

Annex 2 - APG members' follow-up reporting deadlines ('streams')

Report by 1 February	Report by 1 June	Report by 1 October	FURs each year
2023			
Cambodia Thailand Mongolia Myanmar Pakistan Philippines	Samoa Sri Lanka Bangladesh Palau Solomon Islands	Vanuatu* Fiji* Bhutan* Macao, China* Chinese Taipei* Tonga Vietnam	18
2024			
Cambodia* Thailand* Mongolia * Pakistan* Nepal	Samoa Bangladesh* Palau Solomon Islands Brunei Darussalam Lao PDR	Vanuatu* Bhutan* Cook Islands* Tonga Vietnam	16
2025			
Cambodia* Mongolia* Pakistan* Nepal Papua New Guinea**	Palau Solomon Islands Brunei Darussalam Lao PDR Timor-Leste** Marshall Islands**	Vanuatu* Chinese Taipei* Tonga Nauru**	15
2026			
Pakistan* Nepal Papua New Guinea** Maldives** Niue**	Solomon Islands Brunei Darussalam Lao PDR Timor-Leste** Marshall Islands**	Cook Islands* Tonga Nauru**	13
2027			
Papua New Guinea** Maldives** Niue**	Brunei Darussalam Lao PDR Timor-Leste** Marshall Islands**	Chinese Taipei* Tonga Nauru**	10
2028			
Maldives** Niue**	Timor-Leste** Marshall Islands**	Tonga Nauru**	6

* Members with 30 or more LC ratings as of July 2023. Based on para 140.a above, those members will no longer be eligible to seek re-ratings. **Assuming the member enters enhanced follow-up once their MER is adopted.

APPENDIX 1 – TIMELINES FOR THE THIRD ROUND MUTUAL EVALUATION PROCESS

Date	Week	Key Indicative Milestones ¹		
		<i>for Assessment Team</i>	<i>for the Member²</i>	<i>for Reviewers</i>
Before the on-site visit				
At least six (6) months before the on-site [The assessed member, assessment team and secretariat may consider starting the assessment process earlier to have additional translation time, or for other reasons.]	-24	<ul style="list-style-type: none"> Commence research and desk-based review on technical compliance (TC). Confirm (or find) assessors drawn from members which had volunteered³. Secretariat to formally advise member of the assessors once confirmed. Invite delegations to provide information about (a) assessed member's risk situation and any specific issues that should be given additional attention by assessors, (b) their international cooperation experiences with the assessed member. 	<ul style="list-style-type: none"> Designate contact point(s) or person(s) and set up internal coordination mechanisms (as necessary)⁴. Respond to technical compliance (TC) update by completing TC questionnaire and providing updated information on new laws and regulations, guidance, institutional framework, risk and context. 	
Four (4) months before the on-site	-16	<ul style="list-style-type: none"> Prepare preliminary draft TC annex. Analyse member's assessment of risk and discuss potential areas of increased focus for on-site⁵. 	<ul style="list-style-type: none"> Provide response on effectiveness based on the 11 Immediate Outcomes and the underlying Core 	

¹ Interaction between assessors, secretariat and member is a dynamic and continuous process. The assessment team should engage the assessed member as soon and as much as reasonably possible. The seeking and provision of information will occur throughout the process. Members should respond to queries raised by assessment team in a timely manner.

² The member would have to commence preparation and review of its AML/CFT regime for compliance with the FATF Standards more than 6 months prior to the on-site.

³ The assessment team should comprise at least five assessors, including at least one legal, law enforcement and financial expert. Depending on the member and risks, additional assessors with the relevant expertise may be sought.

⁴ Contact person(s) should ideally be familiar or trained in the FATF Standards before the commencement of the process.

⁵ This may identify a need to request additional experts with other specific expertise for the assessment team.

Date	Week	Key Indicative Milestones ¹		
		<i>for Assessment Team</i>	<i>for the Member²</i>	<i>for Reviewers</i>
		<ul style="list-style-type: none"> Confirm reviewers (drawn from pool of experts). 	Issues (including as relevant supporting information and data).	
Three (3) months before the on-site visit	-12	<ul style="list-style-type: none"> Send first Draft of TC annex (need not contain ratings or recommendations) to member for comments. 	<ul style="list-style-type: none"> Contact point(s) or person(s) to engage with secretariat to prepare for the on-site. 	
Two (2) months before the on-site visit	-8	<ul style="list-style-type: none"> Advise and consult member on preliminary areas of increased focus for on-site. This could involve preliminary discussions on the assessment team's impressions of the member's ML/TF risks. Send draft scoping note to member and reviewers. Prepare a preliminary analysis identifying key issues on effectiveness. 	<ul style="list-style-type: none"> Provide comments on draft TC assessment. Commence work on draft programme for on-site visit. Review draft scoping note (two weeks to provide comments). 	<ul style="list-style-type: none"> Review draft scoping note (two weeks to provide comments).
Six (6) weeks before the on-site visit	-6		<ul style="list-style-type: none"> Provide comments on scoping note. 	<ul style="list-style-type: none"> Provide comments on scoping note.
One (1) month before the on-site visit	-4	<ul style="list-style-type: none"> Final date for members and FSRBs to provide specific information on their international cooperation experiences with the member. Finalise areas of increased or reduced focus for onsite visit, and key government agencies and private sector bodies to meet. 	<ul style="list-style-type: none"> Provide draft programme for on-site visit to the assessment team⁶. 	

⁶ Contact point(s) or person(s) to identify and inform government agencies and private sector bodies that will be involved in the on-site.

Date	Week	Key Indicative Milestones ¹		
		<i>for Assessment Team</i>	<i>for the Member²</i>	<i>for Reviewers</i>
		<ul style="list-style-type: none"> Send finalised scoping note to member and reviewers. 		
At least two (2) weeks before the on-site	-2	<ul style="list-style-type: none"> Finalise programme and logistics arrangements for on-site. 		
		<ul style="list-style-type: none"> Assessment team to prepare revised draft TC annex and an outline of initial findings/key issues to discuss on effectiveness. Where possible a working draft MER prepared. Revised draft TC annex sent to member and reviewers for comment. 	<ul style="list-style-type: none"> Member to provide responses to any outstanding questions from the assessment team. Review second draft TC annex (two weeks to provide comments). 	<ul style="list-style-type: none"> Review second draft TC annex (two weeks to provide comments).
By time of on-site visit	0		<ul style="list-style-type: none"> Provide comments on second draft TC annex. 	<ul style="list-style-type: none"> Provide comments on second draft TC annex.
On-site visit				
Usually two (2) weeks (but may vary)	0	<ul style="list-style-type: none"> Conduct opening and closing meetings with member. A written summary of key findings is to be provided at the closing meeting. Where relevant, assessment team to review the identified areas for greater or lesser focus for the on-site. Discuss and draft MER. 		
After the on-site visit				
Within six (6) weeks of on-site visit	6	<ul style="list-style-type: none"> Assessment team to prepare the complete first draft MER, and send to member for comments. 		
Within four (4) weeks of receipt of draft MER	10	<ul style="list-style-type: none"> Review and provide inputs on queries that member may raise. 	<ul style="list-style-type: none"> Respond to first draft MER. 	

Date	Week	Key Indicative Milestones ¹		
		<i>for Assessment Team</i>	<i>for the Member²</i>	<i>for Reviewers</i>
Within four (4) weeks of receiving member comments	14	<ul style="list-style-type: none"> Review member's response on first draft of MER. Prepare and send second draft MER & ES to member and reviewers for comment. Send member comments to reviewers. 	<ul style="list-style-type: none"> Review second draft MER (three weeks to provide comments). 	<ul style="list-style-type: none"> Review second draft MER (three weeks to provide comments).
<i>Minimum</i> – ten (10) weeks before the Plenary	17	<ul style="list-style-type: none"> Engage the assessed member to discuss further changes to the draft MER, and identify issues for discussion at the face-to-face meeting. Circulate second set of assessed member's comments to assessment team, reviewers' comments, and assessment team's responses to assessed member, and assessed member's responses to reviewers' comments to assessment team. 	<ul style="list-style-type: none"> Provide comments on second draft MER. 	<ul style="list-style-type: none"> Provide comments on second draft MER.
<i>Minimum</i> – eight (8) weeks before the Plenary	19+	<ul style="list-style-type: none"> Conduct face-to-face meeting to discuss the second draft MER and comments received (or third draft MER, time permitting). Work with assessed member to resolve disagreements and identify potential priority issues for plenary discussions. 		
<i>Minimum five</i> (5) weeks before plenary (ideally six (6) weeks)	22+	<ul style="list-style-type: none"> Send final draft MER & ES, together with reviewers' comments, assessed member's views and assessment team response to all delegations for comments (two weeks). 		
<i>Minimum three</i> (3) weeks before plenary	24	<ul style="list-style-type: none"> Deadline for written comments from delegations. 		

Date	Week	Key Indicative Milestones ¹		
		<i>for Assessment Team</i>	<i>for the Member²</i>	<i>for Reviewers</i>
		<ul style="list-style-type: none"> Engage member and assessors on priority issues and other comments received on MER or ES. 		
Minimum two (2) weeks before plenary	25+	<ul style="list-style-type: none"> Review and provide inputs on priority issues and other comments received on MER and ES. Circulate (a) compilation of delegation comments, and (b) finalised list of priority issues ('key issues document') to be discussed in MEC and plenary. 	<ul style="list-style-type: none"> Work with assessment team on priority issues and other comments received on MER or ES. 	
Plenary Week	27+	<u>Pre-Plenary Discussions (if needed)</u> <ul style="list-style-type: none"> Meet with the assessed member to discuss the mechanics and process for adoption of the report, not substantive issues, and the draft MER will not be subject to further change before the plenary discussion, unless in exceptional circumstances. 	<ul style="list-style-type: none"> Meet with the assessment team to discuss the mechanics and process for adoption of the report, not substantive issues, and the draft MER will not be subject to further change before the plenary discussion, unless in exceptional circumstances. 	
Plenary week	27+	<u>Mutual Evaluation Committee (MEC) meeting – discussion of key issues</u>		
Plenary Week	27 ⁷ +	<u>Discussion of MER*</u> <ul style="list-style-type: none"> Members discuss and then adopt the MER and executive summary. 		
Post-Plenary – Publication and Finalisation of MER*				
<p>The MER adopted by plenary is to be published as soon as possible.</p> <p>Within one (1) week:</p>				

⁷ Normally 27 weeks but the period may also be extended or adjusted and based on justified circumstances (and with the consent of the assessed member).

Date	Week	Key Indicative Milestones ¹		
		<i>for Assessment Team</i>	<i>for the Member²</i>	<i>for Reviewers</i>
		<ul style="list-style-type: none"> <li data-bbox="241 272 2004 336">- The assessment team reviews the MER to take into account additional comments raised in plenary, checks again for typographical errors, and sends to member. <p data-bbox="192 360 472 392">Within two (2) weeks:</p> <ul style="list-style-type: none"> <li data-bbox="241 408 1877 440">- The member confirms that the report is accurate and/or advises of any consistency, typographical or similar errors in the MER. <li data-bbox="241 440 1980 504">- The FATF, FSRBs, or IFIs advise the FATF Secretariat and the APG Secretariat, in writing, if they have serious concerns about the quality and consistency of the MER, and if so, indicate their specific concerns. <li data-bbox="241 504 1178 536">- The APG will not publish the MER, or ES until those issues are resolved. <p data-bbox="192 560 461 592">Within six (6) weeks:</p> <ul style="list-style-type: none"> <li data-bbox="241 608 1610 639">- Where there is no such review process then the reports should be published within six weeks of adoption. 		

APPENDIX 2 – AUTHORITIES AND BUSINESSES TYPICALLY INVOLVED FOR ON-SITE VISIT

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, non-profit organisations, and proliferation financing
- Other bodies or committees to co-ordinate AML/CFT 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
- Supreme court or appellate or district court (where appropriate and needed)
- 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 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
- Supervisors or authorities responsible for monitoring and ensuring AML/CFT 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 and other matters:

- Casino supervisory body
- Supervisor or other authority or Self-Regulatory Body (SRB) responsible for monitoring AML/CFT compliance by other DNFBPs
- 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 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 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 and DNFBP associations also have the representative sample of institutions/DNFBP present.

APPENDIX 3 – FUR ADOPTION PROCESS FLOW-CHART

