

Summary: UNIVERSAL PROCEDURES 2023 - CONSOLIDATED PROCESSES AND PROCEDURES FOR MUTUAL EVALUATIONS AND FOLLOW-UP

Overview

This summary provides an overview of the 'UNIVERSAL PROCEDURES 2023 - CONSOLIDATED PROCESSES AND PROCEDURES FOR MUTUAL EVALUATIONS AND FOLLOW-UP' document, which sets forth the guidelines established by the FINANCIAL ACTION TASK FORCE (FATF) for mutual evaluations and follow-up activities. The document is designed to ensure that all assessment bodies adhere to a standardized approach when assessing compliance with the FATF Recommendations, focusing on the effectiveness and technical compliance of AML, CFT, and CPF systems as per the FATF Assessment Methodology 2023.

Section 1: Roles and Responsibilities in the Evaluation and Follow-Up Processes

The section details the consolidated processes and procedures for mutual evaluations and follow-up, known as "Universal Procedures." These procedures are designed to standardize the approach used by assessment bodies when evaluating compliance with the FATF Recommendations. The focus is on assessing both the effective implementation and technical compliance of anti-money laundering (AML), counter-terrorist financing (CFT), and counter-proliferation financing (CPF) systems. The procedures are aligned with the FATF Assessment Methodology 2023 and aim to ensure consistency and quality across all evaluations, as well as to facilitate the identification and resolution of deficiencies in national AML/CFT/CPF frameworks.

Section 1.1: Responsibilities of the Assessed Country

The assessed country bears the primary responsibility for demonstrating compliance with the Standards and the effectiveness of its AML/CFT/CPF regime. It must provide all necessary information to the assessment team and follow-up experts or Joint Group members, ensuring the data is accurate and current. This includes making laws, regulations, and guidelines available in both the evaluation language and the original language, preferably in electronic format. Early in the evaluation process, the country should appoint a coordinator to facilitate communication and coordination with the Secretariat. During on-site visits, the country is responsible for maintaining confidentiality and security, including measures against unauthorized recording. If needed, professional interpreters who adhere to confidentiality requirements should be provided for translation services.

Section 1.2: Responsibilities of the Mutual Evaluation Assessment Team

The mutual evaluation assessment team is tasked with producing an independent report on a country's compliance with FATF Standards, covering both technical compliance and effectiveness. Assessors are required to keep all documents and information confidential, disclose any potential conflicts of interest, and work collaboratively across all areas of the evaluation, even those outside their primary expertise. They must avoid narrow comparisons with their own national systems and be open to additional responsibilities as outlined by assessment bodies. The coordinator plays a key role in effective communication and quality control, and must understand the evaluation process. Assessors are expected to commit their time and resources throughout the evaluation, including document review, collaboration, consultation, on-site assessment, report drafting, and post-onsite activities. They must adhere to deadlines and may be involved

in handover meetings with ICRG JG members after the Plenary adopts the report.

Section 1.3: Responsibilities of the Mutual Evaluation Reviewers

Mutual evaluation reviewers (ME reviewers) play a critical role in ensuring the quality and consistency of Mutual Evaluation Reports (MERs). They provide essential feedback on the risk and scoping exercise, the draft MER, including the Technical Compliance (TC) Annex, and the Key Recommended Actions and Roadmap (KRA Roadmap). ME reviewers are required to keep all evaluation documents and information confidential and must disclose any potential conflicts of interest. They are expected to commit the necessary time and resources to thoroughly review the documents for quality, coherence, and consistency with the Financial Action Task Force (FATF) Standards and precedents. While reviewers should consider each report in its entirety, they may focus on specific sections, ensuring that collectively all aspects of the TC Annex, MER, and KRA Roadmap are covered. Assessment bodies are responsible for defining any additional duties of the ME reviewers.

Section 1.4: Responsibilities of Follow-up Experts

Follow-up experts play a crucial role in assessing a country's adherence to the Key Review Area (KRA) Roadmap and the FATF Standards, including any updates since the country's Mutual Evaluation Report (MER) or last Follow-Up Report (FUR) with technical compliance re-ratings (TCRR). Their tasks involve producing an independent report that analyzes the country's progress, identifies any decline in technical compliance, and suggests ratings. These experts are required to keep all documents and information from the follow-up process confidential and must disclose any potential conflicts of interest to maintain their independence.

Additionally, follow-up experts are expected to dedicate the necessary time and resources to thoroughly review the country's submissions, work collaboratively with other experts, and remain open and flexible during the process. They should avoid making narrow comparisons to their own national systems, actively engage in discussions, and adhere to set deadlines. When issues within their primary responsibility arise, they are expected to participate in the relevant working group or Plenary discussions. Assessment bodies are responsible for clearly defining any further duties of the follow-up experts.

Section 1.5: Responsibilities of the Secretariat

The Secretariat is tasked with initiating early engagement with the assessed country prior to the mutual evaluation process, including liaising with higher authorities and providing training to familiarize stakeholders with the evaluation procedures. It is responsible for facilitating ongoing communication between the assessment team and the assessed country, ensuring assessors have access to necessary materials and coordinating regular conference calls to exchange information effectively.

During the evaluation, the Secretariat impartially supports both the assessors and the assessed country, focusing on the quality and consistency of Mutual Evaluation Reports (MERs). It assists in interpreting the Standards and applying them in line with past FATF Plenary decisions, and coordinates access to relevant documentation.

In the follow-up and International Co-operation Review Group (ICRG) processes, the Secretariat aids in achieving quality reports and consistent application of the FATF Standards. It also provides impartial support to countries in follow-up and ICRG, advising on process and procedural issues, especially when key recommendations are not fully addressed or no progress is made.

Assessment bodies are advised to periodically review whether their Secretariat is adequately staffed, with three staff members considered optimal for most evaluations. They should ensure that resource allocation does not compromise the prioritization of work on MERs/Follow-Up Reports (FURs) or the assessment body's core functions. The role of the Secretariat is to maintain the quality and consistency of reports and to act as a neutral party during JG discussions.

Section 1.6: Confidentiality and Conflict of Interest

Assessment bodies and individuals involved in mutual evaluations, follow-ups, or the International Cooperation Review Group (ICRG) process must adhere to strict confidentiality and conflict of interest requirements. All discussions, internal deliberations, and documents, including information produced by the assessed country or participants, are to be kept confidential and used solely for the intended assessment purposes. Disclosure of such information is prohibited unless consent is obtained from the assessed country and the relevant assessment body. Participants, including the Secretariat and officials of the assessed country, must sign a confidentiality agreement before accessing sensitive documents, which also mandates the disclosure of any potential conflicts of interest that may influence their assessment responsibilities.

Section 1.7: Respecting Timelines

Adherence to established timelines is crucial for the preparation of reports for mutual evaluations, follow-up, and International Co-operation Review Group (ICRG) processes to ensure meaningful discussion in Plenary sessions. Delays can compromise the fairness and quality of the reports and impede the Plenary's ability to conduct substantive discussions. The draft schedule for mutual evaluations is designed to provide sufficient time for narrowing issues and for delegations to consider follow-up and ICRG reports. Non-compliance with these timelines may result in actions such as communication from the assessment body's President/Chair to the country's Head of Delegation or relevant Minister, deferral of the report with possible public notification, or finalization of the report by the assessment team based on available information. In extraordinary circumstances, deferral may not be an option for countries under active ICRG review. Similarly, non-compliance by assessors, reviewers, experts, or the Secretariat may lead to communication from the President/Chair to address the issue. The Secretariat is responsible for informing the President/Chair of any non-compliance, who will then take appropriate and timely action, and the Plenary will be notified if such failures necessitate a delay in discussing the Mutual Evaluation Report (MER) or follow-up report.

Section 1.8: Meetings and Assessor Contributions

Meetings related to the procedures outlined for mutual evaluations and follow-up can be conducted via video or teleconference when in-person attendance is impractical, except when physical presence is explicitly mandated, such as for on-site visits.

Section 1.9: Mutuality and Assessor Contributions

Assessment bodies are encouraged to maintain the reciprocal nature of the peer review process by providing qualified experts to serve as assessors for Mutual Evaluation (ME) assessments. These experts should be available in a timely manner to fulfill the obligations of an ME assessment team. To promote the contribution of assessors, assessment bodies should consider implementing mechanisms that encourage member participation. Additionally, they should adhere to the criteria for selecting and evaluating the expertise of individuals participating in assessor training, in line with the standards approved by the FATF Plenary. This aligns with the procedures outlined for FATF Anti-Money Laundering (AML), Counter-Terrorist

Financing (CFT), and Counter-Proliferation Financing (CPF) Mutual Evaluations, as well as the follow-up and International Co-operation Review Group (ICRG) processes detailed in the "Universal Procedures" section of the guidelines.

Section 2: Composition of Teams and Selection of Participants in Mutual Evaluations and

Follow-Up Processes

The section on "Consolidated Processes and Procedures for Mutual Evaluations and Follow-Up" details the standardized approach for conducting mutual evaluations and follow-up activities. It emphasizes the importance of consistent application of the FATF Assessment Methodology 2023 to assess both the effective implementation and technical compliance of AML, CFT, and CPF systems. This section ensures that all assessment bodies operate under a unified framework, which facilitates the identification and rectification of deficiencies in national AML/CFT/CPF frameworks, thereby maintaining the integrity and effectiveness of the global financial system.

Section 2.1: Composition and Formation of Mutual Evaluation Assessment Team

Assessors for mutual evaluations must be well-versed in FATF Standards and complete an assessor training course offered by FATF, FSRB, or jointly by both. Ideally, one assessor should have prior assessment experience. The selection of assessors aligns with the governing principles of the assessment body and is confirmed at least seven months before the on-site visit, in coordination with countries or organizations providing assessors.

The size of the assessment team varies based on the country's money laundering, terrorist financing, and proliferation financing (ML/TF/PF) risks, and other relevant factors such as the country's AML/CFT system size, maturity, and complexity. Teams include legal, financial, and law enforcement experts, primarily from FATF/FSRB members, supported by Secretariat staff. Additional or specialized experts may be added as needed.

Selection criteria for assessors encompass their AML/CFT/CPF operational and assessment experience, performance in training, impartiality, adherence to confidentiality and conflict of interest rules, time commitment, interpersonal and communication skills, understanding of the evaluation's language, knowledge of the legal system and institutional framework, and consideration of regional and gender balance. Specific characteristics of the assessed country, such as economic and financial sector size and composition, geographical factors, and cultural or trading connections, are also taken into account. Assessors must have expertise in preventive measures for the financial sector, virtual asset service providers (VASPs), and designated non-financial businesses and professions.

Section 2.2: Selecting Mutual Evaluation Reviewers

The FATF Secretariat ensures the integrity of the mutual evaluation (ME) process by selecting qualified experts from FATF and FSRB delegations, their Secretariats, or IMF/WB staff as ME reviewers. To preserve the peer review nature and avoid conflicts of interest, reviewers are chosen from different countries than the assessors and are disclosed to the assessed country in advance. Typically, three ME reviewers are assigned per assessment, with at least one from a different assessment body. The FATF Secretariat acts as a reviewer for all evaluations not led by FATF.

Section 2.3: Selecting Follow-up Experts

Technical compliance re-ratings and progress evaluations against Key Review Areas (KRAs) are conducted by peer reviewers in line with the mutual evaluation principle. Ideally, these follow-up experts include original assessors, Mutual Evaluation (ME) reviewers, or International Co-operation Review Group (ICRG) lead reviewers. If they are unavailable, experts from FATF and Financial Stability Review Board (FSRB) delegations with appropriate legal, financial, or law enforcement backgrounds are selected, provided they have completed relevant training and are nominated by their Heads of Delegation. The number and expertise of the follow-up experts are determined based on the KRAs and specific Recommendations under review. These experts contribute to the summary report and are confirmed according to the assessment body's governance principles. Additionally, the FATF Secretariat conducts an internal quality check of FATF Mutual Evaluation Reports (MERs), which complements the scrutiny by three external reviewers.

Section 3: Procedures and Steps in the Evaluation Process

The section outlines the procedures and steps involved in the mutual evaluation process led by FATF/FSRB/IMF/WB, with a summary of key steps and general timelines provided in Appendix 1. Assessment bodies are advised to develop their own timelines based on the FATF approach, with the allowance for necessary flexibility. The detailed steps of the process are further elaborated in the subsequent text.

Section 3.1: Preparation for the On-Site Visit

The informal engagement between the assessed country and the Secretariat should commence well before the on-site visit, with training for the assessed country ideally occurring prior to the preparation of technical compliance submissions. Flexibility is provided to extend the evaluation timeline by one or two months to accommodate various needs, but this necessitates an earlier start to the evaluation process. A broad timeline should be agreed upon at least 18 months before the Plenary discussion, and the country should inform the Secretariat of any changes in its legal, regulatory, or operational framework since the last evaluation.

At least seven months before the on-site visit, the Secretariat will finalize the precise dates and timelines after consulting with the country. During this period, the country must provide updates and information to aid in the preparatory work, including understanding the country's risks and identifying focus areas for the on-site visit. Feedback on international cooperation with the evaluated country is solicited from FATF and FSRB members, which may include general experiences and specific examples, both positive and negative.

The assessment team and the assessed country should identify other countries that can provide valuable feedback on international cooperation or risk. The Secretariat will then reach out to these countries for input. All feedback received will be made available to the assessment team and the assessed country, which will have the opportunity to respond or supplement the information.

The assessment team will review the assessed country's risk, context, and general situation from the beginning of the mutual evaluation process to ensure a risk-informed evaluation. The country should provide information required for Chapter 1 of the MER and any other relevant data to explain its risk assessment and understanding. The assessment team will consider multiple sources of information, including the country's most recent MER and FUR, to develop a preliminary understanding and a scoping note, which outlines areas of increased and reduced focus based on risk, context, and materiality.

The technical compliance review will focus on Recommendations where the country has made changes since the last MER or where there have been changes in the FATF Standards. The assessment team will

conduct a desk-based review of the country's technical compliance with these Recommendations, analyzing the information provided and highlighting any strengths or weaknesses. The technical compliance annex (TC Annex) is drafted based on this analysis, and the Secretariat ensures the quality and consistency of the report.

The assessment team examines the country's level of effectiveness in relation to the 11 Immediate Outcomes, with countries providing information based on these outcomes. The assessment team prepares a preliminary outline of initial findings and requests for further information, which is updated and provided to the assessed country before the on-site visit. The on-site visit primarily focuses on assessing effectiveness, but may also address outstanding technical compliance issues.

Section 3.2: On-Site Visit Coordination and Logistics

The designated coordinator of a country should collaborate with the Secretariat to draft a program and manage logistics for the on-site visit, submitting these details to the assessment team at least two months prior to the visit. The draft program should reflect the focus areas identified by the risk and scoping exercise, ensuring that no sector is entirely omitted despite any reduced emphasis. Meetings should ideally be held at a single location to save time, but some may occur at the premises of the entity being assessed, such as the FIU. The program is to be finalized about three weeks before the visit, with flexibility for the assessment team to request additional meetings if new risks are identified.

Interpretation and document translation times must be considered, and meetings should be conducted in the assessment's language, with translation provided if necessary. The on-site visit is crucial for addressing any issues related to the country's AML/CFT/CPF system, with assessors prepared to review the 11 Immediate Outcomes for effectiveness and resolve technical compliance matters. Assessors must remain adaptable and avoid narrow comparisons with their own national systems.

Typically, 9-10 days of meetings are needed for countries with developed AML/CFT/CPF systems, with additional time for drafting the Mutual Evaluation Report (MER) and discussing preliminary findings. The total duration of the on-site visit usually ranges from 13 to 16 working days, varying with the jurisdiction's size and complexity. Relevant agencies and operational staff must be available for meetings, and private sector meetings should be without government officials present if necessary for candid discussions. The assessment team should also review the evaluation's progress and focus areas midway through the visit.

Section 3.3: Post On-Site - Preparation of Draft MER, KRA Roadmap and Executive Summary

A minimum of 29 weeks is required between the end of the on-site visit and the Plenary discussion of the Mutual Evaluation Report (MER) and Key Recommended Actions (KRA) Roadmap, although this period may be adjusted or shortened in exceptional cases with the assessed country's consent. Assessors must work closely with the Secretariat and the country to prepare these documents on time. The assessors should focus on providing conclusions and reasons in the MER rather than just facts, and communicate how the country's information was considered. Regular conference calls facilitated by the Secretariat are recommended for clear communication.

The assessment team has about five weeks to prepare the first draft MER and KRA Roadmap, which are then sent to the country for comments. The country has four weeks to review and comment on these documents. The assessment team then has another four weeks to consider the country's feedback and refine the documents, followed by a pre-Plenary quality and consistency review conducted by Mutual Evaluation (ME) reviewers. The assessment team must consider ME reviewers' comments and may need to revise the documents further.

A face-to-face meeting between the assessment team and the country is scheduled at least nine weeks before the Plenary to resolve outstanding issues. After this meeting, the assessment team finalizes the MER and KRA Roadmap, considering any further changes. In exceptional cases, a targeted review may be conducted if significant changes are made or fundamental concerns are identified.

The pre-Plenary drafts are circulated to the Global Network at least six weeks before the Plenary, with two weeks for delegations to provide written comments. The relevant working group Co-chairs/Secretariat will prepare a list of key issues for discussion, which is distributed to delegations two weeks before the Plenary. The Plenary discussion focuses on high-level and substantive issues, primarily concerning effectiveness and the KRA Roadmap.

If fundamental concerns arise that cannot be addressed during the Plenary discussion, the assessment body may postpone the discussion or further discussion of the draft MER and KRA Roadmap. The MER, KRA Roadmap, and Executive Summary are submitted to Plenary for adoption at the end of the discussion. If Plenary does not adopt the documents, the assessors, the assessed country, and the Secretariat must prepare amendments to address the issues raised.

The final report is a product of the FATF/FSRB and not just the assessors, with the Plenary retaining the final decision on the wording. The assessment team ensures all changes agreed by the Plenary are made, and the Secretariat checks for non-substantive errors before circulation. The report is then subject to post-Plenary quality and consistency review.

When an MER is published, the President/Chair advises the appropriate Minister of the assessed country on the FATF/FSRB's expectations for follow-up. If an assessed country meets the International Cooperation Review Group (ICRG) entry criteria, a meeting with ICRG representatives is held to ensure a shared understanding of the KRA Roadmap.

Section 4: Joint Mutual Evaluations with FSRBs

FATF members that are also part of Financial Stability Regional Bodies (FSRBs) will undergo joint mutual evaluations coordinated primarily by the FATF, which will also provide the majority of assessors. The evaluation process will mirror that of standard FATF evaluations, including the preparation of the Mutual Evaluation Report (MER), Key Risk Activities (KRA) Roadmap, and Executive Summary, as well as follow-up monitoring. FSRBs will contribute assessors and have the opportunity to participate in the assessment process and provide feedback. The FATF's perspective is expected to be decisive, especially in discussions of the MER. Reciprocal participation in mutual evaluation discussions is encouraged between FATF and FSRB members. Additional measures specific to joint evaluations are also outlined in the FATF Procedures.

Section 5: IMF or World Bank Led Assessments

FSRB Plenaries have the authority to decide, with the consent of the country being assessed, whether an assessment will be conducted by the IMF or World Bank. Such decisions should align with the established evaluation schedule. Early involvement of each FSRB in determining which countries will undergo IMF or World Bank assessments is crucial, and the FSRB Plenary must approve any requests for these institutions to lead an assessment. When the IMF or World Bank carry out an AML/CFT/CPF assessment of an FSRB member, they are expected to follow procedures and timelines consistent with those of the FSRB, including any additional FSRB-specific procedures beyond the Universal Procedures. Regular communication between the IMF or World Bank and the relevant FSRB Secretariat is required throughout the assessment process. For the assessment to be recognized as a mutual evaluation, the relevant FSRB Plenary must approve the IMF or World Bank-led assessment.

Section 6: FOLLOW-UP AND ICRG PROCESSES

The section on follow-up and International Cooperation Review Group (ICRG) processes details the steps taken after the initial mutual evaluations to ensure that jurisdictions address any deficiencies in their anti-money laundering (AML), counter-terrorist financing (CFT), and counter-proliferation financing (CPF) systems. It describes the procedures for regular follow-up reports and the criteria for referral to the ICRG, which may involve enhanced monitoring for jurisdictions with significant strategic deficiencies. The section emphasizes the importance of these processes in maintaining global compliance with the FATF Recommendations and ensuring the effectiveness of national AML/CFT/CPF frameworks.

Section 6.1: Enhancing AML/CFT/CPF Compliance: Follow-Up Procedures and ICRG Processes

The FATF and FSRBs are mandated to implement transparent and rule-based follow-up procedures to ensure member countries address their AML/CFT/CPF risks and deficiencies effectively. These procedures are designed to monitor progress, identify countries lagging in their efforts, and apply pressure to enhance their AML/CFT/CPF systems. Post mutual evaluation report (MER) discussions, countries are categorized into regular follow-up, enhanced follow-up, or referred to the FATF International Cooperation Review Group (ICRG) based on the severity of their system's deficiencies. Regular follow-up is the standard monitoring approach, while enhanced follow-up is for those requiring significant improvements. The ICRG process is reserved for countries needing fundamental changes, with more direct FATF oversight. A diagram illustrates the follow-up and ICRG processes, indicating the timeline and reporting requirements for each follow-up category, including self-reports, analyzed reports, and progress reports, along with the assessment of technical compliance and effectiveness at the end of the cycle.

Section 6.2: Consolidated Processes and Procedures for Mutual Evaluations and Follow-Up

Within three years of the Mutual Evaluation Report (MER) adoption, countries are expected to have substantially addressed all Key Recommended Actions (KRAs) outlined in their KRA Roadmap. Additionally, they should have improved their technical compliance with any FATF Recommendation that was previously rated as Non-Compliant (NC) or Partially Compliant (PC) to a level that justifies an upgrade to Largely Compliant (LC) or Compliant (C). Furthermore, countries must have amended their systems to align with any revisions to the FATF Standards that occurred since their technical compliance submission was due.

Section 6.3: Reporting Requirements for FSRB Countries Post-MER Submission

FSRB member countries not under active ICRG monitoring are required to submit a follow-up report approximately three years after their Mutual Evaluation Report (MER) is adopted, detailing progress on addressing Key Reassessment Areas (KRAs) and any actions taken that may warrant a technical compliance re-rating (TCRR). Countries eligible for ICRG review must follow separate reporting procedures. Re-ratings for technical compliance are sought for Recommendations previously rated as non-compliant (NC) or partially compliant (PC), provided there have been changes to the country's legal, institutional, or operational framework or to the FATF Standards themselves.

Countries must assess compliance with any revised FATF Standards at the time of their follow-up report. Actions not covered by KRAs or remaining technical compliance issues will be evaluated in the next MER unless directed otherwise. Updates on changes made since the MER and actions addressing the KRA Roadmap must be provided to the relevant Secretariat. Deadlines for addressing KRAs may be shorter for countries in the ICRG process, and FSRB Plenaries may adjust reporting dates.

Requests for TCRR can include Recommendations not in the KRA Roadmap if there have been relevant changes. Countries under ICRG review should make TCRR requests according to specific assessment body procedures. Follow-up reports should demonstrate progress against KRAs and include material on efforts to improve compliance with any NC or PC rated Recommendations or revised Standards. Only measures in force by the submission deadline will be considered for assessing KRAs or justifying a TCRR.

Follow-up experts and ICRG Joint Group members must review all criteria of the Recommendations and the entire relevant framework, even if some elements remain unchanged from the MER. They may identify new strengths or weaknesses and must provide reasons for any conclusions that differ from the MER.

Section 6.4: Response to Diminished Compliance in Mutual Evaluations and Follow-Up

Procedures

Should a delegation or the Secretariat identify that a country has significantly reduced its technical compliance with key FATF Recommendations (R.3, 5, 6, 10, 11, and 20), the Plenary may request a Technical Compliance Re-rating Report (TCRR) for the affected Recommendation. Similarly, if a country's effectiveness regarding any Immediate Outcome has notably declined since its Mutual Evaluation Report (MER), the Plenary can require an overview report to assess if a detailed analysis by a follow-up expert is necessary. In instances where a country's compliance or effectiveness is deemed to have significantly diminished, the Secretariat will engage with the country to draft a decision paper for the Plenary's review. The country in question will then have the opportunity to present its case to the Plenary.

For countries under active International Co-operation Review Group (ICRG) scrutiny, TCRR requests should align with ICRG procedures post-ICRG review or three years after their MER adoption, whichever is earlier. Exceptions to procedural deadlines are limited to cases where legislation is enacted but not yet enforceable due to a pending implementation or transitional period. Otherwise, deadlines must be strictly adhered to, allowing experts adequate time for analysis. Examples of events that could trigger such reviews include judicial decisions weakening law enforcement or other competent authorities, or changes that make parts of the AML/CFT/CPF legal framework unenforceable.

To ensure consistency and comparability in decisions, countries in regular follow-up, follow-up experts, and ICRG Joint Group members should thoroughly address and document whether a country has remedied each Key Result Area (KRA). There are four possible ratings for each KRA, reflecting the degree to which it has been addressed.

Appendix: KRA Rating Scale

The Appendix outlines a rating system for assessing a country's compliance with Key Recommendation Areas (KRAs) during mutual evaluations and follow-up processes. It details a four-tiered scale ranging from 'Fully addressed' to 'Not addressed,' indicating the extent to which a country has met the specified KRAs. The scale is designed to measure progress and identify areas requiring improvement, with specific criteria for each rating level. Additionally, the Appendix specifies the use of this rating scale in cases where a country is under active review by the International Cooperation Review Group (ICRG) concerning technical compliance until the country transitions to regular follow-up mechanisms.

Section 6.5: Follow-up Monitoring Mechanisms

Countries under regular follow-up, demonstrating substantial to high levels of effectiveness and technical compliance, are required to self-assess their progress using the Key Risk Area (KRA) rating scale. These

reports, focusing on effectiveness KRAs, are circulated for informational purposes without analysis. For re-rating consideration, countries must indicate which technical compliance (TC) Recommendations they seek to be re-rated at least seven months prior to the relevant Plenary meeting, with a detailed update submitted one month later.

Countries not seeking technical compliance re-rating (TCRR) must submit a KRA Roadmap self-assessment report two months before the Plenary. The Secretariat then summarizes the report, noting progress and recommending follow-up steps. If all KRAs are not fully or largely addressed, the follow-up and any TCRR reports are discussed in working groups and the Plenary.

For enhanced follow-up, countries with certain levels of non-compliance or low effectiveness are subject to a more thorough analysis by experts. These countries must indicate their re-rating requests nine months in advance, with an update on KRA progress submitted one month later. The follow-up experts analyze the measures taken and determine if TCRR is warranted, with the country given an opportunity to comment before the report is sent to delegations.

Countries meeting specific criteria are referred to the International Cooperation Review Group (ICRG) for observation. The ICRG has exclusive jurisdiction over KRA Roadmap issues for countries under active review. Once a country exits ICRG review, it can request TCRR for any remaining issues from their assessment body.

The FSRB Secretariat supports members in ICRG processes, facilitating communication, providing training, identifying technical assistance, and guiding on demonstrating progress. For countries in the FATF ICRG Pool, the FSRB Secretariat conducts enhanced follow-up and emphasizes the importance of addressing the KRA Roadmap.

Section 6.6: Analysis of KRA Progress and Technical Compliance Re-rating

Countries in enhanced follow-up must have their progress against Key Result Areas (KRA) analyzed by experts and approved by the Plenary. Similarly, technical compliance re-ratings require Plenary approval, following the assessment body's governance principles. Typically, the Plenary's approval is sought through a written process. If a country has not addressed all KRAs fully or largely, the follow-up reports are discussed in the relevant working group and Plenary, as specified in the document.

At least ten weeks before the working group/Plenary meeting, follow-up experts must share their analysis with all members, who have two weeks to comment. If no comments are received, the report is approved by the Plenary through a written process and published. If comments are made, a revised report is circulated seven weeks before the meeting, with one week for further comments. Unless two or more delegations (excluding the assessed country) raise concerns, the report is considered for approval and publication.

If concerns are raised by two or more delegations, the issues are discussed at the working group level before the Plenary. The secretariat compiles a list of priority issues for discussion, which is circulated two weeks before the working group discussion. The Plenary is the final decision-making body, and if the working group agrees on the issues, the report proceeds to approval and publication.

If the working group does not reach an agreement, unresolved issues are considered by the Plenary, with discussions on enhanced follow-up or Technical Compliance Re-rating (TCRR) reports limited to one hour on average. The Plenary will not discuss individual criteria ratings unless they impact the overall recommendation of the report.

The working group and Plenary will discuss follow-up reports when a country has not fully or largely

addressed all KRAs. The Plenary may also discuss reports involving strategic or substantive issues, and if the matter is highly technical, it may refer it back to the working group for a recommendation. Substantive issues include significant changes in a country affecting compliance, insufficient progress against KRA Roadmaps, and recommendations to analyze self-reports or apply enhanced measures.

Section 6.7: ICRG Procedures for Mutual Evaluations and Follow-Up

Countries may be referred to the International Cooperation Review Group (ICRG) for observation based on specific criteria, such as having a significant number of non-compliant or partially compliant ratings on technical compliance or low levels of effectiveness on key Immediate Outcomes. The FATF or FSRB delegations can nominate countries for ICRG review, and the procedures for the ICRG process are well-documented.

The ICRG has exclusive jurisdiction over issues in a country's Key Reforms Action (KRA) Roadmap while under active review. After exiting the ICRG process, countries should request technical compliance re-rating (TCRR) for any remaining issues from their assessment body. In the third year post-Mutual Evaluation Report (MER), countries still under ICRG review can request TCRR for any changes made since the MER or for any changes in FATF Standards not previously assessed.

The Financial Action Task Force (FATF) and Financial Stability and Review Board (FSRB) Secretariats play a supportive role in the ICRG process, facilitating communication, assisting with country training, sourcing technical assistance, and providing contextual information. For countries in the FATF ICRG Pool, the FSRB Secretariat conducts enhanced follow-up and emphasizes the importance of addressing the KRA Roadmap.

Progress against the KRA and technical compliance re-ratings must be analyzed by experts and approved by the FATF Plenary. The approval process involves a period for member comments, and if no concerns are raised, the report proceeds to publication. If concerns are raised, the issues are discussed at the working group level and potentially at the Plenary.

If a country fails to address all KRAs, the Plenary may apply enhanced measures, including high-level missions to assess political commitment and formal statements on compliance. The FATF may recommend actions based on risk and proportionality. The Plenary may also consider suspending or withdrawing FATF/FSRB membership. Enhanced measures can be terminated once a country demonstrates it has addressed or largely addressed all KRAs, subject to Plenary decision based on expert analysis.

Appendix: Post-Plenary Quality and Consistency (Q&C) Review

The Appendix details the procedures for the Post-Plenary Quality and Consistency (Q&C) Review, which are integral to the evaluation process outlined in the document. It encompasses the steps to ensure that mutual evaluations and follow-up activities maintain high standards of quality and consistency after the plenary discussions.

Section 1: Post-Plenary Quality and Consistency Review Process for FATF Reports

In cases where significant concerns about the quality and consistency of a report persist after its adoption, the post-Plenary Quality & Consistency (Q&C) review process is implemented to prevent the release of reports with substantial Q&C issues, thereby protecting the integrity of the FATF brand. This process is applicable to all assessment bodies and encompasses Mutual Evaluation Reports (MERs), including Key Risk Area (KRA) Roadmaps and Executive Summaries, Detailed Assessment Reports (DARs), Enhanced

follow-up reports, and any technical compliance re-rating reports with identified issues. The process involves relevant working groups or the Plenary, as well as all Financial Action Task Force-Style Regional Bodies (FSRBs) follow-up reports that include technical compliance re-rating.

Section 2: Steps in the Post-Plenary Q&C Process

Following the Plenary's directives and accuracy checks, the FATF Secretariat disseminates the report to all relevant parties, who have two weeks to submit written concerns regarding quality or consistency using a provided template. If two or more parties, using the template, identify the same specific concern, the ECG Co-chairs assess whether the concern meets the substantive threshold and procedural requirements. If it does not, the process concludes, and the report is published. If it does, the ECG reviews the report with a decision paper from the Secretariat. Should the ECG find the report fails to meet the threshold, the process concludes, and the report is published. If the report meets the threshold, the ECG refers the matter to the FATF Plenary with resolution recommendations. In cases of FSRB or IMF/WB-led evaluations, the FATF Secretariat informs the assessment body of the Plenary's decision, and the report is not published until the issue is resolved. Further actions may be considered if the assessment body does not take the recommended actions.

Appendix: PUBLICATION, MEDIA OUTREACH AND AUXILIARY PROCESSES

The Appendix details the protocols for the publication and dissemination of Mutual Evaluation Reports (MERs), including the associated media outreach and auxiliary processes.

Appendix: Publication of Mutual Evaluation Reports

The Appendix outlines the protocol for the publication of Mutual Evaluation Reports (MERs) by the FATF and FSRBs on their websites, detailing the standard timeline for release post-adoption and the procedure to follow if issues arise during the post-Plenary Quality & Consistency (Q&C) review process.

Appendix: Publication of Other Documents

The Appendix outlines the publication policies for follow-up reports and technical compliance reassessment (TCRR) reports as per the FATF and FSRBs guidelines. It specifies that enhanced follow-up reports and TCRR reports are published after the post-Plenary Q&C review process. Regular follow-up reports are limited to technical compliance analysis, without Plenary discussion of progress against the KRA Roadmap. It also allows for countries to link additional updates or information relevant to their AML/CFT/CPF system enhancements from the FATF/FSRB website. Furthermore, it mandates that Secretariats should keep an updated version of their follow-up procedures accessible on their public website.

Appendix: Media Outreach Strategy for FSRB Member Reports

The Appendix outlines the procedures for the release and publication of a Financial Stability Review Board (FSRB) member's report, detailing the coordination between the Secretariat and the assessed country to determine the appropriate timing for media release. It also describes the process of liaising with relevant assessment bodies in joint IMF/World Bank-led assessments and the conditions under which selected media may be granted early access to the report.

Appendix: Consolidated Processes and Procedures for Mutual Evaluations and Follow-Up

The Appendix outlines the procedures for the FATF and Financial Action Task Force-Style Regional Bodies (FSRBs) to review voluntary tax compliance programs, ensuring they do not hinder AML/CFT/CPF measures. It includes a definition of such programs and describes the process for mutual evaluations, with a sample timeline for these evaluations to promote consistent interpretation and application of the FATF Standards globally.

Appendix: Sample Timelines for the Mutual Evaluation Process

The Appendix outlines the detailed timelines and key milestones for the mutual evaluation process, including pre-evaluation preparations, on-site visits, report drafting, plenary discussions, and post-plenary procedures. It specifies the responsibilities and actions required from the assessment team, the assessed country, and mutual evaluation reviewers at various stages leading up to and following the on-site visit, culminating in the publication of the mutual evaluation report and follow-up actions. The Appendix also includes timelines for the follow-up process to monitor progress on addressing deficiencies identified in the mutual evaluation.

Appendix: Timelines for the Follow-up Process

The Appendix outlines a detailed timeline and procedural steps for countries undergoing mutual evaluations and follow-up regarding technical compliance and re-rating requests. It specifies the roles and responsibilities of the Secretariat, expert(s), and the country under review, including the preparation of analytical tools, submission of updates, and provision of feedback. The timeline is structured around key milestones leading up to the relevant Plenary meetings, with specific weeks indicated for each action. The document emphasizes the collaborative process between the assessed country and the evaluating experts, with multiple stages for review, comment, and agreement on the reports to be circulated. Notably, the timeline serves as an example and does not encompass all potential steps, including those for adoption by written process if comments are received.

Appendix: Authorities and Businesses Typically Involved for On-Site Visit

The Appendix outlines the range of authorities and businesses typically involved in on-site visits for mutual evaluations, including various ministries, criminal justice and operational agencies, financial sector bodies, and other relevant entities. It details the roles of these participants, such as ministries responsible for finance, justice, and foreign affairs, law enforcement agencies, financial intelligence units, supervisory authorities, and entities involved in AML/CFT/CPF compliance. The Appendix also emphasizes the importance of efficient use of on-site time and suggests the inclusion of a representative sample of financial institutions, DNFBPs, VASPs, and other relevant professionals and bodies during these evaluations.

Appendix: Appendix 4 - Questionnaire for Chapter 1

The Appendix in question is a detailed questionnaire designed to update and assess the risk and context of a country's anti-money laundering (AML), counter-terrorist financing (CFT), and counter-proliferation financing (CPF) systems since their last Mutual Evaluation Report (MER) or follow-up report. It requires countries to summarize significant developments in their AML/CFT/CPF framework, including new risk assessments, changes in threat profiles, and major legislative or structural changes within financial institutions, Designated Non-Financial Businesses and Professions (DNFBPs), and Virtual Asset Service Providers (VASPs). The Appendix also includes a template for reporting the size and structure of these sectors, detailing the types of entities, their licensing or registration status, and the AML/CFT/CPF laws in force. Additionally, it covers legal persons and arrangements, requiring information on applicable laws, registration requirements, and updates on substantive changes. This information is critical for experts to

weigh the importance of each criterion during the re-rating process.