



Asia/Pacific Group
on Money Laundering

REVISED SECOND ROUND MUTUAL EVALUATION FOLLOW-UP PROCEDURES 2013

As adopted by APG members

September 2013

Introduction

1. These APG Mutual Evaluation Follow Up Procedures are applicable to the APG's second round of evaluations which was completed in 2012¹, to assess APG members' compliance with the global anti-money laundering and combating the financing of terrorism (AML/CFT) Standards (formerly known as the FATF Forty Recommendations and Nine Special Recommendations on Terrorist Financing).
2. Copies of these procedures can be found on the APG's website www.apgml.org.

Background

3. At the 2009 Annual Meeting members noted that the FATF was considering examining current follow-up processes and what could be done to strengthen them, noting also that proposals for changes to APG follow-up procedures might arise for consideration in 2010.
4. In July and November 2010 members adopted significantly expanded mutual follow-up procedures.
5. In July 2011, the ME follow up procedures were amended to:
 - make explicit the need for APG follow-up procedures to take into account priorities established by ICRG review exit procedures and monitoring processes;
 - make explicit the requirement that a member wishing to be considered for biennial update (i.e. reduced follow-up) must undergo a detailed analysis by a Review Team;
 - clarify that first and second year progress reports will generally not be subject to detailed analysis, but will be subject to a limited review by the Secretariat;
 - clarify that all third year detailed and progress reports in subsequent years (where the member is under enhanced follow-up or members otherwise decide that a detailed review is appropriate) will be subject to full analysis by a Review Team.
6. In July 2012, the ME follow up procedures were further amended to:
 - require that draft analysis reports will be provided to the evaluated member for comment before they are made available to all members prior to the Annual Meeting;
 - subject members with 10 or more NC/PC ratings on the 16 core/key Recommendations to expedited reporting obligations in the first and subsequent years following adoption of the MER, unless the membership decides otherwise (e.g. on the basis of low risk) and/or significant progress has been demonstrated;
 - clarify that fourth and subsequent year progress reports will address all core/key Recommendations remaining at the NC/PC level, as well as those non-core/key Recommendations rated NC/PC in the MER that were identified as key ML/TF risks in the MER or subsequent ME follow up analysis reports (if any);
 - bring forward the due date for biennial updates and regular progress reports (not involving a review team) by one month;
 - require Plenary discussion and intervener questions for all ME progress reports; and
 - align the APG's ME follow-up publication policy with the FATF, i.e. that ME follow-up analysis reports will only be published upon a member's removal from the regular follow-up process, or upon request from the member.

¹ The FATF adopted revised Standards in February 2012 (the "FATF Recommendations"). A substantial revision of the APG's ME procedures will be required in the lead up to the APG's third round of evaluations to align them with the FATF's revised AML/CFT Assessment Methodology which is expected to be adopted by the FATF Plenary in February 2013 and revised procedural documents.

7. In March 2013, the ME follow up procedures were further amended to:
- clarify that APG review teams are not bound by the conclusions of an ICRG report (and vice versa);
 - clarify that a review team's findings will generally be based on the deficiencies identified in the MER and make explicit that these findings are not binding on future assessments;
 - include a cut-off date of four (4) weeks prior to the Annual Meeting for provision of additional information by an evaluated member;
 - add a process for considering remaining areas of disagreement between the evaluated member and the review team and/or Secretariat following creation of the final draft of the analysis report;
 - clarify that findings on ratings by a review team in relation to non-core/key Recommendations will only be made based on a member's request to exit the regular follow-up process;
 - provide greater flexibility and selectivity in the use of interveners; and
 - simplify the naming conventions for follow-up reports.

ME follow up process – monitoring implementation

8. It is essential to the effectiveness and credibility of the mutual evaluation process that the APG effectively monitors members' progress in responding to the deficiencies identified in their mutual evaluation report (MER) in a timely manner.
9. As an Associate Member of the FATF, the APG is required to have follow-up procedures similar to those of the FATF. These procedures are based on the FATF's, but have been adapted to suit the specific needs and nature of the APG's membership and current levels of implementation in the region, and bearing in mind also practical/resource considerations and other existing processes.

Key principles

10. The key principles of effective follow-up procedures include:
- Follow-up should require evaluated members to rectify the deficiencies identified in the MER and to implement the recommendations made, focusing on the 16 core/key FATF Recommendations (rated PC or NC) and ,as applicable, those non-core/key Recommendations (rated PC or NC) that are directly relevant to addressing the major ML/TF risks identified in the MER²;
 - Three to four years following adoption of the MER is a reasonable timeframe for full implementation of measures to address the major deficiencies;
 - Mechanisms to encourage compliance with the FATF Recommendations include regular progress reporting and a set of enhanced follow-up measures, including expedited reporting if needed;
 - Members with more robust AML/CFT systems and fewer PC/NC ratings for the 16 core/key FATF Recommendations in their MER are subject to less onerous processes that exert less pressure, and vice-versa;
 - A risk-based approach will be taken, bearing in mind the size and nature of the APG membership, time and resource considerations, and the overall ML/TF risk posed by a member, to focus more attention on those members that have significant deficiencies

² The core Recommendations as defined in the FATF procedures are R.1, SRII, R.5, R.10, R.13 and SRIV. The key Recommendations are R.3, R.4, R.26, R.23, R.35, R.36, R.40, SRI, SRIII, and SRV.

against the 16 core/key FATF Recommendation (i.e. over 10 PC/NC ratings) and pose a higher ML/TF risk;

- Follow-up reports by members on enhanced or regular-expedited follow-up are subject to peer review, i.e. are reviewed by a small team of experts from APG members and observers so as to gauge the adequacy of post-ME implementation, with recommendations made to members regarding the mode of future follow-up and associated measures;
- A review team's findings as to whether compliance with a particular FATF Recommendation is essentially equivalent to LC will generally be based on the deficiencies identified in the MER.³ These findings are not binding on future assessments;
- Follow-up processes will take into account other complementary processes designed to enhance compliance, including technical assistance and training, implementation planning assistance and actions taken under the FATF's International Cooperation Review Group (ICRG) process. APG review teams and the Secretariat will take into account ICRG review and monitoring reports and other processes as appropriate, but are not bound by the conclusions of an ICRG report; and
- The APG will publish adequate information on the follow up process and members' progress.

Scope of coverage

11. These follow-up processes (initially adopted in July 2010, and refined in July 2011, July 2012 and (insert month) 2013) apply to **all** APG MERs adopted in the second round of APG mutual evaluations, i.e. including retrospectively to MERs adopted between 2005 and 2012.

Relationship between ICRG and ME follow-up processes

12. Although ICRG and ME follow-up processes are complementary they serve different purposes. Analysis Reports will draw on any ICRG review report (prima facie, targeted or progress 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 review team will not be bound by the conclusions of the ICRG report. The Review Team might 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). APG Analysis Reports of members' progress will also take into account the targeted review exit procedures and priorities identified for follow-up monitoring.

Three modes of follow-up

13. There are three possible follow-up processes members can apply, on or after the time of adoption of a MER, to give substance to the principles outlined above, namely:
 - a) Biennial update (or "reduced follow-up");
 - b) Regular follow-up; and
 - c) Enhanced follow-up.
14. The processes for all three types of follow-up are explained below and in individual flowcharts at Annex A (i).

³ Where a Review Team finds that one or more essential criteria in the 2004 Methodology were not addressed in the MER and a consideration of these criteria is material for determining whether the current level of compliance with a particular FATF Recommendation is essentially equivalent to LC, an evaluated member may be asked to provide evidence of their compliance with these criteria and this will be taken into account in the Review Team's conclusions.

a. Biennial update (reduced follow-up)

15. **Criteria:** Biennial update will apply in the following two circumstances:
 - a) When a member's MER is adopted with either C or LC ratings for the six core FATF Recommendations, i.e. no PC/NC ratings, **and** if members agree; or
 - b) At any other time (i.e. at a subsequent Plenary) if members decide a member has taken 'sufficient action' to be considered for removal from regular follow-up. For 'sufficient action' to be shown, members would have to be satisfied that the member has an effective AML/CFT system in force, with the member having implemented the six core FATF Recommendations at a level essentially equivalent to a C or LC, taking into consideration that there would be no formal re-rating. Such a decision needs to be supported by a detailed Analysis Report prepared by a Review Team (see paragraph 22 below)
16. **Frequency:** Biennial updates involve the submission of progress reports every two years, with the first report submitted no later than two years after the adoption of the MER and further updates provided every two years thereafter.
17. **Analysis:** Biennial update reports will generally not be subject to any detailed analysis but only to a limited review by the APG Secretariat, except in cases where the limited review indicates a lack of satisfactory progress, in which case a more detailed report would be prepared by the Secretariat (see also paragraph 18 (b) below). A draft of the Secretariat review will be sent to the evaluated member for comment before being provided to all APG members and observers, together with the member's biennial update report, ahead of the Annual Meeting.
18. **Reporting to members:** Biennial update reports will be circulated to members and observers for information (for the APG's FATF members) or adoption by members in plenary (for the APG's non-FATF members). They may also be circulated for adoption by members out-of-session, i.e. not at the Annual Meeting, unless they include a recommendation to place the member back on regular follow-up.
19. **Decision:** When considering biennial reports, members may decide to:
 - a) Adopt the biennial update report and continue with biennial updates; or
 - b) Adopt the biennial update report but place the member on regular follow-up because of concerns about implementation or lack of sufficient progress, with a detailed progress report to be submitted (and subject to review by an APG review team) for the next Annual Meeting.

b. Regular Follow-up

20. **Criteria:** Regular follow-up will apply where the MER shows significant deficiencies in the member's AML/CFT system. This process will apply in two circumstances:
 - a) Where any of the six core FATF Recommendations are rated either PC or NC; or
 - b) Where members so decide.
21. **Frequency:** Where members agree that there should be regular follow-up, they should also decide which steps a member should take to report. The following standard process will apply (unless members decide to apply an expedited reporting timetable per paragraphs 27(a)(ii) and paragraph 35 below):
 - a) **First year** – Members receiving fewer than 10 NC/PC ratings on the 16 core/key Recommendations are not required to submit a ME follow-up progress report at the first Annual Meeting after adoption of the MER, reflecting the better ratings achieved (and to ensure that more time is given for scrutiny of members with lower ratings at the Annual Meeting). However, in the interests of transparency and accountability members in that category are nevertheless strongly encouraged to report on their post-

MER implementation planning at the Annual Meeting. Members are strongly encouraged to use the APG Strategic Implementation Planning (SIP) Framework for that purpose.

- b) Members receiving 10 or more NC/PC ratings on the 16 core/key Recommendations will normally be required to submit their implementation plan and an expedited second year progress report (see (c) below), unless members decide otherwise (e.g. on the basis of low risk).
 - c) Second year – Members with fewer than 10 NC/PC ratings on the 16 core/key Recommendations are required to report on actual implementation against all FATF Recommendations in the MER with either NC or PC ratings. Members under expedited reporting per paragraph (b) above are required to provide a detailed progress report against all MER recommendations per paragraph (d) below.
 - d) Third year Detailed Progress Report– Members with fewer than 10 NC/PC ratings on the 16 core/key Recommendations are required to provide a detailed progress report against all MER recommendations with full supporting documentation. Members under expedited reporting are required to provide a further progress report with the scope of and deadline for the report to be decided by members (see paragraph (e) below).
 - e) Subsequent years –Scope of and deadline for report to be decided by members. At a minimum a member will need to submit a progress report on the core/key Recommendations still at NC/PC level of compliance, as well as on those non-core/key Recommendations rated NC/PC that have been identified as major ML/TF risks in the MER or subsequent ME follow up analysis reports.
22. Analysis: First and second year reports will generally not be subject to any detailed analysis but only to a limited review by the APG Secretariat, except in cases where the limited review indicates a serious lack of progress, in which case a more detailed report would be prepared by the Secretariat. A Secretariat analysis report will not contain any findings on ratings and will be provided to the evaluated member for comment before being provided to all APG members and observers, together with the member's progress report, ahead of the Annual Meeting. (see also paragraphs 22, 28(a) and 31 below).
23. Third Year Detailed Progress Reports to be subject to Independent, Full Analysis: Where a member is submitting their Third Year Detailed Progress Report, the following process will apply:
- a) A detailed analysis will be undertaken by a Review Team made up of 2 – 4 experts, with each Review Team supported by the APG Secretariat. In forming a Review Team, the Secretariat will seek to involve former ME team members and/or other experts experienced in the Assessment Methodology. The review will be a paper-based “desk review”. The analysis and recommendations to members (see paragraph 28 below) will be made by the Review Team as a whole.
 - b) The Review Team will analyse actions taken to address deficiencies/factors underlying each of the 16 core/key Recommendations rated PC or NC. The Review Team will indicate the extent to which the deficiencies have been resolved, and indicate whether sufficient progress has been made. ‘Sufficient progress’ has been made when the member has implemented a Recommendation at a level essentially equivalent to a C or LC using the FATF *AML/CFT Assessment Methodology 2004*, but taking into consideration that there would be no formal re-rating. In assessing whether sufficient progress had been made, effectiveness would be taken into account (to the extent possible in a desk-based review).
 - c) The Review Team will also examine, where applicable, non-core/key FATF Recommendations rated either PC or NC, particularly if any have been identified as a major ML/FT risk in the MER. Findings as to whether a non-core/key Recommendation has been implemented at a level essentially equivalent to LC will

only be made in cases where a member has requested to exit the regular follow-up process and move to biennial reporting.

- d) The Review Team will prepare an Analysis Report which will be sent to the evaluated member for comment before being provided to all APG members and observers, together with the members' Detailed Progress Report, ahead of the Annual Meeting. In the final version of the Analysis Report, the evaluated member will be given the opportunity to respond to the findings of the Analysis Report in a concise and focused manner (in a format of an extra section at the end of the Analysis Report).
24. Subsequent year progress reports prepared under the regular follow-up process will normally be subject to analysis by the Secretariat, though members may decide that a Review Team should be retained or formed to prepare an Analysis Report if it has concerns about the member's level of progress (in these circumstances the member would normally also be requested to submit an expedited further progress report). Members seeking to move from regular to biennial follow-up are always required to submit a detailed progress report which will be subject to detailed analysis by a Review Team, so that a decision can be made as to whether 'sufficient progress' has been made in relation to the six core FATF Recommendations. The Secretariat or Review Team analysis of members' subsequent year progress reports will address the core/key Recommendations still at a NC/PC level of compliance, as well as the non-core/key Recommendations rated NC/PC that have been identified as major ML/TF risks in the MER or subsequent ME follow up analysis reports.
 25. Reporting to members – First and Second Year Reports: All first year implementation planning reports and second year progress reports will be submitted to members with a covering Secretariat note (and, if necessary, a more detailed analysis – see paragraph 21 above) with a recommendation to members as to future follow-up (see paragraph 28 below).
 26. Reporting to members – Third Year Detailed Progress Reports: All third year detailed progress reports will be submitted to members with a covering Secretariat note containing recommendation(s) for decision by members (see paragraph 28 below); as well as the Analysis Report by the Review Team (and, if applicable, any ICRG reports), to support the recommendation(s).
 27. Reporting to members –Subsequent Progress Reports: All subsequent progress reports will be submitted to members with a covering Secretariat note containing recommendation(s) for decision by members (see paragraph 28 below); as well as the Analysis Report by the Review Team or Secretariat (and, if applicable, any ICRG reports), to support the recommendation(s).
 28. Decision: Members may decide that:
 - a) A member has not taken satisfactory steps to address the identified deficiencies. In these circumstances, members may decide either:
 - i) to move the member to the enhanced follow-up process (see below); or
 - ii) to maintain the regular follow-up process and require a further detailed progress report at the next Annual Meeting. Where the deficiencies identified in a MER or progress report are more serious, but not sufficiently serious to warrant application of enhanced follow-up, members could decide on a more expedited timetable of reporting under the regular follow-up process. Equally, if a member wants to report back sooner, this would be acceptable.
 - b) The member has taken steps to deal with the deficiencies, and is making satisfactory progress, but needs further time before it could be considered for removal from the regular follow-up process. In these circumstances, members could ask the member to continue with regular follow-up and to provide a further detailed progress report at the next Annual Meeting.
 - c) The member has taken sufficient action to be considered for removal from the regular follow-up process and be graduated to biennial update.

c. Enhanced follow-up

29. Criteria: Members may, at any stage, including on adoption of the MER, decide to subject an evaluated member to enhanced follow-up if the evaluated member has serious failings in its implementation of the FATF standards.
30. Analysis: The analysis leading to a recommendation to either subject or remove a member from enhanced follow-up will include the MER results at adoption; any detailed Analysis Report by a Review Team or the Secretariat during the regular or enhanced follow-up process; any ICRG reports and findings, and other analysis as directed by members.
31. Reporting to members: All progress and Analysis Reports (including recommendations for future follow-up – see below) will be submitted to the Mutual Evaluation Working Group for consideration and endorsement in the first instance, before being submitted to members with a covering Secretariat note.
32. Decision and Graduated Steps: Members may decide that:
 - a) The member has taken some steps to deal with the deficiencies, and is making reasonable progress, but needs further time before it could be considered for removal from the enhanced follow-up process – the membership could ask the member to continue with enhanced follow-up and to provide a further detailed progress report at the next Annual Meeting.
 - b) The member has taken sufficient action to be considered for removal from the enhanced follow-up process and should be moved to regular follow-up. Exit from enhanced follow-up would be subject to any conditions imposed by members, e.g. expedited reporting.
 - c) In cases where a member's MER on adoption demonstrates serious failings in its implementation of the FATF standards, or a member shows insufficient progress or fails to respond to follow-up processes, members shall decide that the member should be subject to enhanced follow-up and impose one or more of the following measures (these measures would generally be applied on a graduated basis, unless members agree otherwise):
 - i) Expedited reporting within a fixed timeframe, either a full detailed progress report or addressing specific Recommendations as determined by members.
 - ii) 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.
 - iii) Arrange a high level mission. This mission would meet with Ministers and senior officials.
 - iv) Refer the matter to the FATF for possible consideration under the FATF's ICRG process;
 - v) In the context of the application of Recommendation 19 (former Recommendation 21) by members, issuing a formal APG statement to the effect that the member is insufficiently in compliance with the FATF Recommendations, and recommending appropriate action, and considering whether additional counter-measures are required.
 - vi) Suspend a member from some/all APG activities until membership requirements are met.
 - vii) Terminate APG membership.

Reporting Format

33. A standard ME Progress Report format has been prepared for use by members (see Attachment A (ii)). The template should be used for all types of progress reports, though not all sections of the template may need to be completed depending on where the member is in the follow-up process. The template includes detailed instructions for use.

Submission of ME Progress Reports

34. Biennial update and Regular follow-up (Years 1 and 2): Biennial updates, planning and implementation reports (Year 1) and second year progress reports under the regular follow-up process must normally be provided by evaluated members to the APG Secretariat three months prior to the APG Annual Meeting (i.e. by 30 April), or as otherwise decided by members.
35. Regular follow-up (Year 3 or as directed): Detailed progress reports must be provided to the APG Secretariat six months prior to the APG Annual Meeting (i.e. by 31 January) or as otherwise decided by members (e.g. under an expedited reporting process). This will provide sufficient time for the APG Secretariat to form Review Teams for detailed analysis as outlined above. Regular follow-up (Subsequent year progress reports): Submission dates for progress reports in subsequent years will be decided by members. Regular progress reports will normally be required three months prior to the Annual Meeting. Where members decide that analysis by a Review Team is required, or a member requests that a Review Team be formed, the progress report must be provided to the APG Secretariat six months prior to the APG Annual Meeting, or as otherwise decided by members.
36. Expedited/enhanced Reports: The timing and frequency will be determined by members.

Provision of additional information

37. Additional information provided by a member after the submission of an ME progress report will only be taken into account for the purposes of the analysis report if it is received by the Secretariat no less than four weeks prior to the commencement of the Annual Meeting. This does not preclude members from providing factual updates to the Secretariat (and the membership) after the cut-off date, including at the Annual Meeting. However, analysis reports will not be revised based on any additional information provided after the cut-off date (unless warranted by exceptional circumstances and at the discretion of the Secretariat or as directed by the Plenary).

Remaining areas of disagreement

38. Remaining areas of disagreement between the evaluated member and the Review Team and/or Secretariat following creation of the final draft of the analysis report (including a member's formal comments annexed to the report) will be brought to the attention of members prior to the Annual Meeting, through inclusion of the points of contention in the covering Secretariat Note attached to each analysis report, as well as in the Secretariat's ME follow up summary paper for the Annual Meeting. Evaluated members are strongly encouraged to raise any remaining areas of disagreement (in particular regarding "ratings" proposed by an APG Review Team in the Analysis Report) no later than two weeks prior to the commencement of the Annual Meeting in order to facilitate members' ability to provide considered responses before or at plenary.

Follow-up for joint APG/FATF Members

39. 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. This will avoid duplication between the two bodies. Joint APG/FATF members' ME progress reports and any associated FATF Secretariat analysis will be distributed to all

APG members and tabled at the APG Annual Meeting. FATF ME Progress reports should be provided up to two months prior to the Annual Meeting.

Annual Meeting discussion of ME follow up reports

40. Prior to the Annual Meeting the APG Secretariat will select members to ask questions during the discussion of ME follow up analysis reports at the Annual Meeting. Delegates of selected members (interveners) will have the responsibility of raising substantive or policy issues in the analysis report to initiate discussion. The Secretariat will work closely with the interveners to ensure that appropriate issues are raised. The interveners will prepare their questions and make them available to the APG Secretariat prior to the Annual Meeting. The number of interveners used at the Annual Meeting will depend on individual circumstances and be subject to the discretion of the APG Co-Chairs.
41. In determining the number of interveners, the APG Secretariat and Co-Chairs will take into account (but are not limited by) the following considerations:
 - Proposed mode of follow-up;
 - Involvement in ICRG processes;
 - Level of AML/CFT risk and materiality of identified deficiencies;
 - Resource and time constraints.
42. Following any intervener questions and answers by each member, there will be an opportunity for plenary discussion of the analysis report, during which any APG member or observer can ask questions of the member whose ME follow-up report is being discussed or the Secretariat (as coordinator of the ME follow-up process).

Publication of ME follow-up information⁴

43. The APG will publish the APG Review Team's detailed Analysis Report (as well as the member's detailed progress report) upon a member's removal from the regular follow-up process. The detailed Analysis Report will be placed on the APG website following its adoption at the Annual Meeting, including the Review Team's recommendation to remove the member from the regular follow-up process and place the member on "reduced follow-up" (including submission of biennial update reports), with the following introductory statement:

"This report by the APG Review Team provides an overview of the measures that [member] has taken to address the major deficiencies relating to Recommendations rated NC or PC since its last mutual evaluation. The progress shown indicates that sufficient action has been taken by [member] to address those major deficiencies, and in particular related to Recommendation(s) [applicable Recommendation(s)]. It should be noted that this not constitute a revision of the ratings contained in the MER, but is a reflection of the subsequent progress made by [member]."
44. All other Analysis Reports (and/or any other information relevant to the actions a member is taking to enhance its AML/CFT system) will be placed on the APG website upon request from a member subject to the report.

Conclusion of second round follow-up process⁵

45. Due to the commencement of the APG's third round of mutual evaluations in 2013/14, the APG's second round follow-up process will be phased out in two stages. For members under biennial, regular (and regular-expedited) follow-up, the second round follow-up process will

⁴ At the 2012 Annual Meeting members decided to align the APG's ME follow-up publication policy with the FATF, i.e. to publish a ME follow-up analysis report upon a member's removal from the regular follow-up process or upon request by a member.

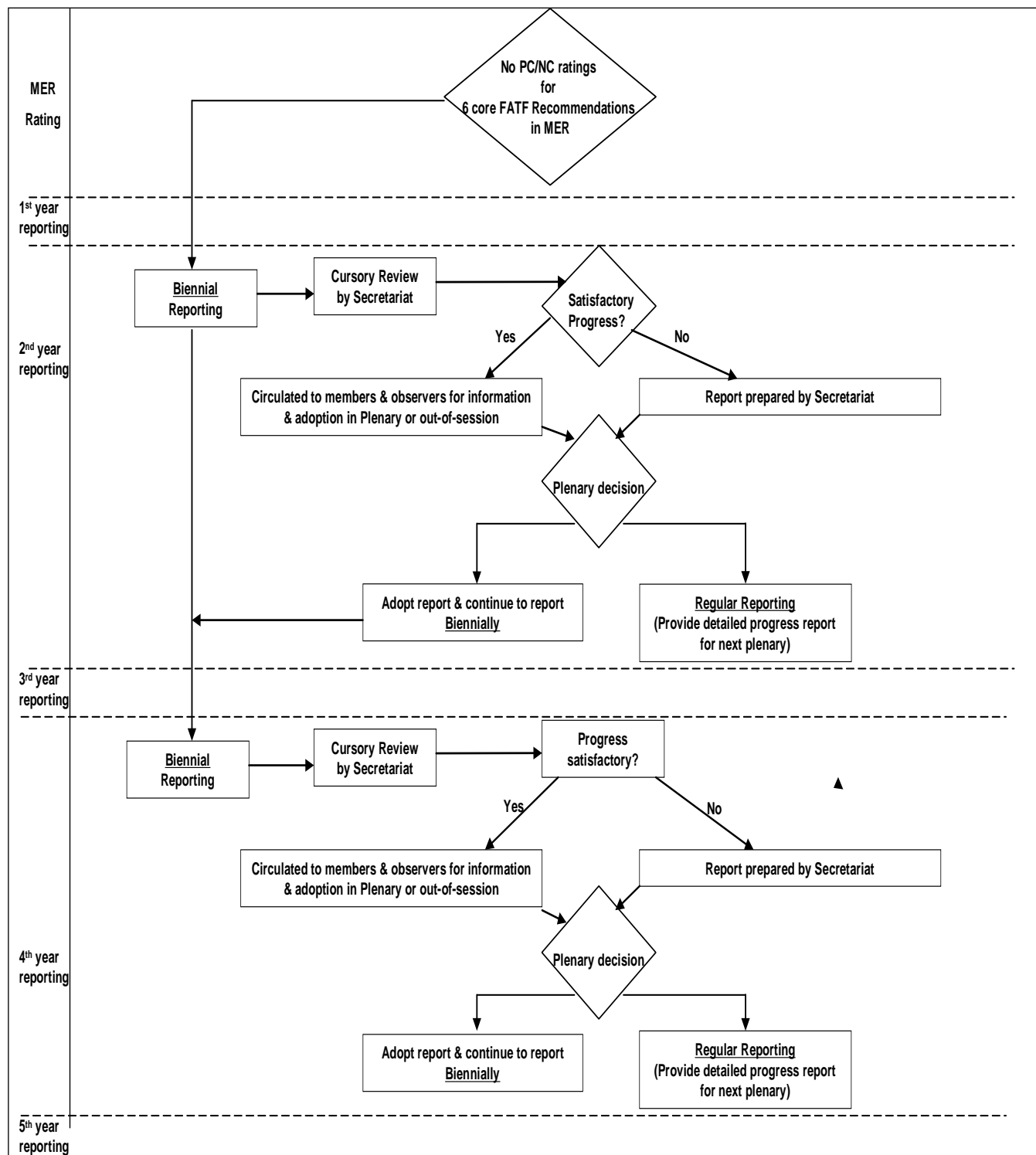
⁵ At the 2013 Annual Meeting members agreed to phase out the APG's second round follow-up process in two stages.

conclude at the 2014 Annual Meeting. For members under enhanced follow-up, the second round follow-up process will conclude at the 2015 Annual Meeting.

September 2013

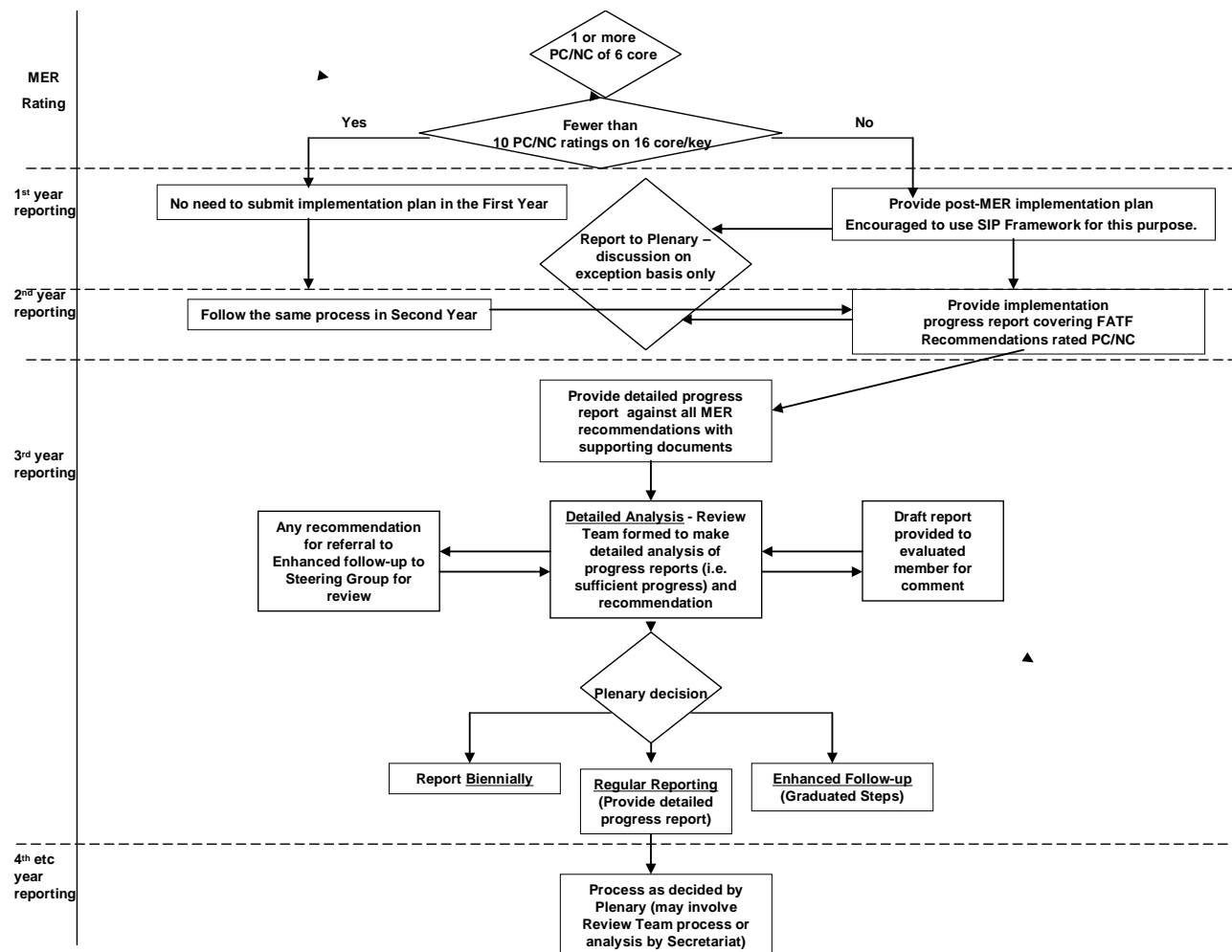
APG Mutual Evaluation Follow-Up Processes Flowcharts

(a) Biennial Update (reduced follow-up)



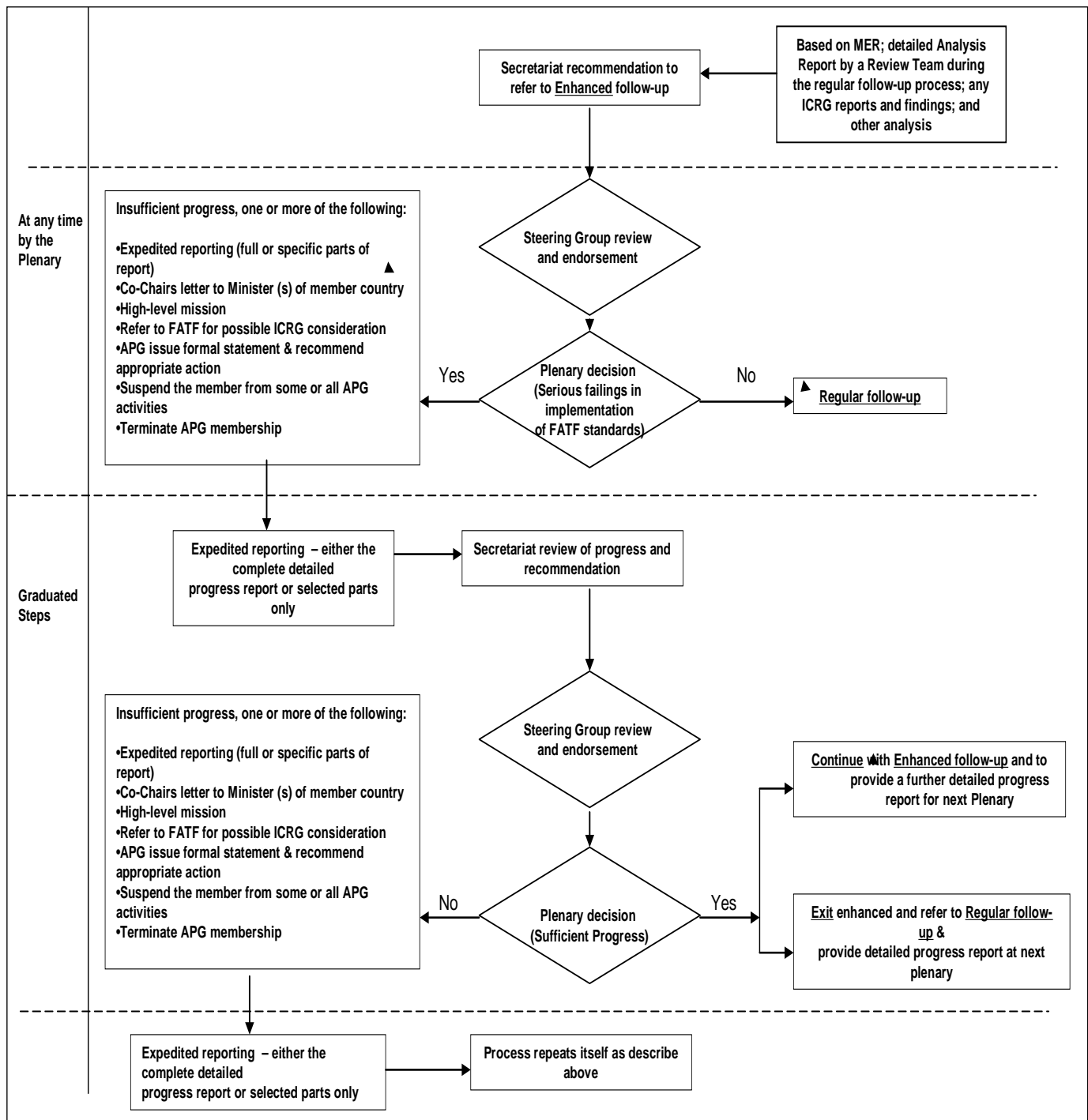
APG Mutual Evaluation Follow-Up Processes Flowcharts

(b) Regular Follow-up



APG Mutual Evaluation Follow-Up Processes Flowcharts

(c) Enhanced Follow-up



Instructions

- a) Biennial update (reduced follow-up): Complete the Introductory Section and Parts 1 and 2 of the ME Progress Report template.
- b) Regular follow-up – Year 1: Complete the Introductory Section and include information on the post-evaluation implementation planning process, including a copy of the draft implementation plan.
- c) Regular follow-up – Year 2: Complete the Introductory Section and Parts 1 and 2 of the ME Progress Report template.
- d) Regular follow-up – Year 3: Complete all sections of the ME Progress Report template and include as attachments all necessary laws, regulations and other information, including relevant data and information for assessing effectiveness,
- e) Regular follow-up – Year 4 etc: Depending on the decision by members as to the scope of the reporting requirement, complete sections of the ME Progress Report template as appropriate and include as attachments all necessary laws, regulations and other information, including relevant data and information for assessing effectiveness,
- f) Enhanced follow-up with expedited reporting: Complete all sections of the ME Progress Report template or only specific sections depending on the decision of members.

APG Annual Meeting**Mutual Evaluation Progress Report****[APG MEMBER NAME HERE]****Introduction****1. Recommendations and Special Recommendations rated PC and NC in the Mutual Evaluation Report**

Core Recommendations⁶ rated NC or PC
Key Recommendations⁷ rated NC or PC
Other Recommendations rated NC or PC

2. Summary of implementation strategy, approach and progress made since the adoption of MER/DAR at APG Annual Meeting, particularly over the past 12 months**Insert text here**

⁶ The core Recommendations as defined in the FATF procedures are R.1, SRII, R.5, R.10, R.13 and SRIV.

⁷ The key Recommendations are R.3, R.4, R.26, R.23, R.35, R.36, R.40, SRI, SRIII, and SRV. Such recommendations are carefully reviewed when considering removal from the follow-up process.

**PART 1(a): MEASURES TAKEN TO ADDRESS THE DEFICIENCIES/IMPLEMENT MER/DAR RECOMMENDATIONS IN
RELATION TO THE 6 CORE FATF RECOMMENDATIONS**

40 + 9 Recommendations	Rating	MER/DAR Recommendations	Description of actions taken or being taken to remedy deficiencies/ implement MER/DAR recommendations⁸
R.1			
SR. II			
R. 5			
R.10			
R. 13			
SR. IV			

**PART 1(b): MEASURES TAKEN TO ADDRESS THE DEFICIENCIES/IMPLEMENT MER/DAR RECOMMENDATIONS IN
RELATION TO THE 10 KEY FATF RECOMMENDATIONS**

40 + 9 Recommendations	Rating	MER/DAR Recommendations	Description of actions taken or being taken to remedy deficiencies/ implement MER/DAR recommendations
R.3			
R.4			
SR. III			
R. 26			
R.23			

⁸ Please clearly indicate when a particular action was taken when filling out the “Description of actions taken” section.

40 + 9 Recommendations	Rating	MER/DAR Recommendations	Description of actions taken or being taken to remedy deficiencies/ implement MER/DAR recommendations
R. 35			
SR.1			
R.36			
SR.V			
R.40			

**PART 2: MEASURES TAKEN TO ADDRESS THE DEFICIENCIES/IMPLEMENT MER/DAR RECOMMENDATIONS IN
RELATION TO OTHER FATF RECOMMENDATIONS RATED AS NC OR PC**

40 + 9 Recommendations	Rating	MER/DAR Recommendations	Description of actions taken or being taken to remedy deficiencies/implement MER/DAR recommendations

PART 3: ANY OTHER MEASURES TAKEN TO ADDRESS THE DEFICIENCIES/IMPLEMENT MER/DAR RECOMMENDATIONS, INCLUDING IN RELATION TO OTHER FATF RECOMMENDATIONS RATED AS LC

40 + 9 Recommendations	Rating	MER/DAR Recommendations	Description of actions taken or being taken to remedy deficiencies/implement MER/DAR recommendations

Annexes (e.g. copies of implementation plans, new laws, regulations, statistics)

Please attach any relevant laws, regulations etc.

If not already provided above, please provide the following statistics (as per FATF Recommendation 32):

(a) Suspicious transaction reports, and other reports where appropriate under domestic law, received and disseminated -

- STRs received by the FIU, including a breakdown of the type of financial institution, DNFBPs, or other business or person making the STR;
- Breakdown of STRs analysed and disseminated;
- Reports filed on: (i) domestic or foreign currency transactions above a certain threshold, (ii) cross border transportation of currency and bearer negotiable instruments, or (iii) international wire transfers.

(b) ML & FT investigations; prosecutions and convictions, and on property frozen; seized and confiscated -

- ML and FT investigations, prosecutions, and convictions;
- The number of cases and the amounts of property frozen, seized, and confiscated relating to (i) ML, (ii) FT, and (iii) criminal proceeds; and
- Number of persons or entities and the amounts of property frozen pursuant to or under U.N. Resolutions relating to terrorist financing.

(c) Mutual legal assistance or other international requests for co-operation –

- All mutual legal assistance and extradition requests (including requests relating to freezing, seizing and confiscation) that are made or received, relating to ML, the predicate offences and FT, including the nature of the request, whether it was granted or refused, and the time required to respond;
- Other formal requests for assistance made or received by the FIU, including whether the request was granted or refused;
- Spontaneous referrals made by the FIU to foreign authorities.

(d) Other action

- On-site examinations conducted by supervisors relating to or including AML/CFT and any sanctions applied.
- Formal requests for assistance made or received by supervisors relating to or including AML/CFT, including whether the request was granted or refused.