

## **26<sup>th</sup> EAG PLENARY MEETING**

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### **WORKING GROUP ON MUTUAL EVALUATIONS AND LEGAL ISSUES (WGEL)**

*May 22, 2017*

### **PROCEDURES OF THE EAG 2ND ROUND OF MUTUAL EVALUATIONS**

*For any inquiries, please, contact the EAG Secretariat:*

*Nikita BOBRY SHEV,  
Dmitry KOSTIN,*

*Tel.: + 7 (495) 950-35-87,  
Tel.: + 7 (495) 950-35-87,*

*E-mail: [Bobryshev@eurasiangroup.org](mailto:Bobryshev@eurasiangroup.org)  
E-mail: [Kostin@eurasiangroup.org](mailto:Kostin@eurasiangroup.org)*

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## PROCEDURES OF THE EAG 2ND ROUND OF MUTUAL EVALUATIONS

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## I. Introduction

1. The given document describes the process and procedures of the EAG 2<sup>nd</sup> round of mutual evaluations and has been prepared with a view to expand and adopt the appropriate provisions developed within the FATF framework to a regional dimension.

2. The EAG mutual evaluations are conducted in accordance with the schedule and based on the *FATF Universal Procedures*<sup>1</sup>, as well as on the *FATF 40 Recommendations* (2012) with the application of the *Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems* (2013, hereinafter the *Methodology*), as amended from time to time.

3. These procedures regulate all stages of mutual evaluations, in particular:

- Preparation for the on-site visit:
  - Providing information updates on Technical Compliance and conducting desk-based review;
  - Providing information on Effectiveness;
  - Formation of Assessment Team and determining responsibilities of Assessment Team;
  - Identifying potential areas of increased focus for on-site;
  - Developing program for on-site;
- On-site visit;
- Preparation for the Plenary discussion:
  - Preparing draft Executive Summary and draft mutual evaluation report (hereinafter MER);
  - Quality and consistency review;
  - Holding face to face meetings;
  - Identifying issues for Plenary (WGEL) discussion;
- Plenary discussion;
- Follow-up procedures.

4. The important requirement for the EAG Secretariat (hereinafter the Secretariat), the assessors, the reviewers and the countries being evaluated is to respect timelines at each stage of mutual evaluation.

5. Copies of these procedures are available at the EAG website ([www.eurasiangroup.org](http://www.eurasiangroup.org)).

## II. Scope, Basis and Principles of Mutual Evaluations

6. The main goal of mutual evaluations is to assess technical compliance with the FATF Recommendations and effectiveness of the country's anti-money laundering and countering the financing of terrorism and proliferation system (AML/CFT).

7. Presented below are the general principles that govern FATF mutual evaluations as well as mutual evaluations conducted by the FATF-Style Regional Bodies (FSRBs), the

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<sup>1</sup> FATF Consolidated processes and procedures for mutual evaluations and follow-up

International Monetary Fund (IMF) and the World Bank (WB). The assessment process and procedures should:

- a) *Produce objective and accurate reports of a high standard in a timely way;*
  - b) *Ensure that there is a level playing field, whereby mutual evaluation reports (MERs), including the executive summaries are consistent, especially with respect to the findings, the recommendations and ratings;*
  - c) *Ensure that there is transparency and equality of treatment, both in terms of the assessment process, for all countries assessed;*
  - d) *Seek to ensure that the evaluation and assessment exercises conducted by all relevant organizations and bodies (FATF, IMF, World Bank, FSRBs) are consistent and of a high standard;*
  - e) *(i) be clear and transparent; (ii) encourage the implementation of higher standards; (iii) identify and promote good and effective practices; and (iv) alert governments and the private sector to areas that need strengthening;*
  - f) *Be sufficiently streamlined and efficient, to ensure that there are no unnecessary delays or duplication in the process and that resources are used effectively.*
8. The EAG member states may be assessed in one of the following ways:
- Mutual evaluation by the EAG;
  - Joint FATF/EAG/FSRB evaluation of the EAG member states that are also the FATF members and the members of other FSRB;
  - Assessment by the IMF or by the WB.

### **III. Changes in the Standards**

9. Since further changes may be introduced into the FATF Recommendations adopted in 2012 as well as into the Interpretive Notes and 2013 Methodology, all member states shall be evaluated on the basis of the aforementioned documents as they exist at the date of the country's on-site visit. The report should state clearly if an assessment has been made against recently amended Standards. To ensure equality of treatment, and to protect the international financial systems, compliance with the relevant elements of the changes could be assessed as part of the follow-up process, if they have not been assessed or as part of the mutual evaluation.

### **IV. Schedule for Mutual Evaluations**

10. The schedule of the EAG mutual evaluations is adopted by the Plenary.
11. The following aspects should be taken into account in course of scheduling mutual evaluations:
- a) Sequence of mutual evaluations is determined primarily by the sequence in which the countries were assessed under the first round of the EAG mutual evaluations;
  - b) The timelines of evaluation of the EAG countries that are also the FATF members are determined by the FATF and included in the EAG mutual evaluation schedule;
  - c) New EAG member states, if any, will be included in the EAG mutual evaluation schedule. If a new EAG member state has never been subject to evaluation for compliance with the FATF Standards its assessment should be conducted in 1.5 years after obtaining the EAG membership at the latest;

- d) If any of the EAG member states voluntary request its evaluation ahead of the schedule, such request should be discussed by the Plenary;
- e) d) The scheduled date of possible FSAP mission by the WB and IMF (see Section VIII of the procedures);
- f) To avoid duplication of efforts, the Secretariat should inform IMF and WB on the evaluation/ assessment schedule. If the IMF or the World Bank plans to conduct evaluation of the EAG member states, the EAG Secretariat should be informed about it as early as possible;
- g) The EAG will typically evaluate one – two countries each year.

## V. Procedures and Steps in the Evaluation Process

12. Procedures described in this Section apply to the general evaluation process. They are summarized in the Timeline for Mutual Evaluation attached as Annex 1. The detailed Evaluation Plan indicating the responsible persons and organizations will be used by the Secretariat as the reference for developing evaluation plans for the individual EAG member states (see Annex 2).

13. The assessed countries and assessment teams have the flexibility to extend the overall timeline by up to one or two months in order to plan around EAG Plenary meetings, events or holidays, or to adjust the date of the on-site visit to the most appropriate time. In practice, this may require an earlier start to the evaluation process as there is no scope for reducing the time allocated to the post-onsite stages of the process, and the assessed country and assessment team should therefore agree on the broad timeline of the evaluation at least 14 months before the EAG Plenary discussion.

14. Since the onus is on the country to demonstrate that it has complied with the Recommendations and is effective, therefore, the county should provide all necessary information to the assessment team in course of the evaluation.

### 1. Preparation for the On-Site Visit

#### *a) On-Site Visit Date*

15. The on-site visit date, detailed timeframe and the language of assessment (the English or Russian language) should be determined by the Secretariat in coordination with the relevant EAG member state as early as possible or at least six (6) months prior to the on-site visit.

16. Taking into account the timeline established by these Procedures the on-site visit should take place at least six (6) months prior to the EAG Plenary that will discuss the mutual evaluation report. Assuming that the EAG Plenary meetings are held in May and November, the on-site visits should ideally be conducted not later than in April and October of every year.

17. The EAG Chairman should notify in writing the EAG member state to be assessed of the upcoming evaluation at least 7 month prior to the on-site visit with reference to the relative decision of the EAG Plenary Meeting (schedule of mutual evaluations), and should outline in his letter the main aspects of the planned on-site visit and the administrative requirements for appropriate preparation and conduction of the on-site.

#### *b) Completion of the Questionnaire Template and Tables for Providing Information Updates on Technical Compliance*

18. The EAG member states should complete the questionnaire template<sup>2</sup> and tables for providing information updates on technical compliance (Annex 3). These tables and template should, along with the copies of the relevant laws, regulations and other documents, be forwarded to the Secretariat at least six (6) months prior to the on-site visit. The provisional list of such accompanying documents is presented in Annex 5. Prior to provision of the required accompanying documents, it would be desirable to have informal engagement between the country and the Secretariat.

19. All required laws, regulations, guidelines and other relevant documents should be available in the language of the evaluation and the original language. The completed template and tables as well as the relevant documents should be provided in an electronic format.

*c) Desk-Based Review for Technical Compliance*

20. The provided information along with the previous mutual evaluation report, follow-up reports and detailed report for removal from the 1<sup>st</sup> round follow-up process will be used as the starting basis for the assessment team to conduct the desk-based review of technical compliance. In some countries, AML/CFT issues are matters that are addressed not just at the level of the national government, but also at state/province or local levels. The assessed country should report on AML/CFT measures which are regional (local / district / regional) character and are an area of responsibility of the local authorities. The assessors should also take into account and refer to supra-national laws or regulations that apply to a country.

21. Prior to the on-site visit, the assessors should conduct a desk-based review with regard to the assessed country's level of technical compliance with FATF Recommendations, the contextual factors and ML/TF risks. The assessment team should, however, not be bounded by the findings from the previous MER and follow-up reports, and may highlight relevant strengths or other weaknesses not previously noted. If the assessors reach a different conclusion to previous MER and follow-up reports, (in cases where Standards and the legislation have not changed) then they should explain the reasons for their conclusion.

22. In conducting the assessment, assessors should only take into account relevant laws, regulations and 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 be referred to in the MER (including for the purpose of the recommendations to be made to the country) but should not be taken into account in the conclusions of the assessment or for ratings purposes.

23. The technical compliance annex is drafted by the assessors with support of the Secretariat, the assessment team should provide the assessed country with a 1<sup>st</sup> draft of the technical compliance annex without ratings or recommendations at least three (3) months before the on-site. This will include a description, analysis, and list of potential technical deficiencies noted. The country will have one (1) month to clarify and comment on this 1<sup>st</sup> draft on technical compliance.

*d) Information on Effectiveness*

24. The EAG member states should provide information on effectiveness based on the 11 Immediate Outcomes identified in the effectiveness assessment no less than five (6 to 5) months before the on-site. They should set out how each Core Issues are being addressed as set out in each Immediate Outcome. It is important for the EAG member states to provide a full and

<sup>2</sup>The template is intended as a guide to assist the EAG-member states in providing relevant information on their assessment(s) of money laundering and terrorist financing risks, on any new laws and regulations adopted since their last update to the EAG and any other relevant information.

accurate description including examples of information, data and other factors that would demonstrate the level of effectiveness of the AML/CFT regime.

*e) Formation and Responsibilities of Assessment Team*

25. In order to have sufficient number of well-trained assessor the EAG intends to conduct regular training workshops for the assessor on an on-going basis. The EAG compiles the list of trained assessors (experts) who will take part in the mutual evaluation process in future. The EAG observers may also offer their experts to take part on assessment processes or provide other assistance in this regard.

26. The EAG intends to conduct regular meetings and consultations with the assessed countries to discuss all mutual evaluations issues before conducting on-site mission.

27. The assessment team should be formed by the Secretariat in coordination with the EAG Chairman where necessary.

28. The EAG Chairman should send the letter to the assessor country (organization) requesting it to provide the relevant persons (experts) for conducting mutual evaluation.

29. An assessment team will consist of up to 8 team members. The assessment team will usually consist of six assessors ( legal expert, financial expert and law enforcement expert), supported by two members of the Secretariat. The Secretariat may reduce the number of assessors, if necessary.

30. Assessor should be typically drawn from the EAG member states. The Secretariat, with the consent of the assessed country, may also request the EAG observers, FSRBs that are the EAG observers, FATF and IMF and (or) WB to provide assessors for participation in mutual evaluations.

31. Assessors selected for the assessment team should meet the following criteria:

- Assessors should be fluent in the language of evaluation (the Russian or English language);
- Each assessor should have practical skills and experience in the relevant sector of the AML/CFT system (legal, financial, law enforcement);
- Assessors should receive relevant training that complies with the current round of mutual evaluations, prior to participating in the mutual evaluation procedures;
- Usually, at least one of the assessors should have had previous experience conducting an assessment;
- Assessors should have deep knowledge of the FATF Recommendations and Methodology.

32. Evaluation team is formed not later than six (6) months prior to the on-site visit. The Secretariat should provide the list of assessors to the assessed country as soon as the team will be formed and assigned. Any request for changes in the assessment team will be duly considered, however, the final decision on composition of the assessment team lies with the Secretariat.

33. The Secretariat responsibilities are to support the assessment team and the assessed country; to focus on quality and consistency; to ensure compliance with process and procedures; to assist assessors and assessed country in the interpretation of the standards, methodology and process in line with past Plenary decisions; to ensure that assessors and

assessed countries have access to relevant documentation; to project-lead the process of mutual evaluations.

34. The main mission of the assessment team is to jointly provide the report containing review, conclusions and recommendations on compliance of a country with the FATF Standards in terms of both technical compliance and effectiveness. The assessors should conduct evaluation in a fully collaborative process, where all aspects of the review are conducted holistically. Each assessor is expected to contribute to all parts of the review, but should also take the lead on, or take primary responsibility for topics related to his or her own area of expertise.

35. Assessors should devote their time and resources to reviewing all the documents including the information updates on technical compliance, and information on effectiveness. They should raise queries prior to the on-site, prepare and conduct the assessment, draft the MER and attend the on-site and face to face meetings and the Plenary discussion.

36. Assessors should keep in mind that different countries may use different approaches to building different elements and sectors of the AML/CFT regime. Therefore, assessors should need to be open and flexible and seek to avoid narrow comparison with their known approaches and solutions. In this context, it should be noted that the FATF Recommendations should be considered in terms of ML and FT risks inherent in certain types of financial institutions or in certain types of customers, financial products or transactions.

37. The mutual evaluation is a dynamic and continuous process. The assessment team should engage and consult the assessed country on an on-going basis starting not later than six (6) months prior to the on-site visit. Such engagement should commence as soon as possible through the identified contact person(s) or point(s) indicated by the country. The Secretariat should make the relevant details available to assessors. Throughout the process the Secretariat will ensure that the assessors can access all relevant materials and that regular conference calls (video conferences or other types of communications) take place between assessors and the assessed country so as to ensure a smooth exchange of information and open lines of communication.

*f) Ensuring Adequate Basis to Assess International Cooperation*

38. At least six (6) months prior to the on-site visit, the Secretariat should e-mail requests to all EAG member states and observers inviting them to provide information on their experience of international co-operation with the assessed country or on any other issues that they would like to see raised and discussed during the on-site visit (Annex 4).

39. The assessment team and the assessed country may also identify key countries, which the country has been engaged in international cooperation, and seek specific feedback. The feedback could relate to: (i) general experience, (ii) positive examples, and (iii) negative examples, on the assessed country's level of international cooperation.

40. The responses should be received at least one (1) month prior to the on-site visit and should be further made available to the assessment team and the assessed country.

*g) Identifying Potential Areas of Increased Focus for On-Site Visit*

41. The assessment team should examine and assess the country's level of effectiveness in relation to all the 11 Immediate Outcomes during the on-site. The assessment team may also, based on its preliminary analysis (of both technical compliance and effectiveness issues) prior to the on-site, advise and consult the country on specific areas which it will like to pay more or less attention during the on-site visit. This will usually relate to issues on effectiveness but could also include technical compliance issues. In addition, delegations will be



invited to provide any comments that they may have that would assist the team to focus on areas of higher risk that need increased focus.

42. Where there are potential areas of increased or reduced focus for the on-site, the assessment team should obtain and consider all relevant information and commence discussion of these areas approximately 5 months before the on-site, and consult the country at least 2 months before the on-site. The country should normally provide additional information regarding the areas which the assessment team would like to pay more attention to. While the prerogative lies with the assessment team, the areas for increased or reduced focus should, to the extent possible, be mutually agreed with the country, and should be set out in a draft scoping note. The scoping note should set out briefly (in no more than 2 pages) the areas for increased or reduced focus, and why these areas have been selected. The draft scoping note, along with relevant background information (e.g. the country's risk assessment(s)), should be sent to the reviewers (described in the section on quality and consistency, below) and to the country.

43. Reviewers should, within one week 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 jurisdiction. The assessment team should consider the merit of the reviewers' comments, and amend the scoping note as needed, in consultation with the country. The final version should be sent to the country, at least 4 weeks prior to the on-site, along with any requests for additional information on the areas of increased or reduced focus. The assessed country should seek to accommodate any requests arising from the increased or reduced focus. The assessed country should also consider holding a presentation on its risks and context at the start of the on-site visit for assessors to better evaluate the country's understanding of risks.

44. To expedite the mutual evaluation process, and to facilitate the on-site visit, the assessment team will, two weeks before the on-site visit, prepare a revised draft TC annex, draft TC text for MER, and an outline of initial findings/key issues to discuss on effectiveness. In order to facilitate the discussions onsite, the revised TC annex will be sent to the country at that time.

#### *h) Program for On-Site Visit*

45. The assessed country should jointly with the Secretariat prepare a draft program for the on-site and send this program to the assessment team no later than two (2) months before the on-site visit.

46. The draft program for on-site should take into account the areas where the assessment team may want to have increased focus on.

47. Based on the draft program, the assessment team and the assessed country should work to agree the schedule of meetings. This work should be finalized at least three (3) weeks prior to the on-site visit. Besides that, the assessment team may request to arrange for additional meetings during the on-site.

48. In course of the on-site visit, the assessed countries should arrange for meetings with officials of the relevant ministries and agencies and also with the private sector. The provisional list of such authorities and businesses is presented in Annex 6 hereto.

49. Where practical, meetings should be held in the premises of the agency /organization being met, since this allows the assessors to meet the widest possible range of staff and to obtain information more easily. The working schedule shall allow for extra time for holding additional or clarification meetings during the on-site as well as for the road and movements of the assessors.

*i) Confidentiality*

50. All documents and information produced: (i) by an assessed country during a mutual evaluation exercise, (e.g. updates and responses, documents describing a country'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 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, unless the assessed country and the EAG (and where applicable, the originator of the document) consents to their release. These confidentiality requirements apply to the assessment team, the Secretariat, reviewers, officials in the assessed country and any other person with access to the documents or information. In addition, prior to the onsite visit, the members of the assessment team and reviewers should sign a confidentiality agreement, which will include text regarding the need to declare a conflict of interest.

## **2. On-Site Visit**

51. Duration of the on-site visit should typically be up to eight (8) business days.

52. The initial half day should be devoted to a preparatory meeting between the assessment team and the Secretariat.

53. Next seven – eight (7 – 8) days, depending on duration of the on-site visit, should be devoted to meetings with representatives of the country under assessment, including the conduct of the opening and closing meetings. Extra time may be needed for additional meetings if the assessors identify new issues for discussion, or if additional information is required on issues that have been already discussed.

54. A consultative meeting with the government authorities and private sector may be required (at the discretion of the assessed country). Such meeting will allow all parties to clarify evaluation process and logistics, and the country may make important statements and ask any questions to the assessment team.

55. Meetings between the assessment team and representatives of the public and private sectors should be held strictly in accordance with the meeting schedule. The assessed country should provide the mutual evaluation coordinator who will travel along with the assessment team and engage in organisational and technical aspects of the mission on behalf of the assessed country where possible. It should be noted that the assessment team may wish to hold some meetings, e.g. with the private sector, without government officials present and such an opportunity should be given to the assessment team. The team may also request that meetings with certain government agencies are restricted to those agencies only.

56. It is very important that the country being evaluated, and the specific agencies met during the on-site ensure that the competent and experienced staff are available for each meeting. Levels and areas of expertise of staff may vary depending on a particular agency met during the on-site, however, the assessed country should ensure availability of senior staff who can represent the agency and clarify its policies and also middle/ junior staff who can answer particular questions if necessary. The country should notify its agencies that detailed and "exploratory" questions may be addressed to their staff. Therefore, the staff attending to meetings should be familiar with the information that have been earlier provided to the assessors, in particular with the information pertaining to their area of expertise, and should be ready to answer questions concerning their specialty.

57. It is recommended to limit the number of presentations during meetings and dedicate more time to questions by the assessors and answers to them by representatives of the country being evaluated.

58. One – two (1 – 2) days should be allocated to the Secretariat and assessors to work on the draft mutual evaluation report ensuring that all major issues that arose during the evaluation are noted in the report, and to discuss and agree ratings and the key recommendations.

59. The final closing meeting with representatives of the government authorities and as may be decided by the assessed country with representatives of the private sector should be held to discuss the remaining issues and determine the appropriate responses. At this meeting, the assessment team should present summary of key findings of the on-site visit.

60. The assessed country should ensure adequate security (of assessors). The country being assessed should also arrange for transportation, including transportation from/ to airport/railway station/port and between the meeting venues.

61. The assessment team should be provided by the assessed country with a specific meeting room that should have necessary office equipment, as well as Internet access.

### **3. Preparation for Plenary Discussion**

#### ***a. Preparation of Draft Executive Summary and Mutual Evaluation Report***

62. There should be a minimum six (6) months but not more than one (1) year between the end of the on-site visit and the discussion of the MER in Plenary.

63. The stages of preparation of a draft report for Plenary discussion and approximate duration of each stage should be as follows (in chronological order, also see Annex 1):

- The assessment team prepares the 1<sup>st</sup> draft of MER during six (6) weeks after the on-site visit;
- The assessed country prepares and provides its comments to the assessment team on the 1<sup>st</sup> draft MER during four (4) weeks after receiving it;
- The assessment team revises the draft report with due consideration for the assessed country's comments and prepares the 2<sup>nd</sup> draft MER and Executive Summary – four (4) weeks;
- The 2<sup>nd</sup> draft MER and Executive Summary are provided to the assessed country and reviewers – approximately in fourteen (14) weeks following the end of the on-site visit. As in the case of the first draft, assessors should aim to clarify as much as possible, in writing, how specific information<sup>3</sup> was taken into account in their analysis;
- The reviewers prepare and provide their comments on the 2<sup>nd</sup> draft MER and Executive Summary to the assessment team after three (3) weeks. The assessed country will have the opportunity to submit further comments on the second draft MER, in parallel with the review process;
- The assessment team engage the assessed country to discuss further changes to the draft MER, and identify issues for discussion at the face-to-face meeting. Then it circulates the second set of assessed country comments, reviewers' comments, and assessment team's responses to reviewers. – two(2) weeks;

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<sup>3</sup> Assessors need not include all the information submitted by the assessed country, and should exercise discretion in determining which information are the most relevant to be included.

- The 2<sup>nd</sup> and final drafts MER and Executive Summary will be sent for translation into Russian or English depending on the language in which assessment was conducted.

64. The final draft MER and Executive Summary in English and Russian languages should be sent to all EAG member states and observers at least five (5) weeks prior to the Plenary Meeting. There should be no further changes to the substance of the draft MER before discussion at the Plenary meeting.

65. Based on the experience of previous mutual evaluations conducted by the EAG and other assessment bodies it is important that assessors, reviewers and the countries being assessed respect, to a maximum extent possible, the established timelines. Various delays during some previous mutual evaluations significantly impacted the ability of the member states to discuss the report in a meaningful way. By agreeing to participate in the mutual evaluation process, the countries and the assessors/reviewers undertake to meet the necessary deadlines and to provide full and accurate responses, reports or other materials as required under the established procedures.

66. Where there is a failure to comply with the agreed deadlines,(depending on the nature of the default) it is proposed that the EAG Chairman and Executive Secretary take appropriate measures to rectify the case, including dissemination of writing notifications to the appropriate responsible parties.

*b. Quality and Consistency Review*

67. As part of the EAG mutual evaluation process, there will be a quality and consistency review. The main functions of the reviewers are to ensure MERs are of an acceptable level of quality and consistency, and to assist both the assessment team and the assessed country by reviewing and providing timely input on the scoping note and the draft MER and Executive Summary (including any annexes) with a view to:

- Commenting on assessors' proposals for the scope of the on-site.
- Reflecting a correct interpretation of the FATF Standards and application of the Methodology (including the assessment of risks, integration of the findings on technical compliance and effectiveness, and areas where the analysis and conclusions are identified as being clearly deficient).
- Checking whether the description and analysis supports the conclusions (including ratings), and whether, based on these findings, sensible priority recommendations for improvement are made.
- Where applicable, highlighting potential inconsistencies with earlier decisions adopted by the EAG and FATF on technical compliance and effectiveness issues.
- Checking that the substance of the report is generally coherent and comprehensible.

68. For each MER, the Review team should generally consist of three (3) reviewers; comprising 2 reviewers from the EAG, and one reviewer from another assessment body (FATF/FSRB delegations, FATF/FSRB Secretariats members, and the IFIs), each of whom could in principle focus on part of the report.

69. To avoid potential conflicts, the reviewers selected for any given quality and consistency review as a rule will be from countries other than those of the assessors, and will be made known to the country and assessors in advance.

70. The Secretariat should guarantee mandatory turnover of the reviewers included in the expert pool and should compile their list. The EAG-member states are invited to select nominees from their experts to the Review team. Criteria for the selection of candidates in Review team should not be lower than selection criteria in the evaluation team (see paragraph 29). In addition, candidates should necessarily have the experience of participation in mutual evaluation.

71. The reviewers will need to be able to commit time and resources to review the scoping note and the quality, coherence and internal consistency of the 2<sup>nd</sup> draft MER, as well as consistency with the FATF Standards and EAG and FATF precedents. In doing so the reviewers should have a copy of the comments provided by the country on the 1<sup>st</sup> draft MER. Reviewers need to be able to access all key supporting documents – from the assessed country’s technical compliance submission to its risk assessment. To ensure transparency, all comments from the reviewers will be disclosed to the assessors and country. The reviewers will have 3 weeks to examine the 2<sup>nd</sup> draft MER and provide their comments to the assessment team. These comments will be forwarded to the assessed country. The reviewers for the quality and consistency review do not have any decision making powers or powers to change a report. It is the responsibility of the assessment team to consider the reviewers’ comments and then decide whether any changes should be made to the report. The assessment team will provide a short response to the reviewers regarding the changes it has made to the report based on the reviewers’ comments and on the decisions that it has made.

72. The reviewers’ comments on the 2<sup>nd</sup> draft MER, and the assessment team’s response and assessed country’s views will be circulated to members and observers at the same time as final draft MER, in order to help identify emerging issues in a transparent manner, and to inform delegations as they provide written comments on the draft MER.

73. Due to the nature of the peer review process, the Secretariat will work to ensure that the mutuality of the process is maintained, and members should provide qualified experts as reviewers.

*c. Face to Face Meetings*

74. Face to face meetings are the important element that helps the assessed country and the assessment team to resolve outstanding issues. The assessment team (including the Secretariat staff) and the assessed country should hold the face to face meeting to discuss the 2<sup>nd</sup> draft MER and Executive Summary. Video conferences may also be held. As a rule, and whenever possible, the face-to-face meeting is also attended by the WGEL co-chairs as this will assist the identification of key issues for Plenary discussions.

75. During this session, the assessment team and the assessed country should work to resolve disagreements pertaining to technical compliance or effectiveness issues and identify potential priority issues for WGEL/Plenary discussions. The face to face meeting should occur at least eight (8) weeks before the Plenary (i.e. approximately nineteen (19) weeks after the on-site). The assessed country should provide its comments and other relevant materials to the assessment team at least two (2) weeks prior to such meeting.

76. Subsequent to the video conference or face to face meeting, the Secretariat will have three (3) weeks to coordinate with assessors on any further changes to be made to the draft MER and Executive Summary.

*d. Identifying Issues for Plenary Discussion (WGEL Meeting)*

77. The revised Executive Summary and MER, will then be sent to all members and observers about 5 weeks prior to Plenary. There should be no further changes to the substance of

the disseminated draft MER before discussion at the Plenary meeting. Delegations and reviewers will have 2 weeks to provide any written comments on the MER and Executive Summary, and in particular, to identify any specific issues that they wish to discuss in WGEL/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.

78. Based on the MER and Executive Summary, and comments received, the Secretariat will engage the country and assessment team and reviewers, and prepare a list of substantive issues that will be discussed in WGEL/Plenary. This should take into account the issues that the assessed country and delegations are most keen to discuss. The key issues for discussion in WGEL/Plenary would include key issues arising from the report (whether referenced by the country, the assessment team or delegations), as well as any areas of inconsistency or interpretation with other MERs adopted by the FATF or FSRBs.

79. The finalized key issues will be circulated to delegations 2 weeks before the WGEL/Plenary discussions. Drafting amendments received on the Executive Summary or MER can be made after the WGEL/Plenary discussion, and will also take into account the decisions made.

80. Prior to submission to the Plenary, the draft report should be considered and discussed by the Working Group on Mutual Evaluations and Legal Issues (WGEL).

81. The WGEL meetings should be held just before the Plenary Meeting and should be aimed at:

- Identifying and discussing all issues on which the assessors and reviewers fail to reach consensus with the assessed country and root-causes of such disagreements;
- Identifying inconsistencies;
- Identifying key issues in MER that require Plenary discussion;
- Identifying any issues that require additional clarification of the FATF Recommendations and Methodology.

82. In course of preliminary discussion of reports, the WGEL should adhere to the following principles:

- The WGEL has no power to make any decisions concerning the content of MERs. The Plenary is the only body empowered to make such decisions;
- The WGEL has no power to change decisions of the assessment team and should not act in the capacity of a mediator between the assessment team and the assessed country;
- The WGEL should identify key issues for Plenary discussion taking into account the opinions of the assessed country/ reviewers/ assessment team/ Secretariat (in particular, issues on which the assessed country disagrees with MER or issued that are inconsistent with other MERs) and with due consideration for the comments that have been earlier received from the delegations of the EAG-member states;
- This process should ensure high quality and consistency of MERs and also should make the EAG Plenary discussion more streamlined and efficient. Members of the WGEL should be familiarized in detail with the MER contents;

- The WGEL should identify priority issues (from the entire list of issues) that will be discussed at the Plenary;
- Prior to Plenary discussion, all EAG MERs, including reports on mutual evaluations conducted jointly with FATF and other FSRBs and reports on assessment conducted by the World Bank and IMF, should be reviewed by the WGEL.

83. The Secretariat should prepare a brief summary report on the outcomes of the WGEL meeting that will contain key (priority) issues to be discussed by the EAG Plenary. This WGEL meeting summary report will provide a logical sequence in which the identified issues will be discussed at the Plenary. All delegations of the EAG member states and observers may make comments on this summary report during the Plenary Meeting.

#### **4. The Plenary Discussion**

##### *a. Plenary Discussion*

84. On the first day of its meeting, the Plenary should discuss MER and Executive Summary.

85. The procedure for discussion of the draft MER should be as follows:

- The assessors should briefly present the key finding from their report;
- The assessed country should make its opening statements;
- The Plenary should, first of all, discuss the issues identified (raised) by the WGEL. The assessors and the assessed country will present their opinions on each of these issues to be articulated by the WGEL co-chair or by the Secretariat and then may raise any other issues.

86. 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 MERs.

87. Following the Plenary discussion, the MER and Executive Summary should be proposed for adoption. In context of MER discussion, it should be noted that the final report which is agreed, is a report of the EAG, and not simply a report by the assessors. As such, the EAG Plenary should retain the final decision on the wording of any report and should give careful consideration to the views of the assessors and the country when making the final decision on the wording of the document, as well as take into account the need to ensure consistency between reports. The Plenary should carefully examine the text and make changes if necessary. The assessment team would be responsible for ensuring that all the changes agreed by the Plenary have been made.

88. If the Plenary agrees to adopt the MER and the Executive Summary, they should be adopted. The Plenary should also discuss any follow-up measures that may be required. If the MER and the Executive Summary are not agreed, then the assessors, the country and the Secretariat should prepare amendments to meet all issues raised by the Plenary. Where substantive changes are required, either because additional information is required to be added, or the report has to be substantially amended, then the Plenary could decide to: (a) defer adoption of the report, and agree to have a further discussion of an amended report at the following Plenary, or (b) where the required changes are less significant, adopt the report subject to it being amended, and the amended report being approved through a written process.

89. Besides that, the Plenary should discuss any remedial measures that may be required for addressing deficiencies.

90. Adoption of the mutual evaluation report by the EAG Plenary finalizes the MER review and discussion process and, at the same time, lays the foundation for future follow-up. Therefore, the recommendations contained in the report will be of key importance for the assessed country, since they will be the basis for implementation of the international AML/CFT standards and further improvements.

*b. Decisions on Issues Raised in MERs and Follow-Up Reports*

91. Decisions on issues raised in mutual evaluations reports, follow-up reports and subsequent reports should be adopted by consensus reached by the EAG member states.

92. Assessed country has no voting right in the issues related to its mutual evaluation report.

93. To support the Chairman in deciding whether or not consensus is reached, the discussions should be based on substantiated Plenary opinions with consideration for the opinions of the assessment team and experts.

94. If consensus is not reached on proposed changes or other modifications in draft MER, follow-up reports or 5th year Follow-Up Assessment report, including changes in ratings, the report should remain unchanged as it pertains to the disputed issue. Substantial disagreements may be noted in the Plenary minutes at request of countries that have special opinion.

## **5. Circulation and Publication of Mutual Evaluation Reports**

95. Within a week following the Plenary Meeting, the Secretariat should prepare the revised version the MER and the Executive Summary with due consideration for agreed written amendments or any modifications introduced by the Plenary and after that should forward them to the assessed EAG member state. Within two weeks after receipt of the final version of the MER from the Secretariat, the EAG member state should confirm that the MER is accurate and (or) advise of any typographical or similar errors in the MER.

96. Immediately following their adoption, and before publication, all MERs will be provided to the FATF Secretariat and all other assessment bodies for possible consideration in the Global Quality and Consistency Review process<sup>4</sup>. Following completion of that process, all MERs and Executive Summaries will be published on the EAG's website. Where there is no such review process then the reports should be published within six weeks of adoption.

## **6. Follow-up Procedures**

97. This section regulates application of follow-up measures for improvement of the AML/CFT systems in the EAG member states evaluated under the EAG 2<sup>nd</sup> round.

98. The follow-up process is intended for encouraging the countries to implement the FATF Standards and to provide regular information updates on compliance with the FATF Standards, apply sufficient peer pressure and accountability.

99. Following discussion and adoption of the MER, a country could be placed on either regular or enhanced follow-up. The regular follow-up is the default monitoring mechanism for all countries. The enhanced follow-up is based on the EAG policy that deals with the member states with significant deficiencies (for technical compliance or effectiveness) in their AML/CFT

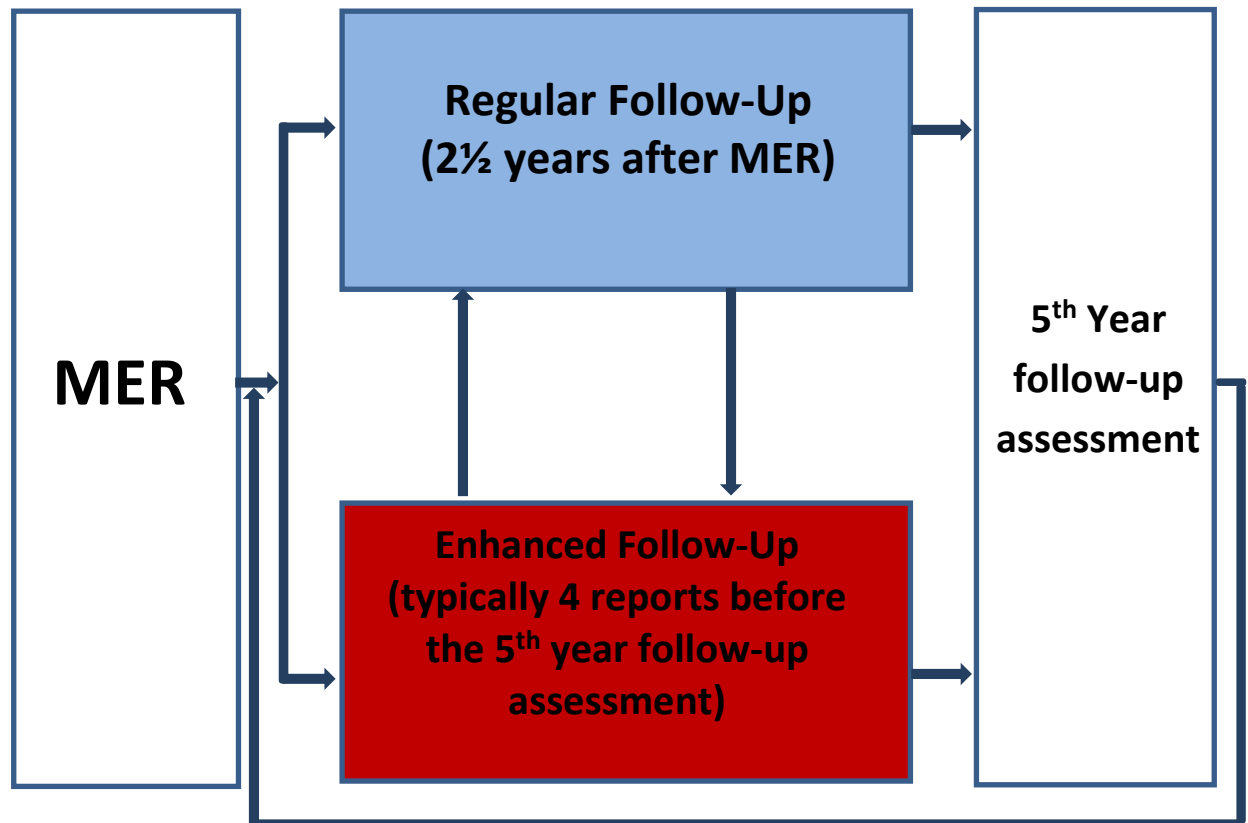
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<sup>4</sup>Quality and Consistency Review process is described in section IX. "Ex-Post review of major quality and consistency problems"



systems that are subject to more frequent reporting. Whether the country under the 2nd round of Mutual evaluations is in the regular or enhanced follow-up the EAG will conduct the AML/CFT follow-up assessment every five (5) years from adoption of MER (or 5th year Follow-Up Assessment report). This is intended to be a comprehensive review and more intensive report on the countries' progress with the main focus the high-risk issued/ areas identified in MER or after its adoption. The schematic diagram of the EAG 2<sup>nd</sup> round process is presented below.

Illustration 1 – Process of the EAG 2<sup>nd</sup> round mutual evaluations



100. Countries may seek re-ratings for technical compliance before the 5th year follow-up assessment as part of the follow-up process. The general expectation is for countries to have addressed most if not all of the technical compliance deficiencies by the end of the 3rd year, and the effectiveness shortcomings by the time of the follow-up assessment. In the exceptional case when it comes to the Plenary's attention that a country has significantly lowered its compliance with the FATF standards, the Plenary may request the country to address any new deficiencies as part of the follow-up process.

*a. Principles of Follow-up process and Discussion of Follow-Up Reports*

101. In preparation for the follow-up reports, the country will provide an update to the Secretariat setting out the actions it has taken or is taking to address the priority actions and recommendations, and deficiencies in its MER.

102. For regular follow-up reports, the report should focus on re-ratings for technical compliance and/or demonstrating progress in addressing the shortcomings in the MER. This should always include updates on relevant changes to the laws, regulations, guidelines as well as

relevant data and information relating to effectiveness, and other contextual and institutional information along with the copies of the relevant laws, regulations and other documents.

103. For enhanced follow-up, the first follow-up report should at least contain an outline of the country's strategy for addressing the issues identified in their MER and exiting enhanced follow-up, for Plenary's information. If not already contained in the first follow-up report, subsequent reports should focus on re-ratings for technical compliance and/or demonstrating progress in addressing the shortcomings in the MER. This should always include updates on relevant changes to the laws, regulations, guidelines as well as relevant data and information relating to effectiveness, and other contextual and institutional information along with the copies of the relevant laws, regulations and other documents.

104. For countries subject to review by the International Cooperation Review Group (on the basis of an agreed ICRG action plan), no reporting is expected on the Recommendations that are included in an ongoing 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 country has completed its ICRG action plan (if this is after the regular timelines)

105. The country will be asked to submit information regarding technical compliance (which may be used to justify re-ratings) and effectiveness (for information only).

- Technical compliance updates should be provided based on the templates agreed by the EAG for that purpose in relation to the shortcomings identified in the MER.
- Effectiveness updates should include any information that goes towards addressing the priority actions or recommendations in the MER, such as the lists in the FATF Methodology on the Examples of Information that could support the conclusions on Core Issues for each Immediate Outcome.
- As with the Mutual Evaluation process, there is no fixed format for the effectiveness update<sup>5</sup>.

106. Follow-up reports that do not involve re-ratings should be submitted at least 2 months in advance of the relevant Plenary meeting.

107. The Secretariat should summarize the received information, conduct a desk-based analysis, and prepare, in coordination with the WGEL co-chairs, a summary paper with recommendations for the Plenary regarding further steps and actions. A country may be requested to provide additional information, if necessary. Issues pertaining to effectiveness should, to a maximum extent possible, be included in the summary report.

108. Each follow-up report and the Secretariat's summary paper should be reviewed by two (2) countries designated on a rotational basis (in the Russian alphabetical order). These countries should also identify at least five (5) questions to be addressed to the reporting country. The questions should be submitted to the Secretariat at least four (4) days before the Plenary Meeting. The questions should be asked by the countries in the course of the Plenary Meeting

109. When preparing the summary paper for Plenary discussion, the Secretariat may consult the assessors who took part in the mutual evaluation of a country.

110. Follow-up reports should be discussed by the Plenary after preliminary discussions at the WGEL meeting, which usually occurs one day before. The Plenary should consider the follow-up report and progress made by the country, consider WGEL

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<sup>5</sup>EAG have developed information materials (WGEL (2015) 4 и WGEL (2016) 9) to facilitate the assessors and the assessed countries efforts on information sharing.

recommendations for possible re-ratings for technical compliance, and decide whether the country should provide next report under the regular follow-up process, or should be placed on enhanced follow-up and provide next follow-up report sooner. This approach should be used each time when regular follow-up reports are provided.

111. Where a country wishes to seek technical compliance re-ratings, the update by the country should be submitted to the Secretariat at least 4 months in advance of Plenary meetings. Re-ratings for technical compliance will need to be approved by Plenary. Re-ratings for technical compliance may be allowed if the follow-up report, and other relevant information submitted by the country, provides sufficient justification for the Plenary to come to such a conclusion based on the analyses conducted by the Secretariat/the relevant Review Group.

112. Review Group

- Assessments of a country's request for technical compliance re-ratings and preparation of the summary report will be undertaken by other EAG members. The group of experts may include those assessors who were involved in that country's Mutual Evaluation, but may also consist of other experts nominated by their delegation or assigned by the Secretariat, usually 2 or 3 experts from other EAG member states.
- The group of experts should submit their analysis at least four weeks before the Plenary meeting for comments to all member states, who have two weeks to comment on the draft. Follow-up reports along with member states comments from should be discussed by the Plenary after preliminary discussions at the WGEL meeting

113. Although effectiveness will not be re-assessed until the 5<sup>th</sup> year follow-up assessment, updates on effectiveness facilitate a better understanding by the EAG of the progress made over time. Plenary may refer to such updates in determining whether to move a country from enhanced follow-up to regular follow-up (or vice versa), or whether to apply other enhanced measures to countries in enhanced follow-up that do not achieve satisfactory progress.

114. Where the EAG conducts evaluations jointly with other bodies and organizations, monitoring of the progress made by the country should be performed in close coordination. In particular, the FATF/FSRB follow-up reports (subject to their consent and consent of the assessed country) may be used as the basis for preparing the EAG follow-up reports.

115. For those member states which are also FATF members in order to avoid inconsistencies and extra workload, those states can provide their follow-up reports that have already been discussed in the FATF to the EAG Plenary for discussion. In case of different reporting periods, the Secretariat can ask those states to provide new updates as an addition to their follow up reports.

*b. Regular Follow-Up*

116. Regular follow-up envisages provision by the countries of regular updates on the results of their mutual evaluations and is the minimum standard of monitoring that will apply to all EAG member states. Countries subject to regular follow-up will report back to the Plenary after two-and-a-half years from the adoption of the country's MER, and will be subject to a follow-up assessment after five years.

*c. Enhanced Follow-Up*

117. The Plenary may decide to place countries on enhanced follow-up in the following situations:

- a) After discussion of the MER: If following the mutual evaluation the country
- (1) has 8 or more NC/PC ratings for technical compliance, or
  - (2) it is rated NC/PC on any one or more of R.3, 5, 10, 11 and 20, or
  - (3) it has a low or moderate level of effectiveness for 7 or more of the 11 effectiveness immediate outcomes, or
  - (4) it has a low level of effectiveness for 4 or more of the 11 effectiveness outcomes.
- b) After the discussion of a follow-up report: After considering the regular follow-up report or the 5th year follow-up assessment the Plenary may decide to place the country on enhanced follow-up at any stage. Such decision should be made if the country failed to undertake substantial steps to eliminate the existing deficiencies – if a significant number of priority actions have not been adequately addressed on a timely basis. The “substantial steps” mean legal, regulatory and institutional measures as well as improvement of effectiveness of the AML/CFT system elements.
- c) If a country has lowered its compliance with the FATF standards during the regular follow-up process: a country will be placed into enhanced follow-up if its level of technical compliance changed to a level that the Plenary considers as equivalent to NC/PC on any one or more of R.3, 5, 10, 11 and 20.

118. Where a country is placed on enhanced follow-up Plenary retains the discretion to vary the specific frequency of the reporting. Countries in enhanced follow-up would typically report back once a year while on enhanced follow-up procedures. Minor technical compliance issues remaining after the fourth follow-up report (or the first report for regular follow-up) will be assessed during the upcoming 5<sup>th</sup> year follow-up assessment.

119. Apart from more frequent reporting, the enhanced measures may also be taken under the enhanced follow-up process, particularly if satisfactory progress is not achieved. Possible enhanced measures include (in order of priority):

- The EAG Chairman may send a letter to the relevant ministers or leaders of the country indicating deficiencies in the national AML/CFT system and urging them to implement corrective measures as soon as possible;
- A high-level mission headed by the EAG Chairman/ Deputy Chairman or a person authorized by them may be arranged to the country;
- A public statement on ML/FT risks in the country may be issued. (Such public statement should be addressed to the EAG member states, FATF, FSRBs and private sector urging them to consider the ML/FT risks when establishing and maintaining financial relationship with this country);
- The country may be referred to the FATF International Cooperation Review Group (ICRG) for monitoring;
- The country’s membership in the EAG may be suspended;
- The country’s membership in the EAG may be terminated.

120. Where the country entered enhanced follow-up on the basis of meeting a criterion in paragraph 115(a), the Plenary decides that the country will be moved from enhanced to regular follow-up following Plenary’s decision that the country no longer meets any of those criteria (i.e., after approving a request for re-ratings).

121. The Plenary also has the discretion to decide to move the country to regular follow-up at any time it is satisfied that the country has made significant progress against the priority actions in its MER or has taken satisfactory action to address its deficiencies, even if the country still meets a criterion in paragraph 115(a).

122. The criteria for being placed under or exiting from enhanced follow-up at any stage of the follow-up process after the adoption of the MER will be primarily based on a qualitative analysis of the level of progress made against priority recommended actions in the MER as well as the level of technical compliance and effectiveness

123. If the enhanced follow up is triggered by adoption by the country of laws, regulations or institutional decisions that have declined the level of compliance with any of the FATF Recommendations, such country is moved back to the regular follow-up after cancelling such laws, regulations and decisions.

124. Where countries in enhanced follow-up move to regular follow-up, the Plenary will decide the timing of the country's next regular follow-up report or of the follow-up assessment

*d. 5<sup>th</sup> year Follow-Up Assessment*

125. The 5<sup>th</sup> year follow-up assessment is intended to provide more comprehensive updated information on the country's AML/CFT regime. This will take place 5 years after the adoption of the country's MER irrespective of whether the country is placed on regular or enhanced follow-up. The focus would be on the progress made by the country on the priority actions in its MER, other elements of the AML/CFT regime in which there have been significant changes, and other high risk areas identified in the MER or after its adoption.

126. The 5<sup>th</sup> year follow-up assessment should include a short (two to three days) on-site visit to assess improvements in effectiveness and other areas. This should be conducted by a team of experts drawn from the EAG member states and observers (where possible, from the original assessment team), and supported by the Secretariat. Following the on-site visit, the team should prepare a MER progress assessment report for Plenary's consideration and discussion. Re-ratings on both technical compliance and effectiveness are possible based on sufficient justification. The Plenary will decide whether the country should then be placed in regular or enhanced follow up, with the process continuing as previously.

127. Should a country request to undertake its follow-up assessment before the fifth year, the Plenary may approve the request on a case-by-case basis, considering the EAG work plan and the available resources of members, WGEL/Plenary, and the Secretariat.

*e. Circulation and Publication of Follow-Up Reports*

128. All regular follow-up reports and MER follow-up assessment reports (5<sup>th</sup> follow up assessment) should be published. The Plenary will retain flexibility in publication of enhanced follow-up reports but they will be published whenever there is a re-rating.

## **VI. Joint mutual evaluations with FATF**

129. The FATF's policy is that FATF members that are also members of FSRB(s) will undergo a joint evaluation by these bodies. Generally, the FATF will be the principal organiser, and will provide 3 assessors, while 1-2 assessors could be provided by the participating FSRB(s). The FATF and the FSRB(s) Secretariats will participate. The first discussion of the MER should take place in the FATF, and given the additional measures adopted for joint evaluations, the presumption is that the FATF's view would be conclusive.

130. The process for joint evaluations would be the same as for other FATF evaluations, with the FSRB and its members having opportunities to participate directly through being part of the assessment team, and also being able to provide comments and input like other delegations. The EAG will allow reciprocal participation in mutual evaluation discussions for

FATF members, and on this basis, the following measures should also apply for joint evaluations.

- A representative from the EAG will be given a specific opportunity to intervene during the Plenary discussion of the MER.
- All the FATF assessors on the assessment team are encouraged to attend the EAG Plenary at which the joint evaluation report is considered, and at least one FATF assessor should attend the EAG Plenary. The same approach should be applied to IFI-led assessments of the joint EAG/FATF members.
- In an exceptional case where a report was agreed within FATF but subsequently the EAG identified major difficulties with the text of the report, then the Secretariat would advise the FATF Secretariat of the issues, and the issues should be discussed at the following FATF Plenary.
- Consideration will also be given to the timing of publication, if the MER has not been discussed in the EAG, with a view to finding a mutually agreed publication date.

## **VII. Assessment of the EAG member states by IFIs (IMF, WB)**

131. The EAG is responsible for the mutual evaluation process for all of its members, and there is a presumption that the EAG will conduct the mutual evaluations of all EAG members as part of this process. The presumption can be overridden at the discretion of the EAG Plenary on a case by case basis, with the country's agreement.

132. For the EAG assessment schedule to be fixed with appropriate certainty and in a coordinated manner, the process leading to the Plenary decision as to which EAG countries 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 EAG to be involved at an early stage in the process of determining which countries will be assessed by an IFI. Where the IMF or WB conduct an AML/CFT assessment as part of the EAG 2<sup>nd</sup> round they should use procedures and a timetable similar to those of the EAG.

133. The IMF/WB experts should attend to the EAG Plenary Meetings for presenting the MER and Executive Summary and participating in discussion.

134. The EAG Plenary will consider substantial issues pertaining to analysis, ratings and recommendations.

135. Following the discussion, the EAG Plenary may decide to approve the IMF/WB assessment report and recognize it as the EAG mutual evaluation.

## **VIII. Coordination with the FSAP (Financial Sector Assessment Programme) Process**

136. The FATF standards are recognized by the IFIs as one of twelve (12) key standards and codes, for which Reports on the Observance of Standards and Codes (ROSCs) are prepared, often in the context of a Financial Sector Assessment Programme (FSAP). Under current FSAP policy, every 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, and, in due course, on a follow-up assessment, conducted against the prevailing

standard. The EAG and the IFIs should therefore co-ordinate with a view to ensuring a reasonable proximity between the date of the FSAP mission and that of a mutual evaluation or a follow-up assessment conducted under the prevailing methodology, to allow for the key findings of that evaluation or follow-up assessment to be reflected in the FSAP; and members are encouraged to co-ordinate the timing for both processes internally, and with the EAG Secretariat and IFI staff.<sup>6</sup>

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

138. 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 Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG). The report provides a summary of [the/certain]<sup>8</sup>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 EAG and [Jurisdiction], but do not necessarily reflect the views of the Boards or staff of the IMF or World Bank.”

## **IX. Ex-Post review of major quality and consistency problems**

139. There may be highly exceptional situations where significant concerns about the quality and consistency of a MER remain after it has been adopted.

140. Where an FATF, the FATF Secretariat or another assessment body considers that a draft EAG MER has significant problems of quality or consistency, it should wherever possible raise such concerns with the EAG prior to adoption. All draft MER will be circulated to all assessment bodies. The EAG and FATF Secretariats should be notified prior to such concerns being raised by others. The EAG (assessment team and assessed country) should consider and work to appropriately address the concerns.

141. In order to ensure that the FSRB/FATF brand is not damaged by poor quality assessments, there will be an ex-post review process, applying to all assessment bodies. The process will be based on the following:

- a) The ex-post review should be applied only when serious or major issues of quality and consistency are identified, with the potential to affect the credibility of the FSRB/FATF

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<sup>6</sup>If necessary, the staff of the IFIs may supplement the information derived from the ROSC to ensure the accuracy of the ML/CFT input. In instances where a comprehensive assessment or follow-up assessment against the prevailing standard is not available at the time of the FSAP, the staff of the IFIs may need to derive key findings on the basis of other sources of information, such as the most recent assessment report, and follow-up and/or other reports. As necessary, the staff of the 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 country in the context of the prevailing standard and methodology. In such cases, staff would present the key findings in the FSAP documents; however, staff would not prepare a ROSC or ratings.

<sup>7</sup>The DAR uses a template that is similar to the common agreed template that is annexed to the Methodology, and has a similar format.

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

brand as a whole (e.g. where ratings are clearly inappropriate, are not consistent with the analysis, where there has been a serious misinterpretation of the Standards or the Methodology, or where an important part of the Methodology has been systematically misapplied).

- b) Where there are significant concerns about the quality and consistency of an MER after its adoption, the EAG and the FATF Secretariat should be informed in writing about those concerns within two weeks of the distribution of the MER following adoption. For such concerns to be considered further in this process, any specific concern should be raised by at least two of any of the following: FATF or FSRB members (not including the assessed country) or secretariats, or IFIs; at least one of which should have taken part in the adoption of the MER.
- c) Any MER about which significant concerns have been raised will be circulated for consideration by the FATF ECG, with a short note prepared by the FATF Secretariat (in consultation with the EAG), which also sets out the views of the assessment team and the assessed country.
- d) The EAG will not publish the MER until the issue is resolved within FATF and the EAG.
- e) The ECG will decide whether the report has significant problems of quality and consistency with the potential to affect the credibility of the FATF brand as a whole. In such cases ECG would make recommendations to the FATF Plenary on the appropriate action that could be taken (e.g. requesting that the EAG reconsiders the report and/or makes appropriate changes before any publication). If the EAG declines to respond to the action requested by the FATF, then the FATF Plenary will consider what further action may be necessary.



**Timelines for Mutual Evaluation**

Date <sup>9</sup>	Week	Key Indicative Milestones <sup>10</sup>		
		<i>for Assessment Team</i>	<i>for the Country<sup>11</sup></i>	<i>for Reviewers</i>
At least 6 months before the on-site visit (The assessed member, assessment team and secretariat may consider starting the assessment process earlier to have additional translation time, or for other reasons.)	-26	<ul style="list-style-type: none"> <li>Commence research and desk-based review on technical compliance (TC).</li> <li>Confirm (or find) assessors drawn from countries which had volunteered<sup>12</sup>. Chairman to formally advise country of the assessors once confirmed.</li> <li>Invite delegations to provide information about (a) assessed country's risk situation and (b) any specific issues which should be given additional attention by assessors, (c) their international cooperation experiences with the assessed country.</li> <li>Fix the dates for the on-site visit</li> </ul>	<ul style="list-style-type: none"> <li>Designate contact point(s) or person(s) and set up an internal coordination mechanisms (as necessary)<sup>13</sup>.</li> <li>Respond to technical compliance update by providing updated information on new laws and regulations, guidance, institutional framework, risk and context.</li> </ul>	
6 to 5 months before the on-site visit	-26 to -22	<ul style="list-style-type: none"> <li>Prepare preliminary draft TC annex.</li> <li>Analyse country's assessment of risk and discuss potential areas of increased focus for on-site.</li> <li>Confirm reviewers</li> </ul>	<ul style="list-style-type: none"> <li>Provide response on effectiveness based on the 11 Immediate Outcomes and the underlying Core Issues (including as relevant supporting information and</li> </ul>	

<sup>9</sup>Differences between the timeline expressed in months and the timeline expressed in weeks are part of the flexibility that assessors and the assessed country have when determining the calendar

<sup>10</sup> 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.

<sup>11</sup> The country 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.

<sup>12</sup> The assessment team should comprise at least four assessors, including at least one legal, law enforcement and financial expert. Depending on the country and risks, additional assessors with the relevant expertise may be sought.

<sup>13</sup> Contact person(s) should ideally be familiar or trained in the FATF Standards before the commencement of the process.

Date <sup>9</sup>	Week	Key Indicative Milestones <sup>10</sup>		
		<i>for Assessment Team</i>	<i>for the Country<sup>11</sup></i>	<i>for Reviewers</i>
			data).	
3 months before the on-site visit	-13	<ul style="list-style-type: none"> <li>Send 1st Draft of TC annex (need not contain ratings or recommendations) to country for comments.</li> </ul>	<ul style="list-style-type: none"> <li>Contact point(s) or person(s) to engage Secretariat to prepare for the on-site.</li> </ul>	
2 months before the on-site visit	-9	<ul style="list-style-type: none"> <li>Advise and consult country on preliminary areas of increased or reduced focus for on-site. This could involve preliminary discussions on the assessment team's impressions on the country's ML/TF risks.</li> <li>Send draft scoping note to reviewers</li> <li>Prepare a preliminary analysis identifying key issues on effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Provide comments on draft TC assessment.</li> <li>Provide draft programme for on-site visit to the assessment team<sup>14</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>Review draft scoping note</li> </ul>
1 month before the on-site visit	-4	<ul style="list-style-type: none"> <li>Final date for members FATF and FSRBs to provide specific information on their international co-operation experiences with the country</li> <li>Finalise areas of increased or reduced focus for on-site visit, and key government agencies and private sector bodies to meet.</li> </ul>		
At least 3 weeks before the on-site visit	-3	<ul style="list-style-type: none"> <li>Finalise programme schedule of meetings and logistics arrangements for on-site</li> </ul>	<ul style="list-style-type: none"> <li>Finalise programme, schedule of meetings and logistics arrangements for on-site.</li> </ul>	
At least 2 weeks before the on-site visit	-2	<ul style="list-style-type: none"> <li>Assessment team to prepare revised draft TC annex, draft TC text for MER, and outline of initial findings/key issues to discuss on effectiveness. Where possible a working draft MER prepared. Revised draft TC annex sent to country.</li> </ul>	<ul style="list-style-type: none"> <li>Country to provide responses to any outstanding questions from the assessment team.</li> </ul>	
<b>On-site Visit</b>				
Usually up to 14 days (but may vary)	0	<ul style="list-style-type: none"> <li>Conduct opening and closing meetings with country. A written summary of key findings is to be provided at the closing meeting.</li> <li>Where relevant, assessment team to review the identified areas increased or reduced focus for the on-site.</li> <li>Discuss and draft MER.</li> </ul>		

<sup>14</sup>Contact point(s) or person(s) to identify and inform key government agencies and private sector bodies that would be involved for the on-site.

Date <sup>9</sup>	Week	Key Indicative Milestones <sup>10</sup>		
		<i>for Assessment Team</i>	<i>for the Country<sup>11</sup></i>	<i>for Reviewers</i>
<b>After the on-site visit</b>				
Within 6 weeks of on-site visit	6	<ul style="list-style-type: none"> <li>Assessment team to prepare the complete 1<sup>st</sup> draft MER, and send to country for comments.</li> </ul>		
Within 4 weeks of receipt of draft MER	10	<ul style="list-style-type: none"> <li>Review and provide inputs on queries that country may raise.</li> </ul>	<ul style="list-style-type: none"> <li>Respond to 1<sup>st</sup> draft MER.</li> </ul>	
Within 4 weeks of receiving country comments	14	<ul style="list-style-type: none"> <li>Review country's response on 1<sup>st</sup> draft of MER. Prepare and send 2<sup>nd</sup> draft MER to country and reviewers. Send country comments to reviewers.</li> <li>Send 2<sup>nd</sup> draft for translation.</li> </ul>		
				<ul style="list-style-type: none"> <li></li> </ul>
Minimum – 10 weeks before the Plenary	17	<ul style="list-style-type: none"> <li>Engage the assessed country to discuss further changes to the draft MER, and identify issues for discussion at the face-to-face meeting.</li> <li>Circulate second set of assessed country comments, reviewers' comments, and assessment team's responses to reviewers,.</li> </ul>	<ul style="list-style-type: none"> <li>Respond to 2<sup>nd</sup> draft MER.</li> </ul>	<ul style="list-style-type: none"> <li>Provide comments on 2<sup>nd</sup> draft MER, Executive Summary.</li> </ul>
Minimum – 8 weeks before the Plenary	19	<ul style="list-style-type: none"> <li>Conduct face to face meeting to discuss the 2<sup>nd</sup> draft MER and Executive Summary.</li> <li>Work with country to resolve disagreements and identify potential priority issues for WGEL/Plenary discussions.</li> <li>Send final draft MER and Executive Summary for translation</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	
Minimum - 5 weeks before Plenary	22	<ul style="list-style-type: none"> <li>Send final draft MER and Executive Summary together with reviewers comments, assessed country's views and assessment team response to all delegations for comments (2 weeks).</li> </ul>		
Minimum – 3 weeks before Plenary	24	Deadline for written comments from delegations.		

Date <sup>9</sup>	Week	Key Indicative Milestones <sup>10</sup>		
		<i>for Assessment Team</i>	<i>for the Country<sup>11</sup></i>	<i>for Reviewers</i>
Two-week period before Plenary	25	<ul style="list-style-type: none"> <li>Engage country and assessors on priority issues, and other comments received on MER or Executive Summary.</li> <li>Circulate compilation of delegation comments and finalized list of priority issues to be discussed in WGEL/ Plenary,</li> <li>Review and provide inputs on comments received on MER or Executive Summary.</li> <li>.</li> </ul>	<ul style="list-style-type: none"> <li>Work with assessment team on priority issues and comments received on MER or Executive Summary.</li> </ul>	
Plenary Week	27	<p><b><u>Discussion of MER</u></b></p> <ul style="list-style-type: none"> <li>The Executive Summary is to be published at the end of the Plenary week together with any official communication from the EAG.</li> </ul>		
<b>Post Plenary – Publication and Finalisation of MER</b>				
<p>The MER adopted by Plenary is to be published as soon as possible, and within 6weeks, once the assessment team has reviewed it to take into account additional comments raised in Plenary, and the country confirms that the report is accurate and/or advised of any consistency, typographical or similar errors in the MER. This period to publication is inclusive of any post-Plenary quality and consistency review as required by the Universal Procedures for AML/CFT assessments.</p>				

## COMPLETION CHECKLIST FOR THE ROUNDS OF EAG MUTUAL EVALUATION

**ASSESSED COUNTRY:** \_\_\_\_\_

**ON-SITE VISIT:** \_\_\_\_\_

Objectives	Responsible	Timeline	Action/checkoff
1. <i>Submit the assessed country with the EAG mutual evaluation procedures, suggested questionnaire for technical compliance and statistical tables</i>	EAG Secretariat	9 months before the on-site visit	Submission date: Submitted to: Submission method (e-mail, fax): Date of acknowledgement of receipt:
2. <i>Invite delegations to provide information about:</i>  (a) Assessed country's risk situation, (b) Areas of increased focus for on-site visit, (c) Experience of international cooperation with the assessed country	EAG Secretariat	6 months before the on-site visit	Submission date: Submitted to:  Submission method (e-mail, fax): Date of acknowledgement of receipt:  Date of response receipt and the response sender:
3. <i>Determine the date of the on-site visit</i>	EAG Secretariat/assessed country	6 months before the on-site visit	Due date:  Document number: Agreed dates:
4. <i>Choose an assessment team</i>  (a) Get in touch with the potential assessors and provide them with Methodology 2013 and the EAG mutual evaluation procedures  (b) Send a list of assessors to the assessed country  (c) Approve the assessment team	EAG Secretariat  EAG Secretariat  Assessed country/EAG Secretariat	At least 6 months before the on-site visit  As soon as possible  At least 6 months before the on-site visit	Due date: Submitted to:  Due date:  Due date:  <u>Assessment team</u> Legal expert: Financial experts:

			Law enforcement expert: EAG Secretariat:
5. Return the questionnaire for technical compliance to the EAG Secretariat	Assessed country	6 months before the on-site visit	Date of receipt: From: Date of the admission of the documents by EAG Secretariat:
6. Send information to the assessment team:  (a) Filled in questionnaire for technical compliance, (b) Laws and/or other information materials from the assessed country	EAG Secretariat	6 months before the on-site visit	Date of submission:
7. Provide information on effectiveness based on the 11 immediate outcomes and the underlying core issues to EAG Secretariat	Assessed country	6 to 5 months before the on-site visit	Date of receipt: From:
8. Send information to the assessment team:  (a) Response on effectiveness, (b) Statistical tables	EAG Secretariat	6 to 5 months before the on-site visit	Date of submission:
9. Choose review team)  (a) Get in touch with potential reviewers (b) Approve the review team	EAG Secretariat / member states and observers	6 to 5 months before the on-site visit	Due date: Due date: <u>Review team</u> 1. 2. 3.
10			
10. Agree upon the programmer for the on-site visit including opening and closing meetings			

<ul style="list-style-type: none"> <li>(a) Provide the draft programme to the EAG Secretariat</li> <li>(b) Provide the draft programme to the assessment team</li> <li>(c) Get response to the draft programme from the assessment team</li> <li>(d) Agree upon and approve the draft programme</li> </ul>	<p>Assessed country EAG Secretariat</p> <p>Assessment team</p> <p>All</p>	<p>2 months before the on-site visit 2 months before the on-site visit 2 to 1 months before the on-site visit 1 month before the on-site visit</p>	<p>Date of submission:</p> <p>Date of submission:</p> <p>Date of receipt:</p> <p>Date of approval:</p>
<p>11. <i>Determine possible areas of increased focus for the on-site visit</i></p> <ul style="list-style-type: none"> <li>(a) Finalize the list of top-priority areas to be evaluated during the on-site visit</li> <li>(b) Review the finalized list</li> <li>(c) Prepare the final version</li> </ul>	<p>assessors / assessed country / review team</p>	<p>1 months before the on-site visit 3 weeks before the on-site visit 2 weeks before the on-site visit</p>	<p>Date of submission to review team by the assessment team:</p> <p>Date of receipt by review team:</p> <p>Date of compilation:</p> <p>Submitted to:</p> <p>Date of submission:</p>
<p>12. <i>Flights and accommodation</i></p> <ul style="list-style-type: none"> <li>(a) Flight booking for the EAG Secretariat and assessment team</li> <li>(b) Hotel booking</li> </ul>	<p>EAG Secretariat</p> <p>EAG Secretariat</p>	<p>4 weeks before the on-site visit</p>	<p>Due date:</p> <p>Flight numbers and dates:</p> <p>Due date:</p> <p>Hotel name:</p> <p>Dates of occupancy:</p>
<p>13. <i>Choose place and time for opening meeting with the assessment team and the EAG Secretary</i></p>	<p>EAG Secretariat / assessment team</p>	<p>2 weeks before the on-site visit</p>	<p>Date and time:</p> <p>Place:</p>
<p>14. <i>On-site visit</i></p>	<p>assessment team</p>		
<p>15. <i>Prepare draft MER and ES</i></p> <ul style="list-style-type: none"> <li>(a) Get written information materials from the assessment team (the 1st draft of MER)</li> </ul>	<p>Assessment team</p>	<p>6 weeks after the on-site visit</p>	<p>Date of information receipt:</p> <ul style="list-style-type: none"> <li>- from the legal expert</li> <li>- from the financial expert:</li> <li>- from the law enforcement expert:</li> </ul> <p>Date of submission to the assessed country:</p>

<p>(b) Send the 1st draft of MER to the country</p> <p>(c) Review the draft MER considering the comments received from the country and prepare the 2nd draft of MER and ES</p> <p>(d) Prepare comments to the 2nd draft of MER and ES</p> <p>(e) Prepare the final draft of MER and ES (based on the comments received from the assessment team)</p> <p>(f) Send the final draft of MER and ES to translation</p> <p>(g) Send the draft MER and ES to the member states and observers</p>	Assessed country	4-week period after receipt of information from the assessment team	Submitted to: Submission method (e-mail, fax): Date of acknowledgement of receipt:  Date of receipt by the Secretariat: Date of submission to the assessment team:
	Assessment team / EAG Secretariat	2-week period after receipt of information from the assessment team	Date of receipt by the Secretariat: - from the legal expert - from the financial expert: - from the law enforcement expert: Date of submission to - the assessed country: - the expert reviewers:
	Expert reviewers	2-week period after receipt of the draft MER and ES	Date of receipt by the Secretariat: - from the first reviewer - from the second reviewer - from the third reviewer Date of submission to the reviewers:
	Assessment team / EAG Secretariat	2-week period after receipt of the comments	Date of receipt by the Secretariat: - from the legal expert - from the financial expert: - from the law enforcement expert:
	EAG Secretariat	As soon as possible	Date of submission: Date of receipt:
	EAG Secretariat	5 weeks before the Plenary	Date of submission (Russian): Date of submission (English):
	Assessment team/EAG Secretariat	8 weeks before the Plenary	Date and time: Place:
16. <i>Conduct a face to face meeting (videoconference) with the assessment team and the assessed country</i>	Assessment team/EAG Secretariat	8 weeks before the Plenary	Date and time: Place:
17. <i>Conduct a meeting with the assessment team and the assessed country during the Plenary (if necessary)</i>	EAG Secretariat		Date and time: Place:  Date and time:



			Place:
18. <i>Discuss and approve MER at the Plenary</i>  (a) Discuss and approve the report at the Plenary	Plenary		Names of speakers:
19. <i>Finalize the report and submit the final version to the assessed country</i>	EAG Secretariat	1-week period after Plenary	Date of submission: Submitted to: Submission method (e-mail, fax): Date of acknowledgement of receipt:
20. <i>Confirm correctness of information in MER and/or inform on the identifies errors</i>	Assessed country	2-week period after receipt of the final version of MER	Date of receipt by the Secretariat: From:
21. <i>Publish the final version of MER on EAG web-site and distribute it amount EAG member-states, FATF, FSRBs, IMF and World Bank</i>	EAG Secretariat	5-week period after Plenary	Date of publication: Date of submission:
22. <i>Request a progress report from the assessed country before the next Plenary</i>	EAG Secretariat	4 months before Plenary	Date of the request submission: Submitted to:
23. <i>Get a progress report from the assessed country before the next Plenary and send it to the EAG member states</i>	Assessed country / EAG Secretariat	2 months before Plenary	Date of receipt: Date of submission to the member states:

### **Technical Compliance Update Template and Tables**

Countries should list the principal laws and regulations in their AML/CFT system, and give a brief, high-level summary of their scope. The (translated) text of these laws should be provided to assessors. It is preferable to assign each document a unique number to ensure references are consistent. These numbers should be listed here.

Countries should list the main competent authorities responsible for AML/CFT policy and operations, and summarise their specific AML/CFT responsibilities.

Countries should briefly note any significant changes to their AML/CFT system, which have taken place since the last evaluation, or since they exited the follow-up process. This includes new AML/CFT laws, regulations and enforceable means and new competent authorities, or significant reallocation of responsibility between competent authorities.

2. *[Example – “The principal laws relevant to AML/CFT are:*
  - *Money Laundering Act (1963) (document L1) – establishes a criminal offence of money laundering*
  - *Proceeds of Crime Act (2007) (document L2) – sets a legal framework for confiscation of the proceeds of crime*
  - *National Security Act (2005) (document L3) – establishes a criminal offence of terrorist financing and a legal framework for implementing targeted financial sanctions*
  - *Financial Sector Act (1999) (document L4) – provides the legal basis for financial sector regulation and supervision and sets out the basic AML/CFT obligations on firms. ...*
3. *[Example – “Since the last evaluation, Country X has passed the ‘Law on Suspicious Transaction Reporting (2009)’ and established an FIU. Responsibility for investigating suspicious transactions has been transferred from the Ministry of Interior to the FIU.*

### **Risk and Context**

Countries should provide assessors with available documents about the ML/TF risks in their country. They should list each document they provide, and briefly describe their scope. Countries should also note any important considerations about risk and context which they wish to bring to the attention of assessors. This should not duplicate information included in the documents provided. If countries wish to highlight specific contextual factors, they should provide documentation on these.

Countries should describe the size and structure of their financial and DNFBP sectors, using the tables in Annex I

## Technical Compliance Information

Countries should provide information on their technical compliance with each of the Criteria used in the FATF Methodology.

For each criterion, countries should, as a minimum, set out the reference (name of instrument, article or section number) that applies.. Countries should always specifically refer to the *specific clauses* of their laws, enforceable means, or other mechanisms which are relevant to each criterion. *If necessary* countries should also *briefly* explain the elements of their laws, enforceable means, or other mechanisms which implement the criterion, (e.g. an outline of the procedures followed, or an explanation of the interaction between two laws). Countries could also note whether the law or enforceable means referred to has changed since the last MER or follow-up report.

The (translated) text of all relevant laws, enforceable means, and other documents should be provided separately (but as early as possible).

Countries should provide brief factual information only – there is no need for lengthy argument or interpretation. There is no need to set out each criterion in full. Information could be provided in the following form:

### Recommendation 1

#### Criterion 1.1

37. [Example – “Country X has conducted separate risk assessments on Money Laundering (attached as document R1) and on Terrorist Financing (edited public version attached as document R2). These risk assessments are both used as the basis for the National Strategic Plan on AML/CFT (attached as document R3) which brings together both ML and TF risks.”]

#### Criterion 1.2

38. [Example – “The Minister of Finance has overall responsibility for AML/CFT. The National Strategic Plan on AML/CFT (document R3) assigns responsibility for ML risk assessment to the National Police Authority (page 54), and for TF risk assessment to the Interior Ministry (page 55). Actions are coordinated through the National AML/CFT Coordinating Committee (terms of reference on page 52).”]

#### Criterion 1.3

39. [Example – “Both ML and TF risk assessments are required to be updated on an annual basis (document R3, pages 54, 55)”]

#### Criterion 1.4

40. [Example – “The ML risk assessment is a public document (document R1). The TF risk assessment is confidential but available to selected staff of all relevant competent authorities. A public version of the TF assessment is prepared which sets out key findings for financial institutions, and DNFBPs (document R2).”]

**Annex to the questionnaire for technical compliance update:  
size and structure of the financial and DNFBP sectors**

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

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

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

\*\* Countries should indicate the specific provisions in the AML/CFT laws that set out the CDD, record keeping and STR reporting obligations.

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

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

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

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

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

**Sample of E-Mail Request for Information from Other Jurisdictions**

**To all EAG Member-states/Observers**

You are invited to notify the EAG Secretariat at [info@eurasiangroup.org](mailto:info@eurasiangroup.org) of any issues that you would like to see raised and discussed during the EAG assessment of (name of member-state) regarding:

- (1) the risk situation in this jurisdiction;
- (2) your jurisdiction's experience concerning international cooperation with (name of member-states).

**1. Risk situation:** Delegations are invited to provide any comments that they may have relating to (name of member-state) ML/TF risk situation that will assist the assessment team to identify those areas that need increased focus, including in relation to areas of higher risk, cross-border flows of illicit/criminal funds, or other specific issues.

**2. International cooperation:** Jurisdictions are invited to provide any information relating to their international cooperation experience with (name of member-state), such as mutual legal assistance, extradition and other forms of cooperation.

Examples of the types of information that have been provided in the past and which have proved useful are:

- Information on experiences in the last 4 years with mutual legal assistance and extradition, FIU, law enforcement and other criminal justice cooperation, such as:
  - a) number of requests made to and answered – indicate the timeliness, quality and usefulness of the responses
  - b) number of requests made to and refused – indicate the nature of the request and the reasons for refusal
  - c) number of requests received from and the quality of the request
  - d) improvement or deterioration in quality of responses or response time, or quality of requests received
  - e) the nature of any specific problems experienced, including details of the case such as offence(s) or other inquiry, type and date of request; date of request and time period for responding

- Information on experiences in the last 4 years with regulatory or supervisory cooperation, including any problems that may have arisen, for example relating to:
  - a) exchange of information between supervisors such as whether requests were made/received/responded to/rejected - concerning timeliness/quality/usefulness of the cooperation
  - b) home-host supervisory cooperation with
  - c) cross-border exchange of information within a financial group
- Other issues around specific structural/legislative/regulatory deficiencies that obstruct effective international cooperation, noting the Methodology criteria, issues and factors.

Please provide any responses to the EAG Secretariat at [info@eurasiangroup.org](mailto:info@eurasiangroup.org) no later than \_\_\_\_\_.

**Documents to be provided along with Responses to the Questionnaire**

Presented below is the provisional list of documents. Countries may also provide other relevant laws, regulations, resolutions, decrees and other documents in the language of evaluation that can be helpful to the assessment:

- Results, information on National Risk Assessment(s)
- Laws/ regulations criminalizing money laundering and terrorist financing;
- Basic AML law and the relevant implementing regulations, resolutions etc. issued/ adopted in furtherance thereof;
- Laws/ regulations pertaining to financial sector, including the customer identification requirements for opening account, establishing business relationship and carrying out transactions in the banking, insurance and securities sectors, if they are not set out in the AML law;
- Laws /regulations pertaining to licensing and scrutiny of owners and managers (and procedures applicable to subsequent significant acquisitions) of credit institutions, financial institutions (including insurance companies, brokers and real estate companies) and casinos;
- Laws /regulations that cover AML supervision obligations and sanctions;
- Criminal/ administrative provisions pertaining to non-provision of information and disclosure of personal data;
- Guidelines and indicators of suspicious or unusual transactions developed in each relevant sector;
- Laws /regulations and any other arrangements pertaining to implementation of due diligence measures in course of registration of companies;
- Laws /regulations governing access by laws enforcement agencies to banking information;
- Laws /regulations pertaining to confiscation and provisional measures adopted at the national level;
- Laws /regulations pertaining to international AML/CFT cooperation, including application of provisional measures on behalf of foreign countries and execution of foreign confiscation orders;
- Laws /regulations pertaining to the use of special investigation techniques, including controlled shipment;
- Statistics on all aspects of evaluation that reflect the system effectiveness, including the number of suspicious transaction reports (STRs) and range of reporting entities; number of reports disseminated to law enforcement agencies for further investigation; number of criminal proceedings for ML instituted by law enforcement agencies independently of the STR system; number of ML and FT investigations, criminal proceedings and convictions; and number of the relevant provisional measures and confiscation orders. Statistics on confiscations and provisional measures in majority of serious domestic proceeds generating crimes should also be provided. Such statistics should be provided versus provisional or confiscation measures undertaken on behalf of foreign countries.

- Any AML/CFT strategies and action plans.

Annex 6

**Provisional List of Agencies to be met with during On-Site Visit**

**Ministries:**

- Ministry of Finance;
- Ministry of Justice;
- Ministry of Interior;
- Ministry of Foreign Affairs, including central government authorities in charge of international cooperation;
- Ministry responsible for developing legislation that covers legal entities, legal mechanisms and non-profit organizations;
- Other AML/CFT coordinating agencies or committees.

**Criminal Justice and Operational Agencies:**

- FIU;
- Law enforcement, including interior and other investigative agencies;
- Prosecutorial authorities, including special confiscation agencies;
- Judicial authorities;
- Customs;
- Special drug, intelligence, security and tax agencies, in necessary;
- AML/CFT or organized crime task forces or commissions.

**Sector-Specific Financial Authorities:**

- Ministries and agencies in charge of licensing and registration, or authorized (designated) financial institutions;
- Financial institution supervisors, including supervisors of banks and other credit institutions and supervisors of insurance, securities and investment companies;
- Supervisors or other authorities in charge of monitoring of and ensuring AML/CFT compliance by other types of financial institutions, in particular by currency exchanges and remittance entities (MVTs providers);
- Stock (securities), futures and other negotiable instruments exchanges;
- Central bank;



- Respective financial sector associations and representatives of financial institutions (this may include senior managers, internal control officers and also internal auditors, if necessary);
- Representatives of external auditing entities.

DNFBPs and other:

- Casino supervisor;
- Supervisor or other agency or SRB responsible for monitoring AML/CFT compliance by other DNFBPs;
- Self-regulatory bodies (SRBs) of such legal professionals as lawyers, notaries and accountants;
- Register of companies and other legal persons and legal arrangements (if necessary);
- Mechanisms related to non-profit organizations;
- Any other relevant agencies or bodies;
- Representatives of non-financial businesses and professions (senior managers or AML/CFT compliance officers of casinos, real estate agents, precious metal and stone dealers, lawyers, notaries, accountants and trust and company service providers).