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**COMMITTEE OF EXPERTS ON THE EVALUATION
OF ANTI-MONEY LAUNDERING MEASURES
AND THE FINANCING OF TERRORISM**

MONEYVAL

**RULES OF PROCEDURE FOR THE 4th ROUND OF MUTUAL
EVALUATIONS AND FOR FOLLOW-UP AS A RESULT OF THE THIRD
EVALUATION ROUND¹**

¹ Last revised by MONEYVAL at its 54th Plenary meeting (Strasbourg, 26-28 September 2017).

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Introduction

MONEYVAL is finalising its fourth round of mutual evaluations, following up on the results of the third round of mutual evaluations, to assess compliance with the global anti-money laundering and combating financing of terrorism standards as reflected in the 2003 FATF Recommendations and the 2004 Methodology and the effectiveness of this implementation². These rules of procedure set out the processes applicable in this context.

Title I. ORGANISATION OF MONEYVAL

Rule 1 – Composition of MONEYVAL

1. MONEYVAL shall consist of delegations designated according to the relevant provisions of MONEYVAL's statute. Each delegation shall appoint a Head of delegation.
2. States and territories subject to MONEYVAL's evaluation processes shall promptly notify the Executive Secretary of any change in the composition of their delegation, and in particular as regards any change of the Head of delegation. In the absence of such a notification, communications shall be addressed to the Permanent Representation of the relevant State to the Council of Europe.

Rule 2 – Other representatives not having the right to vote

1. Representatives appointed under article 4 of the Statute shall be entitled, upon the Chair's invitation, to make oral or written statements on the subjects under discussion.

Rule 3 – Functions of the Chair, Vice-Chairs and bureau members

1. The Chair shall preside over the plenary meetings, the meetings of the Bureau and any other relevant meetings and perform all functions conferred upon him or her by the Statute, by the Rules of procedure and by a decision of MONEYVAL.
2. The Chair may delegate certain of his or her functions to the Vice-Chairs, or, in their absence, to one or more of the members of the Bureau, or to the Executive Secretary.
3. The Vice-Chair who has served the longest on the Bureau shall take the place of the Chair if the latter is unable to carry out his or her duties. If both Vice-Chairs have served on the Bureau for the same period, they should decide who replaces the Chair, in consultation with the Executive Secretary.
4. When performing their functions, the Chair, the Vice-Chairs, and the Bureau members shall be exclusively guided by the interest of MONEYVAL.

Rule 4 – Replacement of the Chair and the Vice-Chairs

1. If the Chair ceases to be a representative in MONEYVAL or resigns from the office of Chair, the Vice-Chair who has served the longest on the Bureau shall immediately and automatically become Chair for the period until elections can be held. If both Vice-

² The FATF adopted revised standards in February 2012. MONEYVAL has adopted SEPARATE procedures to align with the FATF's revised AML/CFT assessment methodology and procedures which apply to its 5th evaluation round.

Chairs have served on the Bureau for the same period, they should decide who replaces the Chair, in consultation with the Executive Secretary.

2. In cases set out under paragraph 1 or if a Vice-Chair becomes Chair pursuant to paragraph 1, or ceases to be a representative in MONEYVAL or resigns from his/her office, an election to fill the resulting vacancy shall take place as soon as possible.
3. If the offices of Chair and Vice-Chairs are vacant at the same time, the duties of the Chair shall be carried out for the period until elections can be held by another representative sitting on the Bureau appointed after consultation with the remaining Bureau members and the Executive Secretary. Elections to fill the vacancies should take place as soon as possible.
4. If both the Chair and Vice-Chairs are temporarily prevented from carrying out their duties, the duties of the Chair shall be carried out by another representative sitting on the Bureau according to the procedure outlined in paragraph 3 above.

Rule 5 – Limitation on the exercise of the functions of Chair

1. The Chair, Vice Chair or any other representative carrying out the duty of the Chair, shall be replaced in the chair during the discussion and adoption of a report concerning their State or territory, or in any other situation where they are conflicted.

Rule 6 – Decision making on issues arising from Bureau discussions

1. The Bureau shall be entrusted with the tasks enumerated in Article 6 of the Statute of MONEYVAL, which shall be carried out through meetings of the Bureau or when appropriate, through teleconference or electronic exchanges. When the Bureau has reached a decision in respect of a proposal to be made to the Plenary, the Chair shall present the collective decision of the Bureau members on behalf of all members.

Rule 7 – Decision making on issues arising in mutual evaluation reports, progress reports, follow-up reports and compliance reports

1. Decisions on issues arising in mutual evaluation reports, progress and follow up reports and compliance reports shall be reached by a consensus of MONEYVAL States and territories (which shall not be understood as requiring unanimity).
2. In order to assist the Chair in reaching a conclusion on the existence of consensus, discussions shall be based on substantiated opinions from the plenary, taking into account the views expressed by the evaluation team and the scientific experts.
3. If a consensus cannot be reached on the proposals to amend or otherwise change the draft evaluation report, progress or follow up or compliance report, including changes to proposed ratings, the report shall remain unchanged on the relevant issue. Where there are dissenting views, these can be reflected in the meeting report of the plenary upon the request of the dissenting State(s) and/or territory(ies) concerned.

Title II. EVALUATION PROCEDURES

Rule 8 – Preparation for the on-site visit

1. The adopted MONEYVAL mutual evaluation **questionnaire** (including questions relating to other MONEYVAL specific standards, e.g. the EU Directives) should be sent to the State or territory ³ undergoing an evaluation at least **four months** prior to the

³ The term "State or territory" in this document shall refer to the States covered under Article 2(2) of CM/Res(2010)12 on the Statute of the Committee of Experts on the Evaluation of Anti-Money Laundering

on-site visit. **It is important that the replies to the questionnaire are as comprehensive as possible and are accompanied by all relevant appendices translated accurately in English or French, including important legislative texts and specific statistical information, so that, for each criteria, the evaluators can make a meaningful preliminary assessment of the effectiveness of implementation of relevant standards.** This should include statistics on completed terrorist financing and money laundering investigations and prosecutions and convictions, as well as statistics on seizures and confiscations.

2. The **dates of the on-site visits** will be arranged in consultation with the host State or territory, normally in accordance with the indicative timetable of evaluations (i.e. – in so far as possible – the order of on-site visits followed in previous rounds). Where it is known sufficiently in advance (i.e. for at least 6 months) that a MONEYVAL State or territory is to undergo a Financial Sector Assessment (FSAP), exceptionally, the usual order of evaluations can be departed from so that a MONEYVAL evaluation can be completed with a view to it being used as the AML/CFT component in the FSAP, thus avoiding duplication.⁴
3. The **evaluation team** will be selected by the Secretariat, consulting as necessary with the Chair and other Bureau members. There should normally be 4 evaluators (1 legal evaluator, 1 law enforcement evaluator and ideally 2 financial evaluators). 3 of the evaluators would be from MONEYVAL and, if possible, 1 evaluator from an FATF country. Where a MONEYVAL State or territory is undergoing an FSAP, the IMF/World Bank may be invited to join the team. The evaluators should be fluent in the language of the evaluation (either English or French), and should ideally be working in (or otherwise expert in) one of the relevant sectors in their own State or territory, and thus be very familiar with the relevant international standards and the applicable AML/CFT Methodology.
4. Heads of delegations of MONEYVAL States and territories should provide regular information on available evaluators within their jurisdiction. They should also use their best endeavours to ensure that regular MONEYVAL attendees within their State or territory are made available for assessor training and to conduct MONEYVAL evaluations and provide their written reports to the Secretariat in a timely fashion (see paragraphs beneath).
5. All evaluators should be familiar with the evaluated State or territory's materials before the on-site visit, and arrive on-site ready to discuss together in a formal pre-meeting, before the discussions with the host State or territory commence, the strengths and weaknesses of the regime, as understood from the documentation. In this pre-meeting roles and responsibilities will be assigned.
6. The host State or territory will be informed of the names of the evaluators as soon as is reasonably practicable before the on-site visit. In case of a principled and reasoned objection by the State or territory, the Secretariat, in consultation with the Chair, may submit an alternative proposal.
7. The **official language** of the evaluation will be English (or French for Francophone States or territories). Host States and territories should endeavour to ensure that the working meetings are conducted in the official language of the evaluation, and every

Measures and the Financing of Terrorism (MONEYVAL); Israel (CM/Dec(2006)953/10.1E); the Holy See, including the Vatican City State (CM/Res(2011)5), and the Crown Dependencies of Guernsey, Jersey and the Isle of Man (CM/Res(2012)6).

⁴ This paragraph should be read in conjunction with the agreement between MONEYVAL and the IFIs that periodically the IMF/World Bank might advise MONEYVAL (on a timely basis) of their willingness to conduct a limited number of AML/CFT assessments in MONEYVAL States and territories, with a view to those assessments being considered by the MONEYVAL plenary as a mutual evaluation report. It is the understanding of MONEYVAL that no more than 3 to 4 such IFI assessments would be conducted during an evaluation round, i.e. approximately 1 year. Decisions as to which States and territories might be evaluated by the IFIs will be taken by the MONEYVAL plenary.

effort should be made to avoid unnecessary interpretation. Where interpretation into the national language is absolutely necessary (for instance to ensure the involvement of a representative with a particularly relevant expertise), the State or territory undergoing evaluation should seek to retain the services of experienced interpreters, who ideally should be familiar with legal terminology and broad financial issues. The cost of interpretation will be borne by the host State or territory. If there is a problem with organising interpretation, the host State or territory should advise the Secretariat at least **one month** in advance of the on-site visit.

8. **Two months** before the on-site visit, the Secretariat will send an e-mail to all FATF and MONEYVAL members inviting them to provide information on their experience of international co-operation with the State or territory being evaluated or any other issues they would like to see raised and discussed during the on-site visit. Responses should be received no later than a week before the on-site visit, and then made available to the assessment team and the assessed State or territory.
9. **The replies to the mutual evaluation questionnaire**, and translated copies of relevant legal texts, resolutions, and guidance notes should be provided to the Secretariat, together with a draft programme, as soon as possible and **no later than 2 months** before the on-site visit. An indicative list of regularly required accompanying documentation is attached at **Annex A**, though States and territories undergoing evaluation should exercise their judgement as to what materials are relevant in the national context. On receipt of the replies and materials, **they will be sent to the evaluators and immediately reviewed** and a decision will be taken as to whether they are sufficiently comprehensive. Failure to comply with the time deadline or to provide full and accurate responses **may result in the visit being deferred** and the evaluators being informed of this, and the consequent need for materials to be updated at a later stage. A decision to defer the evaluation in either of these circumstances will be taken by the Chair, after discussions with the Head of the relevant Delegation. The State or territory will be advised in writing of this decision, and the letter will be copied to other MONEYVAL Heads of Delegation and observers. The Director General of Human Rights and Rule of Law of the Council of Europe may also be invited to write to the responsible Minister or draw the matter to the attention of the Permanent Representative to the Council of Europe of the host State or territory.
10. The Secretariat, liaising with the evaluators, will agree with the State or territory the final version of the programme. Evaluators are allowed, if the need arises, to request during the on-site visit, **additional meetings** with any relevant public or private institutions; the authorities of the host State or territory should do their best to respond positively to such a request.
11. The **length of the on-site visit** will be determined by the Secretariat in conjunction with the host State or territory, depending on the size of the jurisdiction and the number of institutions to be seen. **The on-site visit should not normally exceed 8 days** in all, including travelling days, though this could be extended for large or complex jurisdictions. Evaluators are expected to respect the agreed timetable and not depart before the conclusion of the mission. The evaluated State or territory should draw up a draft programme, bearing in mind that it would normally be as follows:
 - a. Day 1 (Sunday): Arrivals in time for pre-meeting of evaluators
 - b. Days 2-6: meetings with the host institutions
 - c. Day 6 (afternoon): Plenary discussion with main players in AML/CFT regime to clarify outstanding issues

- d. Day 7 (morning): evaluators and Secretariat to prepare a brief draft summary of findings. (afternoon): Discussion with the lead organisation(s) and Head of MONEYVAL Delegation of the host State or territory to provide preliminary conclusions and brief draft summary of findings
 - e. Day 8 (Sunday): Departures.
12. To ensure the programme stays on schedule, the meetings and discussions on-site should be held, as far as possible, **in one suitable venue**, perhaps the premises of the body taking the lead in the organisation of the team's visit, or another appropriate institution which could act as the team's working base. Ideally the evaluators' working base should have facilities for evaluators to use their laptop computers, and provide internet access. Printing facilities should be provided by the host State or territory. The team can still be flexible on the venues for individual meetings, and may in particular cases themselves request to hold meetings with institutions on their own premises (eg banks, insurance companies, etc). Similarly where a number of agencies are housed within the same Ministry it would be sensible for the meetings to be held there. The objective should be to cut down as far as possible on time spent travelling between institutions, without losing the opportunity to question all relevant persons. In planning programmes where transport is involved the times allotted for travelling should be realistic.
13. An indicative list of the institutions with which the evaluators will usually wish to meet is attached at **Annex B** as a guide. The programme should be drawn up with this in mind, though States and territories should select only those institutions and agencies which are relevant in the national context.
14. If time permits before the evaluation visit commences, the Secretariat will begin to draw up the descriptive part of the report.

Rule 9 – The on-site visit

1. Presentations by the interviewed persons/agencies should be avoided.
2. The evaluation team should be able to request and meet with all relevant agencies during the on-site. The State or territory being evaluated, and the specific agencies met should ensure that appropriate staff are available for each meeting. Meetings with a representative share of the private sector or other non-government representatives as listed in Annex B are an important part of the evaluation, and generally, the evaluation team should be given the opportunity to meet with such bodies or persons in private, and without officials present. The team may also request that meetings with certain institutions are restricted to those officials from these institutions only.
3. The evaluation team should be able to obtain all requested necessary supporting information and documents (if necessary sanitised) demonstrating the effective implementation of the relevant standards under evaluation, as requested, prior, during or shortly after the evaluation visit. States and territories undergoing evaluation should exercise their judgment as to what materials are relevant for demonstrating the effective implementation of the AML/CFT standards and ensure that translated copies of documents or of relevant excerpts requested are provided to the evaluation team as appropriate, prior, during the visit or shortly thereafter.
4. During the on-site visit the evaluators will prepare skeleton outlines of their sectorial reports, and the Secretariat will prepare a draft summary of findings to share with the State or territory. With the permission of the State or territory undergoing evaluation, the draft summary of early findings may be passed by the Secretariat to the IMF or World Bank, if it is required to assist with an FSAP mission planned or in progress (where MONEYVAL is responsible for the AML/CFT component). During the on-site

visit the evaluators and Secretariat may agree provisional ratings to be given though only the final agreed ratings should be provided to the State or territory with the draft report.

5. The principle should generally be maintained that all evaluators attend all the meetings on-site, though in some circumstances practicalities may mean that one of the sectorial evaluators may be required to hold a meeting without other evaluators being present.

Rule 10 – Post on-site visit: finalisation of the draft report and pre-plenary review of draft reports

1. Contributions from the evaluators will be sent to the Secretariat not later than **four weeks** of the on-site visit, after which the Secretariat will aim to prepare the draft mutual evaluation report within four weeks of receipt of the evaluators' individual contributions.
2. If the written contribution from an evaluator is not received within **four weeks** of the on-site visit, or within any other agreed timescale, or if it does not meet the minimum quality requirements⁵, the Secretariat shall notify the Bureau and Head of delegation of the evaluating State or territory. The Head of Delegation will use his/her best endeavours to ensure that the required evaluator's contribution, or in appropriate cases a substantially revised contribution is sent to the Secretariat within **two weeks** from the notification. In the event that a substantial contribution has still not been received from the relevant evaluator, the Chair shall formally draw this issue to the attention of the Permanent Representative to the Council of Europe of the evaluator's State or territory, with copies of the letter being sent to the evaluator concerned and his/her Head of Delegation.
3. In principle the draft report will reflect the position as at the time of the on-site visit. In preparing the report and in giving ratings, assessors should only take into account relevant laws, regulations or other AML/CFT measures that are in force and effect at the time of the on-site visit to the State or territory or in the period immediately following the on-site mission, and before the finalisation of the report. Where bills or other firm proposals to amend the system are made available prior to or at the time of the on-site visit, these may be referred to in the report (description, analysis and recommendations), but should not be taken into account for ratings purposes unless they are in force and effect in the period immediately following the on-site mission. While this period is not precisely fixed, it would not normally extend beyond a date two months after the on-site visit. Information relating to significant new AML/CFT initiatives after this period should only be referenced by footnote.
4. The draft report will be sent to the evaluators for approval. The evaluators will use their best efforts to provide comments within **7 days** of receipt of the draft report.
5. In the light of comments received from the evaluators the draft report will be finalised not later than **two weeks** and sent to the State or territory undergoing evaluation for its comments.
6. The State or territory undergoing evaluation, whatever its size and government structure, should have at least **three weeks** to provide written comments.
7. The State or territory' comments will be despatched immediately to the evaluators, who will use their best efforts to indicate any amendments they are prepared to accept, within **7 days** of receipt.

⁵ See: FATF's Handbook for countries and assessors (April 2009).
http://www.coe.int/t/dghl/monitoring/moneyval/Evaluations/Key_documents_en_files/FATFhandbook_en.pdf

8. The draft report is amended in the light of comments received from the evaluators. If further comments are not received from the evaluators within the timescale, the Secretariat will finalise the draft report, taking into account the State or territory's comments.
9. The revised draft report is then sent to the State or territory, and circulated to the plenary, ideally **14 days** before the plenary meeting. In exceptional cases the draft report agreed by the evaluators can be circulated to the Heads of Delegation without the State or territory's comments having been taken into account, so long as the draft report which is circulated clearly states that the State or territory's comments have not been reflected in the draft.
10. In the preparation of the final draft report to be considered by the plenary, **significant post-visit developments** such as the passage of major relevant legislation related to an identified weakness can be reflected in appropriate footnotes, under the responsibility of the evaluators. It is understood that the evaluators will not have verified information subsequently provided. Footnotes should be kept to an absolute minimum, and should not be used to reflect the opinions of the evaluated State or territory on a part of the report.
11. The Secretariat will prepare a draft executive summary/Report on observance of Standards and Codes to be considered by the evaluators and the State or territory undergoing evaluation.
12. Any unresolved issues will be discussed in a face-to-face meeting between the evaluators and the State or territory undergoing evaluation arranged in advance of the plenary meeting at which the report is to be discussed (normally not later than one month before). If the comments received indicate numerous unresolved issues, the Secretariat will arrange a further pre-meeting between the evaluators and the State or territory undergoing evaluation in the margins of the plenary at which the draft report is to be discussed to finalise any unresolved issues and any issues raised in writing by the Expert Groups (see beneath) and other delegations on the draft report.
13. The draft report, revised after the face to face meeting with the evaluators organised in advance of the Plenary, will be sent to an Ad Hoc Group of Experts (to be appointed plenary by plenary) and the MONEYVAL Permanent Group of Experts for review and comments before the Plenary discussion. The terms of reference of these two Review Groups are attached at **Annexes C and D**.
14. Any MONEYVAL delegation entitled under the MONEYVAL Statute to MONEYVAL representation may send prior to the Plenary discussion (and if applicable, the pre-meeting which is held on the margins of the Plenary) written comments on the draft MER for consideration by the evaluation team.
15. After the final pre-meeting with the State or territory undergoing evaluation, the evaluation team will consider whether any further changes should be made to the draft MER and executive summary and if so, a document outlining these changes shall be circulated to the Plenary. In addition, a summary will be prepared by the Secretariat of issues raised by the Review Groups and MONEYVAL delegations which have not been accepted by the evaluators, and the reasons why the evaluators have not accepted their comments. This will allow the group members to decide whether they need to take them further in the plenary discussions.

Rule 11 – Plenary discussion, post-plenary actions and publication

1. The draft report should ideally be considered by the plenary within **6 months** of the on-site visit, and no later than **one year** after the on-site visit.

2. The Secretariat will briefly introduce the team and outline the main findings of the report and overall conclusions. The State or territory will have the opportunity of responding (for no more than 15 minutes).
3. There will be an opportunity for three States or territories (different from the evaluators' States or territories) to act as interveners – one State or territory for each sector covered by the report – legal, financial and law enforcement. The purpose of the intervener process is to ensure that each draft report is subject to a thorough peer review in plenary by identifying key substantive issues or any high level horizontal aspects of the assessment, in particular as regards effectiveness. The issues raised should be limited to a maximum of 3 per intervener or otherwise as decided by the Chair. These should be communicated to the Secretariat in writing, so that they can be circulated to all delegations prior to the discussion of the report in the Plenary. Subject to the above requirement, States and territories should act as interveners in alphabetical order (the list of future interveners being agreed at each meeting) so all States and territories have the same opportunities to act in this capacity.
4. The discussion on the report will start with the Secretariat presenting the proposed changes to the report for the specific sector under review, highlighting briefly any issues raised by the Review Groups which have not been accepted by the evaluators, and which require plenary resolution. This will be followed by a discussion of the issues proposed by the first intervener, the issues that the evaluated State or territory wishes to bring to the Plenary's attention, any other issues other delegations may raise and the discussion on that section will follow. Questions/comments/views will be taken from the plenary in a structured way, taking each of the sectors in turn. The Chair will use his discretion in deciding how much time can be made available for the discussions. The Chair will give priority to discussion under each sector of any issues raised by the evaluated State or territory and the Review Groups which were not accepted by the evaluators and which require plenary resolution.
5. In exceptional circumstances, the Plenary may consider an updating on-site visit before adoption of the report. Where issues arise during the discussion of a draft report which cause significant concern about compliance with the reference documents, the Plenary may authorise steps to be taken under the Compliance Enhancing Procedures (see beneath).
6. The plenary will adopt the report, the draft summary/Report on observance of Standards and Codes in the light of any amendments. The adopted ROSC will be sent to the IMF/World Bank where necessary.
7. The adopted executive summary will be placed on the MONEYVAL website shortly after the plenary meeting.
8. After the adoption of the final report, the corrected version of the mutual evaluation report will be sent to the Head of Delegation of the evaluated State or territory to check its accuracy with decisions taken by the plenary, and to provide any comments on the report.
9. The Head of Delegation should confirm the accuracy of the amended report to the Secretariat and provide any comments for publication as soon as possible and no later than **one month** after the amended report has been received by the Head of Delegation. This should allow the State or territory sufficient time to report the findings internally before publication. If the Head of Delegation has not responded within **one month**, the Secretariat will proceed to publish the amended report on the MONEYVAL website.
10. Once the Head of Delegation has confirmed to the Secretariat the accuracy of the version of the report sent in the light of the decisions taken by the Plenary, and

provided any comments for publication, the adopted Report will be transmitted to the Permanent Representation of the State or territory undergoing evaluation and will be published on the MONEYVAL website. A copy of the report shall also be transmitted formally to relevant organs, bodies and committees of the Council of Europe.

11. Following the publication of the report, the State or territory concerned shall be notified about the decision of the Plenary regarding the follow-up procedures applicable and the reporting timelines, as set out under Rule 13.

Title III. MONITORING PROGRESS AS A RESULT OF THE MUTUAL EVALUATIONS PROCEDURES

Rule 12 – Rule applicable as a result of the third evaluation round

1. **Third round progress report:** States and territories for which a Plenary decision has been made that they shall provide a progress report as a result of the third round mutual evaluation process shall be required to complete the template questionnaire prepared by the Secretariat and return it to the Secretariat at least **6 weeks** before the Plenary meeting at which it will be discussed. The template shall be sent to them at least **10 weeks** prior to the Plenary. This does not preclude States and territories providing other written updates on progress on their own initiative for the information of members and observers.
2. **Review and analysis process:** The progress report, together with a copy of the adopted mutual evaluation report relating to the progress report, will be transmitted immediately by the Secretariat to the Rapporteur State or territory appointed at the previous plenary meeting to review that progress report. The Head of Delegation of the Rapporteur State or territory will assign scrutiny of the legal, law enforcement, and financial sector of the report among his delegation who will raise questions on the report. The progress report will also be sent to the scientific experts and to Heads of Delegations from MONEYVAL States or territories which participated in the evaluation (for transmission to the relevant evaluators from their State or territory). This is to ensure that the scientific experts, previous evaluators / delegations from which the MONEYVAL evaluators were drawn are in a position (together with the Secretariat) to raise questions on the progress report.
3. The Secretariat will normally prepare a written analysis of progress against the core Recommendations⁶. If requested to do so, the Secretariat may extend this review to the key recommendations, subject to resource considerations⁷. This desk review will be circulated to the Rapporteur State or territory and the Plenary before the discussion of the progress report. The progress report will be sent to the Plenary no later than **1 week** before the meeting.
4. The progress report will be subject to peer review by the Plenary. The State or territory shall briefly introduce its progress report. The Secretariat will then present its findings in respect of the State or territory's progress in implementing the analysed Recommendations. Thereafter the Rapporteur State or territory will proceed and present its analysis, raising any clarifications about the draft report as well as key substantive issues of compliance, which shall followed by a discussion in the Plenary.
5. After the discussion of the progress report, the Rapporteur State or territory should advise the plenary of its view as to whether the information provided adequately answers the questions raised and if any additional information or clarifications should be included in the progress report as a result of the discussion.

⁶ The core 2003 Recommendations as defined in the FATF's document on Process and procedures for the third round of AML/CFT mutual evaluations (2009) are R. 1, SR II, R. 5, R. 10, R. 13 and SR IV.

⁷ The key 2003 Recommendations as defined in the FATF's document on Process and procedures for the third round of AML/CFT mutual evaluations (2009) are R.3, R.4, R.23, R.26, R.35, R.36, R.40, SR.I, SR.III and SR.V

6. **Decision:** If the Plenary is satisfied with the information provided and the progress being undertaken, the progress report and the analysis of the progress on the core 2003 Recommendations will be adopted and published on the MONEYVAL website. Once adopted, the progress report should normally be the subject of an update every two years between evaluation visits, unless otherwise decided by the plenary.
7. **Additional peer pressure measures.** If any progress report or update submitted raises significant concerns about the extent of or speed of progress overall to rectify deficiencies identified in the mutual evaluation report, the Plenary shall :
- a. Require the State or territory to provide a report to the next Plenary or regular reports until there is a Plenary decision that the State or territory has taken sufficient action implementing the following 2003 FATF Recommendations at the level of or at a level essentially equivalent to a C or LC:
 - money laundering and terrorist financing offences (R.1 & SR.II);
 - freezing and confiscation (R.3 and SR.III);
 - financial institution secrecy (R.4) and customer due diligence (R.5);
 - record-keeping (R.10);
 - suspicious transaction reporting and the FIU (R.13, 26 & SR.IV);
 - financial sector supervision (R.23); and
 - international co-operation (R.35, 36 and 40; and SR.I & V).

The plenary should however retain some limited flexibility with regard to those Recommendations listed above that are not core Recommendations if substantial progress has also been made on the overall set of Recommendations that have been rated PC or NC.

The requested report or subsequent report required by the plenary under paragraph 7 (a) shall also be analysed in writing by the Secretariat and subject to plenary peer review. If sufficient progress has been made, the State or territory will be removed from the process under paragraph 7 a and revert to updates under paragraph 6.

- b. take note of the information provided in each report under paragraph 7 (a) above and proceed to publish each report together with the analysis of progress adopted by the Plenary on the website;

and /or

- c. apply additional peer pressure under the Compliance Enhancing Procedures, including further compliance reports back. Subsequent compliance reports will become public documents.

8. **Removal procedure:** Where a State or territory has been asked to provide a report under paragraph 7 (c) , this report should be analysed in writing by the Secretariat and subject to Plenary peer review in the normal way. To facilitate this, the relevant reports will be sent to the scientific experts and to Heads of delegations from MONEYVAL States or territories which participated in the evaluation for transmission to the relevant evaluators from their States or territories. This is to ensure that the scientific experts, previous evaluators/delegations from which the MONEYVAL evaluators were drawn are in a position (together with the Secretariat) to raise questions on the report. If sufficient progress has been made, the State or territory will be removed from this process and become subject to paragraph 7 (a) or updates

under paragraph 6. The report and analysis of progress will become public documents.

9. The Plenary may also request a further updating on-site visit before removing a State or territory from the follow-up procedures under paragraphs 7 and 8, particularly where effectiveness of implementation was a major contributory factor in the relevant ratings.
10. The third round follow-up process shall end in respect of the States or territories subject to this rule upon Plenary decision⁸ or if a fourth round evaluation visit takes place before an update report is due to be submitted.

Rule 13 – Revised rules applicable as a result of the fourth evaluation round

At its 50th Plenary (12-15 April 2016), MONEYVAL decided to streamline the remainder of its follow-up procedure for the 4th round in order to create further capacities for its 5th round. At the same time it decided to maintain (and, where appropriate, increase) the peer pressure to ensure that MONEYVAL jurisdictions have in place effective systems to counter money laundering and terrorist financing and comply with the relevant international standards. It was considered that such increased pressure may also help countries to prepare better for their forthcoming 5th round evaluation. The previous follow-up procedure for the 4th round, which expired on 31 August 2016, is reproduced as ANNEX E to the present document for reference purposes.

1. States or territories which were previously subject to the biennial update process⁹ are expected to regularly report any relevant developments to the Plenary through MONEYVAL's *tour de table* procedure.

2. States or territories which were previously subject to regular¹⁰ or enhanced¹¹ follow-up will remain in a streamlined follow-up process. They are expected to report back to the Plenary, if they have not yet done so under the previous follow-up procedure, within two years after the 4th round MER was adopted. For such reports, the Secretariat would not be expected to prepare an analysis. States or territories should submit such follow-up reports at the latest 8 weeks before the report is due to be discussed by the Plenary.

3. Those States or territories which remain in the streamlined follow-up process referred to in paragraph 2 are expected to seek removal from that follow-up process within four years after the adoption of the 4th round MER at the latest. The Plenary encourages an earlier application for removal.

4. To have taken sufficient action for removal by the Plenary from the follow-up process, it is necessary that the State or territory has an effective AML/CFT system in force, under which it has implemented the following recommendations at the level of or at a level essentially equivalent to a C or LC:

- money laundering and terrorist financing offences (R.1 & SR.II);

⁸ At the 41st MONEYVAL Plenary meeting (Strasbourg 8-12 April 2013), it was decided that further 3rd round progress reports should no longer be required from countries that participated in the 3rd round between 2005 and 2009 (and have a 4th on-site visit scheduled in 2013/2014) once their second 3rd round progress reports have been adopted, with the exception of Bosnia and Herzegovina, Montenegro and the Russian Federation. The decision also does not affect States and territories which became subject to MONEYVAL processes after the end of the 3rd round, namely the Holy See and the UK Crown Dependencies of Guernsey, Jersey and the Isle of Man. At the 45th Plenary meeting (September 2014), it was decided not to request Russia to report back under the 3rd round procedures, while retaining the discretion to revisit this decision should the 5th round evaluation be postponed beyond 2017. At its 46th MONEYVAL Plenary meeting (Strasbourg, 8-12 December 2014), it was decided that Ukraine shall continue reporting under 3rd round procedures until an assessment is carried out under the 5th round. Progress reports under the third round procedures would also be required for the Isle of Man and the Holy See until one year before the 5th round visits (in September and respectively December 2015).

⁹ Former Rule 13, paragraphs 1a., 3-9; see ANNEX E to the present document.

¹⁰ Former Rule 13, paragraphs 1b., 10-21; see ANNEX E to the present document.

¹¹ Former Rule 13, paragraphs 1c. and 22; see ANNEX E to the present document.

- freezing and confiscation (R.3 and SR.III);
- financial institution secrecy (R.4) and customer due diligence (R.5);
- record-keeping (R.10);
- suspicious transaction reporting and the FIU (R.13, 26 & SR.IV);
- financial sector supervision (R.23); and
- international co-operation (R.35, 36 and 40; and SR.I & V).

The Plenary should however retain some limited flexibility with regard to those Recommendations listed above that are not core Recommendations if substantial progress has also been made on the overall set of Recommendations that have been rated PC or NC.

5. If the State or territory has taken sufficient action to be removed from the follow-up process, the Plenary will ask that State or territory to regularly report about any relevant developments through MONEYVAL's *tour de table* procedure.

6. If the State or territory has not taken sufficient action to be removed from the follow-up process, the Plenary will decide to apply compliance enhancing procedures under Rule 14.

7. The process for consideration of an application to be removed from the follow-up process should be as follows:

a. The State or territory would provide a full report, and all necessary laws, regulations and other information, including relevant data and information for assessing effectiveness, at least two months before the Plenary session at which it is expected to be removed (or at which it applies on its own motion for removal) from regular follow-up. The State or territory should use the agreed templates.

b. The Secretariat would then prepare a more detailed analysis of the progress made by the State or territory for the following Plenary. This report would analyse the actions taken to resolve the deficiencies/factors underlying each of the Recommendations mentioned in paragraph 4 that was rated PC or NC, and would indicate the extent to which the deficiencies had been resolved, and indicate for each relevant Recommendation whether it believed sufficient action had been taken. In assessing whether sufficient progress had been made, effectiveness would be taken into account, to the extent possible given the nature of a paper-based "desk review". In preparing the detailed analysis, the Secretariat could consult the original assessors, where they are available. The detailed analysis should be provided to the State or territory for its comments before it is sent to delegations.

8. Reporting under this follow-up procedure will be discontinued upon commencement of the 5th round process (i.e. within one year of a 5th round onsite visit).

Transitional period

9. MONEYVAL will continue to consider at future Plenary sessions those follow-up reports which it had requested to be submitted by States or territories until the end of the 50th Plenary (12-15 April 2016). For those reports, the previously applicable formalities under former Rule 13, which are reproduced as ANNEX E to the present document, should apply respectively. Subject to resources, the Secretary retains the discretion to prepare an analysis that would accompany those reports.

Title IV. STEPS TO BE TAKEN IN RESPECT OF STATES AND TERRITORIES UNDERGOING EVALUATION BY MONEYVAL WHICH ARE NOT IN COMPLIANCE WITH THE REFERENCE DOCUMENTS¹² OR THE RECOMMENDATIONS IN MUTUAL EVALUATION REPORTS

Rule 14 – Compliance Enhancing Procedures

1. General principles

1. MONEYVAL may take action at any time in respect of States and territories subject to its evaluation procedures for failure to implement the reference documents or the recommendations in mutual evaluation reports. It should be guided by the following principles:
 - a. flexibility in order to deal with situations which require urgent action by the Plenary when issues of non-compliance arise;
 - b. equality of treatment for MONEYVAL States and territories;
 - c. a graduated approach for dealing with non-complying States or territories;
 - d. approval by the Plenary of the steps to be taken, whilst allowing for some discretion regarding their application.
2. There are several ways by which a State or territory could come to the attention of MONEYVAL for the purpose of application of CEPs:
 - a. as a result of MONEYVAL's evaluation processes; or
 - b. as a result of a Bureau's decision to refer to MONEYVAL a serious issue of concern¹³, which could qualify for the application of Compliance Enhancing Procedures.
3. Any MONEYVAL delegation, through their Head of delegation, can also bring to the attention of MONEYVAL a serious issue which could qualify for the application of Compliance Enhancing Procedures, by outlining in writing its concerns and the nature of the difficulties encountered. When such a notification is received, the Bureau shall gather any further additional clarifications it may require before discussing its merits, by liaising, as appropriate, with the MONEYVAL delegation and the State or territory concerned, and taking a decision to present this issue for Plenary decision.
4. In cases when MONEYVAL has identified the need to take action, the Chair of MONEYVAL shall send a letter to the Head of Delegation concerned, with a copy to MONEYVAL delegations and the Permanent Representative of the State or territory to the Council of Europe, drawing his/her attention to non-compliance with the reference documents and requiring the State or territory concerned to provide a report before the next MONEYVAL plenary meeting (or regular reports) within a fixed timeframe, so as to assess the extent of the problem and any actions or progress of the State or territory concerned in addressing the issues of concern and implementing the reference documents.

¹² "Reference documents" mean those documents on which the evaluations are based as they are described in the current mandate of the Committee.

¹³ Such issues may include for example situations where a) there is a demonstrated unwillingness or inability to respond adequately to requests, b) where non-compliance with certain Recommendations results in serious vulnerabilities in the AML/CFT framework or c) where there are substantial ML or FT threats or risks.

2. Steps in the process

5. In addition to more frequent reporting, MONEYVAL may also apply other steps to non-complying States or territories, as follows:

Step 1: MONEYVAL inviting the Secretary General of the Council of Europe to send a letter to the relevant Minister(s) of the State or territory concerned, drawing his/her/their attention to non-compliance with the reference documents and the necessary corrective measures to be taken;

Step 2: Arranging a high-level mission to the non-complying State or territory to meet relevant Ministers and senior officials to reinforce this message;

Step 3: in the context of the application of the 2012 FATF Recommendation 19 by MONEYVAL States and territories, issuing a formal public statement to the effect that a State or territory insufficiently complied with the reference documents and inviting the members of the global AML/CFT network to take into account the risks posed by the non-complying State or territory.

Step 4: Referring the matter for possible consideration under the FATF's International Co-operation Review Group (ICRG) process, if this meets the nomination criteria set out under the ICRG procedures.

3. Practical modalities for dealing with non-complying States and territories

6. The steps proposed above fall into two distinct categories. Steps 1 and 2 essentially involve enhanced peer pressure to assist non-complying States or territories in expediting implementation of the reference documents. Steps 3 and 4 entail more serious action.
7. As regards the application of steps 1 and 2, the practical modalities are as follows: the Chair would propose, after consultation with the Bureau, to the Plenary the steps which in his/her estimation should be taken in relation to the non-complying State or territory. The Plenary would then decide the parameters for action, and the Chair would be authorised to take action, where necessary through the Secretariat, within these limits. For example, if the Chair were authorised to take any of steps 1 or 2, he or she would have the discretion to follow a high level mission with a letter to the authorities of the State or territory concerned without first seeking the Plenary's approval of such latter action. The Chair and Secretariat shall inform the Committee of Ministers of any action taken under Step 2, in particular of the results of a high level mission.
8. If after a reasonable time the State or territory in question persists in its failure to comply significantly with the reference documents and the recommendations, efforts would need to be intensified. These will involve the application of step 3 and 4, either separately or cumulatively. The Chair, through the MONEYVAL / Council of Europe Secretariat, may bring the matter to the attention of the Committee of Ministers of the Council of Europe. The Chair would also be authorised at this juncture to propose to the Plenary that step(s) 3 and/or 4 be taken, and to pursue the action approved by the Plenary. The Chair would have no discretion to modify or deviate from the course of conduct approved by the Plenary. The Chair, through the MONEYVAL / Council of Europe Secretariat, shall inform the Committee of Ministers about any action taken under these steps.
9. A written analysis shall be prepared by the Secretariat on the basis of the information provided by the non-complying State or territory and any other reliable sources of information, outlining the main areas of concern, the action taken by the non-complying State or territory and a recommendation regarding the next step(s) in the compliance enhancing procedures. The report submitted by the non-complying State

or territory together with the Secretariat analysis shall be reviewed by the Bureau. When appropriate or feasible, the Bureau may request to hold an exchange of views with the non-complying State or territory before a CEP report and analysis are discussed at a Plenary meeting.

10. The **procedure** for discussing compliance enhancing reports is as follows:

- a. The Secretariat shall briefly present the status of the application of CEPs in respect of the non-complying State or territory, outlining the key issues of concern and the findings of its analysis.
- b. The non-complying State or territory shall present the measures taken as a result of the CEPs and its views on its compliance with the reference documents.
- c. The Plenary shall discuss the issues of concern identified, whether the action taken (if any) may be considered as addressing in an adequate manner MONEYVAL's concerns and the extent of or speed of progress to rectify the issues of concern.

11. MONEYVAL shall decide at each Plenary meeting where a compliance enhancing report is being examined whether the State or territory concerned has taken adequate corrective action to address the issue(s) of concern in a timely manner, on the basis of the report submitted by the non-complying State or territory, as well as any other supporting documents, and whether any additional steps under the CEPs should be applied.

4. Decision and lifting of CEPs

12. When considering compliance enhancing reports, MONEYVAL shall adopt the Secretariat analysis and decide upon the appropriate step (s) under the CEPs which shall be applied, given the urgency and/or gravity of the issue(s) of concern. The adopted Secretariat analysis of a CEP report and the report submitted by the non-complying State or territory shall be published in accordance with MONEYVAL's publication rules.

13. If a State or territory is within the compliance procedures for an issue other than arising out of the evaluation round's follow up procedures, they will be removed from it when they have achieved satisfactory progress on the issue that brought them into it.

Rule 15 – Mechanism for action in exceptional circumstances

1. In exceptional cases, where there are urgent and serious concerns, and where a prompt (re)action by MONEYVAL is required, the Chair shall be permitted to undertake a course of action, as set out in the paragraphs below, as an interim measure until MONEYVAL can be fully seized of the problem at its earliest Plenary meeting and take an informed decision with a view to resolving it. This mechanism, which shall be used only in exceptional circumstances, is aimed at providing a framework for a rapid reaction to situations which may involve important issues for MONEYVAL/Council of Europe or any of its States and territories.
2. In determining whether the matter requires immediate action and cannot wait until a Plenary meeting is held, the Chair shall consult with the Bureau and the Executive Secretary of MONEYVAL. When doing so, all Parties shall consider in particular a) the seriousness of the situation, b) the level of urgency, and any likely adverse consequences of inaction by MONEYVAL/ Council of Europe. The Chair and/or the Executive Secretary shall engage in this process as appropriate with the MONEYVAL State or territory concerned and interested parties.

3. Action taken under this mechanism may involve as appropriate an on-site mission, face to face or teleconference meeting(s) with the State or territory concerned and/or relevant representatives, a written analysis and/ or expertise commissioned, or any other appropriate measure the Bureau may consider appropriate.
4. Upon initiation of the course of action, the Chair shall notify all MONEYVAL delegations. A report shall be presented to MONEYVAL, at its next meeting, about the situation and the developments resulting from the course of action undertaken, together with any recommendations on measures that MONEYVAL should consider at that time, including further monitoring by MONEYVAL.
5. Any further action shall be discussed and decided by MONEYVAL at its earliest Plenary, applying, where appropriate, its Rules of Procedure.

Title V. CONFIDENTIALITY REQUIREMENTS AND PUBLICATION POLICY

Rule 16 – Confidentiality requirements

1. All documents and information produced: (a) by an evaluated State or territory during a mutual evaluation exercise; (b) by the MONEYVAL Secretariat or evaluators and (c) comments received through the consultation or review mechanisms, should be treated as confidential. They should be used for the specific purpose provided and not be made publicly available, unless the assessed State or territory and MONEYVAL (and where applicable, the originator of the document) consents to their release or if they have already been made public by the State or territory concerned. These confidentiality requirements apply to the evaluation team, the Secretariat, scientific experts, officials of the evaluated State or territory and any other person or delegation with access to the documents or information.
2. All documents and information produced for MONEYVAL meetings shall be considered confidential unless otherwise specified on the cover page.
3. Representatives of MONEYVAL delegations from States and territories, observer States, organisations and bodies and scientific experts are required to maintain the confidentiality of the facts or information of which they have become aware during the exercise of their functions, during and after their mandate, until the information or facts have been made public under the publication policy.
4. If there are serious grounds for believing that a representative or expert has violated the obligation of confidentiality, MONEYVAL may, after the person concerned has had an opportunity to state his or her view to the Bureau, decide to inform the Secretary General of the Council of Europe, and/or the Permanent Representation of the State or territory concerned to the Council of Europe, and/or the Organisation/body concerned and request that appropriate measures be taken, including removing the representative from participating to MONEYVAL activities.

Rule 17 – Publication policy

1. The MONEYVAL publication policy applies to MONEYVAL's activities as well as any action under MONEYVAL's 4th evaluation round procedures, and appropriate details of any follow-up action and the result of that action will be published. The public website shall include information on the status of the State or territory in the evaluation process, and if applicable, on the next steps.
2. **All mutual evaluation reports and executive summaries** will be published on the MONEYVAL website.
3. **Follow up reports:**

- a. Progress reports submitted by States and territories as a result of the third round evaluation round, analyses of progress by the Secretariat and any related updates adopted by MONEYVAL shall be published on MONEYVAL's website.
- b. Follow-up reports adopted by MONEYVAL shall be published on MONEYVAL's website.
- c. The detailed analysis report, prepared at the time the State or territory is removed from the follow-up, will be published on the MONEYVAL website with the following introductory statement:

"This report, submitted by [*State or territory*] under the [*specify type of process applicable*] provides an overview of the measures that [*the State or territory*] has taken to address the major deficiencies relating to Recommendations rated NC or PC since its last mutual evaluation. The progress shown indicates that sufficient action has been taken to address those major deficiencies, and in particular those related to Recommendation(s) [*state Recommendation applicable*]. It should be noted that the original rating does not take into account the subsequent progress made by the State or territory."
4. On publication of a detailed analysis of a 4th Round follow-up report, where the Plenary has considered the ratings given in a 4th Round evaluation as opposed to "equivalent" ratings based on a desk review, the introductory statement will be the same as in paragraph d) above, but will also make it clear that a 4th Round evaluation visit has taken place and the progress referred to in the follow-up report is based on a detailed assessment conducted within the 4th Round mutual evaluation process.
5. **Compliance reports:** The adopted Secretariat analysis of a CEP report shall be published, together with a concluding statement regarding the decision taken by the Plenary regarding the step(s) applied to the non-complying State or territory. The CEP report submitted by the non-complying State or territory shall be published on the website upon specific request from the Head of delegation.
6. **Other MONEYVAL reports and documents:** Final adopted reports and documents shall be published on a decision of MONEYVAL.

ANNEX A – Accompanying documentation to be provided with the replies to the questionnaire

This is an indicative list only, and States and territories should feel free to provide in the language of the evaluation other relevant laws, regulations, decrees and documentation which would assist the evaluators

- Legal provisions covering the criminalisation of money laundering and financing of terrorism
- General anti money laundering preventive law, and relevant regulations, decrees etc promulgated under it
- Relevant provisions applicable to the financial sector – including customer identification requirements in respect of account opening and establishing business relations, and for relevant transactions in the banking sector, insurance sector, and securities sector, if not covered in the anti-money laundering law
- Legal provisions dealing with licensing and due diligence on owners and managers (and procedures in respect of subsequent significant acquisitions) involving credit institutions, relevant financial institutions (including insurance companies, brokerage houses, and exchange houses), and casinos
- Legal provisions which cover anti money laundering supervisory obligations and sanctioning
- Criminal/administrative provisions covering failure to report and tipping off
- Guidance notes/indicators of suspicious or unusual transactions issued in each of the relevant sectors
- Legal provisions and any arrangements for due diligence in company formation
- Legal provisions which govern access to banking information by law enforcement
- Legal provisions dealing with confiscation and provisional measures taken domestically
- Legal provisions dealing with international co-operation in money laundering and terrorist financing including the taking of provisional measures on behalf of foreign states and enforcement of foreign confiscation orders
- Legal provisions covering the use of special investigative techniques, including controlled delivery
- Statistical information on all aspects of the evaluation where it will demonstrate the effectiveness of the system, including number of STRs and breakdown of bodies from which they come, number passed to law enforcement for investigation, number of money laundering prosecutions generated directly by the police independently of the STR system, number of money laundering and terrorist financing investigations, prosecutions and convictions and related orders for provisional measures and confiscation. Statistics on confiscation and provisional measures taken generally in major domestic proceeds-generating offences should also be provided. Similar statistics should be provided in relation to provisional measures or confiscation undertaken on behalf of foreign states.
- Any strategy or action plans dealing with money laundering and terrorist financing.

Note: An important component of the information to be provided by examined States and territories are statistics. These are essential to allow evaluators to assess the effectiveness of the implementation of the standards and to deliver fair and accurate ratings. States and territories should ensure that they provide data which is as complete and up to date as possible.

ANNEX B – Indicative list of authorities and businesses to be met during on-site visits

Ministries:

- Ministry of Finance;
- Ministry of Justice, including central authorities for international co-operation;
- Ministry of Interior;
- Ministry of Foreign Affairs;
- Ministry responsible for the law relating to legal persons, legal arrangements and non-profit organisations;
- Other bodies or committees to co-ordinate AML/CFT action.

Criminal justice and operational agencies:

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

Financial sector bodies:

- Ministries or agencies responsible for licensing, registering or otherwise authorising financial institutions;
- Supervisors of financial institutions, including the supervisors for banking and other credit institutions, insurance, and securities and investment;
- Supervisors or authorities responsible for monitoring and ensuring AML/CFT compliance by other types of financial institutions, in particular bureaux de change and money remittance businesses;
- Exchanges for securities, futures and other traded instruments;
- Central Bank;
- The relevant financial sector associations, as well as a representative sample of financial institutions (this could include both senior executives and compliance officers, and where appropriate internal auditors);
- A representative sample of external auditors.

DNFBP and other matters:

- Casino supervisory body;
- Supervisor or other authority or SRO responsible for monitoring AML/CFT compliance by other DNFBP;
- Self-regulatory organisations (SRO) for professionals such as lawyers, notaries and accountants (if applicable)
- Registry for companies and other legal persons, and for legal arrangements (if applicable);
- Bodies or mechanisms that have oversight of non-profit organisations;
- A representative sample of professionals involved in financial institutions and non-financial businesses and professions (managers or persons in charge of AML/CFT matters – e.g. compliance officers, as well as the representatives of senior management responsible for compliance - in financial institutions, casinos, real estate agencies, precious metals/stones businesses as well as lawyers, notaries, accountants and any person providing trust and company services).
- Any other agencies or bodies that may be relevant.

ANNEX C – MONEYVAL Ad hoc Group of Experts to advise on issues relating to mutual evaluation reports

Terms of Reference

At each of the MONEYVAL plenary meetings a State or territory (or States and territories) which is/are evaluated by MONEYVAL will be appointed (on an alphabetical basis) to constitute an ad hoc group (ideally of not less than 3 AML/CFT experts from within their State or territory(ies)) to assist the examiners, the plenary, the Chair and Secretariat, at the following MONEYVAL plenary meeting. If there is more than one draft report scheduled for discussion at the next plenary meeting, different States and territories will be appointed to review each draft report.

The objective of the Ad Hoc Group is to identify and highlight what appear to them to be problematic issues in each sector of the draft report, which may impact on the quality and/or consistency of the assessment overall compared with other adopted reports, or on the interpretation of the relevant international standards in the draft report.

Having in mind that decisions as to the content of draft reports remain entirely for the examiners, and final decisions on the content of adopted reports can only be taken by the plenary, the ad hoc group of experts will:

- Review assigned draft reports in advance of the plenary discussions for which they are appointed,
- Advise in writing within the agreed timescales the Chair, Secretariat and examiners: of any policy or horizontal issues raised by the draft report which in their view require further consideration by the examiners or plenary; issues of interpretation of standards by the examiners which appear problematic; issues of consistency of ratings with other adopted reports; any noted inconsistencies in the treatment of issues with other adopted 3rd (or 4th) round reports; or any other issue which seems to them to need further consideration before plenary debate and/or deserves a full discussion in plenary (including the need for more justification by the evaluation team for a particular conclusion or rating).

The Secretariat will provide a short report of the issues which experts raised which are not accepted by the evaluators, with brief reasons, in advance of plenary discussions.

ANNEX D – MONEYVAL Permanent Group of Experts to advise on issues relating to MONEYVAL reports

Terms of Reference

The plenary will appoint a permanent group of no more than 5 experts (to comprise 1 legal expert, 2 financial experts, 1 law enforcement expert, and 1 expert to consider European Union Directive issues) to assist, as necessary, the ad hoc review groups, the examiners, plenary, Chair and Secretariat, during MONEYVAL plenary meetings in Strasbourg, in the identification and resolution of issues in draft reports which may impact on the quality and consistency of assessments or on the interpretation in draft reports of the relevant international standards. The scientific experts of MONEYVAL will automatically be members of this Group.

Having in mind that decisions as to the content of draft reports remain entirely for the examiners, and final decisions on the content of adopted reports can only be taken by the plenary, the permanent group of experts will:

- Advise (as necessary in advance) the Chair, Secretariat and examiners of any substantial matters (including policy or horizontal issues of interpretation of standards, or noted inconsistencies with other adopted 3rd round reports) which seem to the Permanent Group to need further consideration before plenary debate and/or deserve a full discussion in plenary;
- If requested by the ad hoc review group, to advise further on any issues which have been identified by them in connection with draft reports prior to plenary discussion;
- If requested by the Chair, Secretariat or examiners, to advise generally on any issues which the Chair, Secretariat or examiners have identified in connection with draft reports prior to plenary discussion;
- Stand ready to assist the plenary on these and any other issues relating to the draft reports raised in plenary discussions.

The Secretariat will provide a short report of the issues which experts raised which are not accepted by the evaluators with brief reasons in advance of plenary discussions.

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ANNEX E – MONEYVAL’s 4th round follow-up procedure until 31 August 2016

The previous follow-up procedure for the 4th round, which was laid down in Rule 13 and expired on 31 August 2016, is reproduced here for reference purposes.

Rule 13 – Rules applicable as a result of the fourth evaluation round

1. There are three possible processes that could occur following the discussion and adoption of a 4th round MONEYVAL mutual evaluation report, namely:
 - a. Biennial update;
 - b. Regular follow-up (including expedited follow-up)
 - c. Enhanced follow-up.
2. MONEYVAL’s follow-up processes shall take into account, as appropriate, other complementary processes designed to ensure compliance. These may include for instance its own CEPs or action taken under the FATF’s International Co-operation Review Group (ICRG process) or in the case of joint members, any relevant reports submitted by that member to relevant bodies of the global AML/CFT network or any recent AML/CFT monitoring reports of the IFIs under the FSAP process. The Secretariat, and where applicable the Rapporteur, will take into account any relevant reviews and monitoring reports under the above-mentioned processes, as appropriate, though they can only be bound by the conclusions of a MONEYVAL report, if recently adopted. If the Secretariat, or where applicable the Rapporteur, reach a different conclusion from previous MONEYVAL reports in cases where the standards and legislation has not changed, they should explain the reasons for their conclusion.

1. Biennial update

3. **Criteria:** States or territories shall be required to submit a biennial update when: a) Upon adoption of the MER, the ratings of compliance for the core Recommendations are at the level of C or LC; or b) At any other time (i.e. at a subsequent plenary) upon Plenary decision that a State or territory has demonstrated having taken sufficient action to be removed from regular follow-up.
4. **Procedure:** The process in the biennial update process is set out below.
 - a. No later than two years after the discussion of their 4th round MER, assessed States and territories must provide a succinct update to the Secretariat describing the new measures that have been adopted and implemented to deal with the identified deficiencies in relation to any of the 40 + 9 Recommendations that are rated partially compliant (PC) or non-compliant (NC). This should always include all the updated data or statistics as required under the 2003 FATF Recommendation 32. The set template should be used for this purpose.
 - b. Members and territories shall submit the biennial update at least **8 weeks** before the update report is due to be discussed by MONEYVAL, as set out in MONEYVAL’s schedule of follow-up reports.
 - c. The biennial update reports of specific States and territories will be discussed in the Plenary.
 - d. The biennial update will be transmitted to the State or territory appointed at the previous plenary meeting to review the biennial update (Rapporteur State or territory).

- e. The Head of Delegation of the Rapporteur State or territory will assign scrutiny of the legal, law enforcement and financial sectors of the biennial update among his Delegation for review.
 - f. The biennial update will not be subject to a Secretariat written analysis, except in exceptional cases. Such cases may include situations where an internal Secretariat review indicates a) that there are significant changes in the State or territory leading to a decline in the level of compliance with the core recommendations, or in respect of a non-core recommendation, in particular when a major ML/TF risk has been identified or when this has resulted in a significant decline of compliance; b) when there are concerns about a lack of satisfactory progress against the priority actions in the MER. In such situations, a written analysis will be prepared by the Secretariat, in close consultation with the scientific experts, the Rapporteur State or territory, and the original evaluators when they are available. The analysis shall be sent to the reporting State or territory for its comments, before it is circulated to MONEYVAL delegations. The analysis shall contain a recommendation regarding the next step in the follow-up process for the Plenary's consideration.
 - g. At least **4 weeks** before the report is due to be discussed in Plenary, the Rapporteur delegation shall identify potential compliance or implementation issues which may deserve an increased focus and discussion in the Plenary and submit in writing to the Secretariat a proposed list of issues. Other delegations may also submit a proposal to include in the list a compliance or implementation issue if they consider it appropriate. Based on the proposals received, the Secretariat jointly with the Permanent Group of Experts, shall prepare a list (of up to 5) substantive issues for Plenary discussion.
 - h. The biennial update will be subject to peer review by MONEYVAL delegations. The reporting State or territory shall briefly introduce the report. Where applicable, the Secretariat will then present its written analysis as well as the proposed recommendation regarding the next steps in the follow-up process. MONEYVAL shall discuss as a matter of priority the identified substantive issues. Delegations, including the Rapporteur delegation, may raise any additional questions aimed at seeking clarifications about the information provided in the report.
5. **Decision:** When considering biennial reports, MONEYVAL States and territories may decide to:
- a. Adopt the biennial report, if they are satisfied with the implementation and adequacy of progress reported.
 - b. Adopt the biennial report and analysis but place the State or territory on regular follow up, if there are concerns about the implementation or the lack of adequate progress, and decide on the appropriate follow-up measures, including, if appropriate, any of the Compliance Enhancing Procedures steps
6. Any adopted biennial report shall be published, in accordance with the general publication rules. The State or territory concerned shall be required to submit routine updating reports every two years, or otherwise decided by MONEYVAL States and territories¹⁴, which shall be subject to the rules set out above in respect of biennial updates.

¹⁴ As decided at the 46th Plenary meeting (Strasbourg, 8-12 December 2014), 4th round biennial follow-up procedures shall be terminated in respect of MONEYVAL States and territories one year prior to the 5th round evaluation.

7. If MONEYVAL States or territories are not satisfied with the level of progress reported, they shall adopt the biennial report and Secretariat analysis, which shall be published in accordance with the general publication rules. The State or territory concerned shall be required to submit update report(s), according to the timeframes set by MONEYVAL and the urgency of follow-up required.
8. Where the updating report is presented, and it is considered to be satisfactory, it will be adopted. It will then be published and become subject to routine updating, in accordance with paragraph 6 above.
9. If the update submitted raises significant concerns about the extent of or speed of progress overall to rectify deficiencies identified in the 4th Round mutual evaluation report, MONEYVAL may take note of the information provide in the update and proceed to publish on the website and require the State or territory to submit a compliance report under the CEPs. The timeframe for submission of the report should take into account the gravity of the issues identified and should in principle not exceed one year after the substantive discussion of the update.

2. Regular Follow-up

10. **Regular follow-up** will apply where the mutual evaluation report shows there are significant deficiencies in the State or territory's AML/CFT system. This process is thus applied in two circumstances:
 - a. Where any of Recommendations 1, 5, 10, 13 or Special Recommendations II or IV are rated either PC or NC; or
 - b. Where the Plenary so decides.
11. Where the Plenary agrees that there should be follow-up, it should also decide which steps should be taken and the timing of the necessary action. This shall be notified to the State or territory concerned through a letter from the Chair to the Head of delegation, with a copy to the relevant Permanent Representation to the Council of Europe setting out in detail the steps of the process.
12. The normal first step in the process would be that two years after the 4th round MER is discussed, the assessed State or territory would report back to the Plenary and provide information on the actions it has taken or is taking to address the factors/deficiencies underlying any of the 40 + 9 2003 Recommendations that are rated partially compliant (PC) or non-compliant (NC). It may include other information if it so desires. The expectation would be that significant progress would have been made by that time. MONEYVAL States and territories which have been evaluated by MONEYVAL are encouraged to **seek removal from the follow-up process within three years after the adoption of the 4th round MER**. States and territories shall undertake the appropriate measures to be in a position to exit from the 4th round follow-up at the latest **within 5 years** from the adoption of the 4th round MER.
13. In duly justified cases, and subject to a Plenary decision to that effect, reporting under follow-up, including enhanced follow-up due to unsatisfactory progress as a result of 4th round follow-up processes, may be discontinued upon commencement of the 5th round process (i.e. within one year of a 5th round onsite visit), provided that increased scrutiny of the evaluation team is directed during the evaluation to those areas where serious deficiencies remain from the 4th round.
14. **Expedited follow-up.** Where the shortcomings identified in a MER are particularly serious, the Plenary could decide on a more expedited timetable, and require the State or territory to report back sooner than two years. Equally, if the State or territory wants to report back sooner, this would be acceptable.

15. States and territories shall submit a regular follow-up report at least **8 weeks** before the report is due to be discussed by MONEYVAL, as set out in MONEYVAL's schedule of follow-up reports.
16. **Decision:** At any Plenary at which a 4th round follow-up report is discussed, there would be three possible options for Plenary decision:
- a. **Cases when there is a lack of satisfactory steps to deal with the identified deficiencies:** If the State or territory has not taken satisfactory steps to deal with the identified deficiencies - the Plenary could then decide to move to one of the other steps in the process (enhanced follow-up), or could seek follow-up reports at more regular intervals e.g. each Plenary.
 - b. **Cases when steps have been taken to deal with the deficiencies and satisfactory progress is being made on the majority of the deficiencies:** the State or territory has taken steps to deal with the deficiencies, and is making satisfactory progress, but needs further time before it could be considered for removal from the process – the Plenary could ask the State or territory to provide a further report at a future Plenary.
 - c. **Cases where sufficient action has been taken to be considered for removal from the process:** If the State or territory has taken sufficient action to be considered for removal from the process: the plenary could ask the State or territory to provide a biennial update as set out under the biennial update procedures.
17. **Criteria for removal from regular follow-up to biennial update:** To have taken sufficient action in the opinion of the Plenary, it is necessary that the State or territory has an effective AML/CFT system in force, under which the State or territory has implemented the following recommendations at the level of or at a level essentially equivalent to a C or LC:
- money laundering and terrorist financing offences (R.1 & SR.II);
 - freezing and confiscation (R.3 and SR.III);
 - financial institution secrecy (R.4) and customer due diligence (R.5);
 - record-keeping (R.10);
 - suspicious transaction reporting and the FIU (R.13, 26 & SR.IV);
 - financial sector supervision (R.23); and
 - international co-operation (R.35, 36 and 40; and SR.I & V).
- (i) The plenary should however retain some limited flexibility with regard to those Recommendations listed above that are not core Recommendations if substantial progress has also been made on the overall set of Recommendations that have been rated PC or NC.
 - (ii) If there is an adopted MER available based on a recent 4th round on-site visit, the ratings given for the relevant 2003 Recommendations shall be taken into account by the plenary in preference to an analysis based on a desk review. The plenary may also request a further updating on-site visit before removing a State or territory from the follow-up procedures, particularly where effectiveness of implementation was a major contributory factor in the relevant ratings.

18. The plenary will discuss the reports that warrant its attention and where a real decision needs to be made, namely reports that fall under paragraphs 15 (a) or (c) above, or where a State or territory is subject to enhanced follow-up.
19. Routine interim follow-up reports need not as a matter of course be discussed by the plenary, but may be made available as an information paper. The assessed State or territory will provide a short interim follow-up report to the Secretariat setting out the remedial action it has taken and a proposal to the MONEYVAL plenary on when it considers to be in a position to submit a report for discussion.
20. Where the Secretariat felt that a State or territory had failed to make adequate progress, including cases where a State or territory is subject to expedited follow-up, the Secretariat would prepare a short summary paper and raise the issue in the plenary. The MONEYVAL plenary would have a discussion on the appropriate course of action or, in cases of regular follow-up reporting, whether a more expedited follow-up or another approach should be taken. If the Secretariat did not have concerns about the progress made, then the State or territory's interim report would be provided as an information item to the plenary.
21. Under paragraph 16 (c) the process for consideration of an application to move from regular follow-up to biennial updates would be as follows.
 - a. The State or territory should notify in writing the Chair when it has, in its view, met the criteria set out above for removal. This notification should occur within three years after the adoption of the 4th round MER. Upon a justified request, the Plenary may allow further time where this is necessary, within the limits set out in the paragraph 12.
 - b. The State or territory would provide a full report, and all necessary laws, regulations and other information, including relevant data and information for assessing effectiveness, at least **two months** before the Plenary at which it would seek to be removed from regular follow-up, using the agreed templates.
 - c. The Secretariat would then prepare a more detailed analysis of the progress made by the State or territory for the following Plenary. This report would analyse the actions taken to resolve the deficiencies/factors underlying each of the above Recommendations that was rated PC or NC, and would indicate the extent to which the deficiencies had been resolved, and indicate for each relevant Recommendation whether it believed sufficient action had been taken. In assessing whether sufficient progress had been made, effectiveness would be taken into account (to the extent possible). Subject to the applicability of paragraph 7 (ii) (availability of an updated 4th round MER) the exercise would be in the nature of a paper based "desk review". In preparing the detailed analysis, the Secretariat could consult the original assessors, where they are available. The detailed analysis should be provided to the State or territory for its comments before it is sent to delegations.

3. Enhanced Follow-up

22. The additional, graduated steps in the follow-up policy for 4th round mutual evaluations (enhanced follow-up) are the steps that are taken generally in MONEYVAL in:
 - a. Respect of States and territories undergoing evaluation by MONEYVAL which are not in compliance with the Reference Documents or the recommendations in mutual evaluation reports (traditionally known as "Compliance Enhancing Procedures") and Steps 1 to 4 may be applied by the plenary in the 4th round

follow-up process (when a follow-up report is being discussed) if the Chair so proposes in accordance with Rule 14 paragraphs 8 and 9 beneath.

- b. Cases where a state or territory has not taken satisfactory action to meet the removal criteria within the 5 years from the adoption of the MER, the plenary would place the State of territory under a targeted follow-up process to ensure that the peer pressure is applied in a manner that corresponds to the seriousness of the follow-up situation. The following type of specific measures and principals could be applied in such cases, considering the seriousness of the situation:
 - (i) An action plan could be developed to focus the outstanding deficiencies relating to all core and key recommendations rated PC or NC in the MER. The follow-up would not address other recommendations rated PC/NC in the MER. States and territories may exit the targeted follow-up if all Recommendations, or all but one key recommendation, are at the level essentially equivalent to LC or C.
 - (ii) The timing of the 5th round evaluation may be brought forward and reporting against this action plan would be discontinued upon commencement of a 5th round assessment (i.e. one year before the onsite visit). However, in case where a State or territory has not satisfactory addressed the items in its action plan, the Plenary may review that State or territory's circumstances and recommend that further scrutiny given to the relevant issues in the course of that 5th round assessment.
 - (iii) The State or territory shall be automatically placed in the 5th round enhanced follow-up should deficiencies from the 4th round core and key recommendations remain unaddressed.
 - (iv) MONEYVAL may decide to apply any other compliance measures as appropriate to such situations.