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

**MONEYVAL**

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**RULES OF PROCEDURE**

**FOR THE 5<sup>TH</sup> ROUND OF MUTUAL EVALUATIONS<sup>1</sup>**

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<sup>1</sup> Adopted by MONEYVAL at its 46<sup>th</sup> Plenary meeting (Strasbourg, 8-12 December 2014), last revised at the 61<sup>st</sup> Plenary meeting (Strasbourg, 29 April 2021).

## Table of contents

<b>TITLE I. ORGANISATION OF MONEYVAL</b>	<b>4</b>
Rule 1 – Composition of MONEYVAL	4
Rule 2 – Other Representatives not Having the Right to Vote	4
Rule 3 – Functions of the Chair, Vice-Chairs and Bureau Members	4
Rule 4 – Replacement of the Chair and the Vice-Chairs	5
Rule 5 – Limitation on the exercise of the functions of Chair	5
Rule 6 – Decision making procedures	5
<b>TITLE II. PROCEDURES CONCERNING MONEYVAL’S FIFTH ROUND OF EVALUATIONS</b>	<b>6</b>
<b>Chapter I – General principles and rules</b>	<b>6</b>
Rule 7 – General provisions	6
Rule 8 – Changes in the AML/CFT standards	7
Rule 9 – Schedule for the fifth round	8
Rule 10 – Respecting Timelines	9
Rule 11 – Joint mutual evaluations with the FATF and related follow-up	10
Rule 12 – IMF or World Bank led assessments and other coordination aspects	10
Rule 13 – Identification of any quality or consistency issues in respect of mutual evaluations	12
<b>Chapter II – Preparatory measures and on-site evaluation</b>	<b>13</b>
Rule 14 – Preparation for the on-site visit	13
Rule 15 – On-site visit	18
<b>Chapter III – Post-visit procedure</b>	<b>19</b>
Rule 16 – Post on-site - preparation of draft Executive Summary and MER	19
Rule 17 – Face-to-Face Meeting	20
Rule 18 – The Plenary Discussion	21
Rule 19 – Adoption of the MER and Executive Summary	22
<b>TITLE III. FOLLOW-UP PROCEDURES FOR MONITORING PROGRESS AS A RESULT OF THE MUTUAL EVALUATION</b>	<b>23</b>
Rule 20 – Follow-up processes as a result of the third and fourth evaluation rounds	23
Rule 21 – General principles for follow-up processes under the fifth evaluation round	23
Rule 22 – Regular Follow-up	27
Rule 23 – Enhanced Follow-up	27
Rule 24 – MER Follow-up Assessment	27
<b>TITLE IV. COMPLIANCE ENHANCING PROCEDURES</b>	<b>28</b>
Rule 25 – General principles	28
Rule 26 – Compliance steps	28
Rule 27 – Practical modalities, decision making and lifting of CEPs	29
<b>TITLE V. PROCEDURES FOR ACTION IN EXCEPTIONAL CIRCUMSTANCES</b>	<b>30</b>
Rule 28 – Action in exceptional circumstances	30
Rule 28 bis – MONEYVAL working methods in exceptional circumstances	31
<b>TITLE VI. CONFIDENTIALITY</b>	<b>31</b>
Rule 29 – The principle of confidentiality	31
Rule 30 – Obligation to maintain confidentiality	32
Rule 31 – Violation of confidentiality	32
<b>TITLE VII. PUBLICATION POLICY</b>	<b>33</b>
Rule 32 – General publication principles	33
<b>TITLE VIII. FINAL CLAUSES</b>	<b>33</b>
Rule 33 – Amendments	33
Rule 34 – Entry into force of the Rules	33
<b>TITLE IX. APPENDICES</b>	<b>34</b>
Appendix 1 – Authorities and Businesses Typically Involved for On-Site Visit	34
Appendix 2 – Terms of reference of MONEYVAL’s Ad Hoc Group of experts	35
Appendix 3 – Terms of reference of MONEYVAL’s Advisory Group on Policy and Evaluation - deleted	36
Appendix 4 – Terms of reference of MONEYVAL’s Working Group on Evaluations	36

Appendix 5 – Rules of procedure of MONEYVAL’s Working Group on Evaluations	37
Appendix 6 – Standardised Follow-Up Report Publication Format (for Publication)	38
Appendix 7 – Analytical Tool for Technical Compliance Re-Ratings Requests (Not for Publication)	41
Appendix 8 – Conducting Mutual Evaluations During the Covid-19 Pandemic	43

The Committee of Experts on the evaluation of anti-money laundering measures and the financing of terrorism (hereinafter referred to as “MONEYVAL”),

Having regards to the Resolution CM/Res(2013)13 adopted by the Committee of Ministers of the Council of Europe on the Statute of the Committee of Experts on the evaluation of anti-money laundering measures and the financing of terrorism,

Pursuant to paragraph 1 of Article 5 of its Statute,

Adopts the following Rules of Procedure,

## **TITLE I. ORGANISATION OF MONEYVAL**

### ***Rule 1 – Composition of MONEYVAL***

1. MONEYVAL shall consist of delegations and representatives of observer States, organisations, institutions or bodies, designated according to articles 3 and respectively 4 of MONEYVAL’s statute. Each delegation shall appoint a Head of Delegation.
2. Countries and territories<sup>2</sup> 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 1 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. In the exercise of their duties, the Chair, the Vice-Chairs and the Bureau members shall undertake to respect the principles of impartiality, objectivity and neutrality and be exclusively

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<sup>2</sup> The term “country or territory” in this document shall refer to the States covered under Article 2(2) of CM/Res(2013)3 on the Statute of the Committee of Experts on the Evaluation of Anti-Money Laundering 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), the Crown Dependencies of Guernsey, Jersey and the Isle of Man (CM/Res(2012)6), and Gibraltar (CM/Res(2015)26).

guided by the interest of MONEYVAL. In doing so they shall be guided by the Principles of conduct for MONEYVAL Bureau members, working group co-chairs and scientific experts.

***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, 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-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-Chair 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 the 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, a 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 country/territory, or in any other situation where they are conflicted.

***Rule 6 – Decision making procedures***

*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.
2. Decisions by the Bureau shall be reached by consensus, which shall not be understood as requiring unanimity. 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.

*Decision making on issues arising in reports elaborated under the evaluation procedures, including compliance reports and other assessments*

3. Decisions on issues arising in mutual evaluation reports elaborated under the evaluation procedures, including compliance reports and other assessments shall be reached by a consensus of MONEYVAL countries and territories (which shall not be understood as requiring unanimity).

4. 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.
5. If a consensus cannot be reached on the proposals to amend or otherwise change the draft report, including, where applicable, 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 country(ies) and/or territory(ies) concerned.
6. After consultation with the Bureau, the Chair may, when required, propose that the members take a decision when the Plenary is not in session through a “silent procedure” ( i.e. the decision is adopted unless at least one delegation objects within a given timeframe<sup>3</sup>). This shall be limited to instances where the Chair considers that the adoption of that decision at the following Plenary would cause considerable inconveniences or practical difficulties. A suggestion to apply such a decision making progress shall be made in writing, with an indication of the exact time for the expiration. At the first meeting following the adoption of the decision, the Chair shall inform the Plenary on the procedure and the decision taken. The procedure shall not be applied for the adoption of a mutual evaluation report.

## **TITLE II. PROCEDURES CONCERNING MONEYVAL’S FIFTH ROUND OF EVALUATIONS**

### **Chapter I – General principles and rules**

#### ***Rule 7 – General provisions***

1. The rules contained in the present title aim at further elaborating article 7 of the Statute of MONEYVAL. They should be periodically reviewed to identify on-going challenges and updated to address those challenges.
2. MONEYVAL shall conduct a fifth round of anti-money laundering and countering the financing of terrorism (AML/CFT) mutual evaluations for States and territories which are subject to its evaluation procedures, in order to assess their compliance with the relevant international AML/CFT standards, as set out in article 2 of the Statute of MONEYVAL.<sup>4</sup>
3. The evaluation procedure shall be based on the principle of mutual evaluation and peer pressure, and shall be instrumental in reaching the aims of MONEYVAL, as enshrined in Article 1 of the Statute. The evaluations shall be undertaken, taking into account the 2013 *Methodology for Assessing Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems*<sup>5</sup> (hereinafter “the Methodology”), as amended from time to time. The assessment of

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<sup>3</sup> When the “silent procedure” is applied for the adoption of follow-up reports, if two delegations (one of which might be the assessed country/territory) raise concerns, then that issue will be discussed at the Plenary.

<sup>4</sup> These are currently the 2012 Financial Action Task Force Recommendations (see [http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF\\_Recommendations.pdf](http://www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF_Recommendations.pdf)) and relevant international conventions referred therein.

<sup>5</sup> As set out in the Methodology, the scope of the evaluations involves 2 inter-related components for technical compliance and effectiveness. The technical compliance component assesses whether the necessary laws, regulations or other required measures are in force and effect, and whether the supporting AML/CFT institutional framework is in place. The effectiveness component assesses whether the AML/CFT systems are working, and the extent to which the country is achieving the defined set of outcomes.

technical compliance shall address the extent to which the country or territory complies with the specific requirements of the standards in laws, regulations or other required measures, which are in force and in effect, including in respect of the institutional framework and the existence, powers and procedures of competent authorities. The assessment of effectiveness shall evaluate the adequacy of the implementation of the standards and identify the extent to which the country or territory achieves a defined set of outcomes that are central to a robust AML/CFT system.

4. A number of common general principles and objectives govern mutual evaluations and assessments conducted by the FATF, MONEYVAL, IMF, World Bank and other FATF-style regional bodies (FSRBs)<sup>6</sup>. In line with these principles and objectives, MONEYVAL's 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, in terms of the assessment process, for all countries and territories assessed;
  - d) seek to ensure that MONEYVAL evaluations are equivalent with those conducted by all relevant organisations and bodies (FATF, IMF, World Bank, FSRBs), 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.
  
5. Mutual evaluation reports shall reflect the situation in the country or territory at the time of the on-site visit. The assessment process will take into account relevant laws, regulations or other AML/CFT measures that are in force and effect at that time, or will be in force and effect by the end of the on-site visit.

#### ***Rule 8 – Changes and interpretation of the AML/CFT standards***

1. As a dynamic process, on-going work within the FATF and the European Union could lead to further changes to the relevant standards and/or the methodology. All countries and territories should be evaluated on the basis of the Standards and Methodology as they exist at the date of the country/territory's on-site visit. The report shall state clearly if an assessment has been made against recently amended standards. To ensure equality of treatment, and to protect the international financial system, 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.
  
2. As necessary, MONEYVAL may take up issues pertinent to the interpretation and implementation of the standards by means of the mechanism established by the FATF for this purpose. Where the horizontal issue cannot be resolved at the FSRB level they it shall be initially raised by the MONEYVAL Secretariat with the FATF Secretariat. The MONEYVAL Plenary shall be kept informed of such exchanges. The Plenary may then decide to raise an

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<sup>6</sup> See FATF and FSRB's agreed universal procedures for assessments conducted by assessment bodies (February 2016).

issue more formally with the FATF. In this case the issue should present important and relevant procedural or substantive matters stemming from one or multiple MERs or FURs, and on which there has been no clear interpretation by the FATF. The MONEYVAL Chair shall write to the FATF at the appropriate level outlining the issue and requesting a formal interpretation from the FATF. Based on Plenary considerations, the MONEYVAL Secretariat shall prepare a background analysis to accompany the request, outlining the impact that the issue, if left unaddressed, could have an impact on the mutual evaluation process of MONEYVAL.

***Rule 9 – Schedule for the fifth round***

1. The schedule of mutual evaluations for the fifth round, and the number of evaluations to be prepared each year is primarily governed by the resources available to undertake these evaluations, the number of MERs that can be discussed at each Plenary meeting, and by the need to complete the entire round in a reasonable timeframe. The number of MERs to be discussed at each Plenary should not exceed 3.
2. A schedule of mutual evaluations showing the fixed or proposed date of the on-site visit, of relevant Financial Sector Assessment Programme (FSAP) missions and the date for the Plenary discussion of the MER will be maintained. The considerations underlying the sequence of evaluations were:
  - a) the sequence of evaluations following the previous round of evaluations (or International Financial Institution (IFI) assessment) and date of the last assessment;
  - b) countries' and territories' views on the proposed date (delegations are consulted on the possible dates for on-site visits and Plenary discussion of their MER);
  - c) results of the previous mutual evaluation or progress or lack thereof as a result of follow-up processes;
  - d) the scheduled date of any possible FSAP mission by the IFIs;
  - e) issues arising from the last round which may indicate that a further evaluation should be a priority; and
  - f) that fact that a country or territory has not participated in MONEYVAL's 4<sup>th</sup> round.
3. The sequence of evaluations shall retain flexibility in order to ensure that the evaluation process can respond appropriately and in timely fashion to the needs of the membership and to concerns in the global network of AML/CFT assessment bodies. The Chair and the Executive Secretary should be informed in due course by the respective delegation where any such concerns arise.
4. When it is known sufficiently in advance (i.e. for at least 6 months) that a MONEYVAL country/territory is to undergo a Financial Sector Assessment (FSAP),<sup>7</sup> the order of evaluations

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<sup>7</sup> The FATF Standards are recognised by the IFIs as one of twelve (12) key standards and codes, for which Reports on Observance of Standards and Codes (ROSCs) are prepared, often in the context of a Financial Sector Assessment Programme (FSAP). It is mandatory for jurisdictions with systemically important financial sectors to undergo financial stability assessments under the FSAP every five (5) years. 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, in the case of MONEYVAL, on a follow-up assessment, conducted against the prevailing standard. MONEYVAL 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 MONEYVAL Secretariat and IFI staff. If necessary, the staff of the IFIs may supplement the information derived from the ROSC to ensure the accuracy of the AML/CFT input. In instances where a comprehensive assessment 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



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.

### ***Rule 10 – Respecting Timelines***

1. The assessed countries and assessment teams have the flexibility to extend the overall timeline by up to one or 2 months in order to take into consideration the scheduled dates of MONEYVAL Plenary meetings, events or holidays, or to adjust the date of the on-site visit to the most appropriate time. When translation is needed, assessment bodies should ensure that 4 extra weeks are scheduled for translation purposes. 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 scheduled MONEYVAL Plenary discussion of the evaluation report.
2. The timelines are intended to provide guidance on what is required if the reports are to be prepared within a reasonable timeframe, and in sufficient time for discussion in Plenary. It is therefore important that the assessors, the secretariat, the reviewers and the country/territory respect the timelines. Delays may significantly impact the ability of the Plenary to discuss the report in a meaningful way. The draft schedule of evaluations has been prepared so as to allow enough time between the on-site visit and the Plenary discussion.
3. The country/territory, the secretariat, the assessors and the reviewers undertake to meet the necessary deadlines and to provide full, accurate and timely responses, reports or other material as required under the agreed procedure.
4. Where there is a failure to comply with the agreed timelines, then the following actions could be taken (depending on the nature of the default):
  - a) **Failure by the country/territory** - 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 shall be taken by the Chairman, after discussions with the Head of the relevant Delegation, and in consultation with the Executive Secretary. The country/territory shall be advised in writing of this decision, and the letter will be copied to other 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 assessed country/territory. In addition, the assessment team may have to finalise and conclude the report based on the information available to them at that time.
  - b) **Failure by the assessors, the reviewers or the secretariat** - the Chairman may write a letter to or liaise with the head of delegation of the reviewer or the Executive Secretary (for the secretariat). If the written contribution(s) from assessors are not received within the agreed timescales, or if they do not meet the minimum quality requirements, the secretariat shall notify the Bureau and the head of delegation of the evaluating State or territory. The Head of Delegation will use his/her best endeavours to ensure that the required assessor's contribution, or in appropriate cases a substantially revised contribution is sent to the

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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.

secretariat within 2 weeks from the notification.<sup>8</sup> In the event that a substantial contribution has still not been received from the relevant assessor, the Chairman shall formally draw this issue to the attention of the Permanent Representative to the Council of Europe of the assessor's State or territory, with copies of the letter being sent to the assessor concerned and his/her Head of Delegation.

5. The secretariat shall keep the Chairman informed of any failures so that the Chairman can respond in an effective and timely way. The Plenary is also to be informed if the failures result in a request to delay the discussion of the MER, including as to reasons for deferral, and publicity could be given to the deferment (as appropriate) or other additional action considered. In addition, the assessment team may have to finalise and conclude the report based on the information available to them at that time.

***Rule 11 – Joint mutual evaluations with the FATF and related follow-up***

1. Mutual evaluations of MONEYVAL countries/territories which are also members of the FATF shall be undertaken pursuant to the procedures agreed by the FATF (Procedures for the FATF 4<sup>th</sup> round of AML/CFT evaluations).<sup>9</sup> These procedures shall also be applied in the context of the follow-up processes.
2. MONEYVAL countries/territories shall be given the opportunity to participate in the evaluation process directly through being part of the assessment team (which shall include MONEYVAL assessors and the secretariat) and also by being able to provide comments and input as is possible for FATF delegations. The secretariat shall ensure that the relevant evaluation documents are circulated for comments and input to all MONEYVAL countries/territories and that the comments received shall be communicated to the FATF as appropriate. Based on reciprocity, FATF members shall also be able to participate in mutual evaluation discussions of joint FATF/MONEYVAL members' reports within MONEYVAL.
3. The first discussion of the MER shall take place in the FATF, unless otherwise jointly agreed. The presumption is that the FATF's view on the draft MER shall be conclusive. However, in exceptional cases, where a report was agreed within the FATF but subsequently MONEYVAL identifies major difficulties with the text of the report, the Plenary shall request the Executive Secretary to communicate to the FATF the issues identified less than four to six weeks before the FATF Plenary so that these can be discussed at the following FATF Plenary.

***Rule 12 – IMF or World Bank led assessments and other coordination aspects***

1. MONEYVAL is responsible for the mutual evaluation process for all of its countries/territories and shares this responsibility with the FATF as far as joint members are concerned. Subject to the provisions of Rule 11, there is thus a presumption that MONEYVAL will conduct the respective mutual evaluations, including any follow-up that may be required, as part of this process. The presumption can be overridden at the discretion of the MONEYVAL Plenary on a case by case basis, with the country/territory's agreement.

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<sup>8</sup> When an assessor must leave the assessment due to *force majeure*, or her/his submission is delayed or not submitted, the responsibilities for the respective parts of the assessment shall be reallocated to other members of the assessment team with the support of the Secretariat. If an assessor departs the team prior to the on-site visit the Secretariat shall endeavour to find a replacement assessor as soon as possible.

<sup>9</sup> See <http://www.fatf-gafi.org/media/fatf/documents/methodology/FATF-4th-Round-Procedures.pdf>

2. For the purposes of the 5<sup>th</sup> round of mutual evaluations, the MONEYVAL Plenary has discretion as to the number of MONEYVAL assessments that could be conducted by the IFIs (i.e. IMF or World Bank). Such IFI-led assessments should be agreed and fixed on the same basis as other evaluations in the schedule.
3. For the MONEYVAL assessment schedule to be fixed with appropriate certainty and in a coordinated manner, the process leading to the Plenary decision as to which MONEYVAL countries/ territories 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 MONEYVAL to be involved at an early stage in the process of determining which countries and territories will be assessed by an IFI. The Plenary will be informed on a regular basis as to the current status of the assessment schedule, including proposals as to whether assessments will be IFI-led, and the Plenary will decide on any such requests. Where the IMF or WB conduct an AML/CFT assessment as part of the MONEYVAL 5<sup>th</sup> round, they should use procedures and a timetable similar to those of MONEYVAL.
4. The MONEYVAL Plenary will in all cases have to approve an IFI assessment that is conducted under the MONEYVAL 5<sup>th</sup> round for it to be accepted as a mutual evaluation.
5. MONEYVAL should be given the opportunity to participate in the evaluation process directly through being part of the assessment team (which shall include at least one MONEYVAL assessor) and, subject to available resources, a MONEYVAL secretariat member.
6. Furthermore, a country or territory agreeing to an IFI-led evaluation shall consent to provide to the MONEYVAL secretariat a copy of all evaluation documentation communicated to the IFI, as well as a copy of the draft reports and comments made by the delegation on the draft text, at the key stages of the evaluation process.
7. The basic products of the evaluation process are the MER and the Executive Summary (for MONEYVAL) and the Detailed Assessment Report (DAR) and the ROSC (for the IFIs).<sup>10</sup> The Executive Summary, whether derived from a MER or a follow-up assessment report (see Rules 21 and 24 below), 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.
8. 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 MONEYVAL. The report provides a summary of AML/CFT measures in place in [Country/territory] 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 MONEYVAL and [Country/territory], but do not necessarily reflect the views of the Boards or staff of the IMF or World Bank.”
9. MONEYVAL’s confidentiality and publication rules apply equally for such assessments. Consideration shall be given to the timing of publication of MERs, with a view to finding a mutually agreed publication date with the IFI having conducted the assessment.

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<sup>10</sup> The DAR uses a similar template to that of the common agreed template that is annexed to the Methodology and has the same format.

***Rule 13 – Identification of any quality or consistency issues in respect of mutual evaluations***

*Quality & consistency review of MONEYVAL reports*

1. A quality and consistency review shall be carried out through a mechanism involving MONEYVAL scientific experts and experts serving on the Ad Hoc Group of experts (appendix 2). The main functions of the reviewers are further detailed in Appendix 2.
2. The review will involve drawing on expertise from several qualified volunteer experts, based on their professional experience, expertise as assessors and their knowledge of the AML/CFT specificities. This pool may contain experts from MONEYVAL, FATF and FSRB members, including their secretariat members, and observers. Each review shall involve at least one external reviewer. To avoid potential conflicts, the reviewers selected for any given quality and consistency review will be from countries other than those of the assessors and will be made known to the country and assessors in advance. Due to the nature of the peer review process, the secretariat will work to ensure that the mutuality of the process is maintained, and all delegations should propose qualified experts as reviewers. A list of past and potential reviewers will be maintained by the secretariat.
3. 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 draft MER, as well as consistency with the standards and precedents. The reviewers for the quality and consistency review do not have any decision-making powers or powers to change a report.

*Quality and consistency review of mutual evaluation reports of another assessment body*

4. Where a MONEYVAL country/territory or the MONEYVAL Secretariat, considers that a draft MER<sup>11</sup> of another assessment body of the global AML/CFT network has serious or major issues of quality or consistency (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), it should, wherever possible, raise such concerns through its Chairman or Executive Secretary, with the assessment body conducting the assessment prior to the MER's adoption by that body.
5. In such cases, the Executive Secretary of MONEYVAL should be notified without delay by the respective MONEYVAL country/territory, indicating in writing the issues of specific concern. The Executive Secretary shall immediately notify the Chairman and Heads of delegations, with a view to reaching a decision as soon as possible as to whether the concerns expressed qualify under this procedure. This consultation shall take place when necessary, through an electronic procedure, if there is no Plenary meeting within a reasonable timeframe. The scientific experts may also be consulted in this process when necessary. If MONEYVAL decides that there are significant concerns, it shall notify the FATF secretariat and the secretariat of the relevant assessment body, so that the assessment team and assessed country can consider and work to appropriately address the concerns.
6. The MONEYVAL secretariat shall ensure that the adopted MER will be circulated to all MONEYVAL heads of delegations. Where there remain significant concerns about the quality and consistency of a MER of another assessment body after its adoption, MONEYVAL should inform the assessment body and the FATF secretariat in writing about those concerns **within 2 weeks** of the distribution of the MER following adoption. If a delegation has serious concerns

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<sup>11</sup> References to MER include also detailed assessment reports prepared by IFIs.

about the quality and consistency of the MER, the Head of delegation should advise **within 10 days** the MONEYVAL Executive Secretary, in writing, indicating their specific concerns. The Executive Secretary shall refer those concerns to the FATF secretariat. Such cases shall be considered following the FATF's rules for ex-post review of major quality and consistency problems.<sup>12</sup>

## Chapter II – Preparatory measures and on-site evaluation

### *Rule 14 – Preparation for the on-site visit*

1. A country or territory should normally be made aware of the dates of their evaluation, as scheduled in the evaluations calendar, **at least 1 year** in advance. At that time, the country/territory should indicate an identified contact person or point for the assessment with whom the secretariat shall liaise for the preparation for the on-site evaluation visit. The Secretariat will fix the precise dates for the evaluation on-site visit **at least 6 months** or as early as possible, before the on-site visit, together with the timelines for the whole process, in consultation with the country/territory (some flexibility is permissible). The country or territory will advise whether they wish to conduct the evaluation in English or French.
2. **At least 9 months** in advance, the secretariat will communicate to the country/territory's designated contact person the relevant template questionnaires as revised from time to time. The onus is on the country/territory to demonstrate that it has complied with the Standards and that its AML/CFT regime is effective. Thus, the country/territory should provide all relevant information to the assessment team during the course of the assessment. As appropriate, assessors shall be able to request, through the secretariat, or access documents (redacted if necessary), data, or other relevant information.
3. All information should be provided in an electronic format, including a full response to the template questionnaires. Countries/territories should ensure that laws, regulations, guidelines and other relevant documents that are referenced in the completed questionnaires are adequately translated in the language of the evaluation<sup>13</sup> and are made available in advance of the on-site visit. When additional information is provided at a later stage, this information should be supported by relevant documents and the country/territory must ensure prompt translation into the language of the evaluation.

#### *(a) Information Updates on Technical Compliance*

4. The information provided by the assessed country/territory is intended to provide key information for the preparatory work before the on-site visit, including understanding the country/ territory's ML/TF risks, identifying potential areas of increased focus for the on-site, and preparing the draft MER. Countries and territories should provide the necessary information to the secretariat **no less than 6 months before the on-site**.
5. In some countries and territories, 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. Countries/ territories are requested to note where the AML/CFT measures are the responsibility of state/provincial/local level authorities, and to provide an appropriate description of these

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<sup>12</sup> For such concerns to be considered further in the process, any specific concern should be raised by at least 2 of any of the following: FATF or FSRB members or secretariats, or IFIs; at least one of which should have taken part in the adoption of the MER.

<sup>13</sup> The authorities should ensure that translations provided to the evaluation team are official translations or otherwise that the adequacy of the translation and use of specialised terminology has been checked by the relevant institutions prior to its submission to the evaluation team for assessment.

measures. Assessors should also be aware that AML/CFT measures may be taken at one or more levels of government, and should examine and take into account all the relevant measures, including those taken at a state/provincial/local level. Equally, assessors should take into account and refer to supra-national laws or regulations that apply to a country/territory.

6. Countries/territories should rely on the template questionnaire for the technical compliance to provide relevant information to the assessment team. Along with previous reports, this will be used as a starting point for the assessment team to conduct the desk-based review of technical compliance supported by the secretariat. The questionnaire is a guide to assist countries/territories to provide relevant information in relation to: (i) background information on the institutional framework; (ii) information on risks and context; (iii) information on the measures that the country/territory has taken to meet the criteria for each Recommendation. Countries/territories should complete the questionnaire and may choose to present additional information in whatever manner they deem to be most expedient or effective.

*(b) Information on Effectiveness*

7. Countries/territories should rely on the template questionnaire to provide relevant information to the assessment team on effectiveness, based on the 11 Immediate Outcomes identified in the effectiveness assessment **no less than 5 months before the on-site**. They should set out fully how each of the core issues is being addressed as set out in each Immediate Outcome. It is important for countries/territories to provide a full and accurate description (including examples of information, data and other factors) that would help to demonstrate the effectiveness of the AML/CFT regime. Countries/territories should complete the questionnaire and may choose to present additional information in whatever manner it deems to be most expedient or effective.

*(c) Composition and Formation of Assessment Team*

8. The assessors will be selected by the secretariat, consulting as necessary with the Chairman and other Bureau members. This will normally take place **at least 6 months before the on-site**. The Executive Secretary will formally advise the country/territory of the composition of the assessment team at the time the team is confirmed. In case of a principled and reasoned objection by the country or territory, the secretariat, in consultation with the Chairman, may submit an alternative proposal.
9. An assessment team will usually consist of at least 4 expert assessors (comprising at a minimum one legal, financial<sup>14</sup> and law enforcement expert), principally drawn from MONEYVAL countries and territories and will be supported by members of the MONEYVAL Secretariat. Depending on the country/territory assessed and the money laundering and terrorist financing risks, additional assessors or assessors with specific expertise may also be required, including where possible evaluators from an FATF country. In selecting the assessors, a number of factors will be considered: (i) their relevant operational and assessment experience; (ii) language of the evaluation; (iii) nature of the legal system (civil law or common law) and institutional framework; and (iv) specific characteristics of the jurisdiction (e.g. size and composition of the economy and financial sector, geographical factors, and trading or cultural links), to ensure that the assessment team has the correct balance of knowledge and skills. Assessors should be very knowledgeable about the FATF Standards and Methodology, and are required to successfully complete an assessor training seminar before they conduct a mutual evaluation. Usually, at least one of the assessors should have had previous experience conducting an assessment.

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<sup>14</sup> The assessment team should have assessors with expertise relating to the preventive measures necessary for the financial sector and designated non-financial businesses and professions.

10. For some evaluations, the secretariat could invite an expert from observer organisations or bodies<sup>15</sup> to participate on the assessment team, on the basis of reciprocity. Participation of an observer in the assessment process shall be subject to prior agreement by the country or territory assessed.
11. Due to the nature of the peer review process, the secretariat will work to ensure so far as it is possible that the mutuality of the process is maintained, and MONEYVAL countries and territories should provide qualified experts over the course of the fifth round. A list of assessors shall be maintained by the secretariat, and updated on a regular basis, based on information on modifications notified by the Head of Delegation. Heads of delegations shall use their best endeavours to ensure that experts within their jurisdiction are available for assessor training and to participate in MONEYVAL evaluations and provide their written reports.

(d) *Responsibilities of the Secretariat*

12. The Secretariat

- Supports the assessment team and the assessed country;
- Focuses on quality and consistency, including taking steps necessary to ensure that the assessors' analysis is clearly and concisely written, comprehensive, objective and supported by evidence;
- Ensures compliance with process and procedures;
- Assists assessors and assessed country in the application of the standards, methodology and process in line with written interpretation provided by the FATF and, where relevant, taking into account past MONEYVAL Plenary decisions and horizontal analysis. Where a particular horizontal issue has been identified as requiring interpretation, the Secretariat shall request the FATF for an interpretation in accordance with paragraph 2, Rule 8 of these Procedures.
- Ensures that assessors and assessed countries have access to relevant and accurate documentation, and checks that statistics and legislative references are cited correctly;
- Project-leads the process and other tasks as indicated in these procedures.

(e) *Responsibilities of the Assessment Team (assessors)*

13. The assessment team is coordinated by a member of the secretariat, who shall ensure that the assessment team collectively produces an independent report (containing analysis, findings and recommendations) concerning the country/territory's compliance with the relevant international standards, in terms of both technical compliance and effectiveness. If possible, a preparatory meeting between the secretariat and assessors shall be organised in advance of the on-site visit.
14. A successful assessment of an AML/CFT regime requires, at a minimum, a combination of financial, legal and law enforcement expertise, particularly in relation to the assessment of effectiveness. Experts therefore have to conduct an evaluation in a fully collaborative process, whereby all aspects of the review are conducted holistically. Each expert is expected to contribute to all parts of the review, but should take the lead on, or take primary responsibility

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<sup>15</sup> Participation (on a reciprocal basis) of experts from other observers that are conducting assessments, such as the FATF (member or Secretariat), the IMF/World Bank, UNCTED, other FSRBs (Secretariat) could be considered on a case by case basis.

for topics related to his or her own area of expertise. An overview of assessors' respective primary responsibilities should be shared with the assessed country, even if the assessment remains an all-team responsibility. As a result, assessors will be actively involved in all areas of the report and beyond their primary assigned areas of responsibilities. It is also important that assessors are able to devote their time and resources to reviewing all the documents (including the information updates on technical compliance, and information on effectiveness), raising queries prior to the on-site, preparing and conducting the assessment, drafting the MER, attending the meetings (e.g. on-site, face-to-face meeting, and Plenary discussion), and adhere to the deadlines indicated.

15. The mutual evaluation is a dynamic and continuous process. The secretariat shall engage and consult the assessed country/territory on an on-going basis, commencing **at least 9 months** before the on-site. Throughout the process, the secretariat will ensure that the assessors can access all relevant material and that regular conference calls take place between assessors and the assessed country so as to ensure a smooth exchange of information and open lines of communication. This may include early engagement with higher level authorities to obtain support for and co-ordination of the evaluation for the entirety of the process and training for the assessed country to familiarise stakeholders with the mutual evaluation process. The Plenary should review from time to time, whether there is satisfactory engagement with assessed jurisdictions. Assessed jurisdictions should consider appointing, at an early stage in the evaluation process, a co-ordinator responsible for the mutual evaluation process to ensure adequate co-ordination and clear channels of communication between the secretariat and the assessed jurisdiction. The co-ordinator should have the appropriate seniority to be able to co-ordinate with other authorities effectively and make certain decisions when required to do so. The co-ordinator should also have an understanding of the mutual evaluation process and be able to perform quality control of responses provided by other national authorities.

(f) *Desk-Based Review for Technical Compliance*

16. Prior to the on-site visit, the assessment team will conduct a desk-based review of the country/territory's level of technical compliance, and the contextual factors and ML/TF risks, supported by the secretariat. The review will be based on information provided by the country/territory in the information updates on technical compliance, pre-existing information drawn from the country's evaluation reports, follow-up reports and other credible or reliable sources of information (e.g. reports from other international organisations). This information will be carefully taken into account, though the assessment team can review the findings from the previous MER and follow-up reports, and may highlight relevant strengths or weaknesses not previously noted. If the assessment team reach a different conclusion to previous MERs and follow-up reports (in cases where the Standards and the legislation have not changed) then they should explain the reasons for their conclusion.
17. The technical compliance annex is drafted by the assessment team, supported by the Secretariat. This requires assessors to indicate if each criterion and sub-criterion is met, mostly met, partly met or not met and why. Subsequent to the review, the assessment team will provide the country or the territory with a 1<sup>st</sup> draft of the technical compliance annex (which need not contain ratings or recommendations) about 3 months before the on-site. This will include a description, analysis, and list of potential technical deficiencies noted. The country/territory will have one month to clarify and comment on this 1<sup>st</sup> draft on technical compliance annex.
18. In conducting the assessment, assessors should only take into account relevant laws, regulations or other AML/CFT measures that are in force and effect at that time, or will be in force and effect by the end of the on-site visit. Where relevant bills or other specific proposals to amend the system are made available these will 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.

(g) *Ensuring Adequate Basis to Assess International Co-operation and Areas of Higher Risks*

19. **6 months before the on-site visit**, the secretariat will invite MONEYVAL countries/territories, FATF members and FSRBs to provide information on their experience of international co-operation with the country/territory being evaluated, or any other AML/CFT issues that they would like to see raised and discussed during the on-site visit. They will also be invited to provide information that would assist the team to identify and focus on areas of higher or lower risks that need increased focus.
20. In addition, the assessment team and the country/territory may also identify key countries and territories which the assessed country/territory has provided international cooperation to or requested it from 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. The responses received will be made available to the assessment team and the assessed country/territory.

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

21. The assessment team will have to examine the country/territory's level of effectiveness in relation to all the 11 Immediate Outcomes during the on-site. Prior to the on-site visit, the assessment team will, based on its preliminary analysis (of both technical compliance and effectiveness issues), identify specific areas which it would pay more attention to during the on-site visit and in the MER. This will usually relate to effectiveness issues but could also include technical compliance issues. In doing so, the team will consult the country/territory and take into consideration the information provided in this respect by other delegations.
22. 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 4 months before the on-site**, and the secretariat should consult the country/territory **at least 2 months** before the on-site. The country/territory should normally provide additional information regarding the areas which the assessment team would like to pay more or less 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/territory. The scoping note should set out briefly (in no more than 2 pages) the areas for increased and reduced focus, and the rationale. The draft scoping note, along with relevant background information (e.g. the country/territory's risk assessment(s)), should be sent to the reviewers (described in the section on quality and consistency, below) and to the country/territory. 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. The secretariat should send the final version to the country/territory, **at least 4 weeks prior to the on-site**, along with any requests for additional information on the areas of increased or reduced focus. To expedite the mutual evaluation process, and to facilitate the on-site visit, the assessment team will, one week before the on-site visit, prepare a revised draft TC annex, and an outline of initial findings/key issues to discuss on effectiveness. In order to facilitate the discussions on-site, the secretariat will send the revised TC annex to the country/territory at that time.

(i) *Programme for On-Site Visit (Pre-Plenary)*

23. The country/territory (designated contact) should work with the secretariat and prepare a draft programme and coordinate the logistics for the on-site. The draft programme, together with any specific logistical arrangements, should be sent to the secretariat no later than 8 weeks before the visit. Please see Appendix 1 for the list of authorities and businesses that would usually be involved in the on-site.
24. To assist in preparation, the assessment team should prepare itself for the on-site by developing a preliminary analysis identifying key issues on effectiveness<sup>16</sup>, 4 weeks before the on-site.
25. The draft programme should take into account the areas where the assessment team may want to apply increased or reduced focus. Where practical, meetings could be held in the premises of the agency/organisation being met, since this allows the assessors to meet the widest possible range of staff and to obtain information more easily. However, for some evaluations travelling between venues can be time consuming and wasteful, and generally, unless venues are in close proximity, there should be no more than 2 to 3 venues per day. The programme should be finalised at least 3 weeks prior to the on-site visit. The assessment team may also request additional meetings during the on-site.
26. Both in terms of the programme and more generally, the time required for interpretation, and for translation of documents, must be taken into account. During the on-site visit there also needs to be independent, professional and well-prepared interpreters if interpretation into English or French is required. However, for the efficient use of time, meetings should generally be conducted in the language of the assessment. The cost of interpretation and other necessary equipment shall be borne by the assessed country/territory, which is responsible for testing that systems work in advance. If there is a problem with organising interpretation, the assessed country/territory should inform the secretariat at least one month in advance of the on-site visit.

**Rule 15 – On-site visit**

1. The on-site visit provides the best opportunity to clarify issues relating to the country/territory's AML/CFT system, and assessors need to be fully prepared to review the 11 Immediate Outcomes relating to the effectiveness of the system and clarify any outstanding technical compliance issues. Assessors should also pay more attention to areas where higher money laundering and terrorist financing risks are identified. Assessors must be cognisant of the different country/territory circumstances and risks, and that countries and territories may adopt different approaches to meet the relevant international standards and to create an effective system. Assessors thus need to be open and flexible and seek to avoid narrow comparisons with their own national requirements.
2. Each on-site visit will normally be conducted over a period which is likely to be between 10 and 14 days, or longer as appropriate. A typical on-site visit would allow for the following:
  - An initial half day preparatory meeting between the secretariat and assessors;
  - Meetings<sup>17</sup> with relevant officials and representatives of the assessed country, including an opening and closing meeting. The opening meeting should include an overview of the country's understanding of risk, to complement the write-ups of the country's national risk assessment(s). Time may have to be set aside for additional or follow-up meetings, if, in

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<sup>16</sup> This should normally include a list of preliminary findings and questions per each Core Issue.

<sup>17</sup> The assessment team should also set aside time midway through the on-site to review the progress of the mutual evaluation and where relevant, the identified areas of increased focus for the on-site initially.

the course of the set schedule, the assessors identify new issues that need to be explored, or if they need further information on an issue already discussed.

- One to 2 days where assessors work on the draft MER (supported by the Secretariat), to ensure that all the major issues that arose during the evaluation are noted in the MER, and discuss preliminary ratings, and key recommendations.
3. It is important that the assessment team be able to request and meet with all relevant agencies during the on-site. The country/territory being evaluated, and the specific agencies met should ensure that appropriate staff<sup>18</sup> are available for each meeting. The assessment team should be provided with a specific office for the duration of the on-site mission, and the room should have photocopying, printing and other basic facilities, as well as internet access.
  4. Meetings with the private sector or other non-government representatives<sup>19</sup> are an important part of the visit. The assessors shall be given the opportunity to meet with such bodies or persons in private, and without an official present. When the coordinating institution wishes to have an official attend other meeting than those of its own institution, the official shall be able to take part in those meetings, only at the discretion of the assessment team and in an observer capacity.
  5. The assessment team shall provide a written summary of its key findings to the assessed country/territory officials at the closing meeting. With the permission of the country/territory undergoing evaluation, the key 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.

### **Chapter III – Post-visit procedure**

#### ***Rule 16 – Post on-site - preparation of draft Executive Summary and MER***

1. There should be a minimum of 27 weeks between the end of the on-site visit and the discussion of the MER in Plenary. The timely preparation of the MER and Executive Summary<sup>20</sup> will require the assessors to work closely with the secretariat and the country/territory. Depending on when the Plenary discussion is scheduled, the time period may also be extended or adjusted. In exceptional cases and based on justified circumstances (and with the consent of the assessed country), a shorter period of time may be allowed for.
2. The steps in finalising a draft report for discussion at Plenary, and the approximate time that is required for each part, are set out in greater detail below.
3. With the aim to facilitate communication between the assessment team and the assessed country, the Secretariat should facilitate regular conference calls between all relevant parties, in particular after the circulation of an updated draft MER. In the course of drafting the first and second draft MER, assessors should aim to clarify as much as possible, in written or orally, if and how information submitted by the assessed country was taken into account and if/where additional information is still needed.<sup>21</sup>

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<sup>18</sup> While the level and seniority of officials may vary from agency to agency, generally speaking, countries and territories shall ensure that both senior managers who are engaged with the institution that they are representing at a policy level, as well as operational staff who can respond to detailed questions on AML/CFT implementation are present at each meeting.

<sup>19</sup> E.g. those listed in Appendix 1.

<sup>20</sup> The format for the Executive Summary and MER is contained in Annex II of the Methodology. Assessors should also pay attention to the guidance on how to complete the Executive Summary and MER, including with respect to the expected length of the MER (100 pages or less, together with a technical annex of up to 60 pages).

<sup>21</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.

*1<sup>st</sup> Draft MER*

4. The secretariat and assessment team will have **6 weeks** to coordinate and refine the 1<sup>st</sup> draft MER (including the key findings, and recommended actions to the country).
5. The secretariat will send the 1<sup>st</sup> draft MER to the country/territory for comments. The country/territory will have **4 weeks** to review and provide its comments on the 1<sup>st</sup> draft MER to the secretariat. During this time, the assessment team would have to be prepared to respond to queries and clarifications that may be raised by the country/territory.

*2<sup>nd</sup> Draft MER and Executive Summary*

6. On receipt of the country's comments on the 1<sup>st</sup> draft MER, the assessment team will have 4 weeks to review the various comments and make further amendments, and begin drafting the Executive Summary. Every effort should be made to ensure that the revised draft is as close to a draft MER as possible, acknowledging that there are still further opportunities for amendment. The 2<sup>nd</sup> draft MER and draft Executive Summary will then be sent to the country and to the reviewers (approximately 14 weeks after the on-site).

*Meeting with the evaluation team*

7. When possible, either before or after the finalisation of the 2<sup>nd</sup> Draft MER the secretariat may organise a 1-2 days meeting for the evaluation team to work on the draft MER, to ensure that all the major issues that arose during the evaluation are noted in the report, and discuss and agree the preliminary recommendations and ratings.

*Internal quality and consistency review*

8. The reviewers shall provide their comments on the 2<sup>nd</sup> draft MER **within 2 weeks (or 3 weeks where possible)** to the secretariat for communication to the assessment team. To assist their task, they will receive a copy of the comments provided by the country/territory on the 1<sup>st</sup> draft MER. The reviewers' comments will be disclosed to the assessors and assessed country/territory. 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 should provide to the Plenary a document containing short responses on the decisions and changes it has made to the report based on the reviewers' comments, and the Secretariat should liaise with external reviewers as needed to facilitate this process. The Secretariat will engage the assessed country to discuss further changes to the draft MER, and identify issues for discussion at the face-to-face meeting or video/teleconference.

***Rule 17 – Face-to-Face Meeting***

1. A face-to-face meeting is an important way to assist the country/territory and assessment team to resolve outstanding issues. Hence, the secretariat will arrange a face-to-face meeting between the assessment team and the country/territory to further discuss the draft MER and Executive Summary before it is circulated to the Plenary. During this session, the assessment team and country/territory shall work to resolve any major issues raised by reviewers as well as any major disagreements over technical compliance or effectiveness issues, and identify potential priority issues for Plenary discussion. The face-to-face meeting should occur at least 8 weeks before the Plenary (i.e. approximately 19 weeks after the on-site). The country/territory should provide its comments and other relevant material in writing to the assessment team **at least 1 week** prior to any such meeting.

2. Subsequent to the receipt of the reviewers' comments and the face-to-face meeting, the assessment team will consider whether any further changes should be made to the draft MER and Executive Summary, and as necessary, revise the draft MER and Executive Summary. Where significant substantive changes are made to the MER after the face-to-face meeting, the Secretariat should consider circulating a revised second draft to external reviewers for a targeted review, if the timetable allows this.

### ***Rule 18 – The Plenary Discussion***

#### *Identifying Issues for Plenary Discussion*

1. The secretariat will send the revised Executive Summary and MER (3<sup>rd</sup> draft) to all delegations, observers and reviewers, including FATF (for circulation to FATF members) at least **5 weeks** prior to Plenary together with the conclusions of the internal quality and consistency review, and assessors' response. There should be no further changes to the substance of the draft MER thereafter before the discussion at the Working Group on Evaluations (WGE) and the Plenary. Delegations, observers and scientific experts 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 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 and observers.
2. Based on the MER and Executive Summary, and comments received, ideally three weeks preceding the Plenary, the secretariat will engage the country/territory, the assessment team, and the WGE co-chairs, and prepare a list of (usually 5 to 7) priority and substantive issues that will be discussed in Plenary and or Working Group. This should take into account the issues that the assessed country/territory and delegations are most keen to discuss. The list of priority issues for discussion in Plenary would include key issues arising from the report (whether referenced by the country/territory, the assessment team or delegations) should focus on effectiveness, but may include issues related to technical compliance and the assessed country's risk and context, as well as any areas of inconsistency or interpretation with other MERs adopted by the FATF and/or MONEYVAL.
3. The secretariat will circulate a finalised list of priority issues to delegations and observers **at the latest 2 weeks** before the Plenary discussions. Drafting amendments received on the Executive Summary or MER can be made after the Plenary discussion, and should reflect the decisions made by Plenary. After discussion in the WGE, whose rules of procedures are regulated in Appendix 5 to this document, a revised key issue document is submitted to the Plenary for discussions.

#### *Plenary Discussion*

4. The discussion of each MER and Executive Summary (particularly the list of priority issues)<sup>22</sup> will focus on high level and key substantive issues, primarily concerning implementation in practice and effectiveness. Where appropriate, important technical issues would also be discussed. Adequate time should always be set aside to discuss the country/territory's response to the mutual evaluation and other issues. The discussion is likely, on average to take 3 to 4 hours of Plenary time, though, where justified, it may be extended to maximum 1 day. The procedure for the discussion will be as follows:

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<sup>22</sup> The Executive Summary will describe the key risks, the strengths and weaknesses of the system, and the priority actions for the country to improve its AML/CFT regime.

- a) The Secretariat briefly presents in high level terms the key issues and findings from the report. The team will have the opportunity to intervene/comment on any issue concerning the Executive Summary or MER.
- b) Assessed country/territory makes a short opening statement.
- c) The Plenary discusses the list of priority issues identified. This would usually be introduced briefly by WGE co-chairs.
- d) Adequate time will be set aside to discuss the overall situation of the assessed country/territory's AML/CFT regime and ML/TF risks, the priority actions set out in the Executive Summary, the country/territory's response to the mutual evaluation including any actions already taken, and the key findings.
- e) Time permitting, other issues could be raised from the floor, and discussed by the Plenary.

***Rule 19 – Adoption of the MER and Executive Summary***

*a) Finalisation of the MER and Executive Summary for Plenary adoption*

1. At the Plenary the representatives of the FATF and MONEYVAL Secretariats and Scientific Experts 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. The Plenary discussion will provide members and observers adequate opportunity to raise and discuss concerns about the quality and consistency of an MER. At the end of the Plenary discussion, the MER and the Executive Summary will be submitted to Plenary for adoption. The adopted report will be subject to further checks for typographical or similar errors.
2. Where substantive changes are required to be made to the draft report, either because additional information is required to be added, or the report has to be substantially amended, then the Plenary could decide to defer adoption of the report, and agree to have a further discussion of an amended report at the following Plenary.
3. The assessment team would be responsible for ensuring that all the changes agreed by the Plenary had been made. Following the discussion of the report, and prior to its formal adoption, the Plenary should discuss the nature of the follow-up measures or other procedures that would be required.
4. The final report is a report of the Council of Europe/MONEYVAL, and not a report by the assessors. As such, the Plenary will retain the final decision on the wording of any report, consistent with the requirements of the Standards and Methodology. The Plenary will give careful consideration to the views of the assessors and the country/territory when deciding on the wording, as well as take into account the need to ensure consistency between reports.
5. Following the discussion of the report at the Plenary meeting, the secretariat will amend all documents as necessary, and will circulate a revised version of the report to the country/territory **within 1 week of the Plenary**. Care will be taken to ensure that no confidential information is included in the report. **Within 2 weeks of receipt** of the final version of the MER from the secretariat, the Head of delegation must confirm that the MER is accurate and/or advise of any typographical or similar errors in the MER.

*b) Review of major quality and consistency problems by the AML/CFT global network*

6. All finalised MERs adopted by MONEYVAL shall be sent by the secretariat, prior to their formal publication on MONEYVAL's website, to the FATF Secretariat for circulation the global AML/CFT network. The FATF or FSRBs members or secretariats, or the IFIs shall have **2 weeks** to advise the FATF secretariat in writing if they have any serious concerns about the quality and consistency of the MER/FUR and if so, to indicate their specific concerns and how these concerns meet the substantive threshold.<sup>23</sup> This process shall be governed by the FATF procedures related to the ex-post facto Global Quality and Consistency Review. In such cases, MONEYVAL, the assessment team and the assessed country/territory will be invited to provide input in the process.
7. MONEYVAL shall consider the recommendations made by the FATF on the appropriate action that could be taken as well as any other measures that may be requested by the FATF as a result of this process and decide on the appropriate course of action. This may involve that the report is reconsidered and/or changes be made before any publication. In such cases, re-opening of discussions or changes to the report shall cover only the identified quality and consistency aspects.
8. The Executive Summary and MER shall not be made public until the issue is resolved within MONEYVAL's and FATF's respective processes.

*c) Communication of the adopted report and publication*

9. The MER shall be published **within 6 weeks** of adoption, after having passed the quality and consistency review of the global AML/CFT network. The country/territory assessed shall provide, in view of its publication on MONEYVAL's website, a translation of the Executive Summary into the country's official language(s). According to the Council of Europe publication policy, the full MER shall be translated (where appropriate) into the relevant working languages of the Organisation and published soon after.
10. The final report shall be formally transmitted to the Permanent Representation of the country/territory concerned. A copy of the report shall also be transmitted formally to relevant organs, bodies and committees of the Council of Europe.

### **TITLE III. FOLLOW-UP PROCEDURES FOR MONITORING PROGRESS AS A RESULT OF THE MUTUAL EVALUATION**

***Rule 20 – Follow-up processes as a result of the fourth evaluation rounds***

1. The rules set out under MONEYVAL's Rules of Procedure for the 4<sup>th</sup> round of mutual evaluations with respect to monitoring progress as a result of mutual evaluation procedures (i.e. Rules 12 and 13) shall continue to be applicable to States and territories subject to MONEYVAL's processes until otherwise decided by the MONEYVAL Plenary.

***Rule 21 – General principles for follow-up processes under the fifth evaluation round***

1. The follow-up process is intended to:

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<sup>23</sup> The substantive threshold is when serious or major issues of quality and consistency are identified, with the potential to affect the credibility of the FATF and MONEYVAL brand as a whole.

- (i) contribute to improving states and territories' implementation of the Standards within a reasonable timeframe;
  - (ii) provide regular monitoring and up-to-date information on countries' compliance with the Standards (including the effectiveness of their AML/CFT systems);
  - (iii) apply sufficient peer pressure and accountability; and
  - (iv) better align the FATF and FSAP assessment cycle.
2. Following the discussion and adoption of a MER, the country/territory could be placed in either regular or enhanced follow-up:
  - a) Regular follow-up is the default monitoring mechanism for all countries.
  - b) Enhanced follow-up involves a more intensive process of follow-up. This is intended to be a targeted but more comprehensive report on the countries/territories' progress, with the main focus being on areas in which there have been changes, high risk areas identified in the MER or subsequently and on the priority areas for action.
3. 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 Compliance Enhancing Procedures or action taken by the FATF (and relevant working groups), or in the case of joint members, any relevant reports submitted by that member to relevant bodies of the global AML/CFT process. This shall be ensured by taking into account any relevant reviews and monitoring reports under the above-mentioned processes, as appropriate. If a different conclusion is reached from previous MONEYVAL reports in cases where the standards and the relevant aspects of the country/territory's AML/CFT regime have not changed, the reasons basing this conclusion shall be set out in the relevant analysis.
4. 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. The country shall submit information regarding technical compliance (which may be used to justify re-ratings) and effectiveness (for information only). Updates on effectiveness facilitate a better understanding by MONEYVAL of the progress made over time.
5. 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.
6. All reports are subject to peer review by MONEYVAL delegations, a Rapporteur Team, and the secretariat, which should highlight the progress made and the remaining deficiencies and propose timelines to take remedial actions. The Rapporteur Team shall be formed by at least 2 countries/territories appointed at the previous plenary or formed by the Bureau between Plenary sessions and include 2 to 6 experts from these delegations, and may include scientific experts.
7. The process for follow-up reports is set out below<sup>24</sup>:
  - a) The country/territory seeking a technical compliance re-rating should indicate on which Recommendations a re-rating will be requested, 7 months in advance of Plenary meetings.

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<sup>24</sup> For follow-up reports considered by MONEYVAL via written procedure, a specific timetable for preparation and adoption for the respective FUR shall be approved by MONEYVAL prior to the start of the review process. This timetable shall respect the minimum deadlines set out in this Rule.



The country/territory shall provide its report, based on the templates agreed by MONEYVAL for this purpose, **at least 6 months** before the update report is due to be discussed by MONEYVAL; the Plenary will take into account relevant laws, regulations or other AML/CFT measures that are in force and effect at that time<sup>25</sup>.

- b) The report will be circulated upon receipt to the Rapporteur Team appointed at the previous plenary to review the report;
  - c) The Heads of Delegation of the countries/territories appointed to form the Rapporteur team will assign scrutiny of the relevant parts of the report among their delegation for review. They shall seek to involve former mutual evaluation team members, experienced assessors or otherwise regular members of their delegation. The Rapporteur Team shall prepare a desk-based review which shall form the basis for the summary report to the Plenary. The desk-based review will be sent to the secretariat **at least 11 weeks** before the update report is due to be discussed by MONEYVAL;
  - d) The summary report, based on the desk-based review, shall include an independent analysis of the secretariat on selected aspects. The summary report shall follow the standardised format set out in Appendix 6. The summary report will be sent to the State/territory for comments **at least 9 weeks** before the Plenary discussion. The country/territory will have **2 weeks** to provide comments to the secretariat.
  - e) Follow-up reports with technical compliance re-ratings should be circulated to all members, associate members and observers, including FATF (for circulation to members of the Global Network), at least 5 weeks prior to discussion in the relevant plenary meeting, who have 2 weeks to provide written comments on such reports. Rapporteur teams and secretariat (where necessary, consulting with WGE co-chairs and/or scientific experts) should compile a short list of the most significant issues, and should circulate this to all members, observers and associate members at least 2 weeks prior to the relevant plenary discussion. The relevant plenary discussion should prioritise discussion of these issues and should be limited in time and scope.
  - f) The reporting country/territory shall be given the opportunity to briefly present its report. The secretariat shall present its 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 and observers, including the Rapporteur team, may raise any additional questions aimed at seeking clarifications about the information provided in the report.
8. Countries may seek re-ratings for technical compliance as part of the follow-up process with recommendations rated as NC or PC. The decision on re-ratings shall be taken by the Plenary. Re-ratings 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 an analysis conducted by the Secretariat. Re-rating requests will not be considered where the Secretariat/the Rapporteur Teams determine(s) that the legal, institutional or operational framework has not changed since the country's/territory's MER (or previous FUR, if applicable)

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<sup>25</sup> This rule may only be relaxed in the exceptional case where the legislation is not yet in force at the six-month deadline, but the text will not change and will be in force by the time of the Plenary. In other words, the legislation has been enacted, but is awaiting the expiry of an implementation or transitional period before it is enforceable. In all other cases, the procedural deadlines should be strictly followed to ensure that experts have sufficient time to do their analysis.

and there have been no changes to the FATF Standards or their interpretation.<sup>26</sup> The general expectation<sup>27</sup> is for countries to have addressed most if not all of the technical compliance deficiencies by the end of the 3<sup>rd</sup> year after the adoption of the MER. The analysis of the follow-up report where re-ratings for technical compliance are requested shall be conducted in accordance with the process set out in Appendix 7. If any of the FATF standards have been revised since the end of the on-site visit (or previous FUR, if applicable), the country will be assessed for compliance with all revised standards at the time its re-rating request is considered (including cases where the revised Recommendation was rated LC or C).

9. The plenary may consider excluding the discussion of an individual criterion rating unless it will have an impact on the overall Recommendation rating. By separate decision, the plenary may also opt to approve follow-up reports through written process.<sup>28</sup>
10. In the exceptional case that 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.
11. If any of the FATF standards have been revised since the last day of the on-site visit, the country will be assessed for compliance with all revised standards at the time its re-rating request is considered.
12. 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).
13. Following the publication of a MER, and following any Plenary decision related to follow-up taken, the Head of delegation of the country/territory concerned shall be formally notified about the decision of the Plenary regarding the follow-up procedures and the reporting timelines.
14. The general publication policy of FATF and MONEYVAL applies to actions taken under the follow-up policy. Regular follow-up reports and their analysis will be published. The Plenary will retain flexibility on the frequency with which enhanced follow-up reports are published, but they will be published whenever there is a re-rating.
15. After adoption, and prior to publication, final follow-up reports with TC re-ratings should be provided to the FATF Secretariat and all other assessment bodies for consideration in the post-Plenary Quality and Consistency Review process described in the Post-Plenary Quality and Consistency Review section of these Procedures. Follow-up reports where no issues are raised through the pre-plenary review process or during the plenary discussion are not subject to this post – Plenary Q&C review process.

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<sup>26</sup> The determination as to whether the re-rating request is in line with these criteria shall be made upon initial circulation of the report to the rapporteur team. Where there is disagreement between the expert(s) and the assessed country in this respect, they should discuss with scientific experts to achieve an agreement.

<sup>27</sup> It is up to the Plenary to determine the extent to which its members are subject to this general expectation, depending on the member's context.

<sup>28</sup> In this case, at a minimum, if comments are raised when a report is circulated for approval by written process, the Secretariat should work with the Rapporteur teams and the assessed country/territory to amend the report and address comments received. The report would be then circulated again for approval and be discussed in Plenary if any other comments are raised.

**Rule 22 – Regular Follow-up**

Regular follow-up will be the default mechanism to ensure a continuous and on-going system of monitoring. This is the minimum standard that will apply to all members after 2-and-a-half years from the adoption of the country’s MER and subsequently at 3-year intervals.

**Rule 23 – Enhanced Follow-up**

1. The Plenary may decide, at its discretion, that the country should be placed in enhanced follow-up, which would result in the country reporting back more frequently than for regular follow-up. Countries in enhanced follow-up would typically first report back to the Plenary two years after the adoption of the country’s MER, and subsequently report twice more at yearly intervals, unless the Plenary decides otherwise. The Plenary retains the discretion to vary the specific frequency of reporting.
2. In deciding whether to place a country/territory in enhanced follow-up, the Plenary would consider the following factors:
  - a) After the discussion of the MER: a country/territory will be placed immediately into enhanced follow-up if any one of the following applies:
    - (i) it has 8 or more NC/PC ratings for technical compliance, or
    - (ii) it is rated NC/PC on any one or more of R.3, 5, 10, 11 and 20, or
    - (iii) it has a low or moderate level of effectiveness for 7 or more of the 11 effectiveness outcomes, or
    - (iv) 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: the Plenary could decide to place the country/territory into enhanced follow-up at any stage in the regular follow-up process, if a significant number of priority actions have not been adequately addressed on a timely basis. A country would also be placed into enhanced follow-up if, during the regular follow-up process, 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.
3. In addition to more frequent reporting, the Plenary may also apply other compliance measures to countries and territories as set out in Title IV.
4. The Plenary may also decide to move the country/territory back to regular reporting at any time during the enhanced follow-up process when the country/territory entered enhanced follow-up on the basis of meeting a criterion in paragraph 23(2(a(i,ii))), the Plenary may decide that the country/territory may be moved from enhanced to regular follow-up following Plenary’s decision that the country/territory no longer meets those criteria. At that time the Plenary will decide the timing of the country/territory’s next regular follow-up report. 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.

**Rule 24 – MER Follow-up Assessment**

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## TITLE IV. COMPLIANCE ENHANCING PROCEDURES

### *Rule 25 – General principles*

1. MONEYVAL may take action at any time in respect of countries 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 countries/territories;
  - c) a graduated approach for dealing with non-complying countries/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 country/territory could come to the attention of MONEYVAL for the purpose of application of Compliance Enhancing Procedures (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 concern<sup>29</sup> 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 country 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 Chairman of MONEYVAL shall send a letter to the Head of Delegation concerned, with a copy to MONEYVAL delegations and the Permanent Representative of the Country/territory to the Council of Europe, drawing his/her attention to non-compliance with the reference documents and requiring the Country 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 country/territory concerned in addressing the issues of concern and implementing the reference documents.

### *Rule 26 – Compliance steps*

1. In addition to reporting, MONEYVAL may also apply other steps to a non-complying country/territory, as follows:

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<sup>29</sup> 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 c) where there are substantial ML or FT threats or risks d) if substantial changes occur in a State/territory at a time when this cannot be addressed by the formal follow-up.

**Step 1:** MONEYVAL inviting the Secretary General of the Council of Europe to send a letter to the relevant Minister(s) of the country 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 country 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 countries and territories, issuing a formal public statement to the effect that a country 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 country 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.

2. In all cases, the Chairman can require the country or territory to provide regular reports to the MONEYVAL Bureau and Plenary on progress in addressing the issues of concern.
3. Notwithstanding a reference to the FATF's ICRG under step 4, the MONEYVAL Plenary retains its decision-making powers under the CEPs on any necessary measures that need applying, in order to assist the country/territory to meet the requirements for removal from these procedures.

***Rule 27 – Practical modalities, decision making and lifting of CEPs***

1. As regards the application of steps 1 and 2, the practical modalities are as follows: the Chairman would propose to the Plenary, after consultation with the Bureau, the steps which in his/her estimation should be taken in relation to the non-complying country or territory. The Plenary would then decide the parameters for action, and the Chairman would be authorised to take action, where necessary through the secretariat, within these limits.
2. If after a reasonable time the country 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 Chairman, 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 Chairman 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 Chairman would have no discretion to modify or deviate from the course of conduct approved by the Plenary. The Chairman, through the MONEYVAL / Council of Europe Secretariat, shall inform the Committee of Ministers about any action taken under these steps.
3. A written analysis shall be prepared by the secretariat on the basis of the information provided by the non-complying country or territory and of any other reliable sources of information, outlining the main areas of concern, the action taken by the non-complying country or territory and a recommendation regarding the next step(s) in the compliance enhancing procedures. The report submitted by the non-complying Country 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 Country or territory before a CEP report, analysis and recommendations are discussed by the Plenary.

4. 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 country or territory, outlining the key issues of concern and the findings of its analysis.
  - b) The non-complying country 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.
5. MONEYVAL shall decide at each Plenary meeting where a compliance enhancing report is being examined whether the country 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 country or territory, as well as any other supporting documents, and whether any additional steps under the CEPs should be applied.
6. 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 Country or territory shall be published in accordance with MONEYVAL's publication rules.
7. When a country/territory is placed in compliance enhancing procedures, removal will be possible only when the issues of concern have been adequately addressed and that any technical deficiency has been addressed through legislation or other enforceable means, as appropriate. The latter should be in force and effect before a decision is taken to remove a country/territory from CEPs. Where necessary, there should also be evidence which satisfies the plenary that there is effective implementation on the issues which caused the imposition of CEPs. This may, but need not necessarily require, a brief on-site mission.

## **TITLE V. PROCEDURES FOR ACTION IN EXCEPTIONAL CIRCUMSTANCES**

### ***Rule 28 – 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 Chairman 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 Chairman 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 Chairman and/or the Executive Secretary shall engage in this process as appropriate with the MONEYVAL Country 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 Country 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 Chairman 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.
6. A MONEYVAL member state or territory is also entitled to nominate any jurisdiction to the ICRG in accordance with the ICRG Procedures and Guidelines. The nomination document shall be addressed to the ICRG co-chairs and forwarded by the Head of the MONEYVAL Member Delegation to the FATF Secretariat through the MONEYVAL Secretariat. MONEYVAL and its Secretariat shall not bear any responsibility for any aspect of such a nomination. The MONEYVAL Secretariat will not assess the content of the nomination, nor whether the nominating country has provided all the necessary assessments and justifications for ICRG purposes.

***Rule 28 bis – MONEYVAL working methods in exceptional circumstances***

1. In exceptional circumstances, MONEYVAL may adjust its working methods by substituting physical meetings and activities described in these Rules of Procedure for virtual meetings and activities with the use of videoconference facilities, including so called ‘hybrid’ meetings allowing for both physical and virtual participation of delegations.
2. The Chair upon consultation with the Bureau shall take a decision on which meetings and activities of MONEYVAL may be held virtually or in a ‘hybrid’ fashion.
3. In cases where meetings and activities take place virtually or in a ‘hybrid’ fashion, they are to be held in full accordance with these Rules of Procedure.
4. In the course of a virtual or ‘hybrid’ Plenary discussion, the Plenary may refrain from taking a decision on a given item and opt for a written (‘silent’) procedure in accordance with Rule 6, paragraph 6 of these Rules of Procedure

**TITLE VI. CONFIDENTIALITY**

***Rule 29 – The principle of confidentiality***

1. Information gathered by MONEYVAL in relation to an evaluation, follow-up or compliance procedure, including replies to the questionnaires, and related correspondence shall be confidential.
2. All documents and information elaborated: (a) by an evaluated country/territory during a mutual evaluation exercise; (b) by the MONEYVAL secretariat or evaluators and (c) in the

context of the consultation or review mechanisms, should be treated as confidential. These documents shall be used for the specific purpose provided. Such documents cannot be made public without a Committee decision based on a specific request to that effect.

3. This confidentiality requirement does not apply to documents and information of an assessed country/territory if the originator of the document consents to their release or if these have been made already public by the country/ territory concerned.
4. The key findings provided by the assessment team to the assessed country/territory officials at the closing meeting and the draft evaluation reports are confidential. With the permission of the country/territory undergoing evaluation, such documents 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.
5. A country/territory evaluated by the IMF or World Bank on behalf of MONEYVAL shall be bound by the confidentiality requirements of the evaluation process as set out under the procedures of these international financial institutions. However, when a country/territory accepts to be evaluated under these procedures and following the Plenary's approval for this evaluation to be undertaken by another organisation, it shall expressly agree to provide to MONEYVAL, through its secretariat, a copy of all documents and information/communications shared between the country/territory and the assessment body for the purpose of the evaluation.
6. No personal data shall be published without the express consent of the person concerned.

***Rule 30 – Obligation to maintain confidentiality***

1. Representatives of MONEYVAL delegations from countries/territories, from observer States, organisations, institutions and bodies, scientific experts, experts and other persons assisting the Committee 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.
2. These confidentiality requirements apply equally to the secretariat and any other person or delegation with access to MONEYVAL's documents or information. The members of the assessment team and reviewers shall sign a confidentiality agreement before becoming involved in the evaluation process.

***Rule 31 – Violation of confidentiality***

1. If there are serious grounds for believing that any of the persons covered under the present Title 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 country 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.



## **TITLE VII. PUBLICATION POLICY**

### ***Rule 32 – General publication principles***

1. As set out in article 5(13) of MONEYVAL's statute, all reports adopted by MONEYVAL shall be public. The public website shall include up to date information on the status of the country/territory in the evaluation process, and if applicable, on the next steps. These principles apply to MONEYVAL's activities as well as any action under MONEYVAL's evaluation procedures.

## **TITLE VIII. FINAL CLAUSES**

### ***Rule 33 – Amendments***

1. Any Head of delegation of a country/territory with the right to vote, the Chairman or the Executive Secretary may, at any time, propose an amendment to these Rules. A proposal to that effect shall be submitted in writing to the Bureau. It shall be for the Bureau to decide whether or not this proposal is submitted to MONEYVAL.
2. If the Bureau decides not to submit the proposal to MONEYVAL, it shall be included on the agenda of MONEYVAL only if it receives the support of one fourth of the MONEYVAL delegations with a right to vote at any given moment.
3. MONEYVAL may adopt an amendment suggested by a majority of the votes cast.

### ***Rule 34 – Entry into force of the Rules***

The present rules entered into force on 8 December 2014.

## TITLE IX. APPENDICES

### *Appendix 1 – Authorities and Businesses Typically Involved for On-Site Visit*

#### Ministries:

- Ministry of Finance.
- Ministry of Justice, including central authorities for international co-operation.
- Ministry of Interior.
- Ministry of Foreign Affairs.
- Ministry responsible for the law relating to legal persons, legal arrangements, and non-profit organisations.
- Other bodies or committees to co-ordinate AML/CFT action, including the assessment of the money laundering and terrorist financing risks at the national level.

#### Criminal justice and operational agencies:

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

#### Financial sector bodies:

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

#### DNFBP and other matters:

- Casino supervisory body;
- Supervisor or other authority or Self-Regulatory Body (SRB) responsible for monitoring AML/CFT compliance by other DNFBPs;
- Registry for companies and other legal persons, and for legal arrangements (if applicable);
- Bodies or mechanisms that have oversight of non-profit organisations, for example tax authorities (where relevant);
- A representative sample of professionals involved in non-financial businesses and professions (managers or persons in charge of AML/CFT matters (e.g. compliance officers) in casinos, real estate agencies, precious metals/stones businesses as well as lawyers, notaries, accountants and any person providing trust and company services);
- Any other agencies or bodies that may be relevant (e.g. reputable academics relating to AML/CFT and civil societies).

Efficient use has to be made of the time available on-site, and it is therefore suggested that the meetings with the financial sector and DNFBP associations also have the representative sample of institutions/DNFBP present.

*Appendix 2 – Terms of reference of MONEYVAL’s Ad Hoc Group of experts*

**Terms of Reference**

**Purpose**

An Ad Hoc Group of experts will be established for each mutual evaluation to assist the assessors, the plenary, the Chairman and secretariat in the mutual evaluation process and act as a reviewer. Each Ad-hoc group shall contain at least one external reviewer.

The secretariat shall assist each Ad Hoc Group of experts to undertake its tasks.

**Participation**

The Ad Hoc Group of Experts will be composed of qualified volunteer experts, based on their professional experience, demonstrated expertise as assessors and their knowledge of the AML/CFT specificities. A pool would be maintained and kept up to date, including experts from MONEYVAL, FATF, IFIs, other FSRBs (including their secretariat members), based on nomination proposals.

**Role and function**

The primary functions of the Ad Hoc Group of experts are to ensure MERs are of an acceptable level of quality and consistency, and to assist 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:

- a) Commenting on assessors’ proposals for the scope of the on-site, including on whether the assessors’ draft scoping note reflects a reasonable view on the focus of the assessment.
- b) 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).
- c) Checking whether the description and analysis supports the conclusions (including ratings), and whether, based on these findings, sensible recommended actions and priority actions for improvement are made.
- d) Where applicable, highlighting potential inconsistencies with earlier decisions adopted by the FATF and/or MONEYVAL on technical compliance and effectiveness issues, and that horizontal (cross-cutting issues) are adequately addressed.
- e) Checking that the substance of the report is generally coherent and comprehensible.

In addition, on the basis of reciprocity, experienced experts from the pool may also be called upon to contribute as MONEYVAL reviewers to an FATF or FSRB mutual evaluation process.

The objective of the Ad Hoc Group is to identify and highlight what appear to them to be problematic issues in each sector of a 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. The ad hoc group of experts will undertake any assignments as set out in MONEYVAL’s rules of procedure and advise as requested in writing within the agreed timescales, as appropriate, the Chairman, secretariat and examiners. It may be assisted in its mandate by MONEYVAL’s scientific experts through the secretariat.

The Ad Hoc Group of experts will primarily perform its functions and responsibilities primarily on line between plenary meetings, though meetings may be organised if necessary.

## **Modalities**

Proposals for the pool from which the ad-hoc groups will be formed for each report should be submitted to the secretariat. The composition of the pool as a whole will be kept under regular review by the Plenary. The composition of specific ad-hoc groups for each report will be communicated to the assessed country/territory no less than 4 months before the on-site visit and to the Plenary as soon as it is practicable.

### ***Appendix 3 – Terms of reference of MONEYVAL’s Advisory Group on Policy and Evaluation***

Deleted

### ***Appendix 4 – Terms of reference of MONEYVAL’s Working Group on Evaluations***

#### **Terms of Reference**

##### **Purpose**

The Working Group on Evaluations (WGE) is established to assist MONEYVAL by preparing the plenary discussion and proposing solutions to the Plenary on technical and some other significant issues, in order to allow the plenary to focus discussions on primarily effectiveness issues, matters of substance and recommendations to the assessed jurisdiction. The discussions conducted at the WGE are expected to guide the decisions of the Plenary in relation to priority and substantive issues. The WGE does not have decision-making powers which rest with the Plenary. The Plenary will take the final decisions on changes of a substantive nature to an MER.

##### **Participation**

Participation in the WGE is open to 1-3 representatives from each MONEYVAL country/territory and 1-3 representatives from each observer to MONEYVAL. Meetings of the WGE will also involve participation of members of the evaluation team, the assessed jurisdiction’s delegation, reviewers, chairman of MONEYVAL and MONEYVAL scientific experts.

##### **Term**

The term of the WGE will continue until otherwise mandated by the Plenary.

##### **Role and functions**

The WGE will support the work of the MONEYVAL Plenary by:

1. Identifying and prioritising issues for MONEYVAL Plenary discussion of mutual evaluations and any related follow-up actions.
2. Discussing a list of issues, covering both technical compliance and effectiveness issues, including horizontal issues or questions of interpretation
3. Ensuring that the process applies a clear understanding of the FATF standards and that any areas of inconsistency or interpretation with other MERs adopted by the FATF or MONEYVAL are being discussed with a view to their correction by the Plenary and ensuring the quality and consistency of mutual evaluations.
4. Referring significant or horizontal interpretation issues of the FATF standards back to the Plenary to consider possible policy implications, with proposed solutions if possible.
5. Undertaking any other tasks as assigned to it by the Plenary.

The co-chairs will support the work of the WGE by:

1. Engaging with the Secretariat to prepare a list of priority and substantive issues for WGE discussion and a list of key issues for Plenary discussion;
2. Chairing WGE meetings;
3. Undertaking any other tasks as assigned to it by the Plenary;
4. Reporting to the Plenary on the progress in carrying out its work, as necessary.

### **Chairs**

The group will be chaired by a MONEYVAL scientific expert and by an expert from a MONEYVAL country/territory, who would undertake their roles in independent capacities. Both experts should have a demonstrated and strong AML/CFT expertise. The chair(s) of the Group would be decided by the Bureau for a mandate of 2 years, renewable. The WGE co-chairs shall be guided by the Principles of conduct for MONEYVAL Bureau members, working group co-chairs and scientific experts.

### **Budgetary aspects**

Participation of 1 nominated representative from each MONEYVAL country/territory to WGE meetings shall be covered from MONEYVAL's budget. Observers participate at the costs of the sending institution.

## ***Appendix 5 – Rules of procedure of MONEYVAL's Working Group on Evaluations***

### **Process before the meeting**

1. According to paragraph 1 of Rule 18 of MONEYVAL's 5<sup>th</sup> Round Rules of Procedure, the secretariat is expected to circulate the 3<sup>rd</sup> (and final) draft of the Executive Summary and MER to all delegations, observers, scientific experts and reviewers 5 weeks prior to the plenary.
2. Delegations, observers, scientific experts and reviewers will have 2 weeks to provide any written comments on the MER and Executive Summary. The comments should focus on issues of substance, or on other high level or horizontal aspects of the assessment, though other observations may also be made.
3. Examples of issues of substance would include: (1) inconsistency between the analysis of an immediate outcome and the rating; (2) inconsistency in the treatment of similar issues in different reports; (3) issues of materiality and risk; (4) issues of a technical nature which could have a significant impact on the interpretation of a particular Recommendation; and (5) issues of a horizontal nature, e.g. the proportionality and dissuasiveness of sanctions, or concerning different types of ML convictions (e.g. autonomous ML, third-party ML, self-laundering).
4. Delegations, observers, scientific experts and reviewers are also encouraged to submit any comments related to specific text in the report or requests for clarification, which may not be substantive issues and may not have a bearing on the rating of an Immediate Outcome or a Recommendation but may ultimately result in an improved version of the MER. These comments will be considered by the assessment team. The assessed country/territory may also be asked to provide clarifications, where these are requested by a delegation.
5. 2 weeks before the Plenary session, the secretariat will engage the assessed country/territory, the assessment team and the co-chairs to select the key issues.
6. If necessary, a decision may be taken by the co-chairs to include a certain key issue which had not previously been raised in any of the comments received. This should, however, be restricted to those situations where there are issues of serious concern (particularly with regard to ratings) which have not been raised by any delegation. Additional key issues may also become apparent in the course of a discussion of another key issue during the WGE meeting.

## Rules of procedure for the 5th round of mutual evaluations

7. Once the key issues are selected, the assessed country/territory and the assessment team will be invited to provide their views and comments in writing, which will be summarised in the draft key issues document.
8. The draft key issues document will be circulated to delegations 2 weeks before the WGE meeting.

### **Process during the meeting**

9. The co-chairs will open the meeting and invite the secretariat to present a brief overview of the key findings of the MER.
10. The co-chairs and/or the secretariat will then present each key issue and invite the WGE party which had raised the issue as well as the assessed jurisdiction to provide its comments. The assessment team will be invited to express their views on the key issue. The co-chairs will then open the floor for comments from delegations, observers, scientific experts and reviewers.
11. The WGE may decide to change the description of the key issue (for example to narrow down the issue, describe it better or merge several issues) before forwarding it to the Plenary, depending on how the discussion of the key issue evolves during the meeting. If so, the assessors and the assessed country/territory will be afforded the opportunity to redraft their views.
12. Decisions on key issues shall be taken by consensus. The co-chairs will determine whether consensus has been reached.

### **Process after the meeting**

13. The secretariat and the co-chairs will review the “key issues document” and circulate it to the Plenary at least 1 day before the day on which the report will be discussed in Plenary.
14. Based on the WGE discussion, the assessors and the secretariat may agree to amend the MER before the Plenary meeting. The redrafting does not involve the assessed country/territory. However, any change is shown to the assessed country/territory before it is finalised for circulation, and a possibility is given to the assessed country/territory to comment on the amendments.
15. In the Plenary, the co-chairs will introduce each (revised) key issue, 1 by 1. They will summarise the discussion held in the WGE and present its findings and decisions. The Plenary discussion will then proceed as provided in Rule 18, paragraph 4 of MONEYVAL’s 5<sup>th</sup> round Rules of Procedure.

## ***Appendix 6 – Standardised Follow-Up Report Publication Format (for Publication)***

### ***[COUNTRY NAME: NUMBER & TYPE (E.g. Regular or Enhanced) OF FOLLOW-UP REPORT]***

#### **I. INTRODUCTION**

1. The mutual evaluation report (MER) of [country name] was adopted on [date]. This follow-up report analyses the progress of [country name] in addressing the technical compliance deficiencies identified in its MER. Re-ratings are given where sufficient progress has been made. This report also analyses progress made in implementing new requirements relating to FATF Recommendations which have changed since the MER was adopted: [list the relevant Recommendations if applicable]. Overall, the expectation is that countries will have addressed most if not all technical compliance deficiencies by the end of the third year from the adoption of their MER. This report does not address what progress [country name] has made to improve its effectiveness. Progress on improving effectiveness will be analysed as part of a later follow-up assessment and, if found to be sufficient, may result in re-ratings of Immediate Outcomes at that time.

## II. FINDINGS OF THE MUTUAL EVALUATION REPORT

2. The MER rated<sup>30</sup> [country name] as follows for technical compliance [table to be updated accordingly]:

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40

3. Given these results, [country name] was placed in [enhanced/enhanced (expedited)/regular] follow-up.<sup>31</sup> The assessment of [country name]’s request for technical compliance re-ratings and the preparation of this report was undertaken by the following [experts/members of the Secretariat]:

- [Expert/Secretariat name(s) and title(s).]

4. Section III of this report summarises the progress made to improve technical compliance. Section IV sets out the conclusion and a table showing which Recommendations have been re-rated.

## III. OVERVIEW OF PROGRESS TO IMPROVE TECHNICAL COMPLIANCE

5. This section summarises the progress made by [country name] to improve its technical compliance by:

- Addressing the technical compliance deficiencies identified in the MER, and
- Implementing new requirements where the FATF Recommendations have changed since the MER was adopted (R.5 and R.8 [include others if relevant]).

### 3.1. Progress to address technical compliance deficiencies identified in the MER

6. [Country name] has made progress to address the technical compliance deficiencies identified in the MER in relation to Recommendations: [list all Recommendations rated NC which the country has requested a re-rating] (which were rated NC); [list all Recommendations rated PC which the country has requested a re-rating] (which were rated PC). [If the country has also sought upgrades on recommendations rated LC, this should be included here.]

<sup>30</sup> There are 4 possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

<sup>31</sup> Regular follow-up is the default monitoring mechanism for all countries. Enhanced follow-up is based on the FATF’s traditional policy that deals with members with significant deficiencies (for technical compliance or effectiveness) in their AML/CFT systems and involves a more intensive process of follow-up.

7. As a result of this progress, [Country name] has been re-rated on Recommendations: [list relevant Recommendations]. The FATF welcomes the steps that [Country name] has taken to improve its technical compliance with [list relevant Recommendations]; however, insufficient progress has been made to justify a re-rating of these Recommendations.

**Recommendation [R.] (Originally rated [NC/PC/LC])**

8. [Summary of identified deficiency and progress taken to address it]

9. [Conclusion on Recommendation with proposal for rating]

**Recommendation [R.] (Originally rated [NC/PC/LC])**

10. [Summary of identified deficiency and progress taken to address it]

11. [Conclusion on Recommendation with proposal for rating]

**Recommendation [R.] (Originally rated [NC/PC/LC])**

12. [Summary of identified deficiency and progress taken to address it]

13. [Conclusion on Recommendation with proposal for rating]

**3.2. Progress on Recommendations which have changed since adoption of the MER**

14.

**Recommendation [R.] (Originally rated [NC/PC/LC/C])**

15. [Summary of change to Rec and progress made to implement it.]

16. [Conclusion on Recommendation with proposal for rating]

**IV. CONCLUSION**

17. Overall, [country name] has made [insert language giving an overall judgment about the totality of progress which has been made (e.g. Overall, the country has made good progress/some progress/minimal progress/no progress...)] progress in addressing the technical compliance deficiencies identified in its MER and has been re-rated on [insert the number of Recommendations which are re-rated] Recommendations.

18. [Insert a paragraph summarising which Recommendations are re-rated]

19. [Insert a paragraph summarising which Recommendations the country has made progress on, but for which a re-rating is not yet justified]

20. [Insert a paragraph summarising the progress on Recommendations which were amended after the MER was adopted (e.g. R.5 and R.8) and whether any re-ratings were given]



## Rules of procedure for the 5th round of mutual evaluations

21. Overall, in light of the progress made by [*country name*] since its MER was adopted, its technical compliance with the FATF Recommendations has been re-rated as follows [*Note: Proposed TC re-ratings should be in **bold italics** in the table below.*]

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
R 11	R 12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
R 21	R 22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
R 31	R 32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40

22. [*country name*] will [*remain in enhanced / remain in regular / move from enhanced to regular*] follow-up and will continue to report back to MONEYVAL on progress to strengthen its implementation of AML/CFT measures.

### ***Appendix 7 – Analytical Tool for Technical Compliance Re-Ratings Requests (Not for Publication)***

**Instructions for assessed countries:** Use the first 4 columns of this table to report back on what actions (if any) have been taken to address the technical deficiencies identified in your mutual evaluation report (MER), and implement new requirements where the FATF Standards have changed since your MER was adopted. As is the case with mutual evaluations, it is the responsibility of the assessed country to demonstrate that its AML/CFT system is compliant with the Recommendations. On this basis, the fourth column should explain the actions taken since the MER was adopted including cross-references to specific legislation, enforceable means, or other relevant mechanisms. All relevant legislation should be submitted with the below table.

**Instructions for the [Secretariat and Rapporteur teams] responsible for analysing the actions taken by the assessed country:** Analyse the information in the first 4 columns of the table, any additional supporting material provided by the assessed country, and the MER’s analysis of other criteria (if any) that are not being reported on as no further action has been taken since the MER was adopted. On that basis, determine whether a re-rating is justified or not. Use the last column of this table to record your analysis and conclusions on the extent to which the actions taken by the assessed country to address the deficiency or meet the new requirements of the FATF Standards. After each Recommendation for which analysis is being undertaken, set out your conclusions concerning the rating (e.g. whether the rating should be upgraded, downgraded or remain the same).

**Instructions for the Secretariat:** This tool is an internal working document (not for publication) that should be circulated to delegations along with the standardised follow-up report (FUR) publication format (see the previous section), in advance of the working group/Plenary. The purpose of this tool is to present the detailed technical analysis systematically and in a structured way which streamlines delegations’ pre-Plenary quality and consistency (Q&C) review and facilitates subsequent working group/Plenary discussions. Secretariats may wish to circulate this tool with a short introductory section setting out:

- the FATF/FSRB/Universal Procedures governing the process for FURs where TC re-ratings are requested, and

## Rules of procedure for the 5th round of mutual evaluations

- the key decisions to be made based on the expectation that countries will have addressed most if not all technical compliance deficiencies by the end of the third year from the adoption of the MER (as per para.29 of the Universal Procedures). The key decisions may relate to requests for re-ratings, proposals to move countries from enhanced to regular follow-up, and/or proposals for the Plenary to consider applying other enhanced measures such as those listed in paragraph 80 of the FATF Procedures and paragraph 30 of the Universal Procedures.

<b>Rec.#</b>	<b>Criterion #</b>	<b>Deficiency cited in MER / New requirements where FATF Standards have changed since MER</b>  <b>(Use 1 row per deficiency/new requirement)</b>	<b>Actions taken</b>  <b>(To be filled in by the country, along with the previous 3 columns)</b>	<b>Analysis &amp; conclusions</b>  <b>(To be filled in by the Secretariat/group of experts/review group)</b>
[E.g. R.3]	[E.g. C.3.5]	[E.g. Quote the deficiencies for this criterion as reflected in the MER <i>Summary of Technical Compliance – Key Deficiencies</i> table]	[E.g. Briefly describe the actions taken to address the deficiencies for this criterion]	[E.g. Record your analysis and conclusions on the extent to which the actions taken by the assessed country address this deficiency]
[E.g. R.3]				[E.g. Recommendation XX is rated XX, based on progress made since the MER was adopted.]
[E.g. R.8]	[E.g. C.8.1]	[E.g. Where the FATF Standards have changed since the MER, quote the new requirements from the Methodology]	[E.g. Briefly describe the actions taken to address the new requirements for this criterion]	[E.g. Record your analysis and conclusions on the extent to which the actions taken by the assessed country meet the new requirements]
[E.g. R.8]				[E.g. The new requirements of Recommendation XX are rated XX, based on progress made since the MER was adopted.]

### ***Appendix 8 – Conducting Mutual Evaluations During the Covid-19 Pandemic***

#### **Overarching principles**

1. Four overarching principles should guide MONEYVAL in its application of greater flexibility for using the so-called hybrid on-site visits (physical on-site visits with some virtual aspects), and its implementation of objective criteria and procedures for handling MEs during the COVID-19 crisis:

- a. As it is important for MONEYVAL to adapt and find ways to continue its assessment work during the COVID-19 crisis, in line with its mandates, on-site visits should proceed when it is possible to do so in a manner that respects these overarching principles. Postponements should occur only when absolutely necessary and should not be used as a means to delay implementation of the FATF Standards or gain unfair advantage in the assessment process. Decisions to postpone on-site visits should be based on objective criteria and procedures to avoid any arbitrariness.

b. COVID-19 represents a serious global health risk. Consequently, the main priority for handling MEs during the pandemic is the health and safety of all participants. On-site visits should not jeopardise the health and safety of the national authorities, assessors or Secretariat staff. This takes precedence over any other consideration. Everything must be done to make the on-site visit as safe as possible.

c. Greater flexibility granted to do some aspects of an on-site virtually, should be both in line with the intention set out in 1a. above of MONEYVAL adapting and continuing assessments and in line with keeping the quality of assessments and the integrity of the process. It is important to continue producing good quality mutual evaluation reports (MERs). The global network's commitment to quality and consistency (Q&C) at every stage of the ME process remains unchanged, as reflected throughout the *Universal Procedures*.<sup>32</sup> Consequently, an ME should not push ahead in circumstances likely to result in a poor quality report that has the potential to affect the credibility of the FATF brand. Hybrid on-site visits will not necessarily result in lower quality MERs, but MONEYVAL must take care and strive to achieve substantially the same level of quality with this new format. The following factors are considered essential to safeguard the quality of an assessment and the integrity of the process:

- i. maintaining the physical nature of the on-site visit by requiring an adequate number of assessors with a broad range of expertise and supporting Secretariat staff to be physically present;
- ii. requiring all assessors to participate effectively throughout the hybrid on-site visit without prejudice to the quality of the assessment, regardless of whether they are participating physically or virtually; and
- iii. ensuring that the logistical and technical conditions of an on-site visit are sufficient to enable the assessed country to make its case fully, the assessors to do their work properly and have access to the authorities, and the Secretariat to support both parties adequately throughout the process.

d. MONEYVAL will ensure that its approach is consistent with the global network, while at the same time in full respect of its own procedures and mandate.

### **Applying the principles-based approach to MONEYVAL evaluations**

2. To enable the MONEYVAL to continue the ME process as required by its mandate, these procedures provide further flexibility on the composition of the onsite team, which is physically on-site. This is to allow for the virtual attendance of assessors and supporting Secretariat staff who are unable to attend in person because of the COVID-19 situation, provided the overarching principles above are respected.

#### *Necessary conditions for a hybrid on-site visit*

3. To safeguard the quality of assessments and integrity of the process (which is an overarching principle), such hybrid on-site visits may occur only if the following conditions are met:

- a. The physical nature of the on-site visit is maintained, albeit with flexibility to do some aspects virtually. This means that:

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<sup>32</sup> See for examples paragraphs 11, 12, 25-26, 28, 31, 33 to 46 of the *Universal Procedures*.

- i. assessors who are experts in financial, legal, law enforcement and FIU issues must attend the on-site visit in person<sup>33</sup>;
  - ii. at least two Secretariat staff should attend the on-site visit in person to support the assessed country and assessors<sup>34</sup>; and
  - iii. all assessors and Secretariat staff who are unable to travel to the assessed country for reasons related to COVID-19 participate effectively in the on-site visit, as is envisaged by the *Universal Procedures* and *MONEYVAL Procedures for the 5<sup>th</sup> Round of Mutual Evaluations*.<sup>35</sup>
- b. The technical and logistical conditions of a hybrid on-site are sufficient to enable the assessed country to make its case fully, the assessors to do their work properly and have access to the authorities (including private sector, non-profit organisations where needed), and the Secretariat to support both parties adequately throughout the process. As is the current practice, whilst negotiating the on-site agenda, the host country should accommodate requests to visit agencies deemed important to achieving the purpose of the on-site visit (e.g., the FIU premises for IO.6). They should also be able to accommodate any other request for last-minute meetings, such as with private sector or civil society representatives (without presence of competent authorities).

Overall, facilitating technical and logistical conditions of a hybrid on-site means all countries, delegations and the MONEYVAL Secretariat must do their best to facilitate the ME on-site process under these unusual circumstances, in line with the overarching principles. This may mean making additional arrangements to those planned for the onsite, such as replacing a videoconferencing service if the one used is not working and additional meetings organised to address any gaps caused by IT failures. The process will require patience, creativity and strong will by the parties to make this work.

To the extent possible given budgetary restraints and availability of qualified assessors, this could include making efforts to seek participation of additional assessors to augment the assessment team and ensure the necessary physical presence of necessary expertise during the on-site.

#### *Objective criteria*

4. The following objective criteria respect the overarching principles and are relevant to determining if the conditions for a hybrid on-site are met (although not all will apply in every case):
- a. Is the assessed country able to host the on-site visit in a manner that respects the health and safety of all participants and preserves the physical nature of the on-site visit? Factors which may impact these criteria include:
    - i. domestic travel restrictions;
    - ii. country-wide lockdowns;

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<sup>33</sup> Ideally, this means having one assessor physically present for each of these areas, although the number may be less if any of those present have expertise in more than one of these areas.

<sup>34</sup> Both should be Secretariat staff who are responsible for working on the assessment (not just available substitutes) and one should be the Secretariat team lead. In joint FATF/MONEYVAL assessments, one should be from the FATF Secretariat and one should be from the MONEYVAL Secretariat (if the MONEYVAL Secretariat is fully participating in the process, which is not always the case due to resource constraints).

<sup>35</sup> In particular, see para.10 and 20 of the *Universal Procedures*, and para.19 and 34 of the *FATF Procedures*.

- iii. restrictions on the number of people allowed to congregate;
  - iv. access to appropriate meeting venues;
  - v. sanitation precautions planned for the on-site visit;
  - vi. official assessments about the infection rate and spread of the COVID-19 virus; and
  - vii. other circumstances that create similar issues and are related to the COVID-19 pandemic.
- b. Are enough assessors and Secretariat staff<sup>36</sup> (to preserve the physical nature of the on-site visit as described above in paragraph 3a) able to travel to the assessed country in a manner that respects their health and safety? Factors which may impact these criteria include:
- i. travel restrictions prohibiting or strongly discouraging travel to the assessed country;<sup>37</sup>
  - ii. lengthy quarantine requirements (applying on arrival in the assessed country and/or on return to the traveller's home country) render travelling to the on-site and the related resource and cost commitment unreasonable;<sup>38</sup>
  - iii. the traveller's concerns about the availability and access to medical care should they fall ill during the on-site visit;
  - iv. a doctor has advised an individual against their travel to the assessed country for medical reasons; and
  - v. other circumstances that create similar issues and are related to the COVID-19 pandemic.
- c. Are any assessors<sup>39</sup> (regardless of whether they are attending the on-site physically or virtually) unable to participate effectively in the process, as envisaged by the *Universal* and *MONEYVAL Procedures*? Factors which may impact these criteria include:
- i. a country's ability or willingness to honour their commitment to provide an assessor;
  - ii. an assessor's inability or unwillingness to commit to working full time on the ME for the duration of the on-site visit, attend all meetings during the hybrid on-site visit, as normally they would be expected to attend and participate in a fully collaborative process as required by Rule 14 paragraph 14 of *MONEYVAL Procedures*; and
  - iii. other circumstances that create similar issues and are related to the COVID-19 pandemic.

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<sup>36</sup> This objective criteria should be mindful of the necessary conditions of a hybrid onsite, especially paragraph 3b. above, where all parties will do their best to facilitate the ME process mindful as well of any budgetary or other restraints.

<sup>37</sup> Travel restrictions may come from: 1) the assessed country; 2) the home country of the assessor or Secretariat staff; or 3) an international body such as the CoE, IMF and World Bank).

<sup>38</sup> Normally, a quarantine period of seven days or more would be considered overly lengthy, unless the country providing the assessor and the assessor are prepared to bear it. In cases where specific diplomatic measures can be made available by all the parties involved in the process in order to soften / exempt the quarantine requirements, the delays presented in this footnote may not be applicable. All parties are invited to do their best efforts to facilitate this process.

<sup>39</sup> This objective criteria should be mindful of the necessary conditions of a hybrid onsite, especially paragraph 3b. above, where all parties will do their best to facilitate the ME process mindful as well of any budgetary or other restraints.

d. Are the technical capabilities and logistical arrangements adequate to allow the assessed country to make its case fully, the assessors to do their work properly and have access to the authorities, and the Secretariat to support the process adequately? Factors which may impact these criteria include:

- i. access to adequate video conferencing facilities/platforms (e.g. Kudo, Bluejeans, Webex, Microsoft Teams, Zoom) for the assessed country and any assessors or Secretariat staff who are participating virtually;
- ii. the ability to have simultaneous interpretation for participants participating physically and virtually (where needed);
- iii. access to secure channels of communication for sharing confidential documents as needed;
- iv. measures<sup>40</sup> to ensure the confidentiality of information and discussions in the virtual environment, consistent with the existing procedures (para.19 UPs / Title VI of MONEYVAL procedures);
- v. allocating enough meeting time to allow for scheduling or technical difficulties associated with facilitating virtual participation, taking into account time zone differences and the organisation of the agenda as needed; and
- vi. other circumstances that create similar issues and are related to the COVID-19 pandemic.

*Determining whether an on-site visit can take place*

5. Subject to the overarching principles which take precedence in these matters:
  - a. where they are necessary, after exhaustion of all possibilities available using the overarching principles and objective criteria, postponements should be as brief as possible to minimise the impact on the assessment;
  - b. the criteria for postponing and resuming an assessment should be objective and apply equally to all countries impacted by the COVID-19 crisis; and
  - c. all decisions to postpone and resume on-site visits should respect the overarching principles, and the Plenary discussion of such reports should be rescheduled as soon as practicable. MONEYVAL recognises that postponements caused by the COVID-19 pandemic may delay completion of this round of mutual evaluations.
6. At least seven weeks prior to the on-site visit, the Secretariat, in consultation with the assessed country and assessors, will make initial inquiries, as to whether the on-site visit can take place in circumstances that respect the overarching principles in paragraph 1, and taking into account the necessary conditions for a hybrid on-site visit in paragraph 3 and the objective criteria noted above in paragraph 4.
7. The onus is on the affected party to provide the Secretariat with supporting information that shows their inability to host or travel to the on-site visit, while respecting the overarching principles.<sup>41</sup> In doing so, the affected party should give a full and detailed explanation in writing of how and to what

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<sup>40</sup> Such measures could include having all participants sign confidentiality agreements to govern their conduct during virtual meetings or implementing IT-based solutions.

<sup>41</sup> Assessed countries are encouraged to provide this information in the form of a letter to the Chair confirming their inability to host the on-site visit and citing the specific reasons why the on-site visit cannot be safely and in conditions that will safeguard the quality of the assessment. However, this is not a requirement as it may not be possible in all cases, including for reasons related to the COVID-19 crisis.

extent the COVID-19 crisis (including crisis response measures) are negatively affecting their ability to proceed. Where relevant, this should include reference to the specific measures<sup>42</sup> or circumstances that are objectively preventing the on-site visit from moving forward consistent with the overarching principles.

8. If it appears from the material submitted that the on-site cannot take place, in line with the overarching principles, the Secretariat shall inform the Bureau and provide them with any relevant supporting documentation.

9. The Bureau will review the information submitted, taking into account the overarching principles in paragraph 1, the necessary conditions for a hybrid on-site visit in paragraph 3 and any relevant objective criteria in paragraph 4, to determine whether prima facie the on-site visit may proceed in line with the overarching principles. The Bureau will make the final determination, based on the overarching principles in paragraph 1, and taking into account the necessary conditions for a hybrid on-site visit in paragraph 3 and any relevant objective criteria in paragraph 4. In doing so, the Bureau will take into account the views of the assessed country, assessors and Secretariat.

10. Where the on-site visit is postponed, the delay may significantly impact the ability of the Plenary to discuss the report in a meaningful way. This is because the draft schedule of evaluations has been prepared to allow enough time between the on-site visit and the Plenary discussion. Where the on-site visit must be postponed, the Secretariat will write to the assessed country's head of delegation informing of the reasons why the on-site visit cannot proceed as scheduled and the need to defer discussion of the mutual evaluation report.

11. The postponement may result in the need to adjust the schedule of MONEYVAL Plenary meetings. If this is the case, the Secretariat in consultation with the Bureau shall determine new dates for the Plenary meeting(s) and provide an updated Workplan for information of MONEYVAL members.

12. If the Bureau determines that the on-site visit is able to proceed in line with the overarching principles, taking into account the necessary conditions for a hybrid on-site visit in paragraph 3 and any relevant objective criteria in paragraph 4, the Secretariat will write to the head of delegation confirming that the on-site visit will proceed as scheduled. The Secretariat will advise the assessors accordingly. In such cases, the assessed country, assessors and Secretariat should maintain an ongoing dialogue on the sanitary precautions and expectations that will be in place during the on-site visit to safeguard the health of all participants (e.g. regular cleaning of meeting rooms, expectations concerning the wearing of masks, arrangement to enable social distancing, etc.)

13. Ordinarily, this determination should be made six weeks before the on-site visit. However, because the COVID-19 situation is rapidly evolving, circumstances may change at any time leading up to (or during) the on-site visit and on very short notice. If any circumstances arise after the Secretariat has made its initial inquiries which could jeopardise the ability to hold the on-site in line with the overarching principles, the affected party should immediately inform the Secretariat and provide any relevant supporting information. In such cases, the procedures outlined in paragraphs 5 to 12 will be applied on an urgent basis.

#### *Resuming the mutual evaluation*

14. If the on-site visit has been postponed, the Secretariat shall continue consulting with the assessed country and assessors to find the earliest possible date to reschedule the on-site in circumstances where the overarching principles may be respected.

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<sup>42</sup> For example, lockdowns, travel restrictions, transportation restrictions, etc.



15. Leading up to the new dates of the on-site visit, the procedures outlined in paragraphs 5 to 12 shall be applied again (beginning at least seven weeks prior to the new date of the on-site visit) to determine whether or not the new on-site visit may take place or must be postponed further.