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

MONEYVAL

REVISED RULES OF PROCEDURE ¹

¹ Last revised by MONEYVAL at its 32nd Plenary meeting (Strasbourg, 15-18 March 2010).

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I. PREPARATION FOR THE ON-SITE VISIT

1. The adopted MONEYVAL mutual evaluation **questionnaire** (including questions relating to other MONEYVAL specific standards, e.g. the EU Directives) should ideally be sent to the country undergoing an evaluation at least **four months** prior to the on-site visit. **It is important that the replies to the questionnaire are as comprehensive as possible and are accompanied by all relevant appendices translated accurately in English or French, including important legislative texts and specific statistical information, so that, for each criteria, the evaluators can make a meaningful preliminary assessment of the effectiveness of implementation of relevant standards.** This should include statistics on completed terrorist financing and money laundering investigations and prosecutions and convictions, as well as statistics on seizures and confiscations.
2. The **dates of the on-site visits** will be arranged in consultation with the host country, normally in accordance with the indicative timetable of evaluations (i.e. – in so far as possible - the order of on-site visits followed in previous rounds). Where it is known sufficiently in advance (i.e. for at least 6 months) that a MONEYVAL country is to undergo a Financial Sector Assessment (FSAP) or Offshore Financial Centres assessment (OFC), exceptionally, the usual order of evaluations can be departed from so that a MONEYVAL evaluation can be completed with a view to it being used as the AML/CFT component in the FSAP or OFC, thus avoiding duplication.²
3. The **evaluation team** will be selected by the Secretariat, consulting as necessary with the President and other Bureau members. There should normally be 4 evaluators (1 legal evaluator, 1 law enforcement evaluator and ideally 2 financial evaluators). 3 of the evaluators would be from MONEYVAL and 1 evaluator from an FATF country. The latter would be responsible for a specific section. Where a MONEYVAL country is undergoing an FSAP or OFC, the IMF/World Bank may be invited to join the team. Ideally, one evaluator should already have participated in a previous MONEYVAL evaluation of the country undergoing the evaluation. The evaluators should be fluent in the language of the evaluation (either English or French), and should ideally be working in (or otherwise expert in) one of the relevant sectors in their own countries, and thus be very familiar with the relevant international standards and the revised AML/CFT Methodology. Heads of delegations of MONEYVAL countries should provide regular information on available evaluators within their jurisdiction. They should also use their best endeavours to ensure that regular MONEYVAL attendees within their jurisdictions are made available for assessor training and to conduct MONEYVAL evaluations and provide their written reports to the Secretariat in a timely fashion (see paragraphs beneath). All evaluators should be familiar with the evaluated country's materials before the on-site visit, and arrive on-site ready to discuss together in a formal pre-meeting, before the discussions with the host country commence, the strengths and weaknesses of the regime, as understood from the documentation. In this pre-meeting roles and responsibilities will be assigned.
4. The host country will be informed of the names of the evaluators as soon as is reasonably practicable before the on-site visit. In case of a principled objection by the country, the Secretariat, in consultation with the President, may submit an alternative proposal.

² This paragraph should be read in conjunction with the agreement between MONEYVAL and the IFIs that periodically the IMF/World Bank might advise MONEYVAL (on a timely basis) of their willingness to conduct a limited number of AML/CFT assessments in MONEYVAL countries, with a view to those assessments being considered by the MONEYVAL plenary as a mutual evaluation report. It is the understanding of MONEYVAL that no more than 3 to 4 such IFI assessments would be conducted during an evaluation round, i.e. approximately 1 year. Decisions as to which countries might be evaluated by the IFIs will be taken by the MONEYVAL plenary.

5. The **official language** of the evaluation will be English (or French for Francophone countries). Host countries should endeavour to ensure that the working meetings are conducted in the official language of the evaluation, and every effort should be made to avoid unnecessary interpretation. Where interpretation into the national language is absolutely necessary (for instance to ensure the involvement of a representative with a particularly relevant expertise), the country undergoing evaluation should seek to retain the services of one experienced interpreter, who ideally should be familiar with legal terminology and broad financial issues. The cost of interpretation will be borne by the host country. If there is a problem with organising interpretation, the host country should advise the Secretariat at least one month in advance of the on-site visit.
6. Two months before the on-site visit, the Secretariat will send an e-mail to all FATF and MONEYVAL members inviting them to provide information on their experience of international co-operation with the country being evaluated or any other issues they would like to see raised and discussed during the on-site visit. Responses should be received no later than a week before the on-site visit, and then made available to the assessment team and the assessed country.
7. **The replies to the mutual evaluation questionnaire**, and translated copies of relevant legal texts, resolutions, and guidance notes should be provided to the Secretariat, together with a draft programme, as soon as possible and **no later than 2 months** before the on-site visit. An indicative list of regularly required accompanying documentation is attached at **Annex A**, though countries undergoing evaluation should exercise their judgement as to what materials are relevant in the national context. On receipt of the replies and materials, **they will be sent to the evaluators and immediately reviewed** and a decision will be taken as to whether they are sufficiently comprehensive. Failure to comply with the time deadline or to provide full and accurate responses **may result in the visit being deferred** and the evaluators being informed of this, and the consequent need for materials to be updated at a later stage. A decision to defer the evaluation in either of these circumstances will be taken by the President, after discussions with the Head of the relevant Delegation. The country will be advised in writing of this decision, and the letter will be copied to other MONEYVAL Heads of Delegation and observers. The Director General of Human Rights and Legal Affairs of the Council of Europe may also be invited to write to the responsible Minister or draw the matter to the attention of the Permanent Representative to the Council of Europe of the host country.
8. The Secretariat, liaising with the evaluators, will agree with the country the final version of the programme. Evaluators are allowed, if the need arises, to request during the on-site visit, **additional meetings** with any relevant public or private institutions; the authorities of the host country should do their best to respond positively to such a request.
9. **The length of the on-site visit** will be determined by the Secretariat in conjunction with the host country, depending on the size of the jurisdiction and the number of institutions to be seen. **The on-site visit should not normally exceed 8 days** in all, including travelling days. Evaluators are expected to respect the agreed timetable and not depart before the conclusion of the mission. The evaluated country should draw up a draft programme, bearing in mind that it would normally be as follows:
 - a. Day 1 (Sunday): Arrivals in time for pre-meeting of evaluators
 - b. Days 2-6: meetings with the host country
 - c. Day 6 (afternoon): Plenary discussion with main players in AML/CFT regime to clarify outstanding issues
 - d. Day 7 (morning): evaluators and Secretariat to prepare a brief draft summary of findings. (afternoon): Discussion with the lead organisation(s) and Head of MONEYVAL Delegation of the host country to provide preliminary conclusions and brief draft summary of findings
 - e. Day 8 (Sunday): Departures.

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

II. ON-SITE VISIT

13. Presentations by the interviewed persons/agencies should be avoided.
14. During the on-site visit the evaluators will prepare skeleton outlines of their sectoral reports, and the Secretariat will prepare a draft summary of findings to share with the country. With the permission of the country undergoing evaluation, the draft summary of early findings may be passed by the Secretariat to the IMF or World Bank, if it is required to assist with an FSAP mission or OFC assessment planned or in progress (where MONEYVAL is responsible for the AML/CFT component). During the on-site visit the evaluators and Secretariat may agree provisional ratings to be given though only the final agreed ratings should be provided to the country with the draft report.
15. The principle should generally be maintained that all evaluators attend all the meetings on-site, though in some circumstances practicalities may mean that one of the sectoral evaluators may be required to hold a meeting without other evaluators being present.

III. AFTER THE ON-SITE VISIT AND PRE-PLenary REVIEW OF DRAFT REPORTS

16. Contributions from the evaluators will be sent to the Secretariat not later than **four weeks** of the on-site visit, after which the Secretariat will aim to prepare the draft mutual evaluation report within four weeks of receipt of the evaluators' individual contributions. If a substantial contribution from an evaluator is not received within 2 months of the on-site visit the Secretariat will proceed to prepare the draft report and inform the Head of Delegation of the evaluating country. The Head of Delegation will use his/her best endeavours to ensure that the required evaluator's contribution is sent to the Secretariat promptly. In the event that a substantial contribution has still not been received from the relevant evaluator after 3 months, the Secretariat may, at its discretion, draw this issue to the attention of the Permanent Representative to the Council of Europe of the evaluator's country with copies of any letter to the Permanent Representative being sent to the evaluator concerned and his/her Head of Delegation.

17. In principle the draft report will reflect the position as at the time of the on-site visit. In preparing the report and in giving ratings, assessors should only take into account relevant laws, regulations or other AML/CFT measures that are in force and effect at the time of the on-site visit to the country or in the period immediately following the on-site mission, and before the finalisation of the report. Where bills or other firm proposals to amend the system are made available prior to or at the time of the on-site visit, these may be referred to in the report (description, analysis and recommendations), but should not be taken into account for ratings purposes unless they are in force and effect in the period immediately following the on-site mission. While this period is not precisely fixed, it would not normally extend beyond a date two months after the on-site visit. Information relating to significant new AML/CFT initiatives after this period should only be referenced by footnote.
18. The draft report will be sent to the evaluators for approval. The evaluators will use their best efforts to provide comments within **7 days** of receipt of the draft report.
19. In the light of comments received from the evaluators the draft report will be finalised not later than **two weeks** and sent to the country undergoing evaluation for its comments.
20. The country undergoing evaluation, whatever its size and government structure, should have at least **three weeks** to provide written comments.
21. The country comments will be despatched immediately to the evaluators, who will use their best efforts to indicate any amendments they are prepared to accept, within **7 days** of receipt.
22. The draft report is amended in the light of comments received from the evaluators. If further comments are not received from the evaluators within the timescale, the Secretariat will finalise the draft report, taking into account the country comments.
23. The revised draft report is then sent to the country, and circulated to the plenary, ideally **14 days** before the plenary meeting. In exceptional cases the draft report agreed by the evaluators can be circulated to the Heads of Delegation without the country comments having been taken into account, so long as the draft report which is circulated clearly states that the country comments have not been reflected in the draft.
24. In the preparation of the final draft report to be considered by the plenary, **significant post-visit developments** such as the passage of major relevant legislation related to an identified weakness can be reflected in appropriate footnotes, under the responsibility of the evaluators. It is understood that the evaluators will not have verified information subsequently provided. Footnotes should be kept to an absolute minimum, and should not be used to reflect the opinions of the evaluated country on a part of the report.
25. The Secretariat will prepare a draft executive summary/Report on observance of Standards and Codes to be considered by the evaluators and the country undergoing evaluation.
26. Any unresolved issues will be discussed in a face-to-face meeting between the evaluators and the country undergoing evaluation arranged in advance of the plenary meeting at which the report is to be discussed (normally not later than one month before). If the comments received indicate numerous unresolved issues, the Secretariat will arrange a further pre-meeting between the evaluators and the country undergoing evaluation in the margins of the plenary at which the draft report is to be discussed to finalise any unresolved issues and any issues raised by the Expert Groups (see beneath) on the draft report.
27. a) The draft report, revised after the face to face meeting with the evaluators organised in advance of the Plenary, will be sent to an Ad Hoc Group of Experts (to be appointed plenary by plenary) and the MONEYVAL Permanent Group of Experts for review and comments

before the Plenary discussion. The terms of reference of these two Review Groups are attached at **Annexes C and D**.

b) After the final pre-meeting with the country undergoing evaluation a summary will be prepared by the Secretariat of issues raised by the Review Groups which have not been accepted by the evaluators, and the reasons why the evaluators have not accepted their comments. This will allow the group members to decide whether they need to take them further in the plenary discussions.

IV. PLENARY DISCUSSIONS, POST PLENARY ACTIONS AND PUBLICATION

28. The draft report should ideally be considered by the plenary within **6 months** of the on-site visit, and no later than **one year** after the on-site visit.
29. The Secretariat will briefly introduce the team and explain proposed changes to the report and highlight briefly any issues raised by the Review Groups which have not been accepted by the evaluators, and which require plenary resolution. Each evaluator will introduce the relevant sectoral report in no more than 10 minutes interventions. The evaluators should therefore summarise their overall conclusions. The country will have the opportunity of responding (for no more than 15 minutes).
30. There will be an opportunity for three countries (different from the evaluators' countries) to act as intervenors – one country for each sector covered by the report – legal, financial and law enforcement. The purpose of the intervenor process is to ensure that each draft report is subject to a thorough peer review in plenary. Questions should be limited to a maximum of 5 per intervenor. Subject to the above requirement, countries should act as intervenors in alphabetical order (the list of future intervenors being agreed at each meeting) so all countries have the same opportunities to act in this capacity.
31. The discussion on the report will start with the first intervenor country, and the discussion on that section will follow. Thereafter questions/comments/views will be taken from the plenary in a structured way, taking each of the sectors in turn. The President will use his discretion in deciding how much time can be made available for the discussions. The President will give priority to discussion under each sector of any issues raised by the Review Groups which were not accepted by the evaluators and which require plenary resolution.
32. In exceptional circumstances, the Plenary may consider an updating on-site visit before adoption of the report. Where issues arise during the discussion of a draft report which cause significant concern about compliance with the reference documents, the Plenary may authorise steps to be taken under the Compliance Enhancing Procedures (see beneath).
33. The plenary will adopt the report, the draft summary/Report on observance of Standards and Codes in the light of any amendments. The adopted ROSC will be sent to the IMF/World Bank where necessary.
34. a) The adopted executive summary will be placed on the MONEYVAL website shortly after the plenary meeting.
 - b) After the adoption of the final report, the corrected version of the mutual evaluation report will be sent to the Head of Delegation of the country to check its accuracy with decisions taken by the plenary, and to provide any comments on the report.
 - c) The Head of Delegation should confirm the accuracy of the amended report to the Secretariat and provide any comments for publication as soon as possible and no later than **one month** after the amended report has been received by the Head of Delegation. This should allow the country sufficient time to report the findings internally before publication. If the Head of Delegation has

not responded within **one month**, the Secretariat will proceed to publish the amended report on the MONEYVAL website.

d) Once the Head of Delegation has confirmed to the Secretariat the accuracy of the version of the report sent in the light of the decisions taken by the Plenary, and provided any comments for publication, the adopted Report will be transmitted to the Permanent Representation of the country undergoing evaluation. It will be published on the MONEYVAL website.

V. DECISION MAKING ON ISSUES ARISING IN MUTUAL EVALUATION REPORTS, PROGRESS REPORTS, FOLLOW UP REPORTS AND COMPLIANCE REPORTS

35. Decisions on issues arising in mutual evaluation reports, progress and follow up reports and compliance reports shall be reached by a consensus of MONEYVAL States (which shall not be understood as requiring unanimity).
36. In order to assist the Chairman 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.
37. If a consensus cannot be reached on the proposals to amend or otherwise change the draft evaluation report, progress or follow up or compliance report, including changes to proposed ratings, the report shall remain unchanged on the relevant issue. Where there are dissenting views, these can be reflected in the meeting report of the plenary upon the request of the dissenting countries concerned.

VI. PROGRESS REPORTS AND FOLLOW-UP – Third Evaluation Round

38. The country will provide a progress report **one year** after the adoption of the mutual evaluation report based on a questionnaire prepared by the Secretariat and sent to them at least **8 weeks** prior to the Plenary. This does not preclude countries providing other written updates on progress on their own initiative for the information of members and observers. The replies to the progress report questionnaire should be sent to the Secretariat at least **4 weeks** before the Plenary meeting at which it will be discussed. The progress report, together with a copy of the adopted mutual evaluation report relating to the progress report, will be transmitted immediately by the Secretariat to the Rapporteur country appointed at the previous plenary meeting to review that progress report. The Head of Delegation of the Rapporteur country will assign scrutiny of the legal, law enforcement, and financial sector of the report among his delegation who will raise questions on the report. The progress report will also be sent to the scientific experts and to Heads of Delegations from MONEYVAL countries which participated in the evaluation (for transmission to the relevant evaluators from their countries). This is to ensure that the scientific experts, previous evaluators / delegations from which the MONEYVAL evaluators were drawn are in a position (together with the Secretariat) to raise questions on the progress report.
39. The Secretariat will prepare a written analysis of progress against the core Recommendations³. This desk review will be circulated to the Rapporteur Country and the Plenary before the discussion of the progress report. The progress report will be sent to the Plenary no later than **1 week** before the meeting.
40. The progress report will be subject to peer review by the Plenary. The Secretariat will present its analysis of the core Recommendations. Thereafter the Rapporteur Country will proceed with

³ The core Recommendations as defined in the FATF procedures are R. 1, SR II, R. 5, R. 10, R. 13 and SR IV.

its analysis, particularly with regard to the key Recommendations⁴ and pose any questions on the draft report. After the discussion of the progress report, the Rapporteur country should advise the plenary of its view as to whether the information provided adequately answers the questions raised.

41. If the Plenary is satisfied with the information provided and the progress being undertaken, the progress report and the analysis of the progress on the core Recommendations will be adopted and published on the MONEYVAL website. Once adopted, the progress report should normally be the subject of an update every two years between evaluation visits, though the plenary may decide to fix an earlier date at which an update should be presented. Subsequent updates should also be subject to the procedures set out above.
42. If the Plenary is not satisfied that the progress report presented contains sufficient information, the Chairman will invite the country to re-submit a fuller progress report to the next meeting. Where the fuller progress report is presented, the handling of the further progress report should also be in accordance with the procedures set out above. If the plenary is satisfied with the information provided and the progress being undertaken the fuller progress report and the analysis of the progress on the core recommendations will be adopted and published and become subject to updating in accordance with paragraph 41 above.
43. If any progress report or update submitted (or a fuller progress report under paragraph 42) raises significant concerns about the extent of or speed of progress overall to rectify deficiencies identified in the mutual evaluation report, the Plenary shall :
 - a) Require the country to provide a report to the next Plenary or regular reports until there is a Plenary decision that the country has taken sufficient action implementing the following Recommendations at the level of or at a level essentially equivalent to a C or LC:
 - money laundering and terrorist financing offences (R.1 & SR.II);
 - freezing and confiscation (R.3 and SR.III);
 - financial institution secrecy (R.4) and customer due diligence (R.5);
 - record-keeping (R.10);
 - suspicious transaction reporting and the FIU (R.13, 26 & SR.IV);
 - financial sector supervision (R.23); and
 - international co-operation (R.35, 36 and 40; and SR.I & V).

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

The requested report or subsequent report required by the plenary under paragraph 43 (a) shall also be analysed in writing by the Secretariat and subject to plenary peer review. If sufficient progress has been made, the country will be removed from the process under paragraph 43a and revert to updates under paragraph 41.

- b) take note of the information provided in each report under paragraph 43(a) above and proceed to publish each report together with the analysis of progress adopted by the Plenary on the website;

⁴ The key Recommendations as defined in the FATF procedures are R.3, R.4, R.23, R.26, R.35, R.36, R.40, SR.I, SR.III and SR.V

and /or

- c) apply additional peer pressure under the Compliance Enhancing Procedures, including further compliance reports back. Subsequent compliance reports will become public documents.
44. Where a country has been asked to provide a report under paragraph 43 (c) , this report should be analysed in writing by the Secretariat and subject to Plenary peer review in the normal way. To facilitate this, the relevant reports will be sent to the scientific experts and to Heads of delegations from MONEYVAL countries which participated in the evaluation for transmission to the relevant evaluators from their countries. This is to ensure that the scientific experts, previous evaluators/delegations from which the MONEYVAL evaluators were drawn are in a position (together with the Secretariat) to raise questions on the report. If sufficient progress has been made, the country will be removed from this process and become subject to Rule 43 (a) or updates under paragraph 41. The report and analysis of progress will become public documents.
45. The Plenary may also request a further updating on-site visit before removing a country from the follow-up procedures under paragraphs 43 and 44, particularly where effectiveness of implementation was a major contributory factor in the relevant ratings.

VII. FOLLOW-UP – Fourth Evaluation Round

46. There are three types of process that could occur following the discussion and adoption of a 4th round MONEYVAL mutual evaluation report. The first, which is set out at paragraph 47 provides that countries undergoing evaluation by MONEYVAL that are not assigned regular or enhanced follow-up should provide a biennial update of their progress in meeting the deficiencies identified in their mutual evaluation report (MER) or in taking other action to enhance their AML/CFT regime, starting two years after their MER is discussed. The second process of regular follow-up is set out in paragraphs 48 to 52, while the third process of enhanced follow-up, as set out in paragraph 53, is based on MONEYVAL's traditional policy that deals with non-complying countries (compliance enhancing procedures).

1. Biennial update

47. The steps in the biennial update process are set out below.
- a) No later than two years after the discussion of their 4th round MER, assessed countries must provide a succinct update to the Secretariat describing the new measures that have been adopted and implemented to deal with the identified deficiencies in relation to any of the 40 + 9 Recommendations that are rated partially compliant (PC) or non-compliant (NC). This should always include all the updated data or statistics as required under Recommendation 32. Further updates would be provided every two years.
 - b) The biennial update reports of specific countries will be discussed in the Plenary.
 - c) A biennial update will be transmitted to the country appointed at the previous plenary meeting to review the biennial update (Rapporteur country).
 - d) The Head of Delegation of the Rapporteur country will assign scrutiny of the legal, law enforcement and financial sectors of the update among his Delegation who will raise questions on the report.
 - e) The biennial update will not be subject to a Secretariat written analysis.

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- f) If the Plenary is satisfied with the progress the biennial update will be adopted and published.
 - g) If the Plenary is not satisfied with the progress the Chairman will invite the country to re-submit a fuller update to the next meeting. Where the fuller progress report is presented, and it is considered to be satisfactory, it will be adopted. It will then be published and become subject to routine updating every two years in accordance with paragraph 47 (a) above.
 - h) If the update submitted (or a fuller update under sub-paragraph (g) above) raises significant concerns about the extent of or speed of progress overall to rectify deficiencies identified in the 4th Round mutual evaluation report the Plenary may:
 - (i) take note of the information provided in the update and proceed to publish it on the website; and
 - (ii) invite the country to submit a compliance report under Step (i) of the Compliance Enhancing Procedures normally no later than one year after the substantive discussion of the update (or the fuller update requested under paragraph 47 (g) above). The Plenary may ask the country to present a compliance report sooner than within one year if serious issues have been identified.

2. Regular Follow-up

48. Regular follow-up will apply where the mutual evaluation report shows there are significant deficiencies in the country's AML/CFT system. This process is thus applied in two circumstances:
- a) Where any of Recommendations 1, 5, 10, 13 or Special Recommendations II or IV are rated either PC or NC; or
 - b) Where the Plenary so decides.
49. Where the Plenary agrees that there should be follow-up, it should also decide which steps should be taken and the timing of the necessary action. The normal first step in the process would be that two years after the 4th round MER is discussed, the assessed country would report back to the Plenary and provide information on the actions it has taken or is taking to address the factors/deficiencies underlying any of the 40 + 9 Recommendations that are rated partially compliant (PC) or non-compliant (NC). It may include other information if it so desires. The expectation would be that significant progress would have been made by that time. MONEYVAL member States and other jurisdictions which have been evaluated by MONEYVAL are encouraged to **seek removal from the follow-up process within three years after the adoption of the 4th round MER, or very soon thereafter**, though the Plenary will always have the discretion to allow further time where this is necessary. **Where the failings identified in a MER are particularly serious, the Plenary could decide on a more expedited timetable, and require the country to report back sooner than two years.** Equally, if the country wants to report back sooner, this would be acceptable.

50. At any Plenary at which a 4th round follow-up report is discussed, there would be three possible options for Plenary decision:
- a) The country has not taken satisfactory steps to deal with the identified deficiencies - the Plenary could then decide to move to one of the other steps in the process (see paragraph 53 below), or could seek follow-up reports at more regular intervals e.g. each Plenary.
 - b) The country has taken steps to deal with the deficiencies, and is making satisfactory progress, but needs further time before it could be considered for removal from the process – the Plenary could ask the country to provide a further report at a future Plenary.
 - c) The country has taken sufficient action to be considered for removal from the process – to have taken sufficient action in the opinion of the Plenary it is necessary that the country has an effective AML/CFT system in force, under which the country has implemented the following Recommendations at the level of or at a level essentially equivalent to a C or LC:
 - money laundering and terrorist financing offences (R.1 & SR.II);
 - freezing and confiscation (R.3 and SR.III);
 - financial institution secrecy (R.4) and customer due diligence (R.5);
 - record-keeping (R.10);
 - suspicious transaction reporting and the FIU (R.13, 26 & SR.IV);
 - financial sector supervision (R.23); and
 - international co-operation (R.35, 36 and 40; and SR.I & V).
 - (i) The plenary should however retain some limited flexibility with regard to those Recommendations listed above that are not core Recommendations if substantial progress has also been made on the overall set of Recommendations that have been rated PC or NC.
 - (ii) If there is an adopted MER available based on a recent 4th round on-site visit, the ratings given for the relevant Recommendations shall be taken into account by the plenary in preference to an analysis based on a desk review. The plenary may also request a further updating on-site visit before removing a country from the follow-up procedures, particularly where effectiveness of implementation was a major contributory factor in the relevant ratings.
51. The plenary will discuss the reports that warrant its attention and where a real decision needs to be made, namely reports that fall under paragraphs 50(a) or (c) above, or where a country is subject to enhanced follow-up. Routine interim follow-up reports need not as a matter of course be discussed by the plenary, but may be made available as an information paper. The assessed country will provide a short interim follow-up report to the Secretariat setting out the remedial action it has taken and a proposal on the MONEYVAL plenary meeting at which it would wish to report back. Where the Secretariat felt that a country had failed to make adequate progress, the Secretariat would prepare a short summary paper and raise the issue in the plenary, and the MONEYVAL plenary would have a discussion on whether a more expedited follow-up or another approach should be taken. If the Secretariat did not have concerns about the progress made, then the country's interim report would be provided as an information item to the plenary.

52. Under paragraph 50(c) the process for consideration of an application to move from regular follow-up to biennial updates would be as follows. The country would indicate that it had, in its view, met the criteria set out above for removal. The country would provide a full report, and all necessary laws, regulations and other information, including relevant data and information for assessing effectiveness, at least two months before the Plenary at which it would seek to be removed from regular follow-up. The Secretariat would then prepare a more detailed analysis of the progress made by the country for the following Plenary. This report would analyse the actions taken by the country to resolve the deficiencies/factors underlying each of the above Recommendations that was rated PC or NC, and would indicate the extent to which the deficiencies had been resolved, and indicate for each relevant Recommendation whether it believed sufficient action had been taken. In assessing whether sufficient progress had been made, effectiveness would be taken into account (to the extent possible). Subject to the applicability of paragraph 50 c (ii) (availability of an updated 4th round MER) the exercise would be in the nature of a paper based “desk review”. In preparing the detailed analysis, the Secretariat could consult the original assessors, where they are available. The detailed analysis should be provided to the country for its comments before it is sent to delegations.

3. Enhanced Follow-up

53. The additional, graduated steps in the follow-up policy for 4th round mutual evaluations (enhanced follow-up) are the steps that are taken generally in MONEYVAL in respect of countries undergoing evaluation by MONEYVAL which are not in compliance with the Reference Documents or the recommendations in mutual evaluation reports (traditionally known as “Compliance Enhancing Procedures” – see generally paragraphs 56-61 beneath), and Steps (i)– (v) may be applied by the plenary in the 4th round follow-up process (when a follow-up report is being discussed) if the Chairman so proposes in accordance with paragraphs 59 and 60 beneath.

4. Publication

54. a) The MONEYVAL publication policy will also apply to actions taken under MONEYVAL’s 4th round follow-up process, and appropriate details of any follow-up action and the result of that action will be published. As regards biennial updates and interim follow-up reports, if requested by the country, a link will be provided from the MONEYVAL website to a website of the country on which it can place the biennial update or interim follow-up report and any other information relevant to the actions it is taking to enhance its AML/CFT system. As regards the detailed analysis report prepared at the time the country is removed from the follow-up process, this will be placed on the MONEYVAL website with the following introductory statement will be made where there is a desk based review:

“This report provides an overview of the measures that [*the country*] has taken to address the major deficiencies relating to Recommendations rated NC or PC since its last mutual evaluation. The progress shown indicates that sufficient action has been taken to address those major deficiencies, and in particular those related to Recommendation(s) [*state Recommendation applicable*]. It should be noted that the original rating does not take into account the subsequent progress made by the country.”

- b) On publication of a detailed analysis of a 4th Round follow-up report, where the Plenary has considered the ratings given in a 4th Round evaluation as opposed to “equivalent” ratings based on a desk review, the introductory statement will be the same as in paragraph (a) above, but will also make it clear that a 4th Round evaluation visit has taken place and the progress referred to in the follow-up report is based on a detailed assessment conducted within the 4th Round mutual evaluation process.

VIII. STEPS TO BE TAKEN IN RESPECT OF COUNTRIES UNDERGOING EVALUATION BY MONEYVAL WHICH ARE NOT IN COMPLIANCE WITH THE REFERENCE DOCUMENTS⁵ OR THE RECOMMENDATIONS IN MUTUAL EVALUATION REPORTS (COMPLIANCE ENHANCING PROCEDURES)

55. Without prejudice to the specific provisions of paragraphs 43 to 45 (dealing with the application of Compliance Enhancing Procedures to countries in 3rd Round follow-up) and paragraph 53 (dealing with the application of Compliance Enhancing Procedures to countries in enhanced follow-up in the 4th Round) MONEYVAL may take action at any time in respect of countries 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:
- flexibility in order to deal with situations which require urgent action by the Plenary when issues of non-compliance arise;
 - equality of treatment for participating States;
 - a graduated approach for dealing with non-complying States;
 - approval by the Plenary of the steps to be taken, whilst allowing for some discretion regarding the application of the earlier stages of the process.

1. Steps in the process

56. The steps for dealing with non-complying States are, in chronological order, the following:
- (i) the Chairman of MONEYVAL sending a letter with copy to the MONEYVAL Plenary, to the Head of Delegation concerned, drawing his/her attention to non-compliance with the reference documents and requesting the country concerned to provide a report to the next Plenary or regular reports on its progress in implementing the reference documents;
 - (ii) the Chairman of MONEYVAL sending a letter with a copy to the Head of Delegation concerned, to the Secretary General of the Council of Europe, drawing his/her attention to non-compliance by a MONEYVAL participating State with the reference documents;
 - (iii) the Secretary General of the Council of Europe sending a letter to the relevant Minister(s) of the State, drawing his/her/their attention to non-compliance with the reference documents;
 - (iv) arranging a high-level mission (including selected Heads of CDPC Delegation) to the participating State in question to reinforce this message;
 - (v) in the context of the application of Recommendation 21 of the FATF by MONEYVAL States, issuing a formal public statement to the effect that a State insufficiently complied with the reference documents.

2. Practical Modalities for dealing with non-complying States

57. The steps proposed in paragraph 57 fall into two distinct categories. Steps (i) to (iv) essentially involve enhanced peer pressure to assist non-complying States in expediting implementation of the reference documents. Step (v) entails more serious action.
58. As regards the application of steps (i) to (iv), the practical modalities are as follows: the Chairman would propose, after consultation with the Bureau, to the Plenary the steps which

⁵ “Reference documents” mean those documents on which the evaluations are based as they are described in the current mandate of the Committee.

- in his estimation should be taken in relation to the non-complying State. 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. For example, if the Chairman were authorised to take any of steps (i) through (iv), he or she would have the discretion to follow a high level mission (step (iv) with a letter to the authorities of the State concerned (step (iii))- without first seeking the Plenary's approval of such latter action.
59. If after a reasonable time and following the application of steps (i) through (iv) in the manner set forth in paragraph 57, the State in question persists in its failure to comply significantly with the reference documents and the recommendations, efforts would need to be intensified. 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 (v) be taken, and to pursue only that action, if any, which the Plenary approves. 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, will also draw the attention of the Committee of Ministers to any action taken under Step (v).
60. If a country is within the compliance procedures for an issue other than arising out of the regular follow up of procedures, they will be removed from it when they have achieved satisfactory progress on the issue that brought them into it.

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

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

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

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

ANNEX B - Indicative list of institutions to be met during on-site visits

Ministries:

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

Criminal justice and operational agencies:

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

Financial sector bodies:

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

DNFBP and other matters:

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

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

Terms of Reference

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

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

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

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

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

ANNEX D - MONEYVAL Permanent Group of Experts to advise on issues relating to MONEYVAL mutual evaluation reports

Terms of Reference

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

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

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

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

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