Methodology

METHODOLOGY

FOR ASSESSING TECHNICAL COMPLIANCE WITH THE FATF RECOMMENDATIONS AND THE EFFECTIVENESS OF AML/CFT SYSTEMS

ADOPTED IN FEBRUARY 2013

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TABLE OF ACRONYMS

AML/CFT	*Combating the financing of terrorism*
BNI	
CDD	
CFT	
DNFBP	
FATF	
FIU	
IO	
IN	
ML	
MOU	
MVTS	
NPO	
Palermo Convention	
PEP	
R.	
RBA	
SRB	
STR	
TCSP	
Terrorist Financing Convention	
TF	
UN	
UNSCR	
VASP	
Vienna Convention	

INTRODUCTION

RISK AND CONTEXT

-
- *materiality*

e.g.,

- *structural elements*
- *other contextual factors*

risks

materiality

structural elements

Other contextual factors

e.g.,

GENERAL INTERPRETATION AND GUIDANCE

Financial Institutions

financial institutions

e.g.,

VASPs and virtual assets

virtual asset service provider

property, proceeds, funds, funds or other assets *other corresponding value*
.

Evaluating the country's Assessment of risk

i.e.

Assessment for DNFBPs

Financing of Proliferation

effective

dissuasive

International Co-operation

e.g.,

Draft legislation and proposals

FATF Guidance

TECHNICAL COMPLIANCE

COMPLIANCE RATINGS

Technical compliance ratings
Compliant
Largely compliant
Partially compliant
Non-compliant
Not applicable

EFFECTIVENESS

The extent to which the defined outcomes are achieved

i.e.

THE FRAMEWORK FOR ASSESSING EFFECTIVENESS

Financial systems and the broader economy are protected from the threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security

eleven Immediate Outcomes

High-Level Objective:
Financial systems and the broader economy are protected from the threats of money laundering and the financing of terrorism and proliferation, thereby strengthening financial sector integrity and contributing to safety and security.

Intermediate Outcomes:	Immediate Outcomes:
Policy, coordination and cooperation mitigate the money laundering and financing of terrorism risks.	1 Money laundering and terrorist financing risks are understood and, where appropriate, actions coordinated domestically to combat money laundering and the financing of terrorism and proliferation.
	2 International cooperation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.
Proceeds of crime and funds in support of terrorism are prevented from entering the financial and other sectors or are detected and reported by these sectors.	3 Supervisors appropriately supervise, monitor and regulate financial institutions, DNFBPs and VASPs for compliance with AML/CFT requirements commensurate with their risks.
	4 Financial institutions, DNFBPs and VASPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.
	5 Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.
Money laundering threats are detected and disrupted, and criminals are sanctioned and deprived of illicit proceeds. Terrorist financing threats are detected and disrupted, terrorists are deprived of resources, and those who finance terrorism are sanctioned, thereby contributing to the prevention of terrorist acts.	6 Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.
	7 Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.
	8 Proceeds and instrumentalities of crime are confiscated.
	9 Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.
	10 Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.
	11 Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.

SCOPING

LINKS TO TECHNICAL COMPLIANCE

e.g.,

USING THE EFFECTIVENESS METHODOLOGY

- ***To what extent is the outcome being achieved?***

i.e.

Core Issues

examples of information *examples of specific*

factors

- ***What can be done to improve effectiveness?***

core issues
examples of specific factors that could support the conclusions on core issues

what can be done to improve effectiveness

Characteristics of an Effective System

Core Issues to be considered in determining whether the Outcome is being achieved

core issues

core issues

core issues

e.g.,

core issues *information* *specific factors*

Examples of information that could support the conclusions on Core Issues

Examples of Information

core issues

Examples of specific factors that could support the conclusions on core issues

factors

e.g.,
factors

factors

factors

e.g.,

value-chain *e.g.,*

Assessors' conclusions on the level of effectiveness should be primarily descriptive

e.g.,
core issues

core issues characteristics High level of effectiveness; Substantial level of effectiveness; Moderate level of effectiveness; and Low level of effectiveness.

Effectiveness ratings
High level of effectiveness
Substantial level of effectiveness
Moderate level of effectiveness
Low level of effectiveness

RECOMMENDATIONS ON HOW TO IMPROVE THE AML/CFT SYSTEM

e.g.,

POINT OF REFERENCE

TECHNICAL COMPLIANCE ASSESSMENT

RECOMMENDATION 1	ASSESSING RISKS AND APPLYING A RISK-BASED APPROACH[5]

Risk assessment

Risk mitigation

5

RECOMMENDATION 2	NATIONAL CO-OPERATION AND CO-ORDINATION

RECOMMENDATION 3	MONEY LAUNDERING OFFENCE

i.e.

RECOMMENDATION 4	CONFISCATION AND PROVISIONAL MEASURES

bona fide

ex-parte

RECOMMENDATION 5	TERRORIST FINANCING OFFENCE

RECOMMENDATION 6	TARGETED FINANCIAL SANCTIONS RELATED TO TERRORISM AND TERRORIST FINANCING

Identifying and designating

ex parte

Freezing

bona fide

De-listing, unfreezing and providing access to frozen funds or other assets

1267/1989 Committee *1988 Committee*

bona fide

i.e.

RECOMMENDATION 8 NON-PROFIT ORGANISATIONS (NPOS)

Taking a risk-based approach

Targeted risk-based supervision or monitoring of NPOs

Effective information gathering and investigation

RECOMMENDATION 9	FINANCIAL INSTITUTION SECRECY LAWS

RECOMMENDATION 10 CUSTOMER DUE DILIGENCE[34] (CDD)

When CDD is required

Specific CDD measures required for legal persons and legal arrangements

Timing of verification

Existing customers

CDD and tipping-off

RECOMMENDATION 11	RECORD KEEPING[40]

RECOMMENDATION 12	POLITICALLY EXPOSED PERSONS (PEPS)

RECOMMENDATION 13	CORRESPONDENT BANKING

RECOMMENDATION 14 MONEY OR VALUE TRANSFER SERVICES (MVTS)

RECOMMENDATION 15 NEW TECHNOLOGIES

Note to Assessors

.[43]

RECOMMENDATION 16 WIRE TRANSFERS

Ordering financial institutions

Beneficiary financial institutions

Money or value transfer service operators

Implementation of Targeted Financial Sanctions

RECOMMENDATION 18	INTERNAL CONTROLS AND FOREIGN BRANCHES AND SUBSIDIARIES

RECOMMENDATION 19 HIGHER RISK COUNTRIES

RECOMMENDATION 20	REPORTING OF SUSPICIOUS TRANSACTIONS[63]

RECOMMENDATION 21 TIPPING-OFF AND CONFIDENTIALITY

RECOMMENDATION 22	DESIGNATED NON-FINANCIAL BUSINESSES AND PROFESSIONS (DNFBPS): CUSTOMER DUE DILIGENCE

RECOMMENDATION 23	DNFBPS: OTHER MEASURES

RECOMMENDATION 24	TRANSPARENCY AND BENEFICIAL OWNERSHIP OF LEGAL PERSONS[70]

Basic Information

[70]

Companies

Foundations, Anstalt, and limited liability partnerships

Other types of legal persons

Beneficial Ownership Information

Other Requirements

RECOMMENDATION 25	TRANSPARENCY AND BENEFICIAL OWNERSHIP OF LEGAL ARRANGEMENTS[74]

RECOMMENDATION 26 REGULATION AND SUPERVISION OF FINANCIAL INSTITUTIONS

Market Entry

RECOMMENDATION 27 POWERS OF SUPERVISORS

RECOMMENDATION 28 REGULATION AND SUPERVISION OF DNFBPS

Casinos

DNFBPs other than casinos

All DNFBPs

RECOMMENDATION 29 FINANCIAL INTELLIGENCE UNITS (FIU)

RECOMMENDATION 30	RESPONSIBILITIES OF LAW ENFORCEMENT AND INVESTIGATIVE AUTHORITIES

RECOMMENDATION 31	POWERS OF LAW ENFORCEMENT AND INVESTIGATIVE AUTHORITIES

RECOMMENDATION 32 CASH COURIERS

Note to Assessors

RECOMMENDATION 33 STATISTICS

RECOMMENDATION 34 GUIDANCE AND FEEDBACK

RECOMMENDATION 35 SANCTIONS

RECOMMENDATION 36 INTERNATIONAL INSTRUMENTS

RECOMMENDATION 37 MUTUAL LEGAL ASSISTANCE

RECOMMENDATION 38 MUTUAL LEGAL ASSISTANCE: FREEZING AND CONFISCATION

RECOMMENDATION 39 EXTRADITION

RECOMMENDATION 40 OTHER FORMS OF INTERNATIONAL CO-OPERATION

General Principles

Exchange of Information between FIUs

Exchange of information between financial supervisors[91]

EFFECTIVENESS ASSESSMENT

Immediate Outcome 1	Money laundering and terrorist financing risks are understood and, where appropriate, actions co-ordinated domestically to combat money laundering and the financing of terrorism and proliferation.

Characteristics of an effective system

types of assessment(s) produced; types of assessment(s) published / communicated

AML/CFT policies, strategies and statements communicated/published; engagement and commitment at the senior officials and political level

briefings and guidance on relevant conclusions from risk assessment(s); frequency and relevancy of consultation on policies and legislation, input to develop risk assessment(s) and other policy products

Immediate Outcome 2	International co-operation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.

Characteristics of an effective system

-
-

Note to Assessors:

Core Issues to be considered in determining if the Outcome is being achieved

e.g.,

number of requests made, received, processed, granted, or refused relating to different competent authorities (e.g., central authority, FIU, supervisors, and law enforcement agencies) and types of request; timeliness of response, including prioritisation of requests; cases of spontaneous dissemination / exchange

, making use of financial intelligence / evidence provided to or by the country (as the case may be); investigations conducted on behalf or jointly with foreign counterparts; extradition of suspects/criminals for ML/TF

number of ML/TF investigations/ prosecutions, number and value of assets frozen and confiscated (including non-conviction-based confiscation) arising from international co-operation; value of assets repatriated or shared

e.g.,

e.g.,

Immediate Outcome 3	Supervisors appropriately supervise, monitor and regulate financial institutions, DNFBPs and VASPs for compliance with AML/CFT requirements commensurate with their risks.

Characteristics of an effective system

Note to Assessors:

96

97

number and types of financial institutions (including MVTS), DNFBPs and VASPs licensed or registered in each category; types of financial (including cross-border) activities; relative size, importance and materiality of sectors

operations manuals for supervisory staff; publications outlining AML/CFT supervisory / monitoring approach; supervisory circulars, good and poor practises, thematic studies; annual reports

providing guidance and training, organising meetings or promoting interactions with financial institutions, DNFBPs and VASPs

frequency, scope and nature of monitoring and inspections (on-site and off-site); nature of breaches identified; sanctions and other remedial actions corrective actions, reprimands, fines) applied, examples of cases where sanctions and other remedial actions have improved AML/CFT compliance

Immediate Outcome 4	Financial institutions, DNFBPs and VASPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.

Characteristics of an effective system

Note to Assessors:

98

99

Core Issues to be considered in determining if the Outcome is being achieved

e.g.,

, number and types of financial institutions (including MVTS), DNFBPs and VASPs licensed or registered in each category; types of financial (including cross-border) activities; relative size, importance and materiality of sectors

internal AML/CFT policies, procedures and programmes, trends and typologies reports

sanitised cases; typologies on the misuse of financial institutions, DNFBPs and VASPs

frequency of internal AML/CFT compliance review; nature of breaches identified and remedial actions taken or sanctions applied; frequency and quality of AML/CFT training; time taken to provide competent authorities with accurate and complete CDD information for AML/CFT purposes; accounts/relationships rejected due to incomplete CDD information; wire transfers rejected due to insufficient requisite information

number of STRs submitted, and the value of associated transactions; number and proportion of STRs from different sectors; the types, nature and trends in STR filings corresponding to ML/TF risks; average time taken to analyio anbmongamemoatsacron oinrt,ratng tod t4 (o)-7. fi1 Tf0 Tc 0 Tw 14.728

Immediate Outcome 5	Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.

Characteristics of an effective system:

This outcome relates primarily to Recommendations 24 and 25, and also elements of Recommendations 1, 10, 37 and 40.

Note to Assessors:

Core Issues to be considered in determining if the Outcome is being achieved

level of sanctions imposed for breach of the information requirements; where and how basic and beneficial ownership information (including information on the settlor, trustee(e), protector and beneficiaries) is obtained; information used in supporting investigation

freq8 (u)2.4 (e)0.5 (n)1.

with which criminal investigations find evidence of the country's legal persons and arrangements being used for ML/TF; legal persons misused for illegal activities dismantled or struck-off).

types of public information available to financial institutions and DNFBPs; types of information held in the company registry or by the company

company service providers, accountants, legal professionals

information on existence of legal arrangements; responses (positive and negative) to requests for basic or beneficial ownership information received from other countries; information on the monitoring of quality of assistance

Immediate Outcome 6	Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.

Characteristics of an effective system

Note to Assessors:

Core Issues to be considered in determining if the Outcome is being achieved

types of financial intelligence and other information available; frequency with which they are used as investigative tools).

statistics of financial intelligence disseminated/exchanged; cases where financial intelligence was used in investigation and prosecution of ML/TF and associated predicate offences, or in identifying and tracing assets

number of STRs/cases analysed; perception of quality of information disclosed in STRs; frequency with which competent authorities come across examples of unreported suspicious transactions; cases of tipping-off; see also Immediate Outcome 4 for information on STR reporting).

(number of currency and bearer negotiable instruments reports received, and analysed; types of information that law enforcement and other competent authorities receive or obtain/access from other authorities, financial institutions and DNFBPs).

guidance on the use and reporting of STRs and other financial intelligence; typologies produced using financial intelligence

Immediate Outcome 7	Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.

Characteristics of an effective system

Note to Assessors:

Core Issues to be considered in determining if the Outcome is being achieved

e.g.,

Third party money laundering

Self-laundering

Stand-alone (or autonomous) money laundering

Immediate Outcome 8	Proceeds and instrumentalities of crime are confiscated.

Characteristics of an effective system

Note to Assessors:

Core Issues to be considered in determining if the Outcome is being achieved

the most significant cases in the past; types of confiscation orders obtained by the country; trends indicating changes in methods by which proceeds of crime is being laundered).

number of criminal cases where confiscation is pursued; type of cases which involve confiscation; value of proceeds of crimes, instrumentalities or property of equivalent value confiscated, broken down by foreign or domestic offences, whether through criminal or civil procedures (including non-conviction-based confiscation); value of falsely / not declared or disclosed cross-border currency and bearer negotiable instruments confiscated; value or proportion of seized or frozen proceeds that is subject to confiscation; value or proportion of confiscation orders realised

e.g. value of criminal assets seized / frozen amount of proceeds of crime restituted to victims, shared or repatriated).

e.g.,

Immediate Outcome 9	Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.

Characteristics of an effective system

Note to Assessors:

e.g.,

Core Issues to be considered in determining if the Outcome is being achieved

e.g.,

e.g.,

cases where TF investigations are used to support counter-terrorism investigations and prosecutions; significant cases where (foreign or domestic) terrorists and terrorist groups are targeted, prosecuted or disrupted; observed trends in TF levels and techniques; cases where other criminal sanctions or measures are pursued instead of TF convictions).

number of TF investigations and prosecutions; proportion of cases leading to TF prosecution, type of TF prosecutions and convictions (distinct offences, foreign or domestic terrorists, financing of the travel of foreign terrorist fighters); level of sanctions imposed for TF offences; sanctions imposed for TF compared with those for other criminal activity; types and level of disruptive measures applied

Immediate Outcome 10	Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.

Characteristics of an effective system

intelligence/source reporting indicating that terrorist organisations are having difficulty raising funds in the country

significant cases where terrorists, terrorist organisations or terrorist financiers are prevented from raising, moving and using funds or their assets seized / confiscated; investigations and interventions in NPOs misused by terrorists).

persons and accounts subject to targeted financial sanctions under UNSC or other designations; designations made (relating to UNSCR1373); assets frozen; transactions rejected; time taken to designate individuals; time taken to implement asset freeze following designation

e.g. frequency of review and monitoring of such NPOs (including risk assessments); frequency of engagement and outreach (including guidance) to NPOs regarding CFT measures and trends; remedial measures and sanctions taken against NPOs

e.g.,

e.g.,

Immediate Outcome 11	Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant UNSCRs.

Characteristics of an effective system

Core Issues to be considered in determining if the Outcome is being achieved

investigations into breaches of sanctions; significant cases in which country has taken enforcement actions (freezing or seizures) or provided assistance).

accounts of individuals and entities subject to targeted financial sanctions; value of frozen assets and property; time taken to designate persons and entities; time taken to freeze assets and property of individuals and entities following their designation by the UNSC

e.g.,

frequency of review and monitoring of financial institutions, DNFBPs and VASPs for compliance with targeted financial sanctions; frequency of engagement and outreach; guidance documents; level of s

ANNEX I

SUPRA-NATIONAL ASSESSMENT

[Annex to be finalised]

ANNEX II

MUTUAL EVALUATION REPORT TEMPLATE

Notes for Assessors:

EXECUTIVE SUMMARY

Key Findings

b)

Assessment of risk, coordination and policy setting (Chapter 2; IO.1, R.1, 2, 33 & 34)

Financial intelligence, ML investigations, prosecutions and confiscation (Chapter 3; IO.6, 7, 8; R.1, 3, 4, 29–32)

Terrorist and proliferation financing (Chapter 4; IO.9, 10, 11; R. 1, 4, 5–8, 30, 31 & 39.)

Preventive measures (Chapter 5; IO.4; R.9–23)

Supervision (Chapter 6; IO.3; R.14, R.26–28, 34, 35)

Transparency and beneficial ownership (Chapter 7; IO.5; R.24, 25)

International cooperation (Chapter 8; IO.2; R.36–40)

Priority Actions

MUTUAL EVALUATION REPORT

Preface

CHAPTER 1. ML/TF RISKS AND CONTEXT

e.g.

1.1 ML/TF Risks and Scoping of Higher-Risk Issues

1.1.1 Overview of ML/TF Risks

-
-
-
-

1.1.2 Country's risk assessment & Scoping of Higher Risk Issues

1.2 Materiality

e.g.

1.3 Structural Elements

1.4 Background and other Contextual Factors

1.4.1 AML/CFT strategy

1.4.2. Legal & institutional framework

1.4.3 Financial sector, DNFBPs and VASPs

e.g.

1.4.4 Preventive measures

1.4.5 Legal persons and arrangements

1.4.6 Supervisory arrangements[104]

1.4.7 International Cooperation

Table 1.1. <Sample table>

	Note to assessors: please ensure that tables and boxes are numbered per Chapter			
<!!Table Row Heading (Alt+W)!!>	<!!Table Cell (Alt+E)!!>			

Box 1.1. <Sample Case Study box (enter title here)>

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CHAPTER 2. NATIONAL AML/CFT POLICIES AND COORDINATION

2.1. Key Findings and Recommended Actions

Key Findings

b)

Recommended Actions

a)

b)

2.2 Immediate Outcome 1 (Risk, Policy and Coordination)

an)4.6 411.2 (e)5<.

Overall Conclusion on IO.1

59. [Evaluated country] is rated as having a [rating] level of effectiveness for IO.1.

s should indicate the effectiveness rating for the Immediate Outcome

Table 2.1. <Sample table>

	Note to assessors: please ensure that tables and boxes are numbered per Chapter			
<!!Table Row Heading (Alt+W)!!>	<!!Table Cell (Alt+E)!!>			

Box 2.1. <Sample Case Study box (enter title here)>

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<!!Box heading 2!!>

CHAPTER 3. LEGAL SYSTEM AND OPERATIONAL ISSUES

3.1 Key Findings and Recommended Actions

Key Findings

Recommended Actions

a)

b) Assessors should list all the main corrective actions required for the country to improve its level of effectiveness and technical compliance in a targeted and prioritised way. Assessors should clearly indicate which IO/REC the recommended actions relate to.

3.2 Immediate Outcome 6 (Financial Intelligence ML/TF)

Overall conclusion on IO.6

[Evaluated country] is rated as having a [rating] level of effectiveness for IO.6.

3.3 Immediate Outcome 7 (ML investigation and prosecution)

3.3.1. ML identification and investigation

3.3.2. Consistency of ML investigations and prosecutions with threats and risk profile, and national AML policies

3.3.3. Types of ML cases pursued

3.3.4. Effectiveness, proportionality and dissuasiveness of sanctions

3.3.5. Use of alternative measures

Overall conclusion on IO.7

76. [Evaluated country] is rated as having a [rating] level of effectiveness for IO.7.

3.4 Immediate Outcome 8 (Confiscation)

3.4.1. Confiscation of proceeds, instrumentalities and property of equivalent value as a policy objective

3.4.2. Confiscation of proceeds from foreign and domestic predicates, and proceeds located abroad

3.4.3. Confiscation of falsely or undeclared cross-border transaction of currency/BNI

3.4.4. Consistency of confiscation results with ML/TF risks and national AML/CFT policies and priorities

Overall conclusion on IO.8

[Evaluated country] is rated as having a [rating] level of effectiveness for IO.8.

Table 3.1. <Sample table>

	Note to assessors: please ensure that tables and boxes are numbered per Chapter			
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CHAPTER 4. TERRORIST FINANCING AND FINANCING OF PROLIFERATION

4.1. Key Findings and Recommended Actions

Key Findings

Recommended Actions

4.2. Immediate Outcome 9 (TF investigation and prosecution)

4.2.1. Prosecution/conviction of types of TF activity consistent with the country's risk-profile

4.2.2. TF identification and investigation

4.2.3. TF investigation integrated with –and supportive of- national strategies

4.2.4. Effectiveness, proportionality and dissuasiveness of sanctions

4.2.5. Alternative measures used where TF conviction is not possible (e.g. disruption)

Overall conclusions on IO.9

[Evaluated country] is rated as having a [rating] level of effectiveness for IO.9.

4.3. Immediate Outcome 10 (TF preventive measures and financial sanctions)

4.3.1. Implementation of targeted financial sanctions for TF without delay

4.3.2. Targeted approach, outreach and oversight of at-risk non-profit organisations

4.3.3. Deprivation of TF assets and instrumentalities

4.3.4. Consistency of measures with overall TF risk profile

Overall conclusions on IO.10

[Evaluated country] is rated as having a [rating] level of effectiveness for IO.10

4.4. Immediate Outcome 11 (PF financial sanctions)

4.4.1. Implementation of targeted financial sanctions related to proliferation financing without delay

4.4.2. Identification of assets and funds held by designated persons/entities and prohibitions

4.4.3. FIs, DNFBPs and VASPs' understanding of and compliance with obligations

4.4.4. Competent authorities ensuring and monitoring compliance

Overall conclusion on IO.11

102. Evaluated country] is rated as having a [rating] level of effectiveness for IO.11.

Table 4.1. <Sample table>

	Note to assessors: please ensure that tables and boxes are numbered per Chapter			
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Box 4.1. <Sample Case Study box (enter title here)>

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CHAPTER 5. PREVENTIVE MEASURES

5.1. Key Findings and Recommended Actions

Key Findings

Recommended Actions

5.2. Immediate Outcome 4 (Preventive Measures)

5.2.1. Understanding of ML/TF risks and AML/CFT obligations

5.2.2. Application of risk mitigating measures

5.2.3. Application of CDD and record-keeping requirements

5.2.4. Application of EDD measures

5.2.5. Reporting obligations and tipping off

5.2.6. Internal controls and legal/regulatory requirements impending implementation

Overall conclusions on IO.4

[Evaluated country] is rated as having a [rating] level of effectiveness for IO.4.

Table 5.1. <Sample table>

	Note to assessors: please ensure that tables and boxes are numbered per Chapter			
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Box 5.1. <Sample Case Study box (enter title here)>

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<!!Box heading 2!!>

CHAPTER 6. SUPERVISION

6.1. Key Findings and Recommended Actions

Key Findings

Box 6.1. <Sample Case Study box (enter title here)>

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CHAPTER 7. LEGAL PERSONS AND ARRANGEMENTS

7.1. Key Findings and Recommended Actions

Key Findings

7.2.3. Mitigating measures to prevent the misuse of legal persons and arrangements

7.2.4. Timely access to adequate, accurate and current basic and beneficialTm[7A-2 (sic a)-2 (

Box 7.1. <Sample Case Study box (enter title here)>

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CHAPTER 8. INTERNATIONAL COOPERATION

8.1. Key Findings and Recommended Actions

Key Findings

Recommended Actions

8.2. Immediate Outcome 2 (International Cooperation)

8.2.1. Providing constructive and timely MLA and extradition

8.2.2. Seeking timely legal assistance to pursue domestic ML, associated predicates and TF cases with transnational elements

8.2.3. Seeking other forms of international cooperation for AML/CFT purposes

8.2.4. Providing other forms international cooperation for AML/CFT purposes

8.2.5. International exchange of basic and beneficial ownership information of legal persons and arrangements

Overall conclusions on IO.2

[Evaluated country] is rated as having a [rating] level of effectiveness for IO.2.

Table 8.2. <Sample table>

	Note to assessors: please ensure that tables and boxes are numbered per Chapter			
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ANNEX A. TECHNICAL COMPLIANCE ANNEX

[redacted]

[redacted]

[redacted]

Weighting and Conclusion

The rating should be stated in bold at the end of the paragraph.

Recommendation 2 - National Cooperation and Coordination

Criterion 2.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 3 - Money laundering offence

Criterion 3.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 4 - Confiscation and provisional measures

Criterion 4.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 5 - Terrorist financing offence

Criterion 5.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 6 - Targeted financial sanctions related to terrorism and terrorist financing

Criterion 6.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 7 – Targeted financial sanctions related to proliferation

Criterion 7.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 8 – Non-profit organisations

Criterion 8.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 9 – Financial institution secrecy laws

Criterion 9.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 10 – Customer due diligence

Criterion 10.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 11 – Record-keeping

Criterion 11.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 12 – Politically exposed persons

Criterion 12.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 13 – Correspondent banking

Criterion 13.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 14 – Money or value transfer services

Criterion 14.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 15 – New technologies

Criterion 15.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 16 – Wire transfers

Criterion 16.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 17 – Reliance on third parties

Criterion 17.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 18 – Internal controls and foreign branches and subsidiaries

Criterion 18.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 19 – Higher-risk countries

Criterion 19.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 20 – Reporting of suspicious transaction

Criterion 20.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 21 – Tipping-off and confidentiality

Criterion 21.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 22 – DNFBPs: Customer due diligence

Criterion 22.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 23 – DNFBPs: Other measures

Criterion 23.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 24 – Transparency and beneficial ownership of legal persons

Criterion 24.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 25 – Transparency and beneficial ownership of legal arrangements

Criterion 25.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 26 – Regulation and supervision of financial institutions

Criterion 26.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 27 – Powers of supervisors

Criterion 27.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 28 – Regulation and supervision of DNFBPs

Criterion 28.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 29 - Financial intelligence units

Criterion 29.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 30 – Responsibilities of law enforcement and investigative authorities

Criterion 30.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 31 - Powers of law enforcement and investigative authorities

Criterion 31.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 32 – Cash Couriers

Criterion 32.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 33 – Statistics

Criterion 33.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 34 – Guidance and feedback

Criterion 34.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 35 – Sanctions

Criterion 35.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 36 – International instruments

Criterion 36.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 37 - Mutual legal assistance

Criterion 37.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 38 – Mutual legal assistance: freezing and confiscation

Criterion 38.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 39 – Extradition

Criterion 39.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Recommendation 40 – Other forms of international cooperation

Criterion 40.1 – (Met / Mostly met / Partly met / Not met)

Weighting and Conclusion

Annex Table 1. <!!Type the title here!!>

	Note to assessors: please ensure that tables and boxes are numbered per Chapter			
<!!Table Row Heading (Alt+W)!!>	<!!Table Cell (Alt+E)!!>			

Annex Box 1. <Sample Case Study box (enter title here)>

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<!!Box heading 2!!>

Recommendations	Ratii	rating
31. Powers of law enforcement and investigative authorities		
32. Cash couriers		
33. Statistics		
34. Guidance and feedback		
35. Sanctions		
36. International instrum[illegible]		

GLOSSARY OF ACRONYMS[110]

	DEFINITION
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism

ANNEX III

FATF GUIDANCE DOCUMENTS

non-binding

Guidance	Relevant FATF Standards/Methodology
National money laundering and terrorist financing risk assessment (05 Mar 2013) Terrorist Financing Risk Assessment Guidance (05 Jul 2019)	**R.1** (Assessing Risks and Applying a Risk Based Approach)
Best Practices Paper on Recommendation 2: Sharing among domestic competent authorities information related to the financing of proliferation (07 Mar 2012)	**R.2** (National Co-operation and Co-ordination) **R.7** (TFS Related to Proliferation)
Best Practices on Confiscation (Recommendations 4 and 38) and a Framework for Ongoing Work on Asset Recovery (19 Oct 2012)	**R.4** (Confiscation and Provisional Measures) **R.38** (Freezing and Confiscation)
Guidance on Criminalising Terrorist Financing (21 Oct 2016)	**R.5** (Terrorist Financing Offence)
International Best Practices: Targeted Financial Sanctions Related to Terrorism and Terrorist Financing (Recommendation 6) (28 June 2013)	**R.6** (Targeted Financial Sanctions related to Terrorism and Terrorist Financing)
FATF Guidance on Counter Proliferation Financing - The Implementation of Financial Provisions of United Nations Security Council Resolutions to Counter the Proliferation of Weapons of Mass Destruction (28 Feb 2018)	**R.7** (Targeted Financial Sanctions related to Proliferation)
Best Practices on Combating the Abuse of Non-Profit Organisations (26 Jun 2015)	**R.8** (Non-Profit Organisations (NPOs))

Guidance	Relevant FATF Standards/Methodology
Guidance on Correspondent Banking Services (21 Oct 2016)	**R.13** (Correspondent Banking)
Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers (21 Jun 2019)	**R.15** (New technologies)
FATF Guidance - Private Sector Information Sharing (04 Nov 2017)	**R.18** (Internal Controls and Foreign Branches and Subsidiaries) **R.21** (Tipping-Off and Confidentiality)
Best Practices on Beneficial Ownership for Legal Persons (16 October 2019) Guidance on Transparency and Beneficial Ownership (27 Oct 2014)	**R.24** (Transparency and Beneficial Ownership of Legal Persons) **R.25** (Transparency and Beneficial Ownership of Legal Arrangements) **Methodology IO.5** (Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments)
Operational Issues - Financial Investigations Guidance (11 Jul 2012)	**R.30** (Responsibilities of Law Enforcement and Investigative Authorities) **R.31** (Powers of Law

Guidance	Relevant FATF Standards/Methodology
• Guidance for a Risk Based Approach for Legal Professionals (26 Jun 2019) • Guidance for a Risk-Based Approach for the Accounting Profession (26 Jun 2019) • Guidance for a Risk-Based Approach for Trust and Company Service Providers (26 Jun 2019) • Guidance for a Risk-Based Approach: Life Insurance Sector (29 Oct 2018) • Guidance for a Risk-Based Approach: Securities Sector (29 Oct 2018) • Guidance for a Risk-Based Approach: Money or Value Transfer Services (23 Feb 2016) sed Approach:	

LEGAL BASIS OF REQUIREMENTS ON FINANCIAL INSTITUTIONS AND DNFBPS AND VASPS

law

Enforceable means

enforceable means

shall *must*

should

are encouraged *are recommended* *should consider*

GENERAL GLOSSARY

Terms	Definitions
Accounts	
Accurate	
Agent	*agent*
Appropriate authorities	
Associate NPOs	
Batch transfer	
Bearer negotiable instruments	*Bearer negotiable instruments (BNIs)*
Bearer shares	*Bearer shares*
Beneficial owner	*Beneficial owner*
Beneficiaries	
Beneficiary	*beneficiary*

Terms	Definitions
Beneficiary Financial Institution	
Competent authorities	*Competent authorities*
Confiscation	*confiscation,*

Terms	Definitions
Core Principles	*Core Principles*
Correspondent banking	*Correspondent banking*
Country	*country* *countries*
Cover Payment	
Criminal activity	

Terms	Definitions
	■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Designated non-financial businesses and professions	*Designated non-financial businesses and professions* a) b) c) d) e)

Casinos

Terms	Definitions

f)

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-
-
-
-

Terms	Definitions	r r er
False declaration		
False disclosure		
Financial group		

Terms

Terms	Definitions
Fundamental principles of domestic law	
Funds	*funds*
Funds or other assets	*funds or other assets*
Identification data	*identification data*
Intermediary financial institution	
International organisations	

Terms	Definitions
Law	
Legal arrangements	*Legal arrangements*
Legal persons	*Legal persons*
Money laundering offence	*money laundering offence*
Money or value transfer service	*Money or value transfer services (MVTS)* *hawala hundi fei-chen*
Non-conviction based confiscation	*Non-conviction based confiscation*
Non-profit organisations	
Originator	
Ordering financial institution	
Payable-through accounts	
Physical cross-border transportation	

Terms	Definitions
Politically Exposed Persons (PEPs)	*Foreign PEPs*
	Domestic PEPs

Terms	Definitions
Seize	*seize*
Self-regulatory body (SRB)	
Serial Payment	
Settlor	*Settlors*
Shell bank	*Shell bank* *Physical presence*
Should	*should* *must.*
Straight-through processing	
Supervisors	*Supervisors* *financial supervisors* [121]

Terms	Definitions
Targeted financial sanctions	*targeted financial sanctions*

Terms	Definitions
Terrorist financing offence	*terrorist financing offence*
Terrorist organisation	*terrorist organisation* l1-2)3(m5)1 ET Q50.28611.01.19.0 mi59.0 l687-6( )Tj ET Q MC P <</MCID 58W>

Terms	Definitions
Virtual Asset Service Providers	

INFORMATION ON UPDATES MADE TO THE FATF METHODOLOGY

Date	Type of amendments	Sections subject to amandments
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Date	Type of amendments	Sections subject to amandments
		•
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FATF