

# The CFATF Follow-Up Process (FUP)

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### The CFATF International Cooperation Review Group (ICRG) and the FUP



- - Plenary.

Based on the CFATF involvement in the FATF ICRG process, the CFATF ICRG was established at the November 2010 CFATF Council of Ministers meeting.

The objective was to ensure dedicated attention to members' compliance with their AML/CFT obligations and active participation by the CFATF in the FATF ICRG process for the third round of mutual evaluations.

One of the mandates of the CFATF ICRG in the Fourth Round of Mutual Evaluations is to consider follow-up reports of all CFATF members and make recommendations to



## **Objectives of the FUP**



- FATF Standards.
- Provide regular monitoring and up-to-date • information on countries' compliance with FATF Standards the (including the effectiveness of their AML/CFT systems).
- Apply sufficient peer pressure and • accountability.
- Better align the CFATF and Financial Sector • Program (FSAP) Assessment assessment cycle.

Encourage members' implementation of the



### The CFATF Follow Up Process







## **Steps in the CFATF FUP**



Assessed countries which have their Mutual Evaluation Report (MER) adopted could be placed in two categories of the FUP:

### **Regular Follow Up**

- adoption of its MER.
- shortcomings in the MER.

• This is the default monitoring mechanism and ensures continuous and on-going system of monitoring for all assessed countries.

• Countries in this category will report to the Plenary after two and a half years (5 Plenaries) from the

• Once the country has made significant progress in the period since the MER was adopted, Follow Up Report (FUR) should focus on re-ratings for TC and/or demonstrating progress in addressing the



# **Enhanced Follow Up**



### **Enhanced Follow Up**

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Based on the CFATF's traditional policy that deals assessed countries with significant deficiencies (for technical compliance or effectiveness) in their AML/CFT systems and involves a more intensive process of follow up.

An assessed country will be placed immediately into enhanced follow-up if any one of the following applies:

• It has 8 or more NC/PC ratings for technical compliance.

• Has been rated NC/PC on any one or more of Recommendations 3, 5, 10, 11 and 20.

• It has a low or moderate level of effectiveness for 7 or more of the 11 effectiveness outcomes.



## The FATF ICRG Process

#### MER adopted by the CFATF

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The assessed country is referred to the FATF ICRG if any of the following conditions is met:

- 20 or more NC/PC ratings for TC.
- Rated NC/PC on 3 or more of the Big 6
- LE or ME for 9 or more IOs.
- LE for 6 or more of IOs.

#### Observation Period ends

 The FATF reviews whether the country meets the M3 indicator. and, if not, whether there are relevant ML/TF risks in the country. If these conditions are not met, it will not be monitored by the FATE ICRG but will remain in the 4th Round ICRG Pool; otherwise, the respective FATF's ICRG Joint Group (JG) prepares a Post-Observation Period Report (POPR).

#### Active monitoring

 If the FATF ICRG determines that the country has not made enough progress based on the POPR, the JG monitors progress and makes recommendations to the FATE ICRG by presenting progress reports at every FATF Plenary.



#### Entry into the 4th Round ICRG Pool

 The assessed country begins a one-year Observation Period since the next FATF Plenary.

 The FATE ICRG also reviews for the first time whether the country meets the M3 indicator.



#### Presentation of the POPR

 JG presents POPR at the next FATF ICRG meeting.

 An Action Plan is attached if the assessed country did not make sufficient progress regarding the conditions that motivated the referral.

 The country provides a high-level political commitment to the Action Plan; otherwise, it is placed on the list of high-risk jurisdictions subject to a call for action.

 If the FATF ICRG determines that assessed country made enough progress, it exits the FATF ICRG process and is referred to the CFATE ICRG to continue monitoring in the follow-up process.

The assessed country is referred to the CFATF to continue the follow-up process

#### **On-site** visit

 If sufficient progress is made in the Action Plan, the JG proposes an on-site visit to the assessed country to verify it and its sustainability.

 If the on-site visit is successful, the assessed country exits the FATF ICRG process.

 If no progress is made in the Action Plan, the country is placed in the respective FATF Public Statement, and a call is made for the application of R.19.



# **FATF ICRG Process**



### FATF ICRG Process

- Assessed CFATF countries in enhanced follow-up may also enter the FATF ICRG process.
- An assessed country is referred to the FATF ICRG process if it obtains:
  - o 20 or more non-compliant or partially compliant (NC/PC) ratings for technical compliance.
- - NC/PC on Recommendations 3, 5, 6, 10, 11 and 20
  - Low or medium effectiveness (LE/ME) on nine (9) or more Immediate Outcomes (IOs).
- - LE on six (6) or more IOs.



### FATF ICRG Process and CFATF FUP



• The CFATF enhanced follow-up and FATF ICRG process have different entry requirements.

- simultaneously.
- Period.
- **Evaluations.**

• The CFATF FUP and the FATF ICRG process are independent of each other but can occur

• The country's 1st FUR is presented two (2) CFATF Plenaries after its adoption to be available at the end of the FATF one-year Observation

• Once a country is in the FATF ICRG process and the CFATF FUP, it must report back every two (2) CFATF Plenaries until the 5th Round of Mutual



# Thank you!







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