



The CFATF Follow-Up Process (FUP)

CFATF RESEARCH DESK
FEBRUARY 28th 2023.



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

- 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 Plenary.

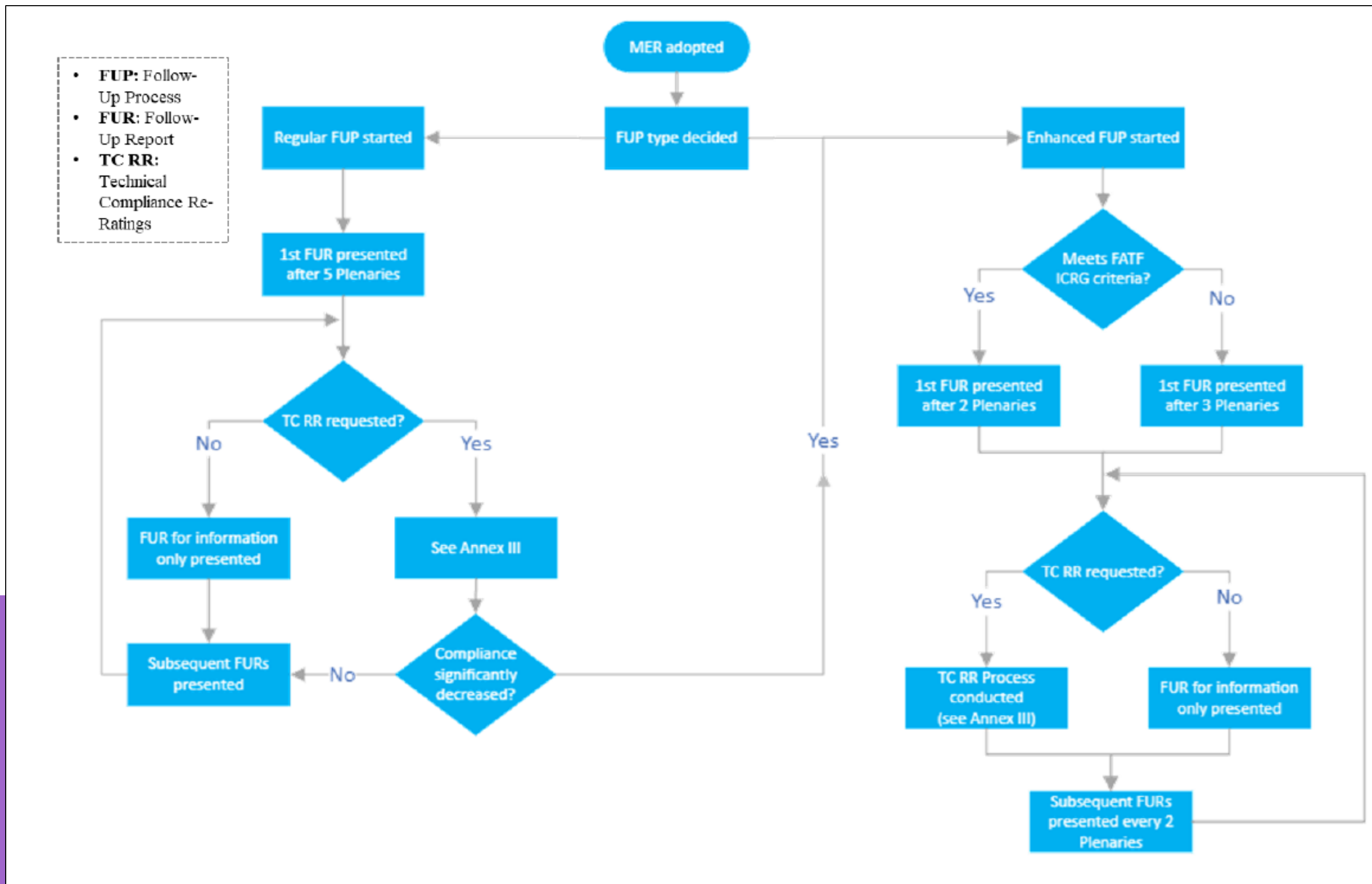


Objectives of the FUP

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

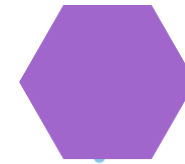


The CFATF Follow Up Process





Steps in the CFATF FUP



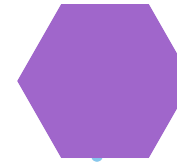
- Assessed countries which have their Mutual Evaluation Report (MER) adopted could be placed in two categories of the FUP:

Regular Follow Up

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



Enhanced Follow Up



Enhanced Follow Up

- Based on the CFATF's traditional policy that deals with 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.

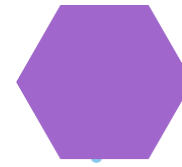


The FATF ICRG Process





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:
 - 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.
- The CFATF FUP and the FATF ICRG process are independent of each other but can occur simultaneously.
- 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 Period.
- 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 Evaluations.



Thank you!



Phone Number
1868-623-9667



Email Address
cfatf@cfatf.org



Website
www.cfatf-gafic.org