



The CFATF Follow-Up Process (FUP)

CFATF RESEARCH DESK
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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.

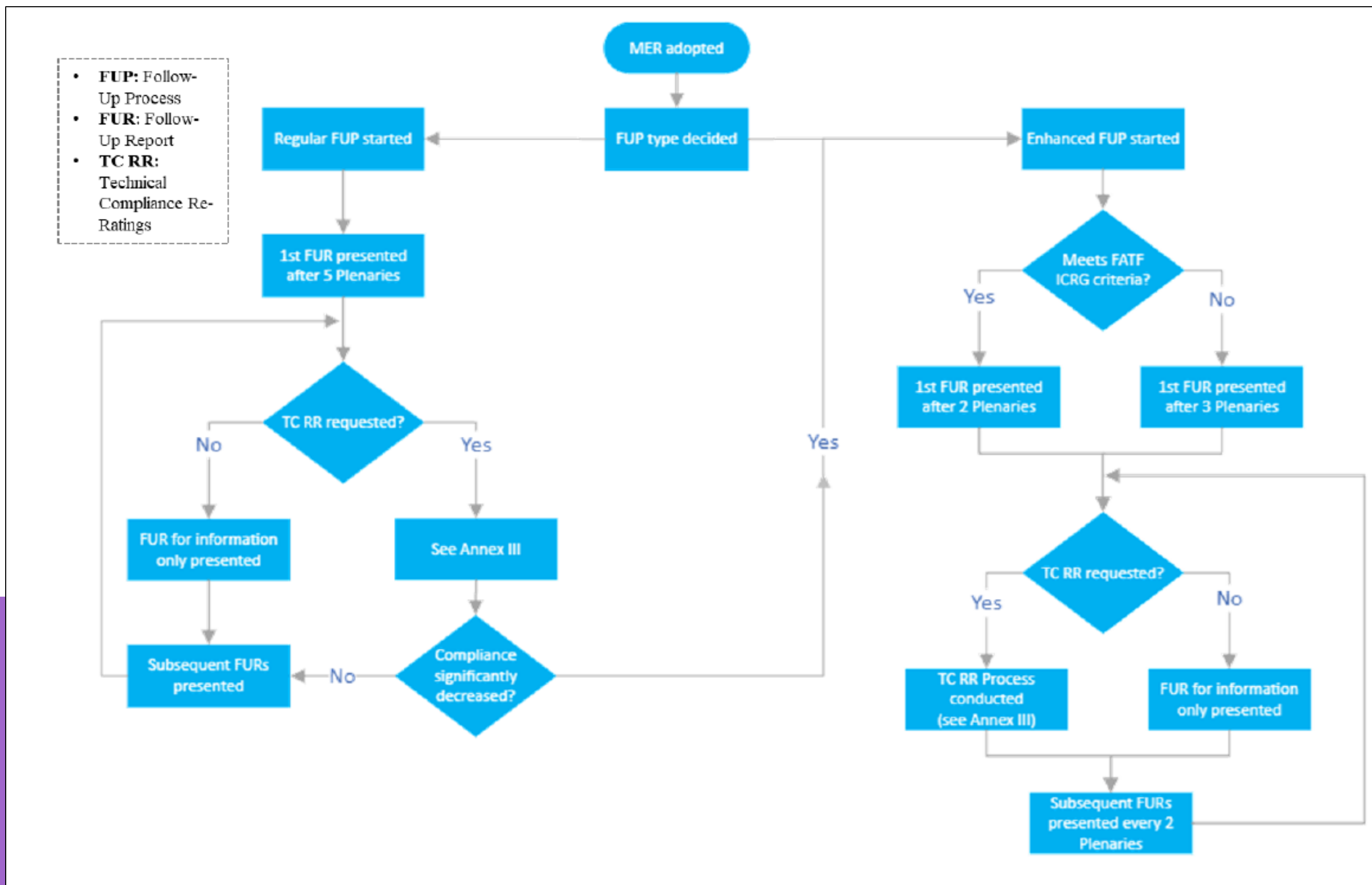


Objectives of the FUP

- 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.

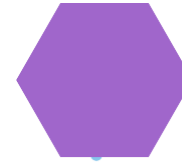


The CFATF Follow Up Process





Steps in the CFATF FUP



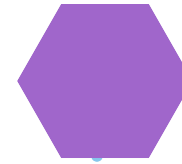
- Assessed countries which have their Mutual Evaluation Report (MER) adopted could be placed in two categories of the FUP:

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

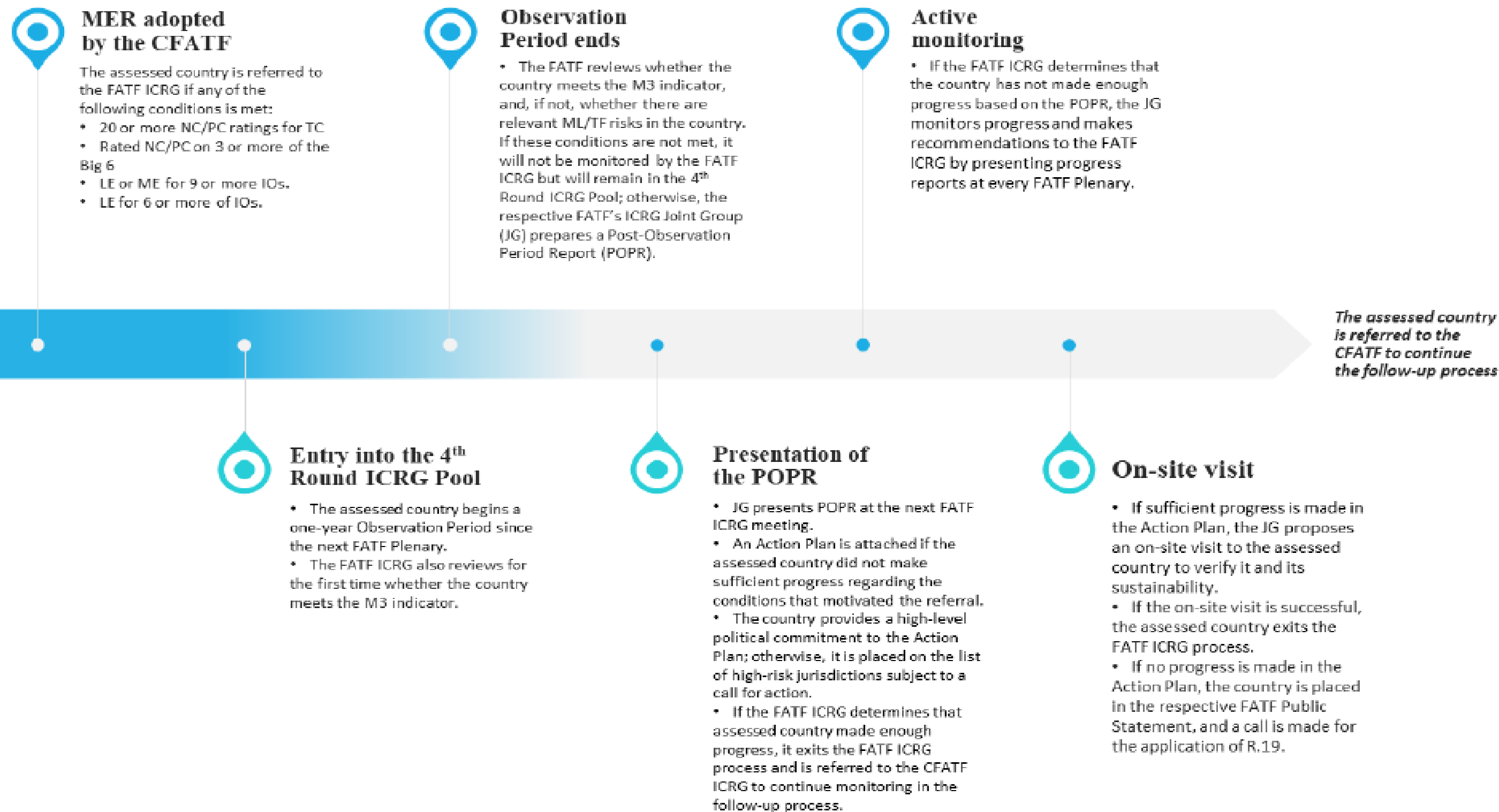


Enhanced Follow Up

- 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.

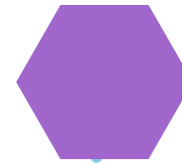


The FATF ICRG Process





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!



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