

APG Mutual Evaluation Committee Terms of Reference



**Asia/Pacific Group
on Money Laundering**

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**APG Mutual Evaluation Committee
Terms of Reference 2021**

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APG MUTUAL EVALUATIONS COMMITTEE

TERMS OF REFERENCE 2021

A. PURPOSE OF THE APG MUTUAL EVALUATION COMMITTEE

1. The purpose of the APG Mutual Evaluation Committee is to support activities covered under Goal 3 of the APG Strategic Plan 2020-2024, ‘conducting and responding to assessments’.
2. The committee is a consultative and coordination mechanism for APG members and observers to support the mutual evaluation programme through ensuring quality and consistency of assessments, supporting assessment-related training activities, and considering key issues for decision by the APG membership.

B. COMPOSITION

3. Participation in the committee is open to all members, associate members, observer jurisdictions and observer organisations.
4. Delegates participating in committee meetings will ideally have experience in undertaking mutual evaluations, reviewing mutual evaluation follow-up reports and / or have undertaken training in the FATF 2013 Assessment Methodology. However, this is not a mandatory requirement and participation is open to all.
5. There will be no limit on the number of participants from each sub-region. All members and observers are strongly encouraged to participate in face-to-face meetings of the committee held immediately prior to the APG annual meeting, and virtual meetings held throughout the year. Where delegations are represented by more than one participant, it is expected that the delegation (i.e. a member or observer) will present a united position on any particular issue.

C. ROLE/ SELECTION/TERM OF CO-CHAIRS

6. The committee will be co-chaired by representatives of two APG members. Wherever possible, one co-chair will be a FATF member, and the other co-chair will be a non-FATF member.
7. The role of the committee co-chairs will be to support mechanisms and consultation activities that support the APG mutual evaluation programme. This will include:
 - a. chairing committee meetings, both in person and virtual, on issues of APG mutual evaluation programme policy and implementation
 - b. contributing to the finalisation of key issues documents for mutual evaluation reports (MERs) and follow-up reports (FURs),
 - c. reporting to the APG plenary and/or Governance Committee on committee considerations and decisions, and
 - d. assisting with the delivery of assessor training.

8. Co-chairs are to be nominated by submission to the APG Secretariat, for discussion and approval at the plenary of the APG annual meeting immediately preceding the expiry of a co-chair's term. Nominations should include a description of relevant experience and an indication of the member's commitment to resource the position. Ideally, the co-chairs will have undergone assessor training and have experience as an assessor and/or reviewer of MERs or FURs.
9. The co-chairs will hold office for a period of three years, and may be re-appointed but only for one further term of three years.
10. The co-chairs will not be from the same APG sub-region at any one time.
11. The co-chair roles will be rotated amongst the five APG sub-regions.

D. MEETINGS

12. The committee will meet at least five times per year, including one meeting at/ahead of a plenary meeting.
13. While there is no formal quorum required for committee meetings, the co-chairs of the committee, through the secretariat, will circulate all discussion/decision papers to all members prior to all meetings (whether held virtually or face-to-face). Members unable to participate in committee meetings can submit written comments/support objections etc to the co-chairs through the secretariat.

E. FUNCTIONS AND AUTHORITY

Mutual evaluations

14. In accordance with the APG's Third Round Mutual Evaluation Procedures (as updated from time to time), the committee will contribute to quality and consistency review of draft APG MERs.
15. The committee will facilitate discussion of MERs by refining or potentially resolving issues identified by assessment teams, the assessed members or delegations. The committee co-chairs will report to members on MER key issues to be decided, including recommending any amendments ahead of discussion and adoption of the MER.

Follow-up reports

16. In accordance with the APG's Third Round Mutual Evaluation Procedures (as updated from time to time), the committee will consider and where appropriate, endorse third round mutual evaluation FURs for decision and adoption by APG members out of session.
17. In case of disputed FURs, the committee will facilitate discussion by refining or potentially resolving issues identified by review teams, the assessed members or delegations. The committee co-chairs will report/make recommendations and refer FURs to the membership for consideration at an APG plenary meeting.
18. The MEC will also consider and recommend the appropriate follow-up status and next steps for the membership's consideration.

19. For FURs involving application of membership action the committee will consider the FUR and make recommendations for membership action as follows¹:
- a) Directly to the membership: For FURs involving the application of less serious membership action (imposition of expedited reporting, sending of letter by co-chairs and/or conduct of a high-level visit);
 - b) To the membership through the Governance Committee: For FURs involving the application of more serious membership action (referral to the International Cooperation Review Group; issuing of a public statement, or suspension/termination of membership).

Transitional follow-up reports

20. APG Mutual Evaluation Transitional Follow-Up Procedures govern the follow-up process with members' results in the APG 2nd Round of Mutual Evaluations. At the 2019 Annual Meeting members decided to suspend the full application of the APG 2015 Transitional Follow-Up Procedures for the remainder of the round, however requesting the remaining members who would otherwise have been subject to full reporting and review to file status reports ahead of each relevant annual meeting. The Governance Committee is maintaining a watching brief regarding possible membership issues while promoting technical assistance and mutual evaluation preparation efforts to support progress towards compliance and effectiveness.
21. Should the membership decide to resume implementation of the 2015 APG Transitional Follow-Up Procedures in the future, the MEC will resume its role in accordance with those procedures (as updated from time to time). That is, the committee will play a support/quality control role in considering and endorsing the analysis and recommendations contained in both the secretariat's consolidated analysis report and in individual analysis reports, prior to consideration by the plenary.

Horizontal issues

22. In accordance with the APG's Third Round Mutual Evaluation Procedures (as updated from time to time) the committee will consider horizontal or complex quality and consistency issues raised by APG members relating to the interpretation of the FATF Standards and/or application of the Methodology. The committee may decide to refer any issues to the FATF for further consideration.

Implementation and training

23. The committee will identify implementation issues contained in MERs and FURs and draw them to the membership's attention, as required.
24. The committee will identify any mutual evaluation process or procedural issues and make recommendations to the membership for improvement.
25. The committee will participate as required in the delivery of APG assessor training, pre-mutual evaluation training and FATF standards training.

¹ The measures set out in sub-paragraphs 20(a) and (b) are derived from and consistent with section 4.4 of the APG Terms of Reference 2019, which set out the less serious and more serious measures that may be taken, generally on a graduated basis, for failure to satisfy membership requirements, and the process for deciding on application of such measures. The APG ToRs delegate to the Governance Committee the authority to apply less serious measures following consultation with, and with the agreement of, the membership.

Procedures

26. The committee will review and recommend to membership any proposed changes to APG third round ME procedures, including changes arising from amendments to the Universal Procedures and, issues arising from FATF ECG discussion. The MEC will prepare additional procedures and policies for members decision to cover extraordinary circumstances in managing the APG's mutual evaluation programme.

F. DECISION MAKING

27. As outlined in the functions and authority section of this document and the APG's Third Round Mutual Evaluation Procedures (as updated from time to time), the committee does not have the authority to adopt MERs or FURs. Rather, its decision making role is to endorse reports and to make recommendations to the APG membership on issues within these terms of reference.
28. For issues pertaining to draft MERs or FURs, decisions of the committee will be made on the basis of the consensus rule applied by the APG for governance and membership issues.
29. For all other issues, in reaching decisions the committee will: (i) consult as appropriate with the full membership, and (ii) at the discretion of the co-chairs, try to reach full agreement (unanimity). If full agreement cannot be reached, any dissenting views will be made known in the co-chairs' report to the Governance Committee/membership on the issue in question.

G. PROCEDURE

30. If required, the committee will develop its own rules of procedure to complement these Terms of Reference. All other procedures not covered in these Terms of Reference may be provided therein. Any rules of procedure will be attached to these Terms of Reference.
31. For the avoidance of doubt, no rules of procedure can override these Terms of Reference.

H. REPORTING

32. The committee will provide a mid-year report as part of the six-monthly APG report.
33. The committee will report to the APG plenary on the progress in carrying out its work programme, and will report as required to the Governance Committee.

I. APG SECRETARIAT ROLE

34. The APG will provide secretariat support to the committee as required, including arranging virtual and face-to-face meetings and related briefing material, briefing MEC members on issues and preparing summary records of meetings of the committee.

J. RESOURCES

35. Costs associated with participation in the committee meetings will generally be met by each participating member or observer jurisdiction or organisation. Additional costs associated with the committee activities will generally be sourced by the APG Secretariat or from members/donors as a voluntary contribution.