

# APG Strategic Plan



**Asia/Pacific Group  
on Money Laundering**

**2012 - 2016**

Asia/Pacific Group on Money Laundering

24 August 2012

**APG Strategic Plan 2012 - 2016**

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# CONTENTS

	<b>Page</b>
<b>1 Background</b>	
Co-Chairs' Statement.....	4
Co-Chairs' Foreword.....	5
APG Constitutional Arrangements.....	6
<b>2 APG Organisational Statements.....</b>	<b>7</b>
<b>3 Strategic Goals and Strategies 2012-2016.....</b>	<b>8</b>
 <b>Annexes</b>	
A: Terms of Reference 2012.....	14

**APG Strategic Plan  
1 July 2012 – 30 June 2016**

**APG Co-Chairs' Statement**

On behalf of the APG membership and in accordance with the APG's Terms of Reference 2012 (**Annex A**) we endorse this document as the 5<sup>th</sup> Asia/Pacific Group on Money Laundering Strategic Plan for the four year period 1 July 2012 to 30 June 2016.

Dated: 24 August 2012

[signed]

**Deputy Commissioner Andrew Colvin**  
**Co-Chair**  
Australia

[signed]

**Deputy Director General Liu Zhengming**  
**Co-Chair**  
China

# APG Strategic Plan

## 1 July 2012 – 30 June 2016

### APG CO-CHAIRS' FOREWORD



Deputy Commissioner  
Andrew Colvin

It is with pleasure that we endorse this new Strategic Plan on behalf of the APG membership for the period 2012 to 2016.

This plan outlines the broad strategic direction of the APG for the next four years and builds on the strengths of previous plans, the lessons learned in implementing those plans, as well as a number of relatively new initiatives including the APG's action plan to support members under consideration by the FATF's International Cooperation Review Group. This Plan also reduces the number of strategies from six to five and, in doing so, avoids some duplication of reporting against previous overlapping areas.

This plan has five principal components:

- **Vision:** states what we want to achieve as an organisation
- **Mission:** the strategic outcome of the APG
- **Values:** lists the five core values of our membership
- **Goals:** delineates the activities required to achieve our mission
- **Strategies:** what business we need to conduct to meet our goals.



Deputy Director General  
Liu Zhenming

New to APG Strategic Plans in 2012 is a statement of "Values." The five values stated will support our strategic and operational direction for the next four years and will help inform other organisations about the key underpinnings of all of our business.

The APG extended its mandate term to 2020 (coinciding with FATF's new term) in July 2012 and adopted new Terms of Reference for the next 8 years. Within these new Terms of Reference (attached to this plan) is an explicit adoption of the FATF's revised 40 Recommendations issued in February 2012. In adopting this strategic plan the membership has considered the new FATF recommendations and the effect of those recommendations on APG strategies and business activities.

Each year the APG will agree on an Annual Business Plan to give effect to the strategies stated in this document. The Secretariat will inform members of the APG's progress against this Strategic Plan and against each Annual Business Plan, and it will assist members to agree on specific operational priorities for the ensuing 12 month period. The activities designed to implement these priorities will be reported in the APG's Annual Report as a formal update of the progress we are making with our strategic objectives and programmes.

We are confident that, as the APG moves forward over the next four years, our individual members and the Asia/Pacific region as a whole will benefit greatly from the programmes and activities planned within this document.

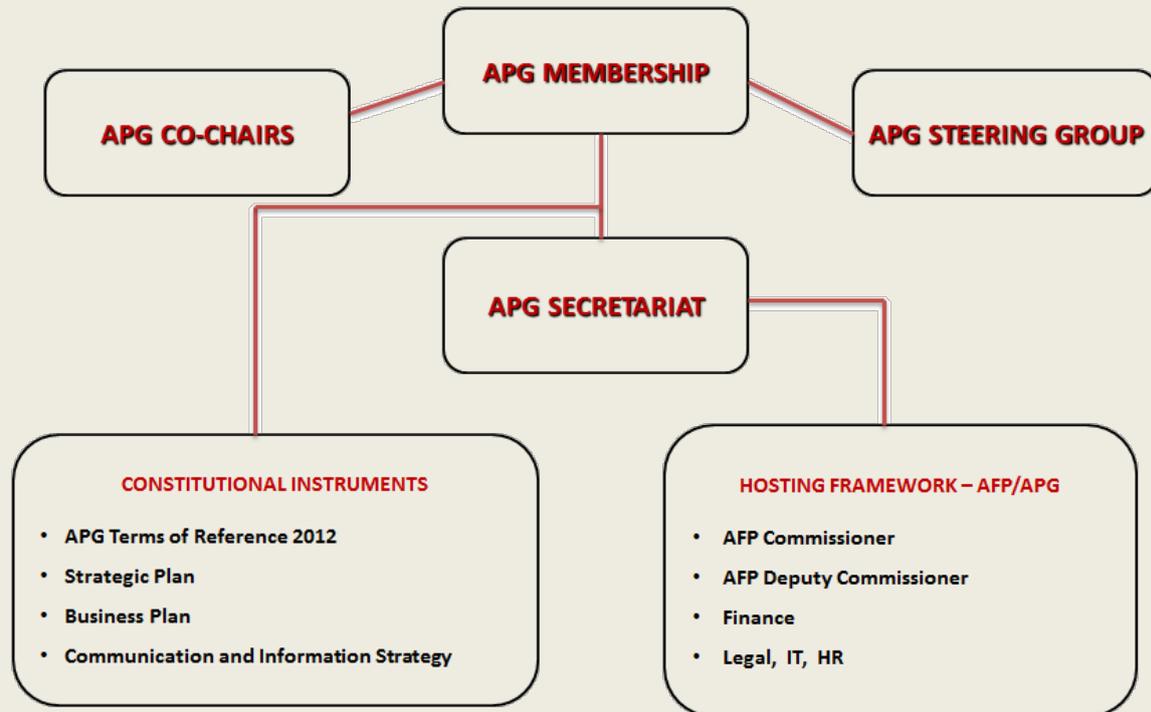
Dated: 24 August 2012

[signed]  
*Co-Chair*  
Australia

[signed]  
*Co-Chair*  
China

## APG CONSTITUTIONAL ARRANGEMENTS

The following diagram outlines the basic constitutional and governance structure of the APG:



**Membership:** The membership is the decision-making body of the APG. All other organs (Co-Chairs, Steering Group and Secretariat) are ultimately responsible to, and report to, the APG membership.

**Co-Chairs:** Two Co-Chairs are responsible for chairing APG meetings and providing strategic advice and direction to the membership. Australia, as host of the Secretariat, retains the permanent Co-Chair. The other Co-Chair position rotates among the membership every two years.

**Steering Group:** Pursuant to the APG Terms of Reference 2012, the Steering Group consists of one representative from each sub-regional group, the current Co-Chairs and, for one year, the previous rotating Co-Chair, or (when known) the incoming rotating Co-Chair. The Steering Group considers governance and other issues of strategic importance referred by the Co-Chairs and membership; engages and consults with APG members in their sub-regional groups to obtain input on key issues; provides advice to the Co-Chairs and members through the Secretariat; and encourages all APG members to effectively participate in APG activities, including leading or sponsoring specific APG projects.

**APG Secretariat:** The Secretariat acts as a focal point for the APG and provides support to the Co-Chairs, Steering Group and membership. The Secretariat organises mutual evaluations; coordinates technical assistance and training; prepares financial statements, annual budgets, annual business plans and policy papers; and reports against all such activities to the membership including expenditure of APG funds. The Secretariat is hosted by the Australian Government in Sydney, Australia.

**APG Strategic Plan  
1 July 2012 – 30 June 2016**

**ORGANISATIONAL STATEMENTS**

<b>VISION</b>	<b>A pro-active multilateral organisation contributing to a reduction in crime in the Asia/Pacific region through continuous efforts.</b>
<b>MISSION</b>	To combat money laundering and the financing of terrorism and proliferation in the Asia/Pacific region through effective implementation of the international anti-money laundering and countering the financing of terrorism and proliferation (AML/CFT) standards by APG members and effective participation in the international AML/CFT standard-setting process.
<b>VALUES</b>	<ol style="list-style-type: none"><li>1. Cooperation</li><li>2. Accountability</li><li>3. Consistency</li><li>4. Transparency</li><li>5. Equality</li></ol>
<b>GOALS</b>	<p>To achieve the APG's Mission, the APG will:</p> <ol style="list-style-type: none"><li>1. Be a cohesive and effectively governed autonomous multilateral organisation.</li><li>2. Participate in the global AML/CFT network and support international cooperation on AML/CFT.</li><li>3. Assess and improve members' compliance with the international AML/CFT standards.</li><li>4. Conduct research and analysis to enhance understanding of the ML, TF and PF environments and the effectiveness of AML/CFT efforts.</li><li>5. Assist members to implement the international AML/CFT standards through guidance, advice and coordination of technical assistance and training.</li></ol>



Asia/Pacific Group  
on Money Laundering

# **APG STRATEGIC GOALS AND STRATEGIES 2012 - 2016**

GOAL 1	STRATEGIES
<p><b>BE A COHESIVE AND EFFECTIVELY GOVERNED AUTONOMOUS MULTILATERAL ORGANISATION</b></p>	<ol style="list-style-type: none"> <li>1. Support effective governance structures, including the Plenary of Members, APG Steering Group and Co-Chairs.</li> <li>2. Participate in decision making and the conduct of APG business through committing adequate resources to APG plenary meetings, working groups and other APG events.</li> <li>3. Support and resource the APG Secretariat to meet APG goals and ensure proper management of APG funds and assets.</li> <li>4. Encourage jurisdictions in the region which are not already members of the FATF or an FSRB to become a member of the APG.</li> <li>5. Maintain effective communication and enhance relationships with stakeholders to improve their awareness of and participation in the APG.</li> </ol>

<b>GOAL 2</b>	<b>STRATEGIES</b>
<p><b>PARTICIPATE IN THE GLOBAL AML/CFT NETWORK AND SUPPORT INTERNATIONAL COOPERATION ON AML/CFT</b></p>	<ol style="list-style-type: none"> <li>1. Actively participate in international AML/CFT policy development and standard setting, including communicating members' implementation issues to the FATF and other international organisations.</li> <li>2. Establish, maintain and enhance APG mechanisms for working with the FATF, FSRBs and other relevant regional and international organisations and assist in strengthening the global AML/CFT network.</li> <li>3. Support APG members' engagement with global AML/CFT compliance programs and processes, including the FATF International Cooperation Review Group (ICRG).</li> </ol>

<b>GOAL 3</b>	<b>STRATEGIES</b>
<p><b>ASSESS AND IMPROVE MEMBERS' COMPLIANCE WITH THE INTERNATIONAL AML/CFT STANDARDS</b></p>	<ol style="list-style-type: none"> <li>1. Conduct the APG's third round of mutual evaluations with the aim of assessing all members during the period of the APG's mandate 2012 – 2020.</li> <li>2. Provide assessment training for APG evaluators and for APG members undergoing evaluation.</li> <li>3. Maintain APG mutual evaluation procedures which reflect best practice for AML/CFT assessments, including ensuring the quality and consistency of APG mutual evaluations.</li> <li>4. Maintain and enhance mechanisms, including follow-up procedures and strategic implementation planning, to monitor action taken and improve compliance by evaluated APG members in response to their mutual evaluation reports.</li> </ol>

<b>GOAL 4</b>	<b>STRATEGIES</b>
<p><b>CONDUCT RESEARCH AND ANALYSIS TO ENHANCE UNDERSTANDING OF THE ML, TF AND PF ENVIRONMENTS AND THE EFFECTIVENESS OF AML/CFT EFFORTS</b></p>	<ol style="list-style-type: none"> <li>1. Support the work of the APG Typologies Working Group to research and analyse AML/CFT typologies issues, including through the conduct of an annual Typologies Workshop.</li> <li>2. Identify priority AML/CFT typologies issues, case studies and risks through collection, analysis and dissemination of typologies information and publication of typologies reports.</li> <li>3. Cooperate with typologies partners, including the global AML/CFT network, the private sector, and other research partners to conduct AML/CFT-related research.</li> </ol>

<b>GOAL 5</b>	<b>STRATEGIES</b>
<p><b>ASSIST MEMBERS TO IMPLEMENT THE INTERNATIONAL AML/CFT STANDARDS THROUGH GUIDANCE, ADVICE AND TECHNICAL ASSISTANCE AND TRAINING</b></p>	<ol style="list-style-type: none"> <li>1. Support the Implementation Issues Working Group, the Donor and Provider Group and other mechanisms to assist members to implement the international AML/CFT standards.</li> <li>2. Identify domestic and regional issues that affect implementation of the international AML/CFT standards.</li> <li>3. Identify and support private and academic sector engagement in AML/CFT implementation assistance.</li> <li>4. Identify technical assistance and training needs of APG members.</li> <li>5. Provide guidance, advice and technical assistance in collaboration with global partners to support effective implementation of the international AML/CFT standards.</li> <li>6. Support the coordination of technical assistance activities between the Donor and Provider Group and APG members through mechanisms including advice and information-sharing processes.</li> </ol>

**APG TERMS OF REFERENCE 2012**

# **APG TERMS OF REFERENCE 2012**

## **1. INTRODUCTION**

The Asia/Pacific Group on Money Laundering (APG) is a task force style and non-political multilateral organisation established in 1997 with 13 founding members and continued by periodic Ministerial-level commitment by all members (referred to as “APG mandates”).

## **2. PREAMBLE**

### **2.1 Recognising in Bangkok on 27 February 1997 that:**

- Money laundering is a significant international issue which requires global action;
- The Asia/Pacific region needs to address this issue as part of the global response;
- The capacity of individual jurisdictions to deal with the issue is limited because of its nature, complexity and international scope;
- Close co-operation between jurisdictions is necessary and much can be gained by increasing understanding of the problem and its solutions;
- There are accepted international standards (the Financial Action Task Force’s 40 Recommendations) but the best way to apply the standards within the region needs to be reviewed;
- There is an increasing risk of vulnerability to money laundering in the Asia/Pacific region as other regions introduce anti-money laundering measures; and
- A plan of action should be developed to address regional co-operation, the adoption of standards and to provide assistance to jurisdictions in tackling the problem,

**THE ASIA/PACIFIC GROUP ON MONEY LAUNDERING (APG) WAS THEREFORE ESTABLISHED.**

### **2.2 An APG Working Party Met in Beijing, 7-9 July 1997, and Agreed that:**

- The 40 Recommendations are the guiding principles for action for the creation of an effective anti-money laundering framework. Members will implement the 40 Recommendations according to their particular cultural values and constitutional frameworks thus allowing them a measure of flexibility rather than prescribing every detail.

### **2.3 Further Recognising in June 2002 that:**

- The United Nations Security Council adopted a number of Resolutions dealing with terrorist financing; and
- The Financial Action Task Force on Money Laundering adopted Eight Special Recommendations on Terrorist Financing; and
- Noting that APG members adopted a new APG Strategic Plan 2001 – 2004 which included a commitment to combat terrorist financing.

### **2.4 The Asia/Pacific Group on Money Laundering Agreed in 2002 that:**

- All members will implement in accordance with their own constitutional arrangements the

United Nations Security Council Resolutions dealing with terrorist financing; and

- All members will implement in accordance with their own constitutional arrangements the Eight FATF Special Recommendations on Terrorist Financing.

#### **2.5 Further Noting in 2006 that:**

- On 22 October 2004, the Financial Action Task Force on Money Laundering adopted a Ninth Special Recommendation in relation to cash couriers;
- APG members have been assessed against this Special Recommendation since early 2006 as part of APG mutual evaluations; and
- APG members were implementing Special Recommendation IX in accordance with their own constitutional arrangements

#### **2.6 The Asia/Pacific Group on Money Laundering Agreed in July 2006 to:**

- Formally endorse FATF Special Recommendation IX.

#### **2.7 Further Noting in July 2011:**

- That there remains a significant amount of work to achieve more effective compliance with the international AML/CFT standards;
- That there were three separate APG ‘constitutional’ documents, namely:
  1. APG Terms of Reference;
  2. APG Explanatory Note on Membership; and
  3. APG Steering Group Terms of Reference.
- The Explanatory Note on Membership was adopted at the 2001 Annual Meeting and updated from time to time, most recently in November 2010. It is subordinate to and read in conjunction with the APG’s Terms of Reference, and seeks to explain in greater detail what is meant by a number of the membership requirements contained in the Terms of Reference. It also briefly sets out the process by which membership is granted.
- The APG Steering Group was established in 2003 with agreed Steering Group Terms of Reference, which were most recently updated in July 2011. The purpose of the Steering Group is to provide the APG Co-Chairs and APG members with strategic advice on the structure, functioning and support for the APG and consider and decide by consensus on issues referred to it by the APG Plenary.

#### **2.8 The Asia/Pacific Group on Money Laundering agreed in July 2011 to:**

- Extend the APG mandate for a further eight years from 31 December 2012 to 31 December 2020 to coincide with the Financial Action Task Force’s (FATF’s) term.
- Rationalise, consolidate and integrate the three core constitutional documents into this one document, the *APG Terms of Reference 2012*, as the basis for the APG’s renewed mandate to 2020.

#### **2.9 Further Noting in February 2012 that:**

The FATF Standards have been revised as the “FATF 40 Recommendations” and contain new measures including measures against proliferation financing;

- The APG membership agreed “in principle” to adopt the new FATF 40 Recommendations.

## **2.10 The Asia/Pacific Group on Money Laundering Therefore Agrees Effective July 2012 to Adopt the New International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation (“The FATF Recommendations”).**

### **3. PURPOSE OF APG <sup>1</sup>**

The purpose of the APG is to be:

A pro-active multilateral organisation contributing to a reduction in crime in the Asia/Pacific region through continuous efforts.

The APG:

1. Provides a focus for co-operative efforts in combating money laundering and the financing of terrorism and proliferation in the region.
2. Provides a forum in which:
  - (a) regional issues can be discussed and experiences shared,
  - (b) operational co-operation among members is encouraged;
3. Facilitates the adoption and implementation by members of internationally accepted combating of money laundering and financing of terrorism and proliferation measures;
4. Enables regional and jurisdictional factors to be taken into account in the implementation of international combating of money laundering and the financing of terrorism and proliferation measures;
5. Encourages jurisdictions to implement combating money laundering and the financing of terrorism and proliferation initiatives including more effective mutual legal assistance; and
6. Co-ordinates and provides practical support, where possible, to members and observer jurisdictions in the region which request it.

### **4. NATURE OF APG**

The APG is voluntary and co-operative in nature. The APG is established by agreement among its members and is autonomous. It does not derive from an international treaty. It is not part of any international organisation. However, it will need to keep itself informed of action taken or formal agreements made by relevant international and regional organisations or bodies in order to promote a consistent global response to combating money laundering and the financing of terrorism and proliferation.

The work to be done by the APG and its procedures will be decided by consensus agreement among its members.

### **5. MEMBERS AND OBSERVERS**

#### **5.1 Members**

Members are jurisdictions within the Asia/Pacific region that have committed to the six requirements of membership and been admitted as members in accordance with sections 5.2, 5.4

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<sup>1</sup> Amended in July 2012 with reference to “combating money laundering and the financing of terrorism and proliferation”.

and Annex A of this document.

## **5.2 Membership Requirements**

Membership of the APG is open to any jurisdiction within the Asia/Pacific region which:

1. Recognises the need for action to be taken to combat money laundering and the financing of terrorism and proliferation;
2. Recognises the benefits to be obtained by sharing knowledge and experience;
3. Has taken or is actively taking steps to develop, pass and implement combating money laundering and the financing of terrorism and proliferation legislation and other measures based on accepted international standards;
4. Subject to its domestic laws, commits itself to implementing the decisions made by the APG;
5. Commits itself to participation in the mutual evaluation programme;
6. Contributes to the APG budget in accordance with arrangements agreed by the APG.

It is not a precondition for participation in the APG that laws combating money laundering, the financing of terrorism or the financing of proliferation are already enacted.

Each member will decide on the particular steps it will take to combating money laundering and the financing of terrorism and proliferation. The response by individual members will, however, be significantly assisted by participation in the APG.

The APG will welcome new members from the Asia/Pacific region. To those jurisdictions not yet ready to assume all the requirements of full membership, the APG offers a form of participation in its activities through observer status (see section 5.5 below).

Further information on the Membership Requirements is provided in *Annex A: Explanatory Note on Membership*.

## **5.3 Admission of Members**

### **5.3.1 Policy on new members**

At the 13th Annual Meeting of the APG held in Singapore (July 2010), members considered mechanisms for admitting new members. The APG membership reaffirmed the existing membership requirements (paragraph 5.2 above) and adopted a mechanism to give members an explicit discretion to admit or not admit new members.

This discretion was considered necessary for a variety of reasons, but primarily because of the growing size of the APG membership. APG members also noted that, in light of the APG's Associate Membership in the FATF, it was important to meet the expectations of the FATF to have non-participating jurisdictions join a FATF-style regional body (FSRB).

Therefore, notwithstanding that an applicant for membership may meet the general membership requirements (paragraph 5.2), the APG may decide to admit or not to admit an applicant on the basis of one or more of the following factors:

- i) Whether the applicant is a member of the FATF and/or a FSRB already;
- ii) Whether the applicant is under consideration of the FATF's International Cooperation Review Group (ICRG) and an ICRG recommendation is made for it to join a FSRB;

- iii) Whether the applicant is a dependency/territory of an FATF/FSRB member which applies its AML/CFT laws to the dependency/territory;
- iv) The resources of the APG to manage the work generated from the admission of new members.

### **5.3.2 Process for admission of members**

The process by which membership of the APG is outlined at *Annex A: Explanatory Note on Membership*, section 2.

## **5.4 Failure to Satisfy Membership Requirements**

Failure by a member to satisfy the membership requirements set out in paragraph 5.2 of these APG Terms of Reference 2012 is a serious matter and includes, but is not limited to, where a member shows insufficient progress in response to a mutual evaluation report or fails to respond to APG mutual evaluation follow-up processes.

In such a case, in order to maintain its credibility the APG would need to determine what action should be taken. To expedite action between APG Annual Meetings, the Co-Chairs and Executive Secretary would seek the advice of the Steering Group as to possible measures to be taken including (these measures would generally be applied on a graduated basis, unless the Membership agreed otherwise):

- i) requiring the member to provide expedited reporting on their progress in meeting the membership requirements within a fixed timeframe;
- ii) sending a letter from the APG Co-Chairs to the relevant Minister(s) drawing their attention to non-compliance with the APG membership requirements;
- iii) in cooperation with the member, arranging a high-level mission to visit that jurisdiction in order to reinforce this message. This mission would meet with the relevant Ministers and senior officials.

The course of action proposed by the Steering Group will be put to the membership for general agreement prior to that action being commenced.

The results of any action taken under steps (i) to (iii) will be brought before the membership which may then determine whether further action is necessary including:

- iv) referring the matter to the FATF for possible consideration under FATF's ICRG process;
- v) in the context of the application of Recommendation 19 (FATF Recommendations 2012) by members, issuing a formal APG statement to the effect that the member is insufficiently in compliance with the FATF Recommendations, and recommending appropriate action, and considering whether additional counter-measures are required;
- vi) suspending the member from some of the APG's activities, for example its technical assistance and training program until all membership requirements have been met;
- vii) suspending the member's APG membership entirely until all membership requirements have been met;
- viii) terminating APG membership.

The steps proposed above fall into two distinct categories. Steps (i), (ii) and (iii) essentially involve enhanced peer pressure to assist non-complying members in expediting implementation of the Recommendations. Steps (iv) to (viii) entail more serious action.

If after a reasonable time, and following the application of steps (i) through (iii), the member in question persists in its failure to comply significantly with the membership requirements, efforts would need to be intensified. The Co-Chairs would be authorized at this juncture to propose to the membership that steps (iv) and/or (v) be taken, and to pursue only that action, if any, which the

membership approves. The Co-Chairs would have no discretion to modify or deviate from the course of conduct approved by the Membership. The remaining steps - (vi) to (viii) - are a matter for the APG membership to be considered in plenary at Annual Meetings (in order for a full and frank discussion to occur given the seriousness of those measures), unless the membership agreed to deal with the matter out-of-session or at a special plenary.

## **5.5 Observers**

Observers are:

- a) jurisdictions which are considering membership of the APG and which are prepared to meet the first three requirements for membership of the APG;
- b) organisations which actively support or otherwise are interested in the objectives of the APG; and
- c) any other jurisdiction or organisation invited by the Co-Chairs and to which no APG member objects.

The APG recognises that there are significant benefits for members from continuing contact with non-member jurisdictions. As such, the meetings of the APG will also serve to provide opportunities for regular consultation with non-member jurisdictions from within and outside the region who could be invited to attend as observers.

The APG also recognises that many international organisations have a strong interest in combating money laundering and the financing of terrorism and proliferation initiatives. The APG welcomes the support and co-operation from international organisations and other non-member jurisdictions that may be willing to provide resources to assist the work of the APG.

The participation of non-members and non-observers will be determined on a case-by-case basis.

The process by which observer status of the APG is granted is further explained in *Annex A: Explanatory Note on Membership*, section 3.

APG observer jurisdictions and organisations are listed in *Annex C*.

## **6. GOVERNANCE**

### **6.1 Membership**

The APG membership is the ultimate decision-making body of the APG. Decisions shall be made on a consensus basis. All other organs of the APG including the Co-Chairs, Steering Group and Secretariat are responsible and accountable to the APG membership.

### **6.2 Co-Chairs**

There will be two Co-Chairs of the APG. One Co-Chair position will be held by Australia (referred to as the “permanent Co-Chair”). The other Co-Chair position will be rotated every two years among members (referred to as the “rotating Co-Chair”). The rotating Co-Chair position will be decided every second year at an annual meeting and will carry with it the responsibility of hosting an annual meeting. Australia will be responsible for hosting the annual meeting biennially; however, another member may volunteer to host the event.

The Co-Chairs shall preside over the annual meetings of the APG.

The Co-Chairs, on behalf of the membership, may give directions to the Secretariat to implement

decisions or outcomes of the annual meetings and APG Steering Group.

### **6.3 Steering Group**

The APG Steering Group is an advisory and governance group of the APG with cross-regional representation of the five major sub-regions within the Asia/Pacific.

#### **6.3.1 Purpose and Functions**

The purpose of the APG Steering Group is to:

- (i) provide the APG Co-Chairs and APG members with strategic advice on the structure, functioning and support for the APG; and
- (ii) consider and decide by consensus on issues referred to it by the APG Membership.

To achieve this purpose, members of the Steering Group will:

- (i) Consider governance and other issues of strategic importance referred to it.
- (ii) Engage and consult with APG members in their sub-regional area to obtain their input on key issues.
- (iii) Provide advice to the APG Co-Chairs and APG members through the APG Secretariat on issues of strategic importance.
- (iv) Advise on potential future Co-Chairs of the APG.
- (v) Assist with engaging and influencing all APG members to effectively participate in APG activities, including leading or sponsoring specific APG projects.
- (vi) Encourage non-members in their geographic area to join the APG and consider, as required, the participation of non-members and non-observers in APG events on a case-by-case basis.

#### **6.3.2 Steering Group Membership**

The membership of the APG Steering Group will include a representative from each of five geographical sub-regions within the APG, namely:

- (i) North Asia;
- (ii) Pacific Islands;
- (iii) South Asia;
- (iv) South East Asia; and
- (v) 'Other'.

In addition, Steering Group membership will include the current APG Co-Chairs, and the immediate past and nominated future Co-Chair, or alternate nominations, for one year respectively.

#### **6.3.3 Chairing the Steering Group**

The APG Co-Chairs will preside over APG Steering Group meetings.

#### **6.3.4 Decision-Making**

The Steering Group shall, in consultation with members in each sub-region, consider and decide by consensus on issues referred to it by the APG membership and, in other cases, by the Secretariat where the Steering Group decides that this is necessary. When policy or operational

decisions are required (rather than advice), immediate past and nominated future Co-Chairs who are members of the Steering Group will be represented (for decision-making purposes) by their sub-regional representatives on the Steering Group.

### **6.3.5 Steering Group Procedures**

Details concerning the process for determining membership, conduct of meetings and the operation of the Steering Group are set out in *Annex B: APG Steering Group Procedures* attached to these APG Terms of Reference 2012.

## **6.4 Secretariat**

Secretariat services will be provided by the APG Secretariat which shall be headed by an Executive Secretary who shall have executive authority on behalf of the membership and shall provide administrative support to the activities of the APG. The APG Secretariat is located in Sydney, Australia.

The APG Secretariat is hosted by Australia under a government hosting agreement to support the operations of the APG.

## **6.5 Reporting and Financial Statements**

APG Annual Reports containing independently audited financial statements will be prepared by the Secretariat and signed by the Co-Chairs as soon as possible following each annual meeting.

As soon as possible after the mid-year point in any financial year, a mid-year report on activities, including an unaudited financial update, shall be signed by the Executive Secretary and filed with the membership for endorsement.

## **7. MEETINGS**

The APG will meet at least once each year in plenary at an annual meeting. At APG meetings decisions will be made. All APG members should ensure that their delegations to APG meetings have full instructions to participate in the meetings. All decisions at APG meetings shall be by consensus.

Meetings will normally be held in member jurisdictions. Invitations to the annual meeting may be extended to non-member jurisdictions to attend as observers.

To ensure a global approach to combating money laundering and the financing of terrorism and proliferation, and as an Associate Member of the FATF, members of the APG will work closely with the FATF and other FATF-style regional bodies. The FATF President and FATF Secretariat will attend APG meetings on the same basis that the APG Co-Chairs and Secretariat attend FATF meetings.

Meetings should be held at the same time each year.

## **8. STRATEGIC PLAN AND BUSINESS PLAN**

Consistent with these APG Terms of Reference 2012, the APG will:

- develop a Strategic Plan every four years, to be endorsed by all members (the Co-Chairs to indicate this endorsement in each plan), which will set out the APG's mission and goals for each four year period; and

- develop an annual Business Plan, to be endorsed by all members, which will set out in greater detail the work programme of the APG.

At the conclusion of a four-year Strategic Plan the APG shall prepare a report against that plan for membership approval.

## **9. WORKING GROUPS**

To enable the work of the APG to be addressed between meetings, Working Groups may be formed. Members (and observers, if agreed by Working Group members) may participate in all APG Working Groups, Typologies Workshops and ad hoc committees established in response to specific issues.

The formation of Working Groups, including adoption of terms of reference and appointment of co-chairs, is subject to APG membership endorsement. Working Group co-chairs are normally members and shall report on completed and proposed activities to members and observers at both Working Group meeting (s) and at APG Annual Meetings.

## **10. COMMUNICATIONS**

Information collected and generated by the APG in the course of its business is a strategic business asset of the membership and is a resource independent of APG business requirements.

Information received by the APG Secretariat from members shall not be disseminated to third parties unless necessary for the proper functioning of the APG in accordance with the APG Strategic Plan and Annual Business Plan.

In order to encourage the free and frank interaction between APG members and observers, all plenary, workshop and working group deliberations will be confidential.

Should unauthorised disclosures occur by any member or observer, the matter will be referred to the Steering Group to consider the seriousness of the breach. The Steering Group will, if necessary, ask the APG Co-Chairs to write to the relevant delegation, including the responsible Minister, expressing concern over such disclosure.

The APG shall continue to have an *Information and Communications Strategy* which shall incorporate these terms and others as agreed by the membership.

## **11. RESOURCES**

The APG recognises that the ongoing work of the APG and, in particular, the capacity of the Secretariat to assist members will depend on the resources available to it. APG members will determine the budget required for the APG to carry out its work programme on an annual basis according to a fair and equitable budget formula, which will be revised and agreed from time to time.

## **12. CONTACT POINTS**

Members and observers are required to nominate a person to act as the central contact point for the APG Secretariat. In addition, each member will nominate an appropriate contact point for the three relevant combating money laundering and the financing of terrorism and proliferation sectors: legal, financial and FIU/law enforcement.

Non-member jurisdictions and organisations will be requested to nominate a person or persons who will be the central point of contact in relation to combating money laundering the financing of

terrorism and the financing of proliferation matters and the work of the APG.

### **13. TRANSITIONAL ARRANGEMENTS**

#### **13.1 Revocation of Previous Documents**

Upon adoption of these Terms of Reference, referred to as “APG Terms of Reference 2012”, the following APG documents will concurrently be revoked:

- APG Terms of Reference, updated July 2006 and amended 2010;
- APG Explanatory Note on Membership, as amended November 2010;
- APG Steering Group Terms of Reference, updated July 2011.

#### **13.2 Outstanding Membership Concerns**

Any APG member or observer issue, concern or question that has arisen, but has not yet been resolved on adoption of these Terms of Reference, in relation to a member or observer under the previous Terms of Reference and Explanatory Note on Membership (including the APG mutual evaluation follow-up procedures) shall continue and shall not be nullified, or in any way affected, on endorsement of these Terms of Reference.

#### **13.3 Outstanding Membership/Observership Enquiries**

Any non-member or non-observer which has expressed an interest in joining the APG as a member or observer under the previous Terms of Reference and Explanatory Note on Membership is entitled to continue exploring possible membership or observership in the APG on endorsement of these Terms of Reference regardless of what stage that process is at.

### **14. APG FOUNDING MEMBERS 1997**

The 13 founding members of the APG in 1997 listed in the original APG Terms of Reference<sup>2</sup> shall continue to be referred to as the “APG founding members.”

### **15. ENDORSED IN PLENARY 2012 BY:**

Afghanistan	India	Myanmar	Singapore
Australia	Indonesia	Nauru	Solomon Islands
Bangladesh	Korea	Nepal	Sri Lanka
Bhutan	Japan	New Zealand	Chinese Taipei
Brunei Darussalam	Lao PDR	Niue	Thailand
Cambodia	Macao, China	Pakistan	Timor Leste
Canada	Malaysia	Palau	Tonga
China	Maldives	Papua New Guinea	United States of America
Cook Islands	Marshall Islands	The Philippines	Vanuatu
Fiji	Mongolia	Samoa	Vietnam
Hong Kong, China			

#### **15<sup>th</sup> APG Annual Meeting Brisbane, Australia 17 July 2012**

<sup>2</sup> APG founding members in 1997: Australia; Bangladesh; Chinese Taipei; Hong Kong, China; Japan; New Zealand; People’s Republic of China; Philippines; Singapore; Sri Lanka; Thailand; United States of America; and Vanuatu.

## EXPLANATORY NOTE ON MEMBERSHIP

Section 5.2 of the APG Terms of Reference 2012 provide that there are six (6) membership requirements. Requirements 3 to 6 of Section 5.2 are dealt with below in detail as well as outlining the process by which membership and observer status is granted.

### 1. Explanation of Membership Requirements (Section 5.2 of Terms of Reference)

**Requirement 3:** *Has taken or is actively taking steps to develop, pass and implement combating money laundering and the financing of terrorism and proliferation legislation and other measures based on accepted international standards*

- 1.1. The Terms of Reference state that it is not a precondition for participation in the APG that combating money laundering and the financing of terrorism and proliferation laws already be enacted. However, a jurisdiction must be actively taking steps to develop, pass and implement such laws.
- 1.2. Where a law in relation to anti-money laundering is not yet in place then, at a minimum, a process must be in place to draft and enact such a law.
- 1.3. The timing and process to enact an anti-money laundering law is a matter for each member. However, in accordance with the agreement made by all United Nations member states, as set out in the United Nations Political Declaration and Action Plan against Money Laundering (1998), all APG members that have not yet done so should endeavour to adopt national money-laundering legislation as a matter of urgency.
- 1.4. Similarly, the timing and process to enact combating the financing of terrorism and proliferation measures is a matter for each member. However, consistent with the APG's formal adoption of the FATF's Nine Special Recommendations on Terrorist Financing and the 2012 Revised FATF Recommendations, as well as its commitment to implement relevant United Nations Conventions and Resolutions, all APG members should, if they have not done so already:
  - take immediate steps to accede to the 1999 United Nations International Convention for the Suppression of the Financing of Terrorism by enacting the necessary legislation;
  - immediately implement the United Nations resolutions relating to the prevention and suppression of the financing of terrorist acts, particularly United Nations Security Council Resolutions 1267, 1373 and successor resolutions; and
  - immediately implement the United Nations resolutions applying targeted financial sanctions relating to proliferation financing, particularly United Nations Security Council Resolutions 1718, 1737 and their successor resolutions.

**Requirement 4:** *Subject to its domestic laws, commits itself to implementing the decisions made by the APG*

- 1.5. The phrase 'Subject to its domestic laws' was included in the APG Terms of Reference in June 2000 to make it clear that, as for the implementation of the 40 FATF Recommendations, members will implement APG decisions according to their particular cultural values and constitutional frameworks, thus allowing them a measure of flexibility rather than prescribing every detail.
- 1.6. Similarly, the phrase 'Subject to its domestic laws' reflects the wording contained in the 'Purpose' section of the APG Terms of Reference which states that the APG 'Enables regional and jurisdictional factors to be taken into account in the implementation of

international combating of money laundering and the financing of terrorism and proliferation measures’.

***Requirement 5: Commits itself to participation in the mutual evaluation programme***

- 1.7. The fact that this requirement was listed separately from membership requirement 4 reflects the central importance that the membership places on the mutual evaluation process. It includes a commitment to be evaluated and to abide by the APG Mutual Evaluation Procedures. It also includes a commitment to provide evaluators to participate in evaluations of other jurisdictions.

***Requirement 6: Contributes to the APG budget in accordance with arrangements agreed by the APG***

- 1.8. The APG has an agreed budget formula and the amounts payable under that formula are made clear to members prior to each annual meeting along with specified timeframes for payment of budget contributions, subject of course to any changes that might be made at the annual meeting.
- 1.9. Member representatives need to ensure that they are vested with the authority to discuss and agree to the budget formula and contribution decided at the annual meeting.

**2. Process by Which Membership is Granted**

***Process to be taken prior to seeking admission as a member***

2.1 The process is as follows:

- (1) Jurisdictions interested in seeking membership of the APG will first take steps to become an APG observer.
- (2) Observer jurisdictions interested in seeking membership which are identified as priority observers will be supported by the APG Secretariat to guide them toward APG membership, generally for a period of at least 12 months.
- (3) The APG will work with the priority observer jurisdiction to determine the extent to which the jurisdiction meets the following membership criteria when it applies for admission as an APG member:
  - a) Recognises the need for action to be taken to combating money laundering and the financing of terrorism and proliferation;
  - b) Recognises the benefits to be obtained by sharing knowledge and experience; and
  - c) Has taken or is actively taking steps to develop, pass and implement combating money laundering and the financing of terrorism and proliferation legislation and other measures.
- (4) This may be done by information sharing and outreach, including a possible onsite mission to the prospective member.
- (5) At the time the prospective member seeks full membership of the APG, the Secretariat will inform the APG Membership regarding the extent to which the applicant meets the three criteria above.

***Process for admission at Annual Meetings***

2.2 The process is as follows:

- (1) The prospective member must commit to the APG Terms of Reference, including the

Membership conditions.

- (2) The prospective member must write to the APG Secretariat at Minister or Central Bank Governor level, or with the authority of a relevant Minister or Central Bank Governor, seeking membership. The letter should include the jurisdiction's agreement to commit to the APG Terms of Reference and Membership conditions and can be short. The letter could be in the following terms:

*'Dear APG Co-Chairs*

*On behalf of [name of jurisdiction], I hereby notify the APG Secretariat of the Government's decision to seek full membership of the APG.*

*In accordance with the procedure for application for membership, we undertake to comply with the APG's commitments and its Terms of Reference 2012. In particular, [name of jurisdiction] is committed to adopt the international standards contained in the Combating Money Laundering and the Financing of Terrorism and Proliferation Recommendations of the Financial Action Task Force (FATF), and relevant United Nations Conventions and Resolutions and to the procedures for the evaluation of the effectiveness of combating money laundering and the financing of terrorism proliferation systems, which reflect international practice. [name of jurisdiction] is prepared to contribute [insert agreed APG budget contribution amount, as advised by APG Secretariat] to the APG budget in accordance with the arrangements agreed by the APG.*

*Yours sincerely'*

- (3) To support APG members consideration of the application for membership, officials should at the time of providing any ministerial letter, also inform the APG, via the Secretariat, of relevant information regarding the three points below:
  - a. Whether the applicant is already a member of an FSRB and/or the FATF;
  - b. Whether the applicant is under consideration of the FATF's International Cooperation Review Group (ICRG) and an ICRG recommendation is made for it to join a FSRB;
  - c. Whether the applicant is a dependency/territory of an FATF/FSRB member which applies its AML/CFT laws to the dependency/territory;
- (4) On receipt of such a letter, the APG Secretariat will respond to the letter indicating whether the form of letters and additional relevant information is suitable and that the application will be considered by the full membership of the APG at the next APG Annual Meeting.
- (5) At the next Annual Meeting, a proposal for new applicants for membership will be put to existing APG members for consideration.

#### ***Process for admission between annual meetings***

2.3 Where an application for membership is *made more than 3 months before the next APG annual meeting*, the process is as follows:

- (1) The prospective member must follow the steps (1) - (3) set out at paragraph 2.2 above.
- (2) On receipt of the letter seeking membership, the APG Secretariat will acknowledge the letter advising that the application will be considered and will simultaneously advise the APG Co-Chairs and all members of the APG that the application has been received.
- (3) Existing APG members will be provided with the application letter and additional information outlined at 2.2.3 and will be asked to indicate their agreement or otherwise to granting full membership to the applicant. No response from a member when consulted

about the proposed admission of a new member will be taken as consent.

- (4) If there is any objection to the admission of the new member made by an existing member during the consultation period, then the application cannot be granted by the Co-Chairs and the matter will be considered and if necessary voted on at the next APG Annual Meeting. Any such election will be by simple majority vote. The applicant and APG members will be so advised.
- (5) If there is no objection made to granting membership to the applicant by existing APG members, the Co-Chairs will admit the applicant to membership of the APG.
- (6) If the application is accepted, the APG Secretariat will write to the applicant indicating that on the basis of the authorised written commitment, the jurisdiction has been admitted to full membership of the APG. The APG Secretariat will also advise all other APG members.
- (7) The new member's budget contribution would be calculated on a pro rata basis for the year in which it joins.
- (8) At the next APG Annual Meeting, the admission of any new members since the previous Annual Meeting will be noted.

### **3. Process by Which Observer Status is Granted**

#### ***Observer Jurisdictions***

- 3.1 A jurisdiction may apply in writing to the APG Secretariat to become an Observer. The prospective Observer must write to the APG Secretariat at Minister or Central Bank Governor level, or with the authority of a relevant Minister or Central Bank Governor, seeking Observer Status. The letter should include the jurisdiction's agreement to commit to the first three of the Membership requirements set out in the APG Terms of Reference and can be short. The letter could be in the following terms:

*'Dear APG Co-Chairs*

*On behalf of [name of jurisdiction], I hereby notify the APG Secretariat of the Government's decision to seek observer status of the APG.*

*In accordance with the procedure for application for observer status, we undertake to comply with the first three membership requirements set out in the APG's Terms of Reference 2012. In particular, [name of jurisdiction] is committed to adopt the international standards contained in the Financial Action Task Force's Recommendations on Combating Money Laundering and the Financing of Terrorism and Proliferation, and relevant United Nations Conventions and Resolutions. [name of jurisdiction] will also consider seeking full membership of the APG.*

*Yours sincerely'*

#### ***Observer Organisations***

- 3.2 In the case of an organisation, a person with the authority of the organisation may apply in writing to the APG Secretariat to become an Observer. The letter needs only to be short and should include a statement that the organisation actively supports the objectives of the APG and will cooperate with the APG in the implementation of the APG's work program.

### ***Co-Chairs and Steering Group to Consider Observer and Other Applications***

- 3.3 Applications for observer status (by jurisdictions and organisations) will be considered by the APG Steering Group and Co-Chairs as soon as possible and, in any case, within 12 months of receipt, using (if needed) a process modelled on the process for admission of members set out in section 5 of the Terms of Reference 2012, adjusted as appropriate to reflect the fact that observer status rather than full membership is being sought.
- 3.4 Non-members and non-observers may participate in APG events on a case-by-case basis as provided in the APG Terms of Reference 2012, only if the Co-Chairs and Steering Group approve their participation.

### ***FATF Associate Members Automatically Observers***

- 3.5 Recognising the APG's Associate Membership of the FATF and the commitment to co-operation between FATF-Style Regional Bodies (FSRBs), FSRBs which are admitted as Associate Members in the FATF will be automatically, on that admission, observers in the APG without the need for application.

## STEERING GROUP PROCEDURES

### 1. STEERING GROUP MEMBERSHIP

- 1.1 The list of participating APG members as of July 2012 within each geographical area is listed below. This list may be updated by the Secretariat on membership changes.
- 1.2 As outlined in section 6.3.2 of the APG Terms of Reference 2012, Steering Group membership will comprise:
  - representatives from each of the five geographical sub-regions; and
  - the current APG Co-Chairs, and the immediate past and nominated future Co-Chair, or alternate nominations, for one year respectively.
- 1.3 Sub-regional representatives will be selected by consensus within each geographical area each year. Membership will generally rotate each year, but a member may serve more than one consecutive term, for example for reasons of continuity in relation to a particular Steering Group issue or task.
- 1.4 Under the above membership arrangements, there would normally be eight members of the APG Steering Group.
- 1.5 The Executive Secretary of the APG will be invited to attend each meeting of the APG Steering Group.

### 2. MEETINGS

- 2.1 Communication within the Steering Group will normally be by email and tele-conference. The Steering Group will meet face-to-face the day before each Annual Meeting and, if necessary, at one other time during each year (for example, in the margins of the APG Typologies Workshop).
- 2.2 Costs for participation at Steering Group meetings will generally be met by the participating member.

### 3. REPORTING

- 3.1 The APG Steering Group will, through the APG Co-Chairs, report to the APG Annual Meeting on its work during each year and to the APG membership, as necessary, between Annual Meetings.

### 4. SECRETARIAT SERVICES

- 4.1 The APG Secretariat will provide advisory and administrative support to the Steering Group including the following:

*Secretariat advisory support:*

- Solicit interest from jurisdictions in sub-regional groups to join the Steering Group as members.
- Raise issues of structure, functioning and support for the APG to the members of the Steering Group in accordance with paragraph 2 of these Terms of Reference 2012.
- Prepare briefing papers for Steering Group members on issues for Co-Chairs to consider.

- Prepare draft APG policy papers for Steering Group consideration prior to Annual Meetings.
- Such other advisory support as required by the Co-Chairs and/or Steering Group.

*Secretariat administrative support:*

- Record and collate results of each sub-group's election of their representative.
- Assist members to share information with, and seek input from, other members of their sub-region.
- Schedule Steering Group meetings as required and when members are available.
- Provide telephonic or other conference facilities for meetings.
- Record and distribute Minutes of meetings.
- Brief Co-Chairs before Steering Group meetings.
- Such other administrative support as required by the Co-Chairs and/or Steering Group.

## APG GEOGRAPHICAL (SUB-REGIONAL) AREAS

(Paragraph 1.1 of Steering Group Procedures)

Sub-Region	Participating Members (with effect: July 2012)	Other jurisdictions (includes non-observers)
<b>North Asia</b>	<ol style="list-style-type: none"> <li>1. China, People's Republic of</li> <li>2. Hong Kong, China</li> <li>3. Japan</li> <li>4. Macao, China</li> <li>5. Mongolia</li> <li>6. Republic of Korea</li> <li>7. Chinese Taipei</li> </ol>	<ul style="list-style-type: none"> <li>• Democratic People's Republic of Korea</li> <li>• Russian Federation (observer)</li> </ul>
<b>Pacific Islands</b>	<ol style="list-style-type: none"> <li>8. Cook Islands</li> <li>9. Fiji</li> <li>10. Marshall Islands</li> <li>11. Nauru</li> <li>12. Niue</li> <li>13. Palau</li> <li>14. Papua New Guinea</li> <li>15. Samoa</li> <li>16. Solomon Islands</li> <li>17. Tonga</li> <li>18. Vanuatu</li> </ol>	<ul style="list-style-type: none"> <li>• Kiribati</li> <li>• Federated States of Micronesia (observer)</li> <li>• Tuvalu</li> <li>• Northern Marianas Islands</li> </ul>
<b>South Asia</b>	<ol style="list-style-type: none"> <li>19. Afghanistan</li> <li>20. Bangladesh</li> <li>21. Bhutan</li> <li>22. India</li> <li>23. Maldives</li> <li>24. Nepal</li> <li>25. Pakistan</li> <li>26. Sri Lanka</li> </ol>	
<b>South East Asia</b>	<ol style="list-style-type: none"> <li>27. Brunei Darussalam</li> <li>28. Cambodia</li> <li>29. Indonesia</li> <li>30. Lao PDR</li> <li>31. Malaysia</li> <li>32. Myanmar</li> <li>33. Philippines</li> <li>34. Singapore</li> <li>35. Thailand</li> <li>36. Timor Leste</li> <li>37. Vietnam</li> </ol>	
<b>Other</b>	<ol style="list-style-type: none"> <li>38. Australia</li> <li>39. Canada</li> <li>40. New Zealand</li> <li>41. United States of America</li> </ol>	

## APG Members and Observers, July 2012

### 1. Members

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- Afghanistan
- Australia
- Bangladesh
- Bhutan, Kingdom of
- Brunei Darussalam
- Cambodia
- Canada
- China, People's Republic of
- Cook Islands
- Fiji
- Hong Kong, China
- India
- Indonesia
- Republic of Korea (South Korea)
- Japan
- Lao People's Democratic Republic
- Macao, China
- Malaysia
- Maldives
- Marshall Islands, Republic of
- Mongolia
- Myanmar
- Nauru
- Nepal
- New Zealand
- Niue
- Pakistan
- Palau
- Papua New Guinea
- The Philippines
- Samoa
- Singapore
- Solomon Islands
- Sri Lanka
- Chinese Taipei
- Thailand
- Timor Leste
- Tonga
- United States of America
- Vanuatu
- Vietnam

### 2. Observer Jurisdictions

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- France
- Germany
- Micronesia, Federated States of
- Russian Federation
- United Kingdom

### 3. Observer Organisations

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- Asia Pacific Economic Cooperation (APEC) Secretariat
- Asian Development Bank (ADB)
- ADB/OECD Anti-Corruption Initiative for Asia-Pacific
- Association of Southeast Asian Nations (ASEAN) Secretariat
- CFATF - Caribbean Financial Action Task Force
- Commonwealth Secretariat
- EAG - Eurasian group on combating money laundering and financing of terrorism
- Egmont Group of Financial Intelligence Units
- ESAAMLG - Eastern and South African Anti Money Laundering Group
- FATF - Financial Action Task Force
- GAFISUD - Financial Action Task Force on Money Laundering in South America
- GIABA - Inter-Governmental Action Group against Money Laundering in West Africa
- Group of International Finance Centre Supervisors (GIFCS)
- International Monetary Fund (IMF)
- Interpol
- MENAFATF - Middle East and North African Financial Action Task Force
- MONEYVAL - Council of Europe, Anti-Money Laundering Group
- Oceania Customs Organisation (OCO)
- Pacific Islands Forum Secretariat (PIFS)
- Pacific Financial Technical Assistance Centre (PFTAC)
- United Nations
- United Nations Office on Drugs and Crime (UNODC)
- World Bank
- World Customs Organisation (WCO)