

APG Terms of Reference



**Asia/Pacific Group
on Money Laundering**

2019

Asia/Pacific Group on Money Laundering
August 2019

APG Terms of Reference 2019

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CONTENTS

	Page
1 Introduction	4
2. Preamble	4
3. Nature and Purpose of APG	6
4. Members and Observers	7
4.1 Members.....	7
4.2 Membership requirements.....	7
4.3 Admission of members.....	7
4.4 Failure to satisfy membership requirements.....	8
4.5 Observers.....	9
5. Governance	10
5.1 Membership.....	10
5.2 Co-Chairs.....	10
5.3 Governance Committee.....	11
5.4 Secretariat.....	11
5.5 Reporting and financial statements.....	12
6. Meetings	12
7. Strategic Plan and Business Plan	13
8. Committees/Working Groups	13
9. Communications	13
10. Resources	13
11. Contact Points	14
12. Transitional Arrangements	14
12.1 Revocation of previous documents.....	14
12.2 Outstanding membership concerns.....	15
12.3 Outstanding membership/observership enquiries.....	15
13. Founding Members	15
14. Endorsing Members	15
ANNEXES:	16
A: Explanatory Note on Membership.....	16
B: List of APG Members and Observers, 2019.....	21

APG TERMS OF REFERENCE 2020

1. INTRODUCTION

The Asia/Pacific Group on Money Laundering (APG) is a non-political inter-governmental organisation established in 1997 with 13 founding members. The APG is 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;
- 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 2020*, as the basis for the APG’s renewed mandate to 2028.

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 (“FATF Recommendations”).

2.11 The Asia/Pacific Group on Money Laundering agreed in July 2017 and 2018 to:

- Rename and re-constitute the APG Steering Group as the APG Governance Committee.
- New Terms of Reference for the APG Governance Committee were adopted at the 2018 Annual Meeting.

2.12 The Asia/Pacific Group on Money Laundering agreed in August 2019 to:

- Extend the APG mandate from 31 December 2020 to 31 December 2028 and secure Ministerial-level commitments letters from each member delegation confirming that extension;
- Incorporate two existing Co-Chair policy statements (one on governance and the other on observers) into these Terms of Reference and re-name this document the ‘APG Terms of Reference 2019’;
- To make other consequential changes as may be necessary to give effect to the above 2019 decision.

3.1 NATURE AND PURPOSE OF APG ¹

The APG is an autonomous, pro-active inter-governmental organisation contributing to the reduction of serious crime in the Asia/Pacific region and is established by agreement among its members. It does not derive from an international treaty and it is not part of any international organisation. However, it keeps itself informed of action taken or formal agreements made by relevant international and regional organisations, bodies and other inter-governmental task forces in order to promote a consistent global response to combating money laundering and the financing of terrorism and proliferation.

For the above purposes the APG will:

1. Provide a focus for co-operative efforts in combating money laundering and the financing of terrorism and proliferation in the Asia-Pacific region;
2. Provide a forum in which relevant regional issues can be discussed, and experiences shared, and in which international cooperation is encouraged;
3. Facilitate the adoption and implementation by members of internationally accepted combating of money laundering and financing of terrorism and proliferation measures;
4. Enable 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;

¹ Amended in July 2012 with reference to “combating money laundering and the financing of terrorism and proliferation”. Also amended in August 2019 to combine previous Article 3 (Purpose of the APG) and Article 4 (Nature of the APG) for ease of reference. Previous Article 4 was one sentence and is now the first paragraph of this new Article.

5. Encourage jurisdictions to implement combating money laundering and the financing of terrorism and proliferation initiatives including more effective mutual legal assistance; and
6. Co-ordinate and provide practical support, where possible and when requested, to members and observer jurisdictions in the region.

4. MEMBERS AND OBSERVERS

4.1 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 Annex A of this document.

4.2 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 and recognises the benefits to be obtained from sharing knowledge and experience;
2. Commits to implement the FATF standards without reservation;
3. Has taken or is actively taking steps to develop, enact (or amend) and implement (or improve the implementation of) legislation designed to combat money laundering, the financing of terrorism and the financing of proliferation legislation and other measures based on accepted international standards;
4. Subject to its domestic laws, commits to implementing the decisions made by the APG;
5. Commits 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 combat money laundering and the financing of terrorism and proliferation in accordance with the international standards. The response by individual members will, however, be significantly assisted by participation in the APG.

The APG welcomes new members from the Asia/Pacific region. To those jurisdictions not yet ready to assume all the requirements of full membership, the APG encourages those jurisdictions to become observers.

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

4.3 Admission of Members

4.3.1 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 (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, the APG may decide to admit or not to admit an applicant on the basis of one or more of the following factors:

1. Whether the applicant is a member of the FATF and/or a FSRB already;
2. 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;
3. Whether the applicant is a dependency/territory of an FATF/FSRB member which applies its AML/CFT laws to the dependency/territory;
4. The resources of the APG to manage the work generated from the admission of new members.

4.3.2 Process for admission of members

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

4.4 Failure to Satisfy Membership Requirements

Failure by a member to satisfy the membership requirements set out in these Terms of Reference 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 Governance Committee as to possible measures to be taken including (these measures would generally be applied on a graduated basis, unless the Membership agreed otherwise):

1. requiring the member to provide expedited reporting on their progress in meeting the membership requirements within a fixed timeframe;
2. sending a letter from the APG Co-Chairs to the relevant Minister(s) drawing their attention to non-compliance with the APG membership requirements;
3. 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 Governance Committee 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:

1. referring the matter to the FATF for possible consideration under FATF's ICRG process;
2. 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;

3. 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;
4. suspending the member's APG membership entirely until all membership requirements have been met;
5. 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.

4.5 Observers

Observers are:

1. jurisdictions which are considering membership of the APG and which are prepared to meet the first three requirements for membership of the APG;
2. organisations which actively support or otherwise are interested in the objectives of the APG; and
3. 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.

Recognising the capacity-constraints of Pacific jurisdictions to fully participate in APG activities, but also recognising the benefits of remaining as observers indefinitely even though they may not have the resources to become full members, the APG decided (in 2015) that with respect to current observers:

1. no further pressure will be exerted on those jurisdictions to join the APG as full members although joining as members is encouraged;
2. observers will continue to have access to APG information available on the secure APG website, including receiving updates on AML/CFT developments, and are encouraged to engage on money laundering and terrorist financing issues of concern and emerging issues that affect those jurisdictions;
3. the APG secretariat will work with observer jurisdictions to better understand the money laundering and terrorist financing risks they face and to report those risks, if any, to the membership.²

² These provisions were previously included in 'APG Policy Statement on Observers 2015'.

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 APG will continue to encourage international and regional organisations not currently observers to become observer organisations.³

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*.

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

5. GOVERNANCE

5.1 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, Governance Committee, Operations Committee, ad hoc working groups and the Secretariat are responsible and accountable to the APG membership.

APG members are entitled to:

- Participate in Governance Committee meetings as sub-regional representatives when the relevant sub-regional members agree that they may so represent their region;
- Attend APG meetings;
- Appropriately intervene on APG issues and policy matters;
- Receive relevant APG documents for meetings both confidential and non-confidential;
- Comment on selection of rotating Co-Chairs as provided in the Terms of Reference.

In addition to meeting the membership requirements set out in this document, APG members shall:

- Endeavour to participate in APG events and, at a minimum, attend the APG annual meeting;
- Be bound by APG business and policy decisions.⁴

5.2 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”).⁵ The rotating Co-Chair position will be decided every second year at an annual meeting (or prior thereto as members agree) and will carry with it the responsibility of hosting at least one annual meeting. Australia will be responsible for hosting the annual meeting biennially in the event that the rotating Co-Chair wishes to host only one meeting during their tenure as Chair. However, another APG member or observer may wish to host the meeting in which case there is no obligation on Australia to host in alternate years.

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

³ Ibid.

⁴ These clauses were previously included in ‘APG Policy Statement on Governance 2014’.

⁵ Co-Chairs are equal in status and responsibility notwithstanding that one is referred to as “permanent”.

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 Governance Committee.

5.3 Governance Committee

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

The Governance Committee was established in July 2017 to replace the former Steering Group and new terms of reference for the Governance Committee were adopted in July 2018. Those Terms of Reference were amended by the membership in August 2019 at the annual meeting of that year (re: the committee's quorum rule).

The Co-Chairs, either jointly or separately, shall preside over Governance Committee meetings.

Details concerning the purpose, composition, process for determining membership, meeting procedure, authority, reporting, APG secretariat role and resources are set out in a separate document called *APG Governance Committee Terms of Reference* which may be amended from time to time as the membership deems necessary. The first set of such rules was issued in 2018 and amended the next year in 2019.

Any issue, concern or question that has arisen, including those not yet resolved on adoption of these *APG Terms of Reference 2019*, in relation to matters before the Governance Committee shall continue and shall not be nullified, or in any way affected, on endorsement of these Terms of Reference.

5.4 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. The secretariat's general responsibilities include⁶:

- Supporting the governance framework of the APG, including Co-Chairs and governance committee;
- Providing secretariat services to and serving as a focal point for the APG;
- Coordinating and leading AML/CFT mutual evaluations of APG members;
- Implementing the APG's technical assistance and training (TA & T) strategy including the effective coordination of those services with donors and providers;
- Providing expertise and research on money laundering, terrorist financing and proliferation financing in relation to weapons of mass destruction as well as other emerging issues to members and interested persons and organisations;
- Organising and conducting the APG's Annual Meeting and other inter-sessional meetings, such as project working groups, the Implementation Issues Working Group and the Mutual Evaluation Committee;
- Preparing, conducting and chairing the annual typologies workshop for law enforcement and finance sector specialists to analyse and share information on methods, trends and case studies, and to conduct projects on emerging typologies;
- Reporting to APG members at annual meetings and committees;

⁶ Previously in 'APG Policy Statement – Governance 2015'.

- Attending FATF plenary meetings as an associate member and liaising regularly with the FATF secretariat;
- Participating in the FATF's Asia/Pacific Joint Group;
- Providing advice and information to, and linkages between, international and regional agencies (especially financial, legal and law enforcement agencies) on money laundering, terrorist financing and proliferation financing matters;
- Establishing and maintaining effective working relationships with relevant international and regional organisations, including the UN, World Bank, International Monetary Fund, Asian Development Bank, Egmont Group, OECD, APEC, Pacific Islands Forum Secretariat, ASEAN, the Group of International Finance Centre Supervisors (formerly OGBS), and other similar bodies to advance the APG's strategic goals;
- Providing information and education to private sector agencies, including universities and other tertiary education institutions, in relation to the global AML/CFT standards under the APG's private sector outreach programme.

5.5 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 prepared by the Executive Secretary and filed with the membership.

6. MEETINGS

The APG will meet at least once each year in plenary at an annual meeting. At those meetings, a range of governance, operational and membership-related decisions will be made.

APG member-delegations to annual meetings will 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 annual meetings may be extended by the Co-Chairs to non-member/non-observer jurisdictions to attend as 'guests'.

A quorum for annual meetings shall be no less than two-thirds of the members entitled to attend the meeting.⁷

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 or as close thereto as possible with the agreement of the membership.

7. STRATEGIC PLAN AND BUSINESS PLAN

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

⁷ Ibid.

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.

8. COMMITTEES/WORKING GROUPS

To enable the work of the APG to be addressed between meetings, Committees or Working Groups may be formed either on a permanent basis or an ad hoc basis (for a specific and time-limited function). Members (and observers, if agreed by Committees and Working Group delegates) may participate in all APG Committees/Working Groups, Typologies Workshops and ad hoc committees.

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

9. 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 (including annual meetings), workshop and working group deliberations will be confidential. For clarification and in accordance with the APG's Information and Communications Strategy, this means that the outcomes of APG meetings may be made public but not the exchanges and discussions between member jurisdictions resulting in those outcomes.

Should unauthorised disclosures occur by any member or observer, the matter will be referred to the Governance Committee to consider the seriousness of the breach. The Governance Committee 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 incorporates these terms and others as agreed by the membership.

10. 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 may be revised and agreed from time to time.

Budget Approval Process⁸

The annual budget shall be prepared and finalised in accordance with the following steps:

⁸ Ibid.

- a) The Secretariat will prepare an initial budget paper in the February/March time frame each year (four to five months prior to each annual meeting) which paper will include the following information:
 - o An estimate of the APG's financial position as at 30 June of the current financial year;
 - o A detailed budget for the next financial year (Year 1) including estimates of member's fees. This budget will update the preliminary estimate provided in the budget paper the previous year.
- b) The Secretariat will then consult with the Co-Chairs on the content of the draft budget and revise the budget in accordance with their suggestions/directions;
- c) If the Co-Chairs deem it necessary they will consult with the Governance Committee on the proposed budget;
- d) The draft budget paper will then be sent to all members for information and planning purposes, normally by the end of March;
- e) The final draft budget paper will (normally) be sent to all members four to six weeks prior to the annual meeting (early to mid-June in each year). It will contain: (i) the final proposed budget for the next financial year (Year 1), including estimates of member's fees; and (ii) a preliminary budget estimate for the following financial year (Year 2) for members' information and planning purposes. Given the significant variations that can occur from year to year, this preliminary estimate will be indicative only;
- f) Members, in plenary at the annual meeting, will consider the draft budget for the next financial year (Year 1) during governance discussions and adopt it, or any revisions to it should the membership agree, as the operating budget for the year.

To assist members with financial planning, the Mid-Year Report to members (sent in January/February each year) will contain a financial report summarising the APG's financial position as at 31 December and including a broad estimate of what the APG's financial position will be as at 30 June.

11. CONTACT POINTS

Members and observers are required to nominate a person to act as the central or primary contact point for the APG Secretariat.

12. TRANSITIONAL ARRANGEMENTS

12.1 Revocation of Previous Documents

Upon adoption of these Terms of Reference, referred to as "*APG Terms of Reference 2019*", the APG Terms of Reference 2012 will be concurrently revoked.

12.2 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.

12.3 Outstanding Membership/Observer 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.

13. FOUNDING MEMBERS

The 13 founding members of the APG in 1997 listed in the original APG Terms of Reference⁹ shall continue to be referred to as the “APG founding members.”

14. ENDORSED IN PLENARY 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			

**22rd APG Annual Meeting
Canberra, Australia**

August 2019

⁹ 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

Article 4 of the APG Terms of Reference 2019 provide that there are six (6) membership requirements. Requirements 3 to 6 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

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 APG membership may first be required to become an observer in accordance with a decision of the membership.
- (2) Observer jurisdictions interested in seeking membership 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 observer jurisdictions 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 for admission of a member during annual meetings 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, without reservation. 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. 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 membership application, officials should at the time of providing the 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 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 above 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. The decision-making process at the next APG annual meeting on the membership application will be reached by way of consensus (consistent with the Terms of Reference that "all decisions at APG meetings shall be by consensus.").

- (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 Governance Committee to Consider Observer and Other Applications

- 3.3 Applications for observer status (by jurisdictions and organisations) will be considered by the APG Governance Committee 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 the Terms of Reference 2019, 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 'guests' provided in the APG Terms of Reference 2019, only if the Co-Chairs 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.

APG MEMBERS AND OBSERVERS, JULY 2019

1. Members

- | | |
|--------------------------------------|------------------------------|
| 1. Afghanistan | 22. Myanmar |
| 2. Australia | 23. Nauru |
| 3. Bangladesh | 24. Nepal |
| 4. Bhutan, Kingdom of | 25. New Zealand |
| 5. Brunei Darussalam | 26. Niue |
| 6. Cambodia | 27. Pakistan |
| 7. Canada | 28. Palau |
| 8. China, People's Republic of | 29. Papua New Guinea |
| 9. Cook Islands | 30. The Philippines |
| 10. Fiji | 31. Samoa |
| 11. Hong Kong, China | 32. Singapore |
| 12. India | 33. Solomon Islands |
| 13. Indonesia | 34. Sri Lanka |
| 14. Republic of Korea (South Korea) | 35. Chinese Taipei |
| 15. Japan | 36. Thailand |
| 16. Lao People's Democratic Republic | 37. Timor Leste |
| 17. Macao, China | 38. Tonga |
| 18. Malaysia | 39. United States of America |
| 19. Maldives | 40. Vanuatu |
| 20. Marshall Islands, Republic of | 41. Vietnam |
| 21. Mongolia | |

2. Observer Jurisdictions

- | | |
|--|------------------------------------|
| 1. Democratic People's Republic of Korea | 5. Micronesia, Federated States of |
| 2. France | 6. Russian Federation |
| 3. Germany | 7. Tuvalu |
| 4. Kiribati | 8. United Kingdom |

3. Observer Organisations

- | | |
|---|--|
| 1. Alliance for Financial Inclusion (AFI) | 17. Groupe Inter-Gouvernemental D'Action Contre Le |
| 2. Asia Pacific Economic Cooperation (APEC) Secretariat | Blanchiment E'Argent En Afrique De L'Ouest [Inter-Governmental Action Group against Money Laundering in West Africa] (GIABA) |
| 3. Asian Development Bank (ADB) | 18. Grupo de Acción Financiera de |
| 4. ADB/OECD Anti-Corruption Initiative for Asia-Pacific | Latinoamérica [Financial Action Task Force on Money Laundering in Latin America] (GAFILAT) |
| 5. Asset Recovery Interagency Network - Asia Pacific (ARIN-AP) | 19. International Monetary Fund (IMF) |
| 6. Association of Southeast Asian Nations (ASEAN) Secretariat | 20. Interpol |
| 7. CFATF - Caribbean Financial Action Task Force | 21. Islamic Development Bank (IsDB) |
| 8. Commonwealth Secretariat | 22. Middle East and North African Financial Action Task Force (MENAFATF) |
| 9. Eastern and South African Anti Money Laundering Group (ESAAMLG) | 23. Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) |
| 10. Egmont Group of Financial Intelligence Units | 24. Oceania Customs Organisation (OCO) |
| 11. Eurasian group on combating money laundering and financing of terrorism (EAG) | 25. Pacific Financial Technical Assistance Centre |
| 12. European Commission | 26. Pacific Islands Chiefs of Police (PICP) |
| 13. Financial Action Task Force on Money Laundering (FATF) | 27. Pacific Islands Forum Secretariat (PIFS) |
| 14. Financial Services Volunteer Corps (FSVC) | 28. Pacific Islands Law Officers' Network (PILON) |
| 15. Group of International Finance Centre Supervisors (GIFCS) | 29. United Nations |
| 16. Groupe d'Action contre le Blanchiment d'Argent en Afrique Centrale (GABAC) | 30. United Nations Office on Drugs and Crime |
| | 31. World Bank |
| | 32. World Customs Organization (WCO) |

