

APG Governance Committee Terms of Reference



**Asia/Pacific Group
on Money Laundering**

2018
(amended 2019)

Asia/Pacific Group on Money Laundering
20 August 2019

**APG Governance Committee
Terms of Reference 2018
(amended 2019)**

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CONTENTS

	Page
A. Purpose of the APG Governance Committee.....	4
B. Composition.....	4
C. Selection and Term of Governance Committee Members.....	4
D. Meetings.....	5
E. Functions and Authority.....	5
F. Decision Making.....	6
G. Procedure.....	7
H. Reporting.....	7
I. APG Secretariat Role.....	7
J. Resources.....	8

Attachments

A: APG Geographical (Sub-Regional) Areas.....	9
B: Governance Committee Rules of Procedure.....	10

APG GOVERNANCE COMMITTEE TERMS OF REFERENCE 2018

A. PURPOSE OF THE APG GOVERNANCE COMMITTEE

1. The purpose of the APG Governance Committee is to support activities covered under Goal 1 of the APG Strategic Plan to “be an effective multilateral organisation supporting implementation of the FATF standards and work of the global AML/CFT network”, in particular by providing strategic advice on the structure, functioning and support for the APG and to consider and decide by consensus issues referred to the Committee.
2. The committee shall have delegated authority to decide on matters mentioned in these terms of reference, following consultation with all members and in accordance with APG Strategic and Business Plans.
3. The committee is also a consultative and coordination mechanism for the APG membership and observers, sub-regions and other APG committees and working groups.

B. COMPOSITION

4. The membership of the committee 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) CANZUS (Australia, Canada, New Zealand and the United States).
5. In addition, the committee will include the current APG Co-Chairs, and the immediate past and nominated future Co-Chair, or alternate nominations, for one year respectively.

C. SELECTION AND TERM OF GOVERNANCE COMMITTEE MEMBERS

6. Sub-regional representatives will be selected by consensus within each geographical sub-region each year. The membership of each sub-region is set out at Attachment A to these Terms of Reference. This list may be updated by the secretariat on membership changes. Membership will generally rotate each year, but a sub-regional representative may serve up to a maximum of two consecutive one year terms, for example for reasons of continuity in relation to a particular committee issue or task.
7. To the extent possible and for the purposes of balancing continuity and change, sub-regional representatives’ terms on the committee will be staggered, so that approximately two or three of the five sub-regional representatives change each year.
8. Each sub-region will also select an alternate sub-regional representative each year to represent the sub-region in the event that no delegate from the sub-regional representative is available to participate in a committee meeting. Further guidance on the selection, roles and responsibilities of the alternate sub-regional representative may be provided in the GC rules of procedures.
9. The APG membership will approve the committee’s member-composition each year at the annual meeting including any extension of term of current sub-regional representatives.

D. MEETINGS

10. The APG Co-Chairs will preside over committee meetings.
11. Sub-regional representatives represent their regions and not their own jurisdictions. Sub-regional representatives must consult with their sub-regional members on all issues before committee meetings.
12. The committee will meet at least five (5) times per year, including one face-to-face meeting at the annual meeting. Other than face-to-face meetings, communication within the committee will normally be by e-mail and tele-conference.

Quorum for GC Meetings

13. A quorum for committee meetings shall be one APG Co-Chair and the five sub-regional representatives.
14. In the event that no more than one sub-regional delegate is unable to attend a meeting for technical or other reasons, and (a) has not instructed the alternate representative to attend on their behalf; and (b) the GC does not have written comments from the relevant sub-region in accordance with the rules of procedure, the Co-Chairs, on the advice of the GC delegates present, may proceed with the meeting. However, those delegates present may decide that some agenda items require all delegates present and adjourn those items to the next GC meeting. Following the GC meeting in these circumstances, the absent delegate will be informed of the decision and if that delegate lodges an objection to any GC decision(s), those items will be re-considered at the next GC meeting.¹

E. FUNCTIONS AND AUTHORITY

15. The functions of the Governance Committee are to:
 - a) Provide Co-Chairs and members with strategic advice on the structure, functioning and support for the APG;
 - b) Consider and decide issues referred to it by the membership on a consensus basis;
 - c) Consider and decide issues referred to it by the Mutual Evaluation and Operations Committees as provided in their respective ToRs on a consensus basis; and
 - d) Consider and decide on observer applications.
16. To achieve its advice and support purpose, the committee will:
 - a) Consider governance and other issues of strategic importance referred to it;
 - b) Through its five sub-regional representatives, engage and consult with APG members in the APG's five sub-regions to obtain their input on all issues;
 - c) Provide advice to the APG Co-Chairs and APG members through the APG Secretariat on issues of strategic importance;
 - d) Advise on potential future Co-Chairs of the APG;
 - e) Assist with engaging and influencing all APG members to effectively participate in APG activities, committees and working groups, including leading or sponsoring specific APG projects;

¹ Paragraph 14 was agreed at the 2019 annual meeting as an amendment to the quorum rule.

- f) 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 in accordance with the APG Terms of Reference (section 5.5).

17. In exercising its decision-making powers the committee will:

- a) In relation to any potential membership action, in accordance with the APG Terms of Reference 2012² and APG Third Round Mutual Evaluation Procedures, and considering recommendations from the Mutual Evaluation Committee:
 - i. For FURs involving the application of more serious membership action (referral to the International Cooperation Review Group; issuing of a public statement, or partial suspension/suspension/termination of membership), make recommendations to the APG membership;
- b) Approve the deployment of high-level visits subsequent to decisions made by members at annual meetings (that is, where the decision whether and/or when to proceed with a high-level visit has been delegated to the committee by the membership);
- c) Adopt appropriate measures on other membership issues considered by the committee (e.g., failure to pay fees, breaches of APG communication policy) in accordance with the APG Terms of Reference (sections 5.4 and 5.10);
- d) Issue policy documents as decided by membership;
- e) Approve issues for, and format of, the annual meeting agenda;
- f) On behalf of the membership, adopt annual business plan reports, FATF associate membership reports, and voluntary tax compliance reports;
- g) Refer any matter to the membership which the committee believes needs to be considered by the full membership in plenary, rather than through the mechanism of the committee (e.g. serious membership or other significant governance issues); and
- h) Take decisions on any other matter specifically referred by the membership to the committee for decision.

F. DECISION-MAKING

- 18. The committee will, in consultation with members in each sub-region, consider and decide by consensus on issues referred to it by the membership, the Mutual Evaluation Committee and Operations Committee.
- 19. When the committee exercises its decision-making powers (rather than providing advice), immediate past and nominated future Co-Chairs who are members of the committee will be represented (for decision-making purposes) by their sub-regional representatives on the governance committee.
- 20. The APG continues to be a consensus body.
- 21. For the purpose of determining whether consensus is reached in the Governance Committee, “consensus” will continue to have the same meaning as applies when the membership meets in

² The measures set out in sub-paragraphs 16(c)(i) and (ii) are derived from and consistent with section 5.4 of the APG Terms of Reference 2012, which set out the less serious and more serious measures that may be taken, generally on a graduated basis, for failure to satisfy membership requirements, and the process for deciding on application of such measures. The APG ToRs delegate to the Governance Committee the authority to apply less serious measures following consultation with, and with the agreement of, the membership.

plenary³. That is, when exercising decision-making powers, each of the sub-regional representatives of the Governance Committee must consult with the members of its sub-region and will declare the position of those members when asked by the Co-Chairs. The total number of APG members from the five sub-regions that support or oppose a proposed decision/course of action will be taken into consideration when determining whether or not consensus was reached in the GC. Jurisdictions that did not express an opinion on an issue during the consultation process will be presumed to support the decision proposed for adoption to the committee, in accordance with established APG practice⁴.

22. The committee may set out more detailed procedures regarding the consultation process in its rules of procedure.

G. PROCEDURE

23. The committee will develop its own rules of procedure to complement these Terms of Reference, including on the process of consultation by sub-regional representatives. All other procedures not covered in these Terms of Reference may be provided here. Any rules of procedure will be attached to these Terms of Reference.

24. For the avoidance of doubt, no rules of procedure can override these Terms of Reference.

H. REPORTING

25. The Co-Chairs will provide activities reports to the membership at APG annual meetings.
26. The committee will also report to the membership out of session twice yearly, in November and March, in relation to decisions taken on behalf of the membership and the committees during the previous reporting period.

I. APG SECRETARIAT ROLE

27. The APG Secretariat will provide advice and administrative support to the committee. The Executive Secretary will be invited to attend each meeting of the committee but not as a member of the committee.

28. In its advisory role the APG Secretariat will:

- a) Raise issues of structure, functioning and support for the APG to the members of the committee in accordance with the APG Terms of Reference;
- b) Prepare briefing papers for committee members on issues for consideration and decision;
- c) Prepare draft APG policy papers for committee members' consideration prior to Annual Meetings; and
- d) Provide such other advisory support as required by the Co-Chairs and/or committee members.

29. The administrative support provided to the APG Secretariat to the committee will be provided by:

³ In broad terms, this means that all but three of four members support a proposed decision/course of action (either explicitly or through silent consent); if three or four APG members oppose a proposed decision/course of action, there is no consensus.

⁴ Where more than one option has been put to members for consideration, all jurisdictions that did not express an opinion during the consultation process will be noted and the GC will decide what, if any, further consultation will take place.

- a) Attending committee meetings in support the committee but not as a member of the committee;
- b) Recording and collating results of each sub-region's election of their representatives;
- c) Assisting members to share information with, and seek input from, other members of their sub region;
- d) Scheduling committee meetings as required when members are available;
- e) Providing telephonic or other conference facilities for meetings;
- f) Recording and distributing minutes of meetings;
- g) Briefing Co-Chairs before committee meetings;
- h) Organising meetings of sub-regions held in the margins of APG annual meetings; and
- i) Such other administrative support as required by the Co-Chairs and/or committee members.

J. RESOURCES

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

Re-issued (and amended) by:

APG Membership
2019 Annual Meeting
20 August 2019

APG GEOGRAPHICAL (SUB-REGIONAL) AREAS
(Paragraph 6 of Governance Committee Terms of Reference)

Sub-Region	Participating Members (with effect: July 2018)	Other jurisdictions (includes non-observers)
North Asia	<ol style="list-style-type: none"> 1. China, People's Republic of 2. Hong Kong, China 3. Japan 4. Macao, China 5. Mongolia 6. Republic of Korea 7. Chinese Taipei 	<ul style="list-style-type: none"> • Democratic People's Republic of Korea (observer) • Russian Federation (observer)
Pacific Islands	<ol style="list-style-type: none"> 8. Cook Islands 9. Fiji 10. Marshall Islands 11. Nauru 12. Niue 13. Palau 14. Papua New Guinea 15. Samoa 16. Solomon Islands 17. Tonga 18. Vanuatu 	<ul style="list-style-type: none"> • Kiribati (observer) • Federated States of Micronesia (observer) • Tuvalu (observer) • Northern Marianas Islands
South Asia	<ol style="list-style-type: none"> 19. Afghanistan 20. Bangladesh 21. Bhutan 22. India 23. Maldives 24. Nepal 25. Pakistan 26. Sri Lanka 	
South East Asia	<ol style="list-style-type: none"> 27. Brunei Darussalam 28. Cambodia 29. Indonesia 30. Lao PDR 31. Malaysia 32. Myanmar 33. Philippines 34. Singapore 35. Thailand 36. Timor Leste 37. Vietnam 	
CANZUS	<ol style="list-style-type: none"> 38. Australia 39. Canada 40. New Zealand 41. United States 	

GOVERNANCE COMMITTEE RULES OF PROCEDURE

Under paragraph 22 of the Governance Committee Terms of Reference (ToR), the committee may approve rules of procedure. The committee has approved the following rules.

Rule # 1: Selection, Roles and Responsibilities of Alternate Sub-Regional Representative

Sub-regional Representatives

1. Under section C of the ToR, every year members from each APG geographical sub-region will select a sub-regional representative (SRR) (jurisdiction) to participate in GC meetings. They will also select an alternate sub-regional representative (ASRR) (jurisdiction) in the event of the unavailability of the first.
2. Sub-regional representatives (including ASRR when necessary) will:
 - nominate an official to act as sub-regional delegate on behalf of their sub-region in the GC; and
 - nominate an alternate official to act in that capacity in the event that the primary delegate is unavailable.
3. Alternate representatives and officials (as above) will have the same responsibilities as the primary representatives (including consulting with their sub-region prior to meetings in accordance with section D of the ToR).

Rule # 2: Consultation By Sub-Regional Representatives

4. Prior to each GC meeting, the secretariat will:
 - (i) upload all relevant documents to a dedicated area of the members' section of the APG website; and
 - (ii) send an email to all members advising them that the documents are available and that their sub-regional representative will be seeking their views on the issues to be discussed;
5. Under section D of the ToR, sub-regional representatives must consult with their sub-regions on all issues before committee meetings. Given that the GC makes its decisions applying the APG's normal consensus rule, consultation is critical to the effective operation of the GC.
6. Section F of the ToRs provide further that, when exercising its decision-making powers, and for determining whether consensus is reached:
 - (i) each sub-regional representative must consult in a timely and transparent manner with all members of its sub-region; and
 - (ii) following consultation the position of all individual jurisdictions within each sub-region will be declared when called for by the Co-Chairs.
7. The total number of APG members from the five sub-regions that support or oppose a proposed decision/course of action will be taken into consideration when determining whether or not consensus was reached in the GC.

Consultation prior to/for GC meetings

8. To ensure that effective consultation occurs, the following procedures will apply:
- Consultation can be undertaken by email or by sub-regional teleconference as determined within each sub-region;
 - The sub-regional representative will encourage feedback from the sub-regional members and share the views of sub-regional members within the sub-region as appropriate to encourage feedback and to reach consensus on an issue;
 - Results of the outcomes of the consultation will be recorded as necessary by the SRR and shared with the sub-region prior to the GC meeting when necessary or when needed, and with the GC when called upon to do so. The table at Annex A provides a template that may be used for this purpose.
9. Jurisdictions that do not express an opinion on an issue during the consultation process will be presumed to support the decision proposed for adoption to the GC. In exceptional circumstances – for example, on very important governance or membership issues – where a sub-regional representative is unable to obtain the explicit views of members from its sub-region, the sub-regional representative may request the APG Co-Chair to direct the APG secretariat to facilitate a sub-regional teleconference to further encourage members’ feedback.

Other consultation

10. The GC is sometimes required to consider issues ‘out-of-session’ by email, for example for urgent issues or where it is not possible to establish a quorum for a teleconference meeting in a timely manner. Where this occurs, the same procedures outlined above will generally apply, modified as necessary to reflect the use of email rather than a teleconference meeting.

Issued by:

Governance Committee
September 2018

ANNEX A TO RULES OF PROCEDURE

Outcomes of Sub-regional Consultation

1. Sub-regional representatives are required to record the results of their consultation and to share the position of all individual jurisdictions within each sub-region with the GC when called for by the Co-Chairs
2. There is no prescribed format for recording the results of sub-regional consultation, but SRRs may wish to use/adapt the following template as appropriate:

Example only

Name of Sub-Region: North Asia		Date of GC Meeting: 31 May 2018						
Name of SRR: Macao, China (Mr xxx)		Position/Comments of SR Member						
Name of Alternate SRR: Macao, China (Ms xxx)		Name of SR member						
Agenda item:	Description and decision sought	China	Hong Kong, China	Japan	Macao, China	Mongolia	Korea	Chinese Taipei
3.a	Finance issues, including possible upgrades to APG website							
4.a	Observer application – Alliance for Financial Inclusion (AFI)							
4.c	Report from ad hoc working group/committee restructure							
4.d	APG mandate issues							
4.e	Annual meeting preparation							
6	Information noting items (by exception)							