



**EGMONT GROUP OF FINANCIAL INTELLIGENCE UNITS  
SUPPORT AND COMPLIANCE PROCESS**

**Approved by the Egmont Group Heads of Financial Intelligence Units**

**June 2014<sup>1</sup>**

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<sup>1</sup> In June 2015, the Heads of FIUs approved a revision on Procedural Trigger 5 to include applicable procedure for non-completion of the Egmont Biennial Census.

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## EGMONT GROUP OF FINANCIAL INTELLIGENCE UNITS

### SUPPORT AND COMPLIANCE PROCESS

#### A. Introduction and History

The Egmont Group was established in 1995 to facilitate the cooperation of entities now known as financial intelligence units (FIUs) to combat money laundering. Over time the mission of FIUs and the Egmont Group has expanded to include combating money laundering, associated predicate offenses and terrorism financing. In essence, the Egmont Group is about international collaboration and cooperation between FIUs.

The Egmont Group *Charter* and *Principles for Information Exchange between Financial Intelligence Units (FIUs)* establish operational standards for Members to improve international cooperation between FIUs globally. The Egmont Group Members are expected to meet the requirements established by the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*. The Egmont Group would encounter reputational risks and each Member would assume operational risks in sharing FIU information with Members if Egmont had no process to confirm that Members were complying with the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*. A transparent, equitable and effective mechanism is needed to ensure accountability of Members and the reputation of the Egmont Group.

The procedure for the acceptance of new Members into the Egmont Group is well established, equitable and transparent. The Egmont Group will not admit to its membership an FIU that does not have adequate legal basis for its functions, fails to meet the definition of an FIU, refuses to cooperate with other FIUs or is unable to demonstrate its operational status. In order to ensure equitable treatment, and maintain the standards of the Egmont Group, the same criteria must apply equally to new and existing Egmont Group Members.

The Egmont Group has recognized the need to develop a process for identifying and taking action in situations when a Member no longer functions consistent with the *Charter* and the *Principles for Information Exchange for Financial Intelligence Units*. The obligations of Members are defined in the *Egmont Charter* and the *Principles for Information Exchange for Financial Intelligence Units*. The Heads of FIU agreed at the 11<sup>th</sup> plenary held in Australia that the need for accountability goes to the credibility of the Egmont Group and established a compliance process. Since then, the Egmont

membership has grown significantly and the organisation has matured. As a result of the significant growth, development and the continuing challenges of international cooperation and information exchange, there was a call by the Heads of FIU to develop an improved compliance process with clearer procedures, roles and responsibilities. In response to the call by the HoFIU, a review took place in the context of the Charter Review Project endorsed by HoFIU following the 19<sup>th</sup> plenary in Armenia. This paper is the result of that review.

## B. Purpose

The *Support and Compliance Process* was designed to meet the needs identified by the HoFIU in Armenia. The *Support and Compliance Process* provides the Egmont Group with a mechanism to identify Members that are deficient in meeting the requirements of the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units* and positively engage them in an effort to enhance the Members' effectiveness as AML/CFT global partners. The goal is NOT to expel Members. The *Support and Compliance Process* mechanism focuses on engagement, communication, and assistance,<sup>2</sup> while utilizing sanctions as a last resort.

This document outlines the process to manage non-communicative, non-cooperative or non-compliant FIUs that are Members<sup>3</sup> of the Egmont Group. The process is not meant to be lengthy or cumbersome. This document clarifies the roles and responsibilities of Egmont Members, and Egmont officials, while ensuring fairness, transparency as approved by the Heads of FIU and also allowing for flexibility. The *Support and Compliance Process* is designed to identify Members not meeting requirements established in the *Charter* and/or the *Principles for Information Exchange between Financial Intelligence Units*, marshal limited training and technical resources to help them and leverage peer pressure to address recalcitrant Members through an equitable, transparent and engaging process.

At the outset, it is important to understand that certain key policy assumptions underlie this document:

- 1) **Assistance is provided to Members.** There is an overarching assumption that assistance will be given to remedy any matter that may cause an FIU to be in breach of the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*. The process aims to prevent or resolve matters concerning non-communicativeness, non-cooperativeness or non-compliance of Members and provides that assistance should be given to overcome any difficulties that may prevent them from functioning properly.

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<sup>2</sup> The Egmont Charter refers to Egmont as providing support to its Members to enhance capacity. Such engagement can be resource intensive; therefore, Egmont will actively engage with its Observers, other AML/CFT partners, and other donor agencies to attain the resources to provide support to its Members so that they may meet the requirements established in the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*. Such engagement may inform the development of Egmont's Strategic Plans.

<sup>3</sup> FIUs that fail to meet the requirements of the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*.

- 2) **Early resolution is available.** All problems should be resolved at the earliest possible stage. The *Support and Compliance Process* should only be enacted when necessary and discontinued at the appropriate stage when it has been demonstrated that the matter has been effectively resolved.
- 3) **Fairness and transparency are real and apparent.** To ensure fairness and transparency, each step of the process will be properly documented in writing and communicated to all relevant parties to allow for proper representation. The Heads of FIU is the ultimate decision-making body.
- 4) **Flexibility is required.** Non-communication, non-cooperation or non-compliance should be addressed in a manner that is proportional to the gravity of the issue and the potential risks to Egmont Group Members and the Egmont Group. When problems have a multilateral dimension or may be particularly damaging to the Egmont Group, the process can be streamlined and all Egmont Group Members should be notified accordingly.
- 5) **Sanction is taken only as a last resort.** The focus is engagement, assistance and communication. However, when this fails, appropriate sanctions may be imposed as a result of a decision by the Heads of FIU.

### C. Support mechanism related to the compliance process

The Egmont Group recognizes the need to provide assistance to Members having difficulty meeting the requirements of the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*. As a global body, the Egmont Group has a vast amount of FIU expertise but limited financial resources. The Egmont Group has multiple Working Groups (i.e., Legal Working Group (LWG), Operational Working Group (OpWG), Training Working Group (TWG), IT Working Group (ITWG) and the Outreach Working Group (OWG)) that cover a wide range of topics relevant to FIUs in need of technical assistance. Examples of Egmont technical assistance includes LWG administrative rulings, strategic and operational projects, a variety of TWG and regional training programs, IT systems and information security, and information derived from sponsoring candidate FIUs to join the Egmont Group. An important challenge of the Egmont Group is to leverage the FIU expertise across the organisation to maximize opportunities to provide technical assistance to Members in need.

As part of the *Support and Compliance Process*, the *Support Mechanism* encompasses a plan developed by the Egmont Group Working Groups to promote effective collaboration across the organisation. The Support Mechanism includes a plan for each Working Group to identify opportunities to provide some technical assistance to Members facing *Support and Compliance Process Reviews*.<sup>4</sup> It also includes a plan based on the collaboration of all Working Groups to identify opportunities to share information and expertise between themselves to help struggling FIUs. The plan also includes coordination between the Working Groups, Egmont Regional Representatives and selected Observer organisations. Successful implementation of the Plan will require a commitment of time and resources of the involved personnel.

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<sup>4</sup> This term refers to a review by the Egmont Group of issues once the compliance process has been triggered.

The Working Group Chairs in coordination with each other and in consultation with the Regional Representatives are encouraged to develop a Support Plan to address, at a minimum, the following: (1) how to coordinate across Working Groups as appropriate to share information about Members having difficulties (i.e., for newest Members and the other Members); (2) how to coordinate across Working Groups to marshal limited training and technical assistance resources to help Members in difficulty; (3) what categories of training and technical assistance resources does Egmont have available (TWG, ITWG, OpWG, OWG sponsors, administrative rulings of the LWG); (4) how do we better leverage the resources of Observers to provide support to Members; (5) what should a Self-Evaluation Questionnaire for the Support Mechanism contain; and (6) what role should the Regions and Regional Representatives play in coordinating support.

When the compliance process is initiated against a Member, the *Support Mechanism* is triggered. The FIU subject to a compliance process will complete an Egmont Group endorsed *Self-Evaluation Questionnaire* that will clarify the technical assistance needed to assist the Member in addressing the compliance issues. The relevant Working Groups and Regional Representative(s) will stand ready to the extent possible to provide technical assistance as needed, by the FIU in question, and pursuant to the aforementioned Support Plan.

#### **D. FIU-to-FIU dispute mechanism (informal)**

The formal compliance process in no way precludes a Member from trying to resolve informally issues with another Member. Members are strongly encouraged to work bilaterally to resolve disputes before seeking mediation or pursuing an action under the formal compliance process. This provision is designed to empower Members to resolve disputes with other Members on their own as much as possible.

#### **E. Mediation process (informal)**

If FIUs are unable to resolve disputes bilaterally, FIUs may seek the assistance of the relevant Regional Representative(s) to mediate the dispute. Mediation is an option, not a requirement. All parties to mediation must keep confidential information obtained in the course of mediation. The two FIUs are expected to agree upon one or more Regional Representatives for mediation. If the relevant Regional Representatives are unavailable or parties to the dispute, the FIUs may seek counsel from the Chair of the Egmont Group or the Chair's designate. The FIUs and the Regional Representative(s) are expected to agree upon a mediation process. The outcome of mediation is non-binding unless the FIUs agree otherwise.

#### **F. Compliance process (formal)**

The Heads of FIU has determined that there is a need to have a robust compliance process to limit the reputational risk to the Egmont Group and the operational risk to Member FIUs that are non-compliant with *Charter* and/or the *Principles for Information Exchange between Financial Intelligence Units*. The compliance process is flexible and not designed to be lengthy. The compliance aspects of the *Support and Compliance Process* incorporate substantive criteria, procedural triggers, sanctions and a phase-in period for the implementation of this process.

Members involved in a *Support and Compliance Process Review* would be provided the opportunity to represent themselves before the relevant Working Groups, Egmont Committee and Heads of FIU, as appropriate. All written submissions should be properly documented and the Members involved should have access to the relevant information.

## **G. Non-compliance criteria**

**It is important to establish the criteria** that would initiate the *Support and Compliance Process*. These criteria will be used in a transparent and equitable manner with all Egmont Members. This approach will allow for consistent analysis and fair treatment of Members that undergo a *Support and Compliance Process Review*. For a comprehensive list of the compliance criteria, please see Annex A.

There can be numerous circumstances or occurrences that may cause a Member to be non-compliant with the *Charter* and/or the *Principles for Information Exchange between Financial Intelligence Units*. The following are key violations of core responsibilities of Members, as identified in the *Charter* and *Egmont Principles for Information Exchange between Financial Intelligence Units*:

### **1) Non-compliance with the definition of an FIU**

Members are required to comply with the definition of an FIU, as described in the *Egmont Charter*. The definition of an FIU in the *Charter* is consistent with the definition set forth in FATF Recommendation 29 and the FATF Interpretive Note to Recommendation 29, as adopted by FATF in February 2012.

### **2) Non-Compliance with the Egmont Charter and Principles for Information Exchange Between FIUs**

The core function of the Egmont Group is to encourage international cooperation between FIUs. The *Egmont Principles for Information Exchange between Financial Intelligence Units*, which are consistent with FATF Recommendation 40 and the related Interpretive Note on international cooperation, and the *Charter* set the standards for Egmont FIUs for international cooperation and international information exchange. All Members are expected to comply with the *Principles for Information Exchange between Financial Intelligence Units* and the *Charter*.

### **3) Breaches of security / confidentiality**

The ability of an FIU to protect the information that it receives and analyzes affects the integrity of the FIU and its effectiveness in its efforts to combat money laundering, associated predicate offenses and terrorism financing. To ensure the security of information, Egmont Members must institute measures related to physical security, personnel security and information security, including IT security.<sup>5</sup> The FIU security measures adopted should be on a risk basis. A Member must be able to

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<sup>5</sup> See the Egmont work on *Securing an FIU*, which proposes minimum standards/guidance on physical, personnel, and document security. Additional work is underway to address minimum standards for FIUs on information security, disaster recovery and continuity of operations.

protect the confidentiality of information that it receives, including information from other FIUs.

#### 4) Breaches of core Egmont corporate responsibilities

As a Member of the Egmont Group, FIUs agree to practice good governance towards the Egmont Group, including timely payment of annual voluntary contributions, which finance the work of the Egmont Secretariat, complete the Egmont Census in a timely fashion and protect Egmont assets.

## H. Compliance procedures

### 1) Overview

The goal of the *Compliance Process* is to identify and resolve concerns affecting the status of a Member of the Egmont in a collegial, supportive yet accountable manner. There can be numerous circumstances or occurrences that may cause an FIU to be non-compliant with the *Charter* and the *Principles for Information Exchange*. In order to address these circumstances or occurrences, Egmont has developed mechanisms that allow for the examination and engagement with an FIU that may non-compliant with the *Charter* and/or the *Principles for Information Exchange between Financial Intelligence Units*.

Issues with an Egmont Member may be brought forth by any Egmont Group Member, the Heads of FIU, and any member of the Egmont Committee or the Egmont Secretariat. In addition, Egmont may draw upon the work of its Working Groups and AML/CFT assessor bodies, including the Financial Action Task Force (FATF), a FATF Style Regional Body, the International Monetary Fund or the World Bank, to help identify objectionable matters.

The following are procedural triggers, any one of which may launch the *Support and Compliance Process*.

**Procedural Trigger 1: Formal Complaint.** Any Egmont Member may file a formal written complaint with the Egmont Secretariat against another Member. The complaint should identify the FIUs involved and describe in detail the act(s) or failure(s) to act that is the basis of the complaint. A complaint may be supported by relevant documentation.

**Procedural Trigger 2: Information Obtained Affecting a Member's Membership Status.** Whenever the Egmont Group receives and verifies information that may affect a Member's membership status, the Egmont Group will undertake a review of the situation to ensure the Member still meets requirements established in the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*.

**Procedural Trigger 3: Mutual Evaluation Report<sup>6</sup> (MER) Relevant Rating(s).** To leverage

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<sup>6</sup> For the rest of this document, the terms "mutual evaluation report" or "MER" include all assessment reports by assessor bodies, adopted and published or not by FATF or FATF Style Regional Bodies regardless of the formal name of the report.

limited resources and avoid a duplication of effort, the Egmont Group will look to AML/CFT assessor bodies' findings in MERs related to FIUs. Weak MER ratings concerning an FIU do not require an automatic finding of non-compliance with the *Charter* and the *Principles for Information Exchange* but serve as a trigger for a closer review by the Egmont Group pursuant to the *Support and Compliance Process*.

- a. **MER Technical Compliance Assessment** rating of Partially Compliant (PC) or Non-Compliant (NC) for FATF Recommendation 29;
- b. **MER Technical Compliance Assessment** rating of PC or NC for FATF Recommendation 40 and it is **clear** that criteria 40.9 through 40.11 significantly contributed to the overall NC or PC rating for international cooperation;
- c. **MER Effectiveness Assessment** rating of Low Level of Effectiveness (fundamental improvements needed) or Moderate Level of Effectiveness (major improvements needed) for Methodology Immediate Outcome 2 (re: Core Issues 2.3 & 2.4) and Immediate Outcome 6 (re: Core Issues 6.3 & 6.4).

Recognising the need to find the appropriate balance between the international and domestic roles of FIUs vis-à-vis the MER, only certain findings within the MER will be deemed relevant for the purpose of the **MER Technical Compliance Assessment**. These criteria have been taken exclusively from the *Principles of Information Exchange between Financial Intelligence Units*, along with 3 additional criteria taken from the *Charter* that have been deemed relevant for consideration under this assessment. The criteria are as follows:

<b>RECOMMENDATION 29</b>	
<b>Interpretative Notes</b>	<b>Methodology</b>
2a*	29.3
4	29.5
5	29.6
6	29.7(a)
7	
8*	
12*	

\* The asterisked Interpretative Notes currently are not reflected in the *Principles*, although they form a part of the *Charter*.

<b>RECOMMENDATION 40</b>	
<b>Interpretative Notes</b>	<b>Methodology</b>
2	40.1
3	40.2
4	40.3
5	40.4
7	40.5
8	40.6
9	40.7
17	40.8
	40.9
	40.10
	40.11
	40.20

This **MER Effectiveness Trigger** will be implemented over time – not immediately – to provide time for the Egmont Group to understand how the assessor bodies will implement the new Methodology, including how they will measure effectiveness. The Core Issues cited above under this trigger will be finalized at that time for completeness. The Heads of FIU will decide on the

date and procedure for implementing this trigger.

There is no need to delay implementation of the **MER Technical Compliance Assessment Trigger**.

**Procedural Trigger 4: Limited Statistical Review.** This mechanism will help identify, based upon a risk-based approach, Members that are not meeting requirements of the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units* concerning international cooperation between FIUs. **Procedural Trigger 4** relies upon weighted value scores of data captured by the Egmont Census. Based upon information in the Egmont Census, each member will receive a score that will be compared to agreed-upon benchmarks. Members whose scores fall below the benchmarks will require closer attention by the Egmont Committee and relevant Working Groups pursuant to the *Support and Compliance Process Review*. The Secretariat will compile data from the Egmont Census relevant to international cooperation between and among FIUs. A Member's MER, ICRG or Follow-up Report, if applicable, may be considered as a source of data if the Member's Egmont Census is incomplete.

The **Limited Statistical Review** will apply equally to all Members. However, it will be implemented in a measured manner, through a phased-in approach based upon areas of priority as determined by the Egmont Group. See Annex B for more details. A phased-in approach aligned against predetermined priorities is needed to ensure a rational use of the limited resources of the Egmont Group to pursue a compliance process against a Member. This risk-based approach is designed to identify weak Members, conserve limited resources within the Egmont Group, and ensure equitable treatment and continuous implementation by all Members of the requirements established in the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*.

**Procedural Trigger 5: Special Corporate Procedures.** In cases where a Member has not paid its annual membership contribution or has not timely responded to the Egmont Census, the violations are treated as administrative matters. The same is true for Members who have misused Egmont assets after receiving a warning from the Egmont Group. The Egmont Secretariat, in consultation with the Egmont Committee, addresses these matters in accordance with procedures approved by the Heads of FIU.

## 2) Notification procedures

The following procedures have been established to ensure a Member receives adequate and timely notice that a *Support and Compliance Process Review* has been initiated against it.

### **Procedural Trigger 1 (Formal Complaint):**

A Member may file with the Egmont Secretariat a formal complaint about another Member. Filing a formal complaint should be a final resort and not an initial step. The two Members should take all reasonable steps to try and resolve the dispute themselves and informally. Before filing a formal complaint, the complaining Member must demonstrate to the Executive Secretary that bilateral attempts to resolve the issue have failed and that all relevant parties have engaged and are fully aware

of the issue(s).

After the Executive Secretary determines that bilateral engagement has failed:

- a. The Executive Secretary will advise, in writing, the Member that a formal complaint has been filed and the nature of the complaint; and
- b. The Executive Secretary will notify the Egmont Committee of the formal complaint and advise that a letter has been sent to the relevant Regional Representative(s) for appropriate action.

**Procedural Trigger 2 (Information Obtained Affecting a Member’s Membership Status):**

All Members have an on-going obligation to notify the Egmont Group (Egmont Secretariat) about matters that may affect its membership status. Such matters may include a significant change to a Member’s legal authorities, structure, and operations, which may affect its ability to meet the requirements set by the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*. If such Member fails to report the relevant information to the Egmont Secretariat, any Member or Egmont Committee representative may notify the Egmont Secretariat of new information that may call into question a Member’s compliance with the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*. Under **Procedural Trigger 2**, the Egmont Secretariat will notify the Egmont Member that a *Support and Compliance Process Review* has been initiated.

**Procedural Trigger 3 (Mutual Evaluation Ratings):**

The Secretariat will monitor the MERs of all Members. As described above, a weak MER rating related to the FIU can cause the initiation of a *Support and Compliance Process Review* under **Procedural Trigger 3**. The Secretariat will inform the Member that such a review has started.

**Procedural Trigger 4 (Limited Statistical Review):**

A *Support and Compliance Process Review* will occur when a **Limited Statistical Review** of Members’ data indicates that a Member is not meeting the international cooperation requirements in the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*. In that case, the Secretariat will notify a Member that a *Support and Compliance Process Review* has been initiated under **Procedural Trigger 4**.

**Procedural Trigger 5 (Special Corporate Procedures):**

The Secretariat will notify a Member that a *Support and Compliance Process Review* has been initiated under **Procedural Trigger 5**. The Secretariat will send the Member correspondence about the particular shortfall under review.

### 3) Compliance procedures

The *Support and Compliance Process* incorporates five procedural triggers, any one of which may initiate the *Support and Compliance Process Review*. After the Member receives notification, as described above, of the initiation of a *Support and Compliance Process Review*, the following procedure applies:

#### **Procedural Trigger 1 (Formal Complaint):**

- a. **Role of the Regional Representatives.** The Executive Secretary will refer unresolved issues at the bilateral level to the relevant Regional Representative(s), who through formal mediation<sup>7</sup> will intercede and try to resolve the matter. If a dispute involves two Members from different regions, the Regional Representatives for both regions should also be involved in the process. At this stage, the Regional Representative(s) should facilitate communication between all concerned parties in order to work towards a resolution which could involve preparing and implementing an action plan. The range of methods available to favorably resolve the issue includes, but is not limited to, correspondence, formal mediation, a hearing, monitoring, or on-site visits, as a last resort. When no resolution can be reached, the Regional Representative(s) should refer the matter to the attention of the Egmont Committee.
- b. **Role of the Egmont Committee.** If the Regional Representative(s) cannot favorably resolve the matter, the Regional Representative advises the Egmont Committee and the Egmont Committee takes the matter under consideration. The Chair of the Egmont Group will notify, in writing, the Member that the Egmont Committee is reviewing the matter. The Egmont Committee has the prerogative to take the following actions:
  - a. Refer the matter back to the Regional Representative(s) for further consultation;
  - b. Refer the matter to an appropriate Working Group<sup>8</sup> for analysis and recommendations; and
  - c. Refer the matter directly to the Heads of FIU for immediate action.
- c. **Role of Working Groups.** For cases referred to an appropriate Working Group(s)<sup>9</sup> by the

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<sup>7</sup> Involvement of a Regional Representative as a mediator under the compliance process constitutes formal mediation. As with informal mediation, the terms and process of mediation are to be decided by the FIUs involved in the dispute. The results of formal mediation are non-binding unless the Members agree otherwise. If a Regional Representative is one of the parties to the dispute, the Members may consult the Chair of the Egmont Group or the Chair's designate.

<sup>8</sup> For example, the LWG would be responsible for determining if there are grounds for a formal complaint regarding non-compliance and would consider consulting other Working Groups, depending on the nature of the complaint. During this process, it is important that any formal undertaking be fair, transparent and complete. Thus, all Members involved should have the opportunity to represent themselves before the LWG. As previously mentioned, all items should be properly documented and all parties involved should have access to the relevant information. The LWG would submit its findings to the Egmont Committee in a written report. The Egmont Committee could request periodic updates from the LWG during the course of its analysis.

<sup>9</sup> In the event that non-compliance issues call upon the expertise of more than one Working Group, the Egmont

Egmont Committee, the Working Group(s) will study the matter and determine whether the complaint has merit. The Working Group(s) will prepare written findings for the Egmont Committee. The Working Groups will ensure that their findings and recommendations are consistent with prior work on similar issues to maintain consistency of Egmont findings.

Possible outcomes of the Working Group(s)' review may include:

- i. **Review is formally closed** – The relevant Working Group(s) determined that the Member meets the requirements established in the *Charter* and the *Principles for Information Exchange between Financial Intelligence Units* and/or a non-compliance issue does not exist.
  - ii. **Developing an action plan to rectify non-compliance** – When it is determined that a non-compliance issue exists and the Member is willing to address the issue, an agreement should be reached for the resolution of the matter as quickly as possible. An action plan, including clear deliverables and timelines, should be developed by the Member and presented to the relevant Working Group(s). Technical assistance may be considered, depending upon the circumstances.
  - iii. **Monitoring action plan** - Once an action plan is agreed upon, the relevant Working Group(s) will monitor the progress made by the Member in implementing the necessary measures to resolve non-compliance issues. The Member will need to demonstrate that the action plan has been fully implemented in a timely manner in order for the *Support and Compliance Process* to end. Measures must be clear and concrete to be considered satisfactory. The designated Working Group will keep the Egmont Committee updated.
  - iv. **Referring the matter to the Egmont Committee** – Referral to the Egmont Committee will occur when it is determined that a non-compliance issue exists and (a) the Member is unwilling to address the issue, (b) the Member has failed to fully implement the action plan in a timely manner, or (c) the non-compliance issue is/could be particularly damaging to the Egmont Group and its Members. In instance (c), the issue is immediately referred to the Egmont Committee. Matters referred by a Working Group will be acted upon by the Egmont Committee as provided immediately below.
- d. **Role of the Egmont Committee.** The Egmont Committee will review the matter and either provide a recommendation to the Heads of FIU for appropriate action or advise that the matter has been favorably resolved in the interim. The Egmont Committee may make its determination without referring the matter back to a Working Group(s). The Egmont Committee will ensure that their findings and recommendations are consistent with prior work on similar issues to maintain consistency of Egmont findings.

The following are possible courses of action taken by the Egmont Committee and proposed to the Heads of FIU:

- i. **The matter is formally closed and no further action taken** - The Egmont Committee determines that there are no grounds or insufficient grounds for a formal complaint. In that case, the Chair of Egmont Group would notify, in writing, all relevant parties of the decision.

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Committee will select a Working Group Chair to take the lead and coordinate work across the Working Groups.

- ii. **Complaint substantiated and the Member has engaged with the Egmont Group and sought assistance.** When the Egmont Committee determines that a formal complaint has been substantiated, the Chair of the Egmont Group notifies the Member in writing, and the Member is willing to positively engage the Egmont Group, the Egmont Committee will propose to the Heads of FIU an agreement. The agreement between the Egmont Group and the Member will require the establishment and implementation of an action plan with clear deliverables and timelines to address the non-compliance issue(s). The action plan may involve any of the following or more as needed: updated reports by the Member, technical assistance, capacity building, or mentoring. The action plan would be developed in consultation with the TWG and/or any other relevant Working Groups. When more than one Working Group is involved in the *Support and Compliance Process*, the Egmont Committee will select one Working Group to take the lead to coordinate actions.

The Egmont Committee<sup>10</sup> will monitor the progress made by the Member in implementing the action plan and will provide the Heads of FIU with periodic updates. The Member will need to clearly demonstrate that it has fully implemented the action plan in order to be removed from the *Support and Compliance Process*.

The Chair of the Egmont Group will update the Heads of FIU on the progress made by the Member.

- iii. **FIU has been advised in writing by the Chair of the Egmont Group that a formal complaint has been substantiated but the Member does not engage the Egmont Group.** The Egmont Committee will recommend that the Chair of the Egmont Group send a letter of non-compliance to the Member. The letter would outline the Egmont Committee's concerns regarding the substantiated complaint as well as the lack of engagement by the Member. The letter will provide a deadline and request immediate action by the Member; the letter may also identify a designated Working Group(s) for follow up. If the deadline is not met and positive engagement has commenced, the Egmont Committee may recommend to the Heads of FIU that the Member be appropriately sanctioned.

e. **Role of Heads of FIU.** They will decide what action, if any, to take.

**Procedural Trigger 1 (Formal Complaint)** is, arguably, the most sensitive of all of the triggers. The Egmont Group has always been considered a collegial organisation. When a Member files a formal complaint against a fellow Member, it is a delicate matter that must be managed efficiently, effectively, and the process must be engaging, transparent and consistent. Due to the nature of **Procedural Trigger 1**, it is managed somewhat differently than the others.

### **Procedural Trigger 2 (Information Obtained Affecting a Member's Membership Status):**

When the Egmont Group receives verifiable information that draws into question whether a Member continues to meet the requirements established in the *Charter* and the *Principles for Information*

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<sup>10</sup> The Egmont Committee has the same prerogative on the appropriate course of action as indicated in Section H 3  
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*Exchange between Financial Intelligence Units*, and the Member receives notice as required above, the following procedure applies:

- a. The Egmont Secretariat will:
  - i. Be the designated entity to receive any information concerning changes to the legal authorities, structure, or operations of the Member;
  - ii. Conduct a limited preliminary review and submit a report to the Egmont Committee; and
  - iii. Review the Egmont Census and identify any potential issues in a report to the Egmont Committee.
- b. Matters referred by the Secretariat will be acted upon by the Egmont Committee, Working Groups and Heads of FIU, as provided in Section H 3 b et seq.
- c. An Egmont Working Group may also trigger this procedure if the Working Group obtains new information that implicates its membership status. The Working Group will immediately inform the Egmont Committee of such action. The Egmont Committee will follow up as provided in Section H 3 b et seq.

Members are encouraged to forward any relevant information related to **Procedural Trigger 2** directly to the Secretariat.

### **Procedural Trigger 3 (Mutual Evaluation Ratings):**

After a Member receives notice as described above, the following procedure applies:

- a. The Egmont Secretariat will:
  - i. Monitor and collect Members' most recent MER on FATF Recommendations 29 and 40 and relevant parts of Immediate Outcomes 2 and 6 (this information will be captured in the Egmont Census); and
  - ii. If the relevant MER rating meets the criteria for **Procedural Trigger 3**, the Secretariat will refer the matter to the Egmont Committee for appropriate action.
- b. Matters referred by the Secretariat will be acted upon by the Egmont Committee, Working Groups and Heads of FIU, as provided in Section H 3 b et seq.

### **Procedural Trigger 4 (Limited Statistical Review):**

After a Member receives notice, as described above, the following procedure applies:

- a. The Egmont Secretariat will:
  - i. Compile data, from the Egmont Census, and compare data to the benchmarks in Annex

B; and

- ii. Report to the Egmont Committee any Member whose data fails to meet the benchmarks in Annex B.
- b. Matters referred by the Secretariat will be acted upon by the Egmont Committee, Working Groups and Heads of FIU, as provided in Section H 3 b et seq.

**Procedural Trigger 5 (Special Corporate Procedures):**

After a Member receives notice, as described above, the following procedure applies:

***For Non-Payment of the Annual Voluntary Contribution***

- a. Any membership contribution that remains unpaid 90 days after the due date is subject to a 25% surcharge.
- b. If a Member's contribution is not received within 30 days after due date, the Executive Secretary will send a written reminder to the Member requesting immediate payment of the contribution.
- c. If payment is still not received within 30 days after the first reminder (60 days after the original date due) by the Executive Secretary, the Executive Secretary will send a second reminder requesting immediate payment of the contribution.
- d. If payment is not received after 90 days, the Executive Secretary will write to the Member with outstanding membership contributions, copied to the Regional Representative, requesting immediate payment of the membership contribution and the 25% surcharge. The Executive Secretary will inform the Member that if payment is not made immediately, the matter will be referred to the Egmont Committee for an instruction to the Executive Secretary to issue a Warning of Suspension.
- e. If all outstanding membership contributions, including the surcharge, are not paid within six (6) months after the original due date, membership of the delinquent Member from the Egmont Group will be suspended until payment of the required contribution and surcharge are made. The Executive Secretary will inform the Member that its membership has been suspended due to non-payment.
- f. Should the arrears continue until the next financial year (15 months from the original due date), the Heads of FIU may consider removal of the delinquent Member from the Egmont Group.

***For non-completion of the Egmont Biennial Census***

- a. The Member shall submit the completed Egmont Group Census within 90 days of initial request to complete and to submit on ESW.
- b. If the Member has not submitted the completed Egmont Group Census or the submitted

Egmont Group Census has been completed partially, the Executive Secretary shall send a written reminder to the Member requesting to complete the Egmont Group Census or to deliver a comprehensive explanation of the reason for deficiency or delay. A copy of the reminder shall be sent to the Regional Representative, who shall initiate direct contact with the Member to secure understanding of any underlying issues and offer support where applicable. The Member shall complete the Egmont Group Census or deliver the comprehensive explanation of the reason for deficiency or delay within 30 days after the written reminder by the Executive Secretary.

- c. If the completed Egmont Group Census or a comprehensive explanation of the reason for deficiency or delay is still not received within 30 days after the first reminder by the Executive Secretary, the Executive Secretary shall send a second reminder requesting to complete or to deliver a comprehensive explanation of the reason for deficiency or delay. A copy of the second reminder shall also be sent to the Regional Representative and the Egmont Committee, The Member shall complete the Egmont Group Census and deliver the comprehensive explanation of the reason for deficiency or delay within 30 days after the second reminder sent by the Executive Secretary.
- d. If the completed Egmont Group Census or a comprehensive explanation of the reason for deficiency or delay is still not received within 30 days after the second reminder by the Executive Secretary, the Executive Secretary shall issue a letter warning that the issue has been referred to the Egmont Committee. The Egmont Committee will be asked to consider what appropriate sanctions should be applied next if an Egmont Group Census not be received. Appropriate sanctions could include not permitting the FIU to use Egmont training facilities, not permitting the FIU to attend WG meetings, a ban from Egmont Group meetings, suspension of ESW accounts.
- e. If all the data necessary to merit successful compliance with the Egmont Group Census submission has not been received within 30 days after the action/decision of the Egmont Committee has been communicated to the Member, the Executive Secretary will issue a Warning of suspension.
- f. Should the non-completion Egmont Group Census continue, the Heads of FIU may consider removal of the delinquent Member from the Egmont Group.

***For Violations of Other Core Corporate Responsibilities***

- a. The Egmont Secretariat will:
  - i. Be the designated entity to receive any relevant information; and
  - ii. Conduct a limited preliminary review and submit a report to the Egmont Committee.
- b. Matters referred by the Secretariat will be acted upon by the Egmont Committee, Working Groups and Heads of FIU, as provided in Section H 3 b et seq.

## I. Sanctions and other possible measures to be taken by Heads of FIU

As the ultimate governing body of the Egmont Group, the Heads of FIU has the power to determine the appropriate sanctions of Members that violate the *Charter* and/or the *Principles for Information Exchange between Financial Intelligence Units*. The Egmont Committee is an advisory body to the Heads of FIU and, as such, Egmont Committee recommendations on the course of action of non-compliant Members should be considered by the Heads of FIU. Sanctions are implemented as a last resort, only when all other engagement has failed. Only the Heads of FIU may authorize sanctions. The primary goal of the *Support and Compliance Process* is not to adversely affect the reputation or membership status of an FIU. However, if support engagement for a Member is ineffective and the Member continuously fails to meet the requirements established by the *Charter* and/or the *Principles for Information Exchange between Financial Intelligence Units*, Egmont will consider sanctioning the Member. The range of measures that the Heads of FIU may take on compliance matters include, but are not limited to the following:

- a) **Matter is settled** – the Heads of FIU determine that the case does not require any further action.
- b) **Warning** – the HoFIU may decide to issue a warning to notify a Member of its non-compliance with the *Charter* and/or the *Principles for Information Exchange between Financial Intelligence Units*, and seek immediate corrective action.
- c) **Warning of suspension** – Heads of FIU may determine that the gravity of the matter warrants this action. Typically, this sanction would be considered the first time a Member has been found to be non-compliant with the *Charter* and/or the *Principles for Information Exchange* and an agreed-upon action plan. The non-complying Member will have one (1) year to implement the necessary measures to address the non-compliance issue. At this stage of the compliance process, a commitment to implement an action plan would not be sufficient to lift the warning of suspension. Concrete measures would be required. The warning of suspension may be extended by Heads of FIU if it can be concretely assessed that substantial progress has been made by the FIU in implementing the action plan in taking corrective action.
- d) **Limiting participation in Egmont activities** – the Heads of FIU may decide to implement one or more of the following options:
- e) **Ban from Egmont meetings** – The non-complying Member and all of its delegates would not be allowed to participate in future Egmont meetings, aside from the opportunities to represent itself on non-compliance issues before the Regional Representatives, the designated Working Group(s), Egmont Committee, or the Heads of FIU.
- f) **Ban from Egmont training sessions** – The non-complying Member and all of its delegates would not be allowed to participate in training sessions sponsored or organized by the Egmont Group until the non-compliance matter has been fully addressed.
- g) **Suspension of ESW accounts** – The non-complying Member and all of its delegates would lose access to the ESW until the non-compliance matter has been fully addressed.
- h) **Suspension**<sup>11</sup> – Where a warning of suspension has been given but still the issue remains or

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<sup>11</sup> The Egmont Committee will make a recommendation to the Heads of FIU regarding the public disclosure of suspension, removal from membership status or any action taken on a non-compliance issue. This decision should be based on the gravity and extent of the non-compliance issue. In cases where the recommendation is to be made public, the Egmont Committee must provide justification for its decision. If public disclosure is authorized by the Heads of FIU, communication channels such as the Egmont Group Newsletter, a press release or the Egmont public

the circumstances have been determined to be more serious than originally thought, the Heads of FIU may impose a suspension. A suspended Member will be banned from participating in Egmont activities. A suspended Member will be denied access to the ESW. The length of a suspension would be determined based on the circumstances. A suspension may be lifted only after the Member demonstrates that the non-compliance issue(s) have been effectively resolved through concrete measures.

- i) **Removal from membership status**<sup>12</sup> – Only in the most egregious circumstances, when the Member evidences no ability or will to take corrective action, will removal be applied. Such situations will normally reflect a pattern of non-compliance, extremely egregious conduct, or damage to the Egmont Group or its reputation has been caused by the Member's non-compliance.

If it is determined at any stage during the *Support and Compliance Process* that the Member is demonstrating strong commitment and clear progress, the process could be interrupted and the Heads of FIU notified. Such notification would accompany a report that documents the strong commitment and clear progress. The Member would be appropriately monitored by the Egmont Committee until the compliance issue has been effectively resolved.

A Member subject to the *Support and Compliance Process* may disseminate the findings of the Egmont Group outside of the Egmont Group.

## J. Transitory provision

In the event of any revision to the *Charter* and the *Principles for Information Exchange*, the Egmont compliance criteria or procedural triggers, Members will receive a reasonable time, as determined by the Heads of FIU, to allow them to make the required changes and to meet the requirements of the revised Egmont standards. The Egmont Committee, the LWG, TWG and other concerned Working Groups, are expected to develop a plan to assist Members to meet the revised *Charter* and the *Principles for Information Exchange between Financial Intelligence Units*.

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website may be used.

<sup>12</sup> Ibid.

## ANNEX A: Detailed Description of the Non-Compliance Criteria

This table provides a comprehensive list of compliance criteria that FIUs must adhere to, based on the Charter and the Egmont Principles for Information Exchange between Financial Intelligence Units.

NON-COMPLIANCE CRITERIA	DESCRIPTION
<b>I.</b> Non-compliance with the FIU Definition	<i>Circumstances where an FIU no longer:</i>
	<ul style="list-style-type: none"> <li>• Has full operational status</li> </ul>
	<ul style="list-style-type: none"> <li>• Acts as the national agency for the receipt of disclosure filed by reporting entities</li> </ul>
	<ul style="list-style-type: none"> <li>• Receives STRs and, as applicable, receives/ obtains other information relevant to money laundering, associated predicate offenses and terrorist financing</li> </ul>
	<ul style="list-style-type: none"> <li>• Analyzes information – both operationally and strategically</li> </ul>
	<ul style="list-style-type: none"> <li>• Is able to obtain and use additional information, from reporting entities, to perform analysis</li> </ul>
	<ul style="list-style-type: none"> <li>• Has access to financial, administrative and law enforcement information, to perform analysis</li> </ul>
	<ul style="list-style-type: none"> <li>• Is able to disseminate, spontaneously and upon request, information and the results of its analysis to relevant competent authorities</li> </ul>
	<ul style="list-style-type: none"> <li>• Is able to protect information it receives</li> <li>• Is operationally independent and autonomous</li> </ul>
<b>II.</b> Non-Compliance with Information Exchange Requirements	<i>Circumstances where an FIU fails to:</i>
	<ul style="list-style-type: none"> <li>• Have an adequate legal basis for providing co-operation on money laundering, associated predicate offences and the financing of terrorism</li> </ul>
	<ul style="list-style-type: none"> <li>• Rapidly, constructively and effectively provide the widest range of international cooperation to counter money laundering, associated predicate offences and the financing of terrorism</li> </ul>
<ul style="list-style-type: none"> <li>• Exchange information freely, spontaneously and upon request, on the basis of reciprocity</li> </ul>	

	<ul style="list-style-type: none"> <li>• Exchange all information accessible or obtainable directly or indirectly, and any other available information, on the basis of reciprocity</li> </ul>
	<ul style="list-style-type: none"> <li>• Conduct queries on behalf of foreign FIUs, and exchange with these foreign FIUs all information that they would be able to obtain if such queries were carried out domestically</li> </ul>
	<ul style="list-style-type: none"> <li>• Submit a valid request, systematically</li> </ul>
	<ul style="list-style-type: none"> <li>• Provide an adequate response, systematically</li> </ul>
	<ul style="list-style-type: none"> <li>• Provide feedback to foreign counterparts upon request, systematically</li> </ul>
	<ul style="list-style-type: none"> <li>• Acknowledge receipt of requests, provide adequate, interim partial or negative responses in a timely manner</li> </ul>
	<ul style="list-style-type: none"> <li>• Use exchanged information only for the purpose for which the information was sought or provided;</li> </ul>
	<ul style="list-style-type: none"> <li>• Abide by the prior consent and third-party dissemination rules</li> </ul>
	<ul style="list-style-type: none"> <li>• Negotiate and sign a Memorandum of Understanding (MOU) in a timely way with the widest range of foreign FIUs, when bilateral or multilateral agreements or arrangements are needed to exchange information</li> </ul>
	<p><b><i>Circumstances where an FIU appears to:</i></b></p>
	<ul style="list-style-type: none"> <li>• Prohibit or place unreasonable or unduly restrictive conditions on exchanging information or providing assistance</li> </ul>
<p><b>III. Breaches of Confidentiality/Security</b></p>	<p><b><i>Circumstances where an FIU fails to:</i></b></p>
	<ul style="list-style-type: none"> <li>• Have rules in place governing the security and confidentiality of such information, including procedures for handling, storage, dissemination and protection of, as well as access to, such information</li> </ul>
	<ul style="list-style-type: none"> <li>• Securely protect and use information received, processed, held or disseminated by the FIU in accordance with agreed procedures, policies and applicable laws and regulations</li> </ul>
	<ul style="list-style-type: none"> <li>• Exchange information in a secure way, and through reliable channels or mechanisms.</li> </ul>
	<p><b><i>Circumstances where an FIU appears to:</i></b></p>
	<ul style="list-style-type: none"> <li>• Provide access to the ESW to non-authorized persons</li> </ul>

<b>IV. Breach of Core Egmont Corporate Responsibilities</b>	<b><i>Circumstances where an FIU may not abide by other commitments and requirements (not related to FIU definition, information exchange and confidentiality) include:</i></b>
	<ul style="list-style-type: none"><li>• Delay or non-payment membership contributions</li></ul>
	<ul style="list-style-type: none"><li>• Failure to submit Egmont Census in an complete, accurate and timely fashion</li></ul>
	<ul style="list-style-type: none"><li>• Dissemination of sensitive documents</li></ul>
	<ul style="list-style-type: none"><li>• Misuse of Egmont logo</li></ul>

## ANNEX B: Limited Statistical Review

In order to identify Members that are not meeting the requirements of the *Charter and Principles for Information Exchange between Financial Intelligence Units*, the following mechanism has been developed. To avoid duplication of effort with the FATF and other assessor bodies, this **Limited Statistical Review** is designed to help identify Members that are not sharing information with other FIUs.

The **Limited Statistical Review** would be based on data compiled by the Egmont Census. The Census data related to the *Support and Compliance Process* should remain confidential. The Egmont Group should not disseminate such data outside of the Egmont Group although Members may disseminate their own data as appropriate outside of the Egmont Group. Members are expected to provide timely responses to the Egmont Census. A Member's MER, ICRG or Follow-up Report, if applicable, may be considered as a source of data if the Member's Egmont Census is incomplete.

### *Egmont Priorities for Review*

The **Limited Statistical Review** will be implemented in a measured manner, through a phased-in approach based upon the following areas of priority:

#### a) **Information Exchange**

*FIU as a receiver of requests for cooperation* – EBC data under this category captures the number of total requests, valid requests, and pending requests received by the reviewed FIU, the number of positive responses and substantiated refusals provided by the reviewed FIU, as well as per request response times of the reviewed FIU.

#### b) **MoU Signing and Statistics**

*Specific issues having impact on FIU performance* – EBC data under this category captures the number of signed MoUs, and the maintenance of internal statistics on the exchange of information with national and international counterparts. It should be noted that the assessment under this priority will consider whether FIUs have negotiated and signed MoUs in a timely manner with the widest range of foreign FIUs when such bilateral or multilateral agreements are needed.

#### c) **Analysis Function**

*FIU adding value to the information that it receives* – EBC data under this category captures the extent to which FIUs are conducting both operational and strategic analysis with available and obtainable information.

The logic underlying the ladder approach to the implementation of the **Limited Statistical Review** is that it will enable the Egmont Group to focus on one category at a time.

The initial phase of the **Limited Statistical Review** will focus on **Category (a) Information Exchange**, which would involve a desk review/ analysis of the responses to **paragraph 3.35** in the EBC.

### ***Timeframe for Completion***

During this initial phase of implementing the **Limited Statistical Review**, relevant information will be collected from the Census and analyzed so as to arrive at a well-grounded conclusion that all Egmont Members are exchanging information with fellow members.

No timeframe will be set for the completion of this initial phase. Rather, the initial phase will be conducted over 1-2 cycles of the Census. The status of the desk review/ analysis and the results that have been derived will be reported to the HoFIUs on an annual basis.

Once the HoFIU are satisfied with the process and the results of this initial phase, the Egmont Group can then move onto the next area(s) of priority. The HoFIUs will develop and agree upon new/other metrics and benchmarks, as appropriate, to identify potential problems under the new area of priority.

### ***Definitions***

To prevent occasional interpretation and uneven application of key terms and concepts that are contained in the *Charter*, the *Principles for Information Exchange*, the *Support and Compliance Process* and the *Census*, definitions have been drafted for the core constituents of international cooperation between FIUs. The definitions as provided in [Table 1](#) would be consistently applied across all Egmont documents and the Census.

### ***Revised Questions in the Census***

In order to provide for reliable and objective Census data enabling application of established metrics and proposed benchmarks, **paragraph 3.35** in the EBC, which reflects on the performance of a FIU as a receiver of requests for cooperation, has been revised. For the sake of consistency, **paragraph 3.33** in the EBC, which reflects on the performance of a FIU as a sender of requests for cooperation, has also been revised, although the initial implementation of Trigger 4 DOES NOT intend to examine a FIU’s performance as assessed by their counterpart FIUs.

Moreover, **paragraphs 3.36 and 3.34** in the EBC, which reflect on the perceived quality of cooperation, respectively, received and provided by member FIUs, have also been revised/ simplified in accordance with the definitions provided in [Annex 1](#), although the initial implementation of Trigger 4 DOES NOT intend to examine the quality of cooperation within the Egmont

### ***Metrics and Benchmarks***

Metrics and benchmarks for the initial phase of implementation of the **Limited Statistical Review**, which will focus on **Category (a) Information Exchange**, as discussed above, will include the following:

Metrics	Purpose	Recommended benchmark
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Ratio of pending requests/ valid requests received by reviewed FIU	Measures reviewed FIU's efficiency in terms of handling the totality of requests for cooperation	<b>Less than 10%</b>
Ratio of positive responses sent/ valid requests received by reviewed FIU	Measures reviewed FIU's responsiveness to/ compliance with requests	<b>100%</b>
Response time of reviewed FIU exceeding 60 days	Measures reviewed FIU's efficiency in terms of responding timelines	<b>Less than 5%</b>

Upon launching the initial phase of implementation of the **Limited Statistical Review**, the established metrics and benchmarks suggested above will be used to locate and tackle potential problems with information exchange requirements.

The above indicators will be used for the **Limited Statistical Review**, and the Egmont Group Secretariat should collect the data from all Members **for two years**. **At that time**, the Heads of FIU should reassess these benchmarks to determine if they are adequate and to ensure a rational use of the limited resources of the Egmont Group to pursue a compliance process against a Member.

## ***Table 1 Definitions***

The terms and concepts used in or otherwise deriving from the *Charter*, the *Principles for Information Exchange* and the *Support and Compliance Process* shall have the following meaning:

<b>Member FIU</b>	An FIU, which is compliant with the definition of FIU as stated within Article 1.1 of the <i>Charter</i> and, accordingly, is not known to have been imposed specific sanctions, i.e. suspension of ESW accounts, suspension of membership status, and removal of membership status as defined within Section I of the <i>Support and Compliance Process</i> .
<b>Valid request</b>	<p>A request for information submitted by a <a href="#">member FIU</a> via the ESW or other acceptable communication means, which meets the characteristics defined within Clauses 17 to 21 of the <i>Principles for Information Exchange</i>, in particular providing:</p> <p>The reason for the request, and the purpose for which the information will be used;</p> <p>A description of the suspicious activities under analysis and the grounds for suspicion;</p> <p>To the extent possible, details of the persons or companies involved, as well as the transactions and the accounts used;</p> <p>A clear explanation of the potential link with the country receiving the request;</p> <p>Whether the request for information is on behalf of another authority (such authority to be clearly identified).</p> <p>Ideally, a <a href="#">valid request</a> would also contain the information specified within Paragraph 19 of the <i>Operational Guidance</i>, to enable the requested FIU to properly process the request.</p>
<b>Pending request</b>	A <a href="#">valid request</a> , for which the requesting/ requested FIU has not received/ provided a <a href="#">negative response</a> and has relevant grounds (e.g. has received/ provided acknowledgment of receipt) to expect that a <a href="#">positive response</a> will be received/ provided within a reasonable timeframe.
<b>Adequate response</b>	A response to a <a href="#">valid request</a> for information that meets all of the established requirements for the <a href="#">free exchange of information</a> and the <a href="#">appropriate provision of cooperation</a> , including the cases of <a href="#">substantiated refusal</a> of sharing information.
<b>Positive response</b>	An <a href="#">adequate response</a> to a <a href="#">valid request</a> of information, including the cases of providing (an) interim or partial <a href="#">adequate response</a> (s), provided that the

requested FIU has clearly committed itself to provide a final or full [adequate response](#) in the manner and timeframes agreed between the parties.

**Negative response**

A response to a request constituting a [substantiated refusal](#) to share information, a [formalistic refusal](#) to share information, as well as a [silent refusal](#) to share information.

**Formalistic refusal**

The factual refusal of the requested FIU to share information through the provision of an [adequate response](#) to a [valid request](#), by imposing conditions that prohibit or place unreasonable or unduly restrictive conditions, and by refusing to sign MoU when needed. The practice of imposing restrictive conditions would be deemed to have been demonstrated when FIUs refuse a request for assistance on the grounds that:

The request is also considered to involve fiscal matters;

Laws require financial institutions or DNFBPs to maintain secrecy or confidentiality;

There is an inquiry, investigation or proceeding underway in the country receiving the request, unless the assistance would impede that inquiry, investigation or proceeding; and/or

The nature or status (civil, administrative, law enforcement etc.) of the requesting counterpart authority is different from that of the requested FIU.

**Silent refusal**

The factual refusal of the requested FIU to share information through the provision of an [adequate response](#) to a [valid request](#) by not reacting to the request; i.e. failing to provide either a [positive response](#) or a [negative response](#) to the requesting FIU within a reasonable timeframe.

**Substantiated refusal**

The factual refusal of the requested FIU to share information through the provision of an [adequate response](#), due to the requesting FIU's failure to be a [member FIU](#), to provide a [valid request](#), to prove its ability to protect the information effectively, as well as due to the lack of reciprocity or recurring failure of [appropriate provision of cooperation](#) with the requesting FIU (lack of reciprocity).

**Acknowledgment of receipt**

A written notification sent by the requested FIU via the ESW or other acceptable communication means to the requesting FIU, which at least contains a confirmation of the receipt of the request and specifies the unique case reference number assigned to the request, as well as – if deemed relevant by the requested FIU – contact details of the person responsible to handle the request.

**Response time**

The time span expressed in days, between the date of receiving a [valid request](#) and the date of providing an [adequate response](#), which includes the periods of communication for clarifying various details of the original request and

excludes the periods of communication for reflecting on additional questions/ inquiries stemming from the original request.

**Average response time**

The sum of the [response times](#) for all [valid requests](#), expressed in days, divided by the number of received [valid requests](#) over the reporting period (reporting year).

**Free exchange of information**

The practical demonstration of an FIU's authority and capacity to carry out its function of disseminating information in compliance with the requirements for operational independence and prevention of undue influence as defined within Sections E and F of the *Charter*.

**Appropriate provision of cooperation**

The practical demonstration of an FIU's authority and capacity to provide the widest possible range of international cooperation by facilitating [free exchange of information](#) in general and providing [adequate responses](#) to [valid requests](#) in particular, in a manner that can be justifiably described as being:

*Rapid*, meaning that the requested FIU provides cooperation in a timely fashion so as to help the requesting FIU in taking (further) relevant actions;

*Constructive*, meaning that the requested FIU provides cooperation ensuring sufficient coverage, detail and relevance (added value) of information exchanged with the requesting FIU;

*Effective*, meaning that the requested FIU provides cooperation ensuring reasonable satisfaction<sup>13</sup> of the requesting FIU with the interim and final deliverables throughout the whole cycle of interaction.

**Non-compliance with information exchange requirements**

The identified and verified failure of an FIU to provide an [adequate response](#) to a [valid request](#), including the cases providing [formalistic refusals](#) and [silent refusals](#) to share information, or otherwise failing to demonstrate [appropriate provision of cooperation](#) through adherence to information exchange requirements as defined within Criteria II of Annex A to the *Support and Compliance Process*.

**Table 2 - Revised Questions in Egmont Biennial Census**

**3.33 Information requests sent by your FIU**

		<b>Categories</b>	<b>Number</b>
1.		Total number of requests sent by your FIU	
2.		Number of pending requests sent by your FIU	
3.		Number of acknowledgments of receipt received by your FIU	
4.		Number of positive responses received by your FIU	
		<i>Of which, responses received within:</i>	
	a)	Within 30 days	
	b)	31 - 60 days	
	c)	More than 60 days	
5.		Number of negative responses received by your FIU	
		<i>Of which were:</i>	
	a)	Substantiated refusals	
	b)	Formalistic refusals	
	c)	Silent refusals	

**3.34 Appropriate cooperation received by your FIU**

*(Assessed in terms of rapidness, constructiveness and effectiveness of your counterpart FIUs' responses to your FIU):*

	<b>Is assessed by your FIU to be:</b>	<b>Number</b>
1	Satisfactory	
2	Partially satisfactory	
3	Dissatisfactory	

**3.35 Information requests received by your FIU**

		<b>Categories</b>	<b>Number</b>
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1.		Total number of requests received by your FIU	
2.		Number of valid requests received by your FIU	
3.		Number of pending requests received by your FIU	
4.		Number of acknowledgments of receipt provided by your FIU	
5.		Number of positive responses provided by your FIU	
		<i>Of which, responses provided within:</i>	
	a)	Within 30 days	
	b)	31 - 60 days	
	c)	More than 60 days	
6.		Number of substantiated refusals provided by your FIU	

**3.36 Appropriate cooperation provided by your FIU**

*(Assessed in terms of rapidness, constructiveness and effectiveness of your FIU's responses to counterpart FIUs):*

	<b>Is assessed by your counterpart FIUs to be:</b>	<b>Number</b>
1	Satisfactory	
2	Partially satisfactory	
3	Dissatisfactory	