# EGMONT GROUP OF FINANCIAL INTELLIGENCE UNITS SUPPORT AND COMPLIANCE PROCESS

*Updated November 2025*

# Contents

**CHAPTER 1: BACKGROUND AND POLICY ..... 4**
1. Introduction ..... 4
2. The Fundaments of the SCP ..... 4
3. Activation of the Support and Compliance Process ..... 6
3.1 The Triggers ..... 6
3.2 The Risk-Based Approach ..... 6
4. The Support Pipeline ..... 7
5. The Compliance Pipeline ..... 7
6. SCP General Process Overview ..... 8
7. Final Considerations ..... 8
8. Conclusion ..... 9
**CHAPTER 2: RISK ALLOCATION TOOL ..... 10**
1. General Aspects ..... 10
2. Definition and Organization ..... 10
3. Functions ..... 12
4. Powers ..... 14
5. International Cooperation ..... 14
6. Data Protection and Confidentiality ..... 18
**CHAPTER 3: STEP-BY-STEP GUIDE ..... 19**
1. Trigger 1 - Formal Complaint ..... 19
1.1 STEP 1: Bilateral Attempts to Resolve the Issue ..... 19
1.2 STEP 2: Filing a Formal Complaint to the Executive Secretary ..... 19
1.3 STEP 3: Preliminary Review ..... 20
1.4 STEP 4: Detailed Review – Review and Confirmation of Non-Compliance ..... 20
1.5 STEP 5: Support Pipeline or Compliance Pipeline to rectify non-compliance ..... 21
1.6 STEP 6: Closure of Medium and High Risk Compliance Issues ..... 21
1.7 STEP 7: Measures if Non-Compliance Issues Not duly addressed by the Member ..... 22
1.8 Trigger 1 – Flow Chart ..... 23
2. Trigger 2 – Significant Changes Informed by the FIU ..... 24
2.1 STEP 1: Member to Inform of Significant Changes to Egmont Secretariat ..... 24
2.2 STEP 2: Preliminary Review ..... 24
2.3 STEP 3: Detailed Review - Review and Confirmation of Non-Compliance ..... 25
2.4 STEP 4: Support pipeline or compliance pipeline to rectify the non-compliance ..... 26
2.5 STEP 5: Closure of the Medium and High Risk Compliance Issues ..... 26
2.6 STEP 6: Measures if Non-Compliance Issues Not Addressed by the Member ..... 27
2.7 Trigger 2 – Flow Chart ..... 28
3. Trigger 3 – MER Results Affecting the FIU ..... 29

3.1 STEP 1: Monitor the List of Mutual Evaluation Reports (MERs) ..... 29
3.3 STEP 2: Review of the MERs with Weak Ratings for Effectiveness ..... 29
3.3 STEP 3: Review of the collated MERs with weak ratings for technical compliance ..... 30
3.4 STEP 4: Engagement with the Member ..... 30
3.5 STEP 5: Preliminary Review ..... 30
3.6 STEP 6: Detailed Review – Review and Confirmation of Non-Compliance ..... 31
3.7 STEP 7: Support pipeline or compliance pipeline to rectify the non-compliance ..... 32
3.8 STEP 8: Closure of the Medium and High Risk Compliance Issues ..... 32
3.9 STEP 9: Measures if Non-Compliance Issues Not Addressed by the Member ..... 33
3.10 Trigger 3 – Flow Chart ..... 34
4. Special Trigger 4 – Failure to Comply with Corporate Responsibilities ..... 35
4.1 STEP 1: Non-Compliance with Corporate Responsibilities ..... 35
4.2 STEP 2: Procedures ..... 35
4.3 Trigger 4 – Flow Chart ..... 37
5. Sanctions and other possible measures ..... 38

# CHAPTER 1: BACKGROUND AND POLICY

## 1. Introduction

The Egmont Group (EG), established in 1995, facilitates the cooperation of financial intelligence units (FIUs) to combat money laundering, associated predicate offenses, and terrorism financing. The Group emphasizes international information exchange and collaboration among FIUs and sets operational standards through the *Egmont Group Charter* and *Principles for Information Exchange*. To maintain its reputation and ensure effective cooperation, the Egmont Group requires a transparent and equitable mechanism for accountability.

Recognizing the need for consistent accountability, the Egmont Group developed a Support and Compliance Process (SCP), to address situations where Members fail to adhere to the established requirements as set out in the *Egmont Group Charter* and in the *Principles for Information Exchange*. The SCP aims to identify and support members that are facing challenges in meeting the Egmont requirements and, if necessary, impose proportional sanctions as a last resort for serious non-compliance. The present document is the result of the requested update of the SCP that was first adopted during the 22nd Egmont Plenary in Lima, Peru (2014), and thereafter updated in 2015 and 2019. This revised SCP introduces a risk-based approach with a stronger focus on avenues for support, avoidance of duplication of the work of the assessor bodies (i.e. Financial Action Task Force (FATF) and FATF Style Regional Bodies (FSRBs)), and finally, it tries to use the available resources of the Egmont Group prudently and as effectively as possible to achieve the ultimate goal: the best possible cooperation between FIUs within the Egmont Group.

This chapter will delve into the core elements of the SCP, providing a comprehensive exploration of how this process can effectively be activated. By employing a risk-based approach, the SCP will illustrate the strategic considerations necessary for identifying and managing potential compliance risks. Furthermore, the SCP will differentiate between the two distinct pathways within the process, depending on the outcome of the risk triage process: the Support Pipeline or the Compliance Pipeline. Through a detailed explanation of these pathways, the operational mechanisms behind them, and the circumstances under which each pathway is most appropriately utilized, the SCP provides a comprehensive framework for managing support and compliance issues within the Egmont Group. Chapter 1 is followed by the Risk Allocation Tool (Chapter 2) and a Step-by-Step Guide (Chapter 3).

## 2. The Fundaments of the SCP

The purpose of the SCP is to provide a mechanism for the Egmont Group to identify Members that have deficiencies in meeting their Membership obligations ("EG requirements") as set out in the *Egmont Group Charter* and the *Principles for Information Exchange between Financial Intelligence Units*. Additionally, the SCP aims to lay out a Compliance Pipeline to address Members' deficiencies with meeting high risk EG requirements, while at the same time creating a Support Pipeline for Members to receive training and support from the competent Egmont bodies in case of deficiencies related to low and medium risk EG requirements.

The SCP is based on several key principles:

1. **Risk-Based Approach**: Breaches of Egmont Group requirements vary in impact to the core function of the Egmont Group, namely the proper and secure exchange of financial intelligence information among its Members. Issues should be addressed in proportion to their severity and potential risks to the international AML/CFT regime, EG requirements, and FIUs. Each EG requirement as set in the *Charter* and in the *Principles for Information Exchange* has a level of risk (if breached). Mitigating measures which the reduce risk and urgency (or even make the Member compliant) may be taken into consideration when cases are reviewed in detail.

2. **Support-First Approach**: Priority is given to offering support and assistance to resolve issues causing FIUs to breach EG requirements.

3. **Effectiveness and Technical Compliance**: The SCP considers both the effectiveness of FIUs in international cooperation and their technical compliance to the relevant Financial Action Task Force (FATF) standards that are part of the *Egmont Group Charter*.

4. **Use of Existing Resources**: To avoid duplication, the Egmont Group will leverage internal resources such as the Egmont Centre of FIU Excellence and Leadership (ECOFEL), Technical Assistance and Training Working Group (TATWG) and Regional Representatives, as well as external work from AML/CFT assessor bodies, identifying synergies where possible.

5. **Subsidiary Principle of the SCP**: Not all compliance issues may fall under the different triggers of the SCP. For cases related to compliance that don't fit in any of the SCP triggers, the Egmont Committee will have the possibility to assess them through fact-finding initiatives or other measures according to existing Egmont Group procedures (*Egmont Charter*, section 6.3-B-7).

6. **Egmont Group Chair's Emergency Powers:** The Egmont Group Chair's emergency powers to suspend a Member's access to the Egmont Secure Web (ESW) will always be available throughout this process and its different steps. The use of the Chair's emergency powers will not affect the development of the case under any of the pipelines.

7. **Escalation to the HoFIU of Serious Cases:** The Egmont Committee has the option to elevate any case under the SCP to the Heads of FIU (HoFIU) for immediate action in case of serious and uncontested breaches that may be particularly damaging to the Egmont Group and its members.

8. **Fairness and Transparency:** To ensure fairness and transparency, each step of the SCP 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.

# 3. Activation of the Support and Compliance Process

## 3.1 The Triggers

The SCP can be activated by four procedural triggers:

- **Trigger 1 – Formal Complaint:** A Member may file a formal complaint against another Member for not meeting the EG requirements, and after bilateral efforts to solve the issue(s) failed.
- **Trigger 2 – Significant Changes Informed by the FIU:** Activated when an FIU informs of significant changes to its organization and mandate. Such matters may include a significant change to a Member's legal authorities, structure, and operations, which may affect its ability to meet the EG requirements.
- **Trigger 3 – MER Results Affecting the FIU:** Activated based on the weak ratings in Mutual Evaluation Reports (MERs)[1] published by the FATF and FSRBs, which affect Member FIUs' compliance with the EG requirements.
- **Special Trigger 4 – Failure to Comply with Corporate Responsibilities:** Special trigger addressing the failure to fulfill Members' corporate responsibilities, such as the non-payment of the annual membership contribution, non-completion of the Egmont Biennial Census and not informing the EG about significant changes in the organization of the FIU. This trigger is identified as a "special trigger" as it will not run the same course as the other triggers through a risk-based process.

## 3.2 The Risk-Based Approach

As mentioned in the key principles, the SCP is built on a Risk-Based Approach. This means that once the SCP is activated through one of the above-mentioned triggers, there will be an assessment of the impact of breach on the international AML/CFT regime, the Egmont Group, and FIUs' operational relationships. To assess the level of risk, a Risk Allocation Tool (hereafter referred to as Risk Tool), which identifies the risk level for each EG requirement, is used to determine if the breach will follow the Support Pipeline or the Compliance Pipeline. The risk-based approach ensures proportional responses and efficient use of resources within the Egmont Group. The Risk Tool distinguishes between EG requirements that have a tangible impact on information exchange and the cooperation between FIUs, and those with a more limited impact.

The SCP is built on **three levels of risk** which determine whether an issue can potentially be solved with support or if a compliance procedure needs to be started:

- **Low Risk**: Low risk outcomes will lead to sending the case to the relevant EG bodies for support (i.e. Support Pipeline), in accordance with their own internal procedures and available resources.
- **Medium Risk**: Medium risk outcomes will lead to a preliminary review of the issue with consideration of possible mitigating measures that remedy the issue. If mitigating measures sufficiently remedy the issue, no further follow-up is needed. If this is not the case, the medium risk issue will be sent to the relevant EG bodies to provide support (i.e. Support Pipeline) with the request to prioritize support to help mitigate these issues, in accordance with their own internal procedures and available resources. If support does not lead to resolution of the non-compliance issue, the medium risk case will then be referred to the Compliance Pipeline and an Action Plan will be developed.
- **High Risk**: High risk outcomes involve the development of an Action Plan to address non-compliance, alongside support options (as applicable).

[1] Non-Compliant (NC) or Partially Compliant (PC) for Recommendations 29 and 40, as well as Low Effectiveness (LE) and Moderate Effectiveness (ME) for Immediate Outcomes 2 and 6.

# 4. The Support Pipeline

Cases raised by Triggers 1, 2 and 3 that are related to EG requirements considered as low and medium risk (as determined by the Risk Tool) typically involve situations where FIUs, in some cases, have already adopted alternative solutions to minimize risk, or where further mitigating actions can be applied. In instances where this is not the case, these cases may be addressed with additional support. Therefore, these issues will be referred to the competent EG bodies through the Support Pipeline of the SCP.

The relevant EG bodies will build support mechanisms based on the wealth of knowledge and expertise they possess. To leverage this expertise, the Egmont Group has established the Technical Assistance and Training Working Group (TATWG) and the Egmont Centre of FIU Excellence and Leadership (ECOFEL), both dedicated to providing technical assistance and capacity building for FIUs. Through TATWG and ECOFEL, the Egmont Group offers a wide range of technical assistance initiatives, including regional training programs, targeted assistance, mentorship programs, and e-Learning modules covering various subjects and even partnerships with different Egmont Group observers and international partners.

The support mechanisms will take into account the different strategies and initiatives developed by the TATWG and ECOFEL to foster effective collaboration across the organization. The TATWG and/or ECOFEL may identify opportunities to provide technical assistance to Members with needs identified by SCP reviews. The FIU identified as potentially requiring support through the SCP would work closely with the TATWG and/or ECOFEL to establish their specific requirements, including what specific capacity building options are available to assist them, as well as how and when these options would be best delivered. This includes coordinating efforts among Working Groups, Regional Representatives, and selected Egmont Group Observers to share information and expertise, aiding struggling FIUs. Successful implementation of the support mechanisms will require a commitment of time and resources from all involved; and will therefore be subject to availability of resources and prioritization.

It is important to note that all the support mechanisms will be implemented by TATWG based on their own discretion and on their own internal procedures and available resources.

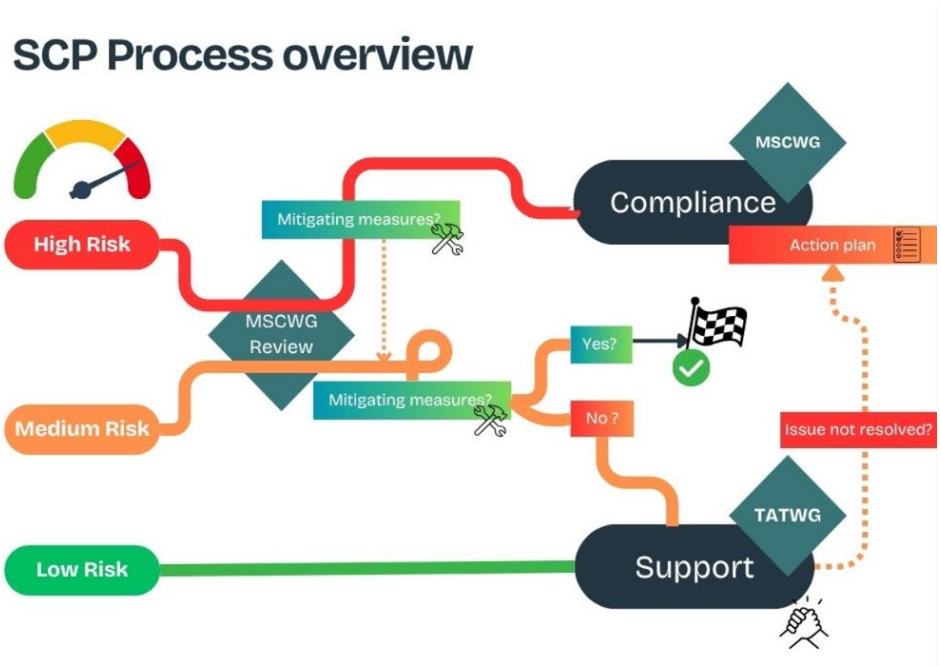
Finally, it is also important to note that all cases under Trigger 3 of the SCP related to effectiveness will also follow the Support Pipeline.

# 5. The Compliance Pipeline

Cases raised by Triggers 1, 2 or 3 that encompass EG requirements identified as high risk and medium risk cases that have not been resolved by the Support Pipeline, will be referred to the Compliance Pipeline. This means that a Member will be subject to further analysis by the Membership, Support, and Compliance Working Group (MSCWG) (detailed review) and, if found non-compliant, the Member will need to take actions to rectify non-compliance with high risk EG requirements (for example, an Action Plan subject to MSCWG approval and monitoring).

Only when engagement with a Member has failed, and the Member continues to fail to meet EG requirements under the SCP, can the non-compliance then lead to sanctions. As the ultimate governing body of the EG, the Egmont HoFIU have the power to determine the appropriate sanctions. The sanctions of the EG will be outlined in the Step-by-Step Guide (Chapter 3).

## 6. SCP General Process Overview




## 7. Final Considerations

The implementation of this revised SCP will be reviewed jointly by the MSCWG and Policies and Procedures Working Group (PPWG) two (2) years after entering into force. The objective of the review will be to assess how the revised SCP has been implemented in practice during those two years and to adjust any aspects if needed.

In addition, the Risk Tool of the SCP is a dynamic pillar of the revised SCP that may be updated anytime, including in the following instances:

- The MSCWG and/or PPWG conclude that there is a new level of risk for an EG requirement; and
- The Egmont Group adopts new EG requirements that need to be included in the Risk Tool.

In accordance with its roles and functions related to membership applications, the MSCWG will adjust its internal membership procedures to ensure that Candidate FIUs' and Member FIUs' compliance with the EG requirements are assessed in the same way (meaning, considering the levels of risk of the EG requirements).

# 8. Conclusion

In conclusion, the Egmont Group's SCP represents a strategic and structured approach to enhancing the effectiveness of its Members in combating money laundering and terrorism financing. By integrating a risk-based approach, the SCP ensures that responses are proportionate to the severity of compliance issues, fostering a culture of support and constructive engagement before resorting to sanctions. Through a robust framework, the Egmont Group aims to optimize use of resources and promote international cooperation among FIUs. Ultimately, the updated SCP underscores the Egmont Group's commitment to maintaining high standards of accountability and collaboration, thereby strengthening the global anti-money laundering and counter-terrorism financing regime.

# CHAPTER 2: RISK ALLOCATION TOOL

## 1. General Aspects

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| **1** | Money laundering should be criminalised in line with the FATF standards (reference to FATF Recommendation 3). | **HIGH** | The proper criminalization of ML is the cornerstone for a solid AML/CFT system. |
| **2** | Terrorist financing should be criminalised in line with the FATF standards (reference to FATF Recommendation 5). | **HIGH** | The proper criminalization of TF is the cornerstone for a solid AML/CFT system. |
| **3** | Financial Institutions and Designated Non-Financial Businesses and Professions should be obliged to report suspicions promptly to the FIU when they suspect or have reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to terrorist, in line with the FATF standards (reference to FATF Recommendations 20 and 23). | **HIGH** | The proper identification of reporting entities is key for a solid AML/CFT system. |

## 2. Definition and Organization

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| | CENTRALITY | | |
| **4** | There should be only one entity acting as FIU in the jurisdiction, by receiving STRs and other relevant disclosures, analysing the information, disseminating the results of the analysis and exchanging information with the FIUs of other countries[2] | **HIGH** | Critical for the secure exchange of information. Member FIUs should be confident that there is only one counterpart in any jurisdiction. |
| **5** | The FIU can be established within another authority, provided that the requirements under Criterion 2.4 are fulfilled | **MEDIUM** | Accepted if operational safeguards preserve autonomy. |

[2] Egmont membership of an FIU does not depend on the international recognition of the jurisdiction where that FIU is located. Conversely, the Egmont membership carries with it no political designation or recognition of any kind of the jurisdiction of the member FIUs.

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| | AUTONOMY AND OPERATIONAL INDEPENDENCE | | |
| **6** | The FIU should be operationally independent and autonomous in performing its functions of receipt, analysis and dissemination, in making use of the powers available to perform these functions, in carrying out international cooperation. In this context, the FIU should: | **HIGH** | This aspect related to operational independence and autonomy is key for the secure exchange of information among member FIUs. |
| | a. have the authority and capacity to carry out its functions freely, including the autonomous receipt, analysis, and dissemination of information; | **HIGH** | The access to complete financial, law enforcement and administrative information is a key element for an FIU both at a domestic level and for providing effective international cooperation, as it is stated under FATF and EG standards. |
| | b. have the authority and capacity to request information from reporting entities and other sources; | **HIGH** | This aspect related to operational independence and autonomy is important for the exchange of information among member FIUs but could be remedied by other measures by the FIU such as access to information from other sources. |
| | c. be able to make arrangements or engage independently with other domestic competent authorities and with other FIUs and exchange information with them, without any need for authorisations given by third parties. | **HIGH** | This aspect related to operational independence and autonomy is key for the secure exchange of information among member FIUs. |
| | d. International memoranda of understanding should be entered into independently by the FIU. | **MEDIUM** | This aspect is related to operational independence and autonomy. However, there could be reasons that mitigate the risk, for example if it is a pro forma approval and there is no substantive interference, nor can that approval be withheld if the MOU meets all legal requirements. |
| **7** | When the FIU is established within another authority, its functions, processes and resources should be distinct from those of the other authority. | **MEDIUM** | Accepted if managed through structural separation. |

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| | AUTONOMY AND OPERATIONAL INDEPENDENCE | | |
| **8** | The FIU should be provided with adequate financial, human and technical resources, in a manner that secures its autonomy and independence and allows it to conduct its mandate effectively. The FIU should maintain staff of high professional standards, including in relation to confidentiality, high integrity and appropriate skills. | MEDIUM | Deficiencies can be mitigated with institutional support. |
| **9** | The FIU should be able to obtain and deploy the resources needed to carry out its functions, on an individual or routine basis, free from any undue political, government or industry influence or interference[3], which might compromise its operational independence. | HIGH | This aspect related to operational independence and autonomy is key for the secure and effective exchange of information among member FIUs. |

## 3. Functions

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| | RECEIPT | | |
| **10** | The FIU should receive from reporting entities Suspicious Transaction Reports related to both proceeds of criminal activities and terrorist financing | HIGH | Critical for meeting the definition of an FIU and for having relevant information to be securely and efficiently exchanged among members. |
| **11** | The FIU should receive other disclosures relevant for the identification and analysis of cases of money laundering, associated predicate offences and terrorist financing, as required by national legislation (such as cash transaction reports, wire transfers reports and other threshold-based disclosures). | MEDIUM | Additional disclosures improve detection but are supportable. |

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| | ANALYSIS | | |
| **12** | Through analysis the FIU should add value to the information received and held. | MEDIUM | Addressable through support. |

[3] "influence or interference" is defined as the capacity of third parties to determine or significantly influence a specific course of action or to take specific decisions for or on behalf of the FIU

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| | ANALYSIS | | |
| **13** | While all information should be considered, the analysis may focus either on each single STR received or on appropriate selected information, depending on the type and volume of the disclosures received and on the expected use after dissemination. | **HIGH** | Critical for meeting the definition of an FIU and for having relevant information to be securely and efficiently exchanged among members. |
| **14** | The FIU should conduct:<br><br>a. **operational analysis**, which uses available and obtainable information to identify specific targets, to follow the trail of particular activities or transactions, and to determine links between those targets and possible proceeds of crime, money laundering, predicate offences and terrorist financing; | **HIGH** | a. Critical for meeting the definition of an FIU and for having relevant information to be securely and efficiently exchanged among members. |
| | b. **strategic analysis,** which uses available and obtainable information, including data that may be provided by other competent authorities, to identify money laundering and terrorist financing related trends and patterns in order to determine threats and vulnerabilities and help establish policies and goals for the FIU or other entities within the AML/CFT regime. | **LOW** | b. Shortcomings on strategic analysis could be considered less risky, and a more efficient way to deal with them should be the adoption of support initiatives (instead of compliance ones). |

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| | DISSEMINATION | | |
| **15** | The FIU should be able to disseminate information and the results of its analysis to relevant competent authorities when there are grounds to suspect money laundering, predicate offences or terrorist financing. *Based on the analysis, the dissemination could be selective and allow the recipient authorities to focus on relevant cases/information.* | **MEDIUM** | Dissemination to national authorities (while covered by standards) could be considered not fundamental for exchanges between FIUs. In fact this criterion does not have an impact on the quality of cooperation a FIU may provide to other FIUs. However, it relates to the core functioning of the system. |

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| | DISSEMINATION | | |
| **16** | The FIU should be able to respond to information requests from competent authorities when conducting investigations of money laundering, associated predicate offences and terrorist financing.<br>*The decision on conducting analysis and/or dissemination of information should remain with the FIU.* | **LOW** | National priority, not essential for FIU-to-FIU cooperation. |

## 4. Powers

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| **17** | The FIU should have access to the widest possible range of financial, administrative and law enforcement information. | **HIGH** | Critical for having relevant information to be securely and efficiently exchanged among members. |
| **18** | In addition to information from public sources, the FIU should have access to information collected and/or maintained by, or on behalf of, other authorities and, where appropriate, commercially held data. | **MEDIUM** | Supports intelligence completeness. Important for FIU-to-FIU cooperation but could be mitigated by the FIU with other measures. |
| **19** | In addition to the information that entities report to the FIU (under the receipt function), the FIU should be able to obtain and use additional information from reporting entities, as needed to perform its analysis properly. | **HIGH** | This aspect related to operational independence and autonomy is important for the exchange of information among member FIUs but could be remedied by other measures by the FIU such as access to information from other sources. |

## 5. International Cooperation

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| **20** | The FIU should exchange information freely, spontaneously and upon request, on the basis of reciprocity; the FIU should rapidly, constructively and effectively provide the widest range of International cooperation to counter money laundering, associated predicate offence and the financing of terrorism. | **HIGH** | Critical for the secure and efficient exchange of information among members. |

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| **21** | If bilateral or multilateral agreements or arrangements, such as Memoranda of Understanding are needed, those should be negotiated and signed in a timely way with the widest range of foreign FIUs. | **HIGH** | Critical for the secure and efficient exchange of information among members. |
| **22** | The FIU should have the power to exchange:<br><br>a. all information required to be accessible or obtainable directly or indirectly by the FIU under the FATF Recommendations, in particular under Recommendation 29 (that is, for its domestic functions);<br><br>b. any other information which it has the power to obtain or access directly or indirectly, at the domestic level, subject to the principle of reciprocity. | **HIGH** | Critical for having relevant information to be securely and efficiently exchanged among members. |
| **23** | The FIU should be able to conduct queries on behalf of foreign FIUs and exchange with them all information it would be able to obtain if such queries were carried out domestically. | **HIGH** | Critical for having relevant information to be securely and efficiently exchanged among members. |

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| **24** | The FIU should not prohibit or place unreasonable or unduly restrictive conditions on the exchange of information. In particular, the FIU should not refuse a request for assistance on the grounds that:<br><br>a. the request is also considered to involve fiscal matters;<br><br>b. laws require financial institutions or designated non-financial businesses and professions (except where the relevant information that is sought is held under circumstances where legal privilege or legal professional secrecy applies) to maintain secrecy or confidentiality;<br><br>c. there is an enquiry, investigation or proceeding underway in the country of the FIU receiving the request, unless the assistance would impede that inquiry, investigation or proceeding; and/or<br><br>d. the nature (civil, administrative, law enforcement, etc.) of the requesting FIU is different. | **HIGH** | Critical for the secure and efficient exchange of information among members. |
| **25** | The FIU may refuse to provide information if the requesting FIU cannot protect the information effectively. | **LOW** | This more than a requirement is an alternative that Egmont gives to our members in cases that the degree of security the other FIU can provide to the data is not guaranteed. |
| **26** | Cooperation may also be refused, as appropriate, on the grounds of lack of reciprocity or recurring inadequate cooperation.<br>*All cases that are refused must be justified and the FIU should make all efforts to provide an explanation when the requested cooperation cannot be provided.* | **LOW** | This more than a requirement is an alternative that Egmont gives to our members in cases that there is no cooperation from a counterpart. |

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| **27** | When requesting cooperation, the FIU should be able to make their best efforts to provide complete factual and as appropriate, legal information, including the description of the case being analysed and the potential link with the country of the FIU receiving the request.<br>*This includes indicating any need for urgency, to enable timely and efficient execution of the requests.* | **MEDIUM** | This may be tackled with support. |
| **28** | Exchanged information should be used only for the purpose for which the information was sought or provided. Any dissemination of the information to other authorities or third parties, or any use of this information for administrative, investigative, prosecutorial or judicial purposes beyond those originally approved, should be subject to prior authorization by the requested FIU. | **HIGH** | Critical for the secure and efficient exchange of information among members. Foundation is trust. |
| **29** | The FIU should promptly, and to the largest extent possible, grant its prior consent to disseminate the information to competent authorities. The FIU cannot refuse such consent unless this would fall beyond the scope of application of its AML/CFT provisions, could impair a criminal investigation, would be clearly disproportionate to the legitimate interest of a natural or legal person or the State of the providing FIU, or would otherwise not be in accordance with fundamental principles of its national law.<br>*Any such refusal should be appropriately explained.* | **HIGH** | Critical for the secure and efficient exchange of information among members. |

## 6. Data Protection and Confidentiality

| | CRITERIA | RISK | CONSIDERATIONS |
|---|---|---|---|
| 30 | The FIU should ensure that the information received, processed, held or disseminated be securely protected, exchanged and used only in accordance with agreed procedures, policies and applicable laws and regulations. | **HIGH** | Critical for the secure and efficient exchange of information among members. Foundation is trust. |
| 31 | At a minimum, exchanged information must be treated and protected by the same confidentiality provisions that apply to similar information from domestic sources obtained by the FIU receiving the information. | **HIGH** | Critical for the secure and efficient exchange of information among members. Foundation is trust. |
| 32 | The FIU should 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. | **HIGH** | Critical for the secure and efficient exchange of information among members. Foundation is trust. |
| 33 | The FIU should ensure that there is limited access to its facilities and information, including information technology systems. | **HIGH** | Critical for the secure and efficient exchange of information among members. Foundation is trust. |
| 34 | The FIU should ensure that its staff members have the necessary security clearance levels and understand their responsibilities in handling and disseminating sensitive and confidential information. | **HIGH** | Critical for the secure and efficient exchange of information among members. Foundation is trust. |

# CHAPTER 3: STEP-BY-STEP GUIDE

## 1. Trigger 1 - Formal Complaint

### 1.1 **STEP 1**: Bilateral Attempts to Resolve the Issue

a) The two Egmont Members should take all reasonable steps to try to resolve the dispute themselves.[4] They may request the support of the Regional Representatives (RR) of their respective regions.[5]

b) A Member may file with the Egmont Secretariat a formal complaint about another Member for its non-compliance with one or more EG requirements as stipulated in the *Charter* and/or the *Principles for Information Exchange*. Filing a formal complaint should be a final resort and not an initial step.

c) If the attempts to solve the dispute bilaterally fail (even with the mediation led by the Regional Representative, if applicable), then a Member will be in a position to file a formal complaint (step 2, below).

### 1.2 **STEP 2**: Filing a Formal Complaint to the Executive Secretary

a) If the attempts to solve the issue fail, the Member will be able to submit a formal complaint. The formal complaint must be in a form of a letter addressed to the Egmont Executive Secretary and must:

- Identify the Members involved (i.e. the Member subject to the complaint and the Member making the complaint) and describe in detail the act(s) or failure(s) to act that is the basis of the complaint, and their link to specific EG requirements stipulated in the *Charter* and/or *Principles for Information Exchange*. The complaint must in all cases be supported by relevant and comprehensive documentation.

- Demonstrate that bilateral attempts to resolve the issue either have failed or are not feasible under the circumstances, and that all relevant parties have engaged and are fully aware.

b) Before determining that a formal complaint meets the requirements for intervention under the SCP, the Executive Secretary should consider engaging the Member subject to the complaint through official written channels to obtain their account. If satisfied that the formal complaint meets the above-mentioned requirements,[6] the Executive Secretary will refer the case to the

[4] Members should maintain their own records of these efforts.
[5] 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.
[6] The Executive Secretary may apply appropriate discretion in deciding whether efforts at bilateral resolution from both Members have been adequate to continue with the process. The steps each Member may reasonably be expected to take will vary from case to case.

Regional Representative(s) from the region(s) of the parties involved. The Executive Secretary will include the Egmont Committee in this communication (for noting).

## 1.3 **STEP 3:** Preliminary Review

a) The Regional Representative(s) will use the Risk Tool to determine the level of risk of the EG requirements related to the formal complaint.

b) If the Regional Representative(s) determine that the case involves low risk EG requirements, they will refer the case to the Chair of the TATWG[7], so the Support Pipeline is initiated. In this instance, the Regional Representative(s) will inform the Members involved and the Egmont Committee of this referral to the Support Pipeline.[8] With this notification, the case will be formally closed under the SCP and no further action will be taken.

c) If the Regional Representative(s) determine that the case involves medium risk or high risk EG requirements, they will refer the case to the Chair of the MSCWG, who will continue with the next steps under the SCP. The Members involved and the Egmont Committee should be informed of this referral.

## 1.4 **STEP 4:** Detailed Review – Review and Confirmation of Non-Compliance

a) The Chair of the MSCWG will assign both the medium risk and high risk cases to a MSCWG Expert[9], who will engage with the Members involved to gather any updated information and determine if there are non-compliance issues related to the specific EG requirements. In this step, mitigating measures are assessed in order to determine if those measures resolve the issue, or which short-term actions the FIU is willing to implement to address the matter. The MSCWG Expert will prepare a written report that includes their findings and recommendations to the MSCWG members.

b) The MSCWG members will discuss the report giving the Member involved the opportunity to share their position. If the MSCWG members, based on the report and the Members' positions, determine that the case has no merit and there is no compliance issue, the Chair of the MSCWG will inform the Egmont Committee about this decision for their confirmation. If the Egmont Committee confirms, the case will be formally closed under the SCP and no further action will be taken. The Members involved will be informed of this decision by the Chair of the MSCWG.

c) The MSCWG members will also discuss if there are mitigating measures that address the matter. If these mitigating measures remedy the issue(s) effectively, then the case will be closed. The MSCWG will inform the Members involved and the Egmont Committee of this outcome. With this notification, the case will be formally closed under the SCP and no further action will be taken.

d) When the MSCWG members determine that a non-compliance issue exists that is not mitigated in any way, and the Member is willing to address the issue(s),[10] an agreement should be reached for the resolution of the matter as quickly as possible. For the high risk issues, this results in a

[7] When notified as Egmont Committee member, the Chair of the MSCWG will share this information with the MSCWG members for noting.
[8] When notified as Egmont Committee member, the Chair of the MSCWG will share this information with the MSCWG members for noting.
[9] The Chair of the MSCWG will pick an Expert from the members that volunteered to be part of the MSCWG Pool of Experts. The MSCWG will take the necessary considerations for guaranteeing the impartiality of the MSCWG Expert.
[10] If MSCWG confirms that there is no willingness to address issue, case should be submitted to the Egmont Committee (see 4.6)

procedure under the Compliance Pipeline and for the medium risk issues, this results in a procedure under the Support Pipeline.

## 1.5 **STEP 5**: Support Pipeline or Compliance Pipeline to rectify non-compliance

***Medium Risk Issues***

a) For medium risk issues that are not mitigated by the Member effectively, the Support Pipeline is initiated. The medium risk issues are referred to the Chair of the TATWG, who will prioritize the issue for support (depending on available resources). The Chair of the MSCWG will inform the Members involved and the Egmont Committee of this referral to the Support Pipeline.

b) If the Member has no mitigating measures in place that are sufficient to remedy the issue and the Chair of the TATWG informs that support will also not be possible to help remedy the issue (due to available resources or appropriate support options), this means that the compliance issue needs to be resolved otherwise. In this instance, the case goes into the Compliance Pipeline, and the Member needs to develop an Action Plan to remedy the issue. The process then continues under step 6.b.

***High Risk Issues***

c) For high risk issues, the Member should develop a draft Action Plan[11] to rectify the identified non-compliance issues that should include clear deliverables and timelines. This draft Action Plan should be presented to the MSCWG for discussion and approval. Once an Action Plan is agreed upon, the MSCWG, through one of its Experts, 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 for the SCP to end. Measures under the Action Plan must be clear, concrete and with specific deadlines to be considered satisfactory. The Chair of the MSCWG will keep the Egmont Committee updated on the development of the Action Plan.

## 1.6 **STEP 6**: Closure of Medium and High Risk Compliance Issues

***Medium Risk Issues in the Support Pipeline:***

a) When a medium risk issue is addressed in the Support Pipeline and support is provided, the Member is responsible to report back to the MSCWG on how the support helped them to resolve the compliance issue.

b) The MSCWG reviews the report of the Member and decides if the issue is sufficiently remedied. The Chair of the MSCWG will inform the Egmont Committee about the outcome of this procedure. If the Egmont Committee confirms, the case will be formally closed under the SCP and no further action will be required. The Members involved will be informed of this decision by the Chair of the MSCWG.

c) When the MSCWG decides that the issue is not sufficiently remedied, the Compliance Pipeline will be activated as a last resort, and the Member should develop a draft Action Plan[12] to rectify the non-compliance issues. The Action Plan should include clear deliverables and timelines, and it should be presented to the MSCWG for discussion and approval.

[11] For this purpose, member may request the assistance of a MSCWG expert.
[12] For this purpose, a Member may request the assistance of a MSCWG Expert.

***Medium and High Risk Issues in the Compliance Pipeline:***

Medium and high risk issues in the Compliance Pipeline are addressed by an Action Plan. If the MSCWG members determine that the Action Plan has been fully completed and the issues of non-compliance have been resolved, the Chair of the MSCWG will inform the Egmont Committee for confirmation. If the Egmont Committee confirms, the case will be formally closed under the SCP and no further action will be required. The Members involved will be informed of this decision by the Chair of the MSCWG.

## 1.7 **STEP 7**: Measures if Non-Compliance Issues Not duly addressed by the Member

a) The MSCWG should refer the case back to the Egmont Committee if it concludes any of the following scenarios:

   i. The Member is unwilling to address the issue.

   ii. The Member is unable to commit to an Action Plan[13] that could be approved by the MSCWG.

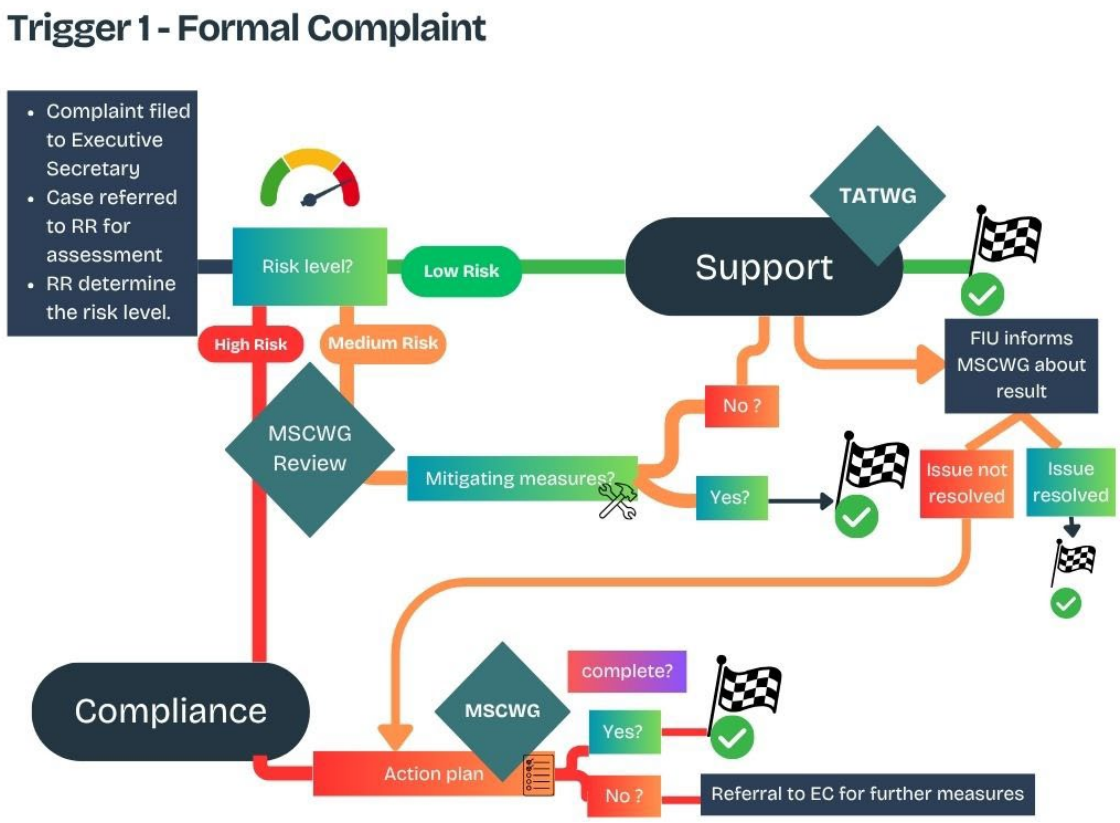
   iii. The Member has failed to fully implement the Action Plan in a timely manner.

b) The Egmont Committee may send the case back to the MSCWG if it concludes that further efforts could be made with the Member.

c) In case the Egmont Committee confirms any of the above-mentioned scenarios, the case will be sent to the Egmont HoFIU with recommended measures (see Chapter 3 - Section 5 - *Sanctions and other possible measures*)

[13] For example, when there are factors that are beyond the Members' direct control that should lead to resolution of the compliance issue.

## 1.8 Trigger 1 – Flow Chart



# 2. Trigger 2 – Significant Changes Informed by the FIU

## 2.1 STEP 1: Member to Inform of Significant Changes to Egmont Secretariat[14]

a) **"Significant change"** is defined as any legislative, regulatory, and/or administrative changes[15] in a given jurisdiction that have an impact on the organizational structure, mandate, operational status and/or activities of an Egmont Member, and these changes may:

- Potentially affect the Member's compliance with the EG requirements; and/or
- Potentially result in a situation where the admitted Member can no longer be considered as the Member that was admitted as Egmont member; and or
- Potential infringement of other EG Members' functioning, mandate and/or jurisdiction.[16]

b) Members should notify the Egmont Group Secretariat of any upcoming significant change(s) as soon as this information is available.[17] The changes must be notified at the earliest possible stage possible and as soon as the competent national body formally adopts them (ideally before they enter into force).[18] The notification must contain the following documentation:

- Summary (overview) of the changes that will take place;
- Copies of legal, and other relevant documents pertaining to changes to the FIU, translated to English;
- Approximate date when the changes to the FIU will enter (or entered) into force;
- A table with a comparative analysis of the "before/after" of the key aspects in the FIU that will be affected by the changes.
- Situation of the FIU's staff once the changes are implemented.

c) Once all the documentation is received, the Executive Secretary will forward it to the Chair of the MSCWG.[19] The Regional Representative(s) from the region of the FIU informing the changes will also be informed of this referral.

## 2.2 STEP 2: Preliminary Review

a) The Chair of the MSCWG will assign the case to one of the MSCWG Experts, who will use the Risk Tool to determine:

- Which EG requirements are related to the informed significant changes; and
- The level of risk of the EG requirements related to the informed significant changes.

---

[14] As per stipulated in the Egmont Group *Charter* (Section 4.1-B) all members will inform the Egmont Group Secretariat of significant changes to their organizational structure, mandate and operational status, which may affect their eligibility as a Member.

[15] For example, such changes may relate to a formal reorganization of the existing FIU within the broader organization it is part of, the transfer of the FIU functions to another completely new body or organization, a change to the operational status of the FIU, the information exchange rules, etc.

[16] For example, changes in a Member FIU that affect other Members' role for receiving STRs from certain reporting entities in a given jurisdiction.

[17] If the Member does not notify a significant change as per the definition in Section 2.1-a, a Trigger 4 case will be applicable.

[18] In any case, the notification should take place no later than seven (7) working days after the changes enter into force.

[19] The *Description and Mandates of the Egmont Working Groups* (see section 2.1 m) approved by the HoFIU stipulates that the MSCWG has the mandate of confirming the status of FIUs that have undergone significant changes as to establish whether they still meet the EG requirements.

b) If the MSCWG Expert determines that the informed changes are not significant based on the definition under 2.1.a (above),[20] they will inform the Chair of the MSCWG of this conclusion. The Chair of the MSCWG will inform the MSCWG members about this conclusion for confirmation. If the MSCWG members confirm, the case will be formally closed under the SCP and no further actions under the Support and Compliance Process will be required. The Member and the Egmont Committee will be informed of this decision by the Chair of the MSCWG.

c) If the MSCWG Expert determines that the case involves significant changes related to low risk EG requirements, he/she will inform the Chair of the MSCWG of this conclusion. The Chair of the MSCWG will then inform the MSCWG members about this conclusion for their confirmation. If the MSCWG members confirm, the Chair of the MSCWG will refer the case to the Chair of the TATWG,[21] to initiate the Support Pipeline. Once initiated, the Chair of the MSCWG will inform the Member involved and the Egmont Committee of this referral to the Support Pipeline. With this notification, the case will be formally closed under the SCP and no further action will be taken.

d) If the MSCWG Expert determines that the case involves significant changes related to medium risk or high risk EG Requirements, he/she will inform the Chair of the MSCWG about this conclusion. The Chair of the MSCWG will then continue with the next steps under the SCP. The Member involved and Egmont Committee should be informed of this referral.

## 2.3 **STEP 3**: Detailed Review - Review and Confirmation of Non-Compliance

a) The Chair of the MSCWG will assign both medium risk and high risk cases to a MSCWG Expert,[22] who will engage with the Member involved[23] to gather any updated information and determine if there are non-compliance issues related to specific EG requirements. In this step, mitigating measures are assessed in order to determine if they resolve the issue, or which short-term actions the Member is willing to implement to address the matter. The MSCWG Expert will prepare a report that will include their findings and recommendations to the MSCWG members.

b) The MSCWG members will discuss the report, giving the Member the opportunity to share their position.[24] If the MSCWG members, based on the report and the position shared by the Member , determine that that the case has no merit and there is no compliance issue, the Chair of the MSCWG will inform the Egmont Committee about this decision for confirmation. If the Egmont Committee confirms, the case will be formally closed under the SCP and no further action will be taken. The Member involved will be informed of this decision by the Chair of the MSCWG.

c) The MSCWG members will also discuss if there are mitigating measures that address the matter. If these measures remedy the issue effectively, then the case will be closed. The MSWCG will inform the Member involved and the Egmont Committee of this outcome. With this notification the case will be formally closed under the SCP and no further action will be taken.

d) When the MSCWG members determine that a non-compliance issue exists that is not mitigated in any way, and the Member is willing to address the issue,[25] an agreement should be reached for the resolution of the matter as quickly as possible. For the high risk issues, this results in a procedure

[20] As per definition in 5.1-B of the Charter.

[21] MSCWG Expert may be the same that conducted the Risk Tool review.

[22] MSCWG Expert may be the same that conducted the Risk Tool review.

[23] MSCWG Expert may also reach out to the Regional Representative(s) to gather any additional information.

[24] The MSCWG members should consider any mitigating measures to be brought by the Member that would make it compliant in practice with the EG requirements.

[25] If the MSCWG confirms that there is no willingness to address issue, case should be submitted to the Egmont Committee (see 2.6.a)

under the Compliance Pipeline and for the medium risk issues, this results in a procedure under the Support Pipeline in the first instance.

## 2.4 **STEP 4**: Support pipeline or compliance pipeline to rectify the non-compliance

### *Medium Risk Issues*

a) For medium risk issues that are not mitigated by the Member effectively, the Support Pipeline is initiated as a first instance. The medium risk issues are referred to the Chair of the TATWG, who will be requested to prioritize the issue for support (depending on available resources). The Chair of the MSCWG will inform the Member involved and the Egmont Committee of this referral to the Support Pipeline.

b) If the Member has no mitigating measures that are sufficient to remedy the issue and the Chair of the TATWG informs that support will not be possible (due to available resources or appropriate support options), this signals that the compliance issue needs to be resolved otherwise. In this instance, the case goes into the Compliance Pipeline, and the Member needs to develop an Action Plan to remedy the issues.

### *High Risk Issues*

For high risk issues, the Member should develop a draft action plan[26] to rectify the identified non-compliance issues that should include clear deliverables and timelines. This draft Action Plan should be presented to the MSCWG for discussion and approval. Once an action plan is agreed upon, the MSCWG, through one of its Experts, 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 for the SCP to end. Measures must be clear, concrete and with specific deadlines to be considered satisfactory. The MSCWG Chair will keep the Egmont Committee updated on the development of the action plan.

## 2.5 **STEP 5**: Closure of the Medium and High Risk Compliance Issues

### *Medium Risk Issues in the Support Pipeline:*

a) When a medium risk issue is addressed in the Support Pipeline and support is provided, the Member is responsible to report back to the MSCWG detailing how the support helped them to mitigate the compliance issue.

b) The MSCWG reviews the report of the Member and decides if the issue is sufficiently remedied. The Chair of the MSCWG will inform the Egmont Committee about the outcome of this procedure. If the Egmont Committee confirms, the case will be formally closed under the SCP and no further action will be taken. The Member involved will be informed of this decision by the Chair of the MSCWG.

c) When the MSCWG decides that the issues is not sufficiently remedied. The Compliance Pipeline will be activated as a last resort and the Member should develop a draft Action Plan[27] to rectify the identified non-compliance issues. The Action Plan should include clear deliverables and timelines, and it should be presented to the MSCWG for discussion and approval.

[26] For this purpose, a Member may request the assistance of a MSCWG Expert.
[27] For this purpose, a Member may request the assistance of a MSCWG Expert.

***Medium and High Risk Issues in the Compliance Pipeline:***

Medium and high risk issues in the Compliance Pipeline are addressed by an Action Plan. If the MSCWG members determine that that Action Plan has been fully completed and the issues of non-compliance have been resolved, the Chair of the MSCWG will inform this decision to the Egmont Committee about this decision for their confirmation. If the Egmont Committee confirms, the case will be formally closed under the SCP and no further actions under the Support and Compliance Process will be required. The Member involved will be informed of this decision by the Chair of the MSCWG.

## 2.6 **STEP 6:** Measures if Non-Compliance Issues Not Addressed by the Member

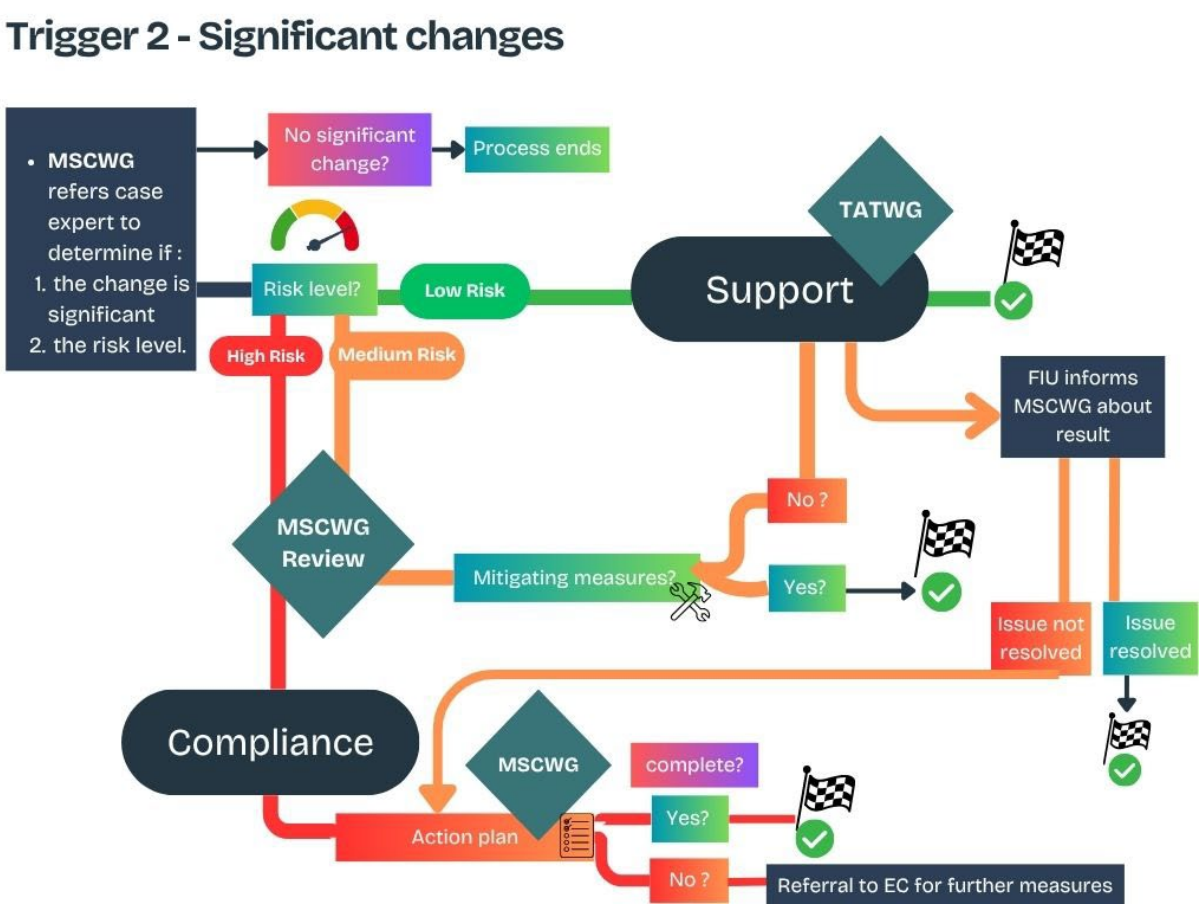
a) The MSCWG should refer the case back to the Egmont Committee if it concludes any of the following scenarios:

- The Member is unwilling to address the issue.
- The Member is unable to commit to an Action Plan that could be approved by the MSCWG.
- The Member has failed to fully implement the Action Plan in a timely manner.

b) The Egmont Committee may send back the case back to the MSCWG if it concludes that further efforts could be made with the Member.

c) In case the Egmont Committee confirms any of the above-mentioned scenarios (2.6 a), the case will be sent to the Egmont HoFIU with recommended measures (see Chapter 3 - Section 5 - *Sanctions and other possible measures*)

## 2.7 Trigger 2 – Flow Chart



# 3. Trigger 3 – MER Results Affecting the FIU

## 3.1 **STEP 1**: Monitor the List of Mutual Evaluation Reports (MERs)

a) The Regional Representatives will review the list of MERs published on the FATF and/or FSRB websites and identify the MERs from Member FIUs that are part of their region.[28] This review will be conducted periodically, with the aim to include its results in a report to be shared with the Chairs of the TATWG and Chair of the MSCWG ahead of their regular and intersessional meetings.[29] (see 3.5.c, below).

b) Regional Representatives will then collate the MERs that have the following weak ratings for technical compliance and/or effectiveness:

- NC or PC for R.29;
- NC or PC for R.40[30];
- Low or moderate level of effectiveness for IO.6; and
- Low or moderate level of effectiveness for IO.2[31]

## 3.3 **STEP 2**: Review of the MERs with Weak Ratings for Effectiveness

The Regional Representatives should analyze the text in the MER related to IO. 2 and IO.6 that have weak ratings (ME and/or LE), focusing on the deficiencies attributed to the FIU.[32] The review is based on identifying whether specific aspects from the MER's narrative would fit with one or more of the following circumstances – hereafter referred to as benchmarks:

i. The FIU does not receive reports with relevant and accurate information to properly perform its functions;

ii. The FIU cannot obtain on a timely basis the widest possible range of financial, administrative and law enforcement information;

iii. The FIU does not disseminate analytical results effectively supporting the operational needs of competent domestic authorities;

iv. The FIU does not effectively and securely cooperate and exchange information with other competent domestic authorities;

v. The FIU does not effectively seek information/ cooperation from foreign counterparts by requesting intelligence and other information in support of its analyses;

---

[28] This expected role from the Regional Representatives is reflected in the document "Guidance for Regional Representatives" (2014), which develops the roles/responsibilities of the Regional Representatives as stipulated in the Egmont Group *Charter*. As per this Guidance document, the Regional Representatives are expected to: ***"Provide the Secretariat, in writing, new and relevant information that may call into question a Member's compliance with the Charter and the Principles for Information Exchange between Financial Intelligence Units; and, such information could be derived from participation in FATF and/or FSRB meetings, especially during the discussions of Mutual Evaluations".***

[29] The MSCWG and TATWG have two regular meetings a year (January and July).

[30] Criteria 40.1 to 40.11 of the FATF Methodology.

[31] Core Issues 2.2 and 2.3 of the FATF Methodology.

[32] The FIU must have been deemed to have played a part in the jurisdiction being rated with moderate (ME) or low effectiveness (LE) levels in these IOs.

vi. The FIU does not provide intelligence and other information in a constructive and timely manner to foreign FIUs in support of their analyses;

vii. The FIU does not provide and respond to foreign request for co-operation in identifying and exchanging basic and beneficial ownership information of legal persons and arrangements;

viii. The FIU places unreasonable or unduly restrictive conditions on exchanging information or providing assistance;

ix. The FIU does not protect the security and confidentiality of information exchanged with counterparts; and

x. The FIU faces challenges related to its operational independence and autonomy, which affects the proper development of its expected functions.

## 3.3 **STEP 3**: Review of the collated MERs with weak ratings for technical compliance

The Regional Representatives will review the relevant sections of the collated MERs that have weak ratings for technical compliance (R.29 and R.40[33]) and identify whether there are any issues related to the FIU, and to which specific EG requirements to which they are related.

## 3.4 **STEP 4**: Engagement with the Member

The Regional Representatives will engage with the Member FIU to confirm if there is any updated information related to the identified deficiencies, including any information on ongoing steps being taken to resolve them at the FATF/FSRB levels.

## 3.5 **STEP 5**: Preliminary Review

a) In case there are weak ratings related to technical compliance, the Regional Representatives will use the Risk Tool to determine the level of risk and which of the following avenues apply to the case:

i. If the Regional Representative(s) determine that the case involves low risk EG requirements in their report, the case will be submitted by the Chair of the TATWG,[34] so that the Support Pipeline is initiated. If that is the case, the Member will be informed of this referral to the Support Pipeline.[35] With this notification, the case will be formally closed under the SCP and no further action will be taken.

ii. If the Regional Representatives determine in their report that the case involves medium risk or high risk EG requirements, and there are no foreseeable steps taken to resolve them at the FATF/FSRB level,[36] the Chair of the MSCWG will continue with the next steps under the SCP. The Member should be informed about this referral.

iii. If the Regional Representatives determine in their report that the case involves medium risk or high risk EG requirements, but there are foreseeable steps to be taken to resolve them at the FATF/FSRB levels, [37] the MSCWG will confirm that these steps are aimed at solving the issues.

[33] Criteria 40.1 to 40.11 of the FATF Methodology.
[34] The Chair of the TATWG will determine the best way to implement the support mechanism based on internal procedures and available resources, including ECOFEL.
[35] When the Chair of the MSCWG is notified in their capacity as an Egmont Committee member, the Chair of the MSCWG will share this information with the MSCWG members for noting.
[36] Based on their own discretion, the Regional Representatives may rely on other Egmont members with more access to the FATF/FSRB's environments to conduct this task.
[37] These steps may be through the FATF's International Cooperation Review Group (ICRG) Action Plan or an Enhanced Follow-up Plan with clear obligations to solve the EG matter in timely fashion.

The Regional Representatives will monitor those steps[38] and will report on the implementation to the Chair of the MSCWG until its completion.[39] The Member (whose jurisdiction was the subject of the MER) should be informed of these monitoring activities.

b) In case there are weak ratings related to effectiveness (IO.6 and IO.2)[40] in the Regional Representatives' report, the Chair of the TATWG[41] will initiate the Support Pipeline and inform the Member of this referral to the Support Pipeline.[42] With this notification, the case will be formally closed under the SCP and no further action will be taken.

c) As mentioned in section 3.1.a, all the above-mentioned steps will need to be included by the Regional Representatives in a report[43] that includes:

- List of all MERs involving their region that were published by the FATF/FSRB in the reported period, identifying the Egmont Member FIUs with weak ratings (both for technical compliance and effectiveness).
- Results of engagement with the Members, including if, and how, the identified issue(s) are being/will be addressed at FATF/FSRB levels.
- Conclusion on the chosen pipeline/outcome.

## 3.6 **STEP 6**: Detailed Review – Review and Confirmation of Non-Compliance

a) The Chair of the MSCWG will assign the case(s) that are related to medium risk and high risk EG requirements to a MSCWG Expert,[44] who will engage with the Member involved[45] to gather any newly updated information and determine if there are non-compliance issues related to specific EG requirements. In this step, mitigating measures are assessed to determine if they resolve the issue, or which short-term actions the Member is willing to implement to address the matter. The MSCWG Expert will prepare a report that includes their findings and recommendations to the MSCWG members.

b) The MSCWG members will discuss the report, giving the Member involved (whose jurisdiction was the subject of the MER) the opportunity to share their position.[46] If the MSCWG members, based on the report and the Member's position, determine that the case has no merit and there are no non-compliance issues, the Chair of the MSCWG will inform the Egmont Committee about this decision for their confirmation. If the Egmont Committee confirms, the case will be formally closed under the SCP and no further action will be required. The Member involved will be informed of this decision by the Chair of the MSCWG.

c) The MSCWG members will also discuss if there are mitigating measures in place that address the issues. If these mitigating measures remedy the issues effectively, then the case will be closed. The

[38] Ibid.

[39] In case no progress is made at the FATF/FSRB level, the Regional Representatives will refer the case to the Chair of the MSCWG, who will continue with the next steps under the Support and Compliance Process (Compliance Pipeline). The Egmont Committee and the Member should be informed about this referral.

[40] Core Issues 2.2 and 2.3 of the FATF Methodology.

[41] Chair of the TATWG will determine the best way to implement the support mechanism based on its internal procedures and available resources, including ECOFEL.

[42] When notified as Egmont Committee member, the Chair of the MSCWG will share this information with the MSCWG members for noting.

[43] TATWG and Chair of the MSCWGs will update the Egmont Committee during their meetings about the results of these reports and the cases submitted to the compliance and support pipelines.

[44] MSCWG may be the same that conducted the Risk Tool review.

[45] MSCWG Expert may also reach out to the Regional Representative(s) to gather any additional information.

[46] The MSCWG members should consider any mitigating circumstances to be brought by the Member that would make it compliant in practice with the Egmont requirements.

MSWCG will inform the Member involved and the Egmont Committee of this outcome. With this notification, the case will be formally closed under the SCP and no further action will be taken.

d) When MSCWG determines that a non-compliance issue exists that is not mitigated in any way, and the Member is willing to address the issue,[47] an agreement should be reached for the resolution of the matter as quickly as possible. For high risk issues, this results in a procedure under the Compliance Pipeline and for medium risk issues, this results in a procedure under the Support Pipeline.

## 3.7 **STEP 7**: Support pipeline or compliance pipeline to rectify the non-compliance

### *Medium Risk Issues*

a) For medium risk issues that are not mitigated by the Member effectively, the Support Pipeline is initiated. The medium risk issues are referred to the Chair of TATWG, who will prioritize the issue for support (depending on available resources). The Chair of the MSCWG will then inform the Member involved and the Egmont Committee of this referral to the Support Pipeline.

b) If the Member has no mitigating measures that are sufficient to remedy the issue(s) and the Chair of the TATWG informs that support will not be possible (due to available resources or appropriate support options), then the compliance issue needs to be resolved otherwise. In this instance, the case goes into the Compliance Pipeline, and the Member needs to develop an Action Plan to remedy the issues.

### *High Risk Issues*

For high risk issues, the Member will develop a draft Action Plan[48] to rectify the identified non-compliance issues. This Action Plan should include clear deliverables and timelines, and it should be presented to the MSCWG for discussion and approval. Once an Action Plan is agreed upon, the MSCWG, through one of its experts, 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 for the Support and Compliance Process to end. The Chair of the MSCWG will keep the Egmont Committee updated on the development of the Action Plan.

## 3.8 **STEP 8**: Closure of the Medium and High Risk Compliance Issues

### *Medium Risk Issues in the Support Pipeline:*

When a medium risk issue is addressed in the Support Pipeline and support is provided, the Member is responsible to report back to the MSCWG on how the support helped them to mitigate the compliance issues.

a) The MSCWG reviews the report of the Member and decides if the issue is sufficiently remedied. The Chair of the MSCWG will inform the Egmont Committee about the outcome of this procedure. If the Egmont Committee confirms, the case will be formally closed under the SCP and no further action will be required. The Member involved will be informed of this decision by the Chair of the MSCWG.

[47] If MSCWG confirms that there is no willingness to address issue, case should be submitted to the Egmont Committee (see 6.8)
[48] For this purpose, member may request the assistance of a MSCWG expert.

b) When the MSCWG decides that the issue is not sufficiently remedied, the Compliance Pipeline will be activated as a last resort and the Member should develop a draft Action Plan[49] to rectify the identified non-compliance issues. The Action Plan should include clear deliverables and timelines, and it should be presented to the MSCWG for discussion and approval.

***Medium and High Risk Issues in the Compliance Pipeline:***

Medium and high risk issues in the Compliance Pipeline are addressed by an Action Plan. If the MSCWG members determine that the Action Plan has been fully completed and the issues of non-compliance have been resolved, the Chair of the MSCWG will inform the Egmont Committee about this decision for their confirmation. If the Egmont Committee confirms, the case will be formally closed under the SCP and no further action will be required. The Member involved will be informed of this decision by the Chair of the MSCWG.

## 3.9 **STEP 9:** Measures if Non-Compliance Issues Not Addressed by the Member

a) The MSCWG should refer the case back to the Egmont Committee if it concludes any of the following scenarios:

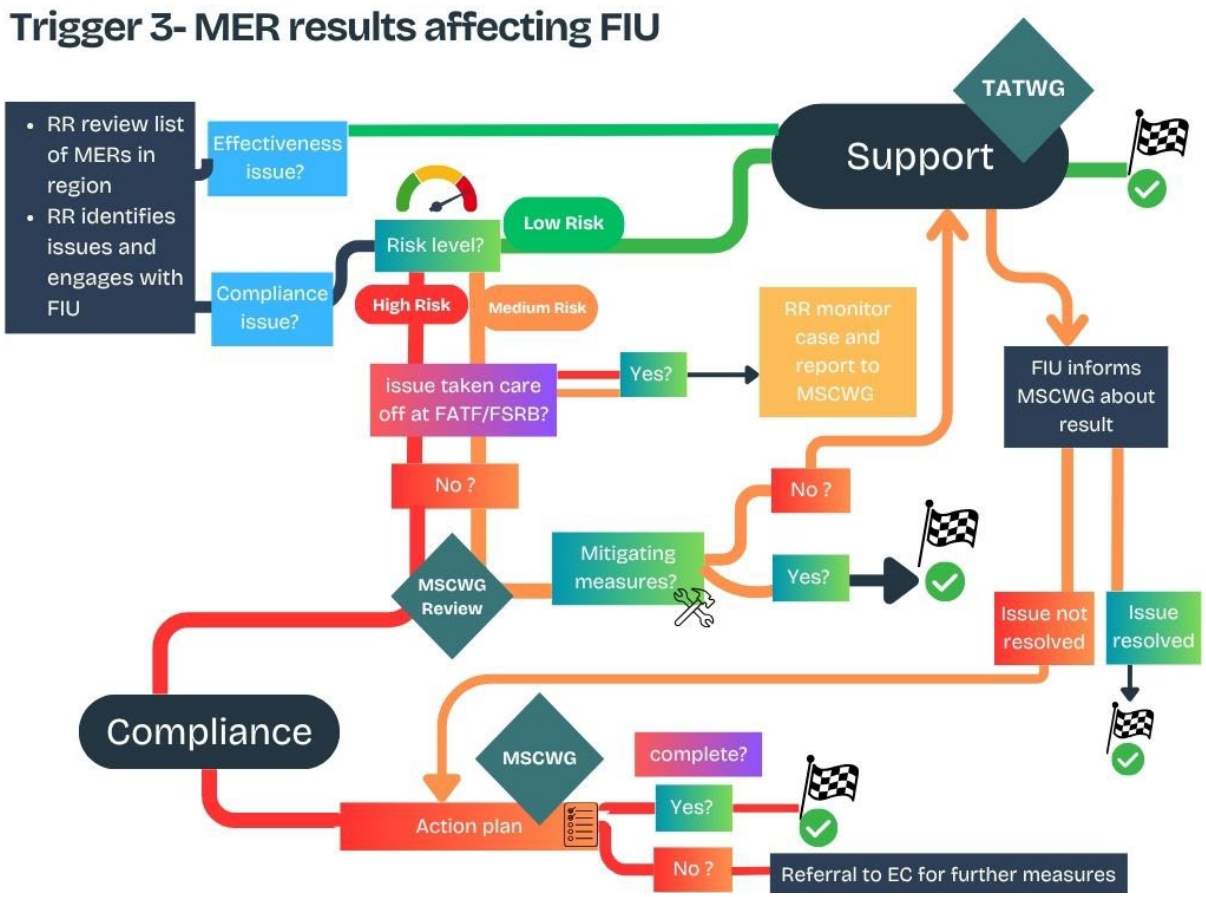
- The Member is unwilling to address the issue.
- The Member is unable to commit to an Action Plan that could be approved by the MSCWG.
- The Member has failed to fully implement the Action Plan in a timely manner.

b) The Egmont Committee may send the case back to the MSCWG if it concludes that further efforts could be made with the Member.

c) In case the Egmont Committee confirms any of the above-mentioned scenarios (6.8-a), the case will be sent to the Egmont HoFIU with recommended measures (see Chapter 3 - Section 5 - Sanctions and other possible measures)

[49] For this purpose, member may request the assistance of a MSCWG expert.

## 3.10 Trigger 3 – Flow Chart



# 4. Special Trigger 4 – Failure to Comply with Corporate Responsibilities

## 4.1 **STEP 1**: Non-Compliance with Corporate Responsibilities

a) All Members have an ongoing obligation to fulfill their corporate responsibilities as outlined in the Egmont Group *Charter* (Section 4.1. B). Trigger 4 is activated when a Member fails to meet one or more corporate responsibilities, such as:

   i. Non-payment of the annual membership contribution.

   ii. Non-completion or partial completion of the Egmont Biennial Census.

   iii. Failure to notify the Egmont Group of significant changes to the Member FIU.

b) Upon identification of non-compliance, the Egmont Secretariat will initiate contact with the Member to seek clarification and resolution.

## 4.2 **STEP 2**: Procedures

### *a) For non-payment of the annual membership contribution:*

   i. The Executive Secretary will send a first written reminder to the Member with outstanding contributions 30 days after the due date, requesting immediate payment. The Regional Representative(s) of the Member's region will be included in this communication.

   ii. If payment is not received within 60 days of the due date, a second reminder will be issued, requesting immediate payment and notifying the member that a surcharge of 25% will apply if payment is not received 90 days the due date. A copy will be sent to the Regional Representative(s) of the Member's region, who will contact the Member directly to confirm understanding of any underlying issues.

   iii. If payment is not received within 90 days after the due date, the Executive Secretary will issue a third reminder in the form of a letter to the Member, copying the Egmont Committee, requesting immediate payment of the membership contribution and a 25% surcharge. The letter will inform the Member that failure to make immediate payment, including the surcharge, will result in the matter being referred to the Egmont Committee to recommend appropriate measures stipulated under *Section 5 - Sanctions and other possible measures*, to the Egmont HoFIU.

   iv. If all outstanding membership contributions, including the surcharge, are not paid within 30 days after the letter has been sent to the Member, the Egmont Committee will consider and recommend measures stipulated under *Section 5 - Sanctions and other possible measures*, to the Egmont HoFIU for their decision.

   v. If the amount outstanding persists until the next financial year (15 months from the original due date), the Egmont HoFIU may consider removing the Member from the Egmont Group upon request of the Egmont Committee.

### *b) For non-completion of the Egmont Biennial Census:*

i. The Member must complete the Egmont Biennial Census (EBC) within 90 days of the launch of the survey.

ii. If the EBC is incomplete or not submitted by the end of this 90 day period, the Executive Secretary will send a first written reminder requesting immediate completion or a comprehensive explanation for the deficiency or delay. A copy will be sent to the Regional Representative(s) of the Member's region, who will contact the Member directly to secure understanding of any underlying issues and offer support.

iii. If the EBC remains incomplete or unsubmitted 120 days after the launch of the survey, the Executive Secretary will issue a second reminder in the form of a letter, copied to the Egmont Committee, informing the Member that failure to comply immediately will result in the matter being referred to the Egmont Committee to recommend appropriate measures stipulated under Section 5 - *Sanctions and other possible measures*, to the Egmont HoFIU.

iv. If all the data necessary to merit successful compliance with the EBC submission has not been received within 30 days after the letter has been sent to the Member the Egmont Committee will consider and recommend measures stipulated under Section 5 - *Sanctions and other possible measures*, to the Egmont HoFIU for their decision.

v. If the failure to submit the EBC persists 1 year after the launch of the survey the Egmont HoFIU may consider removing the Member from the Egmont Group upon the request of the Egmont Committee.

### *c) For failure to inform of significant changes:*

i. Should an Egmont Group Member or any operating structure of the Egmont Group[50] become aware, of a Member's failure to inform of significant changes[51] to the FIU, they should notify this to the Egmont Group Secretariat.

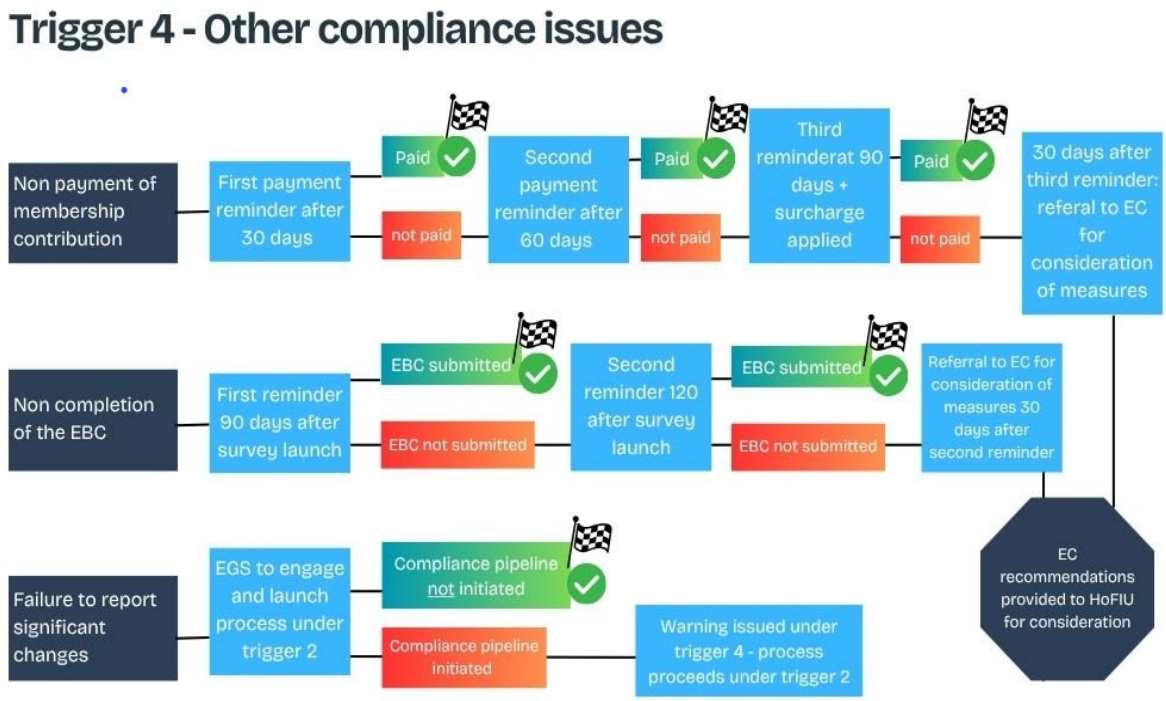
ii. The Egmont Group Secretariat will then engage with the respective Member to initiate the process under SCP Trigger 2.

iii. If following SCP Trigger 2, the MSCWG reaches a conclusion that the change was indeed a significant change in line with what is stipulated in section 2.1-a, the Chair of the MSCWG should recommend to the Egmont Committee for a Warning to be issued.

[50] As defined in section 6 of the Egmont Group *Charter*.

[51] As defined in 2.1-a. (Trigger 2 - STEP 1: Member to Inform of Significant Changes to Egmont Secretariat)

## 4.3 Trigger 4 – Flow Chart



# 5. Sanctions and other possible measures

As the ultimate governing body of the Egmont Group, the HoFIU has the power to determine the appropriate sanctions of Members that violate the EG requirements as set in the EG *Charter* and/or the *Principles for Information Exchange*. 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 HoFIU.

Sanctions are implemented as a last resort, only when all other engagement has failed. Only the HoFIU may authorize sanctions. The primary goal of the SCP is not to adversely affect the reputation or membership status of an FIU. However, if the engagement for a Member is ineffective and the Member continuously fails to meet the EG requirements, the Egmont Group will consider sanctioning the Member. The range of measures[52] that the HoFIU may take on compliance matters as per advice by the Egmont Committee include, but are not limited to, the following:

a) **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* and seek immediate corrective action.

b) **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 HoFIU if it can be concretely assessed that substantial progress has been made by the FIU in implementing the Action Plan in taking corrective action.

c) **Ban from Egmont Meetings** – The non-complying Member and all 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 HoFIU.

d) **Ban from Egmont Training Sessions** – The non-complying Member and all 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.

e) **Suspension of ESW accounts** – The non-complying Member and all its delegates would lose access to the Egmont Secure Web (ESW) until the non-compliance matter has been fully addressed.

f) **Suspension** – Where a warning of suspension has been given but still the issue remains or the circumstances have been determined to be more serious than originally thought, the HoFIU 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. While suspended the Member is still obliged to timely meet its annual contributions to

[52] The Egmont Committee will make a recommendation to the Heads of FIU regarding the public disclosure of suspension, removal from membership status or any measure taken on a non-compliance issue. This decision should be based on the gravity and extent of the non-compliance issue. If public disclosure is authorized by the Egmont HoFIU, the Egmont Group may use any of the available tools available for communication purposes as stipulated in the *Communications Strategy and Communications Guidelines*.

the budget of the Egmont Group.

g) **Removal from membership status** – Only in the most egregious circumstances, when the Member evidence 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 SCP that the Member is demonstrating strong commitment and clear progress, the process could be interrupted and the Egmont HoFIU 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 SCP may disseminate the findings of the Egmont Group outside of the Egmont Group (for example, to their national authorities and/or technical assistance providers in order to tackle any identified shortcomings).