



# **ANTI-MONEY LAUNDERING COUNCIL**

## **SECRETARIAT**

**AMLC LETTER NO. AMLET-18-03**

**To: Participating Government Agencies and Other Entities**

**Subject: Operational Guidelines in the Conduct of the 2018 Third Round Mutual Evaluation of the Philippines**

By authority of President Rodrigo R. Duterte, and per Memorandum dated 22 February 2018, Executive Secretary Salvador C. Medialdea directed all departments, bureaus, offices and agencies of the Executive branch, including government financial institutions and government-owned and -controlled corporations to be identified by the Anti-Money Laundering Council (AMLC) to actively participate and/or extend the necessary assistance in the conduct of the Philippines' Mutual Evaluation (ME) *consistent with the operational guidelines that may be issued by the AMLC.*

The AMLC has also invited the Supreme Court, professional and business associations, non-profit monitoring authorities, and representatives of other stakeholders to participate in said ME.

In line with Executive Secretary Medialdea's Memorandum, and to systematize the conduct of the ME, and for proper coordination among participants therein, the AMLC Secretariat issued the *Operational Guidelines in the Conduct of the 2018 Third Round Mutual Evaluation of the Philippines.*

Please be guided accordingly.

(original signed)  
**MEL GEORGIE B. RACELA**  
Executive Director

20 April 2018



Republic of the Philippines  
**ANTI-MONEY LAUNDERING COUNCIL**

**OPERATIONAL GUIDELINES IN THE CONDUCT OF THE  
2018 THIRD ROUND MUTUAL EVALUATION OF THE  
PHILIPPINES**

***Background***

The Asia Pacific Group on Money Laundering (APG) is committed to the effective implementation and enforcement of internationally accepted standards to address Money Laundering/Terrorist Financing (ML/TF), particularly the Financial Action Task Force (FATF) Forty Recommendations.

The Philippines is one of the founding members of the APG and pursuant to APG membership rules, members shall undergo a mutual peer review system to assess levels of compliance with international anti-money laundering and combating the financing of terrorism (AML/CFT) standards, providing an in-depth description and analysis of the jurisdiction's system for preventing criminal abuse of the financial system. These peer reviews are referred to as "mutual evaluations" (ME).

The Philippines underwent MEs in 2003 and 2008. This 2018, the Philippines will undergo the Third Round ME to be conducted by pool of experts from APG member – jurisdictions.

In 2008, the Philippines underwent the Second (2<sup>nd</sup>) Round ME, wherein its technical compliance with the FATF Recommendations was assessed. The Philippines got relatively poor rating due to major shortcomings in the country's AML/CFT legal framework. As a result of which, the Philippines was placed in the FATF's "grey list" and was subject to the FATF's International Cooperation Review Group (ICRG) process. The Philippines was considered a "high risk" jurisdiction and was subject to countermeasures. It was only in 2013, after the passage of Republic Act No. 10365, introducing significant reforms in the Anti-Money Laundering Act of 2001, that the Philippines was removed from the "grey list" and the list of ICRG-monitored jurisdictions. However, the Philippines remained monitored by the APG due to the non-inclusion of the casino sector in the country's AML/CFT regime.

***Purpose of the Guidelines***

The ME is a government-wide concern as what will be assessed is the compliance of the Philippines with the FATF Forty Recommendations and the

effectiveness of its AML/CFT regime. The entire ME process spans two (2) years, and will require the support and active participation of various government agencies, including supervisory authorities, law enforcement agencies, and public and private stakeholders.

This Guidelines aims to:

- a. Create an inter-agency Mutual Evaluation (ME) Working Group (WG) and sub-working groups (SWGs);
- b. Enumerate the functions and obligations of the member-agencies with respect to the ME process;
- c. Outline the ME process and provide guidance as to the different components of the process;
- d. Provide timelines for the ME process and ME-related activities;
- e. Enumerate effects of a “non-compliant” or “poor” ME; and
- f. Lay down the framework towards the adoption of a National AML/CFT Policy Strategy.

## **CHAPTER I GENERAL PROVISIONS**

### **I. Framework**

On 22 February 2018, the Office of the President designated the Anti-Money Laundering Council (AMLC) as the lead agency in the ME.<sup>1</sup> The ME process requires high-level support and active participation of various government agencies, including supervisory authorities, law enforcement agencies, other government agencies and private stakeholders.

Under the 22 February 2018 Memorandum, the Office of the President mandates the AMLC to establish an inter-agency structure for the Philippines’ ME in the form of working groups. The agencies identified by the AMLC shall then actively participate and extend the necessary assistance in the conduct of the ME, consistent with the operational guidelines issued by the AMLC.

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<sup>1</sup> Memorandum from the Office of the President is attached as Annex A.

## II. Concepts and Definition of Terms

- a) **Mutual Evaluation (ME)** – The Mutual Evaluation is a process by which jurisdictions undergo a mutual peer review system to determine levels of compliance with international anti-money laundering and combating the financing of terrorism (AML/CFT) standards.

The ME has two components – the Technical Compliance component and the Effectiveness component.

- b) **Asia Pacific Group on Money Laundering (APG)** - The APG is an autonomous and collaborative international organization founded in 1997 in Bangkok, Thailand and the Philippines is one of the founding members. It is not part of any international body, The APG is also one of eight Financial Action Task Force (FATF) -Style Regional Bodies (FSRBs) in the world.

APG members and observers are committed to the effective implementation and enforcement of internationally accepted standards against money laundering and the financing of terrorism, in particular the Forty Recommendations of the Financial Action Task Force on Money Laundering (FATF).

- c) **Financial Action Task Force (FATF)** - The FATF is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.
- d) **FATF Forty Recommendations** - The FATF has developed a series of Recommendations that are recognised as the international standard for combating of money laundering and the financing of terrorism and proliferation of weapons of mass destruction. They form the basis for a co-ordinated response to these threats to the integrity of the financial system and help ensure a level playing field.
- e) **FATF Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems** – More commonly known as the FATF Methodology, this provides the basis for undertaking assessments of technical compliance with the FATF

Recommendations and for reviewing the level of effectiveness of a country's AML/CFT system. It reflects the requirements set out in the FATF Recommendations and its Interpretative Notes, and assists the assessors in identifying the systems and mechanisms developed by countries with diverse legal, regulatory and financial frameworks in order to implement effective AML/CFT systems.

- f) Immediate Outcomes** – The FATF has identified eleven (11) key goals or “immediate outcomes” that an effective AML/CFT framework should achieve. During the ME the FATF will assess the effectiveness of a country's efforts against each of these 11 immediate outcomes.
- g) ME Assessment Team** – The Assessment Team is made up of at least five (5) experts coming from other member-jurisdictions of the APG. They are experts in: a) law; b) supervision and financial systems; and, c) law enforcement and financial intelligence units. The team leader is from the APG.
- h) FATF International Cooperation Review Group (ICRG)** – The ICRG is a mechanism to identify and respond to jurisdictions with strategic deficiencies in their AML/CFT regimes that pose a risk to the international financial system and impede efforts to ML and TF. The ICRG analyzes high-risk jurisdictions and recommends specific actions to address the ML/TF risks emanating from them.

### **III. Submission of the Mutual Evaluation Report to the President of the Philippines.**

Upon adoption and publication of the Mutual Evaluation Report of the Philippines by the APG, the AMLC shall submit the same to the President of the Philippines.

### **IV. Effectivity**

This guidelines shall take effect immediately upon publication in [www.amlc.gov.ph](http://www.amlc.gov.ph) or upon receipt of the concerned government agencies.

## **CHAPTER II INTER-AGENCY ME WORKING GROUP**

### **V. Anti-Money Laundering Council as Lead Agency**

The Anti-Money Laundering Council (AMLC) is designated as the lead agency of the National ME Working Group pursuant to the 22 February 2018 Memorandum of the Executive Secretary.

As lead agency, the AMLC shall:

- a) Issue operational guidelines on the conduct of the ME, and additional guidelines/instructions to the concerned agencies, as may be necessary, from time to time;
- b) Serve as the central coordinating agency in the ME process, which includes facilitating the visits of the ME Assessment Team and finalizing technical compliance and effectiveness responses for submission to the ME Assessment Team, as well as the respective replies of the concerned agencies to the findings;
- c) Engage public and private stakeholders and conduct briefings, focus group discussions, workshops in preparation for the different components and activities of the ME process;
- d) Conduct risk-based and thematic outreach for agencies and sectors requiring enhanced focus and those identified high risk agencies and sectors for ML/TF;
- e) Set timelines for the deadlines and deliverables, and monitor status and progress of submissions made of the relevant government agencies and private stakeholders;
- f) Create an online portal, which shall serve as a mechanism for the submission of the for the submission to the ME Assessment Team of the TC and Effectiveness Responses, all subsequent replies and all the supporting documents;
- g) Submit documents, reports, statistics, case studies to the ME Assessment Team, in compliance of the ME Methodology;
- h) Submit periodic status reports to the Office of the President on the progress of ME milestones and the level of participation of concerned agencies;
- i) Attend and represent the country in all ME-related international activities, including the APG plenary session for the adoption of the Philippines' Mutual Evaluation Report; and
- j) Perform all acts necessary and incidental to comply with the requirements of the Assessment Team during the conduct of the ME.

The AMLC may also call upon other government agencies, not otherwise identified in this guidelines, for assistance in the conduct of the ME, as may be necessary from time to time.

## VI. Creation of an Inter-Agency ME Working Group

There is a need to constitute an inter-agency ME Working Group (WG) consisting of representatives from relevant government agencies and the private sector to assist in the preparations for the ME, provide wide-range of data and responses to support the country's compliance and participate during the visits and series of interviews to be conducted by the Assessment Team.

The inter-agency ME WG shall be composed of the following agencies:

<b>Financial Intelligence Unit</b>	<b>Appropriate Government Agencies<sup>2</sup></b>
Anti-Money Laundering Council	Philippine Amusement and Gaming Corporation
<b>Supervising Agencies</b>	Cagayan Economic Zone Authority
Bangko Sentral ng Pilipinas	Aurora Pacific Economic Zone and Freeport
Insurance Commission	
Securities and Exchange Commission	
<b>Law Enforcement Agencies and Government Agencies</b>	
Anti-Terrorism Council	National Security Council
Bureau of Customs	Office of the Ombudsman
Bureau of Fisheries and Aquatic Resources	Office of the Solicitor General
Bureau of Immigration	Office of Transportation Security
Bureau of Internal Revenue	Philippine Center on Transnational Crime
Bureau of Jail Management and Penology	Philippine Coast Guard
Civil Aviation Authority of the Philippines	Philippine Deposit Insurance Corporation
Civil Service Commission	Philippine Drug Enforcement Agency
Cooperative Development Authority	Philippine Ports Authority

<sup>2</sup> Section 6(a) of the Casino Implementing Rules and Regulations, defines Appropriate Government Agencies as the Philippine Amusement and Gaming Corporation, Cagayan Economic Zone Authority, Aurora Pacific Economic Zone and Freeport or any other government agency, as may be determined by law.

Department of Environment and Natural Resources	Philippine Postal Corporation
Department of Finance	Philippine National Police – Anti-Cybercrime Group
Department of Foreign Affairs	Philippine National Police – Anti-Kidnapping Group
Department of Labor and Employment	Philippine National Police – Aviation Security Group
Department of Justice	Philippine National Police – Criminal Investigation and Detection Group
Department of Social Welfare and Development	Philippine National Police – Directorate for Intelligence
Department of Trade and Industry	Philippine National Police – Directorate for Investigation and Detective Management
Intellectual Property Office of the Philippines	Philippine National Police – Highway Patrol Group
Intelligence Service Armed Forces of the Philippines	Philippine National Police – Intelligence Group
Inter-Agency Council Against Trafficking	Presidential Anti-Organized Crime Commission
Land Registration Authority	Professional Regulation Commission – Board of Accountancy
Manila International Airport Authority	Professional Regulation Commission – Board of Real Estate Service
National Bureau of Investigation	Sandiganbayan
National Intelligence Coordinating Agency	Supreme Court – Office of the Court Administrator

The Anti-Money Laundering Council may identify other government agencies to be part of the Inter-Agency ME Working Group.

## **VII. Functions of the Inter-Agency ME Working Group**

All concerned Heads of Departments, Agencies, Offices and Instrumentalities of the National Government, specifically those named under Item V hereof, are enjoined to extend full support and participation in the conduct of the ME. The Inter-Agency ME WG shall have the following specific functions:

- a) Designate permanent representative/s which will serve as the agency's focal persons to the ME. The agency's representative/s shall form part of the resource persons of the agency for the interviews conducted by the Assessment Team during the Pre-ME visit, On-site visit and Face-to-Face Meeting;
- b) Familiarize with the FATF Forty Recommendations, the 11 Immediate Outcomes, the FATF Methodology and the APG Procedures for Third Round Mutual Evaluation;
- c) Review and fully understand the ML/TF risks based on the results of the National Risk Assessment (NRA) on Money Laundering and Terrorist Financing, and draft action plans targeted to address and mitigate the risks;
- d) Provide accurate and detailed responses to the technical compliance and effectiveness questionnaires;
- e) Provide the relevant laws, regulations, circulars, other legal issuances, enforceable means and other supporting documents, and the existence, powers and procedures of competent authorities, which are necessary to support technical compliance component of the ME;
- f) Provide the necessary AML/CFT – related statistics, qualitative information, case studies and other supporting information, which are necessary to support the effectiveness component of the ME;
- g) Coordinate with the AMLC, supervisory authorities, other government agencies and private stakeholders for the issuance of necessary policies addressing the identified gaps in the AML/CFT framework to ensure compliance with international AML/CFT standards;
- h) When necessary, send representatives to serve as resource persons of the agency for the interviews conducted by the Assessment Team during the Pre-ME visit, On-site visit and Face-to-Face Meeting;
- i) When applicable, identify, brief and prepare representatives from private stakeholders who shall be interviewed by the Assessment Team during the Pre-ME visit, On-site visit and Face-to-Face Meeting;
- j) Organize workshops, targeted outreach, writing exercises, meetings, focus group discussions, and outreach activities to identified high risk sectors;

- k) Participate in all ME - related activities, including activities of the ME sub-working groups; and
- l) Perform all acts incidental and necessary to comply with the requirements of the Assessment Team during the conduct of the ME.

#### **VIII. Representatives to the Inter-Agency National ME Working Group**

Heads of Departments, Agencies, Offices and Instrumentalities of the National Government, specifically those named under Item III hereof shall designate representatives/team to the National ME WG and the relevant SWGs.

The primary representative of the agency should be a senior official with rank not lower than Assistant Secretary or its equivalent, who must have technical knowledge and operational experience and with authority to share information. Member agencies shall designate an alternate member who should have the same qualifications.

The agency should designate additional representatives, who should have the following qualifications:

- a. at least one (1) senior level official involved in policy-making;
- b. at least one (1) operations officer who is directly involved in coordination mechanisms (i.e. investigations, prosecution, etc.) with the AMLC;
- c. persons in charge of gathering and analyzing the statistics of the agency;
- d. person/s directly involved with the conduct of the NRA; and
- e. officers of the agency who have attended preparatory activities of the ME.

The agencies are encouraged to designate multiple representatives, who are considered experts in the above mentioned areas of operations of the agency. They are expected to be able to articulate before the ME Assessment Team, their understanding of the ML/TF risks based on the results of the NRA, the policies, processes and operations of the agencies. They are likewise expected to fully explain the statistics held by the agency, as well as the cases involving predicate offenses and ML/TF.

## **IX. ME Sub-working Groups**

The Inter-Agency ME WG shall have eight (8) sub-working groups (SWGs), as follows:

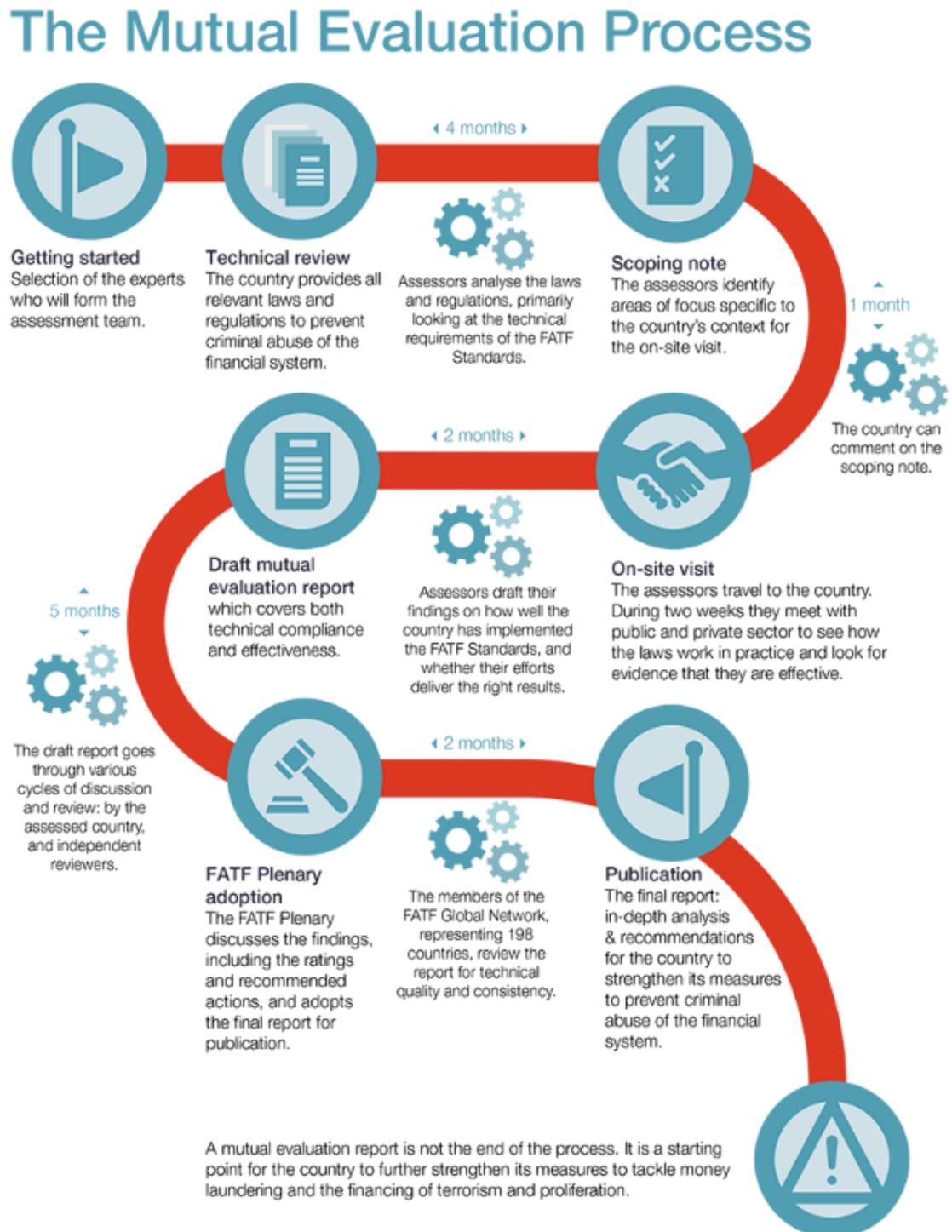
1. Risk and Coordination;
2. International Cooperation;
3. Financial Intelligence;
4. Sectoral Sub-Working Groups:
  - a. Banking Sector;
  - b. Securities Sector;
  - c. Insurance Sector;
  - d. Other Financial Institutions;
  - e. Casino Sector;
  - f. Other Designated Non-Financial Business and Professions;
5. Law Enforcement Agencies;
6. Confiscation and Provisional Measures, Prosecution, Justice System;
7. Terrorist Financing; and
8. Non-profit Organizations.

The scope of the different SWGs as well as its members herein attached as Annex B.

## **CHAPTER III THE MUTUAL EVALUATION PROCESS**

The Mutual Evaluation is a process by which jurisdictions undergo a mutual peer review system to determine levels of compliance with international anti-money laundering and combating the financing of terrorism (AML/CFT) standards.

Figure 1. Illustration of the Mutual Evaluation Process<sup>3</sup>



<sup>3</sup> [http://www.fatf-gafi.org/publications/mutualevaluations/more/more-about-mutual-evaluations.html?hf=10&b=0&s=desc\(fatf\\_releasedate\)](http://www.fatf-gafi.org/publications/mutualevaluations/more/more-about-mutual-evaluations.html?hf=10&b=0&s=desc(fatf_releasedate)). Last Accessed 2 April 2018

## **X. Components of the ME Process**

### **A. Technical Compliance (*due for submission on 4 May 2018*)**

The technical compliance (TC) assessment addresses the specific requirements of the FATF 40 Recommendations as they relate to the relevant legal and institutional framework of the country, and the powers and procedures of the competent authorities. These represent the fundamental building blocks of an AML/CFT system. Previous MEs were assessed under this component only.

The ME will check whether the existing laws, regulations, legal issuances and enforceable means comply with the FATF Standards and its criteria. Member agencies are then expected to provide responses by identifying the appropriate legal framework as it relates to the FATF Recommendation relevant to their sector and functions

There are four possible levels of compliance: *compliant, largely compliant, partially compliant, and non-compliant.*

The criteria for assessment of the FATF Recommendations are herein attached as Annex C.

### **B. Effectiveness Assessment (*due for submission on 5 July 2018*)**

The effectiveness assessment seeks to assess the adequacy of the implementation of the FATF Recommendations, and identifies the extent to which a country achieves a defined set of outcomes that are central to a robust AML/CFT system. It is assessed on the basis of the 11 Immediate Outcomes.

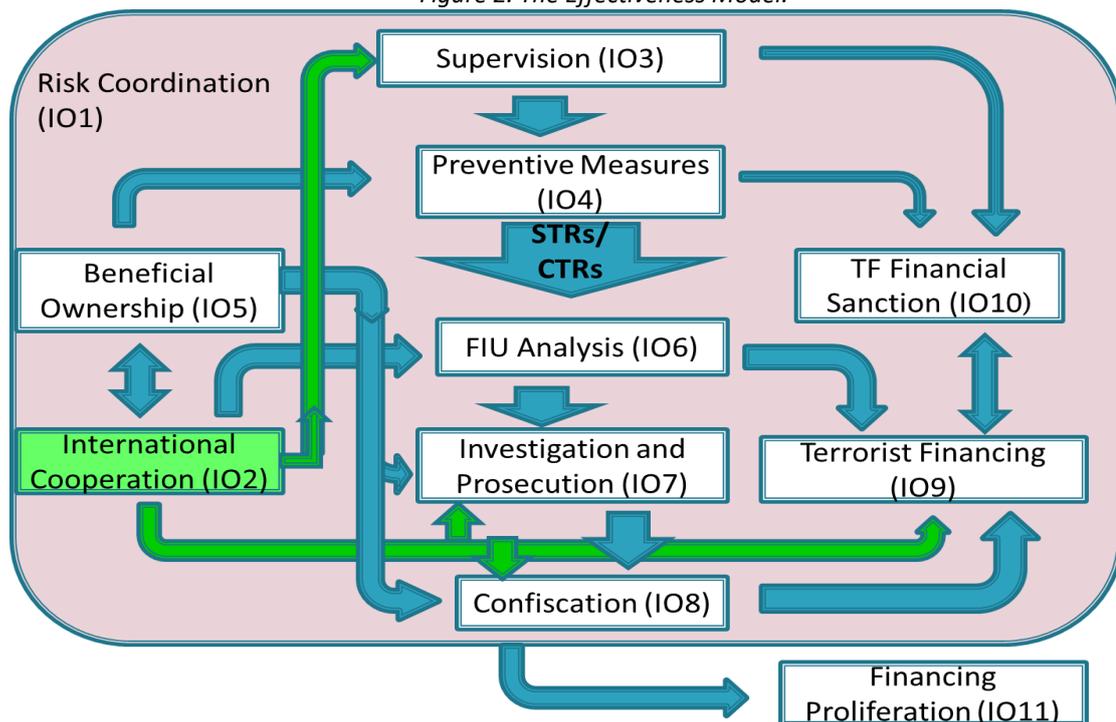
In the AML/CFT context, effectiveness is the extent to which financial systems and economies mitigate the risks and threats of money laundering, and financing of terrorism and proliferation. This could be in relation to the intended result of a given (a) policy, law, or enforceable means; (b) programme of law enforcement, supervision, or intelligence activity; or (c) implementation of a specific set of measures to mitigate the money laundering and financing of terrorism risks, and combat the financing of proliferation.

Member-agencies are expected to provide responses by providing and analyzing AML/CFT statistics relevant to their sector and functions, and identifying case studies to show effectiveness in the related Immediate Outcome.

There are four possible ratings for effectiveness, based on the extent to which the *core issues* and *characteristics* are addressed: *High level of effectiveness*; *Substantial level of effectiveness*; *Moderate level of effectiveness*; and *Low level of effectiveness*.

The 11 Immediate Outcomes and core issues are herein attached as Annex D.

Figure 2. The Effectiveness Model.



## XI. Scoping Notes and Visits of the ME Assessment Team

### A. Pre – ME Visit (tentative September/October 2018)

The Pre-ME Visit is the first time that the ME Assessment Team will be visiting the jurisdiction. It is a five-day event, wherein the ME Assessment Team will discuss the first draft of the TC assessment and other matters related to the evaluation, including the member’s effectiveness response, team’s scoping note, and on-site requirements.

Government agencies and private stakeholders who provided response to the TC Assessment will be called upon by the ME Assessment Team to clarify their

responses. It is then expected that concerned government agencies will familiarize themselves with the TC Response submitted and initial TC Assessment, and send their appropriate representatives for the Pre-ME interviews.

**B. Scoping Notes (September/October 2018)**

The Scoping Notes set out briefly (in no more than two pages) the areas for increased focus, as well as areas of reduced focus, and why these areas have been selected. It should be sent to the country, at least four (4) weeks prior to the On-Site Visit.

**C. On – Site Visit (5 – 16 November 2018)**

The on-site visit is a two-week visit of the ME Assessment Team to the assessed jurisdiction to discuss and review the jurisdiction’s level of compliance with the 11 Immediate Outcomes relating to the effectiveness of the system and clarify any outstanding technical compliance issues.

In the case of the Philippine ME, there will be approximately 80 meetings/interviews to be conducted by the ME Assessment Team with representatives of concerned government agencies and private stakeholders. It is important that the assessment team be able to request and meet with all relevant agencies and private sector representatives during the on-site. The ME Assessment Team may also request “walk-throughs” and/or “on-the ground” visits in the actual operations or facilities of the concerned government agencies.

Government agencies and private stakeholders who provided response to the TC Assessment and Effectiveness Assessment will be called upon by the ME Assessment Team to clarify, further justify and substantiate their responses. The concerned government agencies and private stakeholders may be subject to several interviews by the ME Assessment Team, and may be called on notice to address questions during the conduct of the series of interviews.

It is imperative that concerned government agencies will familiarize themselves with the TC and Effectiveness Response submitted, as well as the initial TC and Effectiveness Assessment made by the ME Assessment Team. The concerned government agencies and stakeholders shall send their appropriate representatives

for the On-site interviews. When requested by the Assessment Team, concerned agencies are expected to facilitate the “walk-throughs” and/or “on-the ground” visits within their scope of functions and operations.

#### **D. Face-to-Face Meeting (*April 2019*)**

The face-to-face meeting is the last visit of the ME Assessment Team to the jurisdiction before the adoption of the Mutual Evaluation Report (MER). During the Face-to-Face meeting, the draft MER will be discussed as well as any issues identified following the reviewers’ and members’ comments. It is the last opportunity for the jurisdiction to appeal the findings of the ME Assessment Team with the Team. Representatives should be able to provide and defend positions in the event that a request for upgrade of rating is made. After this, any appeal for upgrade in the rating shall be brought before the APG plenary during its annual meeting in July.

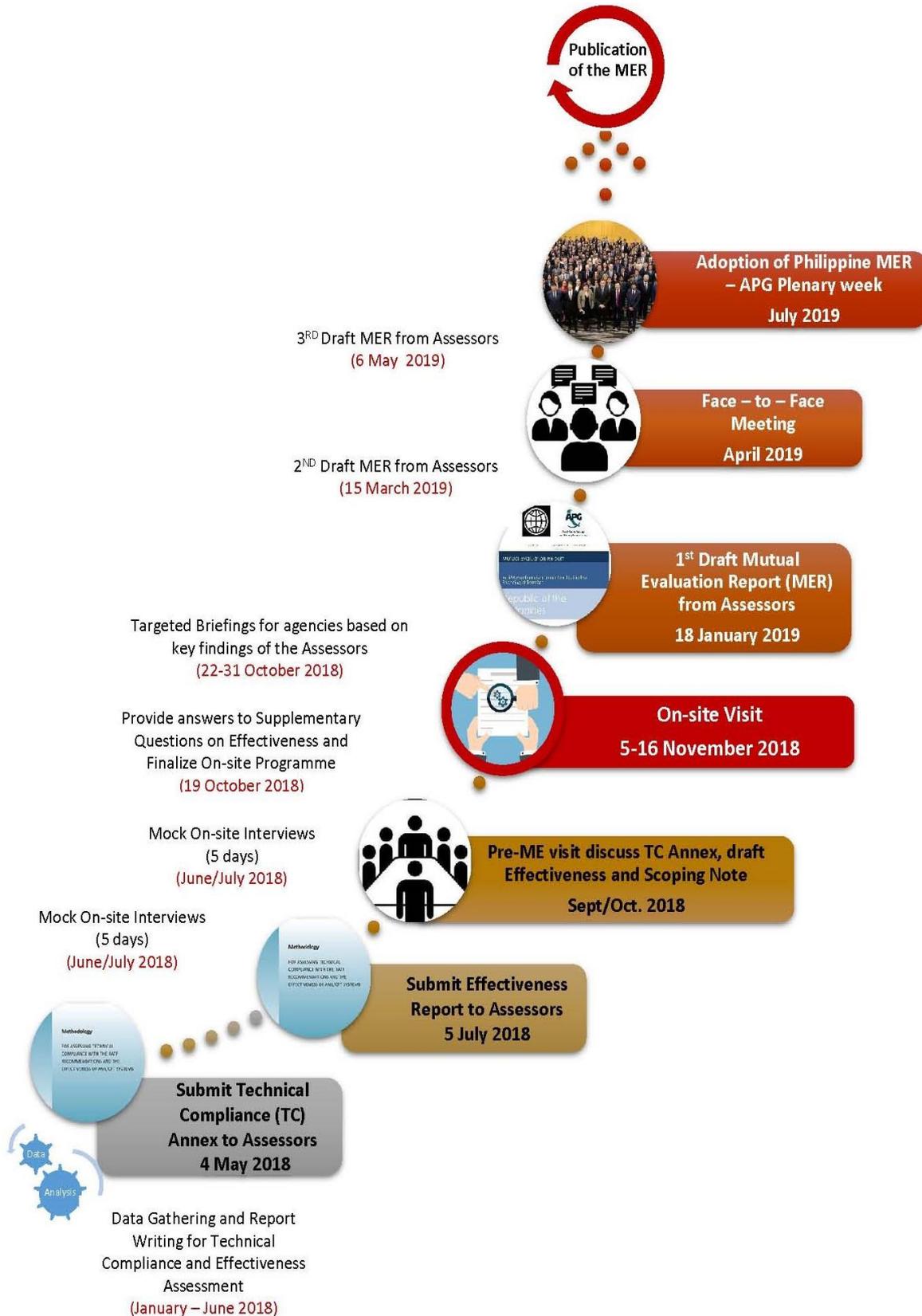
It is expected that government agencies who provided response in the assessments, particularly those involved in certain aspects with requests for upgrade, be available to meet the ME Assessment Team during the Face-to-Face Meeting. The concerned government agencies and their representatives should thoroughly review the draft MER report prior to the meeting and come fully prepared to defend their case.

## **XII. Timeline of Activities for the ME**

The inter-agency ME Working Group is required to strictly observe the timelines for the ME milestones.

The timeline for the ME milestones are as follows:

**Figure 3. Timeline for the Third Round Mutual Evaluation**



In addition to the ME milestones, the AMLC shall be holding other activities, including briefings/workshop to the sub-working groups, concerned government agencies and private stakeholders, outreach to the high risk sectors, and practice/mock interviews, among others.

Member-agencies are required to participate in all ME - related activities, including activities of the ME sub-working groups

### **XIII. “Non-Compliant” or “Poor” ME**

A jurisdiction has a “non-compliant” or “poor” ME, when it is:

1. Rated Non-Compliant with 20 or more of the FATF Forty Recommendations;
2. Rated Non-Compliant/Partially Compliant with 3 or more of the key FATF Recommendations (i.e. Recommendations 3, 5, 10, 11 and 20);
3. Rated Low or Moderate on 9 or more of the 11 Immediate Outcomes (with a minimum of two low ratings); or
4. Rated Low on 6 or more of the 11 Immediate Outcomes.

### **XIV. Effects of a “Non-Compliant or “Poor” ME**

A jurisdiction which obtains a “Non-Compliant or “Poor” ME will be subject to the ICRG process and will have the administrative burden of regularly reporting to the FATF and APG. Accordingly, the country will be considered a “high risk” jurisdiction and may be subject to any the following sanctions:

1. Counter-measures to be applied by other countries
  - a. Requiring financial institutions to apply specific elements of enhanced due diligence; (*effectively more burdensome for OFWs to remit back to their families here*)
  - b. Introducing enhanced relevant reporting mechanisms or systematic reporting of financial transactions;
  - c. Refusing the establishment of subsidiaries or branches or representative offices of financial institutions from the country concerned, or otherwise taking into account the fact that the relevant financial institution is from a country that does not have adequate AML/CFT systems;

- d. Prohibiting financial institutions from establishing branches or representative offices in the country concerned, or otherwise taking into account the fact that the relevant branch or representative office would be in a country that does not have adequate AML/CFT systems;
- e. Limiting business relationships or financial transactions with the identified country or persons in that country;
- f. Prohibiting financial institutions from relying on third parties located in the country concerned to conduct elements of the CDD process;
- g. Requiring financial institutions to review and amend, or if necessary terminate, correspondent relationships with financial institutions in the country concerned;
- h. Requiring increased supervisory examination and/or external audit requirements for branches and subsidiaries of financial institutions based in the country concerned; and
- i. Requiring increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in the country concerned.

- 2. Increase in International borrowing rates
- 3. Increase in Domestic interest rates
- 4. Decrease in reputation and investor confidence which may affect influx of foreign investments
- 5. Decrease in ease of doing international business

Under the existing FATF Methodology, the ICRG process and the experiences of other jurisdictions, it takes approximately five (5) years before a jurisdiction is able to exit the ICRG process. During that time, sanctions will be in place against the jurisdiction.

#### **CHAPTER IV NATIONAL ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM POLICY STRATEGY**

As part of our compliance with the FATF Forty Recommendations, there is a need for the country to adopt a National Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Policy Strategy. In this regard, the AMLC and member-agencies of the National ME WG shall actively participate in the drafting of a National AML/CFT Policy Strategy for the purpose of strengthening mechanisms to ensure compliance with international standards and effectively combat ML/TF. Member-agencies shall:

- a. Identify and provide inputs and achievable objectives during the drafting of the National Strategy;
- b. Participate in workshops, discussion forums and consultations regarding the National Strategy;
- c. Provide the necessary support and endorse the National Strategy to ensure its adoption and effective implementation;
- d. Commit to the timelines identified for the implementation of the National Strategy;
- e. Integrate objectives identified in the National Strategy into the action plans/strategic objectives of the agencies;
- f. Review and monitor progress of implementation of the National Strategy; and
- g. Update and revisit the National Strategy, as may be necessary, from time to time.