

ANNEX B

SPECIFIC TERMS OF REFERENCE

DECISION CDPC/106/060697

- 1. Name of committee:** SELECT COMMITTEE OF EXPERTS ON THE EVALUATION OF ANTI-MONEY LAUNDERING MEASURES (PC-R-EV)
- 2. Type of Committee:** Select Committee
- 3. Source of terms of reference:** European Committee on Crime Problems (CDPC)
- 4. Terms of reference:**
 - a. Money laundering, i.e. the process through which criminals give an apparently legitimate origin to proceeds of crime, is an expanding and increasingly international phenomenon. It may particularly affect economies which are undergoing transformation and which offer significant opportunities for foreign investment. The financial regulatory framework, both in banking and non-banking sectors, is often less stringent in these countries than in others, which make them vulnerable to money laundering operations. Given the diverse illegal activities, including money laundering, of organised crime groups in some of these countries and, in exceptional cases, their alleged infiltration into entire national economies, it seems that it is in their vital interest to create and maintain a credible financial system capable of detecting, preventing and controlling money laundering.
 - b. The establishment of an efficient anti-money laundering system is due in many countries to the enforcement of national and international anti-money laundering measures and their regular monitoring through international bodies, such as the Financial Action Task Force on Money Laundering (FATF). The monitoring, which implies evaluating each other's performance in so called "peer groups", greatly enhances the compatibility of national norms with international standards in the financial, law enforcement and judicial sectors.
 - c. Taking into account the procedures and practices used by the FATF, the Committee shall:
 - elaborate appropriate questionnaires for self- and mutual evaluations;
 - evaluate, by means of self- and mutual evaluation questionnaires and periodic on-site visits, the performance of those member States of the Council of Europe which are not members of the FATF¹ in complying with the relevant international anti-money laundering standards, as contained e.g. in the 40 Recommendations of the FATF, the 1988 UN Convention on illicit traffic in narcotic drugs and psychotropic substances, the 1991 EC Directive on the prevention of the use of the financial system for money laundering and the 1990 Convention on laundering, search, seizure and confiscation of the proceeds from crime, concluded within the Council of Europe and where necessary, provide assistance, upon request, to enable them to comply with the recommendations;

¹ Albania, Andorra, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Latvia, Liechtenstein, Lithuania, Moldova, Malta, Poland, Romania, Russian Federation, San Marino, Slovakia, Slovenia, "The Former Yugoslav Republic of Macedonia", Ukraine.

- adopt reports on each evaluated country's situation as to:
 - i. the features and magnitude of money laundering, including typologies,
 - ii. the efficiency of measures taken to combat money laundering in the legislative, financial regulatory, law enforcement and judicial sectors;
- where appropriate, make recommendations to the evaluated countries, with a view to improving the efficiency of their anti-money laundering measures and to furthering international co-operation;
- submit to the CDPC an annual summary of its activities and any recommendations it deems appropriate with a view to furthering the adoption or implementation of anti-money laundering measures;

5. Membership of the Committee:

- a. i. (Council of Europe member States not members of the FATF) :

three experts appointed by the Governments of each of the following member States: Albania, Andorra, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Georgia, Hungary, Latvia, Liechtenstein, Lithuania, Moldova, Malta, Poland, Romania, Russian Federation, San Marino, Slovakia, Slovenia, "The Former Yugoslav Republic of Macedonia", Ukraine;
- ii. (FATF):

two experts appointed by each of the past and current Presidency of the FATF;
- iii. two scientific experts appointed by the Secretariat
- b. The Council of Europe's budget² bears the travel and subsistence expenses of three experts from each of the member States mentioned under a/i., as well as those of the two scientific experts. These member States may send additional experts at their own expense.
- c. Members' desirable qualifications: senior officials and experts with responsibility for supervision of financial institutions, senior members of law enforcement or judicial bodies, with particular knowledge of questions related to money laundering, including national and international anti-money laundering instruments, e.g. FATF recommendations.
- d. The Commission of the European Communities and the Secretariat General of the Council of the European Union may send a representative to meetings of the Committee, without the right to vote or defrayal of expenses.
- e. The following observers with the Council of Europe may send a representative without the right to vote or defrayal of expenses to meetings of the committee:

Canada
Holy See
Japan
Mexico
United States of America.

² A special account has been opened for that purpose.

f. The following observers with the Committee may send representatives, without the right to vote or defrayal of expenses:

- Members of the FATF other than those referred to in 5.a.ii
- Secretariat of the Financial Action Task Force on Money Laundering (FATF),
- ICPO-Interpol,
- Commonwealth Secretariat,
- International Monetary Fund (IMF),
- United Nations Drug Control Programme (UNDCP),
- UN Crime Prevention and Criminal Justice Division,
- World Customs Organisation,
- World Bank,
- European Bank of Reconstruction and Development (EBRD) and
- Offshore Group of Banking Supervisors (OGBS).

g. The Bureau of the CDPC may authorise the admission of other observers to the Committee.

6. Working structures and methods:

The Committee may elect a Bureau to facilitate its discussions and adopt internal rules of procedure.

7. Duration:

These terms of reference will expire on 31 December 2003.

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Adopted: see CM/Del/Dec(97)600, item 10.2a and Appendix 17
Extended: see CM/Del/Dec(99)679, item 10.4a
Revised: see CM/Del/Dec(99)690, item 10.1 and CM(99)158 Item 3 & Appendix II.