

Mutual Evaluation of the Financial Action Task Force

As part of the fourth round of mutual evaluations, the Financial Action Task Force (FATF) is conducting the mutual evaluation of Luxembourg. The FATF is an intergovernmental body that sets international standards to prevent money laundering, terrorist financing and the proliferation of weapons of mass destruction (AML/CFT) and promotes the application of effective legislative, regulatory and operational measures in this area. Mutual evaluations allow the FATF to monitor the implementation of these standards in member states and to assess the overall effectiveness of their AML/CFT systems¹. The scope of the mutual evaluations includes two inter-linked components:

- **The technical compliance assessment** addresses the requirements of each of the FATF's 40 Recommendations, in particular those relating to the country's legal and institutional framework, and the powers and procedures of the competent authorities².
- **The assessment of effectiveness** looks at the country's AML/CFT system and how well it works. It also evaluates the extent to which the defined "immediate outcomes" are achieved in practice³.

The mutual evaluation process consists of different steps⁴ :

- 1) The first step is the selection of the experts forming the assessment team;
- 2) The assessed country provides all relevant laws and regulations necessary for the assessment of technical compliance;
- 3) The assessors analyse the technical compliance of the assessed country on the basis of the laws and regulations provided by them;
- 4) The assessors identify areas of focus specific to the assessed country's context for the on-site visit;
- 5) The evaluators travel to the assessed country. During the on-site visit, the assessment team meets with the public and private sector to evaluate the effectiveness of the assessed country's AML/CFT framework with regard to the defined outcomes;
- 6) A mutual evaluation report covering both technical compliance and effectiveness is drawn up;
- 7) At the FATF Plenary in June 2023, the findings, including ratings and recommended actions, are discussed and the final report is adopted;
- 8) The final report, including an in-depth analysis and recommendations for the assessed country to strengthen its AML/CFT measures, is published

The AML/CFT Directorate of the Ministry of Justice coordinates Luxembourg's current mutual evaluation process.

During the evaluation process, the assessed countries, the assessment team, the FATF Secretariat and all countries in the FATF global network are not permitted to disclose any details of the ongoing evaluation.

¹ Source: [https://www.fatf-gafi.org/publications/mutualevaluations/?hf=10&b=0&s=desc\(fatf_releasedate\)](https://www.fatf-gafi.org/publications/mutualevaluations/?hf=10&b=0&s=desc(fatf_releasedate))

² Source: <https://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatfissuesnewmechanismstostrengthenmoneylaunderingandterroristfinancingcompliance.html>

³ Source: <https://www.fatf-gafi.org/media/fatf/documents/methodology/FATF%20Methodology%2022%20Feb%202013.pdf> - paragraph 41

⁴ [https://www.fatf-gafi.org/fr/publications/evaluationsmutuelles/documents/more-about-mutual-evaluations.html?hf=10&b=0&s=desc\(fatf_releasedate\)](https://www.fatf-gafi.org/fr/publications/evaluationsmutuelles/documents/more-about-mutual-evaluations.html?hf=10&b=0&s=desc(fatf_releasedate))