



NOTE ON INTERPRETATION OF WATCHLIST NOTICES

ISSUED ON THE CTC COMPLIANCE INDEX

1. Per the CTC compliance index (the ‘compliance index’) methodology, the full version of which is available on the compliance index website (<https://ctc-compliance-index.awg.aero>), a watchlist notice is issued under the compliance index when AWG becomes aware of material developments in a contracting state that may affect its score but has not yet completed assessment of the impact of such material developments.
2. The watchlist notice signals to users of the compliance index that the stated compliance index score, while not yet revised, should be viewed with caution in light of ongoing developments that are not yet reflected therein.
3. Placement on the watchlist in itself ***is not necessarily a negative indicator***. An initial notice that a contracting state has been placed on the watchlist will provide an outlook (positive, negative, or confirmatory) on CTC compliance ***determined with reference to the country’s existing score***. For example:
  - a. if a non-compliant court order has been issued, but is being appealed, a contracting state will be placed on the watchlist with (i) a negative outlook if its existing practical experience/precedent score (variable B) is high or (ii) a confirmatory outlook if its existing variable B score is already low.
  - b. if a contracting state has made an application to the OECD to be added to the OECD discount list and their compliance index score supports such addition, that contracting state would be placed on the watchlist with a positive outlook and remain on the watchlist until the OECD makes its determination.
4. Once a contracting state is placed on the watchlist, AWG closely monitors ongoing developments and issue reports with fact-based, events-driven updates. A contracting state remains on the watchlist until AWG makes a final determination regarding the impact of the totality of the developments on scoring. A contracting state’s score may be adjusted while it remains on the watchlist during semi-annual updates. If such an adjustment occurs, the outlook for that contracting state going forward will be with reference to the new adjusted score.
5. Once AWG has sufficient information such that a scoring determination can be made, either by way of adjustment or confirmation, either a scoring adjustment notice or scoring confirmation notice will be issued and the contracting state will be removed from the watchlist.

END