

4th ROUND MUTUAL EVALUATION OF LITHUANIA

EXIT FOLLOW-UP REPORT SUBMITTED TO MONEYVAL

**WRITTEN ANALYSIS ON PROGRESS IN RESPECT OF THE CORE AND
KEY RECOMMENDATIONS**

20 SEPTEMBER 2017

Lithuania is a member of MONEYVAL. This progress report was adopted at MONEYVAL's 54th Plenary meeting (26 – 28 September 2017, Strasbourg). For further information on the examination and adoption of this report, please refer to the Meeting Report of the 54th plenary at <http://www.coe.int/moneyval>.

© [2017] Committee of experts on the evaluation of anti-money laundering measures and the financing of terrorism (MONEYVAL).

All rights reserved. Reproduction is authorised, provided the source is acknowledged, save where otherwise stated. For any use for commercial purposes, no part of this publication may be translated, reproduced or transmitted, in any form or by any means, electronic (CD-Rom, Internet, etc...) or mechanical, including photocopying, recording or any information storage or retrieval system without prior permission in writing from the MONEYVAL Secretariat, Directorate General of Human Rights and Rule of Law, Council of Europe (F-67075 Strasbourg or moneyval@coe.int)

TABLE OF CONTENTS

LIST OF ACRONYMS USED	4
I. Introduction.....	5
II. Overview of Lithuania's Progress.....	8
III. Progress on outstanding deficiencies for core recommendations since the last plenary	9
Recommendation 5	9
Recommendation 13 and Special Recommendation IV	10
IV. Conclusion.....	13

LIST OF ACRONYMS USED

AML/CFT	Anti-money laundering and combating the financing of terrorism
AML Law	The Law on the Prevention of Money Laundering and Terrorist Financing of Lithuania of 1997, as subsequently amended
C	Compliant
CETS	Council of Europe Treaty Series
CC	Criminal Code
CCP	Code of Criminal Procedure
CDD	Customer Due Diligence
DNFBPs	Designated non-financial businesses and professions
FATF	Financial Action Task Force
FCIS	Financial Crime Investigation Service
FT	Financing of terrorism
FIU	Financial Intelligence Unit (the Financial Crime Investigation Service – FCIS – according to law, in practice the MLPU)
IMF	International Monetary Fund
IN	Interpretative Note
IT	Information technologies
LC	Largely compliant
LFCIS	Law on the Financial Crime Investigation Service
MoU	Memorandum of understanding
ML	money laundering
MLA	Mutual legal assistance
MLPD	Money Laundering Prevention Division
NA (or N/A)	Not applicable
NC	Non-compliant
PC	Partially compliant
PEP	Politically exposed persons
STR	Suspicious transaction report
UTR	Unusual transaction report
TFC	Terrorist financing convention (the UN International Convention for the suppression of the financing of terrorism of 1999)
WCO	World Customs Organisation

Mutual evaluation of Lithuania: seventh follow-up report

Application to be removed from regular follow-up

Note by the Secretariat

I. Introduction

1. The purpose of this paper is to introduce Lithuania's seventh follow-up report to the Plenary concerning the progress that it has made to remedy the deficiencies identified in the fourth round mutual evaluation report (MER) on selected FATF Recommendations.
2. Lithuania considers that it has made sufficient progress to be considered for removal from the regular follow-up process and has applied to be removed from the process.

Background information

3. The on-site visit to Lithuania took place from 23 to 28 April 2012. MONEYVAL adopted the fourth round MER of Lithuania at its 40th plenary meeting (3 - 7 December 2012). As a result of the fourth round evaluation process, Lithuania was rated partially compliant (PC) on 17 Recommendations,¹ including on several core² and key³ recommendations, as indicated in the table below:

Core Recommendations rated PC (no Core Recommendations were rated NC)
Recommendation 1 (Money laundering offence)
Special Recommendation II (Criminalisation of terrorist financing)
Recommendation 5 (Customer due diligence)
Recommendation 13 (Suspicious transaction reporting)
Special Recommendation IV (Suspicious transaction reporting related to terrorism)
Key Recommendations rated PC (no Key Recommendations were rated NC)
Recommendation 26 (Financial Intelligence Unit)
Recommendation 35 (Conventions)
Special Recommendation I (Implementation of United Nations instruments)
Special Recommendation III (Freeze and confiscate terrorist assets)
5 other Recommendations rated PC (no other Recommendations were rated NC)
Recommendation 12 (DNFBPs – R.5, 6, 8-11)
Recommendation 16 (DNFBPs – R.13-15 and 21)
Recommendation 17 (Sanctions)
Recommendation 24 (Regulation, supervision and monitoring)
Recommendation 31 (National co-operation)
Recommendation 33 (Legal persons)
Special Recommendation VIII (Non-profit organisations)
Special Recommendation IX (Cross-border declaration & disclosure)

¹ It should be pointed out that the FATF Recommendations were revised in 2012 and that there have been various changes, including their numbering. Therefore, all references to the FATF Recommendations in the present report concern the version of these standards before their revision in 2012.

² The core Recommendations, as defined in the FATF procedures, are R.1, SR.II, R.5, R.10, R.13 and SR.IV.

³ The key Recommendations, as defined in the FATF procedures, are R.3, R.4, R.26, R.23, R.35, R.36, R.40, SR.I, SR.III and SR.V.

4. Upon the adoption of the report, MONEYVAL concluded that overall there had been a lack of progress since the third round. The Plenary decided that Lithuania would report under regular follow-up in an expedited manner (by April 2014) and that compliance enhancing procedures would be applied, as additional pressure, at the then step (ii).⁴ The issues of particular concern under the CEPs process, as set out in the letter of the Chairman addressed to the Secretary General of the Council of Europe, included 5 out of the 6 core FATF Recommendations (R.1, SR.II, R.5, R.13 and SR.IV).
5. Lithuania reported back under MONEYVAL's Rules of Procedure at the 44th, 45th, 47th, 50th, 52nd and 53rd plenary meetings, in April and September 2014, April 2015, April and December 2016 and May-June 2017 respectively, providing updated information on measures taken to address the identified deficiencies. Each of these follow-up reports was accompanied by a Secretariat analysis.⁵
6. In April 2015, based on the third compliance report submitted by Lithuania, the Plenary acknowledged the progress made so far and decided to lift the application of CEPs. The Plenary recommended that the authorities address the remaining deficiencies promptly, with a view to meeting the criteria for exiting regular follow-up procedures by early 2016.
7. At its 50th plenary meeting in April 2016, MONEYVAL took stock of the progress made based on Lithuania's fourth follow-up report and noted that a number of measures had been taken to address several issues of concern. It was concluded that the introduction of new ML and FT offences in 2014 and 2013 respectively had brought the implementation of R.1, R. 35, SR.I and SR.II to a level equivalent to largely compliant (LC). Significant progress was also demonstrated for R.26 following significant restructuring of the FICS (the Lithuanian FIU), bringing it at a level equivalent to largely compliant.
8. However, it was noted that further progress needed to be demonstrated with respect to SR. III, as Lithuania had not yet sufficiently implemented the recommended action in the 2012 MER to review the mechanisms in place for the implementation of targeted financial sanctions (TFS). Moreover, the findings of the Secretariat's analysis of Lithuania's third compliance report were reiterated with respect to preventive measures under R.5 and R.13/SR.IV. It was concluded that amendments to the AML/CFT Law adopted in May 2014 remedied many of the deficiencies, but that others remained outstanding. The authorities advised that the remaining deficiencies would be remedied through the planned new AML/CFT Law aimed at the implementation of the "Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing" (hereinafter: the 4th EU AML Directive). Thus, Lithuania was not yet in a position to exit the regular follow-up procedure. MONEYVAL requested the country to submit a further progress report at its 52nd plenary meeting in December 2016.
9. MONEYVAL concluded at its 52nd plenary meeting that Lithuania had made progress in respect of SR.III further to the adoption of a new FCIS Order on TFS in October 2016, bringing the implementation to a level equivalent to LC. However, the fact that the new AML/CFT law remained to be adopted left the situation with regard to R. 5 and R.13/SR.IV measures similar to the situation of April 2016.

⁴ Step (ii) of the procedures in force at the time envisaged that "the Chairman of MONEYVAL would send a letter, with copy to the Head of Delegation concerned, to the Secretary General of the Council of Europe, drawing his/her attention to non-compliance by a MONEYVAL participating State with the reference documents".

⁵ MONEYVAL(2014)11_ANALYSIS; MONEYVAL(2014)19_ANALYSIS; MONEYVAL(2015)13_ANALYSIS; MONEYVAL(2016)5-ANALYSIS; MONEYVAL(2016)26-ANALYSIS; MONEYVAL(2017)8_ANALYSIS.

10. At the 52nd and again at the 53rd plenary meeting, MONEYVAL thus took the view that Lithuania did not fulfil all the conditions under Rule 13, paragraph 4 for removal from the follow-up process. The outstanding deficiencies under R.5 and R.13/SR.IV prevented the exit. Although the fifth round on-site visit to Lithuania is envisaged for May 2018 and a further application for removal from the fourth round procedure would not be strictly required (as per Rule 13, paragraph 8), MONEYVAL invited Lithuania to adopt the draft AML/CFT Law as quickly as possible and to subsequently seek removal from the fourth round of mutual evaluations at the 54th Plenary in September 2017.
11. The new AML/CFT Law was adopted by Parliament on 29 June 2017 and entered into force on 13 July 2017. A preliminary official translation has been provided to the Secretariat.⁶ Lithuania submitted its seventh follow-up report on 1 September 2017 and requested removal from the regular follow-up process. In accordance with paragraph 4 of Rule 13 of the Fourth Round Rules of Procedure, in order to be removed from the regular follow-up process, Lithuania should have an effective AML/CFT system in force, under which the State or territory has implemented the core and key recommendations at a level of or at a level essentially equivalent to compliant or largely compliant. The Plenary may retain some limited flexibility with regard to key recommendations if substantial progress has also been made on the overall set of recommendations that have been rated PC.
12. The present analysis has been drafted by the Secretariat to assess the progress made for the core recommendations which were not yet deemed to be up to a level of LC in the previous follow-up reports due to the pending adoption of the new AML/CFT Law, i.e. R.5 and R.13/SR.IV. The Secretariat has in this context also analysed whether the adoption of the new law altered any of the progress hitherto achieved by Lithuania through amendments to the old law which were positively assessed in the previous analyses. Unless indicated otherwise below, it was ascertained that conclusions on previously achieved progress through these amendments remain valid.
13. The other core and key recommendations rated PC in the fourth round (R.1, SR.II, R.26, R.35, SR.I, SR.III) are not necessarily impacted by the new Law. For those, the analyses of the previous reports remain valid, which concluded that sufficient progress has been demonstrated for each of them to bring implementation up to levels equivalent to LC.⁷
14. On a general note concerning all applications for removal from regular follow-up: the procedure is a paper desk-based review, and thus by nature less detailed and thorough than a MER. Effectiveness aspects can be taken into account only through consideration of data and information provided by the authorities. It is also important to note that the conclusions in this analysis do not prejudice the results of future assessments, as they are based on information which was not verified through an on-site process and was not, in all cases, as comprehensive as it would have been during a mutual evaluation.

⁶ Due to the very recent adoption of the new Law, the Lithuanian authorities advised that the translation provided for this analysis, as drafted by the Translation Bureau of the Lithuanian Parliament, was not yet fully verified and formally endorsed by all relevant authorities.

⁷ As described under paragraphs 7-9 above, this conclusion was reached in the analysis of Lithuania's fourth follow-up report as far as R.1, SR.II, R.26, R.35 and SR.I are concerned (MONEYVAL(2016)5-ANALYSIS) and in the analysis of the fifth follow-up report for SR.III (MONEYVAL(2017)8_ANALYSIS).

II. Overview of Lithuania's Progress

National Risk Assessment

15. Lithuania has completed its first National Risk Assessment (NRA) in October 2015 and has subsequently prepared a 2016 – 2018 ML and TF risks mitigation plan. The more detailed information on the NRA process and methodology can be found in the seventh follow-up report provided by Lithuania (p. 9-13). This information is also reflected in the Secretariat analyses of the fifth and sixth follow-up reports.⁸

Legislative developments

16. The most significant legal measures implemented by Lithuania since the adoption of the 4th round MER include:
- Law No. XII-497 amending the Criminal Code was adopted on 2 July 2013 which introduced, inter alia, a stand-alone FT offence (new Article 250/4) broadly in line with international standards.⁹ Furthermore, Law No XII-702 amending the Criminal Code, which entered into force on 8 January 2014, resolved the large majority of technical deficiencies related to the money laundering incrimination which were identified in the fourth round MER.¹⁰
 - On 13 March 2014 the Parliament ratified the Council of Europe Convention on the Prevention of Terrorism and it entered in force on 1 September 2014. On 23 March 2016, Lithuania signed the Additional Protocol to this Convention, and has started internal procedures to prepare ratification. In this line, the Parliament on 4 May 2017 adopted the Law on the Amendments to Articles 250⁴, 250⁵, 252¹ and Article 250⁶ of the Criminal Code to expand the criminalisation of financing, support, training and travelling for terrorist purposes.
 - Amendments to the AML/CFT Law were adopted on 15 May 2014. The most notable changes related to the reorganisation of the STR reporting system as well as to CDD obligations and record keeping. Furthermore, in order to transpose the Fourth EU AML Directive, Lithuania has adopted a new AML/CFT Law, which should also eliminate the remaining deficiencies concerning Recommendations 5, 13 and SR IV. This Law was adopted by Parliament on 29 June 2017 and entered into force on 13 July 2017.
 - Various pieces of secondary legislation and guidelines have been issued since the adoption of the MER in 2012. In previous analyses, the Secretariat has inter alia taken into account the new Instructions for Supervision of Proper Implementation of International Financial Sanctions in the Area Regulated by the Financial Crime Investigation Service (Order No 273, adopted on 20 October 2016)¹¹; as well as Order No V-76 of the Director of the Financial Crime Investigation Service (FCIS, the Lithuanian FIU) under the Ministry of the Interior of the Republic of Lithuania of 10 April 2017 on indicators to assess possible money laundering or terrorist financing in the activities of NPOs¹².

⁸ MONEYVAL(2016)26-ANALYSIS; MONEYVAL(2017)8_ANALYSIS.

⁹ MONEYVAL(2016)5-ANALYSIS.

¹⁰ MONEYVAL(2016)5-ANALYSIS.

¹¹ MONEYVAL(2016)26-ANALYSIS.

¹² MONEYVAL(2017)8_ANALYSIS.

III. Progress on outstanding deficiencies for core recommendations since the last plenary

Recommendation 5

17. Amendments to the AML/CFT Law adopted in May 2014 significantly modified customer due diligence (CDD) obligations. These amendments were found to resolve the majority of the technical deficiencies related to R.5 identified in the MER.¹³
18. Previous follow-up report analyses noted however that a few technical shortcomings remained outstanding, namely (i) the absence of an explicit requirement to terminate a business relationship where the financial institution is unable to satisfactorily complete CDD and (ii) unclear provisions dealing with the timing of verification. The Lithuanian authorities have repeatedly indicated that the new AML/CFT Law would rectify the outstanding deficiencies concerning the CDD measures. The new Law has now entered into force (see ‘Legislative developments’ above). Upon analysis of the new Article 9 dealing with CDD, the Secretariat considers that the two outstanding deficiencies are remedied.
19. Regarding point (i), the new Article 9 (18) now makes clear that financial institutions are prohibited from concluding or continuing business relationships where the financial institution is unable to satisfactorily complete CDD.
20. Regarding point (ii), the new Article 9(1) leaves no more doubts as to the timing of verification. It was unclear for the fourth round evaluators whether the application of “customer due diligence measures” in the previous version of Article 9(1) of the AML Law also refers to verification or only to identification, but this is now made clear in the law. The new Article 9 (1) specifies that obliged entities must identify the customer and beneficial owner *as well as verify their identity* prior to establishing a business relationship or conducting of an occasional transaction.
21. As indicated in the introduction of this analysis, the Secretariat further verified whether the new law properly incorporates the previous amendments to the old law that were made earlier in the course of the fourth round follow-up progress, and that were found to address other outstanding deficiencies on R.5 in previous analyses.
22. It appears that one previously achieved improvement has not been maintained fully in the new law. The fourth round MER found that there was a lack of explicit requirement to understand the ownership and control structure of the customer where the customer is a legal person. Pursuant to the 2014 amendments to the AML/CFT Law, the second follow-up report concluded that this deficiency was addressed, as obliged entities were now required during the establishment of the identity of customers and beneficial owners to request from them the documents and other data which would enable them to understand the ownership and control structure of the customer and the nature of the business (old Article 9(6) as amended).¹⁴ However, the new Article 9(13) dealing with this matter requires obliged entities to understand the ownership structure and the nature of activities of the customer who is a legal person; and there appears to be no more obligation to understand also the control structure. The Secretariat considers nonetheless that this is not a deficiency that on its own would prevent R.5 from being assessed as equivalent to LC. Furthermore, other provisions under the Law deal with (required documents for) identification of beneficial ownership for all customers (Article 9(1), (12), (15) and Article 12); and the definition of beneficial ownership

¹³ MONEYVAL(2015)13_ANALYSIS.

¹⁴ MONEYVAL(2014)19_ANALYSIS.

encompasses the notion of control (Article 2 (14)). This could to some extent mitigate the gap.

23. Another deficiency that was dealt with through previous amendments as described in the follow-up process relates to internal controls. The fourth round MER noted that there was a lack of explicit requirement that the content of the internal control procedure regarding the application of the risk based approach has to be consistent with the guidelines. This was remedied in 2014 through amended Article 19, as concluded in the analysis to the second follow-up report.¹⁵ In the new AML/CFT Law, the relevant obligation is contained in Article 29, stating that the internal control procedures specified in the Article must be drawn up having regard to inter alia the Instructions to be issued by competent authorities specified in the law (in Article 4(1) to (9), e.g. Bank of Lithuania, FCIS). It must be noted that these Instructions now need to be updated in light of the new Law. The authorities advised that both the FCIS and BoL aim to finalise the updates of the relevant guidelines this winter.
24. Regarding effectiveness, previous follow-up analyses had taken note of efforts by the Lithuanian authorities to promote compliance through the publication of guidelines, provision of training by the Bank of Lithuania and the FIU and on-site supervision.¹⁶ The authorities have now further advised that the FCIS and supervisors envisage to update the guidelines for the market participants based on the new AML/CFT Law, as mentioned above; and to organise further trainings on the new requirements. The Bank of Lithuania plans to provide trainings to all financial market participants during autumn. The FCIS has scheduled a large training event for DNFBPs to take place mid-October and specific trainings for auditors, alternative remittance services, bailiffs and accountants throughout the same month. A date for training for notaries and lawyers is to be determined. The effectiveness of guidance and supervisory action will be considered again as part of Lithuania's fifth round mutual evaluation.
25. Following the adoption of the new AML/CFT Law, it can be concluded that further progress has been demonstrated, to an extent sufficient to bring the implementation of CDD obligations up to a level equivalent to largely compliant.

Recommendation 13 and Special Recommendation IV

26. As indicated in the previous analyses to Lithuania's follow-up reports, the amendments to the AML/CFT Law adopted in May 2014 resolved many of the deficiencies related to the ML/FT reporting regime. These changes are explained in more detail in Lithuania's third compliance report.¹⁷ Nevertheless, two deficiencies remained unresolved. First, the reporting obligation was connected to a suspicious monetary operation or transaction, while the obligation under c.13.1 links the suspicion to the funds and does not require any activity to be undertaken. Secondly, a transaction was to be considered suspicious when it is "related to terrorist financing", thus it did not cover funds linked to terrorist organisations or individual terrorist in all cases, in line with FATF requirements under SR.IV.
27. The authorities consider that the new AML/CFT Law adopted in 2017 addresses both of these deficiencies. The relevant provision (Article 16 paragraph 1) is as follows:

Article 16. Reporting of suspicious monetary operations or transactions

¹⁵ MONEYVAL(2014)19_ANALYSIS.

¹⁶ MONEYVAL(2016)5-ANALYSIS; MONEYVAL(2016)26-ANALYSIS; MONEYVAL(2017)8_ANALYSIS.

¹⁷ MONEYVAL(2015)13_ANALYSIS.

1. Financial institutions and other obliged entities must immediately but not later than within one working day from the emergence of such knowledge or suspicions report to the Financial Crime Investigation Service if they know or suspect that property of any value is, directly or indirectly, proceeds from a criminal activity or from involvement in such an activity, also if they know or suspect that such property is related to support of one or several terrorists or a terrorist organisations.

2. (...)

28. With regard to the first deficiency, this is indeed fully addressed by the new Article 16. The general reporting obligation is now directed towards “property of any value”, and no longer connected to a monetary operation or transaction. Thus, it is no longer required that any activity is undertaken before a reporting obligation is triggered. This is an important improvement.
29. Article 2 (22) of the AML/CFT Law defines “property” as “items, money, securities, other financial instruments, other assets and property rights, results of intellectual activities, information, actions and results of the actions, other material and non-material goods, as well as any other assets of any kind, whether corporeal or incorporeal, movable or immovable, tangible or intangible, and legal documents or instruments in any form including electronic or digital, evidencing title to or an interest in such assets”, which is a broad definition that appears in line with the standard.
30. Regarding the second deficiency, it is noted that the FT reporting obligation now covers funds related to both terrorist organisations and individual terrorists. However, the financing of terrorist acts is no longer explicitly covered in the new Article 16. Whereas the fourth round MER and follow-up report analyses have insisted that the FT reporting obligation should extend to funds related to financing of terrorist organisations and persons who finance terrorism¹⁸ in addition to funds related to terrorist acts, it appears that the newly amended provision no longer covers the latter funds. While this may be an unintended error, the Secretariat suggests that this potential gap should be remedied in view of the fifth round of mutual evaluations. Although this appears to be a rather technical issue than a true material gap with practical implications, it cannot be ascertained in the context of a desk-based review whether and how the chosen wording in Article 16(1) affects the interpretation of practitioners of the reporting obligations for FT in practice. Mindful of the fact that the more severe deficiency (related to operations/transactions versus funds) has been remedied, the Secretariat considers that this issue should not prevent a conclusion that the level of compliance with R.13/SR.IV is now up to a level equivalent to LC.
31. Regarding effectiveness, it was already noted in previous follow-up analyses that there has been a substantial increase in the number of STRs submitted by banks and casinos. A first STR from currency exchange bureau has been received this year, and the number of STRs by notaries appears to be on the rise. Thus, the FCIS’s efforts to improve the reporting regime may have had a tangible impact. However, the reporting level of many entities remains negligible (see Table 1). No STRs related to FT suspicions have been submitted to date.

¹⁸ It must be noted that with the 2012 revision of the FATF Standards and the 2013 revision of the Methodology, the category ‘persons who finance terrorism’ (2004 Methodology, Essential Criterion IV.1) was removed from the standard and the category ‘individual terrorists’ (2012 Standards, Interpretative Note to R.20, par. 2) was added.

32. Table 1 – Number of Suspicious Transactions Reported by FIs and DNFBPs

	2012	2013	2014	2015	2016	Jan-Aug 2017
Reporting entity	STRs	STRs	STRs	STRs	STRs	STRs
FINANCIAL INSTITUTIONS						
Banks	159	204	179	226	302	481
Insurance sector		2	2	3		2
Securities sector	1	1				
Investment firms	1					
Currency exchange						1
Bailiffs	1	1	1	2	1	
DNFBPs						
Casinos	20	46	47	89	56	45
Real estate agents	2					
Dealers in precious metals/stones	3	1	1			
Lawyers			2			2
Notaries	10	4	7	8	6	12
Accountants	1		2			1
Auditors						1
Trust and company service providers						
Alternative remittance services		117	52	81	68	50
Other professions	36	15	35	53	88	19
Foreign FIUs	12	9	7	13	21	25
TOTAL	336	401	335	475	541	639

IV. Conclusion

33. Since the fourth round on-site visit in April 2012, Lithuania has made significant progress in addressing many of the identified deficiencies. This was already acknowledged by MONEYVAL at previous plenary meetings. The remaining concerns raised during the last plenary meeting on the lack of progress in relation to R.5 and R.13/SR.IV, which prevented Lithuania from exiting the regular follow-up process, have now also been eliminated following the adoption of the new AML/CFT legislation.
34. With the adoption of the new AML/CFT Law, the two outstanding deficiencies under R.5 and the two outstanding deficiencies under R.13/SR.IV were addressed. The new provision on reporting obligations may have led to a potential new gap, although it may be a minor technical rather than material one (see paragraph 30). Furthermore, it appears that there is no requirement in the new law to understand the control structure of legal persons as customers, whereas a previous analysis concluded that amendments to the old law had added such a requirement (see paragraph 22).
35. Overall, it is the view of the MONEYVAL Secretariat that Lithuania has taken sufficient steps to remedy deficiencies under core and key recommendations rated PC. Consequently, the Secretariat considers that Lithuania fulfils the conditions under Rule 13, paragraph 4 for removal from the follow-up process.
36. The Secretariat proposes that MONEYVAL invites the authorities to pay closer attention to the potential outstanding minor gaps of the new AML/CFT Law, which are described in paragraph 34 above, and promptly adopt amendments as may be required. Furthermore, in view of the country's forthcoming fifth round of mutual evaluations, the authorities should be encouraged to continue and intensify their planned actions in terms of guidance, training and supervision. This will put Lithuania in the position to achieve further effectiveness in the implementation of the new Law, in particular in the reporting regime.
37. Apart from the area of preventive measures, the authorities should be encouraged to persist in their repressive efforts to combat ML, which appear to be increasingly successful. As can be seen from the statistics provided by the authorities in their seventh follow-up report (pp. 70-72), convictions have been on the rise over the past two years. Special attention should be paid to support the further development of appropriate case-law on the autonomy of the ML offence. For this, positive examples were already noted in the fourth follow-up analysis.¹⁹ Information provided by the authorities indicates that various autonomous convictions have been achieved in 2015 and 2016 (see, in particular, p. 77 of the follow-up report).
38. Finally, it is recalled that limited progress was observed at the time of the sixth follow-up report for a number of other (non-core/non-key) recommendations rated PC in the fourth round MER (most notably R.17, R.24 and SR.IX).²⁰ The Secretariat notes that only scarce new information was provided on these recommendations in the seventh follow-up report, compared to the sixth report. Lithuania should therefore be encouraged to also focus their efforts on raising compliance with these recommendations, in preparation for the forthcoming fifth round of mutual evaluations in May 2018.

The MONEYVAL Secretariat
September 2017

¹⁹ MONEYVAL(2016)5-ANALYSIS.

²⁰ MONEYVAL(2017)8_ANALYSIS.