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Moldova

Progress report and written analysis by the Secretariat of Core Recommendations[1]

14 April 2011

[1] Second 3rd Round Written Progress Report Submitted to MONEYVAL

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This is the second 3rd Round written progress report submitted to MONEYVAL by the country. This document includes a written analysis by the MONEYVAL Secretariat of the information provided by Moldova on the Core Recommendations (R. 1, R. 5, R. 10, R. 13, SR.II and SR.IV), in accordance with the decision taken at MONEYVAL's 32nd plenary in respect of progress reports.

Moldova

Second 3rd Round Written Progress Report Submitted to MONEYVAL

1. Written analysis of progress made in respect of the FATF Core Recommendations

1.1 Introduction

1. The purpose of this paper is to introduce Moldova's second progress report back to the Plenary concerning the progress made to remedy the deficiencies identified in the 3rd round mutual evaluation report (MER) on selected Recommendations.

2. To place this analysis in context, the progress report submitted by Moldova was first considered by the plenary at its 34th plenary (7-10 December 2010) but was not adopted, as the plenary decided under R.42 of the Rules of Procedure to invite Moldova to submit a fuller report to the 35th plenary. This decision was taken because the plenary required, before adopting the progress report, further information in respect of a judgement of the Constitutional Court on 25 November 2010, which had been covered in press releases published in the Moldovan media and on the Constitutional Court's website and which potentially had implications for the operation of R.13 and some other FATF Recommendations. The judgement had not been formally published at the time of the plenary discussion in the Official Gazette (Monitor). The judgement was subsequently published in the Official Monitor on 17 December 2010 and the Chairman, pursuant to the mandate granted to him by the 34th plenary on this issue, instituted Compliance Enhancing Procedures at step iv (high level mission). This mission took place on 1-2 February 2011. The Chairman will brief the plenary on the high level mission orally.

3. Moldova was visited under the third evaluation round from 24 to 29 January 2005 followed by an updating visit from 6 to 8 December 2006 and the mutual evaluation report was examined and the MER was examined and adopted by MONEYVAL at its 24th Plenary (12 September 2007)

4. This paper is based on the Rules of Procedure as revised in March 2010 which require a Secretariat written analysis of progress against the core Recommendations[1]. The full progress report is subject to peer review by the Plenary, assisted by the Rapporteur Country and the Secretariat (Rules 38-40). The procedure requires the Plenary to be satisfied with the information provided and the progress undertaken in order to proceed with the adoption of the progress report, as submitted by the country, and the Secretariat written analysis, both documents being subject to subsequent publication.

5. Moldova has provided the Secretariat and 35th Plenary with a fuller report on its progress, including supporting material, according to the established progress report template. The Secretariat has drafted the present report to describe and analyse the progress made for each of the core Recommendations, as at 21 March 2010.

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

6. Moldova received the following ratings on the core Recommendations:

R.1 – Money laundering offence (PC)
SR.II – Criminalisation of terrorist financing (PC)
R.5 – Customer due diligence (NC)
R.10 – Record keeping (PC)
R.13 – Suspicious transaction reporting (PC)
SR.IV – Suspicious transaction reporting related to terrorism (NC)

7. This paper provides, a review and analysis of the measures taken by Moldova to address the deficiencies in relation to the core Recommendations which includes R.13 (Section II) together with a summary of the main conclusions of this review (Section II). This paper should be read in conjunction with the updated progress report and annexes submitted by Moldova in March 2011.

8. It is important to note that the present analysis focuses only on the core Recommendations and thus only a part of the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) system is assessed. Furthermore, when assessing progress made, effectiveness was taken into account to the extent possible in a paper based desk review, on the basis of the information and statistics provided by Moldova, and, as such, the assessment made does not confirm full effectiveness.

1.2 Detailed review of measures taken by Moldova in relation to the Core Recommendations

1. Main changes since the adoption of the MER

9. Since the adoption of the MER, Moldova has taken the following measures with a view to addressing the deficiencies identified in respect of the Recommendations:

- A new AML/CFT Act (Law No. 190 – XVI) was adopted on 26 July 2007;
- In response to the decision of the Constitutional Court of 25 November 2010, the draft law for amending and fulfilling Law No; 190-XVI from 26 July 2007 was prepared and has passed its second and final reading in Parliament in an expedited procedure;
- On 17 July 2007, Moldova ratified the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198) and the legislation was amended accordingly on 16 November 2007;
- A Joint EU/CoE Project against Corruption, Money Laundering, Financing of Terrorism (MOLICO) was implemented by the CoE between 2006 and 2009;
- On 27 May 2008 the FIU became a member of the Egmont Group and 7 MoUs were signed with foreign FIUs;
- The Ministry of Interior approved a Strategy (5 years) for the prevention and fight against the traffic and use of illicit narcotic and psychotropic substances and consequently the Government approved "Measures for the fight against the traffic and use of drugs for the period 2007-2009". A new strategy for 2010-2017 and an Action Plan have also been approved by Government Decision in December 2010;
- The Ministry of Interior approved a Strategy for the prevention and fight against money laundering and the financing of terrorism for the years 2007-2009 and a second one for the years 2010-1012 were adopted. Consequently, in September 2010 the Government adopted an Action Plan in these area for 2010 and 2011;

- In 2010 a draft Strategy on the fight against organised crime for 2010-2015 was adopted;
- In May 2010, the Parliament adopted a National Strategy for the prevention and fight against corruption for 2010;
- Order 118 was amended to update the Guidelines on suspicious activity establishing guidance to reporting entities for the identification of "other criteria" of suspicious activities as well as updating the list of countries which do not sufficiently implement the FATF Recommendations, list of off-shore companies, and list of countries with high level of corruption;
- The NBM has drafted Guidelines on the risk based approach to clients with the aim of elaborating and implementing a comprehensive approach by all banks in this area;
- The Law on Foreign Exchange Regulation adopted on 21 March 2008, entered into force on 18 January 2009 defining the general principles of foreign exchange regulation for Moldova, the rights and obligations of residents and non-residents related to foreign exchange and the powers of the authorities of foreign exchange;
- A new Regulation on the organisation and functioning of foreign exchange entities was approved by the Council of Administration of the NBM;
- Following the amendments to the Criminal Code (Law N° 136-XVI of 19 June 2008) corporate criminal liability was extended to all legal entities.

10. Moldova has also taken additional measures to address deficiencies identified in respect of the key and other Recommendations, as reflected in the progress report, however these fall outside of the scope of the present report and thus are not analysed therein.

2. Review of measures taken in relation to the Core Recommendations

Recommendation 1 – Money laundering offence (rated PC in the MER)

11. Deficiency 1 identified in the MER *(the text of Article 243 should formally cover the laundering by the author of the predicate offence).* The money laundering offence (article 243 of the Criminal Code) was amended by Law no. 243-XVI (dated 16 November 2007, in force as of 14 December 2007) and Law no. 277 (dated 18 December 2008, in force as of 24 May 2009), following closely the wording of Article 6 paragraph 1 of the Palermo Convention. The authorities have informed that two convictions were achieved for self laundering (in one case) in 2009 and in 2010 there was an autonomous conviction. In the first case the predicate offence was drug trafficking and in the second case the (foreign) predicate offence was appropriation of another's property – cyber fraud (and there was a substantial prison sentence and confiscation order in respect of money laundering). The Moldovan authorities have advised that a further 7 cases were sent to the Court for examination.

12. Deficiency 2 identified in the MER *(the issue of foreign predicates to money laundering (subject to dual criminality or not) could also be further addressed, either in law or by way of creating jurisprudence. This would help to clarify the wording and avoid possible interpretations at variance with current accepted opinion).* Article 243 of the Criminal Code was amended by Law no. 243-XVI (dated 16 November 2007, in force as of 14 December 2007) and Law no. 277 (dated 18 December 2008, in force as of 24 May 2009) to introduce paragraph 4 which clearly stated that foreign predicates (subject to dual criminality) can form the basis of money laundering cases in Moldova.

13. Deficiency 3 identified in the MER *(it should be also made clear what evidence is required concerning th*e *associated offence* and *criminal intent).* The authorities referred to the first progress report which mentions that "the common understanding of prosecutors and judges is that

in money laundering cases there needs to be a direct intent and evidence of the illicit origin of assets." Currently, according to the authorities the jurisprudence does not require a conviction for a predicate offence, as it suffices to prove the illicit origin of the assets.

14. According to the authorities, the FIU and the General Prosecutor's Office have drafted a Methodological Guidance for prosecutors when investigating and prosecuting money laundering though this has not been seen. It is noted in this context that the Moldovan authorities point to a conviction for autonomous money laundering in 2010.

15. Deficiency 4 identified in the MER *(a serious effort needs to be made to increase the effectiveness of the system, particularly in the judiciary phase. The implementation aspect is presently quite unsatisfactory and needs to be addressed by a firm prosecution policy and creation of jurisprudence, particularly on the evidentiary requirement).*The authorities advised that a series of training seminars had been held from 2007 to 2010 on different aspects of the fight against ML/TF designed for prosecutors and judges. It was reported that currently 5 more autonomous money laundering cases have been sent to the court and are in the process. It is encouraging that more autonomous cases are being brought forward, and that a conviction has apparently been achieved on the basis, which should help to further develop the jurisprudence, as the evaluators were recommending.

16. Deficiency 5 identified in the MER *(such measures should be accompanied by awareness-raising and information aimed at police officers, prosecutors and judges (publications, internal memoranda, guidelines, instructions, training courses etc.) which would also emphasize the need to prevent abuses of the plea bargaining system in cases of money laundering or serious crime. The revision process should be used to reconsider overall consistency (include a general reference to financial assets, property and income and the links between aggravating circumstances).*The authorities have provided information on training seminars organised for judges and prosecutors on aspects of the fight against ML/FT, as well as on study visits to the FIU of Belgium, the Anti-Corruption National Department of Romania, and international seminar on combating terrorist financing (Switzerland). These initiatives are a step in the right direction as they contribute to the awareness raising of police officers, judges and prosecutors. Moreover important Methodological Guidance was developed for prosecutors at the time when there were no convictions for money laundering (though the Secretariat has not seen this Guidance in English). That said, the two recent convictions for money laundering and the on-going 7 cases appear to indicate that the concerns of the evaluators about abuses of the plea bargaining system in money laundering cases have been addressed.

Special Recommendation II – Criminalisation of terrorist financing (rated PC in the MER).

17. Deficiency 1 identified in the MER *(to take legislative and other steps that prove necessary to ensure that the financing of terrorism under Article 279 (in conjunction with Article 278) also covers organisations and persons recognised as engaging in terrorist activities, even in the absence of (preparation of) a specific terrorist act).*Article 279 of the Criminal Code was amended by Law No. 136-XVI and the provision now covers organisations and persons recognised as engaging in terrorist activities, even in the absence of (preparation of) a specific terrorist act:

> (1) Terrorism financing, i.e. making available or deliberately, directly or indirectly, collecting assets of any nature obtained by any means, by any person, using any methods, or providing financial services for the use of these assets or services or knowing that they will be used entirely or partially:
> a) to organise, prepare or commit a terrorist offence;

b) by an organised criminal group, a criminal organisation or a person that commits or makes attempts to commit a terrorist offence or organises, manages, associates with, agrees in advance, instigates or takes part as an accomplice in perpetration of this offence, is liable to imprisonment for 5 to 10 years with deprivation of the right to hold certain positions or to perform certain activities for 2 to 5 years, with a fine applied to the legal entity in the amount of 7.000 – 10.000 conventional units with liquidation of the legal entity.

(2) A terrorism financing offence is considered to have been committed irrespective of whether the terrorist offence was committed, whether the assets have been used to commit this offence by a group, organisation or person mentioned under par. (1) letter b), or whether the actions have been committed on or beyond the territory of the Republic of Moldova.

(3) Property refers to funds, any category of corporeal or incorporeal, movable or immovable, tangible or intangible values (assets), as well as other legal instruments under any form, including electronic or digital, evidencing a little or right, including any share (interest) in relation to these values (assets).

18. Deficiency 2 identified in the MER *(To take legislative and other steps that prove necessary to ensure that the terrorist acts provided for in Articles 278 and 279 include the acts provided for in the international conventions to which the 1999 Convention refers).*The amendments introduced by Law N°.136-XVI appear to cover all the acts provided for in the 9 Conventions in the Annex to the TF Convention.

19. Deficiency 3 identified in the MER *(To take legislative and other steps that prove necessary to ensure that the form of support given includes all types of funds whether material or non-material).*The new wording of Article 279 refers to "assets of any nature" and according to paragraph 3 of the same Article "Property refers to funds, any category of corporeal or incorporeal, movable or immovable, tangible or intangible values (assets), as well as other legal instruments under any form, including electronic or digital, evidencing a title or right, including any share (interest) in relation to these values (assets)."

20. Deficiency 4 identified in the MER *(To take legislative and other steps that prove necessary to ensure that the scope of Article 21 (corporate criminal liability) is extended to make it applicable to Articles 278 and 279).* Criminal liability of legal persons (with the exception of public authorities) has been extended to the financing of terrorism and terrorism through amendments to article 21 of the Criminal Code. It applies in addition to articles 279 (FT), 279 [1] (Recruitment, training or provision of other support for terrorist purposes), 279 [2] (instigation for terrorist purposes or public justification of terrorism) and 292 (manufacturing, purchase, processing, storage, shipment, usage or neutralisation of the explosive and radioactive materials).

21. As regards TF, there have been no investigations, prosecutions nor convictions. Thus it is not possible to make any substantial assessment of the effectiveness of the implementation of the provisions, though on paper they appear quite comprehensive.

Recommendation 5 – Customer due diligence – regarding financial institutions (rated NC in the MER)

22. Deficiency 1 identified in the MER (*more steps are required to increase the level of compliance with the FATF Recommendation 5 which is one of the fundamental Recommendations of the FATF. The examiners advise that obligations in the AML/CFT methodology marked with an asterisk are put in the AML Law). [All the essential criteria of R.5 are analysed in this part]*

1) Criterion 5.1* Financial institutions should not be permitted to keep anonymous accounts or accounts in fictitious names.

23. Article 5 (2) of the AML/CFT Act provides that identification and verification of identity of natural and legal persons is to be undertaken using ID documents, as well as documents, data or information from a real and independent source. In addition, the same Article provides that reporting entities should have measures in place for the verification of the identity of the beneficial owner in order to enable it to understand the structure of ownership and control of the legal person. Furthermore, according to Article 6 (7) financial institutions are not allowed to keep anonymous accounts or those on fictitious names.

24. The deficiency has been addressed.

2) Criterion 5.2* Financial institutions should be required to undertake customer due diligence (CDD) measures when:

a) establishing business relations;
b) carrying out occasional transactions above the applicable designated threshold (USD/€ 15,000). This also includes situations where the transaction is carried out in a single operation or in several operations that appear to be linked;
c) carrying out occasional transactions that are wire transfers in the circumstances covered by the Interpretative Note to SR VII;
d) there is a suspicion of money laundering or terrorist financing, regardless of any exemptions or thresholds that are referred to elsewhere under the FATF Recommendations; or
e) the financial institution has doubts about the veracity or adequacy of previously obtained customer identification data.

25. Article 5 of the AML/CFT Law appears to require reporting entities to undertake CDD measures in all instances covered by criterion 5.2* including wire transfers amounting to 15,000 Lei. The reporting entities are required under (8) to abstain from opening the account, from establishing a business relationship, to stop or refuse to perform transactions, if the documents required for the identification of the natural or legal person have not been provided or they are not certified or are false. Such instances have to be reported to the CCCEC.

26. Article 5(1) b) requires reporting entities to undertake identification measures for occasional transactions that are wire transfers of at least 15.000 lei (i.e. 926 EUR – which is within the *de minimus* threshold), while Article 5(2) indicates that these identification measures shall cover identification and verification of the identity of the person and of the beneficial owner.

3) Criterion 5.3* Financial institutions should be required to identify the customer (whether permanent or occasional, and whether natural or legal persons or legal arrangements) and verify that customer's identity using reliable, independent source documents, data or information (identification data).

27. Article 5(2) of the AML/CFT Law provides that identification and verification of identity of natural or legal persons is to be undertaken using ID documents, as well as documents, data or information from a reliable and independent source.

28. The authorities advised that Article 23 (the money laundering provision of the Law on financial institutions) was amended on 24 September 2010. The new wording of the provision relates to the identification of bank clients and the obligation of clients to provide banks with requested information in line with the provisions of the AML/CFT Act. Submission of such information is not a breach of the client confidentiality set out in A.22 of the Law on Financial Institutions.

4) Criterion 5.5* Financial institutions should be required to identify the beneficial owner, and take reasonable measures to verify the identity of the beneficial owner using relevant information or data obtained from a reliable source such that the financial institution is satisfied that it knows who the beneficial owner is.

29. Article 3 defines beneficial owner as the natural person(s) who ultimately holds or controls the natural or legal person, on whose behalf a transaction is made or activity is carried out and/or which ultimately owns or controls a legal entity through direct or indirect ownership or control of at least 25% of shares or voting rights in that legal entity. Reporting entities are required under the law to identify and verify the identity of beneficial owners. Further procedures are also set out in the Regulation on Internal Control Systems within banks (approved by the NBM on 30April 2010) in relation to the identification of beneficial owners of bank customers. In particular this permits banks to seek specific documents from shareholders etc in order to understand the control structure and determine the ultimate beneficiaries of legal persons and arrangements.

5) Criterion 5.5.1* For all customers, the financial institutions should determine whether the customer is acting on behalf of another person, and should then take reasonable steps to obtain sufficient identification data to verify the identity of that other person.

30. The AML/CFT Act does not contain clear provisions in this respect. There is mention of the "proxy" in Article 5(2)(a), but it is unclear how the financial institutions check whether the customer in front of them is acting on his own behalf as opposed to on behalf of another. In the Regulation on Foreign Exchange Entities 2009 it makes reference to the situation where an operation is performed on behalf of another and provides for the identification and verification of both.

31. <u>Deficiency 2 identified in the MER</u> (*it is strongly recommended to amend the AML Law (and consequently the various existing sector-specific regulations) in order to implement the various requirements of Recommendation 5, and to ensure that the following mechanisms are duly taken into account):*

- *Identification of beneficial owners;*

32. As noted, Article 3 (main concepts) of the AML/CFT Law defines beneficial owner as the natural person who ultimately holds or controls the natural person on whose behalf a transaction is made or activity is carried out and/or who ultimately owns or controls a legal entity through direct or indirect ownership or control of at least 25% of shares or voting rights in that legal entity. Reporting entities are required under the law to identify and verify the identity of beneficial owners.

- *"Know your customer" policies;*

33. Article 5 (2) c) of the AML/CFT Law includes the requirement to obtain information on the purpose and intended nature of the business relationship.

- *On-going due diligence in respect of the business relationship;*

34. Article 5 (2) d) of the AML/CFT Law sets out explicitly the on-going due diligence requirements, described as "ongoing monitoring". There is no requirement that financial institutions, other than banks should undertake reviews of existing records, particularly for higher risk categories of customers or business relationships.

- *Enhanced due diligence mechanism for specific high-risk customers, including PEPs;*

35. Article 6 of the AML/CFT Law sets out the enhanced due diligence measures required, based on the risk associated with the type of client, business relationship, product ("good") or transaction. Enhanced measures are required in cases where there is a higher ML or FT risk as well as in other cases as set out in the criteria established by the supervisory authorities. The measures to be applied are listed in respect of:

- Cases when the natural or legal persons is not physically present for identification purposes: the financial institution is obliged to apply one or more of three measures, i.e. requiring additional documents, data or information to establish the identity of the person; supplementary measures to verify and certify the documents received or their confirmation by a financial institution; or arranging for the first payment to be made from a financial institution's account in the customer's name;

- Correspondent banking relationship: the financial institution is obliged to apply one or more measures: checks on the respondent institutions, including gathering sufficient information to understand its reputation and the quality of supervision, an assessment of its AML/CFT policies, obtaining the approval of the high management before establishing of the relationship; documenting the responsibilities of the parties, establishing that appropriate identification and verification measures have been carried out and that the respondent institution is able to provide upon request the relevant data;

- for transactions or business relations with PEPs: the financial institution is required to put in place corresponding risk based procedures; to ensure senior management approval, to adopt adequate measures to establish the source of the wealth and to apply enhanced on-going monitoring.

- Cases when natural or physical persons receive or send goods from/to countries which do not have in place AML/CFT measures or when such measures are not adequate or when they are of a high risk given the high level of crime and corruption and/or are involved in terrorist activities

- of wire transfers when there is insufficient information about the identity of the sender, as well as of transactions which may favour anonymity.

- *Modalities for the verification of identification;*

36. The basic obligation is covered by Article 5(2) a) of the AML law in documents from a reliable and independent source. Reporting entities are required under the law to identify and verify the identity of beneficial owners. As has been noted the Regulation on Internal Control Systems in banks permits the obtaining of documentation to obtain information from shareholders etc to identify the ultimate beneficial owners of legal persons and arrangements. Article 6 of the AML Law also establishes some enhanced measures to be taken by reporting entities in different situations, such as dealing with PEPs, correspondent banking relationships, when individuals are

not present at account opening, and when performing operations with countries that do not have adequate AML/CFT measures.

37. The Regulation on the Foreign Exchange Entities also elaborates on the modalities for verification of documents in relevant foreign exchange transactions at paras 97 and 98 (for permanent residents passports/identity cards/permissions are required; for non-residents - foreign passports or permissions for temporary residence are required). No further information has been provided which may supplement the basic obligations in the AML law.

- *Consequences of problems occurring during the identification process*

38. The AML Act in A.6(8) obliges reporting entities to refrain from account opening and establishing business relations or refuse to conclude a transaction where identification measures cannot be fulfilled in all cases (not just in the case where enhanced CDD measures are required).

- *Applicability to existing customers*

39. The 2010 Regulation on Internal Control Systems in banks requires banks to review information on customers, shareholders and beneficiaries at least annually. It is unclear what the position is in other financial institutions.

40. Deficiency 3 identified in the MER (*the legal status of the 2002 NBM Recommendations as a key regulation for banks should not be disputable. The Moldova authorities are advised to address the issue so as to avoid controversies and take the necessary measures to ensure that the text contains mandatory obligations for banks which are enforceable by the NBM and are fully in compliance with the FATF Recommendations).*Recommendations on AML/CFT of the NBM have been approved by NBM decision and are said to be compulsory and have been the subject of sanctions.

41. Deficiency 4 identified in the MER (*in the further development of the NBM recommendations, the NBM is encouraged to carefully analyse the current legislative limitations and existing practice to avoid introducing mandatory requirements for banks in situations that are prohibited in any event or are not applicable).* The authorities advise that on 7 November 2007 the Council of Administration of the NBM adopted a decision approving Recommendations based on the provisions of the new AML/CFT Act relating to issues of banks' enhanced due diligence, taking into account existing practice. They consider no further steps need to be taken on this recommendation, and that the primary and secondary legislation are harmonised now.

42. Deficiency 5 identified in the MER (*it is also recommended to extend more largely the 2002 NBM Recommendations on money laundering and the AML Law to the issue of terrorist financing regarding the due diligence mechanisms).*The authorities advise that the NBM has drafted a new Regulation on prevention and fight against money laundering and terrorist financing which will replace the current Recommendation on developing programmes by banks in Republic of Moldova on prevention and fight against money laundering and financing of terrorism. This Regulation will supplement the law. Financing of terrorism is in the title and referred to throughout the document applying AML rules to CFT issues. This Regulation appears not to have been brought into force yet.

43. Moldova has made progress with respect to R. 5 – the new AML/CFT Law establishes requirements that address some of the deficiencies identified in the MER. Criteria 5.5.1* (establishing whether the customer is acting on behalf of another person and taking reasonable steps to obtain identification data and to verify the identity) is addressed but in a very loose way in A.5 AML Act and this needs to be tightened up. Deficiencies still remain regarding requirements for financial institutions other than banks. However, from a desk review the effectiveness of the implementation of the measures is difficult to determine, particularly as it is unclear outside of the

general principles set out in the law and some of the secondary legislation (including the provisions described above on foreign exchange transactions) what verification methods are in place in practice. From the progress report it appears that during 2009-2010 the NBM performed 40 inspections in banks and found 60 violations in respect of the essential criteria in R.5 and issued 4 fines amounting to 5 million Lei (300,000 euros), and 20 written warnings. It is unclear how representative these deficiencies are of the financial sector as a whole.

Recommendation 10 – Record keeping (rated PC in the MER)

44. Deficiency 1 identified in the MER *(the AML requires financial institutions to keep information on identified customers, archive of accounts and primary documents regarding limited and suspicious financial transactions for a period of 5 years from the date when the transaction was carried out. The provision of the AML law should cover the entire transactions carried out by financial institutions, and not exclusively those regarding suspicious transactions and transactions in excess of the set amounts by the law).* Article 7 of the AML/CFT Law requires reporting entities to keep records of all transactions for at least 7 years after they were carried out. Records of information and documents of natural and legal persons, of the beneficial owner, a register of the identified natural and legal persons, the archive of the accounts and primary documents, including business correspondence, are required to be kept for a period of at least 7 years after the termination of the business relationship or the closure of the bank account. Reporting entities are required to respond in a comprehensive and timely manner to requests made by the CCCEC and other competent authorities regarding specific natural or legal persons which have at present or had within the past 7 years a business relationship with the reporting entity.

45. Furthermore, according to the authorities, from March 2009 the Regulation on Foreign Exchange also requires that foreign exchange entities keep the documents related to the performed operations and identified individuals, registers of operations of purchase/sale for a minimum of 7 years.

46. Deficiency 2 identified in the MER (*A general requirement to maintain all relevant records for 5 years after the termination of the account of business relationship should be established.) S*ee paragraph above.

47. Deficiency 3 identified in the MER (*Competent authorities should be given proper powers to enable them to request, in specific cases, financial institutions to keep all necessary records for a longer period as determined by the authorities.* The AML/CFT Law does not require the financial institutions to keep all necessary records for a longer period if required by the authorities. In the amendments being considered by the parliament currently a provision is included which would require the reporting entities to prolong the 7 year period for keeping records if requested to do so by the supervisory authorities.

48. Deficiency 4 identified in the MER (*The AML law and sector specific legislation or regulation should clearly require financial institutions to maintain such information and data on clients and transactions so that it can be made available on a timely basis for the competent authority).*As indicated under deficiency 1, Article 7 of the AML/CFT Law requires reporting entities to keep records of all transactions for at least 7 years after they were carried out. Records of information and documents of natural and legal persons, of the beneficial owner, a register of the identified natural and legal persons, the archive of the accounts and primary documents, including business correspondence, are required to be kept for a period of at least 7 years after the termination of the business relationship or the closure of the bank account. According to the authorities a draft amending the AML/CFT Law has been prepared to fulfil the requirements of Criterion 10.2

49. The deficiencies have only been partially addressed though the period for prolonging record keeping at the request of a competent authority in specific cases is being taken forward. From a desk review the effectiveness of implementation of R.10 cannot be assessed. It is unclear whether any sanctions have been imposed for record keeping requirements.

Recommendation 13 – Suspicious transaction reporting – regarding financial institutions (rated PC in the MER)

50. Deficiency arising as a result of the Constitutional Court's decision. On 25 November 2010, the Constitutional Court issued a decision on the control of the constitutionality of some provisions under Law no.1104-XV dated 6 June 2002 "regarding the Center for combating Economic Crimes and Corruption" and Law no. 190-XVI dated 26 July 2007 "regarding the prevention and combating money laundering and the financing of terrorism". Pursuant to this decision, the Constitutional Court declared unconstitutional the section of the Act on the Center for Combating Economic Crimes and Corruption (enabling the Center to suspend transactions) and the section of the Act on prevention and combating money laundering and terrorism financing (paragraphs (1) and (2) of Article 8 – reporting of activities or transactions). As a result, the reporting regime set out under the AML/CFT Law appeared no longer to be applicable, as Article 8 of the AML/CFT law was considered to be abrogated. According to the Law on the Constitutional Court, the Moldovan Government are obliged to present draft legislation to Parliament within 3 months to modify and complement or abrogate the Act or the provisions which have been declared unconstitutional.

51. The Moldovan Government, however, took temporary action to address the ruling and adopted, with immediate effect, a Decision[2] which re-established the duties of the reporting entities and the powers of the Center, which had been declared unconstitutional. As is clear, from the tables at page 151 of the progress report, the judgement of the Constitutional Court caused no interruption of the flow of STRs to the FIU in the first two months of 2011 (with 52,228 STRs from the banks alone).

52. Nonetheless the authorities recognised that the Governmental decision could only be a holding measure, pending a full legislative response within the requisite 3 month period.

53. The Constitutional Court's concerns in respect of the need for legislative harmony and more legislative certainty appear to have been addressed, to a large extent, in the draft "law for amending and fulfilling Law No. 190-XVI, which, at the time of writing, passed its second and final reading in Parliament on 7 April 2011, with only comparatively minor amendments from the draft passed at first reading according to a non-official translation which the Chairman has been sent. Once it has been enacted and brought into force, the authorities consider that they will have done all that they can to ensure that the STR reporting system continues to operate in an uninterrupted way. The legislation before Parliament specifically defines the STR obligation in the same way as the 3rd EU Directive[3], and thus has a strong foundation in the current international standards. The Constitutional Court was particularly concerned that the powers of the FIU were insufficiently legally based and that the powers of the Office for prevention and fight against

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[2] Decision on certain measures to intensify the activity of prevention and fight against money laundering and financing of terrorism published in the official Gazette of 17 December 2010.

[3] A suspect activity or transaction would be defined in the AML law as arising when a reporting entity knows, suspects or has reasonable grounds to suspect that money laundering or terrorist financing is being or has been committed or attempted.

money laundering should be legally distinct from the investigative powers of the Center. The perceived blurring of roles between the Center and Office for Preventing Money Laundering (the "Office", i.e. the FIU) in the existing AML law has been addressed in the amendments by establishing the Office as a specialised independent division within the Center, specifically charged with an FIU's responsibilities (receiving, analysing, processing and transmitting information on suspicious transaction reports etc). The amended law specifies that the STRs and CTRs go to the Office (see S.8), and not the Center. Moreover, the role and responsibilities of the Office is placed in a new and separate chapter of the AML law. Postponement of transactions by the FIU is also included in this chapter, thus implying that postponement is an FIU preventative function for the purpose of analysis of the STR (though this could have been set out more explicitly). As such, it is distinguished from powers associated with the investigative side of the Center's work (to which the Criminal Procedure Code would apply). Without commenting on their implications for R.26, these proposed changes are significant and, when they are in force, it would appear that the financial institutions and other monitoring entities should be able to take comfort that they are not acting unconstitutionally by reporting, as the authorities have sought to address most of the court's concerns. Of course, one can never rule out a further challenge to the STR regime (or to the new regime for postponement of transactions - which envisages a possible extension of the postponement power for up to 30 days – which is quite long for a preventative obligation). However, for the present, it appears the Government has done what it can to address the concerns of the Constitutional Court, once the amendments are in force. Thereafter the Government has three months to make consequential amendments to the other normative acts.

54. Deficiency 1 identified in the MER *(instead of specific and exhaustive list of suspicious transactions, the preventive law should make suspicion that funds are proceeds from crime or are linked or related to, or are used for financing of terrorism the only mandatory basis for making an STR, regardless of transaction amount).* The suspicious transaction reporting regime is set out in A.8 of the AML/CFT Act (reporting entities are obliged to inform the Center of any suspicious activity or transaction) and complemented by CCCEC Order No. 117 regarding reporting the activities that fall under the AML/CFT Act and Order No. 118 approving the Guide of suspicious activities or transactions which fall under the AML/CFT Act. Both orders have been adopted according to the requirements of the AML/CFT Act and may qualify as Regulation under the FATF Methodology. In the draft amendments, as noted above, the definition of suspicious transaction is based on a more general notion in line with the 3rd EU Directive language, and reports would go directly to the Office once the amendments are passed. Presumably, the Orders will need to be amended when the Office legally takes over the CCCEC's responsibilities in this regard.

55. The current reporting obligation in Article 8 of the AML/CFT Act covers "*any activity or suspicious transaction, which is being prepared, performed or finalised"*. Article 6 of the AML/CFT Law (enhanced CDD) also requires reporting institutions to inform the CCCEC about instances where they had to abstain from opening an account, or establishing a business relationship, or stopping or refusing to perform a transaction, when the ID documents and information were not made available or were false.

56. The reporting of attempted transactions is now required. Suspicious transactions are to be reported within 24 hours by using the specific forms as set out in the Instructions for filling out and submitting special forms regarding activities or transactions under the AML/CFT law transactions (approved by the CCCEC Order no. 117).

57. The Order no. 118 on the Guide of activities or suspicious transactions provides the rules on how to determine the characteristics of any activity or transaction that the reporting entity considers that it may, due to its nature, to be linked to ML or FT, be it in the process of being carried out or

having been carried out. It provides that "the suspect nature of activities or transactions derives from the unusual way in which the latter are performed, reported as current and/or regular activities, economic efficiency criteria and banking practice of an individual or legal entity". The Guide contains a detailed list of :

a) criteria and indicators of suspect transactions in the banking system;
b) indicators of suspicious currency exchange transactions in banking and non-banking field;
c) indicators of suspicious transactions in movable assets;
d) indicators of suspicious transactions in insurance
e) indicators of suspicious transactions in casinos and gambling
f) indicators of suspicious transactions in the activity of independent professionals
g) indicators of suspicious transactions in the activity of other institutions (post offices, real estate agencies, etc)
i) annex 1 - list of countries where illegal drug production may take place;
annex 2 – countries with higher risk due to the high level of criminality and corruption;
annex 3 – offshore countries and/or zones;
annex 4 – countries that have no regulations against ML and FT or such regulations are inadequate (Iran).

58. The Guide of suspicious activities or transactions was published in the Official Gazette of Moldova in November 2007. The updating procedure under the Guide provides that "in case of new technologies, the Service for the Prevention and combating of ML will put forward proposals in order to establish new criteria to determine suspicious activities or transactions" and that relevant information shall be placed on the website. Based on the website information, such updates seem to have been applied only in cases of references to MONEYVAL and FATF public statements, but not to the list of criteria and indicators.

59. The authorities advised that according to Chapter I of the Guide of suspicious activities or transactions, the reporting entities determine the suspicious transactions related to terrorism financing taking into account the list of individuals and entities involved in terrorism activities published in the *Official Monitor* of Republic of Moldova by the Intelligence and Security Service. Since November 2007, the Intelligence Service has approved 16 orders updating Order No 75 on the list of individuals and entities involved in terrorism financing.

60. The authorities have further advised that according to the Instruction on the content, the preparation, presentation and publication of reports by the professional participants of the securities market (Decision of the National Commission on Financial Market No. 60/12 , 24 December 2009) all professional participants of the market are under the obligation to submit quarterly to the CCCEC the form F 15 on "Suspicious transactions and activity of money laundering and terrorist financing"

61. The reporting system as set out in the AML/CFT Act and complemented by the Orders is still based on an extensive list of objective indicators, which the evaluators recommended should be replaced. There is also a clear reference in the introduction to the guide (under the 2007 order) that suspicion of activities or transactions is "personal and subjective". The length of the list of objective indicators raises questions as to how regularly financial institutions in fact exercise their own judgment in submitting suspicious transactions in cases other than those in the criteria listed in the Guide (or cases where enhanced CDD measures have failed). The authorities indicated that this is possible as part of 'reasons for suspicions' and that they have received numerous reports on suspicions other than those indicated in the Guide (under automated field form FL12). For the purpose of this desk review the adequacy of this approach has been treated (as it would be in an evaluation) as an issue which may impact on the effectiveness of the STR system and not as a

structural deficiency in the STR regime itself. Given the amendments being made to the AML law, it is timely to review the content of the Guide, and this is being done.

62. Deficiency 2 identified in the MER*(the question of a single form for reporting all transactions whatever the reporting entity should be seriously considered, and the policy whereby entities are only bound by their obligations if a form and a CCCEC instruction exist should be abandoned).* The authorities advise that the Guide on the suspicious activities and transactions approved by the CCCEC contains a sample of the form and the way of transmission is approved by the CCCEC. Article 9.1 provides for the reporting entities to establish "proper due –diligence policies and methods regarding the clients, in the area of evidence keeping, internal control, risk assessment and management, compliance and communication management in order to prevent and counter activities and transactions linked to money laundering or terrorist financing".

63. According to the authorities, NBM on-site inspections have confirmed that banks determine the suspicious activities that need to be reported not only according to the criteria of the CCCEC guide, but also with their own judgment.

64. Deficiency 3 identified in the MER *(the Moldovan authorities should also clarify the situation in respect of the application and scope of Article 4.1 (g) and make it clear that it applies to all reports of operations subject to an upper limit, under both Articles 4.1 (b) and Article 5.1 (a) to (e). This would avoid the risk of confusion and non-reporting)*. With the adoption of the 2007 AML/CFT Act a new provision (Article 8(1)) is applicable which covers "any activity or suspicious transaction, which is being prepared, performed or finalised", which is clearly distinguished from threshold reporting under Article 8(2).

65. The overall number of STRs received continues to rise. 311,324 were received from commercial banks in 2009 and 360,083 in 2010. The proportion of these reports which were based on the objective indicators as opposed to subjective suspicion based on factors outside the objective indicators is not apparent in this desk review and thus it is not possible to analyse whether the subjective reports received are of a better or equal quality to the ones based on objective indicators. What is clear is that the overwhelming majority still come from the banks. The percentage of the reports sent to law enforcement appears on the face of it appears to be quite low, and the reasons for this can only be analysed fully in an onsite visit. The number of the STRs that have resulted in prosecutions for money laundering is also very low. This does raise questions about the overall effectiveness of the STR regime.

Special Recommendation IV (rated NC in the MER)

66. Deficiency No 1 identified in the MER (*a fully comprehensive provision should be introduced by law or regulation requiring financial institutions to report to the FIU whenever they suspect or have reasonable grounds to suspect that funds are linked or related to, or to be used for terrorism, terrorist acts or by terrorist organisations or those who finance terrorism, in line with SR IV*). At present there is no specific reference to terrorist financing in the reporting obligations in the AML Act, but, as noted, this is now being rectified (see para 55 and footnote). The progress report described a draft Regulation under which the reporting requirement would also be more comprehensively addressed. Under that draft Regulation financial institutions would be obliged to inform the Centre for Combating Economic Crimes and Corruption about any activity or transaction that implies goods that are used or are linked with their usage for terrorism, terrorist acts, terrorist organisations or persons that finance terrorism. No reports have been filed on terrorist financing to the FIU. It is unclear what will happen to this draft Regulation in the light of the new definition of suspect activity which clearly covers terrorist financing issues and which has passed its first reading in Parliament.

1.3 Main conclusions

67. Moldova appears to have made some steady progress on the normative front on R.5 and R.10 though the effectiveness in practice cannot be determined. It appears that some convictions are being achieved, which is a step in the right direction. As noted above, a further 7 money laundering cases have been sent to Court. However, it remains necessary to continue challenging the courts with autonomous money laundering cases in order that the jurisprudence the evaluators recommended is built up effectively. The TF obligation is now being further refined in the AML law and the consequential Regulation should be amended to ensure that SR.IV is covered in all its characteristics. The terrorist financing criminalisation appears now to be quite comprehensive. When the revised AML Law is brought into force the concerns about the unconstitutionality of the reporting requirements would appear to have been largely addressed.

68. In conclusion, as a result of the discussions held in the context of the examination of this first progress report, the Plenary was satisfied with the information provided and the progress being undertaken and thus approved the progress report and the analysis of the progress on the core Recommendations. Pursuant to Rule 41 of the Rules of procedure, the progress report will be subject of an update in every two years between evaluation visit (i.e. April 2013), though the Plenary may decide to fix an earlier date at which an update should be presented.

MONEYVAL Secretariat

2. Information submitted by Moldova for the second progress report

2.1 General overview of the current situation and the developments since the last evaluation relevant in the AML/CFT field

Position as at date of last progress report (11 December 2008)

Moldova has continued the development and strengthening of its AML/CFT system since the MONEYVAL third round evaluation of Moldova took place. The final report was adopted by MONEYVAL at its 24th Plenary meeting in Strasbourg, 10-14 September 2007.

Some of the important measures have been undertaken already by the time of adopting the final evaluation report, reflecting in this way the prompt reaction that Moldova had regarding the necessity of improving its AML/CFT system by implementing the MONEYVAL recommendations.

The fundamental revision of the AML/CFT legislation started with the adoption on 27 July 2007 of the new AML/CFT Law – the Law on preventing and combating money laundering and terrorism financing. The Law defines the ML/TF phenomena, establish Customer Due Diligence procedures, and describe the reporting entities. Also, the law stipulates directly that banking and professional secrets are not applicable for the law enforcement agencies, tax and financial control authorities, prosecutors and courts of justice.

On 13 July 2007, Moldova has ratified the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.

In order to implement the requirements of the Warsaw Convention and of the new AML/CFT Law, the relevant legal framework was amended by the Law No 243-XVI of 16 November 2007. An important amendment was the change of the art. 243 of the Criminal Code – Money laundering offence, in order to cover all material and mental elements as stated by the Palermo Convention, keeping the same language of its Article 6.

All the mentioned progresses have been achieved within a comprehensive policy performed by the state authorities, promoted by the National Strategy for preventing and combating money laundering and terrorism financing, approved by Government Decision No 632 of 05 June 2007. Its implementation is facilitated by an Action Plan and by a Mixed Working Group, composed by nominal representatives of the key central public authorities, established by the Order of the Centre for Combating Economic Crimes and Corruption. Combating of terrorism and terrorism financing was also one of the most important issues on the Government's agenda.

In order to insure the implementation of the new AML/CFT Law several implementation acts were approved, for example Order of the CCCEC on reporting of activities or transactions which fall under the incidence of the mentioned law, the Order of the CCCEC on the list of countries where illegally are made drugs, countries that do not have provisions for prevention of money laundering and terrorism financing, high risk countries because of the increased level of crimes and corruption, as well as the list of off-shore countries or areas, the Order of the Intelligence and Security Service on the lists of persons and entities involved in terrorist activities, etc.

The Project against Corruption, Money Laundering and Terrorist Financing in the Republic of Moldova started in October 2006.

The project support the Republic of Moldova in its efforts against corruption, money laundering and financing of terrorism in line with European and other international standards. The Centre for Combating Corruption and Economic Crime (CCCEC) will be the main counterpart institutions, but the project will also cooperate with a range of other institutions, including civil society organisations. The project will have a duration of three years and is aimed at the following objectives and outputs:

Overall objective	To contribute to the prevention and control of corruption, money laundering and the financing of terrorism so that these no longer undermine the democracy, the rule of law and economic and social development and the confidence of the public in State institutions in Moldova
Project objective 1	To ensure the implementation of Moldova's anti-corruption strategy on the basis of annual action plans
Output 1.1	Efficient monitoring, coordination and management of the anti-corruption strategy ensured and annual action plans available
Output 1.2	Legislation improved to effectively prevent and control corruption as foreseen in the anti-corruption strategy and action plans and in accordance with GRECO recommendations and European and United Nations standards
Output 1.3	Capacity of anti-corruption prosecutors strengthened to prosecute, supervise and manage corruption-related offences
Output 1.4	Cooperation among law enforcement and criminal justice bodies enhanced through joint training on investigation, prosecution and adjudication of corruption offences as well as international cooperation
Output 1.5	Capacities of the CCCEC strengthened to analyse corruption-related phenomena and trends, as well as to design and implement measures for the prevention of corruption
Output 1.6	Prevention plans implemented and internal controls reinforced within the judiciary, prosecution, police, CCCEC and other bodies at risk
Output 1.7	Implementation of the law on the financing of political parties ensured
Output 1.8	Corruption and conflicts of interest in the political process reduced
Output 1.9	Capacities of local government for the prevention of corruption and strengthening of public ethics enhanced
Output 1.10	Active role of civil society and media against corruption promoted and tolerance of the public to corruption reduced
Project objective 2	**To strengthen the anti-money laundering/counter-terrorist financing (AML/CTF) system of Moldova in accordance with international standards and good practices as well as MONEYVAL recommendations**
Output 2.1	Relevant legislation in line with international standards and best practices
Output 2.2	Competencies, status and organisational set-up of the FIU in line with MONEYVAL recommendations and international best practices
Output 2.3	System of collection, processing, analysis, protection and exchange of information on transactions designed and procured for the FIU
Output 2.4	Capacity of the FIU to co-operate with the FIUs of other countries in accordance with the Egmont Group standards will have increased
Output 2.5	National AML/CTF strategy including effective mechanisms to ensure co-operation between the FIU and law enforcement, criminal justice and regulatory authorities adopted and implemented
Output 2.6	Capacity of obliged entities and their regulators and supervisors to meet their obligations under the AML/CTF legislation will have increased
Output 2.7	Capacity of law enforcement and criminal justice bodies to meet their obligations under the AML/CTF legislation will have increased

The new informational system of the FIU, acquired with the support of the Molico project, offer the

possibility for on-line reporting of the STRs. During 2007 it was enhanced the level of data protection through installing a security system, that authorized the access just from the office were are the staff of the OPCML are carrying out their activity.

During 2008, MOLICO project in Republic of Moldova achieved computer systems and high-level secure software for processing and storage of the confidential information. The technical infrastructure and software that belong now to the Office help to the effectuation of an efficient, productive, qualitative and operative work.

The FIU undertook a series of activities in order to enhance the cooperation at the national and international level.

At the national level, CCCEC has signed cooperation agreements with General Prosecutor's Office, National Bank of Moldova, Ministry of Interior Affairs, Intelligence and Security Service, Customs Service, Ministry of Information Development and the National Commission of Financial Market.

Regarding the international cooperation, the FIU after a long procedure of harmonization of legislation in accordance with the EGMONT GROUP principles and with the support of the sponsored agencies of FIU of Ukraine, Russian Federation and Bulgaria was accepted as a member of the Egmont Group during the plenary meeting held in Seoul , Korea, on 27 May 2008.

A series of memorandums of understanding with similar authorities with Belgium, Indonesia, Netherlands were concluded and finalized the negotiations with the authorities of Cyprus and Poland.

On 21 February 2008 the Republic of Moldova has ratified the International Convention for the suppression of acts of nuclear terrorism of 13 April 2005 and on 03 March 2008 - the Council of Europe Convention on the prevention of terrorism combating the terrorism of 16 May 2005.

Moldova has ratified all international instruments against terrorism contained in the Annex of the TF Convention, thus the declaration made in the Law on ratification the TF Convention which states that Moldova do not consider treaties to which is not party as being included in the appendix to the Convention, was excluded by Law 136-XVI of 19 June 2008.

In order to implement all ratified international instruments against terrorism and the UN Resolutions No 1373(2001), 1540 (2004), 1617 (2005) and 1624 (2005), it was carried out a fundamental revision of the national legislation which had as a result the adoption on 19 of June of the Law on amending several acts, including the Law on combating the terrorism, Criminal Code, Criminal Procedure Code, Law on refugee status, etc. which took in consideration the recommendations of the United Nations Office on Drugs and Crimes experts. The amendments to the Criminal Code introduce the corporate liability for all legal entities, except the public authorities, change the Terrorism financing offence in order to cover all the material and mental elements as it is provided by the TF Convention, introduce a series of new articles to cover the offences provided by the 9 international instruments described in the Annex at the TF Convention, improves the confiscation regime, etc.

A new body for coordinating the anti-terrorist measures was established by the Decision of the Government No 1295 of 13 November 2006 – Anti-terrorist Centre of the Intelligence and Security Service.

Alongside with the anti-money laundering and anti-financing of terrorism activities, combating the organized crime measures were high on the political agenda.

Anti-corruption legislative measures included the adoption of a new Law on combating and prevention of the corruption, the Law on code of conduct of the civil servant, the Law on conflict of interests, the approval of the Code of Ethics and Deontology of the police officer, etc.

Measures against illicit use of drugs and narcotic substances, concern more that six implementation normative acts. Also, the Ministry of Internal Affairs approved a strategic concept for a period of 5 years for preventing and combating narcomany and the illicit narcotic and psychotropic substances and the Government approved by its Decision the Measures on combating the narcomany and narcobusiness for 2007-2009 years.

With a view to combating trafficking in human beings, the Government approved a new national Plan for 2008-2009 years, approved a new Regulation of the National Committee for combating trafficking in human beings, created territorial commissions for preventing and combating trafficking in human beings and the Centre for assistance and protection of traffic victims and potential victims, approved the Regulation on the procedure for victims readmission. The Parliament has adopted the Law on the protection of witnesses and of the others parties in the criminal proceedings. Also, it was drafted and soon it will be approved by Government Decision the National Strategy of the national reference system in domain of assistance the traffic victims and potential victims.

New developments since the adoption of the 1st progress report

(In particular, please indicate all new relevant legislative acts with a brief description, and any changes since the adoption of the last progress report in the roles and responsibilities of relevant AML/CFT competent authorities)

Taking into account all the strengths and weaknesses of the experience related to the implementation of the Strategy for prevention and fight against money laundering and financing of terrorism for 2007-2009, a new strategy for the period 2010-2012 and the Action Plan for 2010-2011 on its implementation were developed and approved by the Government Decision No. 790 of 3 September 2010.
The strategy sets out the priorities for the next 3 years of the Government in combating money laundering and terrorism financing.

The strategy has the following performance indicators:

- To protect the national financial system through measures undertaken to prevent and combat money laundering and terrorism financing.
- To consolidate capacity building in the AML/CFT.
- Effective application of the Law no.190 dated 26.07.07 “On prevention and combating money laundering and terrorism financing”.
- Improvement of existing regulatory framework in line with the evolution of the phenomenon of money laundering and terrorism financing, including international standards.
- Ensuring effective cooperation, both national and international in the mentioned field.
- Ensure transparency and public information on AML/CFT.

Also, the Government of the Republic of Moldova continued its efforts to fully implement the relevant UN Conventions, which is now one of the top priorities on the Government’s agenda, in the context of the dialog between RM and EU on the visa liberalization perspective. A lot of measures and activities, of various types, have been undertaken in this respect.

On the 4th of March 2011, the Government has approved by its Decision the national Programme for the implementation of the Action Plan RM-EU on the liberalization of the visa regime. The Programme contains an important block of measures – block 3 “Public order and security” – which provides a series of concrete activities aiming at mutual cooperation in criminal matters, preventing and combating corruption and financial crimes, preventing and combating the organized crime, including trafficking in human beings , drug trafficking, etc.

In 2010, a draft Law on preventing and fighting against organized crime was prepared, and the draft Strategy on fighting against organized crime for 2010-2015, which is based on the EU member states best practices.
In order to implement the Law on combating terrorism it was developed a draft Government Decision on the measures on insurance the antiterrorism protection.
A new Action Plan for implementing the National Strategy for preventing and combating corruption for 2010 was approved by Parliament Decision No 79 of 4 May 2010. It includes 4 chapters and 56 concrete actions to achieve.
In order to implement further the Law on the transparency of the decision making process, two Government Decisions were approved: on the implementing actions for the Law on the transparency of the decision making process (No 668 of 19.02.2010) and on the establishing the National Council for Participation (No 11 of 10.01.2010).
Also, in order to fully implement the commitments of the Government undertaken under the UN Convention against corruption, the Criminal Convention on corruption and its Additional Protocol, as well as to comply with the GRECO recommendations there were prepared 4 drafts on amending the existing legislation, in particular the Criminal Code, the Criminal Proceeding Code, the Contravention Code, two of them being approved by the Government already.
Likewise, there were prepared the draft Law on the Main Commission on Ethics, draft Law amending the Law on the state registration of legal persons and individual entrepreneurs, draft Law on amending the Law on preventing and combating corruption, etc.
The Strategy of the National Reference System for the protection and assistance of victims and potential victims of trafficking in human beings and its Action Plan for implementation for 2009-2011 were approved by the Parliament Decision No 257-XVI of 5 December 2008.
The National Plan for prevention and fighting trafficking of human beings for 2010 – 2011 was approved by the Decision No. 1 from 22 April 2010 of the National Committee for fighting against trafficking in human beings.
A new draft of the National antidrug strategy for 2010-2017 was prepared, together with an Action Plan for its implementation for 2010-2013, both of them being submitted to the Government for approval.
In order to develop the national provisions in relation to the transactions effectuated with Political Exposed Persons, the national authorities elaborated a regulation named as guidelines for the reporting entities in carrying out transactions or business relations with Political exposed persons.
The guidelines is formed by fie chapters and are referred to definition of the political exposed persons that contain an entire list of functions that should be considered by the reporting entities as Political Exposed Persons at the national and international level, is define the term of family and close associates as well as establish the enhanced securities measures that should be applied by the reporting entities in dealing with a political exposed person in sense of this regulation.
In order to assist the reporting entities in identifying the transactions suspected in terrorist financing were elaborated guidelines for the identification of the transactions that has the goal of financing of terrorism. The guidelines is formed by 5 chapters that contains general principles and definitions, characteristics of transactions of financing of terrorism, money laundering in correlation with financing of terrorism and the characteristics of transactions that can cause application of the enhanced security measures.
For a clear mechanism and procedure in relation to the process of unfreezing the accounts the methodology of analyzing, freezing and dissemination of suspicious transactions was amended. The Methodology establish a clear mechanism of applying unfreezing decisions in cases suspected of money

laundering and terrorist financing.
The authorities orientated its effort in updating the order 75 of the Intelligence Service on the UN lists.
In the same time in order to update the Guidelines on suspicious activity, the order 118 was amended. The amendments offer the reporting entities clear guidance as well as sufficient space for identification of other criteria of suspicious activity as well as update the list of countries that not implement sufficiently the FATF Recommendation, list of offshore countries, list of countries with high level of corruption, etc.
By the amendment of the Order 50 on the Regulation of the Office the authorities aim to strengthen the operational capacity of the SPCSB within the FIU.
Having a strong national support and a firm goal to contribute to fight against money laundering and financing of terrorism, the SPCSB together with the EGMONT Secretariat organised the EGOMONT Working Group Meeting in Chisinau. During the Meeting many FIUs signed MOUs. The SPCSB used the possibility to have the counterpart FIUs in Chisinau and signed 7 MOUs .
National Commission of Financial Market during the reporting period performed several changes in normative and legislative acts, to make them in accordance with the Recommendation FATF and EU Directives, and for this the following amendments were performed:

- Draft Law on National Commission of Financial Market, and in general there were added article concerning international cooperation in preventing and combating money laundering and terrorist financing with supervisory authorities from other countries and international institutions and organizations in field. Also, it was amended article concerning sanctions, in case of a violation of the legislation, moreover in accordance with draft NCFM can exercise the powers of regulation and supervision of compliance with legislation on preventing and combating money laundering and terrorist financing on financial market;
- Draft Decision on adopting Regulation on preventing and combating money laundering and terrorism financing, there was added provisions of Recommendation FATF and special Recommendation 5, 6 and 17. As it was mentioned, there was proposed new draft of Regulation concerning provisions of identification of political exposed persons, that reporting entities will have adequate procedures to gather sufficient information from a client and beneficial owner of it and will check information to determine if the client and the beneficial owner or not it is politically exposed person. There was made modifications concerning sanctions, that In order to eliminate deficiencies and their causes, the National Commission may take the measures for AML| TF in accordance with the legislation.
- amendments in Law on insurance.

The Parliament of the Republic of Moldova approved by the law no.1030-XVIII of 24.09.2010 the amendments to the art.23 “money laundering and terrorism financing” of the Law on financial institutions. The amendments refer to the possibility of banks to request identification documents and information and other issues as well as the obligation of the client to provide the requested by the banks information.
Recently, the National Bank of Moldova drafted the Regulation regarding prevention and combating money laundering and terrorism financing (see enclosed), which at the moment of entering into force is going to substitute the existing Recommendation on developing programs by the banks of the Republic of Moldova on prevention and combat of money laundering and terrorism financing. In accordance with the art.11 of the Law on National Bank of Moldova, the mentioned Regulation will have a status of normative act, which is going to be published in the Official Monitor of the Republic of Moldova, and will be an act that is enforceable mean for all financial institutions in accordance with FATF pricipiles.
Moreover, the National Bank of Moldova has drafted Guidelines regarding risk based approach of clients, where different risk scenarios are elaborated and measures to be taken therefore. The purpose of this Guidance is to help create a coherent and effective approach of the risk-based approach to customers in the licensed banks by: guiding the licensed banks on improving their programs on preventing and combating money laundering and terrorist financing; facilitating familiarization with the risk-based approach to customers; drawing high level principles of risk-based approach to customers.
The NBM approved a new Regulation on Internal Control Systems within Banks that is a replacement of

the Recommendations on internal control systems within banks of the Republic of Moldova. The Regulation on Internal Control Systems within Banks is going to be effective starting with 15 December 2010. According to the enclosure no.1 to the Regulation on Internal Control Systems, the banks should ask the shareholders and debtors of specific documents in order to understand the control structure and determine the ultimate beneficiaries of customers that are legal persons or legal arrangements.
In addition to the actions undertaken as reported in 2008, the Council of Administration of NBM approved on October 15, 2010 the Regulation on banks activity within the international money transfer systems. This Regulation contains a special chapter "Preventing and combating money laundering and terrorist financing by means of international money transfer systems", which provides all relevant provisions that ensure the compliance with SR VII requirements with respect to international transfers performed through international money transfer systems.
Also, recently was elaborated a project of supplementing the Regulation on credit transfers in order to detail the requirements for the message content accompanying the credit transfers, so that to ensure a better compliance with SR VII provisions.
The Law No.62-XVI as of March 21, 2008 on Foreign Exchange Regulation became effective on 18 January 2009. The purpose of this law is to establish the general principles of foreign exchange regulation in the Republic of Moldova, the rights and the obligations of residents and non-residents related to the foreign exchange field, as well as the powers of the authorities of foreign exchange control and the competence of agents of foreign exchange control
In order to comply with ***SR. IX Cross Border declaration and disclosure,*** the mentioned law specifies the obligation to declare not only cash but also securities and payment instruments.
The NBM, the resident and non-resident banks shall be obliged to declare in written form to the customs authorities of the Republic of Moldova all foreign exchange values (except for cards), which are imported in /exported from the Republic of Moldova *(Art. 33 of the Law on Foreign Exchange Regulation).*
Regulation No.10018-20 on the Organization and Functioning on the Territory of the Republic of Moldova of Foreign Exchange Offices and Exchange Bureaus by Hotels (approved by the Decision of the Council of Administration of the NBM, minutes No.22 as of May 06, 1994, with further modifications and completions) lost its effectiveness in March, 2009. At the same time, the Regulation on Foreign Exchange Entities was approved by the Decision of the Council of Administration of the NBM, No.53 as of March 5, 2009. Provisions regarding the preventing and combating money laundering and terrorism financing that were introduced in the Regulation No.10018-20 were transposed in the Regulation on Foreign Exchange Entities (hereinafter – Regulation on FEE).
While carrying out the currency exchange activity in cash with individuals, foreign exchange entities are obligated to implement the provisions of the Law No.190-XVI as of July 26, 2007 on Prevention and Combating Money Laundering and Terrorism Financing and the normative acts worked out based on this law *(item 135 of the Regulation on FEE).*
The Regulation on FEE includes Attachment No.28 *"Recommendations on elaboration of programs on prevention and combating of money laundering and terrorism financing by foreign exchange offices and by hotels"* (hereinafter – Recommendations)[4], that has the purpose to guide the foreign exchange offices and the hotels on the elaboration of its own Program on Prevention and Combating of Money Laundering and Terrorism Financing (the AML/CFT Program). These Recommendations establish general principles that have to be observed by the foreign exchange office, hotel, while developing in details its own AML/CFT Program, taking into account the peculiarities of their activity.
On 25th of November 2010, the Constitutional Court approved the decision on declaring non

[4] As for the foreign exchange bureaux of the licensed bank, acting as subdivisions of bank, their activity related to the currency exchange operations falls under the Recommendations on the elaboration of programs on prevention and combating of money laundering and terrorism financing by the banks from the Republic of Moldova, approved by the decision of the Council of Administration of the NBM No.94 as of April 25, 2002, which apply to the entirely bank.

constitutional the provision of the art. 7 let. h) and n) of the Law nr. 1104 of 06.06.2002 "on the Center for Combating Economic Crimes and Corruption" and the provision of the art. 8 p. 1 and 2 of the Law nr. 190 of 26.07.2007 "on prevention and fight against money laundering and financing of terrorism", which entered into force since the date of approval, but was published in the Official Monitor on the 17th of December 2010. The reasons for declaring unconstitutional the mentioned legal provisions were, mainly, the non-observance the legal technique principles. The Constitutional Court Decision does not provide for a transitional period within which the Government would have had the possibility to initiate the necessary amendments. The process has been difficult also because the text of the Decision was not available on the date of adoption and entering into force, but later on, close to the date of publication. Thus, in order to ensure the continuity of the provision of the laws declared non constitutional the Government issued decision nr. 1131 on 15th of December 2010 published on 17th of December 2010 on certain measures for the intensification of activities for the prevention and combating money laundering and financing of terrorism, which has a temporary character. In order to implement the observations of the Constitutional Court Decision, it was elaborated and approved after the first lecture the draft Law on amending the Law No 190 from 26.072007 on prevention and fight against money laundering and terrorist financing. The draft law introduces the definition of the suspicious transaction and activity, amends the definition of political exposed persons, introduces some provisions for the reason of consistency with the existing legislation in relation to the reporting entities (for example, a single notion of the professional participants which includes all the participants on insurance and security market, leasing companies), includes a clear reference to the obligation of providing information by the Customs Service. Also, the draft includes amendments to the provision on data keeping and reinforce the STRs reporting by including as well the provisions on CTRs . A major innovative amendment provided by the draft Law adopted by the Parliament after the first lecture is the clear reference in the AML/CFT Law to the Office for Prevention and Fight against Money Laundering, its objectives, tasks and functions, which will be described in a separate chapter. By this amendment was introduced a clear obligation of the reporting entity to submit the information to the Office for prevention and fight against money laundering, which is an autonomous unit and just in administrative subordination to the Center for Combating Economic Crimes and Corruption. Also by including in the separate article in the Chapter IV of the AML/CFT Law on postponement of the transactions, that clearly emphasizes the administrative character of the provision and the excluding of the operative measures of investigation from the competence of the Office, were implemented the concerns raised by the Constitutional judges in their decision.

2.2 Core Recommendations

Please indicate improvements which have been made in respect of the FATF Core Recommendations (Recommendations 1, 5, 10, 13; Special Recommendations II and IV) and the Recommended Action Plan (Appendix 1).

Recommendation 1 (Money Laundering offence)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*The text of Article 243 should formally cover the laundering by the author of the predicate offence.*
Measures reported as of 11 December	The Law No 243-XVI of 16 November 2007 changes the first par. of the art. 243 *Money laundering* of the Criminal Code using the same wording as of the art. 6, par.

2008 to implement the Recommendation of the Report	1 *Criminalization of the laundering of proceeds of crime* of the Palermo Convention, thus covering formally the laundering by the author of the predicate offence in a manner that it is provided by the Palermo Convention, in a sense that it is not provided additionally that the offences set forth in par. 1 of the art. 243 of the CC do not apply to the persons who committed the predicate offence, as stated in art. 6 (2) e) of the Palermo Convention.
Measures taken to implement the recommendations since the adoption of the first progress report	The legislative measures adopted by the Law No 243-XVI of 16 November 2007, as reported in the 1st Progress Report, ensures fully the coverage of self money laundering by the ML offence (art. 243 of the Criminal Code). Moreover, the jurisprudence – 1 case on ML, resulted with a conviction in 2009, proves the coverage by the art. 243 CC of the laundering by the author of the predicate offence. The predicate offence in this case was drug trafficking. Another case on ML resulted with a conviction is a case of 2010, which is an autonomous ML case and has as a predicate offence the appropriation of another's property – cyber fraud. A new criminal case on ML discovered by joint efforts of Moldovan authorities and FBI was sent to the prosecutors' office on 11 March 2011. The predicate offence of the case is cyber crime, which was committed in the USA.
Recommendation of the MONEYVAL Report	*The issue of the foreign predicates to money laundering (subject to dual criminality or not) could also be further addressed, either in law or by way of creating jurisprudence. This would help to clarify the wording and avoid possible interpretations at variance with current accepted opinion.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The article 243 *Money laundering* of the Criminal Code was amended by the Law No 243-XVI of 16 November 2007 by introducing a new paragraph (No 4) which clearly states that illicit acts are considered and those acts committed outside the state territory when the conduct is a criminal offence under the domestic law of the state where it is committed and would be a criminal offence under the domestic law of the Republic of Moldova if committed on its territory. Also, as recommended, the *Insider dealing* offence was introduced in the Criminal Code by Law No 353-XVI of 24 November 2006 (now articles 245^1 and 245^2 of the CC), thus all designated predicate offences are covered in the Criminal Code.
Measures taken to implement the recommendations since the adoption of the first progress report	The recommendation was fully implemented.
Recommendation of the MONEYVAL Report	*It should also make it clear what evidence is required concerning the associated offence and criminal intent..*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	From the common understanding of prosecutors and judges for the money laundering case it is necessary to have a direct intent and proves of the illicit origin of assets.
Measures taken to implement the recommendations	The same level of proof, as described in the 1st Progress Report, is required and this time, it is proved by the jurisprudence that only the illicit origin of the assets needs to be proved and there is not need for previous conviction on the predicate offence.

since the adoption of the first progress report	Also, in order to assist prosecutors with guidelines on typologies and kind and level of proofs needed for money laundering offence, the SPCSB in common work with General Prosecutor Office and the Ukrainian FIU was drafted a Methodological support for Prosecutor in investigating and prosecuting money laundering.
Recommendation of the MONEYVAL Report	*The corporate criminal liability under article 21(3) CC should apply beyond the commercial legal entities, to include non-commercial and non-profit legal persons.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	After the amendment of the art. 21 of the Criminal Code by the Law No 136-XVI of 19 June 2008, the corporate criminal liability was extended to all legal entities, excepting public authorities. Beside that, the art. 243 (1), after amendment introduced by the Law No 243-XVI of 16 November 2007, establishes a punishment for legal entities – a fine of between 7.000 and 10.000 conventional units with the deprivation of the right to practice (exercise) a certain activity or winding up the legal entity.
Measures taken to implement the recommendations since the adoption of the first progress report	The recommendation was fully implemented.
Recommendation of the MONEYVAL Report	*A serious effort needs to be made to increase the effectiveness of the system, particularly in the judiciary phase. The implementation aspect is presently quite unsatisfactory, however, and needs to be addressed by a firm prosecution policy and creation of jurisprudence, particularly on the evidentiary requirements.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Significant training was provided to prosecutors and judges with the support of MOLICI Project. Thus the prosecutors participated in the *Training on Fight against money laundering and financing of terrorism, 18-24 June 2007, Kiev, Ukraine* *Training for judges and prosecutors on prevention and combating money laundering and terrorist financing, 14-15 April 2008, Chisinau* The training aimed to instruct prosecutors and judges on best practices in investigation of money laundering cases, as well as to present international experience in this area. *Training for judges and prosecutors on prevention and combating money laundering and terrorist financing, 14-15 April 2008, Chisinau* The event has been organised in cooperation with the Prosecutor Office and the National Institute of Justice.
Measures taken to implement the recommendations since the adoption of the first progress report	During 2009-2010 - 9 prosecutors participated in several training workshops on combating money laundering and terrorist financing. June 2009 IMF EGMONT sand EURASIA training on typologies on Money laundering and terrorist financing. June 2009 IMF training On combating money laundering and terrorist financing October 2009 regional Workshop on repression and detecting illicit proceeds, organized by French and Bulgarian Embosses. December 2009 EU training on Confiscation of corruption and money laundering proceeds and other patrimonial crimes, Bulgaria. October 2009 Cyber terrorism - "A millennium challenge" , Promarshal Center , NATO, Belgian Department on planning Defense Ant terror Police Center Turkey. July 2009 UNODC Training organized in Kiev, Ukraine October 2010 „International problems in asset confiscation" USA.

	September 2010, Belgium, The issues of the itinerant Groups. April 2010 GUAM workshop on counteracting money laundering and terrorist financing March 2010 TAEX technical assistance, Study visit Lithuanian competent authorities. 28 November – 02 December 2010 – regional working meeting on "Strengthening the national and regional capacities in relation to seizure, withdrawing, confiscation and administration of proceeds of crime", organized by UNODC in Bulgaria.
Recommendation of the MONEYVAL Report	*Such measures should be accompanied by awareness-raising and information aimed at police officers, prosecutors and judges (publications, internal memoranda, guidelines, instructions, training courses etc.) which would also emphasize the need to prevent abuses of the plea bargaining system in cases of money laundering or serious crime. The revision process should be used to reconsider overall consistency (include a general reference to financial assets, property and income and the links between aggravating circumstances).*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	*Study visit to the Belgian Financial Intelligence Processing Unit, 23-25 July 2007, Brussels, Belgium* The visit was organized for the representatives of the Service to Prevent and Control Money Laundering/ CCCEC, Ministry of Interior, Anti-corruption Prosecutor Office and National Bank of Moldova. *International seminar on Combating terrorist financing, 15-17 October, Giessbach, Switzerland* Representative from the Financial Intelligence Unit, Ministry of Internal Affairs, Anti-corruption Prosecutor Office and the Security and Intelligence Service participated in the seminar organised by the Financial Integrity Network that covered the issues of terrorist financing typologies, implementation of the FATF recommendations, financial monitoring to prevent terrorist financing and cyber terrorism. *Training for judges and prosecutors on prevention and combating money laundering and terrorist financing, 14-15 April 2008, Chisinau* The event has been organised in cooperation with the Prosecutor Office and the National Institute of Justice. *Workshop "Combating the terrorist financing. Implementation of UN Security Council Resulutions", 5 November 2008* *Workshop on Fight against Money Laundering and Financing of Terrorism organized on 29 of august 2007 by the World Bank;* *On September 10-13th 2007 the prosecutors participated in the study visit at the Anticorruption National department of Romania;* *During the IVth semester of the year 2007 the prosecutors participated to a cycle of conference and practical exercises organized at the national and international level on fight against money laundering and financing of terrorism , count proliferation of the weapons of mass destruction. A close.* *On 5th of September 2008 the Anticorruption prosecutors representatives attended the Workshop on Fight against corruption, money laundering and financing of terrorism organized by the IMF.* *In 2008 the General Prosecutors representatives attended the international seminar organized by the US Embassy and US Treasury Department on Fight against terrorism and criminal investigation of ML/TF cases.*
Measures taken to implement the recommendations	During 2009-2010 - 9 prosecutors participated in several training workshops on combating money laundering and terrorist financing.

since the adoption of the first progress report	June 2009 IMF EGMONT sand EURASIA training on typologies on Money laundering and terrorist financing. June 2009 IMF training On combating money laundering and terrorist financing October 2009 regional Workshop on repression and detecting illicit proceeds, organized by French and Bulgarian Embosses. December 2009 EU training on Confiscation of corruption and money laundering proceeds and other patrimonial crimes, Bulgaria. October 2009 Cyber terrorism - "A millennium challenge" , Promarshal Center , NATO, Belgian Department on planning Defense Ant terror Police Center Turkey. July 2009 UNODC Training organized in Kiev, Ukraine October 2010 „International problems in asset confiscation" USA. September 2010, Belgium, The issues of the itinerant Groups. April 2010 GUAM workshop on counteracting money laundering and terrorist financing March 2010 TAIEX technical assistance, Study visit Lithuanian competent authorities. 28 November – 02 December 2010 – regional working meeting on "Strengthening the national and regional capacities in relation to seizure, withdrawing, confiscation and administration of proceeds of crime", organized by UNODC in Bulgaria.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

Recommendation 5 (Customer due diligence) I. Regarding financial institutions	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*Most steps are required to increase the level of compliance with the FATF Recommendation 5 which is one of the fundamental Recommendations of the FATF. The examiners advise that obligations in the AML/CFT methodology marked with an asterisk are put in the AML Law.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In accordance with the expert recommendation the obligations in the AML/CFT methodology marked with an asterisk were included in the AML/CFT Law. Thus the recommendation 5.1 is covered by the art.5(2) a) of the Law 190 – XVI of 26.07.2007 (OM no. 141 – 145/597 of 07.09.2007) (father refer as Law) the recommendation 5.2 is covered by the art.5(1) a) , b), c), d) of the Law 190 – XVI of 26.07.2007 the recommendation 5.3 is covered by the art.5(1) a) of the Law 190 – XVI of 26.07.2007 the recommendation 5.4 is covered by the art.5(2) a) of the Law 190 – XVI of 26.07.2007 the recommendation 5.5 is covered by the art. 3 and art.5 (2) b) of the Law 190 – XVI of 26.07.2007 the recommendation 5.7 is covered by the art.5(2) c) of the Law 190 – XVI of

	26.07.2007.
Measures taken to implement the recommendations since the adoption of the first progress report	The Parliament of the Republic of Moldova approved by the law no.1030-XVIII of 24.09.2010 the amendments to the art.23 "money laundering and terrorism financing" of the Law on financial institutions. The amendments refer to the possibility of banks to request identification documents and information and other issues as well as the obligation of the client to provide the requested by the banks information. According with the point 3 of the art.23 of the Law on financial institutions, the banks apply identification measures of their clients and other persons with whom a business relation is established, including their shareholders and beneficial owners, prudence, keeping of records of clients' data, as well as, reporting to competent authorities regarding suspicious activities or transactions (operations) and other information that should be reported, as in accordance with the Law on prevention and combat of money laundering and terrorism financing and normative acts issued for its execution. Submitting of such information should be not considered the violations of the provisions of the art. 22. According with the point 4 of the art.23 of the Law on financial institutions, the bank requests, but the clients and other persons with whom the bank establishes business relations are obliged to present documents and information necessary for their identification. In situations when document and information are not presented or they are unauthentic (untruthful), the bank refuse opening of account, performing transactions (operations) or establishing of business relations. In situations of existing of reasonable suspicious regarding intentional submitting of documents and information that are unauthentic (untruthful), with a misleading scope, the bank report such situations to the competent authorities. According with the point 5 of the art.23 of the Law on financial institutions, in order to identify the client and other persons with whom the bank establishes business relations, as well as insurance the compliance with the provisions of internal control procedures, including the one regarding determining of the suspicious activities and transactions (operations), the bank submit an argued requesting letter for necessary information to competent public authorities, to banks, to other legal persons, as well as can take other measures in order to obtain these information from other sources. The competent public authorities, banks, other legal persons are obliged to present the information requested within the shortest possible time period. The submitting of such information should not be considered the violation of the provisions related to banking secret, commercial or other secret protected by the law. According to the enclosure no.1 to the Regulation on Internal Control Systems within Banks (approved by the Administrative Council of the National Bank of Moldova, minutes no. 96, April 30, 2010), the banks should ask the shareholders and debtors, etc specific documents in order to understand the control structure and determine the ultimate beneficiaries of customers that are legal persons or legal arrangements. Moreover, according to the enclosure no.1 to the Regulation on Internal Control Systems within Banks, the banks should undertake at least once a year, and also in the event that the affiliation or common activities occur, but not limited to such events, measures in order to review the existing documents and information regarding the shareholders and debtors and their beneficiaries.
Recommendation of the MONEYVAL Report	*It is strongly recommended to amend the AML Law (and consequently the various existing sector-specific regulations) in order to implement the various requirements of Recommendation 5, and to ensure that the following mechanisms are duly taken into account:*

	• *Identification of beneficial owners* • *"Know your customer" policies* • *On-going due diligence in respect of the business relationship* • *enhanced due diligence mechanisms for specific high-risk customers, including PEPs* • *modalities for the verification of identification* • *consequences of problems occurring during the identification process* *applicability to existing customers.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The Law on prevention and combat of money laundering and terrorism financing no. 190 – XVI of 26.07.2007 (OM no. 141 – 145/597 of 07.09.2007) (further refer as Law) foresees the following: * Identification and verification of identity of beneficial owner (art.5 (2) a) and b); * Establishing the policies and rules regarding know your customer (art.9 (1) and (3); * Establishing the requirements regarding ongoing monitor of transactions and business relationships (art.5 (2) c) and d); * Establishing the measures regarding enhanced due diligence for reporting entities (art.6); * Establishing the measures regarding verification of customers' identity (art. 5 (2) a) and b); * The obligation of reporting entities to refrain from account opening, setting business relations, stop or refuse transaction conclusion in case there haven't been presented respective acts for identification of physical or juridical persons, the data and received information aren't authentic (art.6 (8); * Establishing the measures for identification and verification of clients (art.9 (1)) at the same time the reporting entities should take into consideration art. 16 (1) of Law, when performing business relations with new customers and the existent customers. According to this law all the supervising authorities had to revise their regulations, thus the following normative acts of NBM have been amended: • Regulation on opening, modification and closing of accounts in authorized banks of RM (decision no.297 of 25 November 2004 of the CA of NBM) • Regulation on use of e-banking systems, nr. 376 of 15.12.2005 (OM of the Republic of Moldova No. 1-4/6 of 6 January 2006) • The Regulation No. 10018-20 on the organization and functioning on the territory of the Republic of Moldova of foreign exchange offices and exchange bureaus by hotels the Council of Administration No 282 as of 07.11.2007, Official Monitor of the Republic of Moldova No 16-17 as of 25.01.2008. • Recommendations on developing programs by the banks of the Republic of Moldova on prevention and combat of money laundering and terrorism financing (the NBM Decision no.94 of 25.04.2002 (OM no. 59-61/143 of 02.05.2002))
Measures taken to implement the recommendations since the adoption of the first	Regulation on Foreign Exchange Entities effective as of 27 March 2009 (which replaced the Regulation No.10018-20) comprises the following provisions. While performing currency exchange operations in cash with individuals, the cashier of the foreign exchange entity shall identify and verify the individual's identity in specified cases *(items 95, 96 of the Regulation on FEE)* and shall fill in the

progress report	necessary documents in order to record the performed operations and identified clients. *(items 101, 103-105, 107, 110-112, Attachment no.23 of the Regulation on FEE).* Identification and verification of the individual's identity shall be performed in the following cases: a) in the case when the transaction`s amount is at least 50 000 Moldovan Lei (according to the official foreign exchange rate of Moldovan Leu valid for the day of operation performance), regardless of the fact that the transaction is carried out through one operation or through several operations; b) in the case when the operation`s amount is less then the mentioned limit, but the cashier of the foreign exchange entity has suspicions of money laundering or terrorism financing regarding the operation thereof.*(item 96 of the Regulation on FEE).* In order to ensure the identification and verification of the individual the following documents shall be required: a) from the resident - identity document from the national passports system (passport /identity card / permission for permanent residence etc. issued by the competent authority of the Republic of Moldova); b) from the non-resident - passport issued by the competent authority of the foreign state, permission for temporary residence issued by the competent authority of the Republic of Moldova *(item 97 of the of the Regulation on FEE).* In the case when the operation is performed on behalf of another individual (beneficial owner), the individual who directly performs the operation shall submit, along with his/her identity document, the valid power of attorney legalized accordingly. The identification and identity verification of the beneficial owner are carried out in the cases mentioned above based on the data of the power of attorney *(items 98, 99 of the Regulation on FEE).* In cases when an individual shall be identified, but the individual did not submit the identity document and, if applicable, the power of attorney, as well as when the obtained data and information are not authentic or veracious, the cashier of the foreign exchange entity shall refuse to perform the operation thereof *(item 100 of the Regulation on FEE).* Such cases shall be reported to the CCECC according to Art.8 of the Law No.190-XVI as of 26.07.2007 *(Attachment No.28 of the Regulation on FEE, item 20 of Recommendations).* Recommendations from the Attachment No.28 of the Regulation on FEE comprise provisions according to which the PCMLTF Program, elaborated by the foreign exchange office, hotel shall provide for the policy and procedures of individual identification and verification of his/her identity (rules "know-your-customer"). Also, Recommendations contain guidelines for foreign exchange offices and hotels on elaboration of mentioned rules *(Attachment No.28 of the Regulation on FEE, items 7, 9-20 of Recommendations).*
Recommendation of the MONEYVAL Report	*The examiners strongly advise to include in the AML law or regulation a definition of "beneficial owner" on the basis of the glossary to the FATF Methodology. Financial institutions should take reasonable measures to verify the identity of beneficial owners using relevant information or data obtained from reliable sources.*
Measures reported as of 11 December 2008 to implement the Recommendation	Law on prevention and combating money laundering and terrorism financing defines the notion of "Beneficial owner" (art.3), as well as obliges the reporting entities to identify and verify the identity of beneficial owner (art.5 (2) a) and b)).With the aim to implement the measures and procedures regarding internal control of licensed banks, according to p.2 of NBM Decision no.94 of 25.04.2002,

of the Report	p.6.2.3 of Recommendations establishes the requirements of internal policies regarding identification and verification of customers' beneficial owner identity. Regulation No. 10018-20 comprises the following provisions which are related to foreign exchange offices, exchange bureaus by hotels. In the case when the operation is performed on behalf of another individual (beneficial owner), the individual, who performed the operation shall present, along with his identity document, the power of attorney legalized in the established way. (item 4.7.4 and 4.7.5 of Regulation No.10018-20).
Measures taken to implement the recommendations since the adoption of the first progress report	Regulation on Foreign Exchange Entities effective as of 27 March 2009 (which replaced the Regulation No.10018-20) comprises the following provisions which are related to the foreign exchange entities. In the case when the operation is performed on behalf of another individual (beneficial owner), the individual who directly performs the operation shall submit, along with his/her identity document, the valid power of attorney legalized accordingly. The identification and identity verification of the beneficial owner are carried out in the cases mentioned above based on the data of the power of attorney *(items 98, 99 of the Regulation on FEE).*
Recommendation of the MONEYVAL Report	*The legal status of the 2002 NBM Recommendations as a key regulation for banks should not be disputable. The Moldova authorities are advised to address this issue so as to avoid controversies and take the necessary measures to ensure that the text contains mandatory obligations for banks which are enforceable by the NBM and are fully in compliance with the FATF recommendations.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	All the essential criteria concerning Customer Due Diligence are stipulated in the Law (articles 5, 6, 7). Recommendations on developing programs by the banks of the Republic of Moldova on prevention and combating money laundering and terrorism financing deal with the implementation of the requirements set forth in the Law. In accordance with art.10 (2) of Law, the public authorities, empowered to execute the supervision of the reporting entities, **approve recommendations**, verify and monitor the application of the provisions of the present law on observing the requirements regarding the collection, the recording, the keeping, the identification and the presentation of the information on the carrying out of the transactions, as well as the carrying out of the measures and procedures related to the internal control. Recommendations on developing programs by the banks of the Republic of Moldova on prevention and combat of money laundering and terrorism financing have been approved by the NBM Decision no.94 of 25.04.2002 (OM no. 59-61/143 of 02.05.2002). Decisions approved by NBM according to art. 11 of the Law on the NBM (nr. 548-XIII of 21.07.1995, Official Monitor 56-57/624 of 12.10.1995) are compulsory for financial institutions. In the supervision process of banks, NBM verified the implementation of the Recommendations, as well. In non compliance situations the NBM applied penalties and remedial measures. These actions have not been never disputed by banking sector.
Measures taken to implement the recommendations since the adoption of the first progress report	*No changes.*
Recommendation	*In the further development of the NBM recommendations, the NBM is encouraged to*

of the MONEYVAL Report	*carefully analyse the current legislative limitations and existing practice to avoid introducing mandatory requirements for banks in situations that are prohibited in any event or are not applicable.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to the Decision of the Council of Administration no. 281 of 07.11.2007 were approved amendments to Recommendations taking into consideration the provision of the Law, thus determining some situations with enhanced due diligence for banks at customer identification, taking into consideration the existent practice.
Measures taken to implement the recommendations since the adoption of the first progress report	*No additional measures needed.*
Recommendation of the MONEYVAL Report	*It is also recommended to extend more largely the 2002 NBM Recommendations on money laundering and the AML Law to the issue of terrorist financing regarding the due diligence mechanisms.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According with art.14 (2) – (5) of the Law, the reporting entities are obliged to withhold from carrying on business relations with persons involved in terrorist activities, at the same time disposing the right to freeze their transactions' execution. With the aim to implement the measures and procedures regarding internal control of licensed banks, according to p.2 of NBM Decision no.94 of 25.04.2002, p.6.2.3 of Recommendations establishes that financial institution take into consideration as priority the mentioned Law.
Measures taken to implement the recommendations since the adoption of the first progress report	Recently, the National Bank of Moldova drafted the Regulation regarding prevention and combat of money laundering and terrorism financing (see enclosed), which at the moment of entering into force is going to substitute the existing Recommendation on developing programs by the banks of the Republic of Moldova on prevention and combat of money laundering and terrorism financing. In accordance with the art.11 of the Law on National Bank of Moldova, the mentioned Regulation will have a status of normative act, which is going to be published in the Official Monitor of the Republic of Moldova, and will be an act that is enforceable mean for all financial institutions. Thus, as in accordance with the chapter VI "know your custormer" rules of the mentioned Regulation, the financial institutions will be obliged to take the corresponding CDD measures for their clients and beneficial owners when: establishing business relations; carrying out occasional transactions and wire transfers that exceed the limits set in the Law on prevention and combat of money laundering and terrorism financing (hereinafter Law), also in the situations when the transactions are carried out in a single operation or in several operations that appear to be linked; there is a suspicion of money laundering or terrorist financing, regardless of any exemptions or thresholds; the financial institution has doubts about the veracity or adequacy of previously obtained customer identification data. At the same time, p. 6.4 of the Regulation prohibits financial institutions to keep anonymous accounts or accounts in fictitious names. Moreover, the financial institutions should be required to identify the clients, whether permanent or occasional, and whether natural or legal persons or legal arrangements, and verify that client's identity using reliable, independent source documents, data or information.

	According to p.6.2.2 of the drafted Regulation, for clients that are legal persons or legal arrangements, the financial institution should verify that any person purporting to act on behalf of the customer is so authorised, and should identify and verify the identity of that person. Also, they should verify the legal status of the legal person or legal arrangement. According to p.6.2.3 of the drafted Regulation, financial institutions shall identify the beneficiary owner of their client and shall undertake reasonable measures for checking out the identity of the beneficiary owner, by using relevant information or secure data. Also, for individuals if the account is opened on the behalf of a certain person, financial institutions shall define whether the respective person operates on own behalf, and for legal entities, financial institutions shall understand the ownership nature and the mechanism of the control over the legal entity and shall undertake reasonable measures for checking the effective beneficiaries' identity. According to p.6.2.1 for individuals and p.6.2.2 for legal persons of the drafted Regulation, the financial institutions shall obtain information on the purpose and intended nature of the business relationship. According to p.6.2.3 of the drafted Regulation, financial institutions shall conduct ongoing due diligence on the business relationship of their clients, including scrutiny of transactions undertaken throughout the course of the relationship to ensure that the transactions being conducted are consistent with the institution's knowledge of the customer, their business and risk profile, and determining, where necessary, the source of funds. According to p.6.2 of the drafted Regulation, financial institutions shall keep up-to-date the identification information for their clients and beneficial owners. According to p.6.2.5 and 6.2.6 of the drafted Regulation, financial institutions shall perform enhanced due diligence for higher risk categories of customer, business relationship or transaction, such as: nominal trust accounts and fiduciary accounts, corporative instruments, the clients' accounts opened by professional intermediaries, politically exposed persons, distance clients (not-face-to-face), cross-border bank relationships, money means receipt and transfer. Point 6.2.8 of the drafted Regulation, describes situations when financial institutions can apply simplified measures regarding identification and verification of their clients and beneficial owners. Nevertheless, simplified measures of clients' identification are established by financial institutions based on the risk in such way as to permit them to respect all the provisions of the Law on prevention and combat of money laundering and terrorism financing, of the Regulation and of other normative acts. Chapter VI "Know your customer" rules of the drafted Regulation establish different CDD measures to be taken by financial institutions on a risk sensitive basis, as it is described in the Regulation: standard, enhanced and simplified measures of clients' identification. Moreover, the National Bank of Moldova has drafted Guidelines regarding risk based approach of clients (see enclosed), where different risk scenarios are elaborated and measures to be taken therefore. According to p.6.2 of the drafted Regulation, financial institutions shall verify the identity of the client and beneficial owner before establishing a business relationship or conducting transactions for the occasional client. According to p.6.4 of the drafted Regulation, financial institutions are obliged to refrain from accounts opening, from the establishment of business relations, to cease or reject the performance of operations when no documents for the identification and verification of the individual or legal entity and beneficial owner were submitted or when the received information and data are not confirmed or doubtful or exists

	suspicious of money laundering and/or terrorism financing. Financial institutions in case of appearance of situations described above, when appropriate, shall inform the empowered authority as in accordance with the Law. According to p.11.1 of the drafted Regulation, the provisions of the Regulation applies to all new customers of financial institutions, but for existent business relations, the new provisions should be fulfilled within 6 months or at an appropriate time (as example: a transaction of significance takes place, customer documentation standards change substantially, there is a material change in the way that the account is operated, the financial institution becomes aware that it lacks sufficient information about an existing customer, etc.), starting with clients that impose a high level of risk.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	
Recommendation 5 (Customer due diligence) II. Regarding DNFBP[5]	
Recommendation of the MONEYVAL Report	*First of all, Moldova should take steps to clarify the drafting of the AML law by listing more precisely the non-financial activities and professions (abolishing the catch-all form which applies to all operators effecting transactions outside the financial system).*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	"According to the Law No 190-XVI as of 26.07.2007 on prevention and combating money laundering and terrorism financing the activities and professions involved in the non-bank (non-financial) sector are the professional participants at the securities market including the stock exchange, dealers and brokers (bank brokers, non-bank brokers), independent registrars, National Depositary of Securities. The insurance/reinsurance market includes insurance/reinsurance companies and intermediaries (insurance/reinsurance brokers). The non-banking (non-financial) sector also includes audit activities, independent accountants and consultants in the non-bank financial sector and investment funds, investment management companies, deposit companies, fiduciary companies." The Recommendations concerning the application of the measures of prevention and combating of money laundry and terrorism financing on the financial non-banking market approved by the Decision of the National Commission of Financial Market nr. 63/5 of 25.12.2007, incorporates the customer due diligence measures. Chapter 5 of the mentioned Recommendations lists the means for identifying the clients by professional participants such as: before establishing the business relations, on the execution of some occasional transactions with a value of minimum 50 thousand lei (approximately 3800 Euro), as well as performing some electronic transactions with a value of minimum 15 thousand lei (approximately 1000 Euro), indifferently of the fact that the transaction is performed by one single operation or by many operations,

[5] i.e. part of Recommendation 12.

	in case of existence of some suspicions of money laundry or terrorism financing, in case of existence of some doubts concerning the authenticity or the precision of the obtained identification data. The Recommendations encompass the elements of the identification and the subjects of specific identification of clients by the professional participant as well as information about the purpose and nature of the business relation, concerning complex and unordinary transactions. The different aspects of the identification means of the client, the procedures of accepting them and the decisions on beginning business relations are established in the Article 5.7. National Commission of Financial Market, through the Recommendations, imposes professional participants to have a policy and a systematic procedure of identifying the clients and of those who act in their name and should not establish a relation until the identity of the new client is verified. As defined in the Article 5.9, the means of identification are not applied in case of obtaining a life insurance policy, with the condition that the insurance premium or the annual instalments of payment are up to 15 thousand lei (approximately 1000 Euros) or that one singular insurance premium does not excel 30 thousand lei (approximately 2000 Euros) as well as in the case when subscription to the insurance policies, emitted by the pension fund, on the basis of an employment contract or the occupation, with the condition that this kind of policy cannot be bought back before the term and cannot be used as a guarantee or as pawn in order to obtain a loan. The Recommendations establish the procedures referring to continuous monitoring of accounts and transaction as: detection of ordinary/specific operations of the client, monitoring the client's operations in order to determine if the they correspond to the ordinary operations for this particular client or for the clients from similar categories, possession of adequate informational management systems in order to present the person responsible with the necessary information for efficient identifying, analyzing and monitoring of the high degree of risk clients' accounts, identification of the limited and suspicious operations by the professional participant, including the potential ones, as well as the sources of means used by the client in these operations. Procedures concerning possession and preservation of information, that needs to include at least the following as mentioned in the Article 5.11 The National Commission of Financial Market together with CCCEC elaborated the draft law for amending the Law on prevention and combat of money laundering and terrorism financing no. 190 – XVI of 26.07.2007 (OM no. 141 – 145/597 of 07.09.2007). The modifications refer to: exclude the sentence "investment funds, investments management companies, depositary companies" from the Article 4, a), as these entities are professional participants on the non-banking financial market according to Law on securities market nr. 199-XIV from 18.11.1998, replace the Article 4, b) with "professional participants on the non-banking financial market, except savings and credit associations, that hold type A license" according to the Article nr. 4 of the Law regarding National Commission of Financial Market nr. 192-XIV din 12.11.1998. At the same time, National Commission of Financial Market, suggest to eliminate from the reporting entities the savings and credit associations, that hold type A license because they offer borrowings only to their members (members are natural persons only) from the region where the association is registered. The Article 4, c) of the Law on prevention and combat of money laundering and terrorism financing is suggested to be eliminated because the insurance companies and insurance brokers are professional participants on the non-banking financial market as mentioned in the Article 4, b). National Commission of Financial Market suggests to eliminate the Article 4, m) from the reason that micro financing organizations are professional participants on the non-banking financial

	market as mentioned in the Article 4, b).
Measures taken to implement the recommendations since the adoption of the first progress report	
Recommendation of the MONEYVAL Report	*Urgent consultations are needed with the profession of lawyer in order to determine their obligations under the AML Law.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In accordance with the art.4 i) Law No 190-XVI as of 26.07.2007 on prevention and combating of money laundering and terrorism financing the layers are considered as reporting entity The provisions of the present law cover all financial institutions, as well as the following physical and juridical persons (named below *reporting* entities): i) lawyers, notaries and other legal independent professionals, during the preparation, the carrying out or the realization of the transactions, on their own behalf or on behalf of the natural or the legal person, concerning the: In these respect following the recommendation of the experts in October 2007 consultation with the Barou of Lawyers were made and received approval as far as the obligation and special forms for reporting is concerned.
Measures taken to implement the recommendations since the adoption of the first progress report	*No additional measures needed.*
Recommendation of the MONEYVAL Report	*All changes regarding the CDD for financial institutions should be put in place for DNFBPs.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	It is defined in the Article 4. of the Law No 190-XVI as of 26.07.2007 on prevention and combating of money laundering and terrorism financing the DNFBPs that are now subject of the AML law: The provisions of the present law cover all financial institutions, as well as the following physical and juridical persons (named below *reporting* entities): a) …investment funds, investment management companies, deposit companies, fiduciary companies; b) professional participants on the securities market, inclusively stock exchange companies, dealers, brokers ; c) insurance and reinsurance companies; j) auditors, independent accountants and financial banking or non banking consultants; k) persons who provide investment or fiduciary assistance; The Recommendations concerning the application of the measures of prevention and combating of money laundry and terrorism financing on the financial non-banking market approved by the Decision of the National Commission of Financial Market nr. 63/5 of 25.12.2007, include aspects of the financial institutions which should take reasonable measures for customer due diligence. Thus, Chapter 5 of the Recommendations fully covers the means applied by the professional participants

	for the clients identification before establishing the business relations, on the execution of some occasional transactions with a value of minimum 50 thousand lei (approximately 3800 Euro), as well as performing some electronic transactions with a value of minimum 15 thousand lei, indifferently of the fact that the transaction is performed by one single operation or by many operations, in case of existence of some suspicions of money laundry or terrorism financing, in case of existence of some doubts concerning the authenticity or the precision of the obtained identification data. Professional participant shall identify the client and adopts adequate and risk based means for verification of the identity, in order to possess information and certainty about the client, property structure and his modalities of control. Professional participant shall monitor continuously the transactions or business relations of the client, in order to assure that these are in accord with the information provided and that it is continuously updated. The point 5.4 establishes the elements of identification: natural or legal person that maintain an account at the professional participant or those in whose name the account is maintained, beneficiary owners of the transactions performed by the professional intermediaries, Subjects of specific identification of clients by the professional participant are mentioned in the point 5.5:. Professional participant has to obtain information about the purpose and nature of the business relation, concerning complex and unordinary transactions according to the point 5.6. The point 5.7 establishes the means of identification of the client. The procedures of accepting the clients should include more stages depending on the level of risk of the clients, in the same time emphasizing the clients with a high level of income, the source of which is unclear. Decisions on beginning business relations with clients with a high level of risk have to be taken exclusively on the level of steering body. It is important that the process of accepting of clients must not affect the large public access to the financial non-banking services. According to the point 5.8 professional participants have to possess a policy and a systematic procedure of identifying the clients and of those who act in their name and should not establish a relation until the identity of the new client is verified.. Means of identification shall not be applied according to the point 5.9 in case of obtaining a life insurance policy, with the condition that the insurance premium or the annual instalments of payment are up to 15 thousand lei (1000 Euro) or that one singular insurance premium does not excel 30 thousand lei (2000 Euro), subscription to the insurance policies, emitted by the pension fund, on the basis of an employment contract or the occupation, with the condition that this kind of policy cannot be bought back before the term and cannot be used as a guarantee or as pawn in order to obtain a loan. Procedures reflected in point 5.10 referring to continuous monitoring of accounts and transaction Structure model of the internal program concerning prevention and combating of money laundry and terrorism financing shall encompass the "Know your customer" rules: accepting the client, identification of the client, monitoring the transactions, maintaining and preserving the information.
Measures taken to implement the recommendations since the adoption of the first progress report	In order to implement the reporting obligation for auditors and independent accountants, Ministry of Finance as a supervisory authority approved the Order 63 from 10 august 2009 in force from October 2009 on Methodological indications on implementation by the auditing companies and independent accounts of the anti money laundering and counteracting financing of terrorism measures . Following the provision of the Order 63 from 10.08.2009 within 6 moths the auditors and

	independent accounts will elaborate proper internal policies and requirements in this direction. The Order 63 will be applied by the auditors, independent accounts and individual entrepreneur's subject of the law 61/ XVI from 16.03.2007. The Order refer to the implementation of the Know your Customers rules, application of the enhanced security measures. It foresee the application of all CDD measures in accordance with the legislation in force.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	The NCFM elaborated a draft Regulation concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market, which will be approved by the Decision of the National Commission of Financial Market (the present Recommendations concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market approved by the Decision of the National Commission of Financial Market nr. 63/5 of 25.12.2007 will be repealed) as its part includes customer due diligence measures. Section 2 of the mentioned draft Regulation lists the measures that have to be applied for the customer identification, such as: before establishing business relations, on the execution of some occasional transactions with a value of minimum 50 thousand MDL, as well as performing some electronic transactions with a value of minimum 15 thousand MDL, indifferently of the fact that the transaction is performed by one single operation or by many operations, in case of existence of some doubts concerning the authenticity or the precision of the obtained identification data. Mentioned draft includes also the elements of the identification and the subjects of specific identification of clients by the professional participant as well as information about the purpose and nature of the business relation, concerning complex and unordinary transactions, different aspects of the identification means of the client, the procedures of accepting them and the decisions on beginning business relations are established that are all described in the Section 2. As it was imposed by the National Commission of Financial Market, through the Recommendations to professional participants to have a policy and a systematic procedure of identifying the clients and of those who act in their name and should not establish a relation until the identity of the new client is verified it still is imposed in the new draft of the Regulation. In the Section 2 were added measures concerning that reporting entities will have adequate procedures to gather sufficient information from a client and beneficial owner of it and will check the publicly available information to determine if the client and the beneficial owner or not it is politically exposed person, and will regularly update information obtained at account opening, since the client and the beneficial owner thereof may subsequently become politically exposed person. It is necessary to ensure obtaining executive approval for the establishment or, in case it subsequently became the continuation of business relations with politically exposed persons, determining the source of their goods and money and for an enhanced and permanent monitoring of the business relationship. At the same time, the draft Regulations contains also Section 3 regarding prudence measures, that refers to the reporting entities that will determine what category of clients and transactions have a higher potential risk, based on risk indicators that can be considered, as appropriate, the volume assets or income, type of services requested, the type of customer activity, economic circumstances, the reputation of the country of origin, the plausibility of explanations offered by the client, level defaults categories of transactions. There are also section about preservation activities and transactions of individuals or entities and the beneficial owner, system to ensure compliance of programs to

	prevent and combat money laundering and terrorist financing on financial market, reporting on suspicious transactions, ssurveillance measures and sanctions. In the point 15 of the Section 2 is indicated that reporting entities must identify and adopt appropriate measures and risk-based verification so as to possess the information and certainty about the customer, ownership structure and how to control it. In the point 19 of the same Section is mentioned that reporting entities must obtain information on the purpose and nature of the business relationship, complex and unusual transactions.

Recommendation 10 (Record keeping) I. Regarding Financial Institutions	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*The AML law requires financing institutions to keep information on identified customers, archive of accounts and primary documents regarding limited and suspicious financial transactions for a period of 5 years from the date when the transaction was carried out. The provisions of the AML law should cover the entire transactions carried out by financial institutions, and not exclusively those regarding suspicious transactions and transactions in excess of the set amounts by the law.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to art.7 (1) of Law, the reporting entities keep the accounting of the information and the documents of the legal and natural persons and of the beneficiary owner, the register of identified natural and legal persons, the archive of accounts and primary documents, including business correspondence, for at least 7 years, after the business relationship ending or bank account closing. The reporting entities keep the accounting of all the transactions for at least 7 years after the transactions are ended. With the aim to implement the measures and procedures regarding internal control of licensed banks, according to p.2 of NBM Decision no.94 of 25.04.2002, p.6.2.4 of Recommendations establishes the obligation of financial institutions to keep the information about their customers' business activity. Banks, in accordance with p.18.6 of the Regulation on opening, modification and closing of accounts in authorized banks of RM (decision no.297 of 25 November 2004 of the NBM) "Upon account closing, legal records on account opening shall be maintained in the bank archive as in accordance with the legislation in effect and the organization procedures of archiving works (7 years, as is mentioned in AML Law)." Regulation No. 10018-20 comprises the following provisions related to all foreign exchange offices. After verifying the book-keeping and recording of operations, the documents shall be collected, filed in folders by days (months etc.) and stored according to the legislation. The documents on performed operations and the identified individuals (control tape, the second copies of foreign exchange bulletins, registers) shall be kept at least 7 years after the completion of the operations. The integrity and storage of documents shall be ensured by complying with the legislation in force and with the rules on archive works' organization. The responsibility for ensuring documents' storage shall be vested by the director of the foreign exchange office. (item 5.10.7 of the Regulation 10018-20)Recommendations on the elaboration of programs on prevention and combating of money laundering and terrorism financing by foreign exchange offices and exchange bureaus by hotels comprise the provisions according to which the foreign exchange office, hotel (organization) which, according to the licences of the National Bank of Moldova

	have opened exchange bureaus, shall ensure that the documents and information about the operations and the identified individuals are accessible and available in time, upon request, to CCECC and to other competent authorities. (attachment No. 11 of the Regulation, item 27 of Recommendation) Programs PCMLTF of foreign exchange offices and hotels (organizations) shall contain procedures on information record keeping and storage. (Attachment No. 11 of Regulation, item 6 of Recommendation).
Measures taken to implement the recommendations since the adoption of the first progress report	Regulation on Foreign Exchange Entities effective as of 27 March 2009 (which replaced the Regulation No.10018-20) comprises the following provisions which are related to the foreign exchange entities. While performing currency exchange operations in cash with individuals, the cashier of the foreign exchange entity shall identify and verify the individual's identity in specified cases *(items 95, 96 of the Regulation on FEE)* and shall fill in the necessary documents in order to record the performed operations and identified clients *(items 93, 101, 103-105, 107, 110-112, Attachment no.23 of the Regulation on FEE).* The data that have to be included in the foreign exchange bulletin mentioned in the Regulation on FEE *(Attachment No.24 of Regulation on FEE)* contain sufficient information in order to trace the individual transaction and information about this individual. Foreign exchange entity shall keep the documents related to the performed operations and identified individuals (control band, second copy of the foreign exchange bulletins, registers (for example, the register of the identified individuals *(Attachment No.23 of Regulation on FEE*), the registers of the operations of purchases/sales *(Attachment No.9, 10 of Regulation on FEE)*) not less than 7 years after the operations are completed *(item 136 of the Regulation on FEE, Attachment No.28 of Regulation on FEE, item 27 of Recommendations).* According to the Recommendations from the Attachment No.28 of Regulation on FEE, the PCMLTF Program of foreign exchange offices and hotels shall contain procedures on the record keeping and the keeping of the information *(Attachment No.28 of Regulation on FEE, item 7 of Recommendations).* Also, Recommendations contain guidelines on elaboration procedures of recording and keeping the information regarding the individual's identity, including beneficial owner, and performed operations *(Attachment No.28 of the Regulation on FEE, items 21-29 of Recommendations).* Recommendations comprise, inter alia, the provisions according to which the foreign exchange office, hotel: - shall ensure that the documents and information about the performed operations and the identified individuals are accessible and available in time, upon request, to CCECC and to other competent authorities *(Attachment No.28 of the Regulation on FEE, item 29 of Recommendation),* - shall respond completely and promptly to the requests of the CCECC and of other competent authorities regarding certain operations with individuals performed at present and during the previous 7 years *(Attachment No.28 of Regulation on FEE, item 46 of Recommendations).*
Recommendation of the MONEYVAL Report	*A general requirement to maintain all relevant records for 5 years after the termination of the account or business relationship should be established.*
Measures reported as of 11 December 2008 to implement	According to art.7 (1) of the Law, the reporting entities keep the accounting of the information and the documents of the legal and natural persons and of the beneficiary owner, the register of identified natural and legal persons, the archive of

the Recommendation of the Report	accounts and primary documents, including business correspondence, for at least 7 years, after the business relationship ending or bank account closing. The reporting entities keep the accounting of all the transactions for at least 7 years after the transactions are ended.
Measures taken to implement the recommendations since the adoption of the first progress report	*No additional measures needed.*
Recommendation of the MONEYVAL Report	*Competent authorities should be given proper powers to enable them to request, in specific cases, financial institutions to keep all necessary records for a longer period as determined these authorities.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	As mentioned above, according to the article 7 (1) of the Law, the records have to be kept for a period of 7 years that is longer than stipulated in the recommendation 10 FATF (5 years).
Measures taken to implement the recommendations since the adoption of the first progress report	In accordance with the provision of the draft Law approved in the thirst reading was amended the art. 7 of the AML/CFT Law by adding at the thirst paragraph (1) provision that at the request of the supervisory authorities the reporting entities are obliged to prolong the data keeping period of the records accordingly.
Recommendation of the MONEYVAL Report	*The AML law and sector specific legislation or regulation should clearly require financial institutions to maintain such information and data on clients and transactions so that it can be made available on a timely basis to the competent authority.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to art.7 (1) of the Law, the reporting entities keep the accounting of the information and the documents of the legal and natural persons and of the beneficiary owner, the register of identified natural and legal persons, the archive of accounts and primary documents, including business correspondence, for at least 7 years, after the business relationship ending or bank account closing. The reporting entities keep the accounting of all the transactions for at least 7 years after the transactions are ended. According to art.7 (2) of the Law, the reporting entities respond completely and promptly to the requests of the Centre for Combating Economic Crimes and Corruption and other empowered authorities, regarding the existence, of business relations and their nature, between these entities and certain natural and legal entities, at the present moment and during the previous 7 years. With the aim to implement the measures and procedures regarding internal control of licensed banks, according to p.2 of NBM Decision no.94 of 25.04.2002, p.6.4 of Recommendations establishes that financial institutions shall ensure that the documents and the information concerning the identification and the verification of clients, of effective beneficiaries, as well as concerning the monitoring of clients' operations, be timely available, upon request, to competent authorities.
Measures taken to implement the	Recommendations from the Attachment No.28 of Regulation on Foreign Exchange Entities effective as of 27 March 2009 (which replaced the Regulation No.10018-

recommendations since the adoption of the first progress report	20) comprise, inter alia, the provisions according to which the foreign exchange office, hotel: - shall ensure that the documents and information about the performed operations and the identified individuals are accessible and available in time, upon request, to CCECC and to other competent authorities *(Attachment No.28 of the Regulation on FEE, item 29 of Recommendation),* - shall respond completely and promptly to the requests of the CCECC and of other competent authorities regarding certain operations with individuals performed at present and during the previous 7 years *(Attachment No.28 of Regulation on FEE, item 46 of Recommendations).* In accordance with p.3.7. Chapter II of NBM Regulation on Book Entry System of Securities no.9/08 of 02.02.1996 (with relevant modifications) "All data with regard to redeemed issuances as by each separate client shall be kept in an archive register of the bank for a period of 75 years at least (as in accordance with provisions of the Indicator-Form of the State Archive Service of the Republic of Moldova of 3 December 1997)".
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	A draft of the AML/CFT Law in amending the provision of the art. 7 as far as the record keeping issues are concerned were elaborated in order to fully fulfil the criteria 10.2 as far as the period for record keeping of the identification data, account files and business correspondence based of the request of the competent authorities were elaborated. According to p.7.1 of the drafted Regulation, financial institutions shall implement procedures of record keeping of information, including at least the following: • maintenance of a register of identified clients and effective beneficiaries for a period of not less than seven years from the date of accounts closure (including at least: the name of the client; fiscal code; account number; opening date; closing date), while in case of single transactions with no account use, for at least seven years after the completion of the transaction; • storage of all primary documents, of business correspondence for at least seven years following the end of business relations or closing of the bank account; • storage of files on the identification and the verification of clients, of beneficial owner, as well as on the monitoring of clients' operations, including supporting documents, for at least seven years after their accounts' closing; • storage of information on the complex and unusual transactions at least seven years after their completion; • bookkeeping of all transactions for at least seven years after their completion; • archiving of information on transactions and business correspondence within all IT systems and storage of archives in safety and operational availability for at least seven years. Financial institutions should store the data and the information on the activities and transactions of individuals, legal entities and beneficial owners, including for the active period of business relationship. According to p.7.2 of the drafted Regulation, financial institutions should ensure that the documents and the information concerning the identification and verification of clients, beneficial owners, as well as concerning the monitoring of clients' transactions, including supporting documents, be timely available, upon request, to competent authorities. Also, financial institution can extended, upon

	request of competent authorities, the period of detention and storage of information on customers and their transactions for a period determined by the request.

Recommendation 10 (Record keeping) II. Regarding DNFBP[6]	
Recommendation of the MONEYVAL Report	*All changes regarding the record keeping requirements for financial institutions should be put in place for DNFBPs.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The DNFBPs are subject to the AML law No 190-XVI as of 26.07.2007 on prevention and combating of money laundering and terrorism financing, they fall under incidence of the article 4 of the law as reporting entities.: **Article 4. Reporting entities** The provisions of the present law cover all financial institutions, as well as the following physical and juridical persons (named below *reporting* entities): …………………………………………….. e) casinos (inclusively internet-casinos); f) places of rest, equipped with gambling devices, institutions organizing and carrying out lotteries or gambling; g) real estate agents; h) dealers in precious metals or precious stones i) lawyers, notaries and other legal independent professionals, during the preparation, the carrying out or the realization of the transactions, on their own behalf or on behalf of the natural or the legal person, concerning the: - purchasing and selling of real estate; - natural or legal persons business management; - creation, functioning or management of legal persons, excepting the cases of evaluation of the legal situation of a client, defense or client representation tasks connected with a juridical procedure; j) auditors, independent accountants and financial banking or non banking consultants; k) persons who provide investment or fiduciary assistance; Also the law foresees the other type of activities as: d) institutions that legitimate or register the ownership right; l) organizations that have the right of rendering services regarding money order, telegraphic or transfers of goods. Regarding the record keeping for financial institutions, the DNFBPs with respect to the article 7 ensures: **Article 7. Keeping of the records about the activities and the transactions of the legal or natural persons and of the beneficiary owner.** 1) The reporting entities keep the accounting of the information and the documents of the legal and natural persons and of the beneficiary owner, the register of identified natural and legal persons, the archive of accounts and primary documents, including business correspondence, for at least 7 years, after the business relationship ending or bank account closing. The reporting entities keep the accounting of all the transactions for at least 7 years after the transactions are ended. 2) The reporting entities respond completely and promptly to the requests of the

[6] i.e. part of Recommendation 12.

	Center for Combating Economic Crimes and Corruption and other empowered authorities, regarding the existence, of business relations and their nature, between these entities and certain natural and legal entities, at the present moment and during the previous 7 years.
Measures taken to implement the recommendations since the adoption of the first progress report	In order to implement the reporting obligation for auditors and independent accountants, Ministry of Finance as a supervisory authority approved the Order 63 from 10 august 2009 in force from October 2009 on Methodological indications on implementation by the auditing companies and independent accounts of the anti money laundering and counteracting financing of terrorism measures . Following the provision of the Order 63 from 10.08.2009 within 6 moths the auditors and independent accounts will elaborate proper internal policies and requirements in this direction. The Order 63 will be applied by the auditors, independent accounts and individual entrepreneur's subject of the law 61/ XVI from 16.03.2007. The Order refer to record keeping procedure that should be effectuated by the auditors and independent accountants. In accordance with the provision of the draft Law approved in the thirst reading was amended the art. 7 of the AML/CFT Law by adding at the thirst paragraph (1) provision that at the request of the supervisory authorities the reporting entities are obliged to prolong the data keeping period of the records accordingly.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	A draft of the AML/CFT Law in amending the provision of the art. 7 as far as the record keeping issues are concerned is in process of drafting in order to fully fulfil the criteria 10.2 as far as the period for record keeping of the identification data, account files and business correspondence based of the request of the competent authorities were elaborated. Also, in accordance with the draft Regulation concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market, which will be approved by the Decision of the National Commission of Financial Market (the present Recommendations concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market approved by the Decision of the National Commission of Financial Market nr. 63/5 of 25.12.2007 will be repealed) Section 5, reporting entities will have procedures for storing and maintaining information, which will include the following: a) maintain a register of identified clients for a period of at least seven years (which will include at least: the names of the client's tax code, account number, date of opening, closing date); b) records of transactions for at least seven years after the transaction occurred; c) keeping of accounts and as archived files on the identity of customers, including primary documents and business correspondence within at least seven years after their accounts were closed. Reporting entities will ensure access to documents of the competent bodies and information on customer identification and verification, the beneficial owner, as well as monitoring customer transactions, including supporting documents, if requested. At the request of authorities, the period of detention and retention of information relating to customers and their transactions can be extended for a period determined by the application.

Recommendation 13 (Suspicious transaction reporting) I. Regarding Financial Institutions	
Rating: Partially compliant	
Recommendation of the MONEYVAL	*Instead of a specific and exhaustive list of suspicious transactions, the preventive law should make suspicion that funds are proceeds from crime or are linked or related to, or are used for financing of terrorism the only mandatory basis for*

Report	*making an STR, regardless of transaction amount.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to art.5 (1) c) of the Law, the reporting entities apply security measures regarding the natural or legal persons, inclusively the beneficiary owner if there is a suspicion of money laundering or terrorism financing, regardless of any derogation, exemption or set limit and according to art.8 of the Law, informs the CCECC. According to art.4, 6, 8 and 11 of Law, CCECC elaborates the Guidelines of suspicious activities or transactions that are overseen in the law on prevention and combat of money laundering and terrorism financing.
Measures taken to implement the recommendations since the adoption of the first progress report	The suspicious transactions reporting regime is set out in the AML/CFT Law as complemented by the order nr. 117 regarding reporting the activities that fall under the AML/CFT Law and order 118 approving the Guide of suspicious activities or transactions, which fall under the AML/CFT Law of 20.11.2007. Both orders have been adopted and publicized in the Official Gazette of Moldova and may qualify as regulation under the FATF Methodology. For more precise provisions as far as the implementation of the criteria of the Rec. 13 is concerned the Guide of suspicious activities or transactions was amended and updated with additional information. The amendments establish the procedure of actualization of the guide and its annexes, as well as establish a clear provision of identifying suspicious criteria on money laundering and terrorist financing based on other criteria than those established in the guide. Regulation on Foreign Exchange Entities (which replaced the Regulation No.10018-20) comprises the following provisions. In order to ensure the availability of data required to be filled in the special form which shall be submitted to the CCECC, the provisions of the Regulation on FEE stipulate the mandatory identification and verification of the individual identity, including of the beneficial owner, in case when cashier of the foreign exchange entity suspects that the operation is linked to money laundering or terrorism financing *(item 96 of Regulation on FEE).* According to the Recommendations from the Attachment No.28 of Regulation on FEE, the PCMLTF Program of foreign exchange offices and hotels shall contain their own procedures on reporting to the competent authorities of operations suspected of money laundering and/or terrorism financing and of other operations /circumstances, the reporting of which shall be performed in accordance with the Law No.190-XVI as of July 26, 2007 *(Attachment No.28 of Regulation on FEE, item 7, 41 of Recommendations).* Also Recommendations contain guidelines on elaboration of mentioned procedures *(Attachment No.28 of the Regulation on FEE, items 41-45 of Recommendations).* The foreign exchange office, hotel shall keep in separate files copies of the special forms and of other correspondence with the competent authorities. The period of keeping the special forms shall not be less than the period for keeping the documents on the basis of which these special forms have been filled in *(Attachment No.28 of Regulation on FEE, item 45 of Recommendations).* In accordance with the draft Law approved in the thirst lecture by the Parliament the definition of the suspicious transaction was amended and provides for a general notion of transactions related to money laundering and terrorist financing. A provision to cash transactions reporting is replacing the cumulative transactions reporting approach. In accordance with the new draft the reporting entity submit the information to the Office for Prevention and fight Against Money Laundering.
Recommendation	*The question of a single form for reporting all transactions whatever the reporting*

of the MONEYVAL Report	*entity should be seriously considered, and the policy whereby entities are only bound by their obligations if a form and a CCCEC instruction exist should be abandoned.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to art.8 (3) of the Law, in the special form regarding the transactions that fall under the incidence of the present law, containing their data, confirmed by the signature of the person who fulfilled it or by any other identification manner. According to article 8 (4), The guide of the suspect activities and transactions, the example of the special form and the manner of transmission are approved by the Centre for Combating Economic Crimes and Corruption and are published in the Official Gazette of the Republic of Moldova (Decision regarding the disclosure of the activities and transactions overseen in the Law nr.117 from 20.11.2007, OM nr.198-202/731 from 21.12.2007).
Measures taken to implement the recommendations since the adoption of the first progress report	The licensed banks establishes in their internal policies criteria which should be used to determine suspicious activities and transactions, using within this scope and other sources than the Guide, as according to art.9 (1) of the Law on prevention and combat of money laundering and terrorism financing. During on site examination of the licensed banks for the period of 2007- 2010 years the inspectors checked the compliance with this requirement and found out that at 14 inspections the banks violated the Guide, and especially did not classified the suspicious transactions according to the Guide. Within this context, NBM issued warnings to banks and asked to liquidate the infringements found. Moreover, during on site inspections were found that some other suspicious transactions that are not classified according to the Guide by banks were reported to the CCECC. Within this context the NBM affirms that the licensed banks determine the suspicious activities and transactions within this scope not only the Guide issued by CCECC but their own judgment
Recommendation of the MONEYVAL Report	*The Moldovan authorities should also clarify the situation in respect of the application and scope of Article 4. 1(g) and make it clear that it applies to all reports of operations subject to an upper limit, under both articles 4.1(b) and article 5.1(a) to (e). This would avoid the risk of confusion and non-reporting.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In accordance with the provision of the Law No 190-XVI as of 26.07.2007 on prevention and combating money laundering and terrorism financing art. 8 establish the clear obligations requirements of STRs and threshold reports.
Measures taken to implement the recommendations since the adoption of the 1st progress report	The Recommendation was fully implemented
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and	According to p.8.1 of the drafted Regulation, financial institutions should have clear procedures, resulting from the provisions of the Law, brought to the knowledge of all personnel, stipulating that employees should report all suspicious transactions. At the same time, financial institutions should have in place the corresponding systems to detect suspicious operation designed in accordance with the criteria set out in the Guidelines on suspicious activities and transactions, approved by the Centre for Combating Economic Crimes and Corruption, as well as designed in accordance with other criteria set out based on the complexity of the financial institution's activity,

other relevant initiatives)	such as, when appropriate: category of the clients, product or transaction, activity domain, etc. According to p.8.2 of the drafted Regulation, financial institutions are obliged to inform immediately the Centre for Combating Economic Crimes and Corruption, about any suspect activity or transaction, which is being prepared, performed or finalized. At the same time, financial institutions are obliged to inform immediately the Centre for Combating Economic Crimes and Corruption, about any activity or transaction that implies goods that are used or are linked with their usage for terrorism, terrorist acts, terrorist organizations or persons that finance terrorism. If suspicious operations have been detected, the financial institution should record them, by filling in special forms and/or presenting the data, according to the legislation in force, with further reporting to the respective bodies.
Recommendation 13 (Suspicious transaction reporting) II. Regarding DNFBP[7]	
Recommendation of the MONEYVAL Report	*Moldova should ensure that the reporting form is available rapidly for all designated non-financial businesses and professions subject to the AML Law (at the same time as clarifying the precise list thereof).*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In the context of the new Law No 190-XVI as of 26.07.2007 on prevention and combating money laundering and terrorism financing, the Article no. 8 clearly define the procedure of reporting the activities or transactions that are reflected by the law. The point 1 concerns that the reporting entities are obliged to inform immediately the Centre for Combating Economic Crimes and Corruption, about any suspect activity or transaction, which is being prepared, performed or finalized. The data regarding suspect transaction are reflected in a special form, which is sent to the Centre for Combating Economic Crimes and Corruption but not later than 24 hours. The point 2 reflects the transactions finalized or carried out, through one operation with a value exceeding 500.000 lei (approximately 38400 Euros), as well as those carried out through more operations during a period of 30 calendar days, with the mentioned value, are reflected in a special form, sent to the Centre for Combating Economic Crimes and Corruption, not later that the 15th of the month immediately following the operational month. In the special form reflected in the point 3 regarding the transactions that fall under the incidence of the present law, containing their data, confirmed by the signature of the person who fulfilled it or by any other identification manner, at least the following information should be provided: • the series, the number, and the date of issue of the identity document, address and other data required for the identification of the person who conducted the respective transaction; • the address and other data required for the identification of the person in whose name the transaction was carried out; • the address and other data required for the identification of the beneficiary owner of the transaction; • the legal identification data and the accounts of the customers participating to the transaction; • the type of the transaction; • data about the reporting entity which made the transaction; • the date, the time and the value of the transaction;

[7] i.e. part of Recommendation 16.

	• the name and the position of the person who registered the transaction; • the reasons of suspicion. The guide of the suspect activities and transactions highlighted in the point 4, the example of the special form and the manner of transmission are approved by the Centre for Combating Economic Crimes and Corruption and are published in the Official Gazette of the Republic of Moldova. Also, according to the point 5, the reporting entities and their employees are obliged to refrain themselves from communicating to natural and legal entities who carry out the activity or the transaction, or to third parties about the transmission of the information to the Centre for Combating Economic Crimes and Corruption. Point 6 reflects that the reporting entities shall ensure the protection of their employees against any threats or hostile action regarding the reporting of suspect activities and transactions. With respect to Centre for Combating Economic Crimes and Corruption Order nr. 117 from 20.11.2007 regarding the reporting activities or transactions that fall under the incidence of the Law regarding the prevention and combating money laundering and terrorism financing, the safety transmission of the special formulas shall define the process of suspicious transactions reporting.
Measures taken to implement the recommendations since the adoption of the first progress report	*No additional measures needed.*
Recommendation of the MONEYVAL Report	*Additional measures should be taken to ensure that all DNFBPs comply with their reporting obligations.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Within the performed controls of the professional participants on the nonbanking financial market, the inspectors from National Commission of Financial Market must examine the observance of the Recommendations concerning the application of the measures of prevention and combating of money laundry and terrorism financing on the financial non-banking market approved by the Decision of the National Commission of Financial Market nr. 63/5 of 25.12.2007. National Commission of Financial Market Order no. 56 from 15.08.2008 regarding Type-Program of carrying out the control of the activity of professional participants on the non-banking financial market related to the prevention and combating money laundering and financing of terrorism establishes the reporting obligations. Also a draft law on supervising the reporting entities foresees in the art.4 e), f), h), j), was elaborated by the Ministry of Finance.
Measures taken to implement the recommendations since the adoption of the first progress report	In order to implement the reporting obligation for auditors and independent accountants, Ministry of Finance as a supervisory authority approved the Order 63 from 10 august 2009 in force from October 2009 on Methodological indications on implementation by the auditing companies and independent accounts of the anti money laundering and counteracting financing of terrorism measures . Following the provision of the Order 63 from 10.08.2009 within 6 moths the auditors and independent accounts will elaborate proper internal policies and requirements in this direction. The Order 63 will be applied by the auditors, independent accounts and individual entrepreneur's subject of the law 61/ XVI from 16.03.2007.
Recommendation of the	*More outreach and guidance is developed for all DNFBPs to explain the reporting obligation.*

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Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to the Centre for Combating Economic Crimes and Corruption Order no. 118 from 20.11.2007 "on approval of the Guide to Suspect Activities or Transactions under the incidence of the Law on Prevention and Combating of Money Laundering and Terrorism Financing", the Chapter III establishes the indexes of the suspect transactions within the banking and nonbanking currency exchange. The point 12 defines the indexes that establish the suspect character within the nonblank transactions. The guidelines are tailor made and diversified according to the different type of reporting entities, including DNFBPs. The Chapter no. IV shall establish the indexes within the securities transactions. The indexes within suspect transactions in the insurance area are encompassed in the Chapter V. The indexes within suspect transactions in the casinos and gambling area are encompassed in the Chapter VI, The indexes within suspect transactions in the area of independent professionals are encompassed in the Chapter VII; The indexes within suspect transactions in the area are of organizations that have the right of rendering services regarding money order, telegraphic or transfers of goods encompassed in the Chapter VIII. National Commission of Financial Market, along with MOLICO project has organized 4 training seminars for professional participants on the non-bank financial market. With respect to Centre for Combating Economic Crimes and Corruption Order nr. 117 from 20.11.2007 regarding the safety transmission of the electronic special formulas, National Commission of Financial Market and Centre for Combating Economic Crimes and Corruption was performed a seminar for 60 officials of the professional participants on the nonbanking financial market including: brokerage companies, independent registrars, fiduciary companies and insurance companies. Also the Centre for Combating Economic Crimes and Corruption Order nr. 117 from 20.11.2007 regarding the reporting activities or transactions that fall under the incidence of the Law regarding the prevention and combating of money laundering and terrorism financing, includes as well the special forms for the DNFBPs In the process of establishing an efficient system of reporting activities or transactions under the incidence of the AML/CFT Law the reporting entities stipulated in the Article 4 of this Law are obliged to submit to the FIU of Moldova their suspicious in special forms regarding activities or transactions under the incidence of the AML/CFT Law (Order of the Centre for Combating Economic Crimes and Corruption No. 118 of 20.11.2007 (entered into force on 21.12.2007).
Measures taken to implement the recommendations since the adoption of the first progress report	In order to implement the reporting obligation for auditors and independent accountants, Ministry of Finance as a supervisory authority approved the Order 63 from 10 august 2009 in force from October 2009 on Methodological indications on implementation by the auditing companies and independent accounts of the anti money laundering and counteracting financing of terrorism measures .Following the provision of the Order 63 from 10.08.2009 within 6 moths the auditors and independent accounts will elaborate proper internal policies and requirements in identifying suspicious transactions reports and in applying the provision of the Order 118 on the guide on suspicious activity. . The Order 63 will be applied by the auditors, independent accounts and individual entrepreneur's subject of the law 61/ XVI from 16.03.2007
(Other) changes	As it is mentioned in the Section 6 of the draft Regulation concerning the application

since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market, which will be approved by the Decision of the National Commission of Financial Market (the present Recommendations concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market approved by the Decision of the National Commission of Financial Market nr. 63/5 of 25.12.2007 will be repealed) reporting entities should have clear procedures known to all staff who provide personal reporting of all suspicious transactions to a special person of the reporting entity's governing body, responsible for gaining information and taking action against money laundering and terrorist financing. It should also be established a chain of communication, both by management, as well as the internal security service reporting on issues related to money laundering and terrorist financing. For detection of suspicious transactions, they are recorded by the reporting entity by filling special forms and / or presentation of data, as required by law, with subsequent reporting discreetly to the CCECC. Reporting entity shall report to the CCECC and to the National Commission on cases of suspicious activity or fraud, which essentially affect the safety, stability or reputation of the reporting entity. Reporting entity is obliged to immediately inform the CCECC about any suspicious activity or transaction, within the preparation, implementation or already completed. Data on suspicious transaction are reflected in a special form, which is sent to the Center within 24 hours. The entity completes a special form for reporting transactions or in the process of carrying through a transaction worth over 500 thousand, and those carried out in several operations, within 30 calendar days in that amount. The form is sent to the Center no later than the 15th day of the month following the month of management. Centre's decision to cease reporting entity enforcement suspicious transactions reporting entity and its employees are required to withhold physical or legal persons conducting business or transaction or the information forwarded by the Centre party. National Commission of Financial Market Order no. 56 from 15.08.2008 regarding Type-Program of carrying out the control of the activity of professional participants on the non-banking financial market related to the prevention and combating money laundering and financing of terrorism also establishes the reporting obligations.

Special Recommendation II (Criminalisation of terrorist financing)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*To take legislative and other steps that prove necessary to ensure that the financing of terrorism under Article 279 (in conjunction with Article 278) also covers organizations and persons recognized as engaging in terrorist activities, even in the absence of (preparation of) a specific terrorist act.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Article 279 of the Criminal Code was changed considerably by the Law No 136-XVI of 19 June 2008, its current wording implementing fully all requirements established by the 1999 International Convention for the Suppression of the Financing of Terrorism, the 2005 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism and the relevant provisions of the new AML/CFT Law. Art. 279 (1) b) covers expressly the financing of "an organized criminal group, a criminal organization or a person that commits or makes attempts to commit a terrorist offence or organizes, manages, associates with, agrees in advance, instigates or takes part as an accomplice in perpetration of this offence". ***Article 279.*** *Terrorism financing* *(1) Terrorism financing, i.e. making available or deliberately, directly or*

	indirectly, collecting assets of any nature obtained by any means, by any person, using any methods, or providing financial services for the use of these assets or services or knowing that they will be used entirely or partially: *a) to organize, prepare or commit a terrorist offence;* *b) by an organized criminal group, a criminal organization or a person that commits or makes attempts to commit a terrorist offence or organizes, manages, associates with, agrees in advance, instigates or takes part as an accomplice in perpetration of this offence, is liable to imprisonment for 5 to 10 years with deprivation of the right to hold certain positions or to perform certain activities for 2 to 5 years, with a fine applied to the legal entity in the amount of 7,000–10,000 conventional units with liquidation of the legal entity.* *(2) A terrorism financing offence is considered consummated irrespective of whether the terrorist offence has been committed, whether the assets have been used to commit this offence by a group, organization or person mentioned under par. (1) letter b), or whether the actions have been committed on or beyond the territory of the Republic of Moldova.* *(3) Property refers to funds, any category of corporeal or incorporeal, movable or immovable, tangible or intangible values (assets), as well as other legal instruments under any form, including electronic or digital, evidencing a title or right, including any share (interest) in relation to these values (assets)."*
Measures taken to implement the recommendations since the adoption of the first progress report	The Recommendation was fully implemented
Recommendation of the MONEYVAL Report	*To take legislative and other steps that prove necessary to ensure that the terrorist acts provided for in Articles 278 and 279 include the acts provided for in the international conventions to which the 1999 Convention refers.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In order to implement the international instruments aiming at combating the terrorism ratified by the Republic of Moldova, namely the: - *1970 Convention for the Suppression of Unlawful Seizure of Aircrafts;* - *1971 Convention for the Suppression of the Unlawful Acts against Safety of Civil Aviation and its additional Protocol of 1988;* - *1973 Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents;* - *1979 International Convention against Taking Hostage;,* - *1980 Convention on the Physical Protection of Nuclear Material;* - *1988 Convention for the Suppression Unlawful Acts against the Safety of Maritime Navigation;* - *1997 International Convention for the Suppression of Terrorist Bombings,*; - 1963 Convention on Offences and Certain Other Acts Committed on Board Aircraft; - 1988 Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms on the Continental Shelf; - 1997 Convention on the Marking of Plastic Explosives for the Purpose of Detection; - *1999 International Convention for the Suppression of the Financing of Terrorism;* - *2005 International Convention for the Suppression of Acts of Nuclear Terrorism;* - *2005 Amendment to the Convention on the Physical Protection of Nuclear*

	Material; *- 2005 Council of Europe Convention on the Prevention of Terrorism;* and also the *UN Resolutions No 1373(2001), 1540 (2004), 1617 (2005) and 1624 (2005).* There has been undertaken a fundamental revision of the relevant legal framework which had as a result a draft on amending the Law on Law on combating the terrorism, Criminal Code, Criminal Procedure Code, Law on refugee status, etc. which took in consideration the recommendations of the United Nations Office on Drugs and Crimes experts and was adopted by the Parliament on 08 August 2008 (Law No 136-XVI). The amendments introduced by the mentioned Law covers all the acts provided for in the 9 international conventions mentioned in the Annex to the TF Convention: 1. Convention for the Suppression of Unlawful Seizure of Aircraft, done at The Hague on 16 December 1970 – *art. 275 "Theft or capture of train, airship or vessel"* of the Criminal Code *as amended*; 2. Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation done at Montreal on 23 September 1971– *289^1 "Offences against aviation security and against airport security"* of the Criminal Code; 3. Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents, adopted by the General Assembly of the United Nations on 14 December 1973 – *art. 142 (new wording) "Assault against a person who benefits from international protection"* of the Criminal Code; 4. International Convention against the Taking of Hostages, adopted by the General Assembly of the United Nations on 17 December 1979 – art. *280 "Taking hostages"* of the Criminal Code *as amended*; 5. Convention on the Physical Protection of Nuclear Material, adopted at Vienna on 3 March 1980 – *art. 292 "Manufacturing, purchase, processing, storage, shipment, usage or neutralization of the explosive substances or the radioactive materials" as amended, art. 295 (new wording) "Theft of radioactive materials or devices or of nuclear installations, threatening to steal or request to transmit these materials, devices or installations", art. 295^1 (new art.) "Holding, production or use of radioactive materials or devised devises or of nuclear installations"* and *art. 295^2 (new art.) "Assault on a nuclear installation*" of the Criminal Code; 6. Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on 24 February 1988 – *art. 289^1 (new art.) "Offences against aviation security and against airport security"* of the Criminal Code; 7. Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, done at Rome on 10 March 1988 – *art. 140^1 "Usage, development, manufacturing, acquisition by other means, processing, possession, storage or conservation, direct or indirect transferring, keeping, shipment of weapons of mass destruction" (as amended.), art. 289^2 (new art.) "Offences against maritime transport security"* of the Criminal Code; 8. Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf, done at Rome on 10 March 1988 – *art. 289^3 (new art.) "Offences against the security of fixed platforms*" of the Criminal Code; 9. International Convention for the Suppression of Terrorist Bombings, adopted by the General Assembly of the United Nations on 15 December 1997 – *278^1 (new art.) "Delivery, placement, triggering or detonation of an explosive device or of any*

	other device with lethal effect" of the Criminal Code. In order to give explanation of the newly introduced terminology the General Part of the Criminal Code was amended with the articles 134^2 - 134^{11} defining: Aircraft in flight and aircraft in exploitation; Fixed platform; Explosive device or other device with lethal effect; State or governmental object; Infrastructure object; Public place; Nuclear material; Nuclear installation; Radioactive device; Terrorist offence. Due to this revision, the declaration made with regard to the TF Convention stating that Moldova do not consider treaties to which it is not party as being included in the appendix to the Convention, was excluded by the Law 136-XVI of 19 June 2008.
Measures taken to implement the recommendations since the adoption of the first progress report	The Recommendation was fully implemented
Recommendation of the MONEYVAL Report	*To take legislative and other steps that prove necessary to ensure that the form of support given includes all types of funds whether material or non-material.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The new wording of the art. 279 refers in par. 1 to "assets of any nature", this expression being explained additionally by par. 3 of the same art.: "Assets mean financial means, any category of corporeal or incorporeal, movable or immovable, tangible or intangible values (assets), as well as acts/documents or other legal instruments in any form, including electronic or digital, evidencing a title or a right, including any share (interest) in relation to these values (assets)". In this context, it was implemented the definition given by the TF Convention.
Measures taken to implement the recommendations since the adoption of the first progress report	The Recommendation was fully implemented
Recommendation of the MONEYVAL Report	*To take legislative and other steps that prove necessary to ensure that the scope of Article 21 (corporate criminal liability) is extended to make it applicable to Articles 278 and 279.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Article 21 of the Criminal Code was amended by the Law No 136-XVI of 19 June 2008 and covers now all legal entities, except public authorities, and is applicable additionally to articles 279 *Terrorism financing*, 279^1 *Recruitment, training or provision of other support for terrorist purposes*, 279^2 *Instigation for terrorist purposes or public justification of terrorism* and 292 *Manufacturing, purchase, processing, storage, shipment, usage or neutralization of the explosive and radioactive materials* of the Criminal Code.
(Other) changes since the last evaluation	On 21 February 2008 the Republic of Moldova has ratified the International Convention for the suppression of acts of nuclear terrorism of 13 April 2005 (Law No 20-XVI of 21 February 2008) and on 03 March 2008 - the Council of Europe Convention on the prevention of terrorism combating the terrorism of 16 May 2005 (the Law No 51-XVI of 7 March 2008).
(Other) changes since the first	

progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

Special Recommendation IV (Suspicious transaction reporting) I. Regarding Financial Institutions	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*A fully comprehensive provision should be introduced by law or regulation requiring financial institutions to report to the FIU whenever they suspect or have reasonable grounds to suspect that funds are linked or related to, or to be used for terrorism, terrorist acts or by terrorist organizations or those who finance terrorism, in line with SR IV.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Reporting entities report immediately to the Centre for Combating Economic Crimes and Corruption regarding any suspect activity or transaction of terrorism financing not later than 24 hours from the receiving of the request. The Article 8 (1) of the AML/CFT Law established the obligation of reporting of the activities or transactions that falls under the incidence of the AML/CFT Law**.** The reporting entities are obliged to inform immediately the Centre for Combating Economic Crimes and Corruption, about any suspect activity or transaction, which is being prepared, performed or finalized. The data regarding suspect transaction are reflected in a special form, which is sent to the Centre for Combating Economic Crimes and Corruption but not later than 24 hours. The guide of the suspect activities and transactions, the example of the special form and the manner of transmission are approved by the Center for Combating Economic Crimes and Corruption and are published in the Official Gazette of the Republic of Moldova. The Center for Combating Economic Crimes and Corruption adopted the order No. 118 of 20.11.2007 (entered into force on 28.12.2007) "On approval of the guide to suspect activities or transactions under the incidence of the law on prevention and combating of money laundering and terrorism financing” that establishes the criteria and indicators of possible suspect activities or transactions related to money laundering and terrorism financing (hereinafter referred to as suspect transactions) including as well the suspect transactions related to terrorism financing are also established based on the lists of persons and entities involved in terrorist activities published in the Official Monitor of the Republic of Moldova by the Information and Security Service.
Measures taken to implement the recommendations since the adoption of the first progress report	According to chapter I, p.2 of the Guide of suspicious activities and transactions, the reporting entities determine suspicious transactions related to terrorism financing taking into consideration also the list of individuals and entities involved in terrorism activities published in Official Monitor of the R.Moldova by Intelligence and Security Service. Since the adoption of the order 75 from 14.11.2007, the Intelligence Service approved 16 orders for actualisation of the main order 75 on list of persons and entities involved in terrorist activities. Order nr. 24 from 10.03.2008; Order nr. 38 from 20.05.2008; Order nr. 46 from 23.07.2008;

	Order nr. 49 from 31.07.2008; Order nr. 64 from 07.10.2008; Order nr. 73 from 17.11.2008; Order nr. 2 from 15.01.2009; Order nr. 21 from 14.03.2009; Order nr. 35 from 24.04.2009; Order nr. 49 from 23.07.2009; Order nr. 57 from 22.09.2009; Order nr. 72 from 27.11.2009; Order nr. 07 from 05.02.2010; Order nr. 23 from 20.04.2010; Order nr. 34 from 01.07.2010; Order nr. 42 from 11.08.2010; Regulation on Foreign Exchange Entities effective as of 27 March 2009 (which replaced the Regulation No.10018-20) comprises the following provisions. In order to ensure the availability of data required to be filled in the special form which shall be submitted to the CCECC, the provisions of the Regulation on FEE stipulate the mandatory identification and verification of the individual identity, including of the beneficial owner, in case when cashier of the foreign exchange entity suspects that the operation is linked to money laundering or terrorism financing *(item 96 of Regulation on FEE).* According to the Recommendations from the Attachment No.28 of Regulation on FEE, the PCMLTF Program of foreign exchange offices and hotels shall contain their own procedures on reporting to the competent authorities of operations suspected of money laundering and/or terrorism financing and of other operations /circumstances, the reporting of which shall be performed in accordance with the Law No.190-XVI as of July 26, 2007 *(Attachment No.28 of Regulation on FEE, item 7, 41 of Recommendations)*. Also Recommendations contain guidelines on elaboration of mentioned procedures *(Attachment No.28 of the Regulation on FEE, items 41-45 of Recommendations).* The foreign exchange office, hotel shall keep in separate files copies of the special forms and of other correspondence with the competent authorities. The period of keeping the special forms shall not be less than the period for keeping the documents on the basis of which these special forms have been filled in *(Attachment No.28 of Regulation on FEE, item 45 of Recommendations).* In accordance with the draft Law approved in the thirst lecture by the Parliament the definition of the suspicious transaction was amended and provides for a general notion of transactions related to money laundering and terrorist financing. A provision to cash transactions reporting is replacing the cumulative transactions reporting approach. In accordance with the new draft the reporting entity submit the information to the Office for Prevention and fight Against Money Laundering.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and	A draft methodological indicators on identification of suspicious transactions reports related to terrorist financing was elaborated by the SPCSB and aim in assisting reporting entity in qualifying a suspicious transaction. According to the Regulation on granting and withdrawal of licenses for professional activity on securities market, approved by the Decision of the NCFM nr. 53/12 of 31.10.2008, in force since 16.01.2009, in order to receive the license for the activity professional securities market, the license applicant must adopt and implement internal control procedures and measures aimed at preventing and combating money

other relevant initiatives)	laundering and terrorism financing. NCFM collaborates with the CCECC and Office of the General Prosecutor, regarding different aspects including combating money laundering and terrorism financing. NCFM informs and presents information at the demand and not only. The suspicious transactions are reported immediately according to the Law nr. 190. According to the Instruction of the content, preparation, presentation and publication of professional participants of securities market specialized reports, approved by NCFM Decision nr. 60/12 of 24.12.2009, all professional participants and issuers keeping the registers of securities holders on their own according to the license issued by the NCFM, starting with the June 1, are submitting quarterly the form F 15 "Suspicious transactions and activity of money laundering and terrorist financing, reported to the CCECC". in identification a suspicious transactions report related to terrorist financing. According to p.8.1 of the drafted Regulation, financial institutions should have clear procedures, resulting from the provisions of the Law, brought to the knowledge of all personnel, stipulating that employees should report all suspicious transactions. At the same time, financial institutions should have in place the corresponding systems to detect suspicious operation designed in accordance with the criteria set out in the Guidelines on suspicious activities and transactions, approved by the Center for Combating Economic Crimes and Corruption, as well as designed in accordance with other criteria set out based on the complexity of the financial institution's activity, such as, when appropriate: category of the clients, product or transaction, activity domain, etc. According to p.8.2 of the drafted Regulation, financial institutions are obliged to inform immediately the Center for Combating Economic Crimes and Corruption, about any suspect activity or transaction, which is being prepared, performed or finalized. At the same time, financial institutions are obliged to inform immediately the Center for Combating Economic Crimes and Corruption, about any activity or transaction that implies goods that are used or are linked with their usage for terrorism, terrorist acts, terrorist organizations or persons that finance terrorism. If suspicious operations have been detected, the financial institution should record them, by filling in special forms and/or presenting the data, according to the legislation in force, with further reporting to the respective bodies.
Special Recommendation IV (Suspicious transaction reporting) II. Regarding DNFBP	
Recommendation of the MONEYVAL Report	*A fully comprehensive provision should be introduced by law or regulation requiring DNFBPs to report to the FIU whenever they suspect or have reasonable grounds to suspect that funds are linked or related to, or to be used for terrorism, terrorist acts or by terrorist organizations or those who finance terrorism, in line with SR IV.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Reporting entities report immediately to the Centre for Combating Economic Crimes and Corruption regarding any suspect activity or transaction of terrorism financing not later than 24 hours from the receiving of the request. The Article 8 (1) of the AML/CFT Law established the obligation of reporting of the activities or transactions that falls under the incidence of the AML/CFT Law**.** The reporting entities are obliged to inform immediately the Centre for Combating Economic Crimes and Corruption, about any suspect activity or transaction, which is being prepared, performed or finalized. The data regarding suspect transaction are reflected in a special form, which is sent to the Centre for Combating Economic Crimes and Corruption but not later than 24 hours. The guide of the suspect activities and transactions, the example of the special form and the manner of transmission are approved by the Centre for Combating Economic

	Crimes and Corruption and are published in the Official Gazette of the Republic of Moldova. The Centre for Combating Economic Crimes and Corruption adopted the order No. 118 of 20.11.2007 (entered into force on 28.12.2007) "On approval of the guide to suspect activities or transactions under the incidence of the law on prevention and combating of money laundering and terrorism financing" that establishes the criteria and indicators of possible suspect activities or transactions related to money laundering and terrorism financing (hereinafter referred to as suspect transactions) including as well the suspect transactions related to terrorism financing are also established based on the lists of persons and entities involved in terrorist activities published in the Official Monitor of the Republic of Moldova by the Information and Security Service. According to the NCFM recommendation article 8. REPORTING THE SUSPICIOUS OPERATIONS 1. The professional participant must possess clear procedures, according to the provisions of the Law on prevention and combating money laundry and terrorism financing, brought o the attention of the entire personnel, procedures which imply reporting by the employees of all the suspicious transactions to a special person within the steering body of the professional participant, responsible for accumulating information and undertaking measures against money laundry and terrorism financing. There also must be specified a chain of communication, by the steering body as well as internal security service for reporting problems concerning money laundry and terrorism financing. 2. In case of detection of suspicious operations, these are recorded by the professional participant through filling out of the special forms and/or presenting data, according to the legislation in force, with the subsequent direct report to the Center. 3. Professional participants will report to the Center and national Commission about suspicious activities or about the cases of fraud, which essentially affect the security, stability or reputation of the professional participant. 4. Professional participant is obligated to immediately inform the Center about any suspicious activity or transaction, in preparation, in progress or already accomplished. The data concerning the suspicious transaction are reflected in a special form that is issued by the Center in maximum 24 hours. 5. Professional participant fills out a special form for the accomplished transaction or transactions in progress performed via an operation with a value of above 500 thousand lei, as well as performed via a number of operations in the interval of 30 calendar days, of the mentioned value. The form is issued by the Center the latest on the 15th of the month immediately following the month of administration reporting month. 6. Professional participant, following the decision of the Center, ceases the execution of the suspicious operations in the time limit indicated in the decision, but no longer then 5 working days. 7. Professional participant and its employees are obligated not to communicate the transmission of information to the Center to the natural or legal persons performing the activity or transaction.

	The reporting obligation applies also in the case of FT. Also according to the Law No190-XVI law No 190-XVI as of 26.07.2007 on prevention and combating money laundering and terrorism financing.
Measures taken to implement the recommendations since the adoption of the first progress report	According to chapter I, p.2 of the Guide of suspicious activities and transactions, the reporting entities determine suspicious transactions related to terrorism financing taking into consideration also the list of individuals and entities involved in terrorism activities published in Official Monitor of the R.Moldova by Intelligence and Security Service. Since the adoption of the order 75 from 14.11.2007, the Intelligence Service approved 16 orders for actualisation of the main order 75 on list of persons and entities involved in terrorist activities. Order nr. 24 from 10.03.2008; Order nr. 38 from 20.05.2008; Order nr. 46 from 23.07.2008; Order nr. 49 from 31.07.2008; Order nr. 64 from 07.10.2008; Order nr. 73 from 17.11.2008; Order nr. 2 from 15.01.2009; Order nr. 21 from 14.03.2009; Order nr. 35 from 24.04.2009; Order nr. 49 from 23.07.2009; Order nr. 57 from 22.09.2009; Order nr. 72 from 27.11.2009; Order nr. 07 from 05.02.2010; Order nr. 23 from 20.04.2010; Order nr. 34 from 01.07.2010; Order nr. 42 from 11.08.2010 According to the Instruction of the content, preparation, presentation and publication of professional participants of securities market specialized reports, approved by NCFM Decision nr. 60/12 of 24.12.2009, all professional participants and issuers keeping the registers of securities holders on their own according to the license issued by the NCFM, starting with the June 1, are submitting quarterly the form F 15 “The statistical data on suspicious transactions reports transmitted to the SPCSB.“ In order to implement the reporting obligation for auditors and independent accountants, Ministry of Finance as a supervisory authority approved the Order 63 from 10 august 2009 in force from October 2009 on Methodological indications on implementation by the auditing companies and independent accounts of the anti money laundering and counteracting financing of terrorism measures .Following the provision of the Order 63 from 10.08.2009 within 6 moths the auditors and independent accounts will elaborate proper internal policies and requirements in identifying suspicious transactions reports and in applying the provision of the Order 118 on the guide on suspicious activity. . The Order 63 will be applied by the auditors, independent accounts and individual entrepreneur’s subject of the law 61/ XVI from 16.03.2007

(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

2.3 Other Recommendations

In the last report the following FATF recommendations were rated as "partially compliant" (PC) or "non compliant" (NC) (see also Appendix 1). Please, specify for each one what measures, if any, have been taken to improve the situation and implement the suggestions for improvements contained in the evaluation report.

Recommendation 3 (Confiscation and provisional measures)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*The confiscation of the body (" corpus") of the offence should be unequivocally provided for, both in (stand-alone) money laundering and in terrorism financing cases.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The Law No 136-XVI of 19 June 2008 improves the confiscation regime, bringing clarity to goods that must be confiscated. The 1st par. of art. 106 of the Criminal Code was amended by including additionally after the words "do not exist anymore", the words "cannot be found". This amendment will ensure a better protection of the purposes of the special confiscation by creating the possibility to confiscate the equivalent value of the proceeds from crime, considering the fact that usually these are hidden by the offender. Amendment of the par. 2 letter a) will ensure that will be confiscated not only the goods obtained as a result of committing an offence provided in the Criminal Code, but also the incomes (yields) from those assets, excepting the assets and incomes that must be returned to their legal owner. The new introduced letter f) to the par. 2 expressly provides for the confiscation of assets converted or transformed, partially or totally, from assets resulting from offences (proceeds) and from the incomes (yields) obtained from these assets. By introducing letter g), art. 106 of the CC expressly cover and ensure the confiscation of the *corpus* of the terrorist financing offence, indicating the confiscation of assets (goods) used or intended to finance terrorism. Thus, the clarification of this aspect of the confiscation regime for financing of terrorism cases, brings clarity and for the money laundering as a stand alone offence. From the par. 2, letter d) the word "obviously" was excluded from the expression "obtained obviously by committing an offence". This amendment was introduced with the purpose of reducing the necessary evidences for proving that the assets that are to be confiscated were obtained by committing an offence Additionally to that, it is an initiative to create a new jurisprudence on confiscation which will also clarify this aspect. The national experts sent a request in this respect to the Supreme Court of Justice and to the National Institute of Justice, with detailed

	explanation of the MONEYVAL recommendations, which is now under examination in the Criminal Panel of the Supreme Court of Justice. In order to clarify the issue of confiscation of the proceeds that were mixed up with legally obtained assets, it was introduced a new par. - (2^1) which states that "If the assets resulting or obtained from committing an offence and incomes from these assets have been mixed with the legally obtained assets, this part of assets or their exchange value that corresponds to the value of assets resulting or obtained from committing an offence and incomes from these assets shall be confiscated".
Measures taken to implement the recommendations since the adoption of the first progress report	Additionally to the legislative measures undertaken in relation to art. 106 of the Criminal Code on special confiscation, the practice shows clearly the focus of the confiscation regime on the *corpus* of the offence: - Thus, the 2005 case (initiated on ML and presented in the MER) resulted with the confiscation of 242 thousands $; - In relation to the case of 2006, initiated on ML and presented in the MER, were confiscated 1 mil 600 thousands $; - The 2009 case on ML, has resulted with the conviction on ML and confiscation of 70000 lei and - The 2010 case on ML also has resulted with a conviction on ML and the confiscation of 85 750 $. The 2011 case on ML also has resulted with a conviction on ML and the confiscation of 63425 $.
Recommendation of the MONEYVAL Report	*Further develop the full protection of the interests of the bona fide third party within the context of the criminal proceeds confiscation proceedings.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The protection of the bona fide third party should be consistent with the Palermo Convention. In this context, the Law 136-XVI of 19 June 2008 amends the art. 106 of the Criminal Code on the confiscation regime as it is provided in the art. 12 of the Palermo Convention. The above mentioned comments describe more detailed the new amendments. Also, pursuant to the par. 8, art. 12 of the Palermo Convention saying that the confiscation and seizure provisions shall not be construed to prejudice the rights of bona fide third parties, the existing legal framework is offering the full protection of the bona fide third party according to the existing provisions of the Civil and Criminal Proceedings Codes. The criminal procedure is intended to protect any natural or legal person from the any damage caused by crimes. Thus, a civil action in the criminal proceedings may be started upon the request of natural persons or legal entities who suffered material, moral or, if applicable, professional reputation damage directly from the action (action or failure to act) prohibited under the criminal law or related to its commission. Any other interest of civil nature which is not related directly to the action (action or failure to act) prohibited under the criminal law or related to its commission can be protected in civil proceedings.
Measures taken to implement the recommendations since the adoption of the first progress report	According to Article 209 of Criminal Proceeding Code, the bona fide third party can make appeal against the seizure, if it is considered that the application of seizure has breached his/her rights and he/she has a legal interest in relation to the assets under seizure. Thus, the protection of the bona fide third party is fully ensured. ***Article 209 CPC*** *1. The placement of assets under seizure may be appealed according to the present Code, and the lodged complaint or the appeal shall not suspend the enforcement of*

	this action. *2.The persons other than the suspect, accused, defendant, who find the placement of assets under seizure to have been performed illegally or ill-founded shall be entitled to request the criminal investigating authority or the court to remove the sequester from the assets. If they refuse to satisfy the request or did not communicate to the person that lodged the petition an answer during 10 days from the moment of its receipt, the person shall be entitled to solicit the removal of the seizure from the assets in civil proceedings. The court judgment on the civil case on the removal of the seizure from the assets may be appealed in cassation by the prosecutor before the higher court during 10 days, but, after its entry in force, it shall be binding for criminal investigating authorities and for the court in charge of the criminal case to the extent to which the assets of what person need to be confiscated or, if applicable, pursued.*
Recommendation of the MONEYVAL Report	*Steps should be taken to solve the practical problems sometimes caused by freezing and seizure (administration of assets pending confiscation, application to less tangible products such as company shares – appointment of a civil administrator, conversion to stable financial products, etc.).*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The practical aspects of the seizure and confiscation procedures are regulated by the Regulation on registering, assessment and selling of the confiscated assets, assets without owner, perishable or with limited validity goods, *corpus delicti*, assets transferred in state possession based on heritage and of treasure, approved by Government Decision No 972 of 11 September 2001. The responsible authority for the registering, assessment and selling of the mentioned assets are state fiscal (tax) authorities. Once they have registered the goods, they are responsible for keeping their integrity. In the same time, it was approved the Joint Order No 190/332/348/126 of 2 August 2006 of the General Prosecutor's Office, Ministry of Internal Affairs, Customs Service and the Centre for Combating Economic Crimes and Corruption on the approval of Instructions on the way of withdrawing, record keeping, keeping and submission of corpus delicti, attached to the criminal cases, of the valorous objects and of other goods by the criminal investigation authorities and prosecutor's office during the criminal investigation.
Measures taken to implement the recommendations since the adoption of the first progress report	The recommendation has been fully implemented by the GD No 972 of 11 September 2001 and by the Joint Order No 190/332/348/126 of 2 August 2006 of the General Prosecutor's Office, Ministry of Internal Affairs, Customs Service and the Centre for Combating Economic Crimes and Corruption on the approval of Instructions on the way of withdrawing, record keeping, keeping and submission of *corpus delicti*, attached to the criminal cases, of the valorous objects and of other goods by the criminal investigation authorities and prosecutor's office during the criminal investigation.
Recommendation of the MONEYVAL Report	*The anti-laundering office is encouraged to make more frequent requests under its own powers for transactions to be suspended.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In accordance with the latest statistical data the FIU has issued in 2005 - 37 of decisions were issued by the FIU In 2006 - 32 of decisions were issued by the FIU In 2007- 41 of decisions were issued by the FIU In 2008 - 88 of decisions were issued.

<table>
<tr><td rowspan="2">Measures taken to implement the recommendations since the adoption of the first progress report</td><td>Please refer to the following statistical data updated;</td></tr>
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2007	41 decisions to freeze assets	8 were recalled because of insufficient argumentation of maintenance of the decisions. In 33 cases were identified shell companies. In 15 cases 1 750 000 Euros were frozen, from which 1,0 mil lei (62500 Euro) were recovered in the state budget. In 2 cases the freezing decision were applied at the foreign request (Russian Federation and Cyprus). In 15 cases were referred to criminal investigation authorities, 11 criminal cases were initiated, from those 7 on money laundering, 4 cases were finalized.
2008	88 freezing decision	5 were recalled because of insufficient argumentation of maintenance of the decisions. In 53 cases were identified shell companies. In 15 cases were frozen 1 320 000 Euro from which 3,5 mil lei (218750 Euro)were recovered in the state budget. In 21 cases were referred to criminal investigation authorities, 13 criminal cases were initiated, from those 5 on money laundering, 4 cases were finalized.
2009	106 freezing decisions	17 were recalled because of insufficient argumentation of maintenance of the decisions. In 64 cases were identified shell companies and on those accounts were frozen 4,4 mil. lei (275 000 Euro) from which 2,3 mil. lei (143750 Euro) were recovered in the state budget. The materials were referred to Tax authorities in result were calculated fines in total amount of 21 mil. lei (1 312 500 Euro). In 25 cases material were referred to criminal investigation authorities in 24 cases criminal investigation started 10 cases lead to prosecution in 2 cases criminal investigation was finalized, one conviction and confiscated goods in total amount of 4350 USD.
2010	75 freezing decision	24 were recalled because of insufficient argumentation of maintenance of the decisions. In 17 cases were identified shall companies and those accounts were freeze an amount of 1.5 mil lei (93750 Euro) from which 1,0 mil. lei (62500Euro) were recovered in the state budget. The materials were referred to Tax authorities in result were calculated fines in total amount of 20 mil. lei (1 250 000 Euro) from those 757000 Euro were recovered to the state budget.. In 35 cases material were referred to criminal

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12 decision of postponement</td><td>investigation authorities in 26 cases criminal investigation started 6 cases lead to prosecution, one case lead to conviction with the confiscation of 85750 USD.
3 were recalled because of insufficient argumentation of maintenance of the decisions.
In 2 cases criminal investigation started.
In were identified shall companies and in those accounts were freeze an amount of</td></tr></table></td></tr>
<tr><td>Recommendation of the MONEYVAL Report</td><td>More efforts should be made to familiarize law enforcement and judiciary authorities with these measures.</td></tr>
<tr><td>Measures reported as of 11 December 2008 to implement the Recommendation of the Report</td><td>On the 27 of June 2008, the plan of initial training of judges and prosecutors of the National Institute of Justice, the responsible authority for training the judges and prosecutors, was amended in order to increase the number of hours, especially practical internship, on the confiscation regime.
As regards to the continuous training, there were organized the following training seminars, including with the support of the MOLICO project.
On 14-15 of April 2008 it was organized a seminar for judges and prosecutors on the issue of combating money laundering and financing of terrorism where was addressed also the issue of special confiscation.
On 1-5 of September 2008, the representatives of the general Prosecutor’s Office attended a initial training seminar on combating of corruption, money laundering and financing of terrorism at the Joint Vienna Institute, being an exercise of training of trainers for the new training program of the National Institute of Justice.
Also, starting with January 2009, the National Institute of Justice will implement the new training program for judges and prosecutors on corruption, money laundering and financing of terrorism, drafted recently with the support of MOLICO project, which includes as well the confiscation issue.</td></tr>
<tr><td>Measures taken to implement the recommendations since the adoption of the first progress report</td><td>Beside the trainings on this issue organized for the law enforcement and juridical authorities, with the support of the MOLICO project, a Practical Guide was developed for the investigation of the corruption and connected offences (July 2009), which has been published and distributed. The Guidelines were developed by the Anticorruption Prosecutor’s Office, together with the representatives of the Centre for Combating Economic Crimes and Corruption and of the Ministry of Internal Affairs.
The Guide tackles in a detailed manner such aspects as the financial investigation and of the assets investigation, the identification and seizure of assets for the purpose of further confiscation, etc.
Likewise, the General Prosecutor’s Office has elaborated a Study on special confiscation, which contains a general part explaining art. 106 of the Criminal Code and the application of the confiscation regime, which is used as guidelines for internal use.</td></tr>
<tr><td>Recommendation of the MONEYVAL Report</td><td>To consider reducing the burden of proof by reversing (or sharing) it following conviction and for purposes of confiscation.</td></tr>
<tr><td>Measures reported</td><td>The Ministry of Justice initiated a draft on amending the art. 46 (3) of the</td></tr>
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as of 11 December 2008 to implement the Recommendation of the Report	Constitution of the Republic of Moldova in order to exclude from the 3rd par. the last sentence “The effective presumption is that of legal acquirement”. This amendment was necessary in order to create the legal base for introducing in the legal framework of the Republic of Moldova the institution of civil confiscation which involves sharing or reversing of burden of proof. This draft was approved by the Government Decision No 96 of 30 January 2006 and was accepted by the Constitutional Court in its opinion when seized by the Government. This initiative was discussed a lot in mass-media and the civil society played an active role in the decisions on the further promotion of this draft. The NGOs protecting human rights were against this legislative initiative. As an example, we can give the opinion of 10.04.2006 of the Transparency International Moldova as one of the most active and important organization in Moldova. It stated that the amendment of the art. 46 (3) will breach the rights guaranteed by art. 46 of the Constitution, art. 11 (1), 17 of the Universal Declaration of Human Rights, art. 6 of the European Convention of Human Rights and Fundamental Freedoms. Also, the representatives of some political fractions were against this initiative. Thus, taking in consideration that for the Constitution’s revision is necessary the votes of 2/3 of the members of the Parliament, condition that obviously could not have been met, the draft could not be further promoted.
Measures taken to implement the recommendations since the adoption of the first progress report	By the legislative initiative of 2007 to amend the art. 46 par. 3 of the national Constitution, which was approved by the Government, but not adopted by the Parliament, has been considered the possibility to introduce the reversal of burden of proof.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

Recommendation 4 (Secrecy or confidentiality of financial institutions)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*The question of lawyers' professional confidentiality should be reviewed.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In accordance with the art.4 i) of the Law No. 190-XVI as of 26.07.2007 on prevention and combating of money laundering and terrorism financing the lawyers are considered as reporting entity and in relation with the art.12 p. (2) (3) the providing by the layers of the information cant be qualified as disclosure of the professional secret. In accordance with the order nr. 117 from 20.11.2007 official Gazette nr. 198/202/731 from 21.12.2007 on reporting the activities and transactions that are subject of the Law on prevention and fight against money laundering and financing

	of terrorism the special reporting forms were elaborated for the lawyers. See the annex 12 of the report In these respect following the recommendation of the experts in October 2007 consultation with the Bar of Lawyers were made and received positive opinions as far as the obligation and special forms for reporting is concerned.
Measures taken to implement the recommendations since the adoption of the first progress report	*No changes.*
Recommendation of the MONEYVAL Report	*The Law on the National Securities Commission should provide the NSC the explicit authority to exchange information with other foreign competent authorities on AML/CFT issues.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Thus, the Article 5 from the Law refers to: (1) National Commission has the right to cooperate with the corresponding specialized international organizations and be their member. Through the Law no.192-XVI from 07.06.2007 the article no. 5 was completed with the paragraph: (2) National Commission has the right to provide assistance and to exchange information with the non-banking financial market and its participants, with specialized international organizations and similar authorities from other states.
Measures taken to implement the recommendations since the adoption of the first progress report	In accordance with the proposed provisions of the draft Law on National Commission of Financial Market international cooperation in preventing and combating money laundering and terrorist financing is done directly by NCFM within its competence, with supervisory authorities from other countries and international institutions and organizations in field of activity. NCFM may, on reciprocal basis, assist the foreign supervisory authorities, including information exchange, or instrumentality, in accordance with the Law on preventing money laundering and terrorism financing.
Recommendation of the MONEYVAL Report	*The evaluators were not provided any additional information regarding the insurance sector. In any case, it is recommended that the law on insurance should provide similar authority on international information exchange related to AML/CFT purposes to the Ministry of Finance.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The Law on the National Securities Commission no.192-XVI from 07.06.2007 entitle the NCFM as the authority of the insurance sector. Thus, the Article 4 refers to: (1) The authority of the National Commission refers to the participants (subjects) of the non-banking financial market: the issuers of securities, investors, insurance institutions, self-regulatory organizations on the securities market, National Bureau of Motor Insurer of the Republic of Moldova, members of lending and savings associations, and clients of micro-financing organizations and professional participants of non-banking financial market. (2) Professional participants of the non-banking financial market (here-and-after referred to as the professional participants) are the professional participants of the securities market, professional participants of insurance market, non-state pension funds, lending and savings associations, micro-financing organizations, mortgage organizations and credit bureaus.
Measures taken	Since the 2010 the National Commission of Financial Market became member of the

to implement the recommendations since the adoption of the first progress report	International Association of Insurance Supervisors, so it becomes possible to supervisory and regulatory bodies of insurance markets of 180 countries to exchange information in the insurance sector. In accordance with the proposed provisions of the draft Law on National Commission of Financial Market international cooperation in preventing and combating money laundering and terrorist financing is done directly by NCFM within its competence, with supervisory authorities from other countries and international institutions and organizations in field of activity. NCFM may, on reciprocal basis, assist the foreign supervisory authorities, including information exchange, or instrumentality, in accordance with the Law on preventing money laundering and terrorism financing.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	According to p.6.2.6 of the drafted Regulation, financial institutions, in relation to the cross-border bank relationships, shall conclude agreements according to which the financial institution be authorized to check the procedures implemented for customer identification and to establish the compulsoriness of submitting, upon request, of all received information and other identification documents. According to p.6.5 of the drafted Regulation, the financial institutions when making wire transfers shall adopt effective risk based procedures for identification and handling of the situations when the necessary information for making wire transfers is not completed, taking into consideration the necessity to ask the respective information from the partner financial institution.

Recommendation 6 (Politically exposed persons)	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*Turning to Recommendation 6, no specific measures are in place. There is thus a need to either amend the AML Law, or to adopt specific regulations for the banking and non-banking financial sector regarding the various requirements of Recommendation 6 on politically exposed persons and to complement the NBM Recommendations on all those issues.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Politically exposed persons are now subject to the Law. According to art.3 of the law, politically exposed persons are natural persons who are or have been entrusted with prominent public functions, immediate family member.. These are at least persons entrusted with state responsibility functions, whose appointment or election is regulated by the Constitution, Parliament, President or Government. According to the Law, the reporting entities comply with the measures of enhanced due diligence at establishment and carrying out of business relations with politically exposed persons (art.6 (5)). "The Article 6 (5) Regarding transactions or business relationships with politically exposed persons, reporting entities ensure: a) respective procedures, in accordance with the risk, for politically exposed persons' determination; b) approval obtaining from management bodies for concluding or monitoring of business relations with such persons; c) adequate measure adoption in order to determine the source of the goods implied in business relation or transaction; d) enhanced and permanent monitoring of business relation." With the aim to implement the measures and procedures regarding internal control of licensed banks, according to p.2 of NBM Decision no.94 of 25.04.2002, p.6.2.4 and p.6.2.6 of Recommendations establish requirements related to internal policies

	regarding customer identification, business relations with politically expose persons.
Measures taken to implement the recommendations since the adoption of the first progress report	During on site examinations performed by NBM to the licensed banks, the inspectors verify the compliance of the banks with the requirement, and especially if there is in place appropriate policies, list of PEP, if it is regularly updated, how the CDD measures are implemented, how the ongoing monitor is performed, other measures taking in order to evaluate how effective does the banks implement the mentioned requirements. As a result, it was found that banks some times do have some difficulties in implementing the requirement, but the appropriate consultation to banks is given each time is needed by the NBM's inspectors. Within this context, during on site inspections performed to licensed banks in the period 2007-2010, it was found in 2 cases the violation of the provisions in force regarding PEP issues, thus it was issued warnings to banks, and were asked to liquidate the infringements found. In accordance with the draft Law the definition of the political exposed persons was amended in order to indicate the national and international PEPs approach in applying Enhanced Due Diligence as well as identifying the direct members of the PEPs families and close associates. In order to assist the reporting entities guidelines was issued in this regard and a 2 day Workshop for the reporting entities was organized by the SPCSB with the assistance of the Basel Institute of Governance and ICAR.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	According to p.6.2.6 of the drafted Regulation, for the identification of clients, financial institutions will take enhanced measures when dealing with PEP. Thus, financial institutions shall have in place adequate procedures for gathering sufficient information from a client and/or beneficial owner, and should verify the publicly available information or by accessing private databases, in order to determine whether the client and/or beneficial owner is or not a politically exposed person, and shall also update periodically the information obtained upon the account opening, taking into account the fact that the client and/or beneficial owner may subsequently become a politically exposed person. Moreover, financial institutions shall ensure the approval of the executive body for the establishment or, in case of a subsequent political exposure, for the continuation of business relations with politically exposed persons, determining the origin of goods and money means thereof and performing an enhanced and permanent monitoring of business relations. At the same time, financial institutions will consider a politically exposed person also the persons that were relieved from their position for at least one year. In the draft Regulation concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market, which will be approved by the Decision of the National Commission of Financial Market (the present Recommendations concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market approved by the Decision of the National Commission of Financial Market nr. 63/5 of 25.12.2007 will be repealed) there are indicated that the reporting entities are d) politically exposed persons. Reporting entities will have adequate procedures to gather sufficient information from a client and beneficial owner of it and will check the publicly available information to determine if the client and the beneficial owner or not it is politically exposed person, and will regularly update the information obtained at account opening, since the client and the beneficial owner thereof may subsequently become politically exposed person. It is necessary to ensure obtaining executive approval for

	the establishment or, in case it subsequently became the continuation of business relations with politically exposed persons, determining the source of their goods and money and for an enhanced and permanent monitoring of the business relationship.

Recommendation 7 (Correspondent banking)	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*Turning to Recommendation 7, no specific measures are in place. There is thus a need to either amend the AML Law, or to adopt specific regulations for the banking and non-banking financial sector regarding the various requirements of Recommendation 7 on correspondent banking relationships, and to complement the NBM Recommendations on all those issues.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to the Law, the reporting entities comply with the measures of enhanced due diligence at establishment and carrying out trans-frontier banking relations (art.6 (4)). "(4) Regarding trans-frontier banking relations, financial institutions undertake one or several of the following actions: a) accumulation of sufficient information regarding a correspondent institution in order to fully acknowledge the nature of its activity and ascertain out of available public information its reputation and monitoring quality; b) policy evaluation regarding prevention and combating money laundering and terrorism financing applied by the correspondent institution; c) approval obtaining from management bodies before setting new relations with correspondent banks; d) ascertain of the fact that, regarding correspondent accounts, the institution has checked the ID of the clients, whose operations are effected via its accounts; has applied permanent security measures and is able to furnish, at request, relevant data regarding security." With the aim to implement the measures and procedures regarding internal control of licensed banks, according to p.2 of NBM Decision no.94 of 25.04.2002, p.6.2.4 and p.6.2.6 of Recommendations establish requirements related to internal policies regarding trans-frontier banking relations. At present the Instruction on opening of the accounts abroad, approved by the decision of the Council of Administration of the NBM No 279 as of 13.11.2003 stipulates: it shall be forbidden to the banks from the Republic of Moldova to open accounts in „shell" banks from abroad, as they are defined according to the documents of the Basel Committee for banking supervision. While opening the account abroad the bank from the Republic of Moldova shall examine the bank from abroad with regard to its physical presence and from the point of view of performing the banking supervision by the body authorized by the law, to which the bank from abroad is subject to, by identifying the name and address of the mentioned supervision body. (item.1.8 of Instruction).
Measures taken to implement the recommendations since the adoption of the first progress report	
(Other) changes since the first progress report (e.g. draft laws,	According to p.6.2.6 of the drafted Regulation, for the identification of clients, financial institutions will take enhanced measures when establish cross-border bank relationships. Thus, financial institutions shall gather sufficient information on the correspondent financial institution for full understanding the sphere of its activity,

draft regulations or draft "other enforceable means" and other relevant initiatives)	the management of the correspondent financial institution, the most important operations, their location and measures of prevention and combating of money laundering and terrorism financing; shall determine the purpose of the account; shall define the identity of any third parties that will make use of the correspondent bank operations (name of the person, account number (or a single reference number if there is no account number), the address (may be replaced with the identification number or the state identification number (tax code)); shall define from available public sources the institution's reputation and the supervision quality, as well as whether the institution was subject of money laundering or to terrorism financing investigations or has been sanctioned; shall estimate the internal control system of money laundering and terrorism financing prevention and combating of the correspondent financial institution; shall obtain the approval of an executive body prior to the establishment of correspondent relations; shall set out the responsibilities of each institution in the field of money laundering and terrorism financing prevention and combating, as well as whether the correspondent financial institution checked its clients' identity, whether it has in place efficient rules of clients' acceptance and "know-your-customer" policies; shall conclude agreements according to which the financial institution be authorized to check the procedures implemented for customer identification and to establish the compulsoriness of submitting, upon request, of all received information and other identification documents.

Recommendation 8 (New technologies and non face-to-face business)	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*Turning to Recommendation 8, no specific measures are in place. There is thus a need to either amend the AML Law, or to adopt specific regulations for the banking and non-banking financial sector regarding the various requirements of Recommendation 8 on non face to face transactions and to complement the NBM Recommendations on all those issues.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to the Law, the reporting entities comply with the measures of enhanced due diligence at establishment and carrying out electronic transfers (art.6 (6) b)). The Article 6 (3) of the AML/CFT Law stipulates as well that in the case then the juridical or physical person is not present personally at the identification procedure, reporting entities undertake one or several type of measures: a) guarantee that the identification of the person is attested by documents, data or supplementary information; b) additional check and certification of furnished documents or their confirmation by a financial institution; c) guarantee that the first payment of the operation is effected via an opened account on behalf of the person from the financial institution. With the aim to implement the measures and procedures regarding internal control of licensed banks, according to p.2 of NBM Decision no.94 of 25.04.2002, p.6.2.4 and p.6.2.6 of Recommendations establish requirements related to internal policies regarding electronic transfer operations. At present the Instruction on opening of the accounts abroad, approved by the decision of the Council of Administration of the NBM No 279 as of 13.11.2003 stipulates: it shall be forbidden to the banks from the Republic of Moldova to open accounts in „shell" banks from abroad, as they are defined according to the documents of the Basel Committee for banking supervision. While opening the account abroad the bank from the Republic of Moldova shall

	examine the bank from abroad with regard to its physical presence and from the point of view of performing the banking supervision by the body authorized by the law, to which the bank from abroad is subject to, by identifying the name and address of the mentioned supervision body. (item.1.8 of Instruction).
Measures taken to implement the recommendations since the adoption of the first progress report	According to p.6.2.6 of the NBM recommendations on developing programs by the banks of the RM on prevention and combat of money laundering and terrorism financing, in case if the individual or the legal entity does not appear in person both for the identification and during transactions performance (relations through mail, over the phone, by e-mail, Internet), financial institutions shall apply to the respective clients identification procedures and monitoring standards equally effective to those applied to clients available to come in person to financial institutions (for example, by using the digital signature, biometric procedures, session keys, etc.). When such relations occur, financial institutions shall check the address and the phone number. On the occasion of the first visit of the client to the financial institution's head office, the client shall be asked to submit the corresponding documents for his/her identification. The following measures shall be undertaken for a better understanding of this category of clients: 1. acknowledgement of documents submitted to the financial institution, including the sample of the signature; 2. request of additional documents for supplementing the file according to the procedures of clients' identification; 3. protection measures to ensure the authenticity of documents submitted to the financial institution, in case of documents in electronic format; 4. client's acceptance using procedures related to information requirement the bank where the account has been opened; 5. the requirement that the first payment be performed on behalf of the client through an account opened with another financial institution that has in place systems of identification and verification and is subject to effective supervision; 6. establishment and maintenance of a way of contacting the client, independent of the procedure of conducting transactions with clients (not-face-to-face). Also, the regulation on use of E-banking systems, approved by Decision of the Council of Administration Of the National Bank of Moldova, No. 376 of 15 december 2005, as amended by decision No. 281 on November, 2007, at the p. 4.5 specify that "the bank shall ensure correct identification and registration of the e-banking system holder based on holder's ID card and other documents and measures that allow for holder's identification in accordance with effective normative acts and potential risks.".
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	According to p.9.1 of the drafted Regulation, financial institutions shall have in place procedures related to the identification and the analysis of risks of money laundering and terrorism financing implied by the use or the application of information technologies within the bank products and services offered by the financial institution. All new technologies implemented in the field of bank products and services shall be supported by the analysis of money laundering and terrorism financing risks. The internal control system of the respective activity processes shall contain adequate measures with a view of handling identified risks. Moreover, according to p.6.2.6 of the drafted Regulation, for the identification of clients, financial institutions will take enhanced measures when conducting transactions with non face to face clients. Thus, in case that the individual or legal entity does not appear in person both for the identification and during transactions

	performance (relations through mail, over the phone, by e-mail, Internet), financial institutions shall apply to the respective clients identification procedures and monitoring standards equally effective to those applied to clients available to come in person to financial institutions (for example, by using the digital signature, biometric procedures, session keys, etc.). When such relations occur, financial institutions shall check the address and the phone number. On the occasion of the first visit of the client to the financial institution's head office, the client shall be asked to submit the corresponding documents for his/her identification. The following measures shall be undertaken for a better understanding of this category of clients: • acknowledgement of documents submitted to the financial institution, including the sample of the signature; • request of additional documents for supplementing the file according to the procedures of clients' identification; • protection measures to ensure the authenticity of documents submitted to the financial institution, in case of documents in electronic format; • client's acceptance using procedures related to information requirement the bank where the account has been opened; • the requirement that the first payment be performed on behalf of the client through an account opened with another financial institution that has in place systems of identification and verification and is subject to effective supervision; establishment and maintenance of a way of contacting the client, independent of the procedure of conducting transactions with clients (not-face-to-face).

Recommendation 11 (Unusual transactions)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*It is recommended to introduce a general enforceable obligation to pay special attention to all complex and unusual large transactions, or unusual patterns of transactions that have no apparent or visible economic or lawful purpose.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to article 5 (2) c) of the AML/CFT Law identification procedures comprise gaining of information regarding the nature and the purpose of the transaction of the business relationship, as well as complex and unusual transactions.
Measures taken to implement the recommendations since the adoption of the first progress report	Recommendations from the Attachment No.28 of the Regulation on Foreign Exchange Entities effective as of 27 March 2009 (which replaced the Regulation No.10018-20) comprise provisions according to which the cashier of the foreign exchange office, foreign exchange bureau of the hotel shall pay attention to the complex and unusual operations, shall obtain the information regarding the purpose of such operations, shall register the obtained information in order to make it available to the competent authorities *(Attachment No.28 of Regulation on FEE, item 18 of Recommendations).*
Recommendation of the MONEYVAL Report	*Financial institutions should also be required by law, regulation or other enforceable means to examine the background and purpose of such transactions and set forth their findings in writing and make them available for competent authorities and auditors for at least 5 years.*

Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to art.5 (2) c) and d) of the Law, the reporting entities apply identification measures regarding the natural or legal persons, including the beneficiary owner obtaining of information regarding the purpose and the nature of the transaction or the business relationship, including conducting ongoing monitoring of the transaction or of the business relationship, including the examination of transactions concluded throughout the course of the respective relationship, to ensure that the transactions being conducted are consistent with the information of the reporting entity regarding the legal or the natural persons, the business and the risk profile, including, when necessary, the source of funds and ensuring that the documents, data or information held are updated. According to art.7 (1) of the Law, the reporting entities keep the accounting of the information and the documents of the legal and natural persons and of the beneficiary owner, the register of identified natural and legal persons, the archive of accounts and primary documents, including business correspondence, for at least 7 years, after the business relationship ending or bank account closing. The reporting entities keep the accounting of all the transactions for at least 7 years after the transactions are ended. According to art.7 (2) of the Law, the reporting entities respond completely and promptly to the requests of the Centre for Combating Economic Crimes and Corruption and other empowered authorities, regarding the existence, of business relations and their nature, between these entities and certain natural and legal entities, at the present moment and during the previous 7 years. According to art.8 (1) of the Law, the reporting entities are obliged to inform immediately the CCECC, about any suspect activity or transaction, which is being prepared, performed or finalized not later than 24 hours. With the aim to implement the measures and procedures regarding internal control of licensed banks, according to p.2 of NBM Decision no.94 of 25.04.2002, p.6.4 of Recommendations establishes that financial institutions shall have procedures regarding possession and storage of the information.
Measures taken to implement the recommendations since the adoption of the first progress report	Recommendations from the Attachment No.28 of the Regulation on Foreign Exchange Entities effective as of 27 March 2009 (which replaced the Regulation No.10018-20) comprise provisions according to which the cashier of the foreign exchange office, foreign exchange bureau of the hotel shall pay attention to the complex and unusual operations, shall obtain the information regarding the purpose of such operations, shall register the obtained information in order to make it available to the competent authorities *(Attachment No.28 of Regulation on FEE, item 18 of Recommendations).* According to the Recommendations, while specifying in the PCMLTF Program the documents which shall be kept, foreign exchange office, hotel shall also list the documents in which information mentioned above are registered *(Attachment No.28 of Regulation on FEE, item 28 of Recommendations).* The provisions of the PCMLTF Program shall stipulate the documents to be kept by the foreign exchange office/ hotel based on the Law No.190-XVI as of 26.07.2007, as well as shall establish the term of keeping the mentioned documents, which can not be less than 7 years after the operations are completed *(Attachment No.28 of Regulation on FEE, item 27 of Recommendations).* The foreign exchange office, hotel shall respond completely and promptly to the requests of the CCECC and of other competent authorities regarding certain operations with individuals performed at present and during the previous 7 years *(Attachment No.28 of Regulation on FEE, item 46 of Recommendations).*
(Other) changes	According to chapter V of the drafted Regulation, financial institutions should

since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	develop and implement adequate programs on prevention and combat of money laundering and terrorism financing, including measures to pay enhanced attention when making complex and unusual transactions without a clear economic or lawful purpose.

Recommendation 12 (DNFBP – concerning Rec. 6, 8 – 11; concerning Rec. 5 see above)	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*Clear and direct obligations as defined in recommendation 6 should be expressly adopted.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	As mentioned in the art. 3 of the Law nr. 190-XVI of 26.07.2007 "Concerning prevention and combating of money laundry and terrorism financing" the *politically exposed persons* are natural persons who are or have been entrusted with prominent public functions, immediate family member these are at least persons entrusted with state responsibility functions, whose appointment or election is regulated by the Constitution, Parliament, President or Government; Article 5.5 of the NCFM Decision regarding the Recommendations no. 63/5 from 25.12.2007, mentions the subjects of specific identification of clients by the professional participant: 8 fiduciary accounts; 9 corporative securities; 10 clients' accounts opened by professional intermediaries; d) politically exposed persons
Measures taken to implement the recommendations since the adoption of the first progress report	In order to implement all the criteria of rec.6 and having the major goal the proper implementation of the provision of the AML/CFT Law the SPCSB elaborated a draft guidelines for reporting entities that establish in accordance with the FATF Glossary the natural persons that should considered as politically exposed, haw to identify family members and close associates as well as the provision on enhanced security measures that should be applied in business relation or transaction with a political exposed person. The draft guidelines were submitted to the Ministry of Justice and in the last day of November is going to enter into force by being published in the Official Gazzet of Moldova The draft guidelines are referred to all reporting entities subject of AML/CFT Law.
Recommendation of the MONEYVAL Report	*Moldova should adopt specific measures concerning non face to face business transactions and a general requirement to deal with the misuse of technological developments.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	As defined in the Chapter VI of the NCFM Order regarding the Recommendations no. 63/5 from 25.12.2007, the point 6.2 stipulate: Professional participant must apply the means of high precaution in case of a natural or legal person, implicated in the transaction, not being personally present for the identification and must take the following measures: a) guarantee that the identity of the person is established through additional

	documents, data and information; b) additionally verify and certify the provided documents; c) guarantee that the firsts payment of the operations is performed through an account opened in the name of the person.
Measures taken to implement the recommendations since the adoption of the first progress report	
Recommendation of the MONEYVAL Report	*Relevant authorities should take urgent steps to raise awareness of the relevant provisions of the AML Law as they apply to the DNFBPs they supervise, and to develop guidance relevant to the individual sectors.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Urgent steps were taken in the moment when NCFM adopted the Decision nr. 63/5 of 25.12.2007 (*Official Monitor nr. 30-31/74 of 12.02.2008*) concerning the Recommendations for the application of the measures of preventions and combating of money laundry and terrorism financing on the financial non-banking market. CCECC Order no. 118 of 20.11.2007 (OM no.203-206/741 of 28.12.2007) regarding approval of Guidelines of suspicious activities or transactions, that are overseen in the law on prevention and combat of money laundering and terrorism financing shall be a urgent step to raise awareness of the relevant provisions of the AML Law as they apply to the DNFBP. Type-Program of carrying out the control of the activity of professional participants on the non-banking financial market related to the prevention and combating money laundering and financing of terrorism approved by NCFM through Order no. 56 from 15 august 2008 shall raise awareness within supervision. Also, concerning developing guidance relevant to individual sectors, National Commission of Financial Market, along with MOLICO has organized training seminars for its employees and professional participants on the nonbanking financial market. During the seminars the experts of the European Council have presented the experience of the regulating authorities in the banking sector regarding the measures to prevent and combat the money laundering and terrorism financing. National experts from the Centre for Combating Economic Crimes and Corruption and Anticorruption Office of the Prosecutor have presented the objectives and the regulations of the Republic of Moldova according to the international standards. 70 officials of the professional participants on the securities market took part at the seminars as well as 60 specialists of the insurance companies and insurance brokers. With respect to Centre for Combating Economic Crimes and Corruption Order nr. 117 from 20.11.2007 regarding the safety transmission of the electronic special formulas, National Commission of Financial Market and Centre for Combating Economic Crimes and Corruption was performed a seminar for 60 officials of the professional participants on the nonbanking financial market including: brokerage companies, independent registrars, fiduciary companies and insurance companies.
Measures taken to implement the recommendations since the adoption of the first progress report	In order to implement the reporting obligation for auditors and independent accountants, Ministry of Finance as a supervisory authority approved the Order 63 from 10 august 2009 in force from October 2009 on Methodological indications on implementation by the auditing companies and independent accounts of the anti money laundering and counteracting financing of terrorism measures . Following the provision of the Order 63 from 10.08.2009 within 6 moths the auditors and

	independent accounts will elaborate proper internal policies and requirements in this direction. The Order 63 will be applied by the auditors, independent accounts and individual entrepreneur's subject of the law 61/ XVI from 16.03.2007. The Order refer to record keeping procedure that should be effectuated by the auditors and independent accountants.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	In the draft Regulation concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market, there are indicated that reporting entities in dealing with d) politically exposed persons will apply: adequate procedures to gather sufficient information from a client and beneficial owner of it and will check the publicly available information to determine if the client and the beneficial owner or not it is politically exposed person, and will regularly update the information obtained at account opening, since the client and the beneficial owner thereof may subsequently become politically exposed person. It is necessary to ensure obtaining executive approval for the establishment or, in case it subsequently became the continuation of business relations with politically exposed persons, determining the source of their goods and money and for an enhanced and permanent monitoring of the business relationship. In the draft Regulation professional participant must apply the means of high precaution in case of a natural or legal person, implicated in the transaction, not being personally present for the identification and must take the following measures: guarantee that the identity of the person is established through additional documents, data and information; additionally verify and certify the provided documents; guarantee that the firsts payment of the operations is performed through an account opened in the name of the person. Particular attention should be taken for customers that are not residents, owners and customers or beneficiaries receiving funds from abroad, while taking into account the Law on preventing and combating money laundering and terrorist financing.

Recommendation 14 (Protection and no tipping-off)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*It is also recommended to clarify the issue of sanctions in the AML Law in case of non compliance with art. 4(1) (g) (prohibition of tipping off).*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The Rec.14 is implemented in the art 8, para.5 and art.12 para.2 and art.15 (1) of the Law.190-XVI from 26.07.2007.
Measures taken to implement the recommendations since the adoption of the first progress report	According to art.8 (5) of the Law on prevention and combat of money laundering and terrorism financing, the reporting entities and their employees are obliged to not communicate to individuals or legal persons or other third party the submission to CCECC of the information regarding activity or transaction that was being performed. Within this context, in case of violation of the provision mentioned above, the National Bank of Moldova can apply in accordance to art.38 of the Law on financial institutions sanctions and/or remedial actions to banks or their management body. In its turn, the bank also can apply disciplinary or material actions to its employees as in accordance with the Labour Code of the R.Moldova

	for violation of the respective provision of the Law.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

Recommendation 15 (Internal controls and compliance)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*The question of the existence of internal controls in the non-banking sector affecting all AML Law obligations remains open and once responsibility for supervising the implementation of the AML Law has been clarified, the Moldovan supervisory authorities must ensure that internal controls are in place in all reporting financial entities.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	NCFM ensures the internal controls are in place in all reporting financial entities first of all through its Recommendations for the application of the measures of preventions and combating of money laundry and terrorism financing on the financial non-banking market. NCFM Order on Type-Program of carrying out the control of the activity of professional participants on the non-banking financial market related to the prevention and combating money laundering and financing of terrorism ensures the control in all reporting financial entities.
Measures taken to implement the recommendations since the adoption of the first progress report	In order to implement the reporting obligation for auditors and independent accountants, Ministry of Finance as a supervisory authority approved the Order 63 from 10 august 2009 in force from October 2009 on Methodological indications on implementation by the auditing companies and independent accounts of the anti money laundering and counteracting financing of terrorism measures . Following the provision of the Order 63 from 10.08.2009 within 6 moths the auditors and independent accounts will elaborate proper internal policies and requirements in this direction. The Order 63 will be applied by the auditors, independent accounts and individual entrepreneur’s subject of the law 61/ XVI from 16.03.2007.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	According to chapter V of the drafted Regulation, every financial institution should develop and implement adequate programs on prevention and combat of money laundering and terrorism financing, which should provide, without being limited to, the following: - The duties of the top management that shall include at least: • knowledge about circumstances of the financial institution’s high-risk customers; • knowledge about information sources of third parties; • approval of significant transactions of high-risk customers; • determining financial sectors that may be subject to money laundering and terrorism financing risk, by specific assignment of functions to each subdivision aimed to prevent and combat money laundering. The sectors vulnerable to money laundering and terrorism financing could be sectors that are connected with the following: receiving deposits; selling travelers’

	checks; checks; payment orders; bank transfers; credits; international corresponding banking operations; special accounts; private banking operations; credit cards; internet banking operations; trade financing; brokering operations; trust operations; etc. • ensuring the elimination of identified nonconformities in the field of prevention and combat of money laundering and terrorism financing; • implementation of internal policies and procedures related to prevention and combat of money laundering and terrorism financing, including the finding of the responsibilities of compliance officers at different hierarchical levels; • implementation of internal policies and procedures regarding timely access of compliance officers to necessary information and data for adequate execution of their duties. - Defining the money laundering and terrorism financing process depending upon the financial institution's characteristics. The money laundering and terrorism financing process consists of the following main elements: • placement – initial movement of funds or other income stemming from criminal activity aimed to change their initial form or place in order to make them inaccessible for legal authorities. • investment – separation from the initial source of income from criminal activity by means of different financial transactions. • integration – applying certain legitimate transactions to hide illegal income, making possible for the laundered funds to return to the offender. - A customer acceptance policy, to establish at least the categories of customers that the institution aims to attract, gradual acceptance procedures and hierarchical level of customer acceptance depending on the risk degree associated with a category where they are involved, the types of products and services that can be provided for each category of customers; - Procedures for identification, verification and ongoing monitoring of the customers and their beneficial owners in order to fit them into the appropriate category of customers, and respectively when passing from one customer category to another (the "know your customer" rules); - The content of standard-measures, simplified and enhanced measures on clients identification for each category of customers, products or transactions subject to these measures; - Procedures for ongoing monitoring of transactions conducted by customers in order to detect unusual and suspicious transactions; - Procedures and requirements to pay enhanced attention when making complex and unusual transactions without a clear economic or lawful purpose; - Methods for dealing with transactions and customers from countries / areas that do not require application of procedures on prevention and combat of money laundering and terrorism financing and when their implementation is not supervised answerable to that regulated by the specified legislation; - Methods of compilation and keeping of appropriate records, as well as, establishing the access to them; - Internal reporting and to the competent authorities procedures related to suspicious activities and transactions; - Monitoring procedures and measures of compliance with provided norms and their efficiency assessment;

	- Standards for staff employment and training programs for personnel related to clients; identification, including procedures for selecting new employees. According to p.9.6 of the drafted Regulation, financial institutions shall have in place an ongoing employee training program regarding the contents and compliance with the program on prevention and combat of money laundering and terrorism financing. The training program should include all aspects of the process of prevention and combat of money laundering and terrorism financing, with banks' employees being adequately trained. The bank shall adapt the schedule and content of training for its own needs. The employee training should depend on the level of its involvement in the process of prevention and combat of money laundering and terrorism financing. The training requirements shall include, as a minimum: • new staff should be trained with reference to the importance of the internal program on prevention and combat of money laundering and terrorism financing and the basic requirements within the financial institution; • front-line staff members should be trained to verify the identity of new customers, to monitor the accounts of existing customers on an ongoing basis and to detect patterns of suspicious activity; • regular refresher training should be provided to ensure that staff are reminded of their responsibility and are kept informed of new developments. Regulation on Foreign Exchange Entities effective as of 27 March 2009 (which replaced the Regulation No.10018-20) comprises the following provisions for foreign exchange offices and hotels. Foreign exchange offices, hotels shall elaborate and implement their own PCMLTF Program. *(item 137 of Regulation on FEE).* According to the Recommendations from the Attachment No.28 of the Regulation on FEE, the administrator of the foreign exchange office, the administrator of the hotel shall be responsible for the elaboration, updating and ensuring the implementation of an adequate PCMLTF Program *(Attachment No.28 of Regulation on FEE, item 6 of Recommendations).* According to the Recommendations, the PCMLTF Program of foreign exchange offices and hotels shall contain provisions related to the establishment and implementation of internal control procedures on the observance and implementation by their employees of the legislation in the field of the prevention and combating of money laundering and terrorism financing and the PCSBFT Program. Also Recommendations contain guidelines on elaboration of mentioned procedures *(Attachment No.28 of the Regulation on FEE, items 30-40 of Recommendations).* It has to be mentioned that according to the Recommendations, the PCMLTF Program shall provide for, but shall not be limited to the following: a) management's duties; b) policies and procedures on the client's identification and verification of his/her identity ("know your customer" rules); c) procedures on the record keeping and the keeping of the information; d) procedures on ensuring the compliance of the activity with the legislation requirements in the field of the prevention and combating money laundering and terrorism financing and with the PCMLTF Program; e) procedures on reporting in the field of the prevention and combating money laundering and terrorism financing;

	f) the procedure of collaboration with the CCECC and with other competent authorities *(Attachment No.28 of Regulation on FEE, item 7 of Recommendations).* The management of the foreign exchange office, of the hotel shall be responsible at least for: a) the nomination of the responsible person for ensuring the compliance of the internal policies and procedures with the legislation requirements in the field of prevention and combating money laundering and terrorism financing, for ensuring the permanent implementation of the PCMLTF Program; b) the monitoring of the process of implementation of the provisions of the legislation in the field of prevention and combating money laundering and terrorism financing and of the internal PCMLTF Program; c) the ensuring of undertaking of necessary measures in order to eliminate the detected shortcomings/infringements in the field of prevention and combating money laundering and terrorism financing *(Attachment No.28 of Regulation on FEE, item 8 of Recommendations).* The main elements of the internal control procedures on the observance and implementation of the legislation in the field of prevention and combating of money laundering and terrorism financing and of the PCMLTF Program are the following: a) the nomination of the responsible person for ensuring the compliance of the internal policies and procedures with the requirements of the legislation in the field of prevention and combating of money laundering and terrorism financing, for ensuring the permanent achievement of the PCMLTF Program; b) an on-going training program of the staff in the field of the prevention and combating of money laundering and terrorism financing; c) adequate procedures of rigorous selection of the staff and requirements for the employment of the staff in order to ensure its professionalism; d) a program of performing the independent audit on the compliance of the activity of the foreign exchange office (including its branches)/hotel with the legislation requirements in the field of the prevention and combating of money laundering and terrorism financing and with the PCMLTF Program; e) measures that shall be applied to the employees that do not observe the legislation requirements in the field of prevention and combating of money laundering and terrorism financing and the PCMLTF Program. *(Attachment No.28 of Regulation on FEE, item 32 of Recommendations)* In accordance with the proposed provisions of the draft Law on National Commission of Financial Market exercise the powers of regulation and supervision of compliance with legislation on preventing and combating money laundering and terrorist financing on financial market in accordance with the Law, the effective implementation of measures to prevent money laundering and terrorist financing in accordance with policy documents in field. In accordance with the art. 24 of the Law on auditors nr. 61 from 16.03.2007, the supervisory and regulatory authorities for auditors are Ministry of Finance, Counsel of Supervision of the auditing activity and Licensing Chamber. In order to implement the recommendation on internal control and compliance the Council of supervision of auditors elaborated a draft regulation on external control of the activity of auditors. În the same time the Licensing Chamber in accordance with the Government decision nr. 779 from 27.11.2009 , "Regulation on organization and functioning of the Licensing Chamber" were effectuated essential organizational changes. From a center public authority was transformed in a public specialized unity in suborder of the Ministry of Economy. In order to implement the provision of the AML/CFT Law

	the Licensing Chamber proposed to the Ministry of Economy, based on its competence a draft regulation that refers to verify during on site controls as well as in the process of giving license to casinos, gambling , organizations that effectuates lotteries, immobile agents, dealers in precious metals and stones and auditors the origin of financial sources invested in their activity and based on those provision to apply sanctions as withdrawal of the license or refusing to provide license. In order to finalized the draft regulation that needs additional amendment to the sectorial laws as Law nr. 282 from 22.07.2004 on precious metals and stones, 989 from 18.04.2002 on the activity of evaluation and immobile agents, etc. For this purpose a request for technical assistance was submitted to USAID/BITZAR in order to benefit from an onsite expert for implementation of the recommendations in this regard.

Recommendation 16 (DNFBP concerning R. 15 & 21; concerning R. 13 see above)	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*Moldova should ensure that requirements under Recommendation 11 and 21 apply to DNFBPs, subject to the qualifications in Recommendation 16.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In accordance with the Recommendations concerning the application of the measures of prevention and combating of money laundry and terrorism financing on the financial non-banking market approved by the Decision of the National Commission of Financial Market nr. 63/5 of 25.12.2007, chapter 6 includes the means of precaution: a. Professional participant apply the means of identification establishing their amplitude accordingly to the risk associated to the type of client, business relation, good or transaction. Professional participant must be able to proof to the Centre and National Commission that the amplitude of the precaution means is adequate, considering the risks of money laundry and terrorism financing. b. Professional participant must apply the means of high precaution in case of a natural or legal person, implicated in the transaction, not being personally present for the identification and must take the following measures: d) guarantee that the identity of the person is established through additional documents, data and information; e) additionally verify and certify the provided documents; f) guarantee that the firsts payment of the operations is performed through an account opened in the name of the person. c. Performing (recording) the transactions with the participation of a legal person resident of an off-shore zone, this legal person will present the following information: • series, number and the issuing date of the identity act, address and other necessary data for the identification of the representative of the legal person; • the act of representation (the proxy letter, order, excerpt from the statute of the association etc.), justified in the way established by law, that will contain the name and the powers of the representative of the legal person; • data of legal identification (act of registration of the legal person), address and other necessary data for the identification of a legal person; • documents that confirm the identification of the founders of the legal person, up to the level of establishing the founders – natural persons. d. A special attention has to be applied in the cases of nonresident clients, as well

	as clients or beneficiary owners who receive funds from abroad, at the same time following the provisions of the Law concerning the prevention and combating money laundry and terrorism financing. Centre for Combating Economic Crimes and Corruption Order nr. 117 from 20.11.2007 regarding the reporting activities or transactions that fall under the incidence of the Law regarding the prevention and combating of money laundering and terrorism financing, the safety transmission of the special formulas shall define the process of suspicious transactions reporting guidance. According to the Centre for Combating Economic Crimes and Corruption Order no. 118 from 20.11.2007 "on approval of the Guide to Suspect Activities or Transactions under the incidence of the Law on Prevention and Combating of Money Laundering and Terrorism Financing" are defined the criteria that is and adequate official awareness and information measure.
Measures taken to implement the recommendations since the adoption of the first progress report	In order to implement the reporting obligation for auditors and independent accountants, Ministry of Finance as a supervisory authority approved the Order 63 from 10 august 2009 in force from October 2009 on Methodological indications on implementation by the auditing companies and independent accounts of the anti money laundering and counteracting financing of terrorism measures . Following the provision of the Order 63 from 10.08.2009 within 6 moths the auditors and independent accounts will elaborate proper internal policies and requirements in this direction. The Order 63 will be applied by the auditors, independent accounts and individual entrepreneur's subject of the law 61/ XVI from 16.03.2007. The Order refer to record keeping procedure that should be effectuated by the auditors and independent accountants.
Recommendation of the MONEYVAL Report	*The authorities should make sure that all DNFBPs are required to set up internal procedures, policies and controls to prevent ML and FT. The DNFBPs should also be required to either have a program for employee training or have some other access to (compulsory) training either provided by the orders and associations or by the authorities.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The approval of Type-Program of carrying out the control of the activity of professional participants on the non-banking financial market related to the prevention and combating money laundering and financing of terrorism in order to activate and streamline operations prevention and combating money laundering and financing of terrorism on the non-banking financial market, as well in order to comply with the requirements of international standards in this field, having as a ground the Article 10 of Law nr.190-XVI from 26.07.2007 "On prevention and combating money laundering and financing of terrorism", section 3.01 of the Action Plan for Implementing the National Strategy of Prevention combating money laundering and financing of terrorism for 2008, approved by Government Decision nr.864 of 14.07.2008 "On approval of amendments which are operating in Government Decision nr.632 of 05.06.2007"(hereinafter National Action Plan for 2008), and section 10 of Action Plan of the National Commission of Financial Market on Implementing the National Strategy of Prevention combating money laundering and financing of terrorism for 2008, approved by Order nr.48 from 29.07.2008.
Measures taken to implement the recommendations since the adoption of the first progress report	

(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	In the draft Regulation concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market, in the Section 3 in applying the Law on Preventing and combating money laundering and terrorist financing reporting entities will determine what category of clients and transactions have a higher potential risk, based on risk indicators that can be considered, as appropriate, the volume assets or income, type of services requested, the type of customer activity, economic circumstances, the reputation of the country of origin, the plausibility of explanations offered by the client, level defaults categories of transactions. Reporting entity should apply enhanced due diligence if the person or entity involved in the operation is not personally present and to make identification (registration) transactions involving. Particular attention should be paid for non-customers, owners and customers or beneficiaries receiving funds from abroad, while taking into account the Law on preventing and combating money laundering and terrorist financing. Reporting entities to initiate domestic and international electronic transactions, using any means available to that effect, must obtain and maintain at least the following information about the originator of the transaction: name, account number (or a unique identification number), address (or code personal identification number, or date and place of birth). Reporting entity should apply enhanced due diligence if the person or entity involved in the operation is not personally present and to make identification (registration) transactions involving the legal person resident in the area off-shore and take the following steps: a) ensure that the person's identity is established through documents, data or information; b) additional verification and certification documents provided; c) ensuring that the first payment of the operations is carried out through an account opened in the name of the person.

Recommendation 17 (Sanctions)	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*The AML Law should include a clear list of administrative penalties applicable to the different breaches of the AML Law, possibly with reference to the sanctions available in the Code of Administrative Penalties.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In accordance with the provisions of the art. 10.(3) and art.15 (1) the violation of the provisions of the present law refers to the disciplinary, administrative, civil or penal liability in accordance with the legislation in force. Thus the Administrative Code establish in the art.. **162[15]** the administrative sanctions for violating of the provisions of the AML/CFT Law. Till the adoption of such a provision the FIU had applied 9 sanctions in total amount of 72 000 lei (approximately 5500 Euros).
Measures taken to implement the recommendations since the adoption of the first progress report	The Government submitted to the Parliament for approval the draft law for amending the Administrative Contravention Code in order to implement the provision of the Rec. 17 on dissuasive and proportionate sanctions for all reporting entities for non observing the provision of the AML/CFT Law. According to art.10 (3) of the Law on prevention and combat of money laundering and terrorism financing, in case the reporting entities does not comply with the provisions of the Law, the reporting entities' supervisory bodies can apply sanctions and remedial measures, according to the legislation, but in case of identification of money laundering and terrorism financing signs, should inform and submit the

	respective materials to the CCECC. At the same time, the application of the mentioned sanctions does not exclude the possibility of application, according to the legislation, of other measures for the purpose of combating money laundering and financing of terrorism. According to art. 38 of the Law on financial institutions, the NBM can apply the following sanctions and remedial actions to licensed banks, for violation of legislation in force and NBM's normative acts: a) issue written warning; b) conclude an agreement with the bank (financial institutions) providing for remedial actions; c) issue written instruction to cease and desist from such infractions, to undertake remedial actions and impose sanctions; d) impose fines to the bank (financial institutions) up to 0.5% of the capital of the bank (financial institution) and / or to the administrator within 1 to 10 average salaries on financial activities according to data of the National Bureau of Statistics for the month preceding the date of infraction; e) withdraw the confirmation issued to the administrator of the bank (financial institution); f) limit or desist the activity of the bank (financial institution); h) withdraw the licence or authorization. During on site examinations performed to licensed banks it was applied sanctions especially for: lack of properly written policies (2 written warning), taking insufficient measures for identification of individuals and legal person, including the beneficial owners (3 fines and 15 written warnings), performing large and complex transactions without knowing the nature and the purpose of business activity (the same 3 fines and 5 warnings), taking insufficient monitor of the clients' transactions (the same 3 fines and 15 warnings), insufficient internal audit control in the domain of prevention and combat of money laundering and terrorism financing (10 warnings), for non submission of STR in time to CCECC according to the Guide on determining suspicious transactions (15 warnings). Regulation on Foreign Exchange Entities effective as of 27 March 2009 (which replaced the Regulation No.10018-20) comprises the following provisions for foreign exchange offices and hotels. In case of infringement the provisions of the Law No.62-XVI as of March 21, 2008, the Law No.190-XVI as of July 26, 2007 on prevention and combating of money laundering and terrorism financing, of the Regulation on FEE and of other normative acts of the NBM elaborated on the basis of these laws, regarding the activity of the foreign exchange offices and foreign exchange bureaux by hotels, the NBM, depending on the identified infringements, may apply to the license holder the sanctions established under paragraph (3) Art.63 of the Law No.62-XVI as of March 21, 2008 *(item 149 of the Regulation on FEE).* Paragraph (3) Art.63 of the Law No.62-XVI as of March 21, 2008 provide for the following sanctions: a) issuance of a written warning; b) application of a fine according to Article 75 of the Law No.548-XIII as of July 21, 1995 on the National Bank of Moldova; c) partial or total suspension of the activity; d) withdrawal of the license. With regard to the foreign exchange bureaux of the licensed banks, paragraph (2) Art.63 of the Law No.62-XVI as of March 21, 2008 stipulates that, in case of infringement of the provisions of this Law, of the Law on financial institutions no.550-XIII of July 21, 1995 and of the normative acts of the NBM regarding the

	activity of the foreign exchange bureau of the licensed banks, the NBM may apply to licensed banks remedial and sanction measures, under the provisions of Article 38 of the Law on financial institutions no.550-XIII of July 21, 1995.
(Other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	According to p.10.1 of the drafted Regulation, in order to eliminate the deficiencies found and their causes, the National bank of Moldova can take to financial institutions the following measures: a) asking to modify the norms regarding customers identification; b) impose the obligation to apply standard measures of clients identification for products, operations and/or clients in case the existing internal norms of the financial institution establish the application of simplified measures and/or impose the obligation to apply enhanced measures of clients identification for operations or clients in case the existing internal norms of the financial institution establish the application of standard measures of clients identification; c) asking the replacement of financial institution's administrator for deficiencies found. According to p.10.2 of the drafted Regulation, the violation of the requirements of the Regulation and failure to respect the measures taken by the National Bank of Moldova is sanctioned in accordance with the legislation in force. In the draft Regulation concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market, in the Section 7 there is mentioned that In order to eliminate deficiencies and their causes, the National Commission may take the following measures: a) a request to amend programs to prevent and combat money laundering and terrorist financing; b) requiring application of standard measures of knowledge of customers' products, operations and / or clients for which the reporting entity's internal rules shall apply the simplified measures and / or the implementation of measures requiring additional operations or customers in where internal rules shall apply the standard measures of knowledge of customers; c) to inform CCECC and immediate dispatch of those materials to identify signs of money laundering or terrorist financing. Violations of the requirements of Regulation and non-compliance with the measures for AML/CFT attract responsibility in accordance with the legislation. Also, in accordance with the proposed provisions of the draft Law on National Commission of Financial Market in case of a violation of the legislation, including normative acts of the NCFM, the NCFM is entitled to issue warnings, suspend or revoke the authorization or issued approval, to suspend for a specified period, but not more than 12 months, or revoke the qualification certificate issued, to impose fines and other penalties provided by law, including penalties under the Contravention Code, suspend or revoke the license of the person licensed

Recommendation 18 (Shell banks)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*There should be explicit requirements (in law, regulation or other enforceable means) which oblige financial institutions to discontinue existing correspondent banking relationships with shell banks, if any, as required by Criterion 18.2.*
Measures reported as of 11 December 2008 to implement	According to art.3 of the Law, shell bank is a financial institution, having no physical presence, not exercising an actual management and not being unaffiliated to any regulated financial group.

the Recommendation of the Report	According to article 6 (7) of the Law, financial institutions are not aloud to conclude or continue business relations with shell banks or with a bank that is known as allowing shell banks to use its accounts. For a timely and righteous execution of the measures and procedures regarding the internal control of the licensed banks, according to the p.2 of the NBM's Decision no. 94 from 25.04.2002, p. 6.2.6 of the Recommendations stipulates requirements regarding the internal policy procedures which stipulates that financial institutions are not aloud to conclude or continue business relations with shell banks or with a bank that is known as allowing shell banks to use its accounts.
Measures taken to implement the recommendations since the adoption of the first progress report	
Recommendation of the MONEYVAL Report	*The examiners have not been provided with sufficient information that financial institutions are required to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks and consequently, they recommend to insert in the law or regulation clear provisions on shell banks, covering essential criteria for recommendation 18.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to art.3 of the Law, shell bank is a financial institution, having no physical presence, not exercising an actual management and not being unaffiliated to any regulated financial group. According to art.6 (4), financial institutions should ensure that corresponding banks obey the international and national norms in the field of combating money laundering and terrorism financing. According to art.6 (7) of the Law, Financial institutions are not aloud to keep anonymous accounts or those on fictive names; conclude or continue business relations with shell banks or with a bank that is known as allowing shell banks to use its accounts. For a timely and righteous execution of the measures and procedures regarding the internal control of the licensed banks, according to the p.2 of the NBM's Decision no. 94 from 25.04.2002, p. 6.2.6 of the Recommendations stipulates requirements regarding the internal policy procedures which stipulates that financial institutions are not aloud to keep anonymous accounts or those on fictive names; conclude or continue business relations with shell banks or with a bank that is known as allowing shell banks to use its accounts.
Measures taken to implement the recommendations since the adoption of the first progress report	In case of violation by the licensed banks of Republic of Moldova of the art.6 (7) of the Law on prevention and combat of money laundering and terrorism financing, the National bank of Moldova can apply sanctions or remedial actions according to the art.38 of the Law on financial institutions. In case it is found that a bank activates with a "shell bank" within the territory of the Republic of Moldova then this activity is considered a crime and it is punished according to the legislation in force, either Penal Code or Administrative Code.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other	According to p.6.4 of the drafted Regulation, Financial institutions shall not maintain anonymous accounts or accounts under a fictitious name, shall not establish or continue business relations with a fictitious bank or with a bank, which is known to have allowed a fictitious bank to use its accounts.

enforceable means" and other relevant initiatives)	

Recommendation 20 (Other non financial companies and professions and secure fund management techniques)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*The limit on cash payments imposed on legal entities is a positive initiative which Moldova ought to extend to payments by individuals, bearing in mind the problems specific to the country (corruption, cash-based economy, cash of sometimes suspect origin brought into Moldova, etc.).*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	For implementing the recommendation of the expert team as far as the reduction of the cash payment on 22 of May 2008 was amended the art.10 (5) of the Law 845-XII from 03.01. 1992 witch foresees the following: 5. To the enterprises and organisations, indifferent of their type property and legal organisation form, that perform cash payments in sum exceeding 1000 lei for each transaction and discharge a sum greater than 10000 lei monthly in cash for taxes and custom duties, according to their financial obligations, by encroaching the established mode of performing wire transfers, as well as those that perform cash payments and wire transfers through intermediaries, indifferent of the sum size of the payment, bodies of the State Fiscal Office and Centre for Combating Economic Crimes and Corruption will apply penalties in size of 10 percent from the paid sums, and the penalties will be made income for state budget. The mentioned penalties are not applied to the payments with citizens, farms, enterprise patentees and with public national budget, but in case of taxes and custom duties – only in stipulated limits, also, at the effectuation of payments by the mentioned persons with public national budget, with enterprises and organisations, as well as at the effectuation of the payments by the enterprises and organisations which rights at this chapter are regulated different than in the normative acts of National Bank of Moldova, excepting the cases of payment effectuation through intermediaries. Hereby, the word "intermediary" represents the person paid by another person, in cash or transfer, without having direct financial obligations to this. The term of presentation of the report regarding the use of cash received for acquisition of agricultural products, package and goods from the population, as well as for travel expenses, will not exceed 30 calendar days from the date of receiving. Unused cash have to be returned to the enterprise not more than in 5 days from the expiration of the term of presentation of the report regarding the use of cash. For the use of cash in other scope than the designated scope and/or for not returning in term the cash to the enterprise, bodies of the State Fiscal Office and Centre for Combating Economic Crimes and Corruption will apply penalties in size of 10 percent from the sums of cash in other aims and/or from the sum of cash not returned in term to the enterprise.
Measures taken to implement the recommendations since the adoption of the first progress report	Following the MER recommendation Republic of Moldova enhanced its effort in reducing cash payments. In this respect the Tax authority and CCCEC has the competence during on site controls to apply sanctions up to 10 % from the amount. Please refer to the statistical data: 2007 Tax Authority The statistical data kept were not divided per type of violations. CCCEC - 4 cases - 49987 lei (3000 Euro)

	2008 Tax Authority The statistical data kept were not divided per type of violations. CCCEC - 5 cases - 79000 lei (4930 Euro) 2009 Tax Authority The statistical data kept were not divided per type of violations. CCCEC – 11 cases - 2365737 lei (147859Euro) 2010 Tax Authority - 71 cases - 7.6 mil lei (475 000Euro) CCCEC - 13 cases - 4,6 lei (250 416 Euro)
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

Recommendation 21 (Special attention for higher risk countries)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*A specific requirement should be introduced by Law, Regulation or other enforceable means to ensure that financial institutions proactively examine business relationships and transactions with persons from countries that do not apply or insufficiently apply FATF recommendations.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to art.6 (6) a) of the Law, reporting entities shall adopt enhanced security measures when natural or legal persons receive or sent goods from/to the countries that have no norms regarding money laundering and financing of terrorism, have inadequate norms regarding this subject, perform enhanced offence and corruption risks and are implied in terrorist activity. The list of persons from countries that have no norms regarding money laundering and terrorism financing, have inadequate norms regarding this subject, was approved by CCECC by Order no. 118 of 20.11.2007 (OM no.203-206/741 of 28.12.2007) regarding approval of Guidelines of suspicious activities or transactions, that are overseen in the law on prevention and combat of money laundering and terrorism financing. With the aim to implement the measures and procedures regarding internal control of licensed banks, according to p.2 of NBM Decision no.94 of 25.04.2002, p.6.2.3 of Recommendations establishes that financial institutions shall undertake reasonable measures for checking out the identity of non resident clients, as well as of the clients or the effective beneficiaries who receive funds from abroad, simultaneously considering the provisions of mentioned Law.
Measures taken to implement the recommendations since the adoption of the first progress report	For more precise provisions as far as the implementation of the criteria of the Rec. 21, especially criteria 2 and 3 is concerned the Guide of suspicious activities or transactions was amended and updated with additional information. The amendments establish the procedure of actualization of the guide and its annexes that contains high risk countries, as well as create a mechanism by applying counter measures in relation to the listed countries. In accordance with the amendments a clear provision of informing the supervisory authorities to apply provision of the art. 10 para.2 and 3 of the AML/CFT Law in dealing to high risk territories and countries was approved.
Recommendation	*If transactions with persons from countries which insufficiently apply the FATF*

of the MONEYVAL Report	*Recommendations have no apparent economic or visible lawful purpose, the background and purpose should be examined and written findings should be made available for competent authorities. This requirement should be covered by Law, Regulation or other enforceable means.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	If it is ascertained that applied enhanced measures, in accordance with art.5 and art.6 of the Law, the clients that carry out transactions with persons from countries that have no norms regarding money laundering and terrorism financing or have inadequate norms regarding this domain, do not present the respective acts for identification of physical or juridical persons or the data of received information aren't authentic, as regard to art.6 (8) and art.8 of Law, the reporting entities report this operations to CCECC. According to art.6 (6) a) and art.8 of the Law, the reporting entities examine the transaction of their clients that perform operations with persons from countries that have no norms regarding money laundering and terrorism financing, and informs the CCECC in due time. According to art.6 (8) of the Law, the reporting entities are obliges to refrain from account opening, setting business relations, stop or refuse transaction conclusion in case there haven't been presented respective acts for identification of physical or juridical persons. With the aim to implement the measures and procedures regarding internal control of licensed banks, according to p.2 of NBM Decision no.94 of 25.04.2002, p.6.2.6 of Recommendations establishes the measures to identify the clients that carry out transactions with persons from countries that have no norms regarding money laundering and terrorism financing or have inadequate norms regarding this domain and reports them in accordance with p.8 of recommendations.
Measures taken to implement the recommendations since the adoption of the first progress report	
Recommendation of the MONEYVAL Report	*A mechanism should be set up to enable a state agency to apply counter-measures if a foreign country fails to comply with FATF recommendations on a continuing basis, as well as to specify such measures.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to art.4, 6, 8 and 11 of the Law, CCECC is the authority that elaborate the list of countries where can be fabricated drugs, countries that bear a high degree of risk because of high level of criminal offences and corruption, countries and/or off-shore zones, countries that have no norms regarding money laundering and terrorism financing or have inadequate norms regarding this domain.
Measures taken to implement the recommendations since the adoption of the first progress report	For more precise provisions as far as the implementation of the criteria of the Rec. 21, especially criteria 2 and 3 is concerned the Guide of suspicious activities or transactions was amended and updated with additional information. The amendments establish the procedure of actualization of the guide and its annexes that contains high risk countries, as well as create a mechanism by applying counter measures in relation to the listed countries. In accordance with the amendments a clear provision of informing the supervisory authorities to apply provision of the art. 10 para.2 and 3 of the AML/CFT Law in dealing to high risk territories and countries was approved.

Recommendation of the MONEYVAL Report	*The Moldovan authorities should also envisage adopting a more targeted approach to advising financial institutions on potentially problematic jurisdictions, other than the NCCT countries and territories and offshore zones, which would involve them in making their own decisions in respect of individual states. They should also provide legal measures needed for implementing additional counter-measures under criterion 21.3.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to art.4, 6, 8 and 11 of the Law, CCECC is the authority that elaborate the list of countries where can be fabricated drugs, countries that bear a high degree of risk because of high level of criminal offences and corruption, countries and/or off-shore zones, countries that have no norms regarding money laundering and terrorism financing or have inadequate norms regarding this domain. According to art.6 (6) a) and b) of the Law, reporting entities shall adopt enhanced security measures when natural or legal persons receive or sent goods from/to the countries that lack norms regarding money laundering and financing of terrorism, have inadequate norms regarding this subject, perform enhanced offence and corruption risks and are involved in terrorist activities and regarding wire transfers, if there is lack of sufficient information about sender's ID and transactions encouraging anonymous persons. According to art.6 (4) of the Law, reporting entities apply identification measures regarding their scope in accordance with the risk associated to each type of client, business relation, goods or transaction in case of trans-frontier banking relations. In this regard the CCECC issued Order no. 118 of 20.11.2007 (OM no.203-206/741 of 28.12.2007) regarding approval of Guidelines of suspicious activities or transactions which stipulates the list of countries in countries where can illegally be produced drugs, countries that bear a high degree of risk because of high level of criminal offences and corruption, countries and/or off-shore zones, countries that have no norms regarding money laundering and terrorism financing or have inadequate norms regarding this domain. With the aim to implement the measures and procedures regarding internal control of licensed banks, according to p.2 of NBM Decision no.94 of 25.04.2002, p.6.2.6 of Recommendations establishes customers' identification measures that conduct trans-frontier banking relations.
Measures taken to implement the recommendations since the adoption of the first progress report	
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	According to p.5.8 of the drafted Regulation, financial institution shall develop and implement adequate programs on prevention and combat of money laundering and terrorism financing, including methods for dealing with transactions and customers from countries / areas that do not require application of procedures on prevention and combat of money laundering and terrorism financing and when their implementation is not supervised answerable to that regulated by the specified legislation. Moreover, according to 6.2.7 of the drafted Regulation, For the clients and transactions that impose high level of risk set out in the point 6.2.6 and subsequently taking into considerations the provisions of the art.6(6) and 14 of the Law on prevenrion and combat of money laundering and terrorism financing, in addition to the standard measures of clients identification, financial institutions shall set enhanced measures of clients identification, that can include:

	a) approval at the superior hierarchy level of establishment or continuation of buiness relation with such clients and/or for performing such transactions; b) the requirement that the first transaction be performed on behalf of the client through an account opened with another financial institution that has in place requirements regarding prevention and combat of money laundering and terrorism financing, equivalent at least with the standards forseen in the Law on prevention and combat of money laundering and terrorism financing; c) enhanced and permanent supervision of the business relation; d) setting up corresponding measures in order to determine/verify the source of funds; e) establishment of technological information systems that can adequate manage the information, and can allow the submission in opportune time the information necessary for identification, analysis and effective monitor of transactions, including taking measures regarding submission of the information to the authorized body as in accordance with the legislation. The technological information systems shall at least find the lack or insufficiency of corresponding documents for initiation of business relation, making an unusual transaction through the client's account and the aggregate situation of all clients' operations with the institution.; f) the necessity, that persons conducting selling and management activities for the respective clients, know the personal circumstances of the clients and take enhanced measures of the information submitted by third parties dealing with respective clients; g) approval at the superior hierarchy level of the transactions that exceeds an established threshold; h) reference to previous bank and the relation of the bank with the client; i) in case of individuals, verification of employment, public position held (when appropriate); At the same time, financial institutions shall warn the clients that impose a potential high level of risk of money laundering and/or terrorism financing of the necessity to enhance the measures taken to identify the business relation partners, and in case, the necessity to terminate the business relation or transaction performing with such clients.

Recommendation 23 (Regulation, supervision and monitoring)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*Thirdly, the effectiveness of the supervision system would benefit greatly from clarification. The recommendation made in this connection during the second round evaluation deserves repetition: state clearly in the various provisions of Article 8 which control bodies are being referred to, and list them in order to clarify the anti-laundering responsibilities.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Article 10 of the Law establishes public authorities and their functions regarding supervision of the reporting entities on combating money laundering and terrorism financing domain. Article 11 of the Law stipulates the main responsibilities of the Centre for Combating Economic Crimes and Corruption.
Measures taken to implement the recommendations since the adoption of the first	According to art.10 p.1 and p.2 of the Law on prevention and combat of money laundering and terrorism financing, the National Bank of Moldova as a supervisory body of the licensed banks, can issue recommendations, check and monitor the application of the provision of the Law as regard to the requirements to collect, register, keep, identify and present information about transactions performing, as

progress report	well as regarding the execution of the measures and procedures regarding internal control. Moreover, the National Bank of Moldova, according to art.5 (d) of the Law on the National Bank of Moldova, licentiates, supervises and regulates the activity of the financial institutions. During the period of 2007- 2010 years the NBM performed to licensed banks 57 complex inspections and 29 thematic inspections. During on site examination performed to the licensed banks the inspectors checked the compliance with the requirements of the legislation in force regarding prevention and combat of money laundering and terrorism financing. Thus, following the inspections, the NBM issued 24 warnings, applied 3 fines amounting about 5 mln. lei, and established a remedial agreement for a licensed bank for non compliance with the provisions in force regarding prevention and combat of money laundering and terrorism financing.
Recommendation of the MONEYVAL Report	*Once the applicational scope of Article 8 paragraph 2 has been extended to all the AML Law requirements, the supervisory authorities should swiftly ensure that they are implemented, and not just with regard to the reporting and identification obligation (see recommendations in the preceding section).*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	After the approval of the Law on Prevention and Combating Money Laundering and Terrorism Financing, NCFM drawn up the Recommendations concerning the application of the measures of prevention and combating of money laundry and terrorism financing on the financial non-banking market approved by the Decision of the National Commission of Financial Market nr. 63/5 of 25.12.2007 at the same time ensuring the swift implementation. Thus, the point 2 refers to the responsibility of the professional participants. The point 2.1 refers to: the steering bodies of the professional participant are responsible for the elaboration, approval and assurance of the implementation of an adequate own program concerning the prevention and combating of money laundry and terrorism financing, on which the timely detection of the suspicious operations will depend. Possession of such a program constitutes the most efficient mean through which the professional participant can protect itself from being implicated into transactions that can facilitate illegal activities, as well as to assure the conformation to the legal norms applicable to reporting of the suspicious activities. The point 2.2 encompass: the steering bodies of the professional participant are responsible for the conformation of its activities to the provisions of the legislation in force concerning the prevention and combat of money laundry and terrorism financing. The measure to ensure the implementation of the supervisory authority is strongly defined through the NCFM Order on Type-Program of carrying out the control of the activity of professional participants on the non-banking financial market related to the prevention and combating money laundering and financing of terrorism.
Measures taken to implement the recommendations since the adoption of the first progress report	Regulation on Foreign Exchange Entities effective as of 27 March 2009 (which replaced the Regulation No.10018-20) comprises the following provisions for foreign exchange entities. While performing foreign exchange entity on-site inspections, the NBM verifies the observance by the foreign exchange entity of relevant provisions of the Law No.190-XVI as of July 26, 2007 on Prevention and Combating money Laundering and Terrorism Financing and of the NBM normative acts worked out based on this law *(item 142 of the Regulation on FEE).* During January 2009 – September 2010, the NBM performed 562 controls of the foreign exchange offices and hotels and 466

	controls of the foreign exchange bureaux of the licensed banks. In accordance with the art. 24 of the Law on auditors nr. 61 from 16.03.2007, the supervisory and regulatory authorities for auditors are Ministry of Finance, Counsel of Supervision of the auditing activity and Licensing Chamber. In order to implement the recommendation on internal control and compliance the Council of supervision of auditors elaborated a draft regulation on external control of the activity of auditors.
Recommendation of the MONEYVAL Report	*The licensing legislation should require a check on the origin of funds and the personal competence of persons applying for an insurer's license (and the other entities subject to the AML Law).*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	As the NCFM supervises the insurance sector, the Law on insurance no. 407-XVI of 21.12.2006, requires for licensing insurers (reinsurers): (1)The insurance (reinsurance) activity can be performed only by insurers (reinsurers) which have obtained a license for activity according to the Law no.451-XV of July 30, 2001 concerning licensing of certain types of activity, as well as in conditions of this law. (2) The license is given for an unlimited period of time. (3) In order to obtain the license, the insurer (reinsurer) shall present, in addition to documents required by the Law on licensing of certain types of activity, the following documents and information: a) the document of property or the rent contract for the office in which it will perform the licensed activity; b) a bank certificate confirming the full depositing of the minimum social capital; c) a written declaration of the provenience of the means deposited into social capital; d) the insurance conditions for each class of insurance separately, to which model insurance contracts policies, insurance fees and their structure shall be attached; e) the technical base for calculation of insurance premiums and technical reserves, legalised by an actuary; f) the reinsurance program proposed to support the insurance class, including the details concerning the ownership and the financial situation of the reinsurer; g) the business-plan according to the category and class of insurance, prepared for the first 3 financial years, which should include: projections of administrative expenses, especially current general expenses and fees, projections of insurance premiums and insurance compensations, calculation of financial resources required to cover the insurance liability and the solvability margin, investment policy, assets portfolio, the evaluation and diversity of assets, risk management. (4) The Chamber of Licensing shall decide upon issuance of the license within 30 working days from the date the application and attached documents were received. (5) If the insurer submits an application for re-issuance of the license in order to include a new class of insurance, he must attach to the application for reinsurance the documents indicated in para. (3) letters d)-g). (6) The licensing fee for the insurance activity is 10 000 lei (800 Euro), paid to the state budget revenue. (7) The insurer (reinsurer) is required to place on a visible spot the copy of the license. (8) Subscribing additional risks from another class of insurance based on the license received in conditions of this law shall be performed in conditions provided in annex no.1 of section C.
Measures taken to implement the	In order to prevent criminals from holding a management function in a foreign exchange office, hotel, as well as to check the professional qualifications of its

recommendations since the adoption of the first progress report	management team, the Law No.62-XVI as of 28.03.2008 on Foreign Exchange Regulation (applicable as of 18 January 2009) comprises provisions according to which while licensing the foreign exchange office, the hotel, the NBM shall require submission of the following documents: a) of criminal records issued on the name of the administrator, his /her deputy and the chief-accountant that shall not contain stipulations regarding convictions for offences committed for financial interest, established in final court decisions; b) personal files of the administrator of the foreign exchange office (its branch) /hotel, his /her deputy and the chief-accountant (accountant), prepared according to the requirements established by the NBM, with the identity documents of the specified persons, as well as the document of studies in economics of the chief-accountant (accountant) attached therewith (art.47 of the Law on Foreign Exchange Regulation). În the same time the Licensing Chamber in accordance with the Government decision nr. 779 from 27.11.2009 , "Regulation on organization and functioning of the Licensing Chamber" were effectuated essential organizational changes. From a center public authority was transformed in a public specialized unity in suborder of the Ministry of Economy. In order to implement the provision of the AML/CFT Law the Licensing Chamber proposed to the Ministry of Economy, based on its competence a draft regulation that refers to verify during on site controls as well as in the process of giving license to casinos, gambling , organizations that effectuates lotteries, immobile agents, dealers in precious metals and stones and auditors the origin of financial sources invested in their activity and based on those provision to apply sanctions as withdrawal of the license or refusing to provide license. In order to finalized the draft regulation that needs additional amendment to the sartorial laws as Law nr. 282 from 22.07.2004 on precious metals and stones, 989 from 18.04.2002 on the activity of evaluation and immobile agents, etc. For this purpose a request for technical assistance was submitted to USAID/BITZAR in order to benefit from an onsite expert for implementation of the recommendations in this regard.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	In accordance with the proposed provisions of the draft Law on National Commission of Financial Market exercise the powers of regulation and supervision of compliance with legislation on preventing and combating money laundering and terrorist financing on financial market in accordance with the Law, the effective implementation of measures to prevent money laundering and terrorist financing in accordance with policy documents in field. In the draft Regulation concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market, which will be approved by the Decision of the National Commission of Financial Market (the present Recommendations concerning the application of measures of prevention and combating of money laundering and terrorism financing on the financial non-banking market approved by the Decision of the National Commission of Financial Market nr. 63/5 of 25.12.2007 will be repealed) council and executive body of the reporting entity are responsible for the development, approval and enforcement of adequate own program on preventing and combating money laundering and terrorist financing, which depends on the timely prevention and detection of suspicious transactions. Disposal of such a program is the most effective means by which a reporting entity may protect against involvement in transactions that facilitate illegal activities, and to ensure compliance with applicable suspicious activity reporting.

	Council and executive body of the reporting entity are responsible for compliance with the legislation in its work force in preventing and combating money laundering and terrorist financing.

Recommendation 24 (DNFBP – Regulation, supervision and monitoring)	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*Once the various designated non-financial businesses and professions have been listed by name in the AML Law, it will again be necessary to clarify the powers of the supervisory bodies (in particular the different departments of the Ministry of Finance which are involved in controlling gaming, pawnbrokers, and dealers in precious stones and metals) in order to ensure that all DNFBPs are adequately supervised for AML/CFT purposes.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In accordance with the art. 10 of the AML\CFT Law the supervisory bodies are listed . (1) The supervision of the manner of execution of the present law is insured by the following public authorities empowered to supervise the reporting entities, according to the competence established by law: a) Center for Combating Economic Crimes and Corruption; b) National Bank of Moldova; c) National Financial Market Commission; d) Ministry of Justice; e) Ministry of Informational Development; f) Ministry of Finance; g) Customs Service; (2) The public authorities, empowered to execute the supervision of the reporting entities, according to their competence, approve recommendations, verify and monitor the application of the provisions of the present law on observing the requirements regarding the collection, the recording, the keeping, the identification and the presentation of the information on the carrying out of the transactions, as well as the carrying out of the measures and procedures related to the internal control. (3) In case of non-observance of the procedures of transaction registration, in accordance with the provision of the present law, the authorities empowered to supervise the reporting entities can apply the rectifying measures and sanctions, established by the law, and upon the identification of indexes of money laundering or financing of terrorism, inform immediately and submit the respective materials to the Center for Combating Economic Crimes and Corruption. The application of the mentioned sanctions does not exclude the possibility of application, according to the legislation in effect, of other measures for the purpose of combating money laundering and financing of terrorism. (4) For the purpose of preventing and combating of money laundering and terrorism financing, the authorities empowered to supervise the reporting entities, are obliged: a) to determine whether the reporting entities apply written policies, practices and procedures, including strict "Know-Your-Customer" rules, with the aim of promoting high ethical and professional standards in the respective sector and preventing this from being used, intentionally or unintentionally, by organized criminal groups or their associates; b) to determine whether reporting entities comply with their own policies, practices and procedures targeted towards the detection of the activity of money laundering and terrorism financing; c) to provide information on money laundering and terrorism financing

	activities to the reporting entities, including new methods and trends in this area; d) to identify the possibilities of money laundering and terrorism financing of the reporting entities, to undertake, as necessary, proper measures to prevent the illegal usage of these and to inform the reporting entities about the possible abuses. (5) The Public Administration authorities, according to the competence established by law, shall undertake proper measures, in order to prevent the institution of the control over the reporting entity or the obtaining of the control stock and/or of controlling parts, by organized criminal groups or their associates.
Measures taken to implement the recommendations since the adoption of the first progress report	In accordance with the art. 24 of the Law on auditors nr. 61 from 16.03.2007, the supervisory and regulatory authorities for auditors are Ministry of Finance, Counsel of Supervision of the auditing activity and Licensing Chamber. In order to implement the recommendation on internal control and compliance the Council of supervision of auditors elaborated a draft regulation on external control of the activity of auditors. In accordance with the draft law approved in thirst reading the Customs Service was replaced by the Licensing Chamber as body invested with supervisory powers in relation to the AML/CFT provisions.
Recommendation of the MONEYVAL Report	*In the case of the legal and accounting professions, their professional associations should be given an active role to play.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	No Changes.
Measures taken to implement the recommendations since the adoption of the first progress report	In accordance with the provision of the art. 18 of the Law in auditing, the legal rights and obligation of the auditing associations are stated in the law. In this regard the Accounting Associations is heavily involved in the process of training the auditors, representing the auditors in the national forum in conferences and meetings, inclusively on AML/CFT issues. Since 2009 after the adoption and implementation of the Law on Auditing the Auditing Associations was involved in the elaboration of the Order 63 of The Ministry of Finance by participation with the avises on the proposed Methodological indices on implementation of the AML/CFT policies, consultation with Council of Supervision of the auditing activity, Ministry of Finance as well as licensing Chamber.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

Recommendation 25 (Guidelines and Feedback)	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*The CCCEC and the supervisory authorities should be authorized to provide guidance to the reporting institutions regarding recent ML/FT typologies and transactions used to enhance the capacity of these institutions to detect suspicious transactions.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to art.10 (4) c) of Law, the authorities empowered to supervise the reporting entities, are obliged to provide information on money laundering and terrorism financing activities to the reporting entities, including new methods and trends in this area and according to art.11 (1) i) of the Law, CCECC should provide methodological supplies for reporting entities in the area of prevention countering money laundering and terrorism financing. Thus in these respect was issued CCECC Order no. 118 of 20.11.2007 (OM no.203-206/741 of 28.12.2007) regarding approval of Guidelines of suspicious activities or transactions, that are overseen in the law on prevention and combat of money laundering and terrorism financing shall be a urgent step to raise awareness of the relevant provisions of the AML Law. The FIU Staff provide training to the reporting entities on a regular basis at the national level thus in 2006 were organized and provided 16 trainings for banking sector. In 2007 were organized and provided 18 trainings to the reporting entities in banking and securities area. In 2008 were organized and provided 22 trainings for the reporting entities inclusively for banks and insurance, securities and notaries. Also with the support of the MOLICO PROJECT were organized the Conference “Risk based approach in anti-money laundering activities of banks”, 13 June 2008, Chisinau. Representatives of all commercial banks in Moldova, as well as regulatory authorities discussed the practical experience of implementing of the risk based approach during the conference organised by MOLICO in co-operation with the National Bank of Moldova and the Centre to Combat Economic Crimes and Corruption. During the conference there were discussed issues of newly applied risk based approach that should allow financial institutions and supervisory authorities to be more efficient and effective in their use of resources and minimise burdens on customers. Training on anti-money laundering requirements for notaries, 26-28 June, Cahul, Chisinau, Balti A series of three trainings on anti-money laundering requirements for notaries involving notaries from all over the country has been organized in Cahul, Chisinau and Balti. During the seminars there were presented current AML regulations that should be applied by Moldovan notaries, as well as European experience in AML activities of notaries. Workshop “Effective implementation of customer due diligence requirements”, 24-25 July 2008, Chisinau Representatives of all commercial banks in Moldova, as well as regulatory authority discussed the practical experience of implementation of customer due diligence during the conference organised by MOLICO in co-operation with the National Bank of Moldova and the International Monetary Fund. This event was organised as

	a follow-up of the Conference "Risk based approach in anti-money laundering activities of banks" that took place on 13 June 2008 in Chisinau. AML/CFT regulations for non-banking financial sector and AML/CFT training framework, 22 February 2008, Chisinau.
Measures taken to implement the recommendations since the adoption of the first progress report	By the order nr. from 04.11.2010 was amended the Order 118 from 20.11.2007 on the guide for suspicious activity. The amendments are referring to the annexes of the guide as well as establish a clear and broad provision on the identification of the suspicious reasons based on other indices than those established in the guidelines. Also by the order of the director was approved the guidelines for all reporting entities on the identification of political exposed persons. The guidelines have the aim to assist reporting entities in applying the provision of the law in business relations and transactions with political exposed persons. SPCSB provide training to the reporting entities on a regular basis at the national level. Thus in 2009 -13 trainings were organized mainly for financial institutions, professional participants on security market and insurance sector. In 2010 - 12 trainings were organized from those 3 for auditors and independent accountants, 2 for Post offices, 3 for leasing companies, 1 for immobile agents, 2 for notaries. One training involving more than 60 participants fro banking sector, insurance and security market were organized by the Basel Institute of Governance and ICAR on identification of Political Exposed Persons.
Recommendation of the MONEYVAL Report	*The CCCEC/the OPCML and the various entities in charge of supervision should make a greater publication effort, bearing in mind the many sectors subject to the AML Law. Resources are apparently limited for the publication of documents on paper, but the examiners were able to observe that computerisation is making rapid progress in Moldova and it would be easy to use the CCCEC site as a documentary resource.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to the art.11 (1) m) of the Law, the CCECC is invested with functions to collect and analyse statistic material regarding the efficiency of the prevention and countering money laundering and terrorism financing system. According to art.4, 6, 8 and 11 of Law, CCECC is the authority that elaborate the list of countries where can be fabricated drugs, countries that bear a high degree of risk because of high level of criminal offences and corruption, countries and/or off-shore zones, countries that have no norms regarding money laundering and terrorism financing or have inadequate norms regarding this domain and place them on its web site. The FIU on the regular basis issues report of activity, Thus on the web site is published the year reports on the activity of the FIU were are indicated the major typologies identifying during the analysis of the STRs provided by the competent authorities. In this respect also with the support of the MOLICO Project the CCECC Order no. 118 of 20.11.2007 (OM no.203-206/741 of 28.12.2007) regarding approval of Guidelines of suspicious activities or transactions, that are overseen in the law on prevention and combat of money laundering and terrorism financing shall be a urgent step to raise awareness of the relevant provisions of the AML Law was published and delivered to all reporting entities. Also the National Strategy of prevention and fight against money laundering and financing of terrorism was published and delivered to competent authorities.
Measures taken	The annual report for 2009 was published on the official web site and sends to

to implement the recommendations since the adoption of the first progress report	involved in the national AML/CFT policies public authorities. The Guidelines for identification of the political exposed persons was published on the official web site. The Methodological support in detecting terrorist financing was published on the official web site.
Recommendation of the MONEYVAL Report	*Steps should also be taken to ensure that information is properly circulated in the various sectors.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The CCECC Order no. 118 of 20.11.2007 (OM no.203-206/741 of 28.12.2007) regarding approval of Guidelines of suspicious activities or transactions, that are overseen in the law on prevention and combat of money laundering and terrorism financing shall be a urgent step to raise awareness of the relevant provisions of the AML Law was published and delivered to all reporting entities.
Measures taken to implement the recommendations since the adoption of the first progress report	The guidelines mentioned above were send to the Supervisory Authorities and professional associations manly, Banking Association, Insurance Association and Auditing Association.
Recommendation of the MONEYVAL Report	*Furthermore, information should be provided in the sphere of financing of terrorism, without neglecting important sectors.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to art.14 (4) of the Law, The list of persons and entities involved in terrorist activities are elaborated, actualized and published by the Service of Intelligence and Security in the Official Gazette of the Republic of Moldova. Art. 14(5) stipulate the main reasons a person or entity could be included in the list of the persons affiliated to terrorist activity. the CCECC Order no. 118 of 20.11.2007 (OM no.203-206/741 of 28.12.2007) regarding approval of Guidelines of suspicious activities or transactions, that are overseen in the law on prevention and combat of money laundering and terrorism financing shall be a urgent step to raise awareness of the relevant provisions of the AML Law was published and delivered to all reporting entities.
Measures taken to implement the recommendations since the adoption of the first progress report	In order to assist reporting entities with practical information on identification of transactions aiming terrorist financing the SPCSB elaborated and submitted to the reporting entity methodological support in identifying suspicious activity in terrorist financing. The methodological support for identification of terrorist financing suspicious were elaborated based on the FATF guide for financial institutions in detecting terrorist financing. According to chapter I, p.2 of the Guide of suspicious activities and transactions, the reporting entities determine suspicious transactions related to terrorism financing taking into consideration also the list of individuals and entities involved in terrorism activities published in Official Monitor of the R.Moldova by Intelligence and Security Service. Since the adoption of the order 75 from 14.11.2007, the Intelligence Service approved 16 orders for actualisation of the main order 75 on list of persons and entities involved in terrorist activities. Order nr. 24 from 10.03.2008;

	Order nr. 38 from 20.05.2008; Order nr. 46 from 23.07.2008; Order nr. 49 from 31.07.2008; Order nr. 64 from 07.10.2008; Order nr. 73 from 17.11.2008; Order nr. 2 from 15.01.2009; Order nr. 21 from 14.03.2009; Order nr. 35 from 24.04.2009; Order nr. 49 from 23.07.2009; Order nr. 57 from 22.09.2009; Order nr. 72 from 27.11.2009; Order nr. 07 from 05.02.2010; Order nr. 23 from 20.04.2010; Order nr. 34 from 01.07.2010; Order nr. 42 from 11.08.2010.
Recommendation of the MONEYVAL Report	*Moldova should provide more specific, timely and systematic feedback to reporting entities and should develop further its effort to raise AML/CFT awareness within the DNFBPs, especially through sectoral and practical guidelines.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	the CCECC Order no. 118 of 20.11.2007 (OM no.203-206/741 of 28.12.2007) regarding approval of Guidelines of suspicious activities or transactions, that are overseen in the law on prevention and combat of money laundering and terrorism financing shall be a urgent step to raise awareness of the relevant provisions of the AML Law was published and delivered to all reporting entities. Training aimed to instruct members of the National Commission for Financial Market (NCFM) on issues related to national regulations on AML/CTF, best practices for AML/CTF in non-banking sector and securities market. Also, during the event AML/CTF general training framework for non-banking sector has been presented. The training involved 75 participants from the NCFM. Money-laundering typologies and frauds on securities market, 21 March 2008, Chisinau The training aimed to instruct professional participants on securities market on the AML system and requirements according to the national legislation, reporting standards and international experience, as well as application of the new Guide on suspicious transactions. The training was attended by around 90 representatives of reporting entities from securities market. Money-laundering typologies and frauds in insurance industry, 24 March 2008, Chisinau The training aimed to instruct reporting entities in insurance industry on the AML system and requirements according to the national legislation, reporting standards and international experience, as well as application of the new Guide on suspicious transactions. The training was attended by around 90 representatives of reporting entities from insurance industry. National Commission of Financial Market, along with MOLICO has organized training seminars for its employees and professional participants on the non banking financial market. During the seminars the experts of the European Council have presented the experience of the regulating authorities in the banking sector regarding the measures to prevent and combat the money laundering and terrorism financing. National experts from the Centre for Combating Economic Crimes and Corruption

	and Anticorruption Office of the Prosecutor have presented the objectives and the regulations of the Republic of Moldova according to the international standards. 70 officials of the professional participants on the securities market took part at the seminars as well as 60 specialists of the insurance companies and insurance brokers. With respect to Centre for Combating Economic Crimes and Corruption Order nr. 117 from 20.11.2007 regarding the safety transmission of the electronic special formulas, National Commission of Financial Market and Centre for Combating Economic Crimes and Corruption was performed a seminar for 60 officials of the professional participants on the non banking financial market including: brokerage companies, independent registrars, fiduciary companies and insurance companies.
Measures taken to implement the recommendations since the adoption of the first progress report	By the order nr. from 04.11.2010 was amended the Order 118 from 20.11.2007 on the guide for suspicious activity. The amendments are referring to the annexes of the guide as well as establish a clear and broad provision on the identification of the suspicious reasons based on other indices than those established in the guidelines. Also by the order of the director was approved the guidelines for all reporting entities on the identification of political exposed persons. The guidelines have the aim to assist reporting entities in applying the provision of the law in business relations and transactions with political exposed persons. SPCSB provide training to the reporting entities on a regular basis at the national level. Thus in 2009 -13 trainings were organized mainly for financial institutions, professional participants on security market and insurance sector. In 2010 - 12 trainings were organized from those 3 for auditors and independent accountants, 2 for Post offices, 3 for leasing companies, 1 for immobile agents, 2 for notaries. One training involving more than 60 participants fro banking sector, insurance and security market were organized by the Basel Institute of Governance and ICAR on identification of Political Exposed Persons.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

Recommendation 26 (The FIU)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*The examiners recommend that within the CCCEC, the identity and independence of the OPCML are strengthened to bring it more into convergence with the criteria for and characteristics of FIUs generally, concentrating on the prevention of money laundering.*
Measures reported as of 11 December 2008 to implement the Recommendation	In accordance with the FIU Charter of the Egmont Group the FIU implemented the criteria for an characteristics of FIU and in May 2008 at the Egmont Plenary Meeting held in Seoul the FIU of Moldova became member with full right of the Egmont Group.

of the Report	
Measures taken to implement the recommendations since the adoption of the first progress report	In accordance with the amendment of the regulation of the Office for prevention and fight against money laundering from 02.november 2010 Order nr. 161the SPCSB has the attributions of collection, analyzing and processing the information on suspicious transactions reports, effectuation of operative measures, collaboration and exchange of information with national public authorities, dissemination of the information to competent authorities, international cooperation and exchange of information with similar FIUs, elaboration of proposals for adjusting the normative acts to international recommendation, participation to the implementation of the AML/CFT Strategy, creation of a IT system, methodological support for the reporting entity requesting the necessary information from the reporting entities as well as public authorities, collection and analyze of the statically materials on the efficiency of the national AML/CFT system. Following its attributions the SPCSB had the right to issue freezing orders, sigh national correspondence, sigh international correspondence, disseminate information to competent authorities . In order to enhance the identity of the SPCSB it was elaborated and approved in thirst reading the draft law that establishes the identity of the SPCSB in the law in a separate chapter. The draft law refers to the objectives, goals and functions of the SPCSB in administrative subordination to the CCCEC. Also the competence of the SPCSB to perform operative investigation functions was excluded from its general competence.
Recommendation of the MONEYVAL Report	*For this purpose, the FIU should have a secure computer system and specific databases and be directly accorded the same powers as those usually accorded to an FIU, in particular those of exchanging information without prior agreement, signing co-operation memoranda under its own name, and asking for operations to be suspended without the intervention of the CCCEC director.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	During 2007 it was enhanced the level of data protection through installing a security system, that authorized the access just from the office are the staff of the FIU are carrying out their activity. During 2008, MOLICO project in Republic of Moldova achieved computer systems and high-level secure software for processing and storage of the confidential information. The technical infrastructure and software that belong now to the FIU help to the effectuation of an efficient, productive, qualitative and operative work. In this framework with the support of the MOLICO project the following measures were organized. Creation of the new CCCEC website Testing of SPSS software, 21 May 2007, Chisinau The SPSS analytical software has been presented by the specialized Romanian company and tested with the representatives of the General Department for prevention, analytics and prognosis, the FIU and the Anti-corruption Prosecutor Office. Testing of i2 software, 24 May 2007, Chisinau The i2 analytical software has been presented by the specialized Estonian company and tested with the representatives of the General Department for prevention, analytics and prognosis, FIU and the Anti-corruption Prosecutor Office. 12 April – go Case presentation. Council of Europe expert presented go Case software to Moldovan law enforcement involved in creating the informational system of law enforcement and justice bodies. This software aims to monitor criminal cases from the moment of their initiation till submitting them to the court for examination.

	Study Visit to the software exhibition "Docflow -2008", 12-13 May 2008, Moscow, Russian Federation Workshop on data security for FIU, 18-19 September 2008, Vadul lui Voda The workshop gathered the Council of Europe experts and Moldovan FIU IT specialists to support improvement of Moldovan FIU systems for data protection, assuring data quality and development of the emergency recovery solutions. Visit to the Exhibition "Security Technologies", Moscow / Russia, 7-9 February 2007. In order to be able to undertake needs analyses for the equipment that has to be procured for the CCCEC (Prevention Department and FIU) and the Anti-corruption prosecutor office, one representative from each of these institutions attended the exposition "Security Technologies" held in Moscow from 7th to 9th February to review the specification, capabilities and prices of available equipment. They provided written reports upon their return, which are currently in the process of translation. A final review will be undertaken when these are available. Conference "International cooperation and experience on anti-money laundering and terrorist financing", 14-15 March 2007, Chisinau Delivery of IT equipment MOLICO project provided IT equipment (servers, network equipment, computers, printers etc) for the two and half million lei to the Center for Combating Corruption and Economic Crime and the Anti-Corruption Prosecutor's Office and organized a press conference on this occasion on 19 September. Delivery of hardware was the first phase of support for Moldovan agencies in building modern IT system for prevention and combating of corruption, money laundering and terrorist financing. The second phase will include enhancing of existing analytical system of the CCCEC and the Anti-Corruption Prosecutor's Office. 3 representatives of the CCCEC participated in the Docflow exhibition in Moscow with the purpose to get experience of building IT systems for document workflow and management of money laundering and corruption cases.
Measures taken to implement the recommendations since the adoption of the first progress report	In 2010 additional soft were installed within the FIU IT System. Visual Links and Go Case. Tow trainings were organized by OECD for the FIU staff for the use of the mentioned 2 soft ware.
Recommendation of the MONEYVAL Report	*The OPCML's identity should also be established more clearly in legislation, in particular in the AML Law, which refers only to the CCCEC.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to the art. 11 of Law nr. 190-XVI from 27.06.2007 "On prevention and control of money laundering and financing terrorism" in the framework of CCECC was created a special subdivision (OPCML) the major exclusive competence of which is financial analysis of suspicious transactions reports and of those limited and cumulative established in accordance with legislation in force.
Measures taken to implement the recommendations since the adoption of the first	In order to enhance the operational capacity of the SPCSB the order 50 on the regulation of the Office for prevention and fight against money laundering was amended.

progress report	
Recommendation of the MONEYVAL Report	*Once that identity is established, the other relevant standards must be implemented as a whole, in particular:* *6.1 protection of information held by the FIU (confidentiality)* *6.2 the elaboration of periodical reports, which include statistics, typologies and trends as well as information regarding its activities giving guidance to the subjected entities on the reporting procedure.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According with the *Regulation of the OPCML* all the information that is received by the FIU is strictly confidential and it is used for researching and analyses only. Only OPCML staff can access the information received from reporting entities. FIU issues annual public report which contains statistics, typologies and trends. thus such reports were issued in 2005,2006,2007 and the reports are available on the web site www.cccec.md. Also, FIU quarterly reports for Government of FIU's activity. In the same time the CCECC Order no. 118 of 20.11.2007 (OM no.203-206/741 of 28.12.2007) regarding approval of Guidelines of suspicious activities or transactions, that are overseen in the law on prevention and combat of money laundering and terrorism financing shall be a urgent step to raise awareness of the relevant provisions of the AML Law was published and delivered to all reporting entities.
Measures taken to implement the recommendations since the adoption of the first progress report	The annual report for 2009 was published on the official web site and sends to involved in the national AML/CFT policies public authorities. The Guidelines for identification of the political exposed persons was published on the official web site. The guidelines on identification of suspicious related to terrorist financing was published on the official web site.
Recommendation of the MONEYVAL Report	*Steps should also be taken to ensure that information is properly circulated in the various sectors.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	*In accordance with the art. 11 of the Law* of Law nr. 190-XVI from 27.06.2007 "On prevention and control of money laundering and financing terrorism" are established the obligations of the FIU in the framework of the CCCEC. Thus the FIU has the following attributions: a) to collect (store), to analyze and to process the information on suspect transactions and other activities, provided by the reporting entities, according to the provisions of the present law; b) to carrying out operative investigation measures, according to the laws in effect; c) to collaborate and exchange information with public administration authorities, the intimation of the competent authorities regarding the causes and the conditions favouring the commission of illicit actions, to be taken measures established by legislation; d) to disseminate information and documents to criminal investigation authorities and to other competent authorities, when there are reasonable suspicions that the transaction has the purpose of money laundering and financing of terrorism or other crimes that generate proceeds; e) to develop cooperation and information exchange with similar foreign authorities, international organizations dealing with money laundering and financing of terrorism issues; f) to elaborate the proposals for harmonizing the legislation with relevant

	international regulations; g) to participate at the realization of the National strategy of preventing and combating of money laundering and terrorism financing; h) to create and to ensure the good functioning of the information system, in its area of activity; i) to provide methodological supplies for reporting entities in the area of prevention countering money laundering and terrorism financing; j) to request and to receive additional information from the reporting entities, public authorities, for assessing the suspect nature of the transactions; k) to inform the reporting entities, as frequently as possible, about the results of the examination of the provided information, to publish periodically activity reports; l) at the request of other authorities empowered to supervise the reporting entities to fulfil the control and the verification of the observance of the present law by the reporting entities; m) to collect and analyze statistic material regarding the efficiency of the prevention and countering money laundering and terrorism financing system, including the number of suspect transactions declaration, number of criminal cases and convicted persons, data on transactions freezing, seizure and confiscation of the proceeds obtained from money laundering and terrorism financing; n) to exercise other functions, according to the tasks provided by law. In the same time in accordance with the provisions of the art.10 of the AML/CFT law the CCCEC, has invested with attributions of supervisions of the reporting entities.
Measures taken to implement the recommendations since the adoption of the first progress report	In accordance with the Governmental decision from August 2010 on approving the National AML/CFT Strategy and the action Plan for its implementation the coordination at the national level of the AML/CFT policy is insured by the SPCSB. In this regard the coordination of the national efforts to harmonize the legislation to the international standards as well as to enhance the efficiency of the system is insured by the active participation of the competent authorities. The close cooperation between the competent authorities and reporting entities was proved by the successful implementation of the AML/CFT Strategy for the period of 2007-2009. The circulation of the information on guidelines and topologies are insured by the publication of the documents of the official web site. An involvement of the professional associations in the process of elaboration of the guidelines has a important role in the information circulation.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

Recommendation 27 (Criminal prosecution authorities)	
Rating: Partially compliant	
Recommendation	*There should be more in-depth analysis of the phenomenon of and trends in money*

of the MONEYVAL Report	*laundering and its institutional framework, including sectors which are not universally regarded as vulnerable to laundering but about which the examiners sometimes heard fairly firm risk allegations (gaming, outside as well as within casinos, real estate, insurance, pawnbrokers etc.)*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	No changes
Measures taken to implement the recommendations since the adoption of the first progress report	On July 2010 had been elaborated By Anticorruption Prosecutor's Office with specialists of CCECC and Ministry of Interior Affair, and at March 2010 was published the practical Guide for investigating crime and related corruption, which provides a chapter on methods of investigating money laundering crimes had been developed. This guide is made in the Joint Project of the European Commission and Council of Europe against corruption, money laundering and terrorist financing in the Republic of Moldova (MOLICO). The General Prosecutor's Office had elaborated "Study about the special confiscation of assets derived from crime of money laundering or terrorist financing," which contains practical European and CIS countries (Austria, France, Germany, Greece, Italy, Belgium, Spain, Netherlands, Russian Federation). The Study discussed and European conventions providing for confiscation of the proceeds of crime money laundering or terrorist financing. In order to assist law enforcement the SPCSB performed 138 complex strategic analytical notes that were disseminated to law enforcement inclusively on linked with foreign exchange business on the national market.
Recommendation of the MONEYVAL Report	*The results of investigation and intelligence work on the financing of terrorism should be more fully shared between the SIS and the CCCEC, which also has preventive powers in the field.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	According to article 11(l), law nr. 190-XVI from 27.06.2007 "On prevention and combating money laundering and terrorism financing", CCECC share information with other law enforcement institutions especially with SIS and General Prosecutors Office, in case if shared material consist information about ML/FT. Additional, CCECC has signed cooperation agreements with Intelligence Service, General Prosecutors Office, Ministry of Interior Affairs, Customs Service.
Measures taken to implement the recommendations since the adoption of the first progress report	In accordance with the statistical data the cooperation between SIS and SPCSB on the terrorist financing as well as the monitoring of the non profit organizations are the following: In 2007: 58 dissemination to SIS 2008: - 62 dissemination 2009:- 115 dissemination 2010: 98 disseminations 2011: 16 disseminations In order to identify the risks of the usage of NPOs in process of money laundering and terrorist financing an exchange of analysis took place between the Intelligence Service and SPCSB. In the result an assessment report were elaborated.
Recommendation of the	*Moldova may consider to review, as a matter of urgency, the legal framework for the use of special investigation techniques and examine if the Code of Criminal*

MONEYVAL Report	*Procedure should be amended to extend the use of special investigation techniques, including controlled deliveries, to a wider range of offences associated with AML/CFT.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	No changes.
Measures taken to implement the recommendations since the adoption of the first progress report	In accordance with the Law nr. 243 from 24.11.2007 in force from 14.12.2007 amendment of the Law nr. 45 from 24.12.1994 on Operative investigation the art. 6 was amended and was included a as other operative investigation measures, control delivery and monitoring of the financial transactions via one or many banking accounts. Those changes permit to use as an operative measure, control delivery, in any offence from the Criminal Code in accordance with the circumstances.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

Recommendation 29 (Supervisory authorities)	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*The Moldovan authorities might perhaps envisage providing for the anti-laundering section to have explicit powers to monitor the implementation of the AML Law whatever the sector (by settling questions which competing powers between authorities could cause); this would enable shortcomings in a given sector to be compensated for.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Article 10 of the AML/CFT Law identifies the public authorities which have supervision functions of the reporting entities and stipulates their functions and responsibilities in regard to the implementation of the Law.
Measures taken to implement the recommendations since the adoption of the first progress report	According to the art.10 (1) of the Law on prevention and combat of money laundering and terrorism financing, the National bank of Moldova is entitle to regulate and control the way the Law is implemented according to the competences given by the legislation. Within this purpose, according to the art. 5, d) of the Law regarding National Bank of Moldova, the NBM is the single authority that licentiates, supervises and regulates the activity of financial institutions. Thus, there is no necessity to stipulate the power and which institutions the NBM should supervise and regulate in the Law on prevention and combat of money laundering and terrorism financing. During the period of 2007- 2010 years the NBM performed to licensed banks 57

	complex inspections and 29 thematic inspections. During on site examination performed to the licensed banks the inspectors checked the compliance with the requirements of the legislation in force regarding prevention and combat of money laundering and terrorism financing. Thus, following the inspections, the NBM issued 24 warnings, applied 3 fines amounting about 5 mln. lei, and established a remedial agreement for a licensed bank for non compliance with the provisions in force regarding prevention and combat of money laundering and terrorism financing.
Recommendation of the MONEYVAL Report	*Moldova should address the various shortcomings in the field of supervision and monitoring of the whole financial sector (in particular the explicit designation of the supervisory bodies, adequate powers to monitor and ensure compliance, full coverage of AML/CFT aspects in inspections of the whole financial sector, robust supervisory programmer for AML/CFT purposes with proper inspection procedures etc).*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Art.10 of the Law oversees the bodies and their functions regarding supervision of reporting institutions in respect with the combating of money laundering and terrorism financing. and at their turn the listed competent authorities elaborate programmer for AML/CFT purposes with proper inspection procedures. In the supervisory process the NBM verifies the adequacy of internal policy and their application regarding the identification of legal entities and natural persons, their effective beneficiary, high risk profile customers and operations, record keeping requirements, reporting transactions. This is verified by NBM inspectors during on site inspections which are regularly undertaken. Inspection procedures of the banks in the area of anti money laundering and terrorism financing are stipulated in the On site Inspection Manual, which is an internal procedure of NBM and which is regularly updated. Comments regarding the compliance by the banks to the legal requirements are reflected in special compartments of the written reports following the NBM inspections and advise on improvement measures of internal policies are also given. Recommendations on developing programs by the banks of the Republic of Moldova on prevention and combat of money laundering and terrorism financing (the NBM Decision no.94 of 25.04.2002 (OM no. 59-61/143 of 02.05.2002)) are a general guideline for the banks in internal policy elaboration process.Additional, CCECC has signed cooperation agreements with Intelligence Service, General Prosecutors Office, Ministry of Interior Affairs, Customs Service.
Measures taken to implement the recommendations since the adoption of the first progress report	According to the Art.51 of the Law on the National Bank of Moldova No.548-XIII as of 21.07.1995 and the Art.58 of the Law No.62-XVI as of 21.03.2008 on Foreign Exchange Regulation, the NBM shall perform the control with regard to the observance of the foreign exchange legislation by the agents of foreign exchange control (including within on-site controls), which include foreign exchange entities. Regulation on Foreign Exchange Entities effective as of 27 March 2009 (which replaced the Regulation No.10018-20) comprises the following provisions for foreign exchange entities. While performing foreign exchange entity on-site inspections, the NBM verifies the observance by the foreign exchange entity of relevant provisions of the Law No.190-XVI as of July 26, 2007 on Prevention and Combating Money Laundering and Terrorism Financing and of the NBM normative acts worked out based on this law *(item 142 of the Regulation on FEE).* On-site inspections of the foreign exchange entities take place on a regular basis During January 2009 – September 2010, the NBM performed 562 controls of the foreign exchange offices and hotels

	and 466 controls of the foreign exchange bureaux of the licensed banks. In case of infringement the provisions of the Law No.62-XVI as of March 21, 2008, the Law No.190-XVI as of July 26, 2007 on prevention and combating of money laundering and terrorism financing, of the Regulation on FEE and of other normative acts of the NBM elaborated on the basis of these laws, regarding the activity of the foreign exchange offices and foreign exchange bureaux by hotels, the NBM, depending on the identified infringements, may apply to the license holder the sanctions established under paragraph (3) Art.63 of the Law No.62-XVI as of March 21, 2008 *(item 149 of the Regulation on FEE).* Paragraph (3) Art.63 of the Law No.62-XVI as of March 21, 2008 provide for the following sanctions: a) issuance of a written warning; b) application of a fine according to Article 75 of the Law No.548-XIII as of July 21, 1995 on the National Bank of Moldova; c) partial or total suspension of the activity; d) withdrawal of the license. As regards to the foreign exchange bureaux of the licensed banks paragraph (2) Art.63 of the Law No.62-XVI as of March 21, 2008 stipulates that, in case of infringement of the provisions of this Law, of the Law on financial institutions no.550-XIII of July 21, 1995 and of the normative acts of the NBM regarding the activity of the foreign exchange bureaux of the licensed banks, the NBM may apply to licensed banks remedial and sanction measures, under the provisions of Article 38 of the Law on financial institutions no.550-XIII of July 21, 1995. In accordance with the art. 24 of the Law on auditors nr. 61 from 16.03.2007, the supervisory and regulatory authorities for auditors are Ministry of Finance, Counsel of Supervision of the auditing activity and Licensing Chamber. In order to implement the recommendation on internal control and compliance the Council of supervision of auditors elaborated a draft regulation on external control of the activity of auditors. In order to implement the reporting obligation for auditors and independent accountants, Ministry of Finance as a supervisory authority approved the Order 63 from 10 august 2009 in force from October 2009 on Methodological indications on implementation by the auditing companies and independent accounts of the anti money laundering and counteracting financing of terrorism measures . Following the provision of the Order 63 from 10.08.2009 within 6 moths the auditors and independent accounts will elaborate proper internal policies and requirements in this direction. The Order 63 will be applied by the auditors, independent accounts and individual entrepreneur's subject of the law 61/ XVI from 16.03.2007. The Order refer to record keeping procedure that should be effectuated by the auditors and independent accountants.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	In accordance with the proposed provisions of the draft Law on National Commission of Financial Market exercise the powers of regulation and supervision of compliance with legislation on preventing and combating money laundering and terrorist financing on financial market in accordance with the Law, the effective implementation of measures to prevent money laundering and terrorist financing in accordance with policy documents in field. In the same time the Licensing Chamber in accordance with the Government decision nr. 779 from 27.11.2009 , "Regulation on organization and functioning of the Licensing Chamber" were effectuated essential organizational changes. From a center public authority was transformed in a public specialized unity in suborder of the Ministry of Economy. In order to implement the provision of the AML/CFT Law

	the Licensing Chamber proposed to the Ministry of Economy, based on its competence a draft regulation that refers to verify during on site controls as well as in the process of giving license to casinos, gambling , organizations that effectuates lotteries, immobile agents, dealers in precious metals and stones and auditors the origin of financial sources invested in their activity and based on those provision to apply sanctions as withdrawal of the license or refusing to provide license. In order to finalized the draft regulation that needs additional amendment to the sartorial laws as Law nr. 282 from 22.07.2004 on precious metals and stones, 989 from 18.04.2002 on the activity of evaluation and immobile agents, etc. For this purpose a request for technical assistance was submitted to USAID/BITZAR in order to benefit from an onsite expert for implementation of the recommendations in this regard.

Recommendation 30 (Resources, integrity and training)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*The examiners recommend that within the CCCEC, the OPCML is given sufficient resources to discharge its main tasks, ie. the analysis of financial intelligence.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In accordance with the Government decision nr. 117 from 18.02.2008 on the approval of the structure and the limited staff of the CCCEC and in accordance with the order nr.30 from 28.03.2008 additional staff was given to the OPCML. At the moment the entirely staff of the FIU are 19 persons plus 10 entitled with attributions from the staff of CCCEC in accordance with the order nr.**18-1 dated 10th February 2006**.
Measures taken to implement the recommendations since the adoption of the first progress report	The soft ware “Go Case” and “Visual links” were procured and installed in the data base of the FIU in March 2010.The financial analysts were trained by the UNODC and FIU of Ukraine IT specialist for using the tools.
Recommendation of the MONEYVAL Report	*Law enforcement and prosecution: the authorities designated as responsible for AML/CFT need further resourcing.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	No changes
Measures taken to implement the recommendations since the adoption of the first progress report	During 2009 -2010 the Anticorruption prosecutor office benefited from the assistance of MOLICO project. In the result IT equipment soft ware were procured and installed within the Anticorruption prosecutor Office. In order to use the procured soft ware 2 day training were organized for the prosecutors. In accordance with the Order nr. 1017 from 27 of October 2010 was amended the organizational chart of the Anticorruption prosecutor Office. In accordance with the order a separate division for combating corruption and money laundering was

	established Additional staff was allocated to Anticorruption prosecutor office mainly the Division for combating corruption and money laundering will be formed by 11 prosecutors.
Recommendation of the MONEYVAL Report	*Law enforcement and prosecution: Training must be developed/continued, with an emphasis on systematic recourse to financial investigations, the culture of the business world, the use of investigation techniques in a modern legal framework, analysis and use of computer techniques (involving in particular, but not only, the anti-laundering office).*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	**11-13 December– visit to the National Commission for Financial Monitoring of Ukraine** a delegation consisting of 6 representatives from the CCCEC and 1 representative from the Ministry of Justice accompanied by MOLICO team leader and junior assistant visited State Committee of Financial Monitoring (SCFM) of Ukraine. On 11 and 13 December they met with SCFM Leadership, visited Legal, Analytical, IT and International Cooperation Departments. On 12 December Moldovan delegation attended the Round Table "Presentation of the legal opinion on the compliance of the draft Ukrainian AML legislation with the 3rd EU Directive and the Warsaw Convention". The Conference gathered representatives from the Financial Intelligence Units and prosecutor offices from Romania, Bulgaria, Ukraine and Georgia. The participants examined and discussed experience of the EU newly accessed states in the field of combating money laundering. Each state presented its typologies. On the second day of the training a wider public attended the event to discuss problems within money transfer sector, off-shore banking and terrorist financing. The overall aim of the conference was to bring international experience and best practices in anti-money laundering field to Moldova. **Workshop "Financial crime utilising the insurance industry and insurance products", 17-18 October, Ljubljana, Slovenia** Representatives from the Financial Intelligence Unit and the National Commission for Financial Market participated in the workshop organised by the Centre of Excellence in Finance that presented the practical experience in the European Union, South-Eastern Europe and the United States of America in the field of regulatory framework for insurance fraud and money laundering. The event aimed to share the experience among participants from the EU, SEE and USA, raise awareness about the growing problems of insurance fraud and money laundering, brainstorm about effective regulatory responses and promote the adoption of best practice and implementation of international standards in insurance supervision. **Study visit to the Cypriot FIU for the Service to Prevent and Control Money Laundering, 20-23 November 2007, Nicosia, Cyprus** A joint study visit of the Moldovan and Ukrainian delegations to the Financial Intelligence Unit of Cyprus was organised and aimed at familiarising participants with the working procedures and functioning of the Cypriot FIU, establishing good cooperation relations in the view of signing a memorandum of cooperation. The delegations also visited Cypriot court, police and commercial bank for the complex view about the anti-money laundering system in the country. FIU Regional Conference, 15-16 November 2007, Poland MOLICO Project financed participation of two Moldovan delegates to the Regional Conference of the Financial Intelligence Units that gathered FIUs from about 15 European countries. During the meeting such issues as money-laundering

	and terrorist financing typologies, singing memorandums of understanding and enhancing international cooperation were discussed. **Study visit to the Financial Intelligence Units of Netherlands, Poland and Italy, 20-26 ianuarie 2008, Zoetrmeer/Netherlands, Warsaw/Poland and Rome/Italy.** The Moldovan delegation consisting from IT and Financial Intelligence Unit specialists from the Centre to Combat Economic Crimes and Corruption participated in the study visit to the Financial Intelligence Units of Netherlands, Poland and Italy that aimed to acquire knowledge on the experience of foreign Financial Intelligence Units in building IT system and establishing internal procedures for analyses of reports on suspicious transactions, as well as to establish relationship for future bi-lateral cooperation between Moldovan and foreign counterparts in the area of counteracting money laundering and terrorist financing. **Training for judges and prosecutors on prevention and combating money laundering and terrorist financing, 14-15 April 2008, Chisinau.** The training aimed to instruct prosecutors and judges on best practices in investigation of money laundering cases, as well as to present international experience in this area. Representatives of the FIU, the National Bank and the National Commission for Financial Market presented their bodies and its activity in anti-money laundering issues. The event has been organised in cooperation with the Prosecutor Office and the National Institute of Justice. Working session of the Club of Investigative **Journalists on anti-money laundering issues, 22 May 2008, Chisinau.** The working session aimed to inform the journalists on anti-money laundering and counter-terrorist financing activities carried out by the Centre to Combat Economic Crimes and Corruption and to familiarise them with basic notions of money laundering and main AML typologies identified in Moldova. Moldovan FIU presented and distributed to journalists its Annual Report for 2007 and a publication with national AM/CTF legislation in order to consult it when investigating and writing stories related to money laundering. The event has been organised in cooperation with the Centre of Investigative Journalism. **Conference on exchange of information between FIUs, 18-19 September 2008, Vadul lui Voda.** Financial Intelligence Units of nine countries discussed problems of international cooperation in the money laundering and terrorist financing cases during the Conference organised in Vadul-lui-Voda. The Conference aimed to support Moldovan Financial Intelligence Unit as full member of Egmont Group and facilitate international exchange of information in money laundering and terrorist financing cases. Representatives of Cyprus, Estonia, Israel, Latvia, Moldova, Poland, Romania, Russia, and Ukraine participated in the Conference. **II Regional Conference of Financial Intelligence Unit, 29-30 September 2008, Warsaw, Poland.** MOLICO supported participation of an FIU representative from Moldova at the conference that aimed to be a continuation of Regional conference organised last year with participation of representatives of 20 countries. The conference focused on issues concerning international combat with financing of terrorism, especially the issue of cyber-terrorism, as well as on discussion on usage of analytical and IT tools supporting generally the fight with money laundering and the financing of

	terrorism. **Study visit to FIUs from Austria, Slovakia and Hungary, 13-16 October 2008, Vienna, Bratislava, Budapest.** The Moldovan delegation consisting from Financial Intelligence Unit specialists from the Centre to Combat Economic Crimes and Corruption participated in the study visit to the Financial Intelligence Units of Austria, Slovakia and Hungary that aimed to acquire knowledge on the experience of foreign Financial Intelligence Units in building IT system and establishing internal procedures for analysing the reports on suspicious transactions, as well as to establish relationship for future bi-lateral cooperation between Moldovan and foreign counterparts in the area of counteracting money laundering and terrorist financing. **Training for FIU on information exchange, 31 October 2008, Chisinau.** As a follow-up of the International Conference on exchange of information for FIUs that took place on 18-19 September in Vadul lui Voda, MOLICO delivered training on exchange of information for Moldovan FIU staff. The training was based on the Guide on exchange of information elaborated by the CoE expert Mr. Romanov (Ukraine), which provided explanations and answers regarding the use of the Guide in the daily work. **Guide on internal procedures.** The MOLICO expert (Poland) elaborated the Guide on internal procedures for Moldovan FIU that provides for internal rules on gathering information, circulation of information and documents, methodologies of analyses and analytical process, cooperation at the national and international level. The Guide supported by the annexes with example of internal procedures and samples of internal decisions was delivered to the Moldovan FIU. **Course on Insurance Supervision, lessons from international experience, Ljubljana, 22-23 October 2008.** MOLICO supported participation of representatives from the FIU and the National Commission for Financial Market at the training with the main objectives to share experience and lessons learned among participants from EU, SEE and USA; raise awareness about the growing problems of insurance fraud and money laundering; discuss case studies and brainstorm about the effective regulatory responses.
Measures taken to implement the recommendations since the adoption of the first progress report	During 2009-2010 - 9 prosecutors participated in several training workshops on combating money laundering and terrorist financing. June 2009 IMF EGMONT sand EURASIA training on typologies on Money laundering and terrorist financing. June 2009 IMF training On combating money laundering and terrorist financing. October 2009 regional Workshop on repression and detecting illicit proceeds, organized by French and Bulgarian Embosses. December 2009 EU training on Confiscation of corruption and money laundering proceeds and other patrimonial crimes, Bulgaria. October 2009 Cyber terrorism - "A millennium challenge" , Promarshal Center , NATO, Belgian Department on planning Defense Ant terror Police Center Turkey. July 2009 UNODC Training organized in Kiev, Ukraine October 2010 „International problems in asset confiscation" USA. September 2010, Belgium, The issues of the itinerant Groups. April 2010 GUAM workshop on counteracting money laundering and terrorist financing March 2010 TAEX technical assistance, Study visit Lithuanian competent authorities.

(other) changes since the first progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

Recommendation 32 (Statistics)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*Detailed statistics should be kept on money laundering and terrorist financing investigations, prosecutions and convictions, as well as on seizures and confiscation; in particular, this would make it possible to assess the practice of the authorities in this sphere and ensure that a policy exists on the proceeds of crime.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Statistics in relation to money laundering and terrorist financing investigations, prosecutions and convictions, as well as on seizures and confiscation are kept by the FIU . Thus refer to the data from the attached tables for the year 2005-2008.
Measures taken to implement the recommendations since the adoption of the first progress report	As the result of the National Risk Assessment, were elaborated an action plan that are reflected in the National Action Plan for implementation of the National AML/CFT Strategy. The action plan contains an action on the improvement of the statistical data by means of informational technologies tools. In the quality of the national coordinator of the AML/CFT policies was decided that the FIU, SPCSB, will collect the relevant statistical data from the national competent authorities and will elaborate at the national level a comprehensive data that will be accurate and available on a timely manner.
Recommendation of the MONEYVAL Report	*Better statistical data should be kept by all supervisory bodies, detailing the nature of AML/CFT violations detected and penalties imposed. Statistics of onsite visits and use of sanctions need reviewing collectively and on a coordinated basis, in order to have a clear picture of the level of AML/CFT compliance across the financial sector.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The statistic data is gathered in the result of the performed controls of the professional participants on the nonbank financial market. During the last four years the National Commission of Financial Market has performed many controls and has undertook respective actions. The Statistic of the supervisory body are the following National Bank of Moldova During 2005-2008 were performed 54 complex controls and 23 thematic controls. The aim of the controls included the examination of the internal procedures and policies of banks, their implementation in practice in order to determine if the banks are capable to detect the criminal and fraudulent activities and their methods of reporting the suspicious transactions. Throughout the control process we establish the competencies attributed to the administrative officers of the banks which are also entitled to carry on the activities of combating money laundering and terrorism financing, we also undertake supervision measures regarding the activity of the internal auditing linked to

	detection, reporting and removal of the deficiencies, as well as to examine the instructive process of the staff involved. A special attention is given to the plenitude and opportunity of the reports on limited and suspicious transactions, as according to statutory duties. With this aim, it is verified if banks maintain the information regarding identity and address of the person that have deposit account, the identity and address of the person in the name of which the deposit is maintained, the identity of the beneficiary owner of the account, the type of the transactions, the name and the addresses of the banks involved, date and transactions amount. In order to support its requirements regarding internal activities of the banks orientated to combat of money laundering and terrorism financing, in the cases of discovering discrepancies the National Bank of Moldova imposes compulsory remedial measures or applies sanctions. So during the same period the National Bank of Moldova has imposed 7 remedial measures towards banks and has also applied sanctions in 4 cases. National Commission of Financial Market Thus, in the 2005 the NCFM has performed 8 complex controls of the professional participants: 1 nonbank broker, 1 securities estimation company and the assets referring to it, 4 issuers that hold the register on their own. As a result of the discovered divergences the following measures were taken: 5 warnings, 3 divergence prescriptions, 1 lawsuit on disputed administrative claims. During the 2005 were also performed thematic and paper control regarding the correctitude on the performed transactions on the secondary securities market involving 56 issuers, 27 of them were registered at Moldavian Stock Exchange and 29 on the off-exchange market. As the result of the performed controls NCFM has: 6.3 adopted 2 decisions of sanctions application according to the law; 6.4 issued 6 orders from which: 1-suspending the clearing and settlement with the securities, 1-blocking the personal account at the registrar, 2-suspending the circulation of the securities, 1-unblocking the personal account, 1-ceasing the order action; 6.5 applied 5 administrative sanctions of persons involved in transactions with securities. In the 2006 the NCFM performed 15 complex controls of the professional participants that perform intermediary activity on the financial market: 3 commercial banks, 5 independent registrars, 5 brokerage companies, 1 fiduciary company, Moldavian Stock Exchange. As the result of the performed controls NCFM issued 15 Decisions thorough which took the following measures: 6.6 suspension of the activity license of 2 professional participants; 6.7 prescriptions for 14 professional participants elimination of the discovered divergences in the established term; 6.8 13 warnings; 6.9 4 leaders of the professional participants were suspended the license of the qualification certificate. Were performed controls upon the transactions performed with securities of 34 issuers and 1 thematic control regarding the analysis of the information regarding the affiliate persons. As the result of the performed controls NCFM has: 6.10 2 decisions regarding the suspension of the qualification certificate with the right to activate on the financial market; 6.11 10 orders regarding suspension of the activity, account blocking/unblocking;

	6.12 2 warnings; 6.13 9 administrative sanctions; 6.14 collaboration of the NCFM along with the Center for Combat Economic Crimes and Corruption in order to discover the infractions of the involved persons with the securities and fractions regarding the money laundering. In 2007 during the performed controls, NCFM, for financial market supervision and control, protection the investors interests and the public interests. NCFM performed 11 complex controls of the professional participants on the nonbank financial market: 5 commercial banks, 4 independent registrars, 2 brokerage companies. As the result of the performed controls NCFM has issued 11 Decisions regarding: 6.15 prescriptions for 9 professional participants elimination of the discovered divergences in the established term; 6.16 11 warnings; 6.17 1 decision regarding the suspension of the qualification certificate with the right to activate on the financial market; NCFM, in this period performed thematic controls and paper control regarding the performed transactions, in the result NCFM has issued: 6.18 2 decision regarding the suspension of the qualification certificate with the right to activate on the financial market; 6.19 9 orders regarding suspension of the activity, account blocking/unblocking; 6.20 1 warning; 6.21 3 administrative sanctions; During 10 months of the 2008, NCFM performed 9 controls from which 6 thematic controls and 3 complex controls. In the result of the controls the NCFM took the necessary measures: decision regarding the suspension of the qualification certificate with the right to activate on the financial market, orders regarding suspension of the activity, account blocking/unblocking; warning, administrative sanctions. NCFM collaborates with the Center for Combat Economic Crimes and Corruption and Office of the Prosecutor General, regarding different aspects including combating money laundering and terrorism financing. NCFM informs and presents information at the demand and not only. The suspicious transactions are reported immediately with respect to the Law no.190.
Measures taken to implement the recommendations since the adoption of the first progress report	As the result of the National Risk Assessment and the action plan for improving the AML/CFT system from an efficient point of view the internal structure were formed for keeping the statistical data. In this respect the NCFM with the support of the Dutch Project elaborated IT tools for statistical data keeping and a special subdivision formed by 5 persons were crated. The National bank of Moldova integrated its statistical data at the central level of the National Bank. Regulation on Foreign Exchange Entities (which replaced the Regulation No.10018-20) comprises the following provisions for foreign exchange entities. While performing foreign exchange entity on-site inspections, the NBM verifies the observance by the foreign exchange entity of relevant provisions of the Law No.190-XVI as of July 26, 2007 and of the NBM normative acts worked out based on this law *(item 142 of the Regulation on FEE).* On-site inspections of the foreign exchange entities take place on a regular basis. During January 2009 – September 2010, the NBM performed 562 controls of the foreign exchange offices and hotels

	and 466 controls of the foreign exchange bureaux of the licensed banks. In case of infringement the provisions of the Law No.62-XVI as of March 21, 2008, the Law No.190-XVI as of July 26, 2007 on prevention and combating of money laundering and terrorism financing, of the Regulation on FEE and of other normative acts of the NBM elaborated on the basis of these laws, regarding the activity of the foreign exchange offices and foreign exchange bureaux by hotels, the NBM, depending on the identified infringements, may apply to the license holder the sanctions established under paragraph (3) Art.63 of the Law No.62-XVI as of March 21, 2008 *(item 149 of the Regulation on FEE).* Paragraph (3) Art.63 of the Law No.62-XVI as of March 21, 2008 provide for the following sanctions: a) issuance of a written warning; b) application of a fine according to Article 75 of the Law No.548-XIII as of July 21, 1995 on the National Bank of Moldova; c) partial or total suspension of the activity; d) withdrawal of the license. As regards to the foreign exchange bureaux of the licensed banks paragraph (2) Art.63 of the Law No.62-XVI as of March 21, 2008 stipulates that, in case of infringement of the provisions of this Law, of the Law on financial institutions no.550-XIII of July 21, 1995 and of the normative acts of the NBM regarding the activity of the foreign exchange bureaux of the licensed banks, the NBM may apply to licensed banks remedial and sanction measures, under the provisions of Article 38 of the Law on financial institutions no.550-XIII of July 21, 1995. As the result of the performed inspections of foreign exchange entities, which include as well control on the observance of the legislation in the field of AML /CTF, during January 2009 – September 2010 the NBM has applied 38 sanctions: -12 written warnings to the foreign exchange offices and 3 written warnings to the licensed banks regarding the activity of the foreign exchange bureaux thereof; - 14 decisions regarding the suspension of the licences of the foreign exchange offices and 9 decisions regarding the suspension of the activity of the foreign exchange bureaux of the licensed banks. 2008 In order to prevent and combat ML / FT, NCFM has taken measures in monitoring, control and information of professional participants on the financial non-banking market. NCFM adopted the Type-Program for verification of financial market professional participants on non-banking market, approved trough protocol inscription no. 38 / 1 of 14.08.2008, aimed on verification of professional participants in preventing and combating ML / FT. Verification of compliance by reporting entities legislation preventing and combating ML / FT was performed in five complex controls of professional participants in the financial market. During the year, to the professional participants were sent informational letter concerning the need to respect Recommendations FATF and reporting information on suspicious transactions to the CCECC, including persons involved in suspicious transactions on securities market. 2009 In order to prevent and combat money laundering and terrorism financing, NCFM has taken measures to monitor, control and inform professional participants on the non-banking financial market. In determining the level of risk of money laundering and terrorism financing on financial market, NCFM participants performed an evaluation at national level, which results were presented to CCECC for risk assessment in the field.

	Under the collaborative agreement, the CCECC and NCFM were carried out 22 thematic controls of entities in the insurance field in order to verify compliance with Law No. 190-XVI of 26.07.2007 "On prevention and combat of money laundering and terrorism financing". In the results of the controls where imposed penalties in total amount of 30.0 thousand MDL, in accordance with Art. 162/15 of the Code of Administrative Offences for presenting incomplete and incorrect data, to the person responsible for implementing internal programs on preventing and combating money laundering and terrorism financing. Complex controls of the activity of professional participants include financial market issues on verification and compliance with laws and regulations in preventing and combating money laundering and terrorism financing. Ensure transparency and public information is an effective measure to prevent money laundering and terrorism financing. As part of public information, press releases NCFM broadcast via the official website - www.cnpf.md, gave interviews on law enforcement matters and ensured continuous operation of the hot-line. 2010 Priority objectives of preventing money laundering and terrorism financing on the financial market for 2010, for efficiency measures undertaken and to continue to achieve commitments to implement programs and projects on ML/FT NCFM continue activities, and they will be directed in achieving the following objectives: • Harmonization of legislation with the provisions of international standards and EU Directives regarding prevention and combating ML/FT; • preventing the use of financial operations for ML/FT through non-banking financial market monitoring and supervision of financial market participants to implement their own programs to prevent and combat ML/FT; • raising the professional financial market participants on the impact of these negative phenomena on the whole society and each citizen; • training seminars, meetings for professional participants of the prevention and combating ML/FT; • increasing the professionalism of employees in the field NCFM; • monitoring the implementation of institutional strengthening in order to conform to relevant legislation; • ensuring transparency of NCFM on measures taken to prevent ML/FT, to increase the credibility of civil society against financial market. For 2010 there are planned 26 complex controls in the reporting entities in the insurance and micro financing field, in the course of which will also be checked and implementing Regulation on preventing and combating money laundering and terrorism financing. During the period of six months of year 2010, were planned for completion and deployment of 15 controls. In the third quarter were drawn 40 sanctions.
Recommendation of the MONEYVAL Report	*Moldova should keep accurate, detailed and up-to-date statistics on mutual legal assistance and extradition, both on incoming and outgoing requests.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Since February 2008 the Ministry of Justice improved its statistics and started to place all the data on each month on its web-site. The statistics include the number of incoming and outgoing requests on both civil and criminal cases, transfers, extradition, recognitions, civil status acts, etc. and on each country separately. The General Prosecutor's Office keep a more detailed statistic data on the MLA provided on each article of the Criminal Code for each countries separately, with specification of the reasons of refusing MLA requests and of failing in providing

	MLA in due time for both incoming and outgoing requests.
(Other) changes since the last evaluation	In order to implement point 3, letter g) of the UN RES 1373 (2001) (g) which requires to "Ensure, in conformity with international law, that refugee status is not abused by the perpetrators, organizers or facilitators of terrorist acts, and that claims of political motivation are not recognized as grounds for refusing requests for the extradition of alleged terrorists" it was excluded the declaration made in the Law on ratification of the European Convention on extradition according to which the Republic of Moldova has the right to decide, according to the given circumstances, if the attempt on the life of president of a state or one of the members of his/her family is to be considered or not political offence. On 26 of July 2007 the Republic of Moldova has ratified (Law 188-XVI) the Strategic Agreement of cooperation between Moldova and Europol. Moldova has established 2 contact points for cooperation with Eurojust and had prepared and submitted to Eurojust the draft agreement for cooperation which should be discussed in December 2008.
Measures taken to implement the recommendations since the adoption of the first progress report	
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

Recommendation 33 (Legal persons – beneficial owners)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*Moldova should introduce controls on the origin of funds as a preliminary to registering legal persons and issuing licences to companies presenting AML/CFT risks (insurance, gaming etc.).*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	As the NCFM supervises the insurance sector, it introduced controls in the Law on insurance no. 407-XVI of 21.12.2006 for licensing insurers (reinsurers) in order to control the origin of funds as a preliminary to register legal persons: (1)The insurance (reinsurance) activity can be performed only by insurers (reinsurers) which have obtained a license for activity according to the Law no.451-XV of July 30, 2001 concerning licensing of certain types of activity, as well as in conditions of this law. (2) The license is given for an unlimited period of time. (3) In order to obtain the license, the insurer (reinsurer) shall present, in addition to documents required by the Law on licensing of certain types of activity, the following documents and information: a) the document of property or the rent contract for the office in which it will perform the licensed activity;

	b) a bank certificate confirming the full depositing of the minimum social capital; c) a written declaration of the provenience of the means deposited into social capital; d) the insurance conditions for each class of insurance separately, to which model insurance contracts policies, insurance fees and their structure shall be attached; e) the technical base for calculation of insurance premiums and technical reserves, legalised by an actuary; f) the reinsurance program proposed to support the insurance class, including the details concerning the ownership and the financial situation of the reinsurer; g) the business-plan according to the category and class of insurance, prepared for the first 3 financial years, which should include: projections of administrative expenses, especially current general expenses and fees, projections of insurance premiums and insurance compensations, calculation of financial resources required to cover the insurance liability and the solvability margin, investment policy, assets portfolio, the evaluation and diversity of assets, risk management. (4) The Chamber of Licensing shall decide upon issuance of the license within 30 working days from the date the application and attached documents were received. (5) If the insurer submits an application for re-issuance of the license in order to include a new class of insurance, he must attach to the application for reinsurance the documents indicated in para. (3) letters d)-g). (6) The licensing fee for the insurance activity is 10 000 lei, paid to the state budget revenue. (7) The insurer (reinsurer) is required to place on a visible spot the copy of the license. (8) Subscribing additional risks from another class of insurance based on the license received in conditions of this law shall be performed in conditions provided in annex no.1 of section C.
Measures taken to implement the recommendations since the adoption of the first progress report	The Licensing Chamber in accordance with the Government decision nr. 779 from 27.11.2009 , "Regulation on organization and functioning of the Licensing Chamber" were effectuated essential organizational changes. From a center public authority was transformed in a public specialized unity in suborder of the Ministry of Economy. In order to implement the provision of the AML/CFT Law the Licensing Chamber proposed to the Ministry of Economy, based on its competence a draft regulation that refers to verify during on site controls as well as in the process of giving license to casinos, gambling , organizations that effectuates lotteries, immobile agents, dealers in precious metals and stones and auditors the origin of financial sources invested in their activity and based on those provision to apply sanctions as withdrawal of the license or refusing to provide license. In order to finalized the draft regulation that needs additional amendment to the sectorial laws as Law nr. 282 from 22.07.2004 on precious metals and stones, 989 from 18.04.2002 on the activity of evaluation and immobile agents, etc. For this purpose a request for technical assistance was submitted to USAID/BITZAR in order to benefit from an onsite expert for implementation of the recommendations in this regard.
Recommendation of the MONEYVAL Report	*Moldova should also consider a more general reform aimed at developing machinery for financial audit and approval of company accounts by professional auditors.*
Measures reported as of 11 December 2008 to implement	Professional participants on the nonbanking financial market shall be subject to independent audit. Law on insurance no. 407-XVI of 21.12.2006 clearly establishes by article no. 40:

the Recommendation of the Report	(1) The activity of insurers (reinsurers) shall be subject to annual external audit performed by an audit organisation or by an individual auditor holding the license for audit activity in insurance. (2) The audit organisation or the individual auditor shall verify the annual financial statements of the insurer (reinsurer) according to the legislation in force and audit standards harmonised with international audit standards, and will submit to the insurer (reinsurer) the control act concerning annual financial statements, accompanied by the accounting expertise report. (3) The accounting expertise report by the audit organisation or by individual auditor shall be attached to the annual report of the insurer (reinsurer) and shall be published together with this, in conformity with this law. In accordance with the Law on the securities market no. 199 from 18.11.1998, Article 53. Requirements to Professional Participants on the Securities Markets: (3) The legal person obtains license for professional activity on securities markets if it cumulatively meets the following conditions: j) has contract concluded with an independent auditor.
Measures taken to implement the recommendations since the adoption of the first progress report	
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

Recommendation 35 (Conventions) and Special Recommendation I (UN instruments)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*As regards the transposition and scope of UN instruments, some of the problems mentioned earlier in the report may cause difficulties (eg. the use of special investigation techniques in judicial proceedings for purposes of co-operation with other countries). All in all, there are some formal deficiencies that need attention (see supra legal issues), but the main issue to be addressed is how to implement the Conventional requirements in an efficient way.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	The Government of the Republic of Moldova made a serious effort in order to implement the UN instruments. Thus, a series of legislative measures were adopted and series of strategic documents and implementation plans were approved to cover the issues regulated by the international instruments. Some of the progress registered was mentioned already in relation to some other recommendations of the present report. Thus, we intend to structure the progresses on some components and emphasize once again the measures for the aspects described already (see supra legal issues) and to give a more detailed description regarding new aspects. *a) Anti- money laundering measures:*

	- A new AML/CFT Law was adopted; - In order to implement the new AML/CFT Law, the Warsaw Convention and the Palermo Convention, it was adopted a Law on amending certain legislative acts (Law 243); - It was adopted the National Strategy for combating money laundering and financing of terrorism and also and Action Plan for its implementation . *b) Anti-terrorism and terrorism financing measures:* - The fundamental revision of the national legislation for its compliance with the requirements established by the international conventions against terrorism and terrorism financing, UN Security Council Resolutions, has been achieved by the adoption of Law No 136-XVI of 19.06.2008 (a detailed description see in comment provided for SR II). The introduced amendments implement fully the required criteria for the Financing of terrorism offence, established by the TF Convention and cover all the aspects of the 9 international Conventions mentioned in the Annex of the TF Convention. - A new body for coordinating the anti-terrorist measures was established by the Decision of the Intelligence and Security Service No 1295 of 13 November 2006 – Anti-terrorist Centre of the Intelligence and Security Service; - It was adopted the Order of the Intelligence and Security Service No 75 of 14.11.2007 on the lists of persons and entities involved in terrorist activities, elaborated based on the lists of the UN Security Council Resolution 1267 (1999) and of the Joint Position 2001/931 of the Council of EU of 27 December 2001. *c) Anti-corruption measures:* All legislative initiatives developed in previous years were adopted in 2008. - The Parliament has adopted a new Law on combating and prevention of the corruption (Law 90-XVI of 25.04.2008); - Also, it was adopted the Law on code of conduct of the civil servant (Law no 25-XVI of 22.2008); - It was adopted the Law on conflict of interests (Law no 16-XVI of 15.02.2008); - Further implementation the National Strategy for preventing and combating corruption and its 2005-2009 Implementation Action Plan (adopted by Parliament's Decision no 421-XV of 16.12.2004); - It was approved and implementing the Code of Ethics and Deontology of the police officer (by Government Decision no 481 of 10.05.2006) - Also, it was started the drafting of the Code of conduct for government officials, etc *d) Measures against illicit use of drugs and narcotic substances;* In order to implement the Vienna Convention, after the amendment of the Criminal Code, Code on administrative contraventions, Criminal Procedure Code (introduced by Law no 277-XVI of 4 November 2005), a series of Government Decisions were approved, as follows:

	- The GD no 79 of 23 January 2006 on the approval of lists of narcotic, pshihotropic substances, and of plants which contains these identified substances in the illicit traffic, which defines the quantity of substance based on which the offence of illicit drug trafficking can be qualified for each narcotic, psychotropic substance; - The GD no 85 of 25 January 206 on the implementation of the Informational automatic system "State nomenclature of drugs". According to this act, all natural persons and legal entities that produce, import or sell drugs, have to be connected to this system; - GD no 128 of 06.02.2006 on technical conditions established for the rooms and spaces where the narcotic, psychotropic substances and precursors are kept, which purpose is to increase the security of the narcotic, psychotropic substances and precursors stocks; - The GD no 216 of 27.02.2006 on the transit of the narcotic, psychotropic substances and precursors on the territory of the Republic of Moldova; - The GD no 1382 of 08.12.2006 on the approval of the Regulation on regulating the activities of cultivation of plants that contains narcotic or psychotropic substances; - Also, it was approved by the GD no 314 of 17.03.2007 the Measures on combating the narcomany and narcobusiness for 2007-2009 years; - Also, by the Order of the Ministry of Internal Affairs no 10 of 11 March 2008, it was approved the strategic concept for narcomany prevention, for preventing and combating the illicit narcotic, psychotropic substances, for a period of 5 years. e) *Measures against trafficking in human beings:* - On 23 of March 2008, the Government approved (Decision no 472) a new national Plan for 2008-2009 years for combating and preventing trafficking in human beings. By the same GD it was approved the new Regulation of the National Committee for combating trafficking in human beings; - It was approved the GD no 234 of 29.02.2008, based on which it were created territorial commissions for preventing and combating trafficking in human beings; - On 23.05.2008 it was signed the Memorandum on the procedures of cooperation in domain of assistance the traffic victims and potential victims, concluded between the General Prosecutor's Office, Ministry of Internal Affairs, Ministry of Social, Family and Child Protection and the Centre for preventing the women trafficking, the International Centre "La Strada", the Mission of the International Organization for Migration; - On 07.08.2008 the Government approved the Regulation on the procedure for readmission of the children and adults – victims of the trafficking in human beings, illicit traffic of migrants and of the unaccompanied children; - Based on the GD no 847 of 11 July 2008, it was created the Centre for assistance and protection of traffic victims and potential victims. It was created based on the existing Centre of the International Organization for Migration; - On 30 of July 2008, the Government approved the Regulation on the procedure for victims readmission;

	- It was drafted and soon it will be approved by Government Decision the National Strategy of the national reference system in domain of assistance the traffic victims and potential victims; There were undertaken a lot of raising awareness measures in this filed. For example, only in 2008 were organized about 30 seminars for strengthening the capacities of the enforcement authorities and for the information of the civil society. The representatives of the Ministry of Internal Affairs have attended more than 12 seminars organized by USA Embassy, U.K. Embassy, the ILO, etc.
Measures taken to implement the recommendations since the adoption of the first progress report	The Government of the Republic of Moldova continued its efforts to fully implement the relevant UN Conventions, which is now one of the top priorities on the Government's agenda, in the context of the dialog between RM and EU on the visa liberalization perspective. A lot of measures and activities, of various types, have been undertaken since the last progress report, but below are presented the most important ones. On the 4th of March 2011, the Government has approved by its Decision the national Programme for the implementation of the Action Plan RM-EU on the liberalization of the visa regime. The Programme contains an important block of measures – block 3 "Public order and security" – which provides a series of concrete activities aiming at mutual cooperation in criminal matters, preventing and combating corruption and financial crimes, preventing and combating the organized crime, including trafficking in human beings , drug trafficking, etc *Measures on preventing and fighting against organized crime:* In 2010, a draft Law on preventing and fighting against organized crime was prepared, which is now under the final revision after the consultation process which involved the interested authorities. At the same stage is also the draft Strategy on fighting against organized crime for 2010-2015, which is based on the EU member states best practices. Based on the Government Decision No 778 of December 2009, the organizational structure of the Ministry of Internal Affairs was changed in order to ensure the implementation of the policy on fighting against organized crime and a better interaction between the intelligence services. In this context, a Police Department was established which includes specialized units like the Department for fighting organized crime, Department for fighting trafficking in human beings, Department for fighting illegal migration, Departments for combating drug trafficking and smuggling and for combating cyber crimes, thus facilitating the immediate interaction and the exchange of information, as well as joint operations. *Anti-money laundering measures:* Taking into account all the strengths and weaknesses of the experience related to the implementation of the Strategy for 2007-2009, a new strategy for the period 2010-2012 and the Action Plan for 2010-2011 on its implementation were developed and approved by the Government Decision No. 790 of 3 September 2010. *Measures combating TF:* The representatives of the Intelligence and Security Service have participated at two trainings on TF, organized in 2009. In order to implement the Law on combating terrorism it was developed a draft Government Decision on the measures on insurance the antiterrorism protection. Also, in order to create a better mechanism for implementing the UN Security

	Council Resolutions, it was established an working group for drafting the Government Decision on the national mechanism for the implementation of the UN Security Council Resolutions and of the other international organizations specialized in AML/CFT field. *Anti-corruption measures:* A new Action Plan for implementing the National Strategy for preventing and combating corruption for 2010 was approved by Parliament Decision No 79 of 4 May 2010. It includes 4 chapters and 56 concrete actions to achieve. In order to implement further the Law on the transparency of the decision making process, two Government Decisions were approved: on the implementing actions for the Law on the transparency of the decision making process (No 668 of 19.02.2010) and on the establishing the National Council for Participation (No 11 of 10.01.2010). Also, in order to fully implement the commitments of the Government undertaken under the UN Convention against corruption, the Criminal Convention on corruption and its Additional Protocol, as well as to comply with the GRECO recommendations there were prepared 4 drafts on amending the existing legislation, in particular the Criminal Code, the Criminal Proceeding Code, the Contravention Code, two of them being approved by the Government already. Likewise, there were prepared the draft Law on the Main Commission on Ethics, draft Law amending the Law on the state registration of legal persons and individual entrepreneurs, draft Law on amending the Law on preventing and combating corruption, etc. *Measures against trafficking in human beings:* The Strategy of the National Reference System for the protection and assistance of victims and potential victims of trafficking in human beings and its Action Plan for implementation for 2009-2011 were approved by the Parliament Decision No 257-XVI of 5 December 2008. The National Plan for prevention and fighting trafficking of human beings for 2010 – 2011 was approved by the Decision No. 1 from 22 April 2010 of the National Committee for fighting against trafficking in human beings. The Regulation on organization and activity of the Center for Fighting Trafficking in human beings (CFTHB) was approved by the Order of the Ministry of Internal Affairs No 93 from 24 March 2010. Based on the Government Decision No 795 of 3 December 2009 a new structure and the permanent secretariat of the National Committee for fighting against trafficking in human beings were approved. *Measures against illicit use of drugs and narcotic substances:* It was established an Inter-ministerial Commission on combating drug addiction and drug business, which is the coordinating body for monitoring the implementation and coordination of the activities performed by the competent authorities in relation to the prevention and fighting against illicit drug trafficking. A new draft of the National antidrug strategy for 2010-2017 was prepared, together with an Action Plan for its implementation for 2010-2013, both of them being submitted to the Government for approval.
(other) changes since the first	

progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

Recommendation 40 (Other forms of co-operation)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*The capacity of the financial supervision bodies (including the National Securities Commission and the supervisory entities of the Ministry of Finance and the Licensing Chamber) to exchange information and cooperate with their foreign counterparts should be enhanced.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	As defined in the article 5 of the Law on National Commission of Financial Market no. 192 from 12.11.1998, information exchange and cooperation with their foreign counterparts are defined in the points: (1) National Commission has the right to cooperate with the corresponding specialized international organizations and be their member. (2) National Commission has the right to provide assistance and to exchange information with the non-banking financial market and its participants, with specialized international organizations and similar authorities from other states. NCFM presented the draft for the modification and completion of the Law on National Commission of Financial Market no. 192 from 12.11.1998. NCFM recommend to modify the article no. 5 as follows: a)Within the paragraph (1), to change the words “to cooperate with the corresponding specialized international organizations” with the words “to take part in the activity of the corresponding specialized international organizations”; b)The paragraph number 2 to modify as follows: “(2) National Commission has the right to provide, in the reciprocity conditions, assistance to supervisory authorities from other states: a) to present public or unpublicized information regarding nonbanking financial market, subjects of supervision of the National Commission of Financial Market; b) to co-operate with authorities which holds information regarding the object of an investigation.”
Measures taken to implement the recommendations since the adoption of the first progress report	The National Bank of Moldova has established information exchange agreements domestically with: Center for Combating Economic Crimes and Corruption and National Commission for Financial Market and internationally with: Romania, Russian Federation, Kazakhstan Republic, Belorussia Republic. Moreover, there are established negotiations in order to conclude information exchange agreements with: France, Austria, Italy, Germany and Ukraine. Moreover, the National Bank of Moldova during 2008-2010 submitted 6 letters to Financial and Capital Market Commission, Latvia, supervisory authority in Republic of Slovenia and Bosnia and Herzegovina asking for information regarding some transactions performed by a Moldavian commercial bank and information regarding the shareholders, including beneficial owners of a bank, and received as a feedback 5 letters concerning the same issue. At the same time, the NBM received 3 letters from Central Bank of Russia concerning some transactions performed through a commercial bank of Republic of Moldova, and in its turn submitted 3 letters as answers to the issue related in the Central Bank of Russia’s letters.

<table>
<tr><td>Recommendation of the MONEYVAL Report</td><td>As part of the reinforcement of its organizational autonomy, the OPCML should be able to exchange information directly with its foreign counterparts, and if possible enter into agreements itself for this purpose.</td></tr>
<tr><td>Measures reported as of 11 December 2008 to implement the Recommendation of the Report</td><td>In accordance with the art. 11 e) of the Law nr. 190/XVI from 26.07.2008 the FIU has the right to t develop cooperation and information exchange with similar foreign authorities, international organizations dealing with money laundering and financing of terrorism issues.
The quality of the EGMONT Group members gives the same ability to exchange information with their foreign counterparts using a secure web for this purpose.</td></tr>
<tr><td>Measures taken to implement the recommendations since the adoption of the first progress report</td><td>In accordance with the regulation of the SPCSB approved on 2010 the SPCSB has the major function to exchange information and cooperate international. Nowadays the SPCSB entered in bilateral relations with the similar FIUs by signing 31 MOUs , from those 13 MOUs are signed with EU member states.
The progress in enhancing international cooperation took place since the connection to the Egmont Secure Web. Please refer to the statistical data:
<table><tr><td>Exchange via ESW</td><td>incoming</td><td>outgoing</td></tr><tr><td>2008</td><td>52</td><td>93</td></tr><tr><td>2009</td><td>48</td><td>99</td></tr><tr><td>2010</td><td>47</td><td>81</td></tr><tr><td>2011</td><td>13</td><td>25</td></tr></table></td></tr>
<tr><td>(other) changes since the first progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)</td><td>In accordance with the proposed provisions of the draft Law on National Commission of Financial Market international cooperation in preventing and combating money laundering and terrorist financing is done directly by NCFM within its competence, with supervisory authorities from other countries and international institutions and organizations in field of activity. NCFM may, on reciprocal basis, assist the foreign supervisory authorities, including information exchange, or instrumentality, in accordance with the Law on preventing money laundering and terrorism financing.</td></tr>
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<table>
<tr><td colspan="2">Recommendation SR.III (Freezing and confiscation of terrorist assets)</td></tr>
<tr><td colspan="2">Rating: Non compliant</td></tr>
<tr><td>Recommendation of the MONEYVAL Report</td><td>It is recommended to urgently adopt the various measures required by SR.III and the United Nations Security Council Resolutions (clear legal structure for the conversion of designations under RES 1267 and RES 1373, national authority to consider requests for designations under 1373, procedures for systematically checking whether designated persons have funds or other assets – as defined in the IN Note to SR.III with a view to freezing them without delay - procedures for listing and de-listing, procedure to follow up on foreign freezing decisions, procedures to challenge a listing decision and to release part of the frozen assets for legitimate purposes, etc).</td></tr>
<tr><td>Measures reported as of 11 December 2008 to implement the Recommendation of the Report</td><td>There were conducted the fundamental revision of the national legislation for its compliance with the requirements established by the international conventions against terrorism and terrorism financing, UN Security Council Resolutions, has been achieved by the adoption of Law No 136-XVI of 19.06.2008 (a detailed description see in comment provided for SR II). The introduced amendments implement fully the required criteria for the Financing of terrorism offence,</td></tr>
</table>

	established by the TF Convention and cover all the aspects of the 9 international Conventions mentioned in the Annex of the TF Convention. A new body for coordinating the anti-terrorist measures was established by the Decision of the Intelligence and Security Service No 1295 of 13 November 2006 – Anti-terrorist Centre of the Intelligence and Security Service; It was adopted the Order of the Intelligence and Security Service No 75 of 14.11.2007 on the lists of persons and entities involved in terrorist activities, elaborated based on the lists of the UN Security Council Resolution 1267 (1999) and of the Joint Position 2001/931 of the Council of EU of 27 December 2001. It was published in the Official Monitor and placed on the web-site of the Antiterrorist Centre (www.antiteror.sis.md). The Order states the obligation of updating the lists according to the changes intervened in the UN and EU lists. Thus, the Order has been changed several times and the last amendment concerned Annex 1 and was introduced by the by ISS Order No 24 of 10.03.2008. The AML/CFT Law provide also the appropriate measures: "The Article 14. (1) The reporting entities are obliged to freeze, at the decision of the Centre for Combating Economic Crimes and Corruption, the carrying out of the transaction, for the period specified in the decision, but for not more than five working days. If the mentioned period is not sufficient, the Centre for Combating Economic Crimes and Corruption can request, on motivated grounds, before the expiration of the term, from the General Prosecutor Office or the court, to extend the term of freezing or seizing the goods. (2) The reporting entities freeze transactions with goods for two working days, excepting the account supplying transactions of the persons and entities involved in terrorist activities, in financing and helping in other ways, depending or directly controlled legal entities by this kind of persons and entities, of the natural and legal entities which act in the name or at the indication of this kind of persons and entities, including the means derived or generated by the property owned by the mentioned persons or directly or indirectly controlled, as well as natural and legal entities associated to them, by immediately informing the Centre for Combating Economic Crimes and Corruption, but not later than 24 hours from the receiving of the request. If in the mentioned term of 2 days they do not receive the decision of freezing of the transaction from the Centre for Combating Economic Crimes and Corruption, the reporting entities perform the transaction. (3) After the receiving and verification of the information mentioned in paragraph (2), the Centre for Combating Economic Crimes and Corruption dispose, in dependence of the case, the freezing of suspect transactions on term till 5 working days, execute by emergency necessary actions for the examination of the discovered case, by notifying the reporting entity about the decision that was taken. challenge (4) The list of persons and entities involved in terrorist activities are elaborated, actualized and published by the Service of Intelligence and Security in the Official Gazette of the Republic of Moldova. (5) As a basis for including a person or organization in the list mentioned at the paragraph (4) serve: a) lists elaborated by the international organizations to which the Republic of Moldova is a party and by the bodies of the European Union regarding the persons and entities involved in the terrorist activities; b) definitive decision of a court from the Republic of Moldova, regarding the declaration of the organization from the Republic of Moldova or from other state as being terrorist;

	c) definitive decision of a court regarding the cessation or suspension of the activity of the organization involved in terrorist or extremist activities; d) definitive decision of a court regarding the person's condemnation for the committing terrorist act or other crime with terrorist character; e) Ordinance of beginning criminal investigation in respect to a person that committed terrorist act or other crime with terrorist character. f) Definitive criminal decision pronounced by a foreign court recognized, in the established manner, by the national courts, in respect to the persons and entities involved in terrorist activities.
Measures taken to implement the recommendations since the adoption of the first progress report	In accordance with the art. 14 para.4 of the AML/CFT Law nr. 190 foresee the listing and delisting procedure by mean of actualization of the lists of persons and entities implicated in terrorist activities by the responsible entity, Intelligence Service of Moldova by approving the order 75 and the correlated amended orders for the purpose of the actualization of the list in accordance with the proper international sources. the list of individuals and entities involved in terrorism activities published in Official Monitor of the R.Moldova by Intelligence and Security Service. Since the adoption of the order 75 from 14.11.2007, the Intelligence Service approved 16 orders for actualisation of the main order 75 on list of persons and entities involved in terrorist activities. In order to foresee the procedure of unfreezing of transactions related to money laundering and terrorist financing a draft amendment to the Methodology of analyses of suspicious transactions, freezing and dissemination of reports suspected in money laundering and terrorist financing was elaborated.
Recommendation of the MONEYVAL Report	*It is recommended that clear guidance to all financial and non financial sector operators and adequate official awareness and information measures are developed on those measures and for detecting terrorist assets.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	See above
Measures taken to implement the recommendations since the adoption of the first progress report	Guidelines were issued to the reporting entities based on the FATF guidelines for financial institutions in detecting terrorist financing. The guideline was distributed to supervisory authorities and reporting entities and was placed on the official web site of the FIU.
Recommendation of the MONEYVAL Report	*It is also recommended to ensure that adequate monitoring of compliance with SR.III. is taking place in practice.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	A new body for coordinating the anti-terrorist measures was established by the Decision of the Government No 1295 of 13 November 2006 – Anti-terrorist Centre of the Intelligence and Security Service. Its staff consists of 18 persons. It is an autonomous unit of the Intelligence and Security Service. The Centre is structured in 4 bureaus: Monitoring and analyzing bureau, Coordination, planning and forecast bureau, Legal assessment bureau and Informational resources bureau. The Anti-terrorist Centre is responsible for monitoring of compliance with SR.III.
(Other) changes	Additionally, the Workshop "Combating the terrorist financing. Implementation of

since the last evaluation	UN Security Council Resolutions", 5 November 2008, Conference on Combating Financing of Terrorism, 1-3 October 2008, Davos, Switzerland MOLICO supported participation of representative from Security and Intelligence Service, Centre for Combating Economic Crimes and Corruption, National Commission for Financial Market and Ministry of Interior at the at the conference on combating terrorist financing that followed-up the conference on the same topic organised in Giessbach, Switzerland on 15-17 October 2007 and attended by Moldovan representatives. The conference was organised by the Basel Institute on Governance and the International Centre for Asset Recovery. It was focused on issues concerning confiscation and recovery of terrorist assets, the role of financial intelligence in counteracting TF, cooperation between law enforcement and private sector, and the use of technology in CTF, as well as collection and analysis of information on terrorists.
Measures taken to implement the recommendations since the adoption of the first progress report	
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	A draft Government decision on creation of a Working Committee in charge for execution of the international sanctions within the UN Resolution 1373 were elaborated by the Intelligence Service.

Recommendation SR.VI (AML/CFT requirements for money/value transfer services)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*Moldova should remain vigilant where the machinery for transferring funds, or remittances, is concerned and ensure that all operators (whether affiliated to foreign or national money transfer networks) also discharge their AML/CFT obligations in respect of funds transferred by Western Union, Moneygram or other arrangements.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In Republic of Moldova the money transfers (inclusive through Western Union and other rapid transfer systems) are performed by licensed banks and through money-order by postal offices. The banks are supervised, inclusive within the legal domain of ML and FT by NBM. Also as the art. 4 and 10 of the AML/CFT Law foresees that the post offices are subject of the law and are supervised by the Ministry of Informational Development.
Measures taken to implement the recommendations since the adoption of the first progress report	The Post Office "Posta Moldovei" approved its AML/CFT Policy in accordance with the provisions of the AML/CFT Law. In accordance with the provision of the art.9, Law nr. 463-XIII from 18.05.1995 the Ministry of Informational Development is the regulator for the Post at the national level. As a supervisory authority the Ministry of Informational Development effectuate on site controls on each quarter of year on the implementation of the AML/CFT policies As the result of the national

	risk assessment process was established that the transactions effectuated and risks estimated are very law. At the national scale the transactions effectuated via Posta Moldovei constitute 0.03 percentage of all the transactions. On October 2010 was approved and implemented the program of the organization and effectuation of the internal training for the senior managers of the administrative board of state company Posta Moldovei. The training topic was observance of the provisions of the AML/CFT Law , risks and typologies.
Recommendation of the MONEYVAL Report	*Requirements identified under R.5-11, 13-15, 21 are not implemented by the Post office and those under R.17, 24, 25 do not apply to the Post office, which is a part of this sector. Measures should be taken to address adequately these requirements.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	In accordance with the art.4. l) the post offices are subject of the AML/CFT Law. Thus all the provisions of the AML/CFT Law in the framework of the Rec. 5-11, 13-15,21 apply to post offices as well.
Measures taken to implement the recommendations since the adoption of the first progress report	In accordance with the art.4. l) the post offices are subject of the AML/CFT Law. Thus all the provisions of the AML/CFT Law in the framework of the Rec. 5-11, 13-15,21 apply to post offices as well. In accordance with the rec. 25 the Order nr. 118 foresee a Chapter on guidelines for Post Offices. In accordance with the Best Practice Guidelines on providing feedback to the reporting entities the FIU, SPCSB is providing general feedback and if there is the case specific feedback. During the internal training from October 2010 observance of the provisions of the AML/CFT Law , risks and typologies, the FIU SPCSB representatives provided authorities with typologies on ML and Terrorist financing cases.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	

Special Recommendation VII (Wire transfer rules)	
Rating: Non compliant	
Recommendation of the MONEYVAL Report	*Legislative changes are required to address issues relevant to compliance with criteria VII.2 and VII.3 regarding use of credit and debit cards as a money transfer instrument, and with criteria VII.4, VII.5, VII.7, VII.8 and VII.9 regarding all the banking sector.*
Measures reported as of 11 December 2008 to implement the Recommendation	According to art.5 (1) b) of law, the reporting entities apply identification measures regarding the natural or legal persons, including the beneficiary owner upon the carrying out of occasional transactions amounting at least 50 000 lei and electronic transactions amounting at least 15 000 lei, in both cases when the transaction is made meaning a single or many operations.

of the Report	According to art.6 (6) b) of Law, reporting entities shall adopt enhanced security measures regarding wire transfers, if there is lack of sufficient information about sender's ID and transactions encouraging anonymous persons. In accordance with the Report on the 3rd Complex Evaluation of Republic of Moldova regarding combat of money laundering and terrorism financing (Strasbourg, October 2, 2007), NBM has initiated projects in view of amendment and supplementation of the Regulation on bank cards which have been presented for evaluation to the banking community and to the public. Taking into account all the incoming suggestions the given projects have been completed and are due to be presented to the Council of Europe for examination and approval.
Measures taken to implement the recommendations since the adoption of the first progress report	According to art.6 (8) of the Law on prevention and combat of money laundering and terrorism financing, the reporting entities are obliged to set a business relations, or may refuse performing a transaction if the necessary identifying documents were not submitted or the one submitted are doubtful. In this case it means that when performing a wire transfer the banks can refuse its execution if there is lack of identification information or the information is doubtful. It is to be mentioned, that, according to the enclosure no.3 to the NBM Regulation on credit transfer, when performing any electronic transfer, the originating bank from R.Moldova should fulfill a payment order consisting of such information as at least: the name of ordering customer, fiscal code, address, etc At the same time, according to p. 6.1 of the NBM Regulation on use of e-banking systems, electronic transactions initiated by e-banking system holders for purposes of credit transfer shall include all the data provided in Attachment no. 4 "Filling In of the Payment Order Used for Credit Transfers in MDL" or Attachment no. 5 "Data to Be Included in the Payment Order Used for Credit Transfers in Foreign Currency" of the Regulation on Credit Transfer, approved following the Decision of the Council of Administration of the National Bank of Moldova no. 373 of 15 December 2005, which refers to payer / beneficiary, except for payer's signatures and stamp. Electronic transactions shall be authenticated as in accordance with contractual provisions and effective normative acts. Also, according to p.6.2 of the NBM's Regulation on use of e-banking systems, the paying bank shall accept and execute electronic transactions as in accordance with p. 4 of the Regulation of Credit Transfer, except for provisions related to application of bank's remarks, filing and submission to the payer of paper-based payment documents. The paying bank shall notify the system holder on the execution of electronic transactions as in accordance with contractual provisions of effective normative acts. As in accordance with the p.4.1 of the NBM's Regulation on credit transfer, the paying bank shall accept the payment order for execution if the following conditions are met: a) the payer holds a banking account with the paying bank according to the provisions of normative acts in effect; b) funds held on payer's account are sufficient to carry out the transfer; c) no restrictions with regard to funds' use are applied by legally authorised bodies upon funds held on payer's account; d) the payment order is issued in compliance with provisions of this Regulation; e) the justifying document, if such attachment is stipulated by normative acts in effect, is attached to the payment order. In accordance with the p.4.2 of the NBM's Regulation on credit transfer, the paying bank shall return to the issuer the payment order that has not been accepted for execution, with indicating of the rejection reasons.

	In addition to the actions undertaken as reported in 2008, the Council of Administration of NBM approved on October 15, 2010 the Regulation on banks activity within the international money transfer systems, which comes into force on June 1, 2011. This Regulation contains a special chapter "Preventing and combating money laundering and terrorist financing by means of international money transfer systems", which provides all relevant provisions that ensure the compliance with SR VII requirements with respect to international transfers performed through international money transfer systems. According to legal proceedings after approval of the Council of Administration of NBM, the above mentioned regulation was presented for examination to Ministry of Justice and after it will be registered by the Ministry of Justice, the Regulation will be published in the Official Monitor of Republic of Moldova and afterwards placed on the official web-site of the NBM. (The regulation mentioned is attached).
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	Also, recently was elaborated a project of supplementing the Regulation on credit transfers in order to detail the requirements for the message content accompanying the credit transfers, so that to ensure a better compliance with SR VII provisions. (The draft regulation is attached). As related to cards sphere compliance with SR VII provisions, the project of amendment and supplementation of the Regulation on bank cards developed by NBM, which was mentioned in previous progress report, was not supported by banking community. The main reason cited by the banking community was that technologically it is impossible to comply with the requirements of SR VII. Given this situation, on February 27, 2009 NBM has sent an official letter to Legal Department of IMF requesting an opinion concerning the modality of implementation of the criteria VII.2 and VII.3 regarding the use of credit and debit cards as a money transfer instrument. An official answer was still not received. NBM has started to verify during on-site inspections the commercial banks' procedures regarding the execution of the wire transfers by using bank cards. In result, it was determined that verified banks do not provide such kind of transfers. Meantime, due to the fact that there is no risk that the wire transfers made by using bank cards will be affected, the NBM developed a project of supplementing the Regulation on bank cards related to compliance with SR VII provisions, in order to ensure that in case that any bank will intend to start to provide the above mentioned transfers, it will undertake all relevant measures (both technical and procedural) in order to comply with SR VII requirements. (The draft regulation is attached).

Special Recommendation VIII (Non-profit organisations)	
Rating: Partially compliant	
Recommendation of the MONEYVAL Report	*Moldova should implement the requirements covered by criteria VIII.1 and VIII.3.*
Measures reported as of 11 December 2008 to implement the Recommendation of the Report	Taking in consideration the Order of the Intelligence and Security Service (ISS) No 75 of 14.11.2007, amended with regard to Annex 1 by ISS Order No 24 of 10.03.2008, as a result of the activity of the working group created within the Ministry of Justice, it was decided to introduce an additional preventive measure for the misuse of the NGO's and religious cults. This measure consists in mandatory checking if the NGOs' and religious cults' founders are not included in the lists approved by the Order No of the Intelligence and Security Service. In this respect, the Regulation of both Political parties and non-governmental organizations and

	Religious cults Divisions will be amended in order to establish the ISS Order and the Law on combating the terrorism as the guiding acts in their activity, according to their competences. An important amendment made in order to enhance the control of the NPOs' activity was the amendment introduced by Law No 178-XVI of 20 July 2007 regarding art. 16 of the Law on public association (Law No 837-XIII of 17 May 1996). Par. 2 of this art. introduce a mandatory rule saying that the members of the administration body of the NPO can not be in the same time members of the control and revision body. Due to this provision, all NPO must hire an accountant or to conclude a contract with an audit company in order to exercise the control of the NPO's activity. The control and revision body, according to the statute of the organization which has to be in compliance with the established form approved by the Political parties and non-governmental organizations, must prepare yearly a detailed report on the use of the obtained and spent financial resources, owned assets, etc. and present it to the General Assembly of the organization. These reports are checked by the representatives of the Political parties and non-governmental organizations Directorate during the on-site control visits and by the Certification Commission under the Ministry of Justice, when deciding upon conferring the certificate of public utility. A more detailed assessment of these reports, including separate investigations, is carried out by the State Fiscal Inspectorates, when carrying out the verifications for tax purposes and when deciding upon recommending an NPO which respects the provisions of the art. 52 of the Fiscal Code (Title II), for being recognized as a non-commercial organization with relief from taxation. For clarification, we mention that on 24.04.2008, based on the art. 31 of the Law on public associations, by the new Order No 177 of the Minister of Justice was approved the Regulation on the organization and functioning of the Certification Commission, published in the Official Monitor No 86-87, art. 263. This Commission is under the Ministry of Justice and is established for certification for public utility of the non-commercial organizations, one of the main benefits of such status being the relief from taxation. The commission consists of 9 members as follows: 3 members appointed by the President of the Republic of Moldova, 3 members appointed by the Parliament and 3 by the Government. The organizations can apply for obtaining such a certificate after at least 6 months of activity. The letter requesting the certification addressed to the Ministry of Justice must be accompanied by a set of documents, including the narrative and financial report on the performed activity during the last 6 months before the date of application, which confirms its activity of public utility, and the letter of advice from the State Fiscal Inspectorates. In the letter of advice (opinion), the State Fiscal Inspectorates must refer, besides others, to the assessment made with regards to the use of the financial means and assets of the organization, according to the purposes established in the statute, regulation or other constitutive document. Also, SFI must check if the organization performs an entrepreneurial activity, according to its statute, the profit obtained and used for achieving the purposes established in the statute. The Certification Commission exercises the control of the activity of the certified non-commercial organizations, based on the information and requests coming from the natural and legal persons, and from the law enforcement and fiscal (tax) authorities (point 25 of the Regulation). According to its regulation, organization are obliged to response to any requests of the Commission (points 26 and 27) and also,

	during the control activity, it can involve experts in any needed area (point 28). Depending on the results of the control, the Commission may initiate a trial for retiring the certificate of public utility (point 29). In 2006 was launched in Moldova the UNDP project "Increasing financial sustainability of Civil Society Organization in the Republic of Moldova" (until the end of 2009 year). One of its main objectives is to create a favourable legal and fiscal environment and mechanism for civil society development trough a comprehensive analysis of current legislation, drafting laws on the related framework, NGO development and changing public opinion. The project's experts analyzed the relevant legal framework and developed in 2007 a *Study on the analysis of the legal framework regarding the non-commercial organizations in the Republic of Moldova* and a *Study on the development of the of the non-governmental organizations in the Republic of Moldova.* According to the recommendations of the reports there were drafted two Laws on non-commercial (non-profit) organizations and on the non-commercial (non-profit organizations of public utility which were discussed during a series of round tables with the participation of the civil society. In order to raise the awareness of the NPOs about the risk of terrorist abuse, the national experts from the Ministry of Justice informed the Coordinator Committee of the UNDP project "Increasing financial sustainability of Civil Society Organization in the Republic of Moldova" which consists of the representatives of the most important NGOs, on the MONEYVAL recommendations, the criteria of the Special Recommendation VIII and on the International Best Practices of 11 October 2002. As a result, with the support of the project, on 30 October 2008 it was organized a round table with the representatives of the civil society during which it was explained the existing international standards, best practices and the MONEYVAL recommendation. As a result of discussion it was agreed to develop a Nation Account Standard for the non-profit sector and to amend the draft of the Ethic Code of the Non-governmental organizations in order to cover the specific criteria for reducing the risk of misuse of the NPOs. As an example it will be taken the Framework for a Code of Conduct for NPOs to promote transparency and accountability best practices, contained in the Communication of the European Commission *The Prevention of and Fight against Terrorist Financing trough enhanced national level coordination and greater transparency of the non-profit sector* (COM (2005) 620 final of 29.11.2005). The new draft of the Code of Ethic for non-commercial organizations has to be adopted during the general assembly on 8-9 December 2008.. Also it will be created a NGOs' Council which will be responsible for interpretation and monitoring of implementation of the Ethic Code. Also, in order to improve the monitoring and control competences of the Ministry of Justice of the NPOs' activity, especially by analyzing the yearly submitted reports coming from the NPOs and the transparency of the activity of the NPOs, with the support of the same UNDP project, it was elaborated the Concept of the Automatic Informational System – State Register of the Non-Commercial (non-profit) Organizations, which must be placed on the web-site of the Ministry of Justice until the end of this year, and which will make available all the information regarding the existing NPOs, including their reports of activity and will allow on-line reporting. It was introduced criminal liability for the NPOs by the amendment of the art. 21 of the Criminal Code (by the Law No 136-XVI of 19 June 2008) which covers now all legal entities, except public authorities. Additionally, after amendment, art. 21 is

	applicable to articles 279 *Terrorism financing*, 279[1] *Recruitment, training or provision of other support for terrorist purposes*, 279[2] *Instigation for terrorist purposes or public justification of terrorism* and 292 *Manufacturing, purchase, processing, storage, shipment, usage or neutralization of the explosive and radioactive materials* of the Criminal Code, thus making possible to convict an NPO for committing or involvement in committing such offences. In the same context, art. 24 of the Law on combating the terrorism was amended by Law 136-XVI – art. 24 The liability of the legal entities for carrying out terrorist activities. It provides expressly that it is prohibited in the Republic of Moldova the creation and the activity of the legal entities which purposes or actions are directed for promoting, justifying, financing or supporting the terrorism or for committing offences with terrorist character. According to the par. 2 of the same art., the legal entity is considered to be terrorist and is winded up (liquidated) and its activity is prohibited, based on the irrevocable court decision, at the request of the General Prosecutor or of its subordinated prosecutors, when on behalf or the interest of the legal entity, is carried out the organization, preparation, financing or is committed an offence with terrorist character, as well as when this acts where accepted, sanctioned, approved or used by the administration body or person with such competences of the legal entity. Court decision on winding up (liquidation) of the legal entity (prohibition of the activity) must be extended and to its branches and representatives. When recognizing a legal entity as terrorist, its assets must be confiscated, according to the Criminal Code of the Republic of Moldova. Par. 3 of the same art. states that these provisions apply and to the foreign legal entities and international organizations, as well as to their offices, branches and representatives situated in the Republic of Moldova. Moldova continues to make efforts in order to develop a strong civil society and an equal partnership between state and civil society and one of the most important initiatives taken in this regard is the elaboration of the Strategy on creation of the framework (conditions) for the development of the civil society during 2008-2011 which is examined by the Parliament in order to be adopted. Some of the measures provided in this Strategy started to be implemented already and the two draft Laws mentioned before on non-profit organizations and non-profit organizations of public utility can be given as an example in this respect.
(Other) changes since the last evaluation	On the 11.05.2007 the Parliament has adopted the Law No 125- of 11.05.2007 on religious cults and their component parts, which took in consideration the recommendations of the Council of Europe’s experts. The Ministry of Justice was established as the responsible authority for registering the cults, additionally to the competence of registration the political parties and NGO’s. This responsibility was transferred to the Ministry from the Service of Cults under the Government, thus ensuring a better coordination and monitoring of this sector. Art. 15 (3) of the mentioned Law states that financial-economical activity of the religious cults is under state control and that tax legislation is covering and their activity. Art. 24 of the same Law provides the cases when the activity of the religious cults and their component parts can be suspended up to 1 year: 1. When carrying out actions which breach the Constitution of the Republic of Moldova, the present Law and other normative acts; 2. When carrying out actions which threaten state security, public order, the life and security of human beings; 3. Derogation from the purposes established in the statute;

	4. When it is notified by the Ministry of Justice during a year on the necessity stop the breaching of the present Law. Art. 24(3) and (4) establish the right of the Ministry of Justice to notify in written form the administration of the religious cults or their component parts on the indentified cases of breach of law and to establish a reasonable term in order to stop these activities as well as to initiate a trial in order to suspend their activity. According to art. 25 of the Law, the activity of the religious cults and their component parts can be stopped by the decision of a court when these carry out serious acts or repeatedly perform acts provided by art. 24 or do not respect the previous court decision on suspending the activity. The Ministry of Justice can initiate a trial in order to stop the activity of a particular organization.
Measures taken to implement the recommendations since the adoption of the first progress report	After the fundamental revision of the national legislation made by the Law No 136-XVI of 19 June 2008 (described in the 1st Progress Report) which amended the Criminal Code, the Criminal Proceedings Code, the Law on combating terrorism, the Law on refugee status, etc, with the aim to implement the existing international standards on combating terrorism and financing of terrorism and which regarded the NPO sector as well, other amendments of the specific legislation were introduced in order to ensure a better control of the NPOs activity and to prevent their misuse for terrorism financing purposes. In this context, it was adopted the Law No 111 of 04.06.2010 which amended the Law No 837-XIII of 17th of May 1996 on public associations. The amending Law focused on changing the Chapter V "The status of public utility", a mechanism that also allows intensifying the control over the legacy of the activity of the NPOs. The main relevant articles of the Law No 111 are the art. 30^1, par. 4 and art. 32. Thus, art. 30^1 (4) requires that the public association that is requiring the status of public utility must perform its activity in a transparent way, by publishing in mass-media, including on its web page, the annual reports (which also must be presented to the registration authority – Ministry of Justice). The reports must as well contain the financial declaration which will include: a) the financial report on the last year of activity, according to the accounting standards, b) the information on the financial sources of the public association, including the obtained financial and/or material resources as well as c) the information on the way that the resources have been used, including the general and the administrative expenditures. Art. 32 of the same Law is listing the necessary documents for requesting the status of public utility: a. The letter of request; b. The copy of the statute and of the registration certificate; c. The activity report on the previous year (if the public utility status is requested for the first time) or on the last three years (when the association had before a status of public utility), which will contain information on the performed projects and activities, the value of the financial resources and/or of the material resources (assets) obtained and used during the reporting period, who were the beneficiaries and the resources used for covering the administrative expenditures; d. The financial declaration which will include: 5. The financial report on the previous year of activity, prepared according to the accounting standards, 6. The information on the sources of financing of the association, including the

	received grants for the previous period, but not more than 3 years, 7. The information on the way the obtained financial resources and assets have been used, including the general and administrative expenditures e. The proof of publishing in mass-media (including on the web page of the association) its annual reports on its statutory activity. Also, on the web site of the Ministry of Justice, there can be found all the necessary documents needed for the certification of the public utility status. According to them, the documents must provide very detailed analyses of the statute purposes, programs and activates, transactions with employees, affiliated transactions (with affiliated organisations – where the NPO, its directors, employees, its members or their relatives have property or management interests). Also, the financial declaration, that is a mandatory document, must include data on the sources of the financial recourses: activities, including economic ones, donations, grants, selling the property, etc., and data on the modalities of using the financial resources/assets. Based on the Government Decision No 345 of 30.04.2009, it was created a new State Register of the NPOs. According to its provisions, each NPO must have an identification number, which is provided by the Ministry of Informational Technologies. The Register must be kept on paper and in electronic version. All the relevant data like, the date of registration, name, headquarters, name/surname of the founders, name/surname of the director, the name of the supreme body, of the executive body, area of activity, the purposes of activity, etc., can be accessed by Internet on the web site of the Ministry of Justice. So, all this information is available for the public on line.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

2.4 Specific Questions

<u>Specific Questions raised in the 1st Progress Report and answers given by Moldova</u>

1. Have the authorities considered adopting an overall AML/CFT strategy or otherwise please describe which aspects of the anti-money laundering policies and/or programmes have the highest priority and why?
The Republic of Moldova approved the National Strategy of Prevention and fight against money laundering and financing of terrorism and the Action Plan for its implementation by the governmental decision nr. 632 from 05.06.2007. The Strategy has the *goal* to identify specific methods of combating money laundering and terrorism financing in different areas of activity. The objectives of the present Strategy are the following: *a) Harmonization of the national legislation with international standards and experience for money laundering and terrorism financing.*

The domestic anti-money laundering and terrorism financing regime must be adjusted to the recommendations of the Financial Action Task Force (FATF) on combating money laundering and terrorism financing and also to the relevant directives of the European Union and to the recommendations or the MONEYVAL Committee.

b) Preventing and combating of using suspect and limitative financial operations for the aims of money laundering and terrorism financing by national and transnational organizations;

The existing national mechanisms need to be improved for the minimization, and the exclusion of the phenomenon of legalizing illegally originated proceeds, through creation and implementation in the activity of the organization carrying out financial operations of essential criteria of suspicion, as well as of supervising mechanisms.

c) Institutional strengthening for supervision of implementation of relevant legislation and rising of efficiency of the activity by settling an efficient system of inter-institutional cooperation;

d) Strengthening of technical capacities and information systems of the OMLPC of the CCECC;

In order to carry out the functions of the OMLPC of the CCECC, laid down according to the law, rises the necessity of creation and consolidation of internal mechanisms of analysis and investigation, inclusively by supplying with technical equipment and software systems.

e) Raising of public awareness regarding the impact of these negative phenomenon on the entire society and on each citizen.

Informing the public regarding the risks and negative effects of the money laundering and terrorism financing phenomenon, as well as the transparency of the bodies empowered to prevent and combat these, represents a component of the mechanisms of counteracting of the above-mentioned phenomenon.

f) Intensification of international co-operation;

The activities of money laundering and terrorism financing proliferate all over the world. Therein, the combat of this phenomenon can be realized only through maximum intensification of international cooperation.

The objectives of the Strategy will be achieved through the realization of a detailed action plan specifying the relevant measures, responsible institutions and the execution deadline.

2. Have sanctions been imposed (whether administrative or criminal) specifically for AML/CFT infringements, at the instigation of financial sector supervisors, since the adoption of the 3rd report? If so, please indicate the main types of AML/CFT infringement detected by financial sector supervisors since the adoption of the 3rd report.

On 14.02.2007 the administrative sanctions for AML/CFT infringements were included in the Administrative Code by the **Article 162^{15}.** Infringement of the legislation on prevention and combating of money laundering and terrorist financing.

For non-dissemination or dissemination of incomplete or erroneous information on the activities or transactions, which fall under the incidence of the Law on prevention and combating of money laundering and terrorist financing - Will be applied a fine to the deciding factors sized from one to three hundreds conventional units. For the same actions performed with the aim of gaining profit - Will be applied a fine to the deciding factors sized from one to three thousands conventional units.[Art.162^{15} introduced by the Law nr.243-XVI of 16.11.2007, in force from 14.12.2007]

Since the adoption of the art. **162^{15}** on administrative sanctions for AML/CFT infringements the FIU applied sanctions in 9 cases for not reporting and reporting of erroneous information in total amount of 74.000 lei (equivalent to 5,7 thousand Euros).

3. With reference to the tax amnesty legislation (as adopted), please update the Committee on the adoption of any additional legal texts and issuance of any guidance to assist institutions in the application of KYC/CDD measures within the tax amnesty process (eg. when an application can be referred, when to report to the FIU in the tax amnesty context because of suspicions of money laundering, etc) as well as on the implementation of these legal norms.

In order to improve the AML/CFT system and to accomplish the recommendations set forth in the 3rd

round detailed assessment report on Moldova on anti-money laundering and combating the financing of terrorism (MONEYVAL) regarding duty of vigilance, including stronger or reduced identification measures (R.5 to 8), record keeping and wire transfer rules (R.10 & SR.VII), monitoring of transactions and business relationships (R11 & 21), fictitious banks (R. 18) the NBM approved a series of modifications and completions to the Recommendations on developing programs by banks of the Republic of Moldova on prevention and combat of money laundering and terrorism financing. (http://www.bnm.md/files/index_3196.pdf) (Annex)
The respective draft was presented to the IMF expert (Mr. G. Lombardo), essentially approved by him, with some objections regarding the assessment with the provisions of the Law no.190-XVI dated 26 July 2007on prevention and combat of money laundering and terrorism financing and that utterly were taking into consideration.
At the same time the necessary modifications and completions were made in accordance with the provisions of the art.26 and 32,alin.(2),p.1.c) of the Law no.1164-XIII of April 24, 1997 for enforcing Titles I and II of the Tax Code and according to the FATF recommendations and BASEL Committee Principles regarding prevention and combat of money laundering to the NBM Decision no.207 dated August 15, 2007 on some peculiarities of financial institutions activity related to the process of capital legalization and transfer/export from the Republic of Moldova of legalized funds by individuals. (http://www.bnm.md/files/index_3200.pdf) The aim of the respective modifications and completions is to determine the requirements for identification of the legalization subjects during the banks' activity on legalization of money means. The modifications and completions proposed are similar to those approved by NBM CA Decision no.281 of 07.11.2007 of Recommendations on developing by banks from Republic of Moldova of programs on prevention and combat of money laundering and terrorism financing. (http://www.bnm.md/files/index_3196.pdf)
Additional please refer to the statistical data for the legalized capital during the 2007 and 2008 are the following:
In 2007- 103,0 million lei (approximately 7.9 million Euros)
And in 2008 – 71 million lei (approximately 5.4 million Euros)

Additional Questions since the 1st Progress Report

1. Please describe major underlying predicate offences in money laundering cases since the last progress report. Have any cases of autonomous money laundering been commenced?
ML cases usually have as a predicate offence: smuggling, tax evasion, pseudo entrepreneurship, fraud, appropriation of another person's property, drug trafficking, etc. Nevertheless, none of them needed a prior conviction in order to be prosecuted or sent to the court. This practice fully corresponds to the legal requirements established by the art. 243 of the Criminal Code (ML) which clearly does not indicate to any requirement of prior conviction and expressly state that the illicit origin of the assets matters. Moreover, a recent case (judgment of October 2010) ended with a conviction solely on ML (art. 243 of the CC), which proves the autonomous character of the ML offence provided by the Criminal Code.
2. What action is being taken to assess the practical obstacles that have prevented Moldova from obtaining money laundering convictions? What remedying action is being taken?

In order to identify the obstacles that have prevented Moldova from obtaining money laundering convictions as well as identifying the money laundering risks, a national assessment took place. In this regards all the criminal cases initiated based on the art. 243 of the Criminal Code were recalled from the national courts.

Also, the practical obstacles for obtaining ML convictions have been discussed an analyzed within two specialized working groups: the inter-ministerial working group established for the implementation of the Strategy on prevention and combating AML/CFT and the inter-ministerial working group created by the order of the Prime-minister for the implementation of the MONEYVAL recommendation for the third round of evaluation.

Also, there have been organized a series of trainings for judges and prosecutors on ML offence and a special curricula has been developed, with the support of the MOLICO projects, for the National Institute of Justice on the ML offence which is used for the annual training programs of judges and prosecutors.

All the above mentioned measures proved to be efficient as they resulted in two convictions on ML in 2009 and 2010.

Moreover, based on the Order nr. 1017 from 27 of October 2010 was amended the organizational chart of the Anticorruption Prosecutor's Office. In accordance with the order a separate division for combating corruption and money laundering was established. Additional staff was allocated to the Anticorruption Prosecutor's Office for the new unit for combating corruption and money laundering, which will be formed by 11 prosecutors.

3. What steps are being taken to increase the use of freezing and seizure and to ensure they are followed up with confiscation orders?

In accordance with the statistical data kept by the authorities the cases were freezing decision were issued and the asset were recovered to state budget increased in comparison with the year 2005-2007. Please refer to the statistical data from the p.

The annual training program of the National Institute of Justice was amended since 2008 in order to increase the nr. of practical trainings on confiscation matters.

In order to increase the use of freezing and seizure procedure and the confiscation regime at the national level a tailored training is drafting and will be provided for national competent authorities, (financial analysts, investigators, prosecutors, investigative judges and Mutual legal assistance responsible persons) by the ICAR experts, Basel Institute of Governance and financial support of US Embassy in the thirst part of the year 2011. In this goal a scoping mission formed by 3 experts of the ICAR and Basel Institute of Governance took place in September 2010.

Beside the trainings on this issue organized for the law enforcement and juridical authorities, with the support of the MOLICO project, a Practical Guide was developed for the investigation of the corruption and connected offences (July 2009), which has been published and distributed. The Guidelines were developed by the Anticorruption Prosecutor's Office, together with the representatives of the Centre for Combating Economic Crimes and Corruption and of the Ministry of Internal Affairs.

The Guide tackles in a detailed manner such aspects as the financial investigation and of the assets investigation, the identification and seizure of assets for the purpose of further confiscation, etc.

Likewise, the General Prosecutor's Office has elaborated a Study on special confiscation, which contains a general part explaining art. 106 of the Criminal Code and the application of the confiscation regime, which is used as guidelines for internal use.

4. Please advise whether any supervisory sanctions have been imposed on financial institutions in relation to detected deficiencies in the application of any of the essential criteria set out in Recommendation 5.

During the period 2009-2010 years the National Bank of Moldova performed 40 onsite inspections to banks, during which where found 60 violations in relation to detected deficiencies in the application of the essential criteria set out in Recommendation 5. Thus, for infringement of the provisions of the Law on prevention and combat of money laundering and terrorism financing, the NBM applied 20 written warnings and 4 fines amounting around 5 mil. lei (around 300 thousands Euro).
5. Are there any sanctions applicable by competent supervisory authorities to DNFBPs ?
The Government submitted to the Parliament for approval the draft law for amending the Administrative Contravention Code in order to implement the provision of the Rec. 17 on dissuasive and proportionate sanctions for all reporting entities for non observing the provision of the AML/CFT Law.
6. (If this issue has not been addressed above) Are there any plans to introduce a separate enforceable obligation (whether in law or regulation or by other enforceable means) on financial institutions to pay special attention to all complex, unusual large transactions and all unusual patterns of transactions that have no apparent or visible economic and lawful purpose?
According to p.5.7 of the drafted Regulation, financial institutions shall have in place procedures and requirements to pay enhanced attention when making complex and unusual transactions without a clear economic or lawful purpose. At the same time, according to p.6.2.7 item e) of the drafted Regulation, financial institutions shall take enhanced identification measures and shall establish adequate technological information systems that can manage the information presented by clients. The technological information systems shall at least find the lack or insufficiency of corresponding documents for initiation of business relation, making an unusual transaction through the client's account and the aggregate situation of all clients' operations with the institution. Moreover, according to p. 6.3 of the drafted Regulation, financial institutions should adequately perform the monitoring of the clients and their transactions, including situations when clients perform complex and unusual transactions and that have no economic and lawful purpose.
7.In respect of essential criteria III.7, 8, 9 and 10 what are the procedures in place for delisting, unfreezing and authorizing access to frozen funds for necessary basic expenses and for challenging measures (if these issues have not been covered in the answers above)
In accordance with the art. 14 para.4 of the AML/CFT Law nr. 190 foresee the listing and delisting procedure by mean of actualization of the lists of persons and entities implicated in terrorist activities by the responsible entity, Intelligence Service of Moldova by approving the order 75 and the correlated amended orders for the purpose of the actualization of the list in accordance with the proper international sources. the list of individuals and entities involved in terrorism activities published in Official Monitor of the R.Moldova by Intelligence and Security Service. Since the adoption of the order 75 from 14.11.2007, the Intelligence Service approved 16 orders for actualisation of the main order 75 on list of persons and entities involved in terrorist activities. In order to foresee the procedure of defreezing of transactions related to money laundering and terrorist financing a draft amendment top the Methodology of analyses of suspicious transactions, freezing and dissemination of reports suspected in money laundering and terrorist financing was elaborated.

2.5 *Questions related to the Third Directive (2005/60/EC) and the Implementation Directive (2006/70/EC)8*

Implementation / Application of the provisions in the Third Directive and the Implementation Directive	
Please indicate whether the Third Directive and the Implementation Directive have been fully implemented / or are fully applied and since when.	The Third Directive and the Implementation Directive are not fully implemented in the national legislation.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	

Beneficial Owner	
Please indicate whether your legal definition of beneficial owner corresponds to the definition of beneficial owner in the 3rd Directive[9] (please also provide the legal text with your reply)	The provision of the art. 3 of the Law 190/XVI from 26.07.2007 on prevention and fight against money laundering and financing of terrorism, definition of beneficial owner corresponds to the definition of beneficial owner in the 3rd Directive[10] *beneficial owner*– natural person (s) who ultimately holds or controls the natural or the legal person, on whose behalf a transaction or activity is carried out and/or which who ultimately owns or controls a legal entity through direct or indirect ownership or control at least 25 % of shares or voting rights in that legal entity .
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	No Changes.

[8] For relevant legal texts from the EU standards see Appendix II.
[9] Please see Article 3(6) of the 3rd Directive reproduced in Appendix II.
[10] Please see Article 3(6) of the 3rd Directive reproduced in Appendix II

Risk-Based Approach	
Please indicate the extent to which financial institutions have been permitted to use a risk-based approach to discharging certain of their AML/CFT obligations.	The provision of the Law 190/XVI from 26.07.2007 on prevention and fight against money laundering and financing of terrorism, art. 5 and art.6 refers indirectly to the risk based approach. **Article 5.** The identification requirements of the natural and legal persons and of the beneficiary owner (2) The security measures reside on the following: a) identification and verification of the identity of natural or legal person, of the beneficiary owner, on the basis of the documents, data or information obtained from a reliable and independent source for the possibility of activity or transaction report in accordance with art.8. There shall be required ID presentation at account opening or business relation concluding; in case when the account is opened or the transaction is concluded by an entrusted person, there shall be additionally required the proxy, legalized in the according way; b) identification, as necessary, of the beneficiary owner and the approval of adequate and risk based measures to verify his/her identity, in order for the reporting entity to be convinced of the identity of the beneficiary owner, inclusively as far as the natural and legal person are concerned, for a better understanding of their structure of ownership and control of these persons; • obtaining of information regarding the purpose and the nature of the transaction or the business relationship; d) conducting ongoing monitoring of the transaction or of the business relationship, including the examination of transactions concluded throughout the course of the respective relationship, to ensure that the transactions being conducted are consistent with the information of the reporting entity regarding the legal or the natural persons, the business and the risk profile, including, when necessary, the source of funds and ensuring that the documents, data or information held are updated. **Article 6.** Enhanced security measures (CDD) (1) Reporting entities apply identification measures(CDD) regarding their scope in accordance with the risk associated to each type of client, business relation, goods or transaction. Reporting entities have to be able to demonstrate to competent authorities, including monitoring bodies the fact that the scope of security measures is adequate, taking in consideration money laundering and terrorism financing risks.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	The National Bank of Moldova has drafted Guidelines regarding risk based approach of clients, where different risk scenarios are elaborated and measures to be taken therefore. The purpose of this Guidance is to help create a coherent and effective approach of the risk-based approach to customers in the licensed banks by: guiding the licensed banks on improving their programs on preventing and combating money laundering and terrorist financing; facilitating familiarization with the risk-based approach to customers; drawing high level principles of risk-based approach to customers.

Politically Exposed Persons	
Please indicate whether criteria for identifying PEPs in	The criteria for identifying PEPs in accordance with the provisions in the Third Directive and the Implementation Directive[12] are foresees in the draft Law on amending the Law 190/XVI from 26.07.2007 on prevention and fight against

accordance with the provisions in the Third Directive and the Implementation Directive[11] are provided for in your domestic legislation (please also provide the legal text with your reply).	money laundering and financing of terrorism . More than that beyond the provisions of the Directive, national PEPs are also subject of the provisions of the AML/CFT Law. „*political exposed person* - natural persons, who are or have been entrusted with prominent public functions at the national and international level, as well as their direct family members and persons known as close associates; are fulfilled with new notions with the following: „*natural persons that are entrusted with important public functions at the international level”* – head of states, of government, senior government members, members of parliament, senior politicians, judicial or military officials, senior executives of the state owned corporations, royal family members; „ *natural persons, who are or have been entrusted with prominent public functions at the national level”* - natural persons, who are or have been entrusted with prominent public functions in accordance with the provisions of the Law nr. 199 from 16.07.10 on the statute of the persons entrusted with public function, inclusively senior executives of the state owned corporations; „Direct members of the families of political exposed persons *are the* wife/husband, children and their husband/wife and parents. „*close associates of the political exposed persons* – natural persons known as beneficiary owners of a legal person together with the natural persons that are or have been entrusted with prominent public functions at the national and international level or about whom is known that have close business relations with those persons, as well as the natural persons known as being the single beneficial owner of a legal person about which is known that was established on behalf of a natural person that are or have been entrusted with prominent public functions at the national and international level.”; Guidelines for the reporting entities were issued and approved by the order nr. 178 from 19.11.2010. Chapter III of the guideline establishes the time limit for consideration of PEPs in accordance with the provision of the Directive.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft “other enforceable means” and other relevant initiatives)	In order to implement the provision of the third EU Directive guidelines for the reporting entities on identifying transactions effectuated by Political Exposed persons were approved and till the end of the year is going to enter into force by being published in the Official Gazette of Moldova.

“Tipping off”	
Please indicate whether the prohibition is limited to the transaction report or also covers ongoing ML or TF investigations.	The provision of tipping off is implemented in the art 8, para.5 and art.12 para.2 and art.15 (1) of the Law.190-XVI from 26.07.2007.

[11] Please see Article 3(8) of the 3rd Directive and Article 2 of Commission Directive 2006/70/EC reproduced in Appendix II.

[12] Please see Article 3(8) of the 3rd Directive and Article 2 of Commission Directive 2006/70/EC reproduced in Appendix II.

With respect to the prohibition of "tipping off" please indicate whether there are circumstances where the prohibition is lifted and, if so, the details of such circumstances.	The provision of tipping off is implemented in the art 8, para.5 and art.12 para.2 and art.15 (1) of the Law.190-XVI from 26.07.2007.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	No changes.

"Corporate liability"	
Please indicate whether corporate liability can be applied where an infringement is committed for the benefit of that legal person by a person who occupies a leading position within that legal person.	After the amendment of the art. 21 of the Criminal Code by the Law No 136-XVI of 19 June 2008, the corporate criminal liability was extended to all legal entities, excepting public authorities. Beside that, the art. 243 (1), after amendment introduced by the Law No 243-XVI of 16 November 2007, establishes a punishment for legal entities – a fine of between 7.000 and 10.000 conventional units with the deprivation of the right to practice (exercise) a certain activity or winding up the legal entity.
Can corporate liability be applied where the infringement is committed for the benefit of that legal person as a result of lack of supervision or control by persons who occupy a leading position within that legal person.	Yes. Art. 21, par. 3 lit. c) states that The legal entity, except the public authorities shall be criminally liable for an act provided by the criminal law if: c) an act that causes or threatens to cause considerable damages to a person, to the society or to the state, was committed for the benefit of this legal entity or was allowed, sanctioned, approved, used by the body or the person empowered with functions of administrating the legal entity.
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	No changes.

DNFBPs	
Please specify whether the obligations apply to all natural and legal persons trading in all goods where payments are made in cash in an amount of € 15 000 or over.	In accordance with the draft Law that passed the thirst lecture in the Parliament the reporting entities are obliged to inform about each transactions made in cash in an amount exceeding 100000 lei (8000 Euro).
(other) changes since the first progress report (e.g. draft laws, draft regulations or draft "other enforceable means" and other relevant initiatives)	No changes.

2.6 Statistics

Money laundering and financing of terrorism cases

a) Statistics provided in the first progress report

2005												
	Investigations		**Prosecutions**		**Convictions (final)**		**Proceeds frozen**		**Proceeds seized**		**Proceeds confiscated**	
	cases	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)
ML	37	39	2	2	1	1	0	0	12	1,8 million lei (138550 Euros)	0	0
FT	0	0	0	0	0	0	0	0	0	0	0	0

2006												
	Investigations		**Prosecutions**		**Convictions (final)**		**Proceeds frozen**		**Proceeds seized**		**Proceeds confiscated**	
	cases	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)
ML	32	32	2	2	0	0	0	0	33	2,7 million Lei (207690 Euros)	0	0
FT	0	0	0	0	0	0	0	0	0	0	0	0

2007												
	Investigations		**Prosecutions**		**Convictions (final)**		**Proceeds frozen**		**Proceeds seized**		**Proceeds confiscated**	
	cases	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)
ML	41	46	4	4	0	0	0	0	15	1,05 million lei	0	0
FT	0	0	0	0	0	0	0	0	0	0	0	0

1.01. 2008– 09.2008												
	Investigations		**Prosecutions**		**Convictions (final)**		**Proceeds frozen**		**Proceeds seized**		**Proceeds confiscated**	
	cases	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)
ML	88	88	0	0	0	0	0	0	6	2,9 million lei (223970 Euros)	0	0
FT	0	0	0	0	0	0	0	0	0	0	0	0

b) Please complete, to the fullest extent possible, the following tables since the adoption of the first progress report

2009												
	Investigations		**Prosecutions**		**Convictions (final)**		**Proceeds frozen**		**Proceeds seized**		**Proceeds confiscated**	
	cases	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)
ML	135	135	8	8	1	1	0	0	0	0	1	4375 Euro
FT	0	0	0	0	0	0	0	0	0	0	0	0

31.12 2010												
	Investigations		**Prosecutions**		**Convictions (final)**		**Proceeds frozen**		**Proceeds seized**		**Proceeds confiscated**	
	cases	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)
ML	62	98	16	29	1	2	1	63425 USD	1	22 325 USD	1	85750 USD
FT	0	0	0	0	0	0	0	0	0	0		0

15.03 2011												
	Investigations		**Prosecutions**		**Convictions (final)**		**Proceeds frozen**		**Proceeds seized**		**Proceeds confiscated**	
	cases	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)	**cases**	**amount** (in EUR)
ML	9	12	5	3	0	0	1	63425 USD	1	25 000 USD	0	0
FT	0	0	0	0	0	0	0	0	0	0	0	0

STR/CTR

a) Statistics provided in the first progress report

2005															
Statistical Information on reports received by the FIU								**Judicial proceedings**							
Monitoring entities, e.g.	**reports about transactions above threshold**	**reports about suspicious transactions**		**cases opened by FIU**		**notifications to law enforcement/ prosecutors**		**indictments**				**convictions**			
								ML		**FT**		**ML**		**FT**	
		ML	**FT**	**ML**	**FT**	**ML**	**FT**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**
commercial banks	1 639 804	40212	2												
insurance companies	41	0	0												
notaries	117	0	0												
currency exchange	18	0	0												
broker companies	28	0	0												
securities' registrars	72	6	0	177	0	37		0	0	0	0	1	1	0	0
lawyers	0	0	0												
accountants/auditors	0	0	0												
company service providers	0	0	0												
Total	**1 640080**	**40218**	**2**												

2006															
Statistical Information on reports received by the FIU								**Judicial proceedings**							
Monitoring entities, e.g.	**reports about transactions above threshold**	**reports about suspicious transactions**		**cases opened by FIU**		**notifications to law enforcement/ prosecutors**		**indictments**				**convictions**			
								ML		**FT**		**ML**		**FT**	
		ML	**FT**	**ML**	**FT**	**ML**	**FT**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**
commercial banks	7020653	217049	1	193	0	32	0	0	0	0	0	0	0	0	0
insurance companies	83	0	0												
notaries	359	0	0												
currency exchange	34	2	0												
broker companies	32	0	0												
securities' registrars	84	0	0												
lawyers	0	0	0												

Monitoring entities, e.g.	reports about transactions above threshold	reports about suspicious transactions ML	reports about suspicious transactions FT	cases opened by FIU ML	cases opened by FIU FT	notifications to law enforcement/ prosecutors ML	notifications to law enforcement/ prosecutors FT	indictments ML cases	indictments ML persons	indictments FT cases	indictments FT persons	convictions ML cases	convictions ML persons	convictions FT cases	convictions FT persons
accountants/auditors	0	0	0												
company service providers	0	0	0												
Total	**7020906**	**217051**	**1**												

2007															
Statistical Information on reports received by the FIU								**Judicial proceedings**							
Monitoring entities, e.g.	**reports about transactions above threshold**	**reports about suspicious transactions**		**cases opened by FIU**		**notifications to law enforcement/ prosecutors**		**indictments**				**convictions**			
								ML		**FT**		**ML**		**FT**	
		ML	**FT**	**ML**	**FT**	**ML**	**FT**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**
commercial banks	9302392	177677	0	197	0	41	0	0	0	0	0	0	0	0	0
insurance companies	147	4	0												
notaries	359	0	0												
currency exchange	34	0	0												
broker companies	27	2	0												
securities' registrars	84	3	0												
lawyers	0	0	0												
accountants/auditors	0	0	0												
company service providers	0	0	0												
others (please specify and if necessary add further rows)	0	0	0												
Total	**9303092**	**177682**	**0**												

2008															
Statistical Information on reports received by the FIU								**Judicial proceedings**							
Monitoring entities, e.g.	**reports about transactions above threshold**	**reports about suspicious transactions**		**cases opened by FIU**		**notifications to law enforcement/ prosecutors**		**indictments**				**convictions**			
								ML		**FT**		**ML**		**FT**	
		ML	**FT**	**ML**	**FT**	**ML**	**FT**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**
commercial banks	6300000	190000	0	303	0	88	0	0	0	0	0	0	0	0	0
insurance companies	210	7	0												
notaries	275	0	0												
currency exchange	32	0	0												

broker companies	270	12	0														
securities' registrars	290	3	0														
lawyers	2	0	0														
accountants/auditors	3	1	0														
company service providers																	
Casino	2	0	0														
Lombard	0	0	0														
Leasing companies	16	0	0														
Total	**6300900**	**190023**	**0**														

b) Please complete, to the fullest extent possible, the following tables since the adoption of the first progress report

Explanatory note:
The statistics under this section should provide an overview of the work of the FIU.
The list of entities under the heading "*monitoring entities*" is not intended to be exhaustive. If your jurisdiction covers more types of monitoring entities than are listed (e.g. dealers in real estate, supervisory authorities etc.), please add further rows to these tables. If some listed entities are not covered as monitoring entities, please also indicate this in the table.
The information requested under the heading "*Judicial proceedings*" refers to those cases which were initiated due to information from the FIU. It is not supposed to cover judicial cases where the FIU only contributed to cases which have been generated by other bodies, e.g. the police.
"C*ases opened*" refers only to those cases where an FIU does more than simply register a report or undertakes only an IT-based analysis. As this classification is not common in all countries, please clarify how the term "cases open" is understood in your jurisdiction (if this system is not used in your jurisdiction, please adapt the table to your country specific system).

2009																	
Statistical Information on reports received by the FIU									**Judicial proceedings**								
Monitoring entities, e.g.	**reports about transactions above threshold**	**reports about suspicious transactions**		**cases opened by FIU**		**notifications to law enforcement/ prosecutors**		**indictments**				**convictions**					
								ML		**FT**		**ML**		**FT**			
		ML	**FT**	**ML**	**FT**	**ML**	**FT**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**		
commercial banks	9 ,7	311 324	0	317		211	0	2	3	0	0	1	1	0	0		
insurance companies	320	17	0														
notaries	935	0	0														
currency exchange	30	2	0														
broker companies	238	14	0														

securities' registrars	331	2	0												
lawyers	0	1	0												
accountants/auditors	0	2	0												
company service providers	0	0	0												
Casino	0	3	0												
Lombard	**0**	**0**	**0**												
Leasing companies	**12**	**2**	**0**												

2010															
Statistical Information on reports received by the FIU								**Judicial proceedings**							
Monitoring entities, e.g.	**reports about transactions above threshold**	**reports about suspicious transactions**		**cases opened by FIU**		**notifications to law enforcement/ prosecutors**		**indictments**				**convictions**			
								ML		**FT**		**ML**		**FT**	
		ML	**FT**	**ML**	**FT**	**ML**	**FT**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**	**cases**	**persons**
commercial banks	11 834 707	360083	3	292		213	0	1	2	0	0	1	2	0	0
insurance companies	593	19	0												
notaries	625	2	0												
currency exchange	19	4	0												
broker companies	91	2	0												
securities' registrars	85	8	0												
lawyers	0	1	0												
accountants/auditors	0	3	0												
company service providers			0												
Casino	0	0	0												
Lombard	**0**	**0**	**0**												
Leasing companies	**12**	**0**	**0**												

<table>
<tr><th colspan="16">2011 February</th></tr>
<tr><th colspan="8">Statistical Information on reports received by the FIU</th><th colspan="8">Judicial proceedings</th></tr>
<tr><th rowspan="3">Monitoring entities, e.g.</th><th rowspan="3">reports about transactions above threshold</th><th colspan="2">reports about suspicious transactions</th><th colspan="2">cases opened by FIU</th><th colspan="2">notifications to law enforcement/ prosecutors</th><th colspan="4">indictments</th><th colspan="4">convictions</th></tr>
<tr><th rowspan="2">ML</th><th rowspan="2">FT</th><th rowspan="2">ML</th><th rowspan="2">FT</th><th rowspan="2">ML</th><th rowspan="2">FT</th><th colspan="2">ML</th><th colspan="2">FT</th><th colspan="2">ML</th><th colspan="2">FT</th></tr>
<tr><th>cases</th><th>persons</th><th>cases</th><th>persons</th><th>cases</th><th>persons</th><th>cases</th><th>persons</th></tr>
<tr><td>commercial banks</td><td>764184</td><td>52228</td><td>0</td><td rowspan="11">34</td><td rowspan="11">0</td><td rowspan="11">22</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td><td rowspan="11">0</td></tr>
<tr><td>insurance companies</td><td>65</td><td>13</td><td>0</td></tr>
<tr><td>notaries</td><td>131</td><td>0</td><td>0</td></tr>
<tr><td>currency exchange</td><td>02</td><td>0</td><td>0</td></tr>
<tr><td>broker companies</td><td>30</td><td>5</td><td>0</td></tr>
<tr><td>securities' registrars</td><td>16</td><td>1</td><td>0</td></tr>
<tr><td>lawyers</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>accountants/auditors</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>company service providers</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Casino</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Lombard</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Leasing companies</td><td>8</td><td>0</td><td>0</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

c) AML/CFT Sanctions imposed by supervisory authorities

Please complete a table (as beneath) for administrative sanctions imposed for AML/CFT infringements in respect of **each type of supervised entity in the financial sector** (eg, one table for banks, one for insurance, etc). If possible, please also indicate the types of AML/CFT infringements for which sanctions were imposed in text beneath the tables in your reply.

If similar information is available in respect of supervised DNFBP, could you please provide an additional table (or tables) covering administrative sanctions on DNFBP, also with information as to the types of AML/CFT infringements for which sanctions were imposed in text beneath the tables in your reply.

Please adapt the tables, as necessary, also to indicate any criminal sanctions imposed on the initiative of supervisory authorities and for what types of infringement.

National Bank of Moldova

	2007 for comparison	**2008 for comparison**	**2009**	**2010**	**2011**
Number of AML/CFT violations identified by the supervisor	**21**	**21**	**21**	**26**	**4**

Type of measure/sanction*					
Written warnings	7	4	3	10	3
Fines		1	2	1	0
Removal of manager/compliance officer	0	0	0	0	0
Withdrawal of license	0	0	0	0	0
Other**			1 agreement		
Total amount of fines		2.5 mil lei (156250 Euro)	3.5 mil lei (218750 Euro)	1.5 mil lei (93750 Euro)	0
Number of sanctions taken to the court (where applicable)					
Number of final court orders					
Average time for finalising a court order					

*** Please amend the types of sanction as necessary to cover sanctions available within your jurisdiction**
**** Please specify**

National Commission for Financial Market

	2007 for comparison	2008 for comparison	2009	2010	2011
Number of AML/CFT violations identified by the supervisor	0	6	9	6	2
Type of measure/sanction*					
Written warnings	0	2	4	2	0
Fines		0	2	0	0
Removal of manager/compliance officer	0	0	0	0	0
Withdrawal of license	0	0	0	0	0
Other**					
Total amount of fines		0	30 000 lei (1875Euro)	0	0
Number of sanctions taken to the court (where applicable)					
Number of final court orders					
Average time for finalising a court order					

*** Please amend the types of sanction as necessary to cover sanctions available within your jurisdiction**
**** Please specify**

Ministry of Justice

	2007 for comparison	2008 for comparison	2009	2010	2011
Number of AML/CFT violations identified by the supervisor	0	42	42	38	8
Type of measure/sanction*					
Written warnings	0	9	6	3	0
Fines		0	0	1	0
Removal of manager/compliance officer	0	0	0	0	0
Withdrawal of license	0	0	0	0	0
Other**					
Total amount of fines		0	0	0	0

Number of sanctions taken to the court (where applicable)					
Number of final court orders					
Average time for finalising a court order					

*** Please amend the types of sanction as necessary to cover sanctions available within your jurisdiction**
**** Please specify**

Centre for Combating Economic Crimes and Corruption

	2007 for comparison	**2008 for comparison**	**2009**	**2010**	**2011**
Number of AML/CFT violations identified by the supervisor	**0**	**18**	**12**	**9**	**0**
Type of measure/sanction*					
Written warnings	**0**	**0**	**0**	**0**	**0**
Fines		**9**	**6**	**3**	**0**
Removal of manager/compliance officer	0	**0**	**0**	**0**	**0**
Withdrawal of license	**0**	**0**	**0**	**0**	**0**
Other**			**0**		
Total amount of fines		**2.2 mil lei (1 375 000 Euro)**	**1,2 mil lei (75000Euro)**	**1.0mil lei (62500 Euro)**	**0**
Number of sanctions taken to the court (where applicable)					
Number of final court orders					
Average time for finalising a court order					

*** Please amend the types of sanction as necessary to cover sanctions available within your jurisdiction**
**** Please specify**

3. Appendices

3.1 APPENDIX I -Recommended Action Plan to Improve the AML / CFT System

AML/CFT system	Recommended action (in order of priority)
1. General	
2. Legal system and other related measures	
Criminalisation of Money Laundering (R.1 & 2)	- The text of Article 243 should formally cover the laundering by the author of the predicate offence. - The issue of the foreign predicates to money laundering (subject to dual criminality or not) could also be further addressed, either in law or by way of creating jurisprudence. This would help to clarify the wording and avoid possible interpretations at variance with current accepted opinion. - It should also make it clear what evidence is required concerning the associated offence and criminal intent. - The corporate criminal liability under article 21(3) CC should apply beyond the commercial legal entities, to include non-commercial and non-profit legal persons. - A serious effort needs to be made to increase the effectiveness of the system, particularly in the judiciary phase. The implementation aspect is presently quite unsatisfactory, however, and needs to be addressed by a firm prosecution policy and creation of jurisprudence, particularly on the evidentiary requirements. - Such measures should be accompanied by awareness-raising and information aimed at police officers, prosecutors and judges (publications, internal memoranda, guidelines, instructions, training courses etc.) which would also emphasize the need to prevent abuses of the plea bargaining system in cases of money laundering or serious crime. The revision process should be used to reconsider overall consistency (include a general reference to financial assets, property and income and the links between aggravating circumstances).
Criminalisation of Terrorist Financing (SR.II)	The examiners recommend taking legislative and other steps that prove necessary to ensure that: - the financing of terrorism under Article 279 (in conjunction with Article 278) also covers organisations and persons recognised as engaging in terrorist activities, even in the absence of (preparation of) a specific terrorist act; - the terrorist acts provided for in Articles 278 and 279 include the acts provided for in the international

	conventions to which the 1999 Convention refers; - the form of support given includes all types of funds whether material or non-material; - the scope of Article 21 (corporate criminal liability) is extended to make it applicable to Articles 278 and 279.
Confiscation, freezing and seizure of proceeds of crime (R.3)	a) The confiscation of the body (" corpus") of the offence should be unequivocally provided for, both in (stand-alone) money laundering and in terrorism financing cases; b) Further develop the full protection of the interests of the *bona fide* third party within the context of the criminal proceeds confiscation proceedings; c) Steps are taken to solve the practical problems sometimes *caused* by freezing and seizure (administration of assets pending confiscation, application to less tangible products such as company shares – appointment of a civil administrator, conversion to stable financial products, etc.) - The anti-laundering office is encouraged to make more frequent requests under its own powers for transactions to be suspended. - More efforts are made to familiarise law enforcement and judiciary authorities with these measures. - To consider reducing the burden of proof by reversing (or sharing) it following conviction and for purposes of confiscation.
Freezing of funds used to finance terrorism (SR.III)	- It is recommended to urgently adopt the various measures required by SR.III and the United Nations Security Council Resolutions (clear legal structure for the conversion of designations under RES 1267 and RES 1373, national authority to consider requests for designations under 1373, procedures for systematically checking whether designated persons have funds or other assets – as defined in the IN Note to SR.III with a view to freezing them without delay - procedures for listing and de-listing, procedure to follow up on foreign freezing decisions, procedures to challenge a listing decision and to release part of the frozen assets for legitimate purposes, etc). - It is recommended that clear guidance to all financial and non financial sector operators and adequate official awareness and information measures are developed on those measures and for detecting terrorist assets. - It is also recommended to ensure that adequate monitoring of compliance with SR.III. is taking place in practice.
The Financial Intelligence Unit and its functions (R.26, 30 & 32)	• The examiners recommend that within the CCCEC, the identity and independence of the OPCML are strengthened to bring it more into convergence with the criteria for and characteristics of FIUs generally, concentrating on the prevention of money laundering,

	and that it is given sufficient resources to discharge its main tasks, ie. the analysis of financial intelligence. • For this purpose, the FIU should have a secure computer system and specific databases and be directly accorded the same powers as those usually accorded to an FIU, in particular those of exchanging information without prior agreement, signing co-operation memoranda under its own name, and asking for operations to be suspended without the intervention of the CCCEC director. • The OPCML's identity should also be established more clearly in legislation, in particular in the AML Law, which refers only to the CCCEC. • Once that identity is established, the other relevant standards must be implemented as a whole, in particular: 6.22 protection of information held by the FIU (confidentiality) 6.23 the elaboration of periodical reports, which include statistics, typologies and trends as well as information regarding its activities 6.24 giving guidance to the subjected entities on the reporting procedure. - It is also recommended that the OPCML's powers be reviewed. In addition to its analytical tasks, it might benefit from a general power of supervision on compliance with the obligations laid down in the AML law. The latter does not make express provision for this, and this supervisory power seems to derive from the powers of the CCCEC.
Criminal prosecution and investigation authorities or other competent authorities (R.27, 27, 30 & 32)	• There should be more in-depth analysis of the phenomenon of and trends in money laundering and its institutional framework, including sectors which are not universally regarded as vulnerable to laundering but about which the examiners sometimes heard fairly firm risk allegations (gaming, outside as well as within casinos, real estate, insurance, pawnbrokers etc.); • The results of investigation and intelligence work on the financing of terrorism should be more fully shared between the SIS and the CCCEC, which also has preventive powers in the field; • Detailed statistics should be kept on money laundering and terrorist financing investigations, prosecutions and convictions, as well as on seizures and confiscation; in particular, this would make it possible to assess the practice of the authorities in this sphere and ensure that a policy exists on the proceeds of crime; • Moldova may consider to review, as a matter of urgency, the legal framework for the use of special investigation techniques and examine if the Code of Criminal Procedure should be amended to extend the

	use of special investigation techniques, including controlled deliveries, to a wider range of offences associated with AML/CFT; • Training must be developed/continued, with an emphasis on systematic recourse to financial investigations, the culture of the business world, the use of investigation techniques in a modern legal framework, analysis and use of computer techniques (involving in particular, but not only, the anti-laundering office).
3. Preventive measures – financial institutions	
Risk of money laundering or terrorist financing	
Secrecy or confidentiality of financial institutions (R.4)	• The question of lawyers' professional confidentiality should be reviewed. • The Law on the National Securities Commission should provide the NSC the explicit authority to exchange information with with other foreign competent authorities on AML/CFT issues. • The evaluators were not provided any additional information regarding the insurance sector. In any case, it is recommended that the law on insurance should provide similar authority on international information exchange related to AML/CFT purposes to the Ministry of Finance.

Duty of vigilance, including stronger or reduced identification measures (R.5 to 8)	Most steps are required to increase the level of compliance with the FATF Recommendation 5 which is one of the fundamental Recommendations of the FATF. The examiners advise that obligations in the AML/CFT methodology marked with an asterisk are put in the AML Law.
	• It is strongly recommended to amend the AML Law (and consequently the various existing sector-specific regulations) in order to implement the various requirements of Recommendation 5, and to ensure that the following mechanisms are duly taken into account:
	  • Identification of beneficial owners
	  • “Know your customer” policies
	  • On-going due diligence in respect of the business relationship
	  • enhanced due diligence mechanisms for specific high-risk customers, including PEPs
	  • modalities for the verification of identification
	  • consequences of problems occurring during the identification process
	  • applicability to existing customers

	• The examiners strongly advise to include in the AML law or regulation a definition of "beneficial owner" on the basis of the glossary to the FATF Methodology. Financial institutions should take reasonable measures to verify the identity of beneficial owners using relevant information or data obtained from reliable sources. • The legal status of the 2002 NBM Recommendations as a key regulation for banks should not be disputable. The Moldova authorities are advised to address this issue so as to avoid controversies and take the necessary measures to ensure that the text contains mandatory obligations for banks which are enforceable by the NBM and are fully in compliance with the FATF recommendations. • Turning to Recommendations 6 to 8, no specific measures are in place. There is thus a need to either amend the AML Law, or to adopt specific regulations for the banking and non-banking financial sector regarding the various requirements of Recommendation 6 on politically exposed persons, of recommendation 7 on correspondent banking relationships, of Recommendation 8 on non face to face transactions, and to complement the NBM Recommendations on all those issues. • In the further development of the NBM recommendations, the NBM is encouraged to carefully analyse the current legislative limitations and existing practice to avoid introducing mandatory requirements for banks in situations that are prohibited in any event or are not applicable. • It is also recommended to extend more largely the 2002 NBM Recommendations on money laundering and the AML Law to the issue of terrorist financing regarding the due diligence mechanisms.
Third parties and business generators	N/A
Record keeping and wire transfer rules (R.10 & SR.VII)	• The AML law requires financing institutions to keep information on identified customers, archive of accounts and primary documents regarding limited and suspicious financial transactions for a period of 5 years from the date when the transaction was carried out. The provisions of the AML law should cover the entire transactions carried out by financial institutions, and not exclusively those regarding suspicious transactions and transactions in excess of the set amounts by the law. • A general requirement to maintain all relevant records for 5 years after the termination of the account or business relationship should be established. • Competent authorities should be given proper powers to enable them to request, in specific cases, financial institutions to keep all necessary records for a longer

	period as determined these authorities. • The AML law and sector specific legislation or regulation should clearly require financial institutions to maintain such information and data on clients and transactions so that it can be made available on a timely basis to the competent authority. • Legislative changes are required to address issues relevant to compliance with criteria VII.2 and VII.3 regarding use of credit and debit cards as a money transfer instrument, and with criteria VII.4, VII.5, VII.7, VII.8 and VII.9 regarding all the banking sector.
Monitoring of transactions and business relationships (R11 & 21)	- It is recommended to introduce a general enforceable obligation to pay special attention to all complex and unusual large transactions, or unusual patterns of transactions that have no apparent or visible economic or lawful purpose. - Financial institutions should also be required by law, regulation or other enforceable means to examine the background and purpose of such transactions and set forth their findings in writing and make them available for competent authorities and auditors for at least 5 years. - A specific requirement should be introduced by Law, Regulation or other enforceable means to ensure that financial institutions proactively examine business relationships and transactions with persons from countries that do not apply or insufficiently apply FATF recommendations. - If transactions with persons from countries which insufficiently apply the FATF Recommendations have no apparent economic or visible lawful purpose, the background and purpose should be examined and written findings should be made available for competent authorities. This requirement should be covered by Law, Regulation or other enforceable means. - A mechanism should be set up to enable a state agency to apply counter-measures if a foreign country fails to comply with FATF recommendations on a continuing basis, as well as to specify such measures. - The Moldovan authorities should also envisage adopting a more targeted approach to advising financial institutions on potentially problematic jurisdictions, other than the NCCT countries and territories and offshore zones, which would involve them in making their own decisions in respect of individual states. They should also provide legal measures needed for implementing additional counter-measures under criterion 21.3.
Suspicious transaction and other reporting (R.13-14, 19, 25 & SR.IV & SR IX)	- Instead of a specific and exhaustive list of suspicious transactions, the preventive law should make suspicion that funds are proceeds from crime or are linked or

	related to, or are used for financing of terrorism the only mandatory basis for making an STR, regardless of transaction amount. - The CCCEC and the supervisory authorities should be authorised to provide guidance to the reporting institutions regarding recent ML/FT typologies and transactions used to enhance the capacity of these institutions to detect suspicious transactions. - A fully comprehensive provision should be introduced by law or regulation requiring financial institutions to report to the FIU whenever they suspect or have reasonable grounds to suspect that funds are linked or related to, or to be used for terrorism, terrorist acts or by terrorist organisations or those who finance terrorism, in line with SR IV. - The Moldovan authorities should also clarify the situation in respect of the application and scope of Article 4. 1(g) and make it clear that it applies to all reports of operations subject to an upper limit, under both articles 4.1(b) and article 5.1(a) to (e). This would avoid the risk of confusion and non-reporting. - It is also recommended to clarify the issue of sanctions in the AML Law in case of non compliance with art. 4(1) (g) (prohibition of tipping off). - The question of a single form for reporting all transactions whatever the reporting entity should be seriously considered, and the policy whereby entities are only bound by their obligations if a form and a CCCEC instruction exist should be abandoned. - The declaration obligation should extend to all bearer negotiable instruments. Furthermore enhanced awareness-raising of the customs should bring a more effective focus on recovery of criminal assets.
Internal controls, compliance and foreign branches (R.15 & 22)	- The question of the existence of internal controls in the non-banking sector affecting all AML Law obligations remains open and once responsibility for supervising the implementation of the AML Law has been clarified, the Moldovan supervisory authorities must ensure that internal controls are in place in all reporting financial entities.
Fictitious banks (R. 18)	- There should be explicit requirements (in law, regulation or other enforceable means) which oblige financial institutions to discontinue existing correspondent banking relationships with shell banks, if any, as required by Criterion 18.2,; - The examiners have not been provided with sufficient information that financial institutions are required to satisfy themselves that respondent financial institutions in a foreign country do not permit their accounts to be used by shell banks and consequently, they recommend to insert in the law or regulation clear provisions on

	shell banks, covering essential criteria for recommendation 18.
The supervisory and oversight system - competent authorities and self-regulating organisations (R. 17, 23, 29 & 30).	- Firstly, the AML Law should refer to the OPCML rather than to the Centre as regards FIU aspects. - Secondly, the AML Law should include a clear list of administrative penalties applicable to the different breaches of the AML Law, possibly with reference to the sanctions available in the Code of Administrative Penalties. - Thirdly, the effectiveness of the supervision system would benefit greatly from clarification. The recommendation made in this connection during the second round evaluation deserves repetition: state clearly in the various provisions of Article 8 which control bodies are being referred to, and list them in order to clarify the anti-laundering responsibilities; the Moldovan authorities might perhaps envisage providing for the anti-laundering section to have explicit powers to monitor the implementation of the AML Law whatever the sector (by settling questions which competing powers between authorities could cause); this would enable shortcomings in a given sector to be compensated for.
Financial institutions - market entry and ownership/control (R.23)	- Once the applicational scope of Article 8 paragraph 2 has been extended to all the AML Law requirements, the supervisory authorities should swiftly ensure that they are implemented, and not just with regard to the reporting and identification obligation (see recommendations in the preceding section); - The licensing legislation should require a check on the origin of funds and the personal competence of persons applying for an insurer's licence (and the other entities subject to the AML Law).
AML/CFT Guidelines (R.25)	- The CCCEC/the OPCML and the various entities in charge of supervision should make a greater publication effort, bearing in mind the many sectors subject to the AML Law. Resources are apparently limited for the publication of documents on paper, but the examiners were able to observe that computerisation is making rapid progress in Moldova and it would be easy to use the CCCEC site as a documentary resource. - Steps should also be taken to ensure that information is properly circulated in the various sectors. - Furthermore, information should be provided in the sphere of financing of terrorism, without neglecting important sectors.
Ongoing supervision and monitoring (R.23, 29 & 32)	- Moldova should address the various shortcomings in the field of supervision and monitoring of the whole financial sector (in particular the explicit designation of the supervisory bodies, adequate powers to monitor and ensure compliance, full coverage of AML/CFT aspects

	in inspections of the whole financial sector, robust supervisory programme for AML/CFT purposes with proper inspection procedures etc). - Better statistical data should be kept by all supervisory bodies, detailing the nature of AML/CFT violations detected and penalties imposed. Statistics of onsite visits and use of sanctions need reviewing collectively and on a coordinated basis, in order to have a clear picture of the level of AML/CFT compliance across the financial sector.
Money or securities transfer services (SR.VI)	- Moldova should remain vigilant where the machinery for transferring funds, or remittances, is concerned and ensure that all operators (whether affiliated to foreign or national money transfer networks) also discharge their AML/CFT obligations in respect of funds transferred by Western Union, Moneygram or other arrangements. - Requirements identified under R.5-11, 13-15, 21 are not implemented by the Post office and those under R.17, 24, 25 do not apply to the Post office, which is a part of this sector. Measures should be taken to address adequately these requirements.
4. Preventive Measures – Designated Non-Financial Businesses and Professions	
Duty of vigilance and keeping of documents (R. 12)	- First of all, Moldova should take steps to clarify the drafting of the AML law by listing more precisely the non-financial activities and professions (abolishing the catch-all form which applies to all operators effecting transactions outside the financial system). - Urgent consultations are needed with the profession of lawyer in order to determine their obligations under the AML Law. - All changes regarding the CDD and record keeping requirements for financial institutions should be put in place for DNFBPs. - Clear and direct obligations as defined in recommendation 6 should be expressly adopted. - Moldova should adopt specific measures concerning non face to face business transactions and a general requirement to deal with the misuse of technological developments. - Relevant authorities should take urgent steps to raise awareness of the relevant provisions of the AML Law as they apply to the DNFBPs they supervise, and to develop guidance relevant to the individual sectors.
Monitoring of transactions and business relationships (R12 & 16)	- Moldova should ensure that requirements under Recommendation 11 and 21 apply to DNFBPs, subject to the qualifications in Recommendation 16.
Declaration of suspect operations (R. 16)	- Moldova should ensure that the reporting form is available rapidly for all designated non-financial businesses and professions subject to the AML Law (at the same time as clarifying the precise list thereof).

	- Additional measures should be taken to ensure that all DNFBPs comply with their reporting obligations. - More outreach and guidance is developed for all DNFBPs to explain the reporting obligation.
Internal controls, compliance & audit (R.16)	- The authorities should make sure that all DNFBPs are required to set up internal procedures, policies and controls to prevent ML and FT. The DNFBPs should also be required to either have a program for employee training or have some other access to (compulsory) training either provided by the orders and associations or by the authorities.
Regulation, supervision and monitoring (R.17, 24-25)	- Once the various designated non-financial businesses and professions have been listed by name in the AML Law, it will again be necessary to clarify the powers of the supervisory bodies (in particular the different departments of the Ministry of Finance which are involved in controlling gaming, pawnbrokers, and dealers in precious stones and metals) in order to ensure that all DNFBPs are adequately supervised for AML/CFT purposes. - In the case of the legal and accounting professions, their professional associations should be given an active role to play. - Moldova should provide more specific, timely and systematic feedback to reporting entities and should develop further its effort to raise AML/CFT awareness within the DNFBPs, especially through sectoral and practical guidelines.
Other non-financial businesses and professions (R.20)	- The limit on cash payments imposed on legal entities is a positive initiative which Moldova ought to extend to payments by individuals, bearing in mind the problems specific to the country (corruption, cash-based economy, cash of sometimes suspect origin brought into Moldova, etc.).
5. Legal Persons and Arrangements & Non-Profit Organisations	
Legal Persons – Access to beneficial ownership and control information (R.33)	- Moldova should introduce controls on the origin of funds as a preliminary to registering legal persons and issuing licences to companies presenting AML/CFT risks (insurance, gaming etc.). - Moldova should also consider a more general reform aimed at developing machinery for financial audit and approval of company accounts by professional auditors.
Legal Arrangements – Access to beneficial ownership and control information (R.34)	Not applicable
Non-profit organisations (SR.VIII)	- Moldova should implement the requirements covered by criteria VIII.1 and VIII.3.

6. National and International Co-operation	
National co-operation and coordination (R.31)	- Greater use should be made of co-ordination machinery to clarify problems and potential policies in the AML/CFT field. - This would be an opportunity to obtain a more precise picture of AML/CFT responsibilities and of which sectors were being used for laundering, to ensure that these sectors were properly supervised, to consider the resources needed by the supervisory departments and agencies and to assemble more statistics. - Beside the importance of a dialogue with the private non-banking sector (see *supra*), the interaction with all supervisory authorities is essential as a tool for effective compliance by and guidance for the relevant sectors.
Special UN conventions and resolutions (R. 35 & SR. I)	- As regards the transposition and scope of UN instruments, some of the problems mentioned earlier in the report may cause difficulties (eg. the use of special investigation techniques in judicial proceedings for purposes of co-operation with other countries). All in all, there are some formal deficiencies that need attention (see *supra* legal issues), but the main issue to be addressed is how to implement the Conventional requirements in an efficient way.
Mutual legal assistance (R. 32, 36-38, SR. V)	- Although there are no incidents recorded that give a concrete indication of the existence of legal obstacles jeopardizing an effective mutual legal assistance provision, the identified domestic legal shortcomings should be remedied – in particular with regard to the ML and TF offences and special investigation techniques including controlled delivery (see *supra*) – to ensure that full assistance can be given.
Extradition (R. 32, 37 & 39, SR. V)	- Certain legal uncertainties (see *supra* on the ML and TF offence) might interfere with the extradition possibilities, such as the dual criminality requirement. Though this should not be a major problem however since the deficiencies in the formal qualification of the offences do not necessarily have the same negative impact in extradition procedures, where the criminal conduct as such prevails over the formal text, it is important to have a clear and undisputed legal basis to avoid unnecessary controversy and interpretation problems. - Moldova should keep accurate, detailed and up-to-date statistics on extradition, both on ingoing and outgoing requests.
Other forms of co-operation (R. 32 & 40, RV.V)	- The capacity of the financial supervision bodies (including the National Securities Commission and the supervisory entities of the Ministry of Finance and the Licensing Chamber) to exchange information and

	cooperate with their foreign counterparts should therefore be enhanced; - As part of the reinforcement of its organisational autonomy, the OPCML should be able to exchange information directly with its foreign counterparts, and if possible enter into agreements itself for this purpose .
7. Other issues	
Other relevant measures and issues in the AML/CFT framework	- An overall AML/CFT strategy should be adopted, to make it possible to: • analyse the money laundering phenomenon and trends in Moldova; • strengthen policies to combat this risk (with a view to identifying sectors requiring closer attention); • apply the AML Law with immediate and full effect without the need to modify it to take account of shortcomings and lack of precision in particular areas (absence of penalties, absence of clearly designated supervisory authorities, absence of a clear list of subject entities, problem of forms not yet adopted, problem of the effectiveness of all the measure apart from those relating to identification and reporting etc.); as matters now stand, the AML Law is often perceived as being purely declaratory; • improve the arrangements for communicating reports to encourage reporting and ensure that urgent measures (suspension of transactions, freezing of assets etc.) can be applied. - Machinery for regular, broader consultation (also involving the private sector) would help to alleviate the difficulties which arise in practice. - As financial institutions could in future consider relying on intermediaries or other third parties to perform some of the elements of the CDD process or to introduce business, it would be advisable for the Moldovan authorities to cover all the essential criteria in respect of recommendation 9. - It may be useful for Moldovan authorities to examine the issue of trusts and legal arrangements in the light of R. 34 and consider elaborating, if necessary, any relevant guidance to financial institutions and/or investigative authorities.
General structure of the AML/CFT system – structural elements	- Moldova should step up its efforts to make its institutions corruption-proof and implement the recommendations of the relevant international bodies (eg. the Group of States against Corruption – GRECO). In particular, it should attach particular importance to the central authorities (police, customs, prosecuting authorities, courts) but also to the bodies which play an important part in AML/CFT supervision or detecting cases of money laundering, including the various

	administrative supervision services. Repeated administrative or police checks on subject entities should be a risk indicator (extortion, corruption, etc.).

3.2 APPENDIX II – Excerpts from relevant EU Directives

Excerpt from Directive 2005/60/EC of the European Parliament and of the Council, formally adopted 20 September 2005, on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing

Article 3 (6) of EU AML/CFT Directive 2005/60/EC (3rd Directive):

(6) "beneficial owner" means the natural person(s) who ultimately owns or controls the customer and/or the natural person on whose behalf a transaction or activity is being conducted. The beneficial owner shall at least include:

(a) in the case of corporate entities:

(i) the natural person(s) who ultimately owns or controls a legal entity through direct or indirect ownership or control over a sufficient percentage of the shares or voting rights in that legal entity, including through bearer share holdings, other than a company listed on a regulated market that is subject to disclosure requirements consistent with Community legislation or subject to equivalent international standards; a percentage of 25 % plus one share shall be deemed sufficient to meet this criterion;
(ii) the natural person(s) who otherwise exercises control over the management of a legal entity:

(b) in the case of legal entities, such as foundations, and legal arrangements, such as trusts, which administer and distribute funds:

(i) where the future beneficiaries have already been determined, the natural person(s) who is the beneficiary of 25 % or more of the property of a legal arrangement or entity;
(ii) where the individuals that benefit from the legal arrangement or entity have yet to be determined, the class of persons in whose main interest the legal arrangement or entity is set up or operates;
(iii) the natural person(s) who exercises control over 25 % or more of the property of a legal arrangement or entity;

Article 3 (8) of EU AML/CFT Directive 2005/60/EC (3rd Directive):

(8) "politically exposed persons" means natural persons who are or have been entrusted with prominent public functions and immediate family members, or persons known to be close associates, of such persons;

Excerpt from Commission directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of 'politically exposed person' and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis.

Article 2 of Commission Directive 2006/70/EC (Implementation Directive):

Article 2
Politically exposed persons

1. For the purposes of Article 3(8) of Directive 2005/60/EC, "natural persons who are or have been entrusted with prominent public functions" shall include the following:
(a) heads of State, heads of government, ministers and deputy or assistant ministers;
(b) members of parliaments;
(c) members of supreme courts, of constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances;
(d) members of courts of auditors or of the boards of central banks;
(e) ambassadors, chargés d'affaires and high-ranking officers in the armed forces;
(f) members of the administrative, management or supervisory bodies of State-owned enterprises.
None of the categories set out in points (a) to (f) of the first subparagraph shall be understood as covering middle ranking or more junior officials.
The categories set out in points (a) to (e) of the first subparagraph shall, where applicable, include positions at Community and international level.

2. For the purposes of Article 3(8) of Directive 2005/60/EC, "immediate family members" shall include the following:
(a) the spouse;
(b) any partner considered by national law as equivalent to the spouse;
(c) the children and their spouses or partners;
(d) the parents.

3. For the purposes of Article 3(8) of Directive 2005/60/EC, "persons known to be close associates" shall include the following:
(a) any natural person who is known to have joint beneficial ownership of legal entities or legal arrangements, or any other close business relations, with a person referred to in paragraph 1;
(b) any natural person who has sole beneficial ownership of a legal entity or legal arrangement which is known to have been set up for the benefit de facto of the person referred to in paragraph 1.

4. Without prejudice to the application, on a risk-sensitive basis, of enhanced customer due diligence measures, where a person has ceased to be entrusted with a prominent public function within the meaning of paragraph 1 of this Article for a period of at least one year, institutions and persons referred to in Article 2(1) of Directive 2005/60/EC shall not be obliged to consider such a person as politically exposed.