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**COMMITTEE OF EXPERTS
ON THE EVALUATION OF ANTI-MONEY LAUNDERING MEASURES
AND THE FINANCING OF TERRORISM**

4th round evaluation of CYPRUS

Biennial update

16 November, 2015

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4th round evaluation of CYPRUS

Biennial update

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1. General update

1. *ML/FT risks and vulnerabilities as well as any trends identified based on national reviews/assessments*

The Money Laundering situation has not changed since the 4th round evaluation in 2011 and the Biennial update (including information on the Special Assessment Report) that was adopted by the Plenary Meeting of the MONEYVAL Committee in December 2013 (doc.MONEYVAL(2013)27). Thus the main risk for Cyprus appears to emanate from a relatively low level of crime in Cyprus and activities at the layering stage mainly from international business activities through banking transactions. Hence, Cyprus, apart from criminal offences committed domestically, is affected to a certain extent by criminal acts committed abroad, proceeds of which may be laundered usually through the Cyprus banking system.

The main criminal activities and trends identified are investment fraud, fraud, advance fee fraud, phishing and to a lesser extent drugs trafficking. Additionally, there has been a considerable increase in the number of cases involving electronic fraud, especially e-mail hacking. Financing of terrorism does not constitute a serious threat in Cyprus.

National Risk Assessment Project

It is highlighted that in July 2015 a National Risk Assessment Project for Cyprus commenced. The World Bank methodology has been selected as the one to be followed and the initial workshop with all parties involved (government departments and agencies, representatives of the supervisory authorities, regulated entities and the World Bank) took place between 7 and 9 July 2015. The project is due for completion in mid-2016 and is managed by the Central Bank of Cyprus in collaboration with the Cyprus FIU ('MOKAS').

The elaboration of the National Risk Assessment addresses the implementation of FATF Recommendation 1 which introduces a general Risk Based Approach principle and requires countries to identify, assess and understand the ML and TF risks and adjust the implementation of AML/CFT measures to the level of the risks in order to apply stronger and more effective measures in higher risk areas. This Report will be accompanied by an Action Plan that will aim to the improvement of any deficiencies identified in the national AML/CFT mechanism on the basis of the assessment criteria provided for in the World Bank methodology.

It is noted that pursuant to the World Bank methodology, seven subgroups have been established, i.e. Threat Assessment Team, National Vulnerability Team, Banking Sector Team, Securities Sector Team, Insurance Sector Team, other Financial Institutions Team and DNFBP's Team, composed of representatives of all involved governmental departments, supervisory authorities and market practitioners.

At the time of the report to Moneyval, all parties implicated in the National Risk Assessment are in the process of preparing their deliverables as prescribed in the timeline plan of the project.

2. *List of recent AML/CFT legislation, regulations and guidance adopted and in force*

A. The Prevention and Suppression of Money Laundering and Terrorist Financing Laws have been amended by Law 184(I)/2014 as follows:

Section 43F of the Law has been amended so as to align national legislation with EU Council Framework Decision 2009/299/JHA of 26 February 2009 amending Framework Decision

2006/783/JHA which was already incorporated into domestic legislation. This amendment aimed at enhancing the procedural rights of persons and fostering the application of the principle of mutual recognition to decisions rendered in the absence of the person concerned at the trial. Law 184 (I)/2014 was published in the Official Gazette of the Republic of Cyprus on 12/12/2014 and is in force as of that date.

Currently, a Draft Law has been prepared and will soon be placed before the House of Representatives for enactment to align the Prevention and Suppression of Money Laundering and Terrorist Financing Laws with Directive 2014/42/EU of the European Parliament and of the Council of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union, on issues which are not provided fully in the existing legal provisions.

Cyprus authorities are in the process of consultation aiming to incorporate the provisions of “*Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC*” (4th EU AML Directive) into national law.

B. The Supervisory Authorities and the FIU have issued Guidelines or Directives, as follows:

I. Directives and Guidelines of MOKAS

- a. Directive to members of the Cyprus Estate Agents Registration Council, dated 12/11/2013,
- b. Guidelines to Banks in its capacity as Supervisory Authority for estate agents, regarding the license to exercise the profession of the Estate Agent, dated 24/9/2015,
- c. Directive to the Unit’s Investigators regarding exchange of information with respect to Interpol/Europol requests, dated 18/9/2015
- d. Directive to the Unit’s investigators regarding the registration of foreign freezing orders, pursuant to a Mutual Legal Assistance Request or on the basis of EU Framework Decision 2003/577/JHA on the execution in the European Union of orders freezing property or evidence, dated 14/9/2015.
- e. Guidelines on how to make a request for information in the framework of cooperation between EU Asset Recovery Offices, dated 12/10/2015
- f. Directive to all Banking Institutions, dated 9/11/2015, regarding the Orders issued by the Unit for the postponement of transactions.
- g. Directive to all reporting entities on the new procedure for submission of Reports further to the implementation of the IT system called “go AML Professional Edition (PE)”, dated 25/2/2015.

II. Directives and Guidelines of the Cyprus Bar Association (CBA)

- a. “AML Directive on AML/CFT (edition: September 2013)”, revised in July 2014 and September 2015, in order to be in line with the recommendations made in the MONEYVAL Evaluation report.
- b. “CBA Directive regulating the registration and supervision of Administrative Service Providers”, (edition: February 2013), revised in January 2015.
- c. “CBA Directive: Inspection and Sanctions/Fines Procedure”, revised in January 2014 and October 2015.
- d. “Guidelines to CBA members”, issued in October 2015, suggesting best practice procedures and actions in relation to MLCO duties and responsibilities, transaction monitoring, record keeping, training and 3rd party reliance issues.
- e. Circular concerning serious tax offences, dated 3/2/2014.

III. Directives and Guidelines of the Cyprus Securities and Exchange Commission (CySEC)

CySEC provides guidance to its regulated entities (Securities sector and TCSPs) through its AML/CFT Directive DI144-2007-08 and through the issuance of Circulars:

2013

- a. CI144-2013-20: The Circular informs the regulated entities about their obligations under the legislation for the prevention of money laundering and terrorist financing.

2014

- b. CI144-2014-06, regarding serious tax crimes: The Circular informs the regulated entities that serious tax crimes are treated as 'predicate offences' and as such, they are required to implement adequate and appropriate systems and processes to detect, prevent and deter money laundering arising from serious tax offences
- c. CI144-2014-25: The Circular informs the regulated entities about CySEC's findings: a) from AML/CFT on-site inspections and b) findings from the assessment of the compliance officer's annual report on the prevention of money laundering and terrorist financing. The Circular highlights the role and responsibility of the board of directors and the AML/CFT compliance officer and the administrative sanctions provided in the AML/CFT Law where a regulated entity fails to comply with its obligations under the AML/CFT Law and Directive.
- d. CI144-2014-33: The Circular informs the regulated entities about the content of the Compliance Officer's Annual Report on the prevention of money laundering and terrorist financing.

2015

- e. C058: The Circular informs the regulated entities about the new reporting procedure in place for submission of Reports to the Unit for Combating Money Laundering (MOKAS).

IV. Directives of the Institute of Certified Public Accountants of Cyprus (ICPAC)

- a. Guidance to Members "Suggested practice Guide for Anti-Money Laundering Activities", dated August 2014,
- b. Directive to the Members of ICPAC pursuant to Section 59(4) of the AML/CFT Laws, dated September 2013,
- c. Guidance to Members "Suggested practice guide for Firms Providing Administrative Services", 2014,
- d. General Circular 5/15 for the prevention and suppression of money laundering activities, dated 30/1/2015,
- e. General Circular 11/2015 for the new procedure in place for submission of Reports, dated 9/3/2015,
- f. General Circular 12/2015 for the Discontinuation of the Quality Checked scheme, dated 27/4/2015,
- g. Circular concerning serious tax offences, dated 4/2/2014.

V. Directives of the Central Bank of Cyprus (CBC)

Information about the Directives and guidelines issued by the CBC is given as part of the update provided in section 4 entitled 'Measures that have been adopted to implement the recommendations made in the Special Assessment of the Effectiveness of CDD Measures in the Banking Sector in Cyprus (24 April 2013)'.

2. Measures that have been adopted and implemented to address the identified deficiencies in relation to any of the 40 + 9 Recommendations that are rated partially compliant (PC) or non-compliant (NC)

The references under this Section, reflect the actions taken during the period subsequent to the adoption of the Biennial update (including information on the Special Assessment Report) of the 4th round evaluation of Cyprus (doc. reference: MONEYVAL(2013)27, dated 27/11/2013), by the 43th Plenary meeting of the MONEYVAL Committee in December 2013. It is noted that the vast majority of the specific deficiencies identified in the Report on fourth assessment visit of Cyprus, dated 27/9/2011, with regard to the Recommendations that were rated PC were addressed to the Biennial update of December 2013. Therefore the Biennial update of December 2013 should be read in conjunction with this Report.

The sequence of Table 2: Recommended Action Plan to improve the AML/CFT Scheme is herewith followed, pertaining only to Recommendations rated PC.

3.10 The supervisory and oversight system – competent authorities and SROs. Role, functions, duties and powers (including sanctions) (R.23, 29, 17)

Recommendation 17

Central Bank of Cyprus (CBC)

The CBC is in the process of completing a three year cycle (2014-2016) of on-site inspections on all supervised persons (credit, payment and e-money institutions). The process includes on-site visits, exit meetings shortly after the completion of the on-site visit, where all findings are presented to the supervised person so as to initiate corrective measures, detailed examination reports for internal use and an examination letter which is released following legal vetting. Supervised persons are given a limited time period to formally respond to the content of the examination letter. The CBC considers the response and proceeds either with the imposition of fines or the issuance of a warning letter. In all cases, where deficiencies are identified as a result of the on-site inspections, the CBC determines a specific timeframe within which the credit institution is obliged to address all identified deficiencies while keeping the CBC updated by means of appropriate progress reports. The CBC is in the course of finalising the process for the 2014 and 2015 on-site inspections.

CBC - Request to take measures within a timeframe (banks)

2010	5
2011	8
2012	3
2013	*
2014	3**
2015	**

CBC – Administrative fines

2010	2
2011	3
2012	2
2013	*
2014	1**
2015	**

CBC - Request to take measures within a timeframe (PIs ex. MTBs)

2010	3
2011	7
2012	5
2013	*

2014	3
2015	**

* No audits took place during 2013 due to the extremely adverse environment and the prevailing exceptional economic circumstances that Cyprus and the Cypriot authorities have been faced.

** As already mentioned above, the CBC is in the course of finalising the process for the 2014 and 2015 on-site inspections.

Cyprus Bar Association

The monitoring and regulatory procedures include onsite visits and re-visits. Within this process, the CBA has issued warning letters requesting the supervised entity to take corrective measures within a reasonable time frame depending on the seriousness of the weaknesses identified. In case that there are still deficiencies, then the issue is referred to the CBA Board for further measures. Recently, one (1) case was referred to the Disciplinary Board.

The Institute of Certified Public Accountants of Cyprus

ICPAC in its capacity as a competent authority under the Auditors' Laws, the Administrative Service Providers Laws and the Prevention and Suppression of Money Laundering Activities and Terrorist Financing Laws has developed a specific monitoring methodology to exercise due monitoring and supervision on its members. ICPAC has in place two monitoring schemes: the Audit monitoring scheme (for audit firms only) and the AML/Rules and Regulations monitoring scheme (for all licensed firms). The first scheme primarily looks at the compliance and correct application of the International Standards on Auditing, ISQC1, ethics etc, whilst the latter focuses on the implementation of the AML Directive, KYC and Due Diligence procedures, record keeping, adherence to rules and regulations issued by ICPAC etc.

The monitoring function comprises of two sub-functions: the Off-site surveillance and the On-site inspection.

The off-site surveillance is performed via the circulation of an annual questionnaire sent to all licensed firms and the information gathered is then processed in order to assign a risk profile (and a risk score too) to each firm. The firms are grouped into three categories, namely High, Medium and Low risk. This information is then used for the selection of the sample for the execution of the on-site inspections. High risk firms are treated with higher priority than low risk firms, whilst the medium risk ones are also given the necessary attention.

Using the results of the off-site surveillance, the sample of firms to be monitored is then selected. This procedure is repeated three times a year. The on-site inspections has been outsourced to the Association of Chartered Certified Accountants of UK (ACCA) since 2005, in order to capitalize on their global knowledge and experience, use their worldwide procedures and to enhance the independence of the procedure. ACCA employs three (3) senior practice reviewers in Cyprus to carry out this task, who are also supported by a group of peers and seniors in London.

When a monitoring visit is completed, a closing meeting is configured and subsequently a report is submitted to the firm indicating any areas of weakness, malpractice or non-compliance. The firms have to reply to this report, incorporating an action plan with which they will try to improve any weaknesses/deficiencies. A final report is then prepared by ACCA and sent to the firm, a copy of which with all the supporting documentation is copied to ICPAC.

If this is a first time visit to a firm, then usually a grace period of 12 – 18 months is given, in order to allow the firm to take corrective measures. Then a follow up visit will be performed, to ascertain whether any improvements were indeed made. Should any serious issues remain unresolved, then the matter is referred to the Regulatory Committee. This is a committee consisting of 5 people (3 ICPAC members and 2 non-ICPAC members) to examine unsatisfactory outcomes from monitoring visits and decide upon the measures to be taken on the firm. This committee is independent from both the Council and the Management of the Institute.

ICPAC follows a six-year monitoring cycle on the licensed firms and in 2015 the Institute has completed the visits for the second cycle. The first cycle was more of an educational nature and the second one was treated more as a consultative and quality improvement mechanism. Should there be any unsatisfactory outcomes and deficiencies without signs of real improvement in the third cycle of visits starting in 2016, then these firms will be referred to the Regulatory Committee.

Instances of serious deficiencies can be referred to the Disciplinary Committee directly for immediate action. A small number of such instances have been taken up to the Disciplinary Committee in the last 3 years.

Finally, the training schedule regarding AML, compliance and other related topics has been significantly enriched. The number of open seminars and presentations has been increased and the Institute also provides free of charge to its members on-line webinars and e-courses on AML and compliance, in cooperation with an external company.

The Cyprus Securities and Exchange Commission (CySEC)

CySEC's policy is to publicly announce the imposition of administrative sanctions to regulated entities, through its website. As stated more analytically in Tables 5.2 for the period 2013-2015 (up to October), CySEC has imposed a range of administrative sanctions, that include warning letters requesting the supervised entities to take corrective measures to rectify the situation within a specified time frame depending on the weaknesses identified, imposition of administrative fines and license withdrawal.

4.1 Customer due diligence and record-keeping (R.12)

MOKAS

MOKAS places high level of importance to training and raising awareness providing to third parties, including Supervisory Authorities, persons carrying on financial or other business activities including DNFBPs and the Police. The Unit has organised or has participated in various training/raising awareness Seminars with regard to the implementation of procedures for preventing money laundering and terrorist financing, application of customer due diligence and identification procedures, record keeping, etc, by persons carrying on financial or other business activities. Seminars were also provided concerning the freezing and confiscation of criminal proceeds. Details on training/raising awareness provided by the Unit to third parties during the years 2013-2015 are illustrated in Table 7.

With regard to the 2nd bullet of the Recommended Action Plan concerning the definition of Section 2 item (d) trading in goods, this encourages the Cypriot authorities to identify which other trading in goods activities, besides trading in precious stones and or metals, should be captured under the definition and monitored accordingly in terms of the AML/CFT Law. In this respect, it is noted that trading in goods is covered now by the 4th EU AML Directive, to the extent that this entails making or receiving cash payments of EUR 10000 or more. In particular, Article 2 paragraph 1 (e) of the said Directive defines obliged entities as "*other persons trading in goods to the extent that payments are made or received in cash in an amount of EUR 10000 or more, whether the transaction is carried out in a single operation or in several operations which appear to be linked*". Therefore, in the process of aligning the AML/CFT Laws with the provisions of the 4th EU AML Directive, this provision will be examined accordingly.

Cyprus Bar Association

Within the framework of raising awareness, CBA has organised since 2013 various seminars and has issued relevant guidelines. Particularly, CBA has organised five (5) seminars in most districts and has already scheduled a seminar on 20.11.2015. In addition, seminars organised by other supervisory authorities and organisations are posted on CBA's website and are circulated to the CBA members.

With regard to the 3rd bullet of the Recommended Action Plan concerning the legal profession and the need to provide clarifications on the fine line between third party reliance and the use of intermediaries, such clarifications can be found in Chapter 5 of the AML/CFT Directive of CBA.

With respect to the 4th bullet of the Recommended Action Plan concerning the need for prescribing high risk situations where enhanced due diligence should be applied by DNFBPs, Chapter 3 of the AML/CFT Directive of CBA describes high risk situations and measures for enhanced due diligence. Further identification procedures under special circumstances for individuals and legal entities are also described in Chapter 5.

With respect to the 5th bullet of the Recommended Action Plan regarding guidelines to assist DNFBPs in the implementation of PEP requirements, the AML/CFT Directive of CBA has been harmonised to include new definition on PEPs and further include guidance in the implementation of the PEP requirement **as well as guidance for the enhanced due diligence measures required for PEP clients (ss 5.47 & 5.48).**

The Institute of Certified Public Accountants of Cyprus

The AML/CFT Laws, as amended by Law no. 192(I)/2012 and Law no.: 101(I)/2013, redefine the definition of the accountancy profession, in order to capture all the activities of accountants and auditors.

Pursuant to these amendments, ICPAC, in its capacity as Supervisory Authority for the professional activities of members of ICPAC (including trust and company services to third parties) or general partnerships or limited partnerships or limited liability companies, whose general partners or shareholders and directors are members of the ICPAC, as well as any subsidiary company of such companies, has taken all appropriate measures to fulfill its task effectively.

In the past three years, ICPAC extended its provision of support, guidance and training to its members on the topics of AML, Due Diligence and Compliance in general. These efforts were in made in various ways, such as:

- Informative messages (emails)
- Circulars
- Presentations
- Seminars
- Conferences
- Issue of written practice guides

In 2014 the Institute issued, circulated and presented to the members two practice guides entitled:

- "Suggested practice guide to firms providing administrative services"
- "Suggested practice guide for Anti-Money Laundering Activities"

Also, ICPAC revised its AML Directive in 2013.

In 2014 the Institute launched its new website (www.icpac.org.cy), on which all the relevant material, circular and documents are available to members. Thus the above information could also be easily located by a third party on the website.

The Institute also has made agreements with firms such as LexisNexis for the provision of Customer Due Diligence and Enhanced Due Diligence services at very competitive rates for the members.

The Cyprus Securities and Exchange Commission (CySEC)

CySEC provides guidance to its regulated entities (Securities sector and TCSPs) through its AML/CFT Directive DI144-2007-08 and through the issuance of Circulars (please refer to section 1 for the Circulars issued for 2013-2015). In addition, there is an open communication between CySEC and regulated entities (through emails or telephone), for clarifications and/or legal interpretation as for the application of the AML/CFT Laws and the CySEC AML/CFT Directive.

Paragraph 24 of CySEC's AML/CFT Directive states that the regulated entities should apply enhanced due diligence procedures in respect of the customers referred to in section 64 of the AML/CFT Law and the Fourth Appendix of the Directive, as well as in other situations, that pose a high level of risk for money laundering or terrorist financing and are classified by the regulated entities as high risk on the basis of its customers' acceptance policy. The Fourth Appendix of the AML/CFT Directive prescribes situations where enhanced due diligence should be applied such as non-face to face to clients, Trusts, PEPs, accounts in the names of companies whose shares are in bearer form, customers from countries which inadequately apply FATFs recommendations Electronic gambling /gaming through the internet etc.

The Fourth Appendix of CySEC's Directive DI144-2007-08 provides guidance for the enhanced due diligence measures required for PEP clients.

4.2 Suspicious transaction reporting (R.16)

MOKAS

As stated also above, training and raising awareness of the financial sector is a priority for MOKAS. The Unit has organised or has participated in various training/raising awareness Seminars with regard to the implementation of procedures for preventing money laundering and terrorist financing, application of customer due diligence and identification procedures, record keeping, identification and submission of STRs and SARs, etc, by persons carrying on financial or other business activities. Training has also been provided with regard to the new procedure for submission of SAR/STR Reports further to the implementation of the IT system called "go AML Professional Edition (PE)". Details concerning training/raising awareness provided by the Unit to third parties during the years 2013-2015 are illustrated in Table 7.

The results of the awareness raising activities are evident, since the last two years the number of STRs received from DNFBPs has increased.

Cyprus Bar Association

Training has been realised particularly with regard to the identification and submission of STRs (09/05/2014 - Nicosia, 26/07/2014 - Limassol, 30/04/2015 - Larnaca) and additional training is planned.

As regards the identification and submission of STRs, guidance is provided in Chapter 7 of the AML/CFT Directive of CBA and practical guidance is given during onsite inspections.

According to the AML/CFT Directive of CBA, CBA members are required to:

- Maintain internal procedures, policies and controls to prevent ML & TF (chapter 4),
- Maintain an adequately resource and independent audit function to test compliance (s3.12)
- Establish ongoing employee training (chapters 7 & 8)
- Put in place screening procedures to ensure high standards when hiring employees (s3.12, 8.05-8.07)

Compliance with the above mentioned procedures is also examined on the spot when conducting onsite visits.

The Institute of Certified Public Accountants of Cyprus (ICPAC)

During the last three years, ICPAC's response to STR training and raising awareness of its members was enhanced, by the delivery of seminars and circulation of guidance and other information material.

Seminars were delivered on the specific matter in collaboration with MOKAS, the last one in June 2015. Also a circular was disseminated to all members regarding the GoAML Professional Edition System introduced by MOKAS which allows for electronic submission of SAR/STRs.

All firms licensed by the Institute were informed to appoint an appropriate person as ML Compliance Officer, whose name and contact details need to be communicated to MOKAS. In the seminars delivered by ICPAC, the role and duties of the MLCO with respect to the identification and reporting of suspicious transactions were clearly defined and explained.

ICPAC's AML Directive was amended in order to provide for the tipping off prohibition and generally suspicious transactions reporting.

The Institute through its monitoring visits reviews how preventive measures are applied by the firms. In addition, ICPAC has announced that an annual report from the MLCOs of all licensed firms will be officially introduced as of 2016, in which the licensed firms will indicate whether suspicious incidents were identified and/or reported.

All MLCOs are required to receive ongoing training on this matter, as part of their continuing professional development.

The Cyprus Securities and Exchange Commission (CySEC)

CySEC provides guidance to its regulated entities in Part VI (paragraphs 27-30) of the AML/CFT Directive DI144-2007-08 regarding the recognition and reporting of suspicious transactions/activities to MOKAS.

CySEC's AML/CFT Directive DI144-2007-08 (paragraph 6) requires that the internal audit function reviews and evaluates, at least on an annual basis, the appropriateness, effectiveness and adequacy of the policy, practices, measures, procedures and control mechanisms applied for the prevention of money laundering and terrorist financing. The findings and observations of the internal auditor are submitted, in a written report form, to the board of directors which decides the necessary measures that need to be taken to ensure the rectification of any weaknesses and/or deficiencies which have been detected. The minutes of the abovementioned decision of the board of directors and the internal auditor's report are submitted to the CySEC once a year.

For the application of the above a Trust and Company Service Provider (TCSP) is required, where appropriate and proportionate, taking into account the nature, the scale and the complexity of its business activities, as well as the nature and the range of its services, to establish and maintain an internal audit function which is separate and independent from the other functions of the TCSP and which has the following responsibilities:

- (a) to establish, implement and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the TCSP's systems, internal control mechanisms and arrangements applied for the prevention of money laundering and terrorist financing;
- (b) to issue recommendations based on the result of work carried out in accordance with point (a);
- (c) to verify compliance with the recommendations of point (b);
- (d) to report in relation to internal audit matters ensuring that its senior management and board of directors receives on a frequent basis, and at least annually, written reports on the matters covering the compliance function - indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies. The internal audit requirement stems from article 58 of the AML/CFT Law.

4.3 Regulation, supervision and monitoring (R.24)

Cyprus Bar Association

CBA keeps the following Registries:

- (1) A Registry for members who provide administrative services.
- (2) A Registry of Trusts.
- (3) A Registry for Lawyers Companies (LLC).
- (5) A Registry for all registered practising advocates.

CBA has assigned to a private compliance services company the development of a risk assessment for all its supervised entities. The offsite risk assessment tool and methodology have been developed and the pilot was performed. A questionnaire was sent to a selected group of members and their response was evaluated and used in the analysis of the risks. The questionnaire was amended and enhanced accordingly. The questionnaire being designed to work as a web-based function was made available for completion by all the CBA members. The data were processed in order to risk categorise all members and the methodology for onsite visits has been developed and finalised. As of July 2014, CBA is conducting inspections based on the new methodology. The said mechanism will be revised in view of the ongoing process of elaboration of the National Risk Assessment, to which the CBA participates.

The Institute of Certified Public Accountants of Cyprus

Further to the comments of ICPAC under Recommendation 17, ICPAC currently issues four practicing certificates to Members and three to Firms:

Members – General Practicing Certificate
 Audit Qualification
 Provision for Administrative Services Certificate
 Insolvency Practitioners Certificate

Firms – General Practicing Certificate
 Audit Certificate
 Provision for Administrative Services Certificate

ICPAC maintains the following registers:

- Members Register
- Students Register
- Graduate Accountants Register
- Licensed Firms Register (in total and per practicing certificate type)
- Licensed Members Register (in total and per practicing certificate type)
- Subsidiaries of ASP firms
- Staff employed by ASP firms
- Trust Register (kept confidential)

The Institute has taken a number of measures to assist its members in establishing the proper procedures regarding their AML function, including training, support via a help desk, external professional assistance at much lower cost etc.

The Cyprus Securities and Exchange Commission (CySEC)

According to section 50 of the Cyprus Securities and Exchange Commission Law of 2009 to 2015 ('CySEC Law'), CySEC may assign to any person the carrying out of inspections or investigations on persons who are subject to the supervisory competence of the CySEC. In addition, according to section 51, CySEC may assign, as the case may be, the carrying out of a specific task to persons of known special experience and training, capable of assisting the CySEC in the exercise of its responsibilities.

CySEC has implemented an advanced Risk Based Supervision Framework, which is designed to assess the regulated entities quantitative (inherent) risk, qualitative (quality of procedures, systems and controls) risk and net risk (combination of inherent and qualitative). The entities are categorized as High Risk, Medium-High Risk, Medium-Low Risk and Low Risk. TCSPs that are rated as High Risk/Medium-High Risk will undergo a monitoring inspection every one year. Medium-Low/ Low Risk TCSPs will undergo a monitoring inspection at least every five years.

5.3 Non –profit organisations (SR.VIII)

The National Risk Assessment which is undergoing, will thoroughly cover the TF risks and vulnerabilities within the NPO sector.

The Draft Law that will provide a comprehensive legal framework for the establishment and operation of clubs, societies and institutions was finalised and has been placed before the House of Representatives for enactment on 26/2/2015. Currently, the Draft law is on the agenda of the Parliamentary Committee of Interior.

The new legislation will provide the necessary framework to the competent authorities, for the reassessment of the sector potential vulnerabilities and the relevant supervision to NPOs.

It will also provide for the obligation of Societies, Institutions and Clubs to prepare and submit annual audited financial statements, regarding their financial activities, and for sanctions against the NPOs which do not conform with the provisions of the law, and the responsible persons of the NPOs, who will become personally liable for their own acts, negligence and defaults, including financial penalties.

The new legislation provides moreover the obligation of Societies, Institutions and Clubs to submit annual updated information concerning the address, the members, the administration, the number of meetings of the organization. In case of no conformity to these obligations, the Registrar can ask from the court an order for dissolving the organization concerned. Information about all registered Societies and Institutions is already available at the website of the Ministry of Interior.

Other issues raised with regards to this recommendation, to the extent that they are not covered in the existing legislation, are covered by the draft bill, as explained above.

6.5 Other Forms of Cooperation (R.40 & SR.V)

Recommendation 40

Central Bank of Cyprus (CBC)

Article 59(8) of the AML/CFT Laws provides that the Unit and the Supervisory Authorities of persons engaged in financial and other business activities may exchange information within the framework of their obligations, emanating from the Law.

In 2009, a Special Technical Committee of the supervisory authorities of the Cyprus financial sector with regard the prevention of money laundering and terrorist financing was set up. In 2013, the said

Committee was expanded to include the competent authorities of the non-financial sector so as to establish co-operation mechanisms for exchanging information and ensuring supervisory coordination. The committee remains fully functional and convenes regularly to discuss all relevant matters in both compositions (in financial sector composition and in extended composition).

Cyprus Bar Association

According to s59(8) of the AML/CFT Law, the Unit and the Supervisory Authorities of persons engaged in financial or other business activities may exchange information within the framework of their obligations, emanating from this Law.

In addition, CBA is in close cooperation with other supervisory authorities with respect to the regulation of TCSPs (sections 24, 25, 25A).

CBA may exchange information on AML/CFT issues with foreign supervisory authorities in the framework of its membership with other bodies such as the Council of Bars and Law Societies of Europe (CCBE), IBA (International Bar Association) etc.

Also, all supervisory authorities have established channels of communication for close cooperation between them through their participation in committees such as the Advisory Committee which is established under s54 of the AML /CFT Law and the Special Technical Committee AML/CFT.

The Institute of Certified Public Accountants of Cyprus

The competent authorities responsible for AML and Administrative Services (ASPs) are closely cooperating in many fields, ranging from training to regulation, best practices and exchange of information.

ICPAC processes in a speedy and careful manner any local or international urgent requests. There is also cooperation with the Tax Authorities in order to assist in obtaining information for clients' of firms, which could be requested from the tax authorities of third countries.

There is also close cooperation and focus on the implementation of the requirements of the Global Forum for Transparency and Exchange of Information for Tax Matters of OECD. ICPAC contributed significantly, together with the other competent authorities, to the latest country assessment, as well as to the improvement of the national framework.

The Institute may exchange information with foreign supervisory authorities in the context of its membership with other international accountancy bodies.

The Cyprus Securities and Exchange Commission (CySEC)

According to article 29 of the CySEC's Law, CySEC in the exercise of its responsibilities, may cooperate with competent supervisory authorities and other organizations abroad, exchange with them necessary information and proceed, on behalf of these organizations and for their account, with the collection of information and the carrying out of inspections. Further to the above, CySEC is signatory of the IOSCO and ESMA MoUs and to a number of bilateral MoU's. Please refer to Table 6.6 for statistics.

7.1 Resources and statistics (R.30 & 32)

Unit for Combating Money laundering (MOKAS)

Project entitled "Strengthening MOKAS Capacities and Improve Efficiency to Detect Money Laundering and Financing of Terrorism"

The Unit for Combating Money Laundering – MOKAS, in the framework of its continuing development and upgrading and in the terms of implementing the above mentioned project, has acquired from the United Nations (United Nations Office on Drugs and Crime - UNODC) the new system named goAML Professional edition, which has been installed to the Unit. The Unit has also obtained all the necessary hardware and software equipment needed for the support of the new system. This project is co-funded at 85% from the Norwegian Financial Mechanism and at 15% from National funds. The new system began its operation on a pilot basis on December 2014 and went live on 02 of April 2015. All the banking institutions and other organizations which according to the Law are obliged to submit suspicious transactions or activities reports to the Unit, are now able to submit the reports electronically, under the highest security standards.

Based on the experience ever since the operation of the system, this has contributed significantly to the automation of the analysis and investigation procedure of MOKAS. Additionally, the Unit is now in a position to analyze the received transactions and information more effectively.

By virtue of the AML/CFT Laws, the Unit has issued a Directive addressed to all banking institutions and other organisations, which gives instructions as to the way the new system operates and the electronic submission of reports.

The Institute of Certified Public Accountants of Cyprus (ICPAC)

ICPAC has outsourced the task of the on-site visits to ACCA (as mentioned under Recommendation 17). ACCA employs three senior practice reviewers in Cyprus, who are supported by their team in London.

ICPAC also cooperates with external vendors, mainly IT and consulting firms, for the design and maintenance of the risk based approach systems developed in order to assess the risk profile of its licensed entities.

A formal agreement has been concluded with a UK based company called VinciWorks, for the provision of support to members and the development of an e-learning platform. This platform for the time being will concentrate on AML and compliance issues and shall contain e-courses and webinars, which are available to the members free of any cost. The content and number of these courses will be reviewed annually.

The Institute is currently in the process of employing at least one more staff member that will be responsible for the coordination of the AML and audit monitoring activities and liaise with the other competent authorities.

The overall function of Compliance and AML is under the direct responsibility of the General Manager of the Institute, who attends the meetings of the Special Technical Committee at the Central Bank and the Advisory Authority for the Prevention and Suppression of Money Laundering Activities and Terrorist Financing.

The Institute has recently established a new committee to deal with the issues of compliance (ie AML, Corporate Governance, and Regulatory Compliance). This committee consists of 8 members and it functions as the specialized unit of the Institute on this filed. The tasks of this Committee will be to study all relevant legislation, directives, guidance and other documentation and act as the advisor to the Council and the Management in this area.

ICPAC maintains the relevant statistics for the monitoring visits and the disciplinary actions, as illustrated in Table 5.

Recommendation 30

Cyprus Bar Association

For the purpose of enhancing its monitoring function, CBA has recruited 2 persons (through written examination and interview procedure) in March 2015 and now the AML Department consists of 5 supervisory officers.

The new staff have received training on the newly developed offsite/onsite methodology and as of June 2015 is carrying out onsite visits.

A list with the seminars provided to the CBA staff is provided in Table 7.

The Cyprus Securities and Exchange Commission (CySEC)

In 2015 a new separate AML/CFT Department was created (previously it was under the Supervision Department) that currently employs 3 Officers. CySEC's budget for 2015 provides for the recruitment of 29 new persons. The budget has been approved by the Ministry of Finance/ Parliament and an exemption to the government's policy for suspension of recruitment of new personnel has been given initially for 20 new persons (initially at least 3 Officers from the new personnel will be assigned to the AML/CFT Department). If deemed necessary additional staff would be assigned to the AML/CFT Department. The relevant announcement for applications by interested persons for the permanent positions was made on 2 October 2015.

Pending the completion of the above recruitments, in August 2015, CySEC has recruited for its AML/CFT Department, 2 persons on a full and exclusive basis for one year. In addition, the CySEC decided on 5 October 2015 to assign the carrying out the AML/CFT on-site inspections of 16 TCSPs to two major audit firms.

It is planned that in a 5 year horizon the AML/CFT Department will employ 1 senior officer, 1 deputy-senior officer, 9 officers and 1 administrative staff.

As regards to the training provided to CySEC's staff please refer to Table 7.1 which concerns the training received since the 4th Round Evaluation on-site visit in 2011.

Recommendation 32

As indicated under section 1 of this Report, in July 2015 a National Risk Assessment Project for Cyprus has commenced. The World Bank methodology has been selected as the one to be followed and the initial workshop with all parties involved (government departments and agencies, representatives of the supervisory authorities, regulated entities and the World Bank) took place between 7 and 9 July 2015. The project is due for completion in mid-2016 and is managed by the Central Bank of Cyprus in collaboration with the Cyprus FIU ('MOKAS').

The elaboration of the National Risk Assessment addresses the implementation of FATF Recommendation 1 which introduces a general Risk Based Approach principle and requires countries to identify, assess and understand the ML and TF risks and adjust the implementation of AML/CFT measures to the level of the risks in order to apply stronger and more effective measures in higher risk areas. This Report will be accompanied by an Action Plan that will aim to the improvement of any deficiencies identified in the national AML/CFT mechanism on the basis of the assessment criteria provided for in the World Bank methodology.

It is noted that pursuant to the World Bank methodology, seven subgroups have been established, i.e. Threat Assessment Team, National Vulnerability Team, Banking Sector Team, Securities Sector Team, Insurance Sector Team, other Financial Institutions Team and DNFBP's Team, composed of representatives of all involved governmental departments, supervisory authorities and market practitioners.

At the time of the report to Moneyval, all parties implicated in the National Risk Assessment are in the process of preparing their deliverables as prescribed in the timeline plan of the project.

With regard to the 3rd bullet of the Recommended Action Plan concerning statistics, detailed and comprehensive statistics are kept by all relevant competent authorities as indicated in the Tables attached to this Report.

3. Measures planned to address the identified deficiencies in relation to any of the 40 + 9 Recommendations that are rated partially compliant (PC) or non-compliant (NC)

Taking into consideration the measures taken pursuant to the adoption of the 4th Round Evaluation Report addressing the deficiencies identified in relation to Recommendations rated PC, as these were illustrated in the Biennial update (including information on the Special Assessment Report) of the 4th round evaluation of Cyprus (doc. reference: MONEYVAL(2013)27, dated 27/11/2013) adopted by the 43th Plenary meeting of the MONEYVAL Committee in December 2013 and further to the measures described in part 2 of the present Report, Cyprus considers that all relevant deficiencies have been adequately addressed.

4. Measures that have been adopted to implement the recommendations made in the Special Assessment of the Effectiveness of CDD Measures in the Banking Sector in Cyprus (24 April 2013)

Background information

It is recalled that the Special Assessment of how effectively Customer Due Diligence (CDD) measures are implemented within the Cypriot banking sector was conducted between 19 and 29 March 2013, when the prevailing economic environment was experiencing unforeseen turbulence which led to the adoption of a fully-fledged Economic Adjustment Programme ('EAP') by the Cypriot authorities with the European Commission, the European Central Bank and the International Monetary Fund.

Amongst the events that followed suit were an unprecedented financial sector restructuring (including the bail-in of uninsured depositors), resolution, restructuring and recapitalisation of the two biggest financial institutions of household posture within the Cypriot financial sector, the restructuring of the credit cooperative sector all using EAP funds. Additionally, another systemic bank was recapitalised with private funds. It is also worth mentioning the imposition of extensive capital controls in an effort to protect the then fragile banking system which lasted for about one year and were within the course of this period gradually relaxed.

As part of the EAP, Cypriot authorities undertook to reengineer the regulatory and supervisory AML/CFT framework taking into consideration the FATF framework. This effort included the issuance of revised Directives for AML/CFT issues to supervised persons, the redesign of onsite and offsite supervisory tools and the investment in manpower, systems and training .

For the banking sector in particular, the Central Bank of Cyprus ('CBC') overhauled its approach to the regulation and supervision of AML/CFT issues through a revised Directive on the basis of the relevant AML Law ('The Prevention and Suppression of Money Laundering and Terrorist Financing Laws of 2007-2014), a set of Guidelines, to assist credit institutions in effectively implementing their legal and regulatory obligations and further the goal to mitigate money laundering and terrorist financing (ML/TF) risks, so as to prevent the exploitation of the institutions for criminal purposes, the development with technical assistance by the IMF of specialised off-site tools and on-site inspection programs and the initiation of an intensive and demanding cycle of on-site inspections.

It should also be noted that the implementation of the EAP by the Cypriot authorities was closely monitored by its program counterparts by means of regular on-site quarterly visits, with the last visit taking place in the first half of November 2015. The program is expected to be completed by March 2016. It is worth noting that not all funds made available through the program will be drawn by the Cypriot government which has, on the basis of the progress achieved since March 2013, resorted to drawing funds from capital markets directly. More specifically, on AML/CFT issues, Cypriot authorities have achieved since the inception of the program compliance with the goals set notwithstanding the fact that the on-site inspection cycle is still under implementation.

As part of the efforts exerted by Cyprus to reinforce the fight against the use of the financial sector for money laundering and terrorist financing and in line with the international standards set by the Financial Action Task Force (FATF) and Moneyval, but also the relevant European directives and especially the 4th Directive of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, the CBC, in collaboration and coordination with the other regulatory authorities have decided to conduct an assessment of the related risks on a national level, with the assistance of the World Bank. This exercise, on the basis of the internationally accepted and recognised methodology of the World Bank, will allow for the identification of any deficiencies in the regulatory framework currently in place for combating money laundering and terrorist financing, but also in the effectiveness of the procedures followed by all stakeholders involved in this effort, aiming at taking corrective action. This will contribute significantly towards the reinstatement of Cyprus as a reputable international financial centre and will facilitate substantially the various assessments of the country that are carried out from time to time. The risk assessment is expected to be completed by July 2016.

Finally, as regards the issue of FBME Bank Ltd, to protect the integrity of the financial sector, the CBC took swift action to put the local branch of FBME Bank Ltd under resolution following the measures taken by its correspondent banks after its designation by the US authorities as a financial institution of primary money laundering concern. The CBC is in the final stage of taking the necessary measures, following the July 2014 on-site inspection for AML/CFT issues as well as other supervisory matters.

The following address the various recommendations derived by the assessors during their 2013 assignment and provide the current state of play.

1. Each bank should combine all of its risk analyses into an overall AML/CFT risk policy document, for Board approval, based on a thorough and meaningful consideration which should include in particular any risk areas that might not previously have received sufficient attention. This analysis should be updated on a regular basis. Concretely, banks should as part of their overall risk policy:

- i. Recognise that the accumulation of risks in complex business in itself presents overarching risk;**
- ii. Determine their appetite for such complex business bearing in mind whether the bank is in a position to effectively monitor and control the cumulative risks sufficiently to mitigate the possibility of abuse for purposes of ML (including in respect of tax crimes) and FT;**
- iii. Set out the enhanced measures which need to be taken to mitigate these overarching risks;**
- iv. Specify cases where it is appropriate based on an assessment of the risks to reject or terminate a client relationship.**

[High priority – 6 months and ongoing]

Response of the authorities:

Measures taken by the Central Bank:

The Prevention and Suppression of Money Laundering and Terrorist Financing Law (“the AML Law”) was last amended in December 2014. A revised version of the Central Bank of Cyprus (“CBC”) Directive issued to credit institutions on the prevention of money laundering and terrorist financing (4th issue) (“the CBC Directive”), which was issued on 4 December 2013, now includes all the measures recommended by the Moneyval assessment team.

A) Article 58 of the AML Law provides, inter-alia, that any person carrying out financial or other business activities, is obliged to apply adequate and appropriate systems and procedures in relation to internal controls, risk assessment and risk management in order to prevent money laundering and terrorist financing.

Section 3 of the CBC Directive imposes the requirement on the Money Laundering Compliance Officer to identify, record and evaluate all potential risks, with the full commitment and support of Senior Management and the active co-operation of the business units of the credit institution. Once a credit institution has identified the risks it faces then it must design and implement the appropriate systems and controls for their management and mitigation in accordance with the procedures prescribed in the CBC Directive. In addition, credit institutions need to have suitable means of assessing, on a regular basis, whether their risk mitigation procedures and controls are working effectively. Systems and controls should be kept under regular review so that risks resulting from changes in the characteristics of existing customers, new customers, products and services are managed and countered effectively. In view of the above, a credit institution should keep its risk assessment report fully updated. It is, therefore, required that a credit institution revisits its assessment at least annually.

In this respect, it is required to submit the risk assessment report on an annual basis to the Board of Directors through the Senior Management for consideration and approval. A copy of the said approved report, together with the Money Laundering Compliance Officer's Annual Report, should be submitted to the CBC.

Following the said risk assessment, according to section 2 of the CBC Directive, credit institutions are required to develop and establish a clear policy and procedures in line with the provisions of the AML Law and the requirements of the CBC Directive.

The Money Laundering Compliance Officer is obliged to prepare the customer acceptance policy and submit it through the credit institution's Senior Management to the Board of Directors for consideration and approval. Once it has been approved, the said policy is communicated to the staff.

The said policy should set, in an explicit manner, the criteria for (i) accepting new customers, (ii) the types of customers who do not meet the said criteria and are not, therefore, acceptable for entering into a business relationship and (iii) should prescribe the categories of customers that should be designated as being of high risk. The customer acceptance policy and related procedures should provide for enhanced due diligence for the categories of high risk customers as prescribed in the AML Law, and the CBC Directive (Section 4.14.2) as well as those customers that the credit institution itself has classified as high risk on the basis of its adopted policy.

In addition, the CBC Directive requires credit institutions to expand their customer acceptance policy to recognize that the accumulation of risks in complex business in itself presents overarching risk and to determine their appetite for such complex business bearing together with the enhanced measures needed to effectively monitor and control the cumulative risks sufficiently to mitigate the possibility of abuse for purposes of ML (including in respect of tax crimes) and FT. Credit Institutions should also specify cases where it is appropriate based on an assessment of the risks to terminate a client relationship.

- B) On 19 June 2013, the CBC (AML Unit) held a meeting with the Money Laundering Compliance Officers of all credit institutions, where it presented and explained the findings of the Moneyval and Deloitte special assessments. The CBC requested the Money Laundering Compliance Officers of all credit institutions to analyse the findings of both reports and to take corrective measures based on the recommendations of each assessment. The CBC also held individual meetings with the Money Laundering Compliance Officers of the six credit institutions assessed by the independent auditors and distributed a copy of the findings relating specifically to their credit institution. During these meetings the findings of both assessments were discussed in detail. On 2 December 2013, the CBC invited again the Money Laundering Compliance Officers of all credit institutions to reiterate the importance of the application of CDD measures, monitoring of transactions and submission of suspicious activity reports.
- C) On 3 February 2014, the CBC issued a set of Guidelines to the Chief Executive Officers/General Managers of all credit institutions, to assist credit institutions in effectively implementing their legal and regulatory obligations and further the goal to mitigate money laundering and terrorist financing (ML/TF) risks, so as to prevent the exploitation of the institution for criminal purposes. The said

Guidelines cover the following major areas:

- (i) Sound and effective risk management systems to identify and understand ML/TF risks (Appendix 1);
- (ii) Customer Due Diligence and construction of customer's business/risk profile (Appendix 2);
- (iii) Enhanced Due Diligence measures in relation to Politically Exposed Persons ("PEPs") (Appendix 3);
- (iv) Ongoing Monitoring of business relationships and transactions (Appendix 4);
- (v) Education and Training to staff in relation to money laundering and terrorist financing (Appendix 5);
- (vi) Fraudulent tax crimes as a predicate offence (Appendix 6).

D) In addition to the above, the Chief Executive Officers/General Managers of all credit institutions were requested to ensure the implementation of the requirements of the AML Law and the CBC Directive for the effective management of the risks emanating from money laundering or terrorist financing activities, commensurate to the nature, size and complexity of their credit institution's operations. Particularly, they were requested to ensure that:

- (i) Their credit institution has sound and effective risk management systems in place to identify and understand ML/TF risks with respect to their customers, products and services, geographical locations/areas, and delivery channels. Their credit institution's risk management systems include an overall policy for identifying and understanding, measuring, controlling, and monitoring ML/TF risks. The said risk management policy, procedures and measures is submitted to the Management Body (Board of Directors) for approval, and reviewed on a regular basis.
- (ii) Adequate and appropriate customer identification and due diligence measures are applied and the business/economic and risk profiles of their customers are properly constructed, determined and assigned;
- (iii) Enhanced due diligence measures are applied to politically exposed persons and particularly the source of wealth of PEPs, is adequately identified and established. Also they were requested to strengthen the implementation of due diligence procedures when seeking to identify 'family members' and 'close associates' of PEPs, and institute systems and procedures to identify customers and persons related to customers, who subsequently become PEPs;
- (iv) Their credit institution has sound and effective systems and measures in place to demonstrate ongoing monitoring of the business relationships and particularly for higher risk clients, including PEPs;
- (v) Their credit institution's training programmes are reviewed to include information on current ML/TF techniques, methods and trends, and clear explanations of all aspects of the AML/CFT laws and regulations. Moreover, they were requested to ensure that training programmes include requirements concerning customer due diligence, suspicious transaction reporting and sanctions for non-compliance;
- (vi) Their credit institution implements appropriate systems and procedures so as to detect and prevent the laundering of proceeds from fraudulent, serious tax crimes from the financial system; and
- (vii) Their credit institution employs adequate human and other resources to comprehensively implement the requirements and provisions as stipulated in the Prevention and Suppression of Money Laundering Activities Laws of 2007-2013 and the Central Bank of Cyprus Directive on the prevention of money laundering and terrorist financing issued in December 2013.

E) The CBC conducted an information gathering exercise to assess the progress made by credit institutions in the implementation, inter-alia, of the recommendations of the Moneyval Special Assessment as well as any additional measures taken with respect to any weaknesses/problems they have identified. Particularly, on 13 February 2014, a Circular Letter was issued to the Money Laundering Compliance Officers of all credit institutions requesting them to provide their confirmation/attestation on specific measures taken by them and/or their institution, together with the relevant supporting information and/or documentation. In addition, and in accordance to

Sections 2 and 3 of the CBC Directive, on 28 February 2014, the Money Laundering Compliance Officers of all credit institutions submitted to the CBC copies of their Annual Report and the Risk Assessment Report, both of which were submitted to their Board of Directors for consideration and approval.

F) Relevant seminars were organised for the Money Laundering Compliance Officers of all credit institutions

- On 18 March 2014, the CBC organised a seminar for the financial sector with the assistance of an external financial expert, to address issues such as EDD, the construction of business profile, monitoring of transactions, and reliance on business introducers.
- On 28 March 2014, the CBC in collaboration with MOKAS and an external firm organised a seminar for the Money Laundering Compliance Officers of all credit institutions. This seminar covered the recent changes to the legal and regulatory framework (including the AML Law and Regulations), tax crimes, construction and submission of SARs, and Risk Management Systems.
- On 19 May 2014 the CBC in cooperation with the Cyprus Institute of Financial Services organised a seminar which covered highlights from the Moneyval and Deloitte special assessments, PEPs and their regulatory framework and tax crime as a predicate offence for ML purposes. In particular during that session the regulatory framework on tax crimes was explained as well as examples on legal tax structures/business structures likely to be used for legitimate tax planning purposes in Cyprus.
- On 16 December 2014 the CBC in collaboration with an audit firm and with the assistance of two external financial experts organised a Seminar on Risk Assessment. This seminar covered examples of methodology that can be used and the drafting of Risk Assessment Reports.
- On 16 & 17 February 2015, the CBC in cooperation with the Cyprus Institute of Financial Services and Global Training organised a two-day seminar which covered topics such as AML/CFT Compliance, Tax crime, Trusts, Foundations, Funds and Fraud.
- In addition, the Head of the AML/CFT Unit has delivered key note addresses at various seminars in the period 2014-2015, whereby the expectations and measures to address the various deficiencies are analysed, as well as the progress made on the road to recovery.

G) Onsite and offsite examinations

The comprehensive on-site inspections carried out in 2014/2015 included all those credit institutions which had been visited by the special assessment team of Moneyval in 2013.

During 2014, CBC examiners, through a tailored examination programme, obtained evidence, inter-alia, of implemented measures stemming from the recommendations made by Moneyval following its Special Assessment.

Moreover, during 2014 the CBC performed comprehensive AML/CFT on-site inspections in 11 credit institutions, covering inter-alia the effectiveness of their risk management systems.

During 2015, the CBC used the off-site tools mentioned in the Background Information section of this report to develop an on-site inspection plan for the year. Priority was given to those credit institutions which presented characteristics which were perceived as attracting higher risks insofar as AML/CFT issues are concerned. For those credit institutions that were not included in the audit plan for 2015, it was deemed acceptable given the risk comparison with their peers. Nevertheless, they will be included in the audit plan for 2016 and in particular for on-site visits in the first half of the year. It needs to be emphasized that the CBC has kept those institutions that were not submitted under a comprehensive audit in either 2014 or 2015 in close monitoring through the off-site tools, the review of the Annual Reports of the Money Laundering Compliance Officers of all licensed credit institutions addressed to the BoD through the Senior Management and copied to the CBC, the review of the AML/CFT risk report addressed to the BoD through the Senior Management and copied to the CBC and the attendance of meetings held in the presence of senior management and the internal auditors.

By November 2015, the CBC has completed comprehensive on-site inspections in thirteen credit institutions (including 4 cooperative societies) as planned and one more on-site inspection will be conducted at the beginning of December 2015.

In line with the new risk-based supervisory approach adopted by the CBC, the AML Unit of the

CBC analyses the Money Laundering Compliance Officers' Annual Reports and Risk Assessment Reports submitted by the institutions, together with additional data that are submitted on a six monthly basis, so as to understand each institution's inherent ML/TF risks, assess the internal control environment they have in place to mitigate and/or control the inherent ML/TF risks, as well as build the institutional risk profiles. In carrying out this analysis, it liaises with the responsible prudential supervisory team and the institutions external auditors, as required.

Finally, the process of the on-site inspection is followed by an exit meeting which senior management, the internal auditor, the MLCO and other officials from the credit institutions, as necessary, are required to attend. During this meeting, which timewise takes place shortly after the completion of the on-site inspection, all findings are presented so as to allow the credit institution to start taking corrective measures promptly. An examination report for internal use by the CBC is also prepared, with reference to all matters reviewed during the on-site inspection. An examination letter addressed to the credit institution is then sent, inviting the institution to give its position within 14 days. On the basis of the reply of the credit institution, a second letter is then addressed either to impose an administrative fine or to give written warning for the assumption of specific corrective measures within a specified time period.

The CBC follows a policy of publishing on its website any administrative fines imposed on credit institutions for AML/CFT infringements.

For the on-site inspections of 2014/2015, the process of the issuance of examination reports and letters is still on-going and hence no indication may be given as to the possible outcome.

Measures taken by the credit institutions:

In March 2014, the Money Laundering Compliance Officers of all credit institutions confirmed that their respective institutions had in place a Risk Assessment methodology to identify and understand ML/TF risks within their customer, products, services, geographical locations/areas and delivery channels. According to information and documentation collected from all credit institutions, they have amended their policies and procedures to be in line with the revised legal and regulatory framework. The said policies and procedures, together with the Money Laundering Compliance Officer's Annual Report and the Risk Assessment Report were submitted to the Board of Directors of each institution for consideration and approval (a copy of the said documents and reports was also submitted to the CBC).

In February 2015 all credit institutions submitted to the CBC a copy of the Money Laundering Compliance Officer's Annual Report and the Risk Assessment Report for 2014, together with the minutes of the Board of Directors. This process is repeated annually.

During CBC onsite examinations of 2014 and 2015, it was established that all credit institutions' policies and procedures are in line with the current regulatory framework and appropriate to the nature and size of their business.

It was also established that their policies and procedures determine the categories of high risk customers as well as those attributes/circumstances which, if prevailing, will lead to the (re)classification of customers into the high risk category. In this respect, it was established that banks' policies and procedures recognise that the accumulation of risks in complex business in itself presents an overarching risk. In addition, it was established that banks' policies and procedures set out the enhanced measures which need to be taken to mitigate these overarching risks as well as the criteria for accepting customers and specify cases where it is appropriate based on an assessment of the risks to reject or terminate a client relationship.

Furthermore, the Risk Assessment System is evaluated through the performance of the Risk Assessment and Corporate Governance on-site inspection programs.

- 2. In cases involving an accumulation of high risks, particularly where emanating from the use of complex structures combined with introduced business, banks should strengthen their current procedures in line with their updated risk policy and consistently implement the highest level of enhanced due diligence. This could include (as indicated by some banks in Cyprus as already their practice in high risk cases)***

direct contact with the ultimate beneficial owner in a larger number of cases. [High priority – 6 months and ongoing]

Response of the authorities:

Measures taken by the Central Bank:

A) Article 61(2) of the AML Law requires persons carrying on financial or other business activities to apply the customer identification and due diligence procedures set out in the Law but permits persons carrying out financial or other business activities to determine the extent of such measures on a risk sensitive basis depending on the type of customer, business relationship, product or transaction. It is highlighted that, according to the AML Law, persons carrying on financial or other business must be able to demonstrate to the competent authorities that the extent of the measures is appropriate in view of the risks of money laundering and terrorist financing.

In addition to the above, Article 64(2) of the AML Law requires persons carrying out financial or other business activities to apply enhanced and additional customer due diligence measures in all instances which due to their nature entail a higher risk of money laundering or terrorist financing.

Section 4.14 of the CBC Directive requires, inter-alia, that for high risk products, accounts or customers, credit institutions should take additional measures for verifying their customers' identity, creating their business profile and ascertaining the source of assets i.e. how they have been acquired and their origin as well as monitor the movement of their transactions on a regular basis. Moreover, it is required that in cases where there is an accumulation of high risks and particularly emanating from the use of complex structures combined with introduced business, credit institutions' enhanced due diligence measures should entail a direct contact with the natural person who ultimately owns or exercises control over a customer. For this purpose, minutes should be prepared following every meeting and kept in the customer's file.

Section 4.12 of the CBC Directive provides that credit institutions may rely on third parties for the implementation of customer identification and due diligence procedures, only at the outset of establishing a business relationship for the purpose of ascertaining and verifying the identity of their customers. According to the degree of risk, any additional data and information for the purpose of updating the customer's business profile during the operation of the account or for the purpose of examining unusual transactions executed through the account, should be obtained from the natural persons (directors, beneficial owners) who control and manage the activities of the customer and have the ultimate responsibility of decision making as regards management of funds and assets.

B) Please refer to the CBC's response to Question 1 above. Points B to G are relevant.

Measures taken by the credit institutions:

In March 2014, the Money Laundering Compliance Officers confirmed that their AML/CFT policy, the Customer Acceptance Policy as well as their AML/CFT procedures were amended to reflect the nature, size and complexity of their respective credit institution's operations. In this connection, they confirmed that their policies and procedures are in line with the requirements of the CBC Directive and set in an explicit manner the categories of high risk customers, the categories of customers involving accumulation of high risks, the criteria for accepting customers as well as those types of customers who are not acceptable or should be rejected. In addition, their procedures provide, inter-alia, for enhanced due diligence measures to mitigate any ML/TF risk.

As already mentioned under question 1, during onsite examinations of 2014 and 2015 carried out at twenty four credit institutions, it was established that policies and procedures determine the categories of high risk customers as well as those attributes/circumstances which, if present, can lead to the classification of a customer into the high risk category. In this respect, it was established that credit institutions' policies and procedures recognise that the accumulation of risks in complex

business in itself presents overarching risk. In addition, it was established that credit institutions' policies and procedures set out the enhanced measures which need to be taken to mitigate these overarching risks. Moreover, it was noted that all credit institutions' policies and procedures describe the circumstances under which their officials should meet directly with the person who ultimately owns or exercises control over the customer. In this connection, the credit institutions were requested to present to the CBC examiners cases of customers with which, as a result of the implementation of their policies, the credit institution had direct meetings with them, including evidence thereof.

- 3. Banks should implement stricter controls on the use of business introducers to ensure not only that the introducer is regulated but also that the introducer's AML/CFT procedures are reviewed on an ongoing basis. In accordance with best practice reported to the assessors by several credit institutions, where concerns arise on the reliability of CDD conducted by a particular business introducer, or a significant number of SARs relate to customers they introduce, credit institutions should always consider terminating business relations with the introducer. [High priority – 6 months and ongoing]**

Response of the authorities:

Measures taken by the Central Bank:

- A) Article 67 of the AML Law permits persons carrying on financial or other business to rely on third parties for the implementation of customer identification and due diligence procedures, as these are prescribed in article 61(1)(a),(b),(c) of the AML Law, provided that the said persons are (i) subject to mandatory professional registration, recognized by law and (ii) are subject to supervision with regard to their compliance with the requirements of the European Union Directive. Moreover, the AML Law explicitly provides that the ultimate responsibility for performing the above mentioned measures and procedures remains with the credit institutions or the other person who carries on the financial or other business which relies on the third person. Consequently, the obligation to apply customer identification and due diligence procedures cannot be delegated to a third person.

The CBC has taken steps to expand its regulation on credit institutions that rely on third parties in recognition of the unique role and risks posed by such entities in the anti-money laundering framework. Particularly, section 4.12 of the CBC Directive requires credit institutions, prior to accepting the customer identification data verified by the said third person, to apply the following additional measures/procedures:

- (i). Obtain a copy of the policy and procedures applied by the third person.
- (ii). Ascertain and evaluate the systems and procedures applied by the third person for the prevention of money laundering and terrorist financing. The said assessment should be performed by the credit institution's Money Laundering Compliance Officer.
- (iii). Collect data and information on the person appointed as a Compliance Officer in accordance with Article 69(1) of the AML Law,
- (iv). As a result of the above mentioned assessment, the credit institution should be satisfied that the third person implements customer identification, due diligence and record keeping systems and procedures which are in line with the requirements of the AML Law and the CBC Directive.
- (v). The Money Laundering Compliance Officer maintains a separate file for every third person where it keeps the assessment report and other relevant information (identification details, records of meetings, evidence of professional registration in accordance with the appropriate law etc).

- (vi). The Money Laundering Compliance Officer reviews on an annual basis the business relationship with the third person.
- (vii). The Money Laundering Compliance Officer keeps a register with data/information (e.g. name, address, work, professional area, supervisory authority, cooperation start date, last date of evaluation, next evaluation date, evaluation grade) on third persons with whom the Bank has entered into cooperation. A copy of the said register should be forwarded to the Central Bank of Cyprus along with the Money Laundering Compliance Officer's Annual Report.
- (viii). The Money Laundering Compliance Officer gives her/his approval for the commencement of the cooperation with the third person.

The CBC in cooperation with representatives of credit institutions and the Association of Cyprus Banks have developed (i) a questionnaire which will assist them to assess third parties at the onset of the business relationship and (ii) specific criteria (a scorecard) that will be used by the Money Laundering Compliance Officers at the onset and in the course of the business relationship with them. The said questionnaire and scorecard was forwarded to all credit institutions by the Association of Cyprus Banks in May 2014.

To ensure a level playing field and regulatory compliance by all credit institutions, on 10 July 2014, the CBC forwarded the said two documents to all credit institutions obliging them to make use of them in case their institution's policy allows them to rely on third parties for customer identification purposes. In this connection, each credit institution should arrange for the said new questionnaire to be completed for all third parties with whom it has a business relationship and to reassess them in accordance with the requirements of the Law and the CBC Directive.

In addition to the above, credit institutions were requested to make use of the scorecard during the application of the review procedure and assign a score to each third party which will determine the continuation or termination of the relationship, accordingly. The said process was completed in November 2014.

Initially, it was proposed to set up a registry populated with those third parties who do not fulfill the above obligations. Such third parties were to be recorded in the registry by the credit institutions themselves. The CBC developed the required IT infrastructure to assist in this project. Subsequent discussions with all parties concerned raised a number of legal and administrative issues which led to the shelving of the project, at least for the time being. Notwithstanding this development, the CBC during its on-site inspection addresses the issue of third persons by means of a specialized audit program and assessment which could lead to sanctioning of the credit institution if the latter's procedures are found to be deficient or contravene the provisions of the CBC AML directive regarding the issue of third persons.

C) Please refer to the CBC's response to Question 1 above. Points B to G are relevant.

Measures taken by the credit institutions:

In March 2014, the Money Laundering Compliance Officers confirmed that credit institutions amended and enhanced their AML/CFT policies and procedures to be in line with the legal and regulatory framework. It should also be noted that 13 credit institutions confirmed that, according to their institution's policies, they do not rely on third parties for customer identification and due diligence procedures.

During the onsite examinations carried out in twenty four credit institutions since the beginning of 2014, it was established that credit institutions' policies and procedures have indeed been amended and enhanced in order to be in line with the regulatory framework.

In addition, it was established that those credit institutions which rely on business introducers have reassessed existing business relationships with third parties on the basis of the regulatory requirements mentioned above utilising a specialised questionnaire and scorecard. Moreover, it was noted that credit institutions terminated business relationships which did not meet the aforementioned criteria.

The above provide sufficient comfort to the CBC that, despite the non-implementation of the disqualified third persons' register, credit institutions have indeed taken on board the regulatory requirements and the prevailing new stride of reliance on third parties. Needless to say that compliance with these requirements will continue to form part of the CBC's on-site inspection, under a dedicated inspection program.

- 4. When accepting higher risk customers, banks should ensure, where not already the case, that ML/FT risk issues are taken fully into account, with the process involving the expertise of the compliance function in an enhanced advisory role. [High priority – 6 months and ongoing]**

Response of the authorities:

Measures taken by the Central Bank:

- A) Article 61(2) of the AML Law requires persons carrying on financial or other business activities to apply the customer identification and due diligence procedures set out in the AML Law but permits persons carrying out financial or other business activities to determine the extent of such measures on a risk sensitive basis depending on the type of customer, business relationship, product or transaction.

In addition to the above, Article 64(2) of the AML Law requires persons carrying out financial or other business activities to apply enhanced and additional customer due diligence measures in all instances which due to their nature entail a higher risk of money laundering or terrorist financing.

In this connection, the CBC Directive requires that the Customer Acceptance Policy of each credit institution should define the categories of high risk customers, as these are defined in the AML Law, the CBC Directive (Section 4.14.2) as well as the clients that the credit institution itself has classified as high risk on the basis of the risk assessment and policy it has established.

Furthermore, Section 4.14 of the CBC Directive provides that, in order to determine what constitutes sufficient customer identification, one should take into account each customer's perceived risk associated with money laundering and terrorist financing. The extent and the number of checks that must be carried out for customer identification may vary depending on the perceived risk of the customer's country of origin or the type of service, product or account requested by the customer, or the customer's background and professional or business activities as well as the level of the expected turnover and transactions. Information on the source of funds, i.e. how payments will be made, from where and by whom, should be recorded so as to facilitate future transaction checks.

However, for high risk products, accounts or customers, credit institutions should take additional measures for verifying their customers' identity, creating their business profile and ascertaining the source of assets i.e. how they have been acquired and their origin as well as monitor the movement of their accounts/transactions on a regular basis.

It is emphasised that a credit institution should be in a position to prove to the Central Bank of Cyprus, if so requested in the context of the latter's supervisory function, that the extent of customer identification and due diligence measures implemented is proportional to the money laundering and terrorist financing risks faced.

In addition to the above, the CBC Directive provides that the Money Laundering Compliance Officer should become aware of the prospective high risk customers the credit institution intends to accept, and he/she should act as an advisor before the credit institution establishes a business relationship. For existing high risk customers, the above said process should be implemented

during the updating procedure. Moreover, for the reclassification of high risk customers to a lower risk level, the approval of the Money Laundering Compliance Officer is required.

B) Please refer to the CBC's response to Question 1 above. Points B to G are relevant

Measures taken by the credit institutions:

In March 2014, the Money Laundering Compliance Officers confirmed that all credit institutions' AML/CFT policies and procedures have been amended to be in line with the above mentioned regulatory requirements.

During onsite examinations carried out in twenty four credit institutions, it was established that credit institutions' policies and procedures provide that the Money Laundering Compliance Officer should become aware of the prospective high risk customers the credit institution intends to accept, and he/she should act as an advisor before the credit institution establishes a business relationship. Policies and procedures of some credit institutions go beyond the CBC requirements, requiring the Money Laundering Compliance Officer's opinion for all customers, irrespective of risk categorisation.

In addition, it was verified that for all new business relationships established with high risk customers, the Money Laundering Compliance Officer's opinion had been obtained. Furthermore, it was verified that for existing high risk customers the above said process is indeed implemented during the updating procedure. It is worth noting, that in some cases the on-boarding of certain prospective customers was terminated in view of the negative opinion given by the Money Laundering Compliance Officer.

5. Banks should review the resources allocated to the monitoring of high risk international business and where necessary increase resources of compliance departments to fully investigate and properly review all the alerts raised on high risk accounts. Any banks not already conducting such transaction checking thoroughly across the full range of their higher- risk business should be required to improve the effectiveness of their implementation. [High priority - ongoing]

Response of the authorities:

Measures taken by the Central Bank:

A) Article 61(1) (d) of the AML Law requires persons engaged in financial or other business to conduct ongoing monitoring of the business relationship including scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with data and information maintained by the person who carries on financial or other business in respect of the customer, the business and the risk profile of the customer, including the source of funds as well as ensuring that the documents, data or information held are kept up-to-date.

Article 58(e) of the AML Law requires credit institutions, inter alia, to examine in detail any transaction which by its nature may be associated with money laundering or terrorist financing and in particular those complex or unusually large transactions and all unusual patterns of transactions which have no apparent economic or visible lawful purpose.

Section 4.15 of the CBC AML Directive requires credit institutions to perform on-going monitoring of customers' accounts and transactions for effective money laundering and terrorist financing preventive procedures. Credit institutions are required to have a full understanding of normal and reasonable account activity of their customers as well as of their business profile and have the means of identifying transactions which fall outside the regular pattern of an account's activity or to identify complex or unusual transactions or transactions without obvious economic purpose or clear legitimate reason. The procedures and intensity of monitoring accounts and examining transactions should be risk sensitive.

In order to accomplish the above, credit institutions are required to have in place adequate automated/ electronic management information systems which will be capable of supplying, on a timely basis, all the valid and necessary information for the identification, analysis and effective monitoring of customer accounts and transactions to Management, the Money Laundering Compliance Officer and other responsible officials based on the assessed risk of these accounts and transactions in relation to money laundering or terrorist financing purposes.

Finally, Appendix 3 of the Directive of the Central Bank of Cyprus entitled 'The Governance and Management Arrangements Directive' (July 2014), defines the "Principles for a sound and an effective operation of information technology systems in the context of managing a credit institution's operational risk" and imposes detailed and specific requirements on credit institutions in relation to the secure, effective and efficient operation of systems.

B) Please refer to CBC's response to Question 1 above. Points B to G are relevant.

Measures taken by the credit institutions:

In March 2014, the Money Laundering Compliance Officers confirmed that their institutions have reviewed the resources allocated to the Money laundering compliance units and to the units monitoring transactions, and measures have been taken where needed.

During the onsite examinations carried out in 2014/2015, it was noted that eleven institutions have strengthened their resources by hiring more staff in compliance units. Thirteen credit institutions reviewed their staff resources allocated to their AML Unit and concluded that there was no need to increase the staff.

Additionally, banks have reviewed and some have invested in IT platforms which allow for a detailed review of the transactions by the relevant staff. The CBC reviews these tools as part of its on-site inspections, with the assistance of IT specialists from the Supervision Department. The review covers, inter-alia, AML IT systems security and adequacy, alert systems, scenario analysis, UN/EU sanctioned persons, client lists et al. Any weaknesses identified from this review are reported as findings of the on-site inspection.

- 6. Banks should strengthen the implementation of due diligence procedures in relation to PEPs, particularly when seeking to identify 'family members' and 'close associates' of PEPs, ascertaining source of wealth, and identifying customers who subsequently become PEPs. These issues may point to a need for the competent authorities to issue further guidance on establishing sources of wealth. [Medium priority – 12 months]**

Response of the authorities:

Measures taken by the Central Bank:

- A) Section 64(1)(c) of the AML Law has been amended to strengthen the implementation of due diligence procedures in relation to politically exposed persons (PEPs). Particularly, the said requirements do not limit, any more, the scope of the PEP requirements to individuals who have their place of residence in another country. Therefore, the said requirements equally apply to local as well as foreign PEPs. Also, the AML Law requires that persons providing financial and other activities to have appropriate risk based procedures to determine whether the customer or the beneficial owner is a politically exposed person (family member or PEP's associate). Moreover, it is an obligation imposed by the AML Law on credit institutions to address the situations where an existing customer becomes or is subsequently found to be a PEP and to obtain the Senior Management's approval for the continuation of relationships between the credit institution and such persons.

B) Please refer to CBC's response to Question 1 above. Points B to G are relevant.

Measures taken by the credit institutions:

In March 2014, the Money Laundering Compliance Officers confirmed that credit institutions amended their AML/CFT policies and procedures to be in line with the above mentioned legal and regulatory requirements. In addition to the above, the majority of credit institutions confirmed that they amended their Account Opening Forms and introduced specific self declaration questions regarding PEPs, family members and/or PEPs' associates. It should be noted that all credit institutions are subscribers to relevant commercial databases for screening their customers and in cases of legal entities, the natural persons (i.e. UBOs, authorised signatories and Directors) connected with them.

In relation to local PEPs, the CBC has established through its on-site inspections that credit institutions identified, reviewed and reassessed such business relationships, where they existed.

In relation to the requirement to have systems and procedures in place to address the situations where an existing customer or the beneficial becomes or is subsequently found to be a PEP, the CBC has established as part of the on-site inspections carried out in 2014/2015 that twenty credit institutions have implemented the necessary procedures and systems to comply with the above requirement. Any weaknesses identified in relation to PEPs during the on-site examinations of 2014/2015 will be duly reported to the credit institutions concerned in the examination letters which will be sent.

- 7. Banks should ensure that the purpose of the business relationship is identified and recorded in all cases and that the economic and business profile of high risk customers is detailed, meaningful, accurate and regularly updated, where this has not already been done. [Medium priority – 6-12 months, risk prioritised]**

Response of the authorities:

Measures taken by the Central Bank:

- A) Section 4 of the CBC Directive covers in detail the customer identification and due diligence measures needed to be applied by credit institutions in order to construct a detailed, meaningful and accurate customer business and economic profile.
- B) Please refer to the CBC's response to Question 1 above. Points B to G are relevant.

Measures taken by the credit institutions:

In March 2014, the Money Laundering Compliance Officers confirmed that their policies and procedures provide for the collection of adequate information which is detailed, meaningful, accurate and regularly updated. For high risk customers additional/enhanced due diligence measures are applied. Following the Moneyval and Deloitte Special Assessments, and having in mind the weaknesses identified, credit institutions informed us that they have taken a number of steps/measures to ensure that their institution is compliant with the corresponding legal and regulatory requirements. Examples of measures taken by credit institutions were the following:

- Policies and procedures have been reviewed, amended and/or enhanced where needed.
- Customers' files were reviewed to ensure that in all cases the construction of business profiles is adequate and meaningful.
- A KYC Unit was established for reviewing customer files and transactions.
- Money Laundering Compliance Officer reviews and approves high risk customers.
- Identification and assessment/evaluation of business relationships with local PEPs.
- The Internal Auditor and the Compliance Department or the Money Laundering Compliance Officer intensified their audits (regular and/or ad hoc reviews) to ensure effective

implementation of policies and procedures.

- Enhanced/upgraded IT systems to maintain customer business profiles electronically and/or identify cases of customers where documents/information is missing and/or generate reports/statistics which facilitate the review/update process.
- High risk customers visited or contacted directly by credit institution officials.

During the onsite examinations of 2014 and 2015, it was established that credit institutions' policies and procedures are in line with the AML regulatory framework requiring credit institutions' officials to collect adequate information which is detailed, meaningful, accurate and regularly updated. For high risk customers additional/enhanced due diligence measures are applied.

Moreover, one of the objectives of the CBC examiners during the onsite examinations of 2014 and 2015, was to assess the level of compliance of each credit institution in relation to the effective implementation of customer due diligence procedures, emphasising high risk customers. In this connection, an appropriate sample of existing and new customers was selected in order to test all aspects of CDD procedures including the updating of business and risk profiles of all customers. In this respect, it has been evidenced that credit institutions have indeed put a great effort and improved their AML procedures so as to be commensurate with the risks they are facing, the purpose of the business relationship was identified and recorded in many cases and that the economic and business profile of high risk customers is detailed, and meaningful. Any weaknesses that were identified during the on-site inspections on CDD issues will be duly reported in the examination letters to be addressed to the credit institutions.

8. Banks should update any remaining outstanding CDD in relation to existing customers without further delay. [Medium priority – 6-24 months, risk prioritised]

Response of the authorities:

Measures taken by the Central Bank:

- As per Moneyval's Special Assessment report, a few credit institutions indicated that projects to update verification documentation for customers existing at the time of the material upgrading of the Cypriot AML/CFT requirements in 2007/8 were, to some extent, still in progress. The credit institutions concerned informed the assessors that the outstanding work related to retail business and the omissions were mainly technical in nature (e.g. no copy of utility bill, out-of-date identification document) but may also include incomplete customer profile to provide the base line for ongoing due diligence. In general, most of the customer base, including larger, riskier, and corporate customers appeared to have been addressed at this stage.
- Article 60(d) of the Law requires persons carrying out financial or other business activities to apply customer identification and due diligence measures when there are doubts about the veracity or adequacy of previously obtained customer identification documents, data or information. Furthermore, article 62(6) of the Law requires the application of customer identification and due diligence procedures not only to new customers but also at appropriate intervals to existing customers, depending on the level of risk of being involved in money laundering or terrorist financing activities.
- Section 4.5 of the CBC Directive, requires credit institutions to ensure that their customer identification records as well as the information that form their business/economic profile remain completely updated throughout the business relationship. In this respect, credit institutions must examine and check on a regular basis the validity and adequacy of the customer identification data and information they maintain, especially those concerning high-risk customers.

- Despite the above and taking into account the level of risk, if at any time during the business relationship with an existing customer, a credit institution becomes aware that reliable or adequate data and information are missing from the identity and the business/economic profile of the customer, then the credit institution is expected to take all necessary action, by applying the customer identification and due diligence procedures, to collect the missing data and information, the soonest possible, so as to update and complete the customer's business/economic profile. The CBC monitors this process as part of its on-site inspections through the dedicated CDD/KYC audit program.
- Please refer to CBC's response to Question 1 above. Points B to G are relevant.

Measures taken by the credit institutions:

In March 2014, the Money Laundering Compliance Officers confirmed that their policies and procedures in relation to the update and review of customers' files and transactions have been reviewed and amended where it was needed, so as to be in line with the requirements of the CBC Directive.

A number of credit institutions confirmed that following the two special assessments their customers' files have been reviewed. One credit institution informed the CBC that it has established a KYC update unit within the compliance department that is assigned with the task of reviewing and updating the KYC data for high risk customers or whenever certain trigger events occur. A great number of credit institutions informed the CBC that they have amended or they plan to amend their IT systems so as to monitor and ensure that the review process is performed electronically. The CBC response to Question 7 is also relevant.

The larger credit institutions have adopted a structured program aimed at completing the review of all customers over the medium term, on a risk basis and are in the habit of keeping the CBC updated as to the progress achieved.

In this respect, during the on-site inspections of 2014/2015, it was established that credit institutions' policies and procedures are in line with the AML regulatory framework. In addition, it was evidenced that, based on the nature, size and complexity of credit institutions' business, different measures, systems and procedures are implemented to deal with this specific issue. For example, three major credit institutions established a dedicated team within the compliance unit for reviewing and updating the KYC data. Some institutions have upgraded their AML IT systems accordingly and some are in the process of calibrating their AML IT systems and monitoring procedures to ensure that these are in line with the risks identified during their Risk Assessment.

- 9. Banks should review their current staff training arrangements, both for client-facing staff and for the compliance function, and enhance the training where necessary to reflect best practice, taking into account in particular the types of higher-risk business that staff are liable to encounter. All banks should focus training, inter alia, on the importance of creating and regularly updating economic and business profiles of customers, ongoing monitoring, and the identification of suspicion (particularly in the international business context). [Medium priority – 12 months and ongoing]**

Response of the authorities:

Measures taken by the Central Bank:

- A) Article 58 of the AML Law requires persons carrying on financial or other business to establish adequate and appropriate systems and procedures to make their employees aware with regard to:

- (i) systems and procedures for the prevention of money laundering and terrorist financing,
- (ii) the AML Law,
- (iii) the Directives issued by the competent Supervisory Authority,
- (iv) the European Union's Directives with regard the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

Furthermore, Article 58(e) of the AML Law requires the regular training of staff to recognise and handle transactions and activities suspected to be related with money laundering or terrorist financing activities.

In addition section 8 of the CBC Directive requires of the Money Laundering Compliance Officer, in cooperation with other competent units of the credit institution (i.e. the Personnel and Training departments etc), to prepare and implement, on an annual basis, an education and training program for the staff as required by the AML Law and the CBC Directive. It is emphasized that the training programme should have a different structure for new staff, customer service staff, compliance staff, staff moving from one department to another or staff dealing with the attraction of new customers. The Money Laundering Compliance Officer is required to evaluate the adequacy of the seminars and the training provided to the staff and to maintain detailed records regarding the seminars/programs carried out.

B) Please refer to CBC's response to Question 1 above. Points B to G are relevant.

C) Seminars organized:

- On 18 March 2014, the CBC organized a seminar for the financial sector with the assistance of an external financial expert, to address issues such as EDD, the construction of business profile, monitoring of transactions, and reliance on business introducers.
- On 28 March 2014, the CBC in collaboration with MOKAS and an external firm organized a seminar to the Money Laundering Compliance Officers of all credit institutions. This seminar covered the recent changes to the legal and regulatory framework, tax crimes, construction and submission of SARs, and risk management systems.
- On 19 May 2014 the CBC in cooperation with the Cyprus Institute of Financial Services organized a seminar which covered highlights from the Moneyval and Deloitte special assessments, PEPs and their regulatory framework and tax crime as a predicate offence for ML purposes. In particular during that session the regulatory framework on tax crimes was explained as well as examples on legal tax structures/ business structures likely to be used for legitimate tax planning purposes in Cyprus.
- On 16 December 2014 the CBC in collaboration with an audit firm and with the assistance of two external financial experts organised a Seminar on Risk Assessment. This seminar covered examples of methodology that can be used and the drafting of Risk Assessment Reports.
- On 16 & 17 February 2015, the CBC in cooperation with the Cyprus Institute of Financial Services and Global Training organised a two-day seminar which covered topics such as AML/CFT Compliance, Tax crimes, Trusts, Foundations, Funds and Fraud.
- On 28 & 29 September 2015, the CBC was a co-organizer of the Regional Alliance against Money Laundering and Terrorist Financing seminar of the World Union of Arab Bankers.

Measures taken by the credit institutions:

In March 2014, the Money Laundering Compliance Officers confirmed that they organised in

house seminars to their staff covering inter-alia, the weaknesses identified during the two special assessments. Moreover, the majority of them confirmed that they and/or the compliance staff attended seminars in Cyprus or abroad.

In addition, most credit institutions delivered seminars to their staff in relation to the new legal and regulatory requirements and on the latest developments in AML/CFT matters.

It should be noted that detailed information on training courses/seminars attended by the Money Laundering Compliance Officer, his/her assistants and the staff, whether in-house or external, are included in the Money Laundering Compliance Officer's Annual Report and are reviewed by the responsible officers.

During onsite examinations carried out in 2014 and 2015, it was established that tailored in-house seminars were organised in various credit institutions. In addition, it was established that Money Laundering Compliance Officers and compliance staff attended specialised seminars in Cyprus and/or abroad. As part of the on-site inspections, the CBC monitors the training activities of credit institutions through a dedicated audit program.

The following supplemental recommendations are included as they are directly relevant to placing the banks in a position to implement effective CDD measures:

- 10. The competent authorities should amend their directives to explain the new provisions on tax crimes (including tax evasion) as predicate offences to ML. Careful guidance needs to be given on the assessment of risk in this context, including on business structures likely to be used for tax evasion purposes. Guidance should also be given on the identification of suspicious activities related to domestic and foreign tax evasion [Medium priority – 6-12 months]**

Response of the authorities:

Measures taken by the authorities:

- Please refer to CBC's response to Question 1 above. Points B to E are relevant.
- All supervisory authorities from the financial and non-financial sector issued Guidelines to their supervisory entities, explaining the new provisions on tax crimes as predicate offences to money laundering. It should be noted that the said Guidelines issued by the other supervisory authorities are along the same lines with the one issued by the CBC.
- The following seminars have taken place during 2014 and 2015 in the financial and non-financial sector by each supervisory authority and in cooperation with the Cyprus FIU, MOKAS, in order to explain, inter-alia, the new provision of the law in relation to tax crimes.
 - MOKAS in collaboration the CBC and an external firm organised a seminar to the MLCOs of all credit institutions on 28 March 2014. This seminar covered the recent changes to the legal and regulatory framework, tax crimes, construction and submission of SARs, and risk management systems.
 - MOKAS in cooperation with CYSEC, the CBA and other organisations has organised two seminars on 9/5/2014 in Nicosia and on 26/7/2014 in Limassol which covered the AML Legislation and among other the requirements to report SARs, including the duty to report issues relating to tax crimes. Members of ICPAC were also invited and participated in the above seminars.
 - The CBC in cooperation with the Cyprus Institute of Financial Services organised a seminar on 19 May 2014 which covered highlights from the Moneyval and Deloitte special

assessments, PEPs and their regulatory framework, and tax crime as a predicate offence for ML purposes. In particular during that session the regulatory framework on tax crimes was explained as well as examples of legal tax structures as well as business structures likely to be used for legitimate tax planning purposes in Cyprus.

- MOKAS has delivered a seminar to the staff of Deloitte, one of the big audit firms, upon invitation on 16 June 2014. The seminar covered amongst others the AML Law, and the requirements to report STRs, including the duty to report issues relating to tax crimes.
- On 16 December 2014 the CBC in collaboration with an audit firm and with the assistance of two external financial experts organised a Seminar on Risk Assessment. This seminar covered examples of methodology that can be used and the drafting of Risk Assessment Reports.
- On 16 & 17 February 2015, the CBC in cooperation with the Cyprus Institute of Financial Services and Global Training organised a two-day seminar which covered topics such as AML/CFT Compliance, Tax, Trusts, Foundations, Funds and Fraud.
- On 28 & 29 September 2015, the CBC was a co-organizer of the Regional Alliance against Money Laundering and Terrorist Financing seminar of the World Union of Arab Bankers.

During CBC's onsite examinations it was established that several SARs were submitted to MOKAS whereby a suspicion of "tax crime" was raised. It is evident that the guidance provided to the financial sector through the Guidelines and various seminars raised the awareness of staff on the identification of suspicious activities related to tax crime.

11. The accumulation of high risks has implications for the CBC's supervisory work, in particular in relation to those banks most exposed to such risks. The CBC should take these considerations into account and incorporate them appropriately when updating the CBC Directive. [Medium priority – 12 months]

Response of the authorities:

Measures taken by the Central Bank:

- The CBC has strengthened and continues to strengthen its resources, especially within the supervision department. A separate AML/CFT Unit was set up in May 2013 to undertake AML/CFT supervision of credit institutions. Initially, this unit consisted of five persons plus the Head of the Unit and was reinforced with another person in October 2014, who joined on a fixed term contract. In March 2015 another person joined the unit to act as group leader and coordinator. The AML/CFT Unit requires to be strengthened by one more expert. The strengthening of staff arrangements of the AML/CFT Unit would assist in the timely completion of outstanding matters and facilitate the smoother organisation of the Unit's tasks for the short and medium term period.
- As already mentioned above, the CBC, with the technical assistance of the IMF, has designed and developed a risk-based assessment methodology and tools for offsite and onsite supervision, which are tailored to the business model adopted in Cyprus and particularly address the high risks inherent in this model.
- In relation to offsite supervision, the CBC designed, developed, and adopted, a risk assessment methodology and tools that provide for:
 - a comprehensive analysis of inherent ML/TF risks within the following risk factors: customers, products & services, geographic locations/areas, and delivery channels;
 - an assessment of the internal control environment that should be in place to mitigate and/or

- control the inherent ML/TF risks, as identified and measured;
- institutional risk profiles;
- specific AML/CFT supervisory strategies (adapted to institutional risk profiles).

- In relation to onsite supervision, during 2014, the CBC conducted on-site inspections at 11 credit institutions, utilising the aforementioned methodology. The inspections were carried out by CBC AML/CFT Unit whose capacity and expertise was complemented by the use of external auditors selected via a tender procedure together with the assistance of financial experts from abroad. So far, during 2015, the CBC conducted on-site inspections of 13 credit institutions and is scheduled to complete this cycle with an additional on-site inspection in December 2015. The 2015 inspections were also carried out with assistance from external audit firms selected via a tender procedure. The scope of the audit firms' work was limited to CDD/KYC measures, under the full control of CBC, while all other audit programs were conducted by the CBC AML Unit's staff.
- In addition to the above, during 2015 the CBC has conducted on-site inspections at four Payment Institutions and one E-Money institution.
- The on-site inspection cycle will continue for 2016 in the same mode as for 2015. The tender process for the selection of the audit firms which will complement the work of the CBC has been initiated.

Finally, the on-site inspection process is closely monitored as part of the quarterly Troika review.

12. The Company Registry should be provided with the staff and other resources necessary to remove the backlog of amendments to company registration documents and to follow up unsubmitted annual returns and financial statements. [Medium priority – 12 months]

Response of the authorities:

Measures taken by the Company Registry:

On the initiative of the Cyprus' authorities, a full third party assessment of the Department of the Registrar of Companies and Official Receiver (DRCOR) took place from September – December 2013, by the National School of Government International UK, Companies House UK and the Insolvency Service UK in collaboration with the authorities. The scope of the assessment was to assess, according to best practice, the processes and methods of the Department, its information and technology systems, its staffing and organisation and also to address the issue of the backlog and unsubmitted annual returns and financial statements.

Based on this work, an action plan was formulated for the reformation of the DRCOR, which was approved by the Council of Ministers on the 30.4.2014 aiming to restructure the Department according to best international practice with a specific timeframe for its implementation.

A Project Team, including a project manager, was assigned to this project, with the responsibility to design and promote all necessary actions regarding the implementation of the reformative measures. Regarding the above recommendation, the following have been achieved.

- a. With additional staffing all backlog of amendments to company registration, comprising of approximately 40.000 documents, have been processed, while subsequent respective documents have been immediately processed so as not to create future backlogs.
- b. A team consisting of DRCOR staff has been set up to process all submitted annual returns while a procedure for striking off non-compliant companies on the Register, was initiated in September 2014. This was preceded by an awareness campaign through the

media and service providers. Since the beginning of year 2014, 37.308 companies have been struck off the Register, while currently around 94.000 companies are in the final stage of the 3month notice for strike off, after publication in the Government Gazette. As a result of the compliance campaign, more than 314.000 overdue annual returns have been submitted at the DRCOR over the last year. It is expected that by the end of the first half of 2016, DRCOR will have a fully cleansed Register, providing accurate and current ownership information on all types of legal persons registered in Cyprus. In addition to this 'cleansing' process, a new policy and process are being developed for striking off companies that do not comply with their filing obligations. The new process includes the automatic generation of reminder letters, the imposition of fines where non-compliance persists, and the initiation of the strike off procedure after one year of non-compliance. This process is expected to be fully operational in 2016.

- c. Since the 20.2.2015, the online submission of the annual returns and financial statements has become mandatory.
- d. Amending legislation to the Companies Law has been formulated and enacted on the 19.6.2015, that has streamlined the registration, filing and strike-off processes for companies.

It should further be noted that the implementation of this action plan, is closely monitored as part of the quarterly Troika review.

13. The supervisory regime for ASPs should be brought fully into effect as quickly as possible and the AML/CFT supervision of lawyers and accountants, in their role as business introducers, should be further strengthened. [Medium priority – 12 months and ongoing]

Response of the authorities:

Measures taken by the authorities:

The supervisory authorities have enhanced their AML monitoring capacity by restructuring the supervisory department (Cyprus Securities and Exchange Commission), increasing the human resources (Cyprus Securities and Exchange Commission, Cyprus Bar Association and Institute of Certified Public Accountants of Cyprus). At the same time, all supervisors are working with specialised consultants towards the development of risk-based supervisory tools for offsite and onsite surveillance.

CYSEC

The supervisory regime for ASPs has come into full effect. CySEC is examining on an ongoing basis applications for authorisation – the application deadline for companies already offering those services was in July 2013.

A special section on the CySEC's website addresses frequently asked questions, which help interested parties in the application of the ASP Law. In the same context CySEC announcements are published on a regular basis to give guidelines on the Law or codify a procedure that needs to be followed. CySEC has been the guest speaker in seminars and meetings presenting and explaining the said Law. Competent Authorities have enhanced and strengthened their cooperation and are regularly meeting or communicating regarding common supervision principles and exchange of information, knowledge and knowhow. Following the enactment of the ASP Law, business introducers - for banking purposes - can only be lawyers and accountants regulated by their respective Competent Authority or an ASP regulated by CySEC. CySEC has implemented its Risk Based Supervision

Framework on ASPs and has already started carrying out onsite inspections of ASPs that have already received their CySEC authorisation. In addition, the CySEC decided on 5 October 2015 to assign the carrying out of AML/CFT on-site inspections of 16 TCSPs to two major audit firms.

ICPAC

The AML/CFT Laws, as amended by Law no. 192(I)/2012 and Law no.: 101(I)/2013, redefine the definition of the accountancy profession, in order to capture all the activities of accountants and auditors.

Pursuant to these amendments, ICPAC, in its capacity as Supervisory Authority for the professional activities of members of ICPAC (including trust and company services to third parties) or general partnerships or limited partnerships or limited liability companies, whose general partners or shareholders and directors are members of the ICPAC, as well as any subsidiary company of such companies, has taken all appropriate measures to fulfill its task effectively.

To this end, the Institute of Certified Public Accountants for Cyprus (ICPAC) has engaged in the following actions:

- a. The AML Directive to the members of the Institute has been revised in September 2013 to accommodate all the latest relevant updates
- b. The Regulations of the Institute were also revised to take into account new provisions regarding the monitoring, supervision and disciplinary proceedings of the members
- c. ICPAC has outsourced the onsite inspection of its members to ACCA UK, which performs the AML audits on its behalf. The procedure and the staffing of this function has been enhanced.
- d. ICPAC set up a specific committee to handle the everyday affairs and business issues of its members that provide administrative services.
- e. After the enactment of the ASP Law, ICPAC issues separate practising certificates to individual and firms for the provision of administrative services. Each member who wishes to provide such services or act as a business introducer must hold such a certificate.
- f. A register of the members and of the firms providing administrative services is kept by the Institute, which is also available on its website. Registers are also maintained of the subsidiary companies of ASPs and of the persons employed by them.
- g. A number of training activities have been carried out in 2013/2014 and scheduled for the remainder of 2014 regarding AML and the provisions of administrative services. In 2013, the new ASP law, the revised AML Directive, the AML Law and aspects of suspicious transactions were presented in seminars; whilst in 2014 similar updated activities are being pursued, for the benefit of the members.
- h. The Institute has developed and finalised a risk based offsite surveillance tool for all its licensed firms.
- i. ICPAC is up-to-date with the requirements of the AML Action Plan imposed by Troika.

CBA

Pursuant to the amendments to the AML/CFT Laws (L.192 (I)/2012 and L.101 (I)/2013) the CBA has been appointed as the competent authority for the supervision of trust and company services provided by CBA members.

To this end, the CBA has proceeded as follows:

- a. has strengthened its AML department which now consists of five (5) supervisors, who have received training on the newly developed onsite RBA methodology and attended several seminars as part of their training. For further details on staff training, as well as CBA members' training, please refer to Table 7.
- b. has revised its AML Directive accordingly and has issued a Directive which regulates the registration and supervision of Administrative Service Providers", (edition: February 2013), revised in January 2015.
- c. has created a separate registry for ASPs regulated by the CBA which is posted on the CBA's

website. Also, CBA issues certificates to its members for the provision of administrative services.

- d. has developed and finalised a risk based offsite and onsite surveillance tools for all its members
- e. Is up-to-date with the requirements of the AML Action Plan imposed by Troika.

A detailed action plan, duly adhered to by the authorities, is part of the Memorandum of Understanding on Specific Economic Policy Conditionality for Cyprus (Annex 2 - http://ec.europa.eu/economy_finance/publications/eeip/pdf/ip009_en.pdf page 106 of the EC Report) in which specific enhancements to the AML framework are stipulated. In this specific action plan, various measures are stipulated with deadlines for implementation. These measures include amongst other, a) the development of a risk based approach in supervision by all competent authorities (on-site and off-site), b) the reviewing by the Central Bank of Cyprus of the framework relating to the use of introducers/third parties c) the on-going quarterly monitoring of the implementation of adequate AML supervision by the competent supervisory authorities. Subsequently, this process is closely monitored as part of the quarterly Troika review.

5. Measures adopted implementing relevant EU AML/CFT requirements

The recommendation/comments made in respect of the issues covered under the EU template questionnaire were addressed to the Biennial update (including information on the Special Assessment Report) of the 4th round evaluation of Cyprus (doc. reference: MONEYVAL(2013)27, dated 27/11/2013), that was adopted by the 43th Plenary meeting of the MONEYVAL Committee in December 2013. Cyprus authorities are now in the process of consultation aiming to incorporate the provisions of “*Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC*” (4th EU AML Directive) into national law. To this end, Cyprus has proceeded with the establishment of an Ad-Hoc group under the auspices of the Advisory Authority for Combating Money Laundering and Terrorist Financing which will coordinate and manage the transposition effort.

6. Statistics

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Legend

In completing the following tables please use the following terminology

NA Not applicable

NP Offence not punishable

This template is to be completed in order to support the 4th Assessment Visit Follow-up Report. Only those sections of the template that relate to the follow-up report are required to be completed.

Although this template sets out tables that need to be completed, it is appreciated that data collected for domestic purposes may not exactly conform to the format of the tables set out below. Where equivalent data is recorded but in a different format due to domestic requirements then this format may be utilised instead. If an alternative basis or format has been utilised please indicate this in the following tables.

Please state if figures are not available for a full year.

1. Background Information

1.1 Number of reported criminal offences (If available)

The following table should contain details of the number reports of criminal acts to the law enforcement agencies in the jurisdiction regardless of whether these criminal acts were subsequently investigated. This table mirrors the designated categories of offences as set out in the glossary to the FATF Methodology. Where domestic data collection on the level of reported crime does not use the same categorisation then the domestic categories may be substituted.

The aim of this table is to identify the level of non-fiscal economic crime. If it is more convenient to provide a table of all crimes reported, then this is permissible.

	2013	2014	2015 (Oct. 2015)
Participation in an organized criminal group and racketeering	N/A	N/A	N/A
Terrorism, including terrorist financing	0	1	1
Trafficking in human beings and migrant smuggling	22	27	N/A
Sexual exploitation, including sexual exploitation of children	47	51	68
Illicit trafficking in narcotic drugs and psychotropic substances	161	156	109
Illicit arms trafficking	N/A	N/A	N/A
Illicit trafficking in stolen and other goods	N/A	N/A	N/A
Corruption and bribery	12	12	23
Fraud	207	149	127
Counterfeiting currency	9	9	13
Counterfeiting and piracy of products	N/A	N/A	N/A
Environmental crime	N/A	N/A	N/A
Murder, grievous bodily injury	143	144	129
Kidnapping, illegal restraint and hostage-taking	19	21	23
Robbery or theft	1387	1056	824
Smuggling	N/A	N/A	N/A
Extortion	7	14	12
Forgery	374	281	292
Piracy	N/A	N/A	N/A
Insider trading and market manipulation	N/A	N/A	N/A
Other: Please Specify: Burglaries	4701	4873	3417

1.2 Number of convictions for predicate offences

The following table should contain details of the number of convictions for the predicate offences. This table mirrors the designated categories of offences as set out in the glossary to the FATF Methodology. Where domestic data collection on the number of convictions does not use the same categorisation then the domestic categories may be substituted.

The aim of this table is to identify the level of funds-generating crime. If it is more convenient to provide a table of all convictions, then this is permissible. Although the table requires details of both the number of cases and the number of persons convicted one or other category may be deleted if domestic statistics are not available.

	20xx		20xx		20xx	
	Cases	Persons	Cases	Persons	Cases	Persons
Participation in an organized criminal group and racketeering						
Terrorism, including terrorist financing						
Trafficking in human beings and migrant smuggling						
Sexual exploitation, including sexual exploitation of children						
Illicit trafficking in narcotic drugs and psychotropic substances						
Illicit arms trafficking						
Illicit trafficking in stolen and other goods						
Corruption and bribery						
Fraud						
Counterfeiting currency						
Counterfeiting and piracy of products						
Environmental crime						
Murder, grievous bodily injury						
Kidnapping, illegal restraint and hostage-taking						
Robbery or theft						
Smuggling						
Extortion						
Forgery						
Piracy						
Insider trading and market manipulation						
Other: Please Specify						

1.4 Regulated entities

The following table should contain details of the number of entities regulated for AML/CFT purposes.

Number at end of year	2013	2014	2015
FINANCIAL SECTOR			
Banks	93*	55	39
Securities:			
- Investment firms	148	184	199
- UCITS Management Companies	2	2	1
- Alternative Investment Fund Managers	0	5	9
- Self Manage Investment Firms	0	3	8
Insurance	10	10	10
MSBs and exchange offices	9	9	9
Other (please specify and add further rows as applicable)	-	-	-
NON FINANCIAL SECTOR			
Casinos	N/A	N/A	N/A
Real estate	301	287	271
Dealers in precious metals and stones	163	154	154
Lawyers	2763	2993	3144
Notaries	N/A	N/A	N/A
Accountants & auditors	904	1023	1065
Trust and company service providers	19	1096	1267
Other (please specify and add further rows as applicable)			

*Number of Credit Institutions includes 61 Cooperative Credit Institutions, permanently affiliated to the Cooperative Central Bank Ltd, which acts as a Central Body under article 3 of Directive 2006/48/EC.

2. Money Laundering and Financing of Terrorism Investigations, prosecutions and convictions

These tables under Section 2 should include cases which have commenced in the reference year.

As regards ML/TF investigations and prosecutions, this table should reflect only cases which have been commenced by law enforcement authorities independently, without a prior input/STR from the financial intelligence unit. Convictions relate to decisions of a court of competent jurisdiction.

2.1 Investigations, prosecutions and convictions

2013												
	ML/TF Investigations by law enforcement carried out independently without prior STR			Prosecutions commenced			Convictions (first instance)			Convictions (final)		
	Cases	Natural persons	Legal persons	Cases	Natural persons	Legal persons	Cases	Natural persons	Legal persons	Cases	Natural persons	Legal persons
ML	N/A	N/A	N/A	148	158	0	17	17	0	N/A	N/A	N/A
FT	0	0	0	0	0	0	0	0	0	0	0	0

2014												
	ML/TF Investigations by law enforcement carried out independently without prior STR			Prosecutions commenced			Convictions (first instance)			Convictions (final)		
	Cases	Natural persons	Legal persons	Cases	Natural persons	Legal persons	Cases	Natural persons	Legal persons	Cases	Natural persons	Legal persons
ML	N/A	N/A	N/A	132	160	1	22	22	1	N/A	N/A	N/A
FT	0	0	0	0	0	0	0	0	0	0	0	0

2015 (until 31.10.2015)												
	ML/TF Investigations by law enforcement carried out independently without prior STR			Prosecutions commenced			Convictions (first instance)			Convictions (final)		
	Cases	Natural persons	Legal persons	Cases	Natural persons	Legal persons	Cases	Natural persons	Legal persons	Cases	Natural persons	Legal persons
ML	N/A	N/A	N/A	15	22	0	24	24	0	N/A	N/A	N/A
FT	0	0	0	0	0	0	0	0	0	0	0	0

2.2 Analysis of penalties

The following tables are intended to provide an indication of the effectiveness of the criminal sanctioning regime and should give an indication of the severity of the penalties imposed for AML/CFT offences by a court of competent jurisdiction. Where there is comparable domestic data that indicates the types of penalties imposed this may be used instead.

2.2.1 Type of sentence imposed following a conviction for a money laundering offence by a court of competent jurisdiction

Year	Non custodial sentences			Custodial sentences			
	Fines (average in EUR) Cases	Other than fines Cases	Total Number Cases	Imposed prison sentence (average months) in Cases	Suspended prison sentence (average months) in Cases	Other measures Cases	Total Number Cases
2013	3	5	8	7	2	0	9
2014	1	3	4	13	5	0	18
2015	1	1	2	21	1	0	22

2.2.2 Type of sentence imposed following a conviction for a financing of terrorism offence by a court of competent jurisdiction

Year	Non custodial sentences			Custodial sentences			
	Fines (average in EUR)	Other than fines	Total number	Imposed prison sentence (average months) in	Suspended prison sentence (average months) in	Other measures	Total number
2013	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0

2.2.3 Please indicate the range of penalties imposed by a court of competent jurisdiction from highest to lowest

	Non custodial sentences		Custodial sentences	
	Highest	Lowest	Highest	Lowest
20xx				
20xx				
20xx				

* No such statistics are kept. However, it is noted that the highest custodial sentence imposed in general is 8 years imprisonment and the lowest is 18 months imprisonment.

2.3 Analysis of convictions for AML/CFT cases by a court of competent jurisdiction

The following tables are intended to indicate the quality of convictions. Columns (b), (c) and (d) should not add up to the less than the figure in column (a) and columns (e) and (f) should also add up to the same figure as column (a). If, however, the figures do

Definition

Autonomous money laundering – for these purposes, a third party laundering case not tried together with the underlying offence

Third party laundering - defined as laundering by a person other than the author of the offence.

Self laundering - defined as own proceeds laundering by a person who may be the author of the offence.

Fiscal – defined as relating to offences in connection with taxes, duties, customs and exchange

Cases	Total number of ML convictions	Number of convictions for self laundering	Number of convictions for third laundering ⁺	Number of convictions for laundering proceeds of crime committed abroad	Number of convictions for fiscal predicate offences	Number of convictions for non-fiscal predicate offences
	(a)	(b)	(c)	(d)	(e)	(f)
20xx						
20xx						
20xx						

⁺ Please indicate, if available, what were the major predicate offences in these cases and whether any of them were autonomous money laundering cases

20xx	
20xx	
20xx	

Although we have convictions in relation to self-laundering and third party laundering, Police does not keep separate statistics on that.

3. Provisional Measures and Confiscation

The following tables are intended to provide an indication of the effectiveness of the regime for depriving criminals of the proceeds of their crimes. The tables should reflect the national data for seizing, freezing and confiscating the proceeds of crime.

3.1 Property frozen, seized and confiscated

This table should not include information on property seized/confiscated on the basis of a mutual legal assistance request.

Property frozen refers to the freezing of property on the basis of a court order where a person has already been charged of an offence and that 'property seized' refers to the seizure of property on the basis of court order issued in the course of a criminal investigation where no charges have yet been brought.

Conviction based refers to instances where the order was applied as part of the sentencing for an underlying predicate offence. Conversely, non-conviction-based refers to situation where property is confiscated without a prior conviction of a predicate offence.

2013								
	Property frozen		Property seized		Property confiscated		Property recovered following conviction	
	Cases	Amount (EUR)	Cases	Amount (EUR)	Cases	Amount (EUR)	Cases	Amount (EUR)
ML – Conviction-based	25	25,084,677 1 car 2 plots of land	0	0	3	1,739,275		
ML-non-conviction-based								
Underlying predicate offences where applicable								
ML Total								
FT								

2014								
	Property frozen		Property seized		Property confiscated		Property recovered following conviction	
	Cases	Amount (EUR)	Cases	Amount (EUR)	Cases	Amount (EUR)	Cases	Amount (EUR)
ML – Conviction-based	17	22,423,142 1 car 4 plots of land			1	30,507		
ML-non-conviction-based								
ML Total								
Underlying predicate offences where applicable								
FT								

2015 (until 6.11.2015)								
	Property frozen		Property seized		Property confiscated		Property recovered following conviction	
	Cases	Amount (EUR)	Cases	Amount (EUR)	Cases	Amount (EUR)	Cases	Amount (EUR)
ML – Conviction-based	5	8,347,427			4	139,980		
ML-non-conviction-based								
ML Total								
Underlying predicate offences where applicable								
FT								

3.2 Cases of persons or entities and amount of property frozen pursuant to or under UN resolutions relating to terrorist financing

Property frozen						
Year	Number of Cases	Natural persons	Legal persons	Amount in EUR and/or type of assets	Legal basis (relevant resolution)	UN
2013	0	0	0	0	0	
2014	0	0	0	0	0	
2015	0	0	0	0	0	

3.3 FIU action and provisional measures

Note: This table should only be completed by jurisdictions where the FIU has the power to postpone transactions.

Year	Number of postponement orders issued by FIU to suspend transactions/block account	Number of cases where the FIU order was followed by a preliminary investigation and a seizure order was issued	Number of cases where the FIU order was followed by a preliminary investigation and a freezing order was issued	Number of cases where a prosecution /indictment was initiated	Convictions and confiscation	
					Cases	Amount (in EUR)
2013	12		8	2	2	N/A
2014	16		4	2	2	N/A
2015 (until 6.11.2015)	9		2	1	1	N/A

- A freezing order may be obtained following the previous issuance of a number of postponement orders by the FIU for a specific case.

- The numbers of freezing orders above include domestic freezing orders issued on the basis of MLA requests, for which prosecutions may have been initiated in foreign states but no statistics are available.

4. Suspicious transaction reports and other reports where appropriate under domestic law

The following tables are intended to provide information on the effectiveness of the suspicious transaction reporting regime. The data collected should include both the number of suspicious transaction reports received by the FIU from reporting entities and a breakdown of disclosures about suspicious transactions. If the table reflects the number of transactions reported, rather than the number of reports, this must be clearly stated.

If there is a breakdown on the number of reports relating to attempted transactions compared to executed transactions then this information should also be included. This information can be included in a separate chart if more convenient.

4.1 STRs

	2013					2014					2015 (until 6.11.2015)				
Reporting entity	TOTAL STRs	Breakdown of STRs				TOTAL STRs	Breakdown of STRs				TOTAL STRs	Breakdown of STRs			
		ML	F T	Other criminal offences	Attempted transactions		ML	F T	Other criminal offences	Attempted transactions		ML	F T	Other criminal offences	Attempted transactions
FINANCIAL INSTITUTIONS															
Banks	629	629	0			548	574	1			598	597	1		
Insurance sector	0	0				2	2	0							
Securities sector	77	77	0			2	2	0			5	5	0		
Investment firms	8	8	0			5	5	0			34	34	0		
Cooperative Banks	34	34	0			22	22	0			8	8	0		
(please specify and add further rows as applicable): MSBs	18	18				12	12	0			11	11	0		
Card Payments	12	12	0			3	3	0			4	3	1		
Other (PAYPAL)	0	0	0			0	0	0			44	44	0		
DNFBPs															
Casinos															
Supervisory Authority	4	4	0			7	7	0			3	3	0		
Real estate agents															
Dealers in precious metals/stones															

Lawyers	22	22	0			12	12	0			9	9	0		
Notaries	0	0	0			0	0	0			0	0	0		
Accountants	4	4	0			11	11	0			15	15	0		
Auditors															
Trust and company service providers	12	12	0			40	40	0			41	41	0		
Other professionals (please specify and add further rows as applicable)															
OTHER REPORTING ENTITIES (if applicable)															
(please specify and add further rows as applicable)															
TOTAL	810	820	0			664	690	1			772	770	2		

Note: The table reflects SARs each of which may include several suspicious transactions.

4.2 Reports filed on domestic or foreign currency transactions above a certain threshold (if applicable)

The following tables are intended to provide information on the effectiveness of the large transaction reporting regime. The data collected should include both the number of reports received from reporting entities and a split between domestic and foreign currency if available. If the table reflects the number of transactions reported, rather than the number of reports, this must be clearly stated.

If there is no requirement to report domestic or foreign currency transactions above a certain threshold this should be clearly stated.

Reporting entity	20xx			20xx			20xx		
	TOTAL CTRs	Domestic currency	Foreign currency	TOTAL CTRs	Domestic currency	Foreign currency	TOTAL CTRs	Domestic currency	Foreign currency
FINANCIAL INSTITUTIONS									
Banks									
Insurance sector									
Securities sector									
Investment firms									
Currency exchange									
(please specify and add further rows as applicable)									
DNFBPs									
Casinos									

Real estate agents									
Dealers in precious metals /stones									
Lawyers									
Notaries									
Accountants									
Auditors									
Trust and company service providers									
Other professionals (please specify and add further rows as applicable)									
TOTAL									

4.3 Judicial Proceedings related to reports filed

In order to assess the quality of the reports received additional information is required on how the reports were handled and disseminated and how many reports resulted in judicial proceedings. The report should reflect “cases” investigated rather than the number of individual reports involved in an investigation.

If the relevant information is available in a different format then this may be used instead.

	FIU Cases in the reference year			Related judicial proceedings in reference year – Number of cases						Related judicial proceedings in reference year – number of persons					
				Prosecution (based on disseminated cases)			Convictions (final)			Prosecution (based on FIU disseminated cases)			Convictions (final)		
	Under analysis at year end	Archived in reference year	Reports disseminated for investigation	ML	FT	Other criminal offences	ML	FT	Other criminal offences	ML	FT	Other criminal offences	ML	FT	Other criminal offences
2013	192	627	10	5	0	N/A	3	N/A	N/A	7	0	N/A	3	0	N/A
2014	120	537	13	6	0	N/A	5	N/A	N/A	6	0	N/A	5	0	N/A
2015	375	251	16	3	0	N/A	3	N/A	N/A	3	0	N/A	3	0	N/A

4.4 Reports filed on cross border transportation of currency and bearer negotiable instruments

The following table is intended to provide information on the effectiveness of the procedures for identifying cross border transportation of currency, etc.. The data collected should include both the number of suspicious transaction reports received from reporting entities. If the table reflects the number of transactions reported, rather than the number of reports, this must be clearly stated.

Cross border transportation of currency and bearer negotiable instruments									
Year	Number of declarations or disclosures				Suspicious cross border incidents			Assets restrained (amount in EUR)	
	Incoming		Outgoing		Suspicious of ML	Suspicious of FT	False declarations		
	Currency	Bearer negotiable instruments	Currency	Bearer negotiable instruments					
2013	1821	N/A	250	N/A	9	0	92	290,736	
2014	2056	N/A	218	N/A	14	0	74	244,495	
2015 (6 m)	1055	N/A	93	N/A	1	0	10	N/A	

5. Supervisory Action

The following tables are intended to provide an indication of the effectiveness of the supervisory regime. Column 2 should indicate the overall number of supervisory on-site visits, regardless of whether AML/CFT issues were considered. Columns 3 and 4 are specifically concerned with AML/CFT issues.

5.1 AML/CFT Supervisory on-site visits

2013				
	Total number of entities	Total number of on-site visits conducted	Number of AML/CFT specific on-site visits conducted	Number of AML/CFT combined with general supervision on-site visit carried out
	1	2	3	4
FINANCIAL SECTOR				
Banks	93*	14	5**	0
Securities	150	23	9	1
Insurance	10	1	0	1
MSBs and exchange offices				
Other (please specify and add further rows as applicable)				
NON FINANCIAL SECTOR				
Casinos	N/A	N/A	N/A	N/A
Real estate	301	2	2	0
Dealers in precious metals and stones	163	2	2	0
Lawyers	2763	23	23	23
Notaries				
Accountants & auditors	539	185	-	185
Trust and company service providers	19	2	2	8
Other (please specify and add further rows as applicable)				

*** Includes 61 Cooperative Credit Institutions, permanently affiliated to the Cooperative Bank Ltd, which acts as a Central Body under article 3 of Directive 2006/48/EC.**

**** Special audit in relation to Deloitte findings.**

2014				
	Total number of entities	Total number of on-site visits conducted	Number of AML/CFT specific on-site visits conducted	Number of AML/CFT combined with general supervision on-site visit carried out
	1	2	3	4
FINANCIAL SECTOR				
Banks	55 (including 18 cooperative credit societies.)	44	11	0
Securities	194	7	2	0
Insurance	10	2	0	2
MSBs and exchange offices	0	0	0	0
Other (please specify and add further rows as applicable)				
NON FINANCIAL SECTOR				
Casinos	N/A	N/A	N/A	N/A
Real estate	287	2	2	0
Dealers in precious metals and stones	154	2	2	0
Lawyers	2993	27	27	27
Notaries				
Accountants & auditors	622	195	-	195
Trust and company service providers	112	2	2	0
Other (please specify and add further rows as applicable)				

2015				
	Total number of entities	Total number of on-site visits conducted	Number of AML/CFT specific on-site visits conducted	Number of AML/CFT combined with general supervision on-site visit carried out
	1	2	3	4
FINANCIAL SECTOR				
Banks**	39*	Not yet available.	13	0
Securities	217	23	2	6
Insurance	10	0	0	0
MSBs and exchange offices**	9***		3	0
Other (please specify and add further rows as applicable): E-money Institutions**	5***		2	0
NON FINANCIAL SECTOR				
Casinos	N/A	N/A	N/A	N/A
Real estate	271	1	1	0
Dealers in precious metals and stones	154	1	1	0
Lawyers	3144	138 (30.10.2015)	138 (30.10.2015)	138 (30.10.2015)
Notaries				
Accountants & auditors	602	162	56	106
Trust and company service providers	145	3	3	0
Other (please specify and add further rows as applicable)				

*Includes 1 Institution which has not yet commenced operations and 4 special purpose institutions. There are also 18 credit cooperative societies which are not listed separately, as they are under the umbrella of the common agent, the Cooperative Central Bank, which is included in the above number.

**Up to 31.10.2015.

*****It does not include passported entities.**

5.2 AML/CFT sanctions or other measures imposed by supervisory authorities

The following tables are intended to provide an indication of the effectiveness of the supervisory regime, including the application of sanctions.

Please complete a table (as beneath) for sanctions imposed for AML/CFT infringements in respect of each type of supervised entity and adjust the table to indicate any criminal sanctions where applied.

The total number of inspections carried out should be identical to the sum of columns 3 and 4 in a. above.

If equivalent statistics are available in a different format then these may be used instead. If it is more convenient separate tables may be used for the financial and non-financial sector.

2013									
	Total number of inspections carried out	Number of inspections having identified AML/CFT infringements	Type of sanction/measure applied					Number of sanctions taken to court (if applicable)	
			Written warning	Fines		Removal of manager/compliance officer (where applicable)	Withdrawal of license (where applicable)		Other (please specify and add further columns as applicable)
				Number	Amount (EUR)				
FINANCIAL SECTOR									
Banks	0*								
Securities	10	10	9	7	93.000	0	0	0	0
Insurance	1	N/A							
MSBs and exchange offices									
Other (please specify and add further columns as applicable)									
NON FINANCIAL SECTOR									
Casinos	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Real estate	0								

Dealers in precious metals and stones	0								
Lawyers (TCSPs)	23	3	3	N/A	N/A	N/A	N/A	N/A	N/A
Notaries	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Accountants & auditors	185	40	-	-	-	-	-	Were given notice for early follow up visit to ascertain compliance Reasons: lack of training – weak procedures	1 reported to MOKAS for suspicious transactions
Trust and company service providers	2	2	2	0	0	0	0	0	0
Other (please specify and add further rows as applicable)									
TOTAL	221	55	14	7	93.000	0	0	0	1

*Due to the adverse economic conditions, resources were directed to areas other than on site inspections.

2014									
	Total number of inspections carried out	Number of inspections having identified AML/CFT infringements	Type of sanction/measure applied						Number of sanctions taken to court (if applicable)
			Written warning	Fines Number Amount (EUR)		Removal of manager/compliance officer (where applicable)	Withdrawal of license (where applicable)	Other (please specify and add further columns as applicable)	
FINANCIAL SECTOR									
Banks	11	11*	3	1	89.000				
Securities	2	1 completed 1 pending	1	1	18.000	0	0	0	0
Insurance	2	N/A							
MSBs and exchange offices									
Other (please specify and add further columns as applicable)									
NON FINANCIAL SECTOR									
Casinos	N/A								
Real estate	0								
Dealers in precious metals and stones	0								
Lawyers (TCSPs)	27	17	17	N/A	N/A	N/A	N/A	N/A	N/A
Notaries	N/A								
Accountants &	195	50	-	-	-	-	-	Were given	1 reported to

auditors								notice for early follow up visit to ascertain compliance Reasons: lack of training – weak procedures – not proper application of RBA for their client assessment.	MOKAS for suspicious transactions
Trust and company service providers	2	2	2	0	0	0	0	0	0
Other (please specify and add further rows as applicable)									
TOTAL	239	72	23	2	107.000	0	0		

*The process has not yet completed, hence it is not possible to predict the outcome (warning letter, fine etc).

2015									
	Total number of inspections carried out	Number of inspections having identified AML/CFT infringements	Type of sanction/measure applied						Number of sanctions taken to court (if applicable)
			Written warning	Fines Number Amount (EUR)		Removal of manager/compliance officer (where applicable)	Withdrawal of license (where applicable)	Other (please specify and add further columns as applicable)	
FINANCIAL SECTOR									
Banks		13*							
Securities	8	4 completed 4 pending	0	3	45,000		1	4 pending	
Insurance	0	N/A							
MSBs and exchange offices		3*							
Other (please specify and add further columns as applicable): E money Institutions		2*							
NON FINANCIAL SECTOR									
Casinos	N/A	N/A							
Real estate	0								
Dealers in precious metals and stones	0								
Lawyers (TCSPs)	138	50	50	N/A	N/A	4	1 (TCSP)	N/A	N/A

Notaries	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Accountants & auditors	162	42	-	-	-	-	-	Were given notice for early follow up visit to ascertain compliance. Clear reference of the weaknesses in the monitoring report given to the firms. Reasons: lack of training and weak procedures – not proper application of RBA for their client assessment.	
Trust and company service providers	3	3	3	0	0	0	0	0	0
Other (please specify and add further rows as applicable)									
TOTAL	311	121	53	3	45.000	4	2	4	0

***The process has not yet been completed, hence it is not possible to predict the outcome (warning letter, fine etc).**

6. Mutual legal assistance and other international requests for co-operation

The following tables a. and b. are to provide information on the level of mutual legal assistance in relation to money laundering and terrorist financing investigations. This table mirrors the designated categories of offences as set out in the glossary to the FATF Methodology. Where domestic data collection does not use the same categorisation then the domestic categories may be substituted. Conversely, if equivalent data is recorded but in a different format due to domestic requirements then this format may be utilised instead.

The table should only relate to mutual legal assistance in relation to money laundering and terrorist financing investigations, prosecutions, and related proceedings.

6.1 Mutual legal assistance and extradition requests – incoming requests

2013											
	Received		Pending		Refused		Executed		Average time of execution(days)		Refusal grounds applied
	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	
Money laundering	27				1		26				Was not an offence in Cyprus.
Terrorist financing											
Participation in an organised criminal group and racketeering;	3						3		270		
Terrorism											
Trafficking in human beings and migrant smuggling;	3						3		390		
Sexual exploitation, including sexual exploitation of children;		2				1		1			Extradited on the basis of EAW.
Illicit trafficking	14	1		1			14		150		

in narcotic drugs and psychotropic substances;											
Illicit arms trafficking;		1					1		210		
Illicit trafficking in stolen and other goods;											
Corruption and bribery;	11		2		1		8		210		
Fraud;	128	10	15	2	5	4	108	4	360	200	Not sufficient evidence supplied. Extradition documents not received. Political refugee.
Counterfeiting currency;											
Counterfeiting and piracy of products;											
Environmental crime											
Murder, grievous bodily injury;	3	1				1	3		360	200	Not sufficient evidence.
Kidnapping, illegal restraint and hostage-taking;											
Robbery or theft;	7	1		1			7		150		
Smuggling;											
Extortion;	2				1		1		60		
Forgery;	10		1		1		8		210		Not traced in

												Cyprus.
Piracy; and												
Insider trading and market manipulation												
Total	208	16	18	4	9	6	181	6				

2014											
	Received		Pending		Refused		Executed		Average time of execution(days)		Refusal grounds applied
	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	
Money laundering	24		5		2		17		360		Not sufficient evidence.
Terrorist financing											
Participation in an organised criminal group and racketeering;	2						2		360		
Terrorism											
Trafficking in human beings and migrant smuggling;	4		1		1		2		120		Cannot be executed.
Sexual exploitation, including sexual exploitation of children;											
Illicit trafficking in narcotic drugs and psychotropic substances;	2						2		60		
Illicit arms trafficking;											
Illicit trafficking in stolen and other goods;											
Corruption and bribery;	19		6				13		240		

Fraud;	211	1	30		6		175	1	390	210	
Counterfeiting currency;											
Counterfeiting and piracy of products;											
Environmental crime	1		1								
Murder, grievous bodily injury;											
Kidnapping, illegal restraint and hostage- taking;											
Robbery or theft;	3	1	1	1			2				
Smuggling;	3						3		240		
Extortion;	2		1				1		60		
Forgery;	6				1		5		210		Not traced.
Piracy; and											
Insider trading and market manipulation											
Total	277	2	45	1	10		222	1			

2015											
	Received		Pending		Refused		Executed		Average time of execution(days)		Refusal grounds applied
	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	
Money laundering	24		24				3		180		
Terrorist financing											
Participation in an organised criminal group and racketeering;	2	1	2	1							
Terrorism											
Trafficking in human beings and migrant smuggling;	1	1	1	1							
Sexual exploitation, including sexual exploitation of children;	1						1		120		
Illicit trafficking in narcotic drugs and psychotropic substances;	3	1	2				1	1	90	90	
Illicit arms trafficking;											
Illicit trafficking in stolen and other goods;											
Corruption and bribery;	16		13				3		90		

Fraud;	75	5	56	5			19		180		
Counterfeiting currency;											
Counterfeiting and piracy of products;	2						2		120		
Environmental crime											
Murder, grievous bodily injury;	6		5				1				
Kidnapping, illegal restraint and hostage- taking;	1		1								
Robbery or theft;	2	1					1		90		
Smuggling;	1	1									
Extortion;	1	1									
Forgery;											
Piracy; and											
Insider trading and market manipulation											
Total	135	11	104	7			31	1			

6.2 Mutual legal assistance and extradition requests – outgoing requests

2013											
	Received		Pending		Refused		Executed		Average time of execution(days)		Refusal grounds applied
	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	
Money laundering											
Terrorist financing											
Participation in an organised criminal group and racketeering;											
Terrorism											
Trafficking in human beings and migrant smuggling;											
Sexual exploitation, including sexual exploitation of children;											
Illicit trafficking in narcotic drugs and psychotropic substances;	4	1				1	4		60		Lack of dual criminality
Illicit arms trafficking;											
Illicit trafficking in stolen and other goods;											
Corruption and	6		1				5		360		

bribery;											
Fraud;	10	1	1				9	1	180	90	
Counterfeiting currency;											
Counterfeiting and piracy of products;											
Environmental crime											
Murder, grievous bodily injury;	2				1		1		360		Not traced in Cyprus.
Kidnapping, illegal restraint and hostage- taking;											
Robbery or theft;	7	1			1		6	1		90	Own national
Smuggling;											
Extortion;											
Forgery;	10						10		240		
Piracy; and											
Insider trading and market manipulation											
Total	39	3	2		2	1	35	2			

2014											
	Received		Pending		Refused		Executed		Average time of execution(days)		Refusal grounds applied
	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	
Money laundering		1				1					Not sufficient evidence.
Terrorist financing											
Participation in an organised criminal group and racketeering;											
Terrorism											
Trafficking in human beings and migrant smuggling;											
Sexual exploitation, including sexual exploitation of children;	2		1				1		90		
Illicit trafficking in narcotic drugs and psychotropic substances;											
Illicit arms trafficking;											
Illicit trafficking in stolen and other goods;											
Corruption and bribery;											

Fraud;	36	1	11				25	1	360		
Counterfeiting currency;											
Counterfeiting and piracy of products;											
Environmental crime											
Murder, grievous bodily injury;											
Kidnapping, illegal restraint and hostage- taking;											
Robbery or theft;	8		4				4		90		
Smuggling;											
Extortion;											
Forgery;	17		8				9		270		
Piracy; and											
Insider trading and market manipulation											
Total	63	2	24				1	39	1		

2015											
	Received		Pending		Refused		Executed		Average time of execution(days)		Refusal grounds applied
	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	MLA	Extradition	
Money laundering	24		21				3		240		
Terrorist financing											
Participation in an organised criminal group and racketeering;											
Terrorism											
Trafficking in human beings and migrant smuggling;	1		1								
Sexual exploitation, including sexual exploitation of children;											
Illicit trafficking in narcotic drugs and psychotropic substances;	3	1	2				1	1	90	90	
Illicit arms trafficking;											
Illicit trafficking in stolen and other goods;											
Corruption and bribery;	16		13				3		120		

Fraud;	75	1	56				19	1	180	90	
Counterfeiting currency;											
Counterfeiting and piracy of products;											
Environmental crime											
Murder, grievous bodily injury;		1		1							
Kidnapping, illegal restraint and hostage- taking;											
Robbery or theft;	2	2	1	2			1		90		
Smuggling;	1		1								
Extortion;											
Forgery;											
Piracy; and											
Insider trading and market manipulation											
Total	122	5	95	3			27	2			

6.3 International requests sent or received regarding freezing, seizing and confiscation

The following table is intended to provide information on the level of mutual legal assistance requests sent or received regarding freezing, seizing and confiscation. Where equivalent data is recorded but in a different format due to domestic requirements then this format may be utilised instead.

The table should relate to mutual legal assistance in relation to requests sent or received to identify, freeze, seize and confiscate property laundered, proceeds from money laundering or predicate offences, instrumentalities used in or intended for use in the commission of these offences, or property of corresponding value.

Reference year	Incoming requests								Outgoing requests
	Total			Breakdown of executed incoming requests					
	Received	Executed	Refused	Freezing	Seizing	Confiscation	Average execution time	Amount (EUR)	
2013									
ML	75	75	-	N/A	N/A	N/A	60	N/A	N/A
FT	-	-	-	-	-	-	-	-	-
Predicate offences	Fraud, tax offences, drugs								
2014									
ML	35	35	-	N/A	N/A	N/A	60	N/A	N/A
FT	-	-	-	-	-	-	-	-	-
Predicate offences	Fraud, tax offences, drugs								
2015 (until 7.11.2015)									

ML	26	26	-	N/A	N/A	N/A	60	N/A	N/A
FT	-	-	-	-	-	-	-	-	-
Predicate offences	Fraud, tax offences, drugs								

The following tables 6.4 to 6.6 are intended to provide an indication of the level of cooperation between FIUs, law enforcement agencies and supervisory authorities. Where equivalent data is recorded but in a different format due to domestic requirements then this format may be utilised instead.

6.4 FIU to FIU co-operation

International co-operation	2013	2014	2015 (until 7.11.2015)	Total
INCOMING REQUESTS				
Foreign requests received by the FIU	538	483	395	1416
Foreign requests executed by the FIU	538	483	395	1416
Foreign requests refused by the FIU	0	0	0	0
Spontaneous sharing of information received by the FIU	14	42	48	104
TOTAL (incoming requests and information)	552	525	443	1520
Average number of days to respond to requests from foreign FIUs	10	10	10	
Refusal grounds applied	N/A	N/A	N/A	N/A
OUTGOING REQUESTS				
Requests sent by the FIU	345	275	190	810
Spontaneous sharing of information sent by the FIU	50	98	77	225
TOTAL(outgoing requests and information)	395	373	267	1035

6.5 Law enforcement agencies co-operation

International co-operation	2013		2014		2015	
	ML	FT	ML	FT	ML	FT
INCOMING REQUESTS						
Foreign requests received by law enforcement authorities related to ML	438	N/A	293	N/A	329	N/A
Foreign requests executed	N/A	N/A	N/A	N/A	N/A	N/A
Foreign requests refused	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	438	N/A	293	N/A	329	N/A
Average time of execution (days)	40	40	40	40	40	40
OUTGOING REQUESTS						
Number of requests sent abroad by law enforcement authorities	188	N/A	180	N/A	201	N/A
Number of requests sent and executed	N/A	N/A	N/A	N/A	N/A	N/A
Number of requests sent and refused	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	188	N/A	180	N/A	201	N/A

The numbers represent only requests via Europol.

6.6 Supervisory authorities international cooperation

CySEC

International co-operation	2013		2014		2015	
ML/FT INCOMING REQUESTS						
Foreign requests received by supervisory authorities related to ML/FT specifically	5		1		1	
Foreign requests executed related to ML/FT specifically	5		1		1	
OTHER Foreign requests executed	177		217		164 (+58 pending)	
Average time of execution (days)	60		60		60	
Foreign requests refused	0		0		0	
AML/CFT OUTGOING REQUESTS						
Requests sent by supervisory authorities related to AML/CFT specifically	0		0		1	
Number of requests sent and executed by foreign authority related to AML/CFT specifically	0		0		1	
Number of requests sent and executed by foreign authority	11		70		34(+22 pending)	
Number of requests sent and refused by foreign authority	0		0		0	
TOTAL	192		307		278	

Central Bank of Cyprus

International co-operation	2013		2014		2015	
ML/FT INCOMING REQUESTS						
Foreign requests received by supervisory authorities related to ML/FT specifically					4	
Foreign requests executed					4	
Average time of execution (days)					23	
Foreign requests refused					-	
AML/CFT OUTGOING REQUESTS						
Requests sent by supervisory authorities related to AML/CFT specifically						
Number of requests sent and executed by foreign authority						
Number of requests sent and refused by foreign authority						
TOTAL						

7. AML/CFT Training

The following tables are intended to provide details of the level of training and awareness raising that has been undertaken on matters related to the AML/CFT regime. Where equivalent data is recorded but in a different format due to domestic requirements then this format may be utilised instead.

7.1 Training Received since on-site visit

	Subject	Date	Number of attendees
a. FIU	See Tables below		
b. Police and other law enforcement agencies	AML-CFT training to police is provided by the FIU. See FIU Section.		
c. Customs and border control officers			
d. Judges and prosecutors			

<p>e. Regulatory or supervisory bodies</p> <p>ICPAC</p>	<p><u>2013:</u></p> <p>Anti-Money launderinging procedures –</p> <p>Presentation of the revised AML Law and ICPAC’s revised AML Directive. Common findings from the monitoring visits</p> <p><u>2014:</u></p> <p>ICPAC staff as well as its members, attended seminars in May 2014 organised or delivered by other competent authorities, such as CBA and MOKAS.</p> <p>The General Manager of ICPAC participated as a presenter in a workshop on anti-money laundering organised by Deloitte Cyprus Ltd and elaborated on the Institute’s AML Directive and on the responsibilities of the members.</p> <p>On 11/8/2014 ICPAC issued a circular to all its members informing them of the recently amended ASP law. Given the opportunity, ICPAC reminded its members of their obligations under the Law and the AML Directive, which were also copied on the circular. Finally, in order to provide better guidance to the members, ICPAC issued to the members two guides, suggesting best practice procedures and action both for AML purposes and for practising the ASP profession.</p>	<p>In three venues</p>	<p>350 persons</p>
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	November 2014: seminar entitled “AML Risk Based Approach and the role and duties of the Compliance Officer”	In three venues	c. 400 persons
	December 2014: seminar entitled “ Common findings from the monitoring visits”	In three venues	c. 400 persons
	December 2014: Presentation of FATCA		
	<u>2015</u>		
	In Q1	1 venue	c. 100 persons
	seminar entitled “Update on the ASP law”		
	seminar entitled “AML On-site surveillance tool”	In 3 venues	c.450 persons
	In Q2	In 3 venues	c.450 persons
	Seminar entitled “Reporting of suspicious transactions”		
	Seminar entitled “Enhancing AML and Compliance activities”	1 venue	c.150 persons
	2 venues	c.450 persons	
Planned for Q4			
- AML Due Diligence			
- Common findings during the monitoring visits			
- Compliance Conference			
In all of the above activities, ICPAC staff participates for their own training and			

	<p>development.</p> <p>In addition, ICPAC has entered in an agreement with a uk based co VinciWorks, to offer via the internet training to all members on AML and Compliance subjects (eg webinars and e-courses). This service is offered free of charge to the members</p>		

Seminars circulated to Cyprus Bar Association Members

Loc/ Date	Seminar Title	Duration	Co-organisers/Organisers
24/09/2013, Nicosia	"New technologies used in the fight against ML",	4 hours	MOKAS and Norway Grants
17/10/2013, Nicosia	AML seminar	4 hours	CYPRUS FIDUCIARY ASSOCIATION
12/11/2013, Larnaca 26/11/2013, Limassol 27/11/2013, Nicosia	AML law and ICPAC AML Directive	7 hours	ICPAC
29/01/2014, Nicosia	AML Seminar	7 hours	CYPRUS FINANCIAL SERVICES FIRMS ASSOCIATION (CFSFA)
10/04/2014 14/04/2014 Nicosia	Introduction to AML seminar		CISERO LIMITED
06/06/2014, Nicosia	"ASP Law & Exchange of Information in Tax Matters"	4 hours	CYSEC
Nicosia: 3/7/14, 4/7/14, 7/10/14, 11/11/14, 9/12/14 Limassol 14/10/14 Larnaca 21/10/14	Introduction to AML	7 hours	CISERO LIMITED

20/10/14 and 21/10/14	"Anti-money Laundering Seminar"		Financial Services Firms Association (FSFA)
06/11/2014	"Cyprus International Business Sector: The way forward"		Cyprus Fiduciary Association
8/12/2014, Nicosia	Money laundering and the ways to effective preventive measures for professionals	7 hours	Deloitte
5-6/02/2015	Private client strategies at the dawn of fiscal transparency	2 day seminar	Academy & Finance SA
25-26/02/2015 Nicosia & Limassol	Introduction to Anti-Money Laundering»		Cisero Ltd
30/3/2015, Nicosia	"New AML/Rules and Regulations monitoring on-site visits"	Full day	ICPAC

Seminars organised by the Cyprus Bar Association for its Members

Loc/ Date	Seminar Title	Duration	Co-organisers
21/02/2014, Nicosia	CBA's AML Directive (for trainee advocates)	2 hours	CBA
09/05/2014, Nicosia	«Implementation of the Legislative Framework against ML & TF and Supervision by the Council of the CBA»	7 hours	CBA, MOKAS, CYSEC and other organisations
26/07/2014, Limassol	«Implementation of the Legislative Framework against ML & TF and Supervision by the Council of the CBA»	7 hours	CBA, MOKAS, CYSEC and other organisations
19/03/2015, Nicosia	AML Law and CBA's Directive (for trainee advocated)	2 hours	CBA
30/04/2015, Larnaca	«Implementation of the Legislative Framework against ML & TF and Supervision by the Council of the CBA»	2 hours	CBA, MOKAS

Staff Training (Cyprus Bar Association)

Loc/ Date	Seminar Title	Duration	Co-organisers/Organisers
06/06/2014, Nicosia	"ASP Law & Exchange of Information in Tax Matters"	4 hours	CYSEC
Q2 - 2014, Nicosia	6.4.1 "Newly developed offsite and onsite RB tools"		CISERO LIMITED
03/07/2014 04/07/2014 Nicosia	"Introduction to AML"		CISERO LIMITED
27/06/2014, Nicosia	"Onsite audits methodology"	2 hours	CISERO LIMITED
30/06/2014, Nicosia	"Training for audits of customers, clients a/cs and third parties"	3 hours	CISERO LIMITED
8/12/2014, Nicosia	"Money laundering and the ways to effective preventive measures for professionals"	8 hours	Deloitte
November 2014 - February 2015, Nicosia	"Financial forensics and fraud schemes"	Four-month course	Constanteion (Criminology and Forensics Sciences Research Centre),

2015-2016	"Combating Financial Crime"	Computer based	Chartered Institute for Securities & Investment (CISI)
7/7/2015 & 15/9/2015	Seminars on AML (Advanced Level)	Full day	CISERO LIMITED
26-27 October 2015	Compliance Week Europe 2015, Brussels	2-day conference	Compliance Week Europe 2015 will feature keynote presentations from government regulators and other leaders, panel discussions with fellow corporate compliance officers, and small workshops.

Cyprus Bar Association MEMBERS TRAINING

Dates	Title	Organisers	Location	Topics
24/09 - 25/09/2015	AML: Prevention and Suppression of Money Laundering and Terrorist Financing	European Institute of Management and Finance	Limassol, Cyprus	<ul style="list-style-type: none"> • Understanding money laundering and terrorist financing, and the sanctions against said practices <ul style="list-style-type: none"> • Practical Examples • Legal and Regulatory Framework • Reporting obligations of staff and risk-based approach • Case studies from Cyprus and Abroad
28/09/2015	Distance Learning Course: Regulatory Compliance in the Financial System	Athens University	Computer - based	The program aims at understanding key aspects of regulatory compliance and the dangers and consequences of non compliance. The program will also provide the tools for the efficient organisation of the Compliance Department of an Organisation.
08/10/2015	TransparenCy: Times call for a change	American Chamber of Commerce, Cyprus	Nicosia, Cyprus	The event will indulge in subjects such as corporate integrity and transparency and corruption. The event will provide an analysis of FATCA and CRS regulations.
13/10/2015	AML Training seminar	European Institute of Management and Finance	Limassol, Cyprus	The seminar aims to analyse the set standards and disciplines emanating from the regulatory and the legislative framework in Cyprus, report obligations of staff and risk based approach and provide case studies from Cyprus and abroad.
26/10/2015	Distance	National and	Computer	The program aims at identifying the stages of money -

	Learning Course: Combating money - laundering and terrorist financing	Kapodistrian University of Athens	- based	laundering, explaining terms such as KYC and CDD and identifying, evaluating and reporting suspicious activities and transactions. The program will also analyse regulatory changes in the Law and the Directives concerning AML matters.
04/11/2015	Understanding your obligations to build a solid risk based AML program	ACAMS	Nicosia, Cyprus	The seminar aims to understand the full range of obligations under AML legislation, ensure AML policies are fit for purpose and stay up to date with AML evolution.
06/11/2015	The 2nd Cyprus Fiduciary Forum	Cyprus Fiduciary Association	Limassol, Cyprus	The Forum aims to identify and examine international and local developments that have taken place over the past year within the Fiduciary and International Business sectors and how these developments affect Cyprus. The Forum will bring together local and international professionals that will assess the current status and the future prospects of the Cyprus international business sector.
20/11/2015	AML latest developments & Challenges	Cyprus Bar Association	Nicosia, Cyprus	Compliance Culture, MLCO Duties, RBA, Customer Categorisation, Transaction Monitoring, 4th EU AML Directive
24/11/2015	AML Regulations and Updates	KPMG	Nicosia, Cyprus	This seminar will explain AML governance requirements, risk based approach, CDD and KYC procedures. It will also offer training on how to effectively monitor the transactions. The seminar will provide an overview of the anticipated changes to the regulatory requirements.

Cyprus Bar Association STAFF TRAINING

Dates	Title	Organiser	Location	No. of persons participated	Topics Covered
2015 - 2016	Combating Financial Crime	Chartered Institute for Securities and Investment (CISI)	Computer - based examination	2 Supervisors have enrolled. Exams will take place on November 17, 2015.	The scope of this qualification is to cover the entire spectrum of financial crime. It covers the background and nature of financial crime, predicate offenses, money laundering, terrorist financing, corruption, bribery and the role of the private sector.
07/07/2015	Introduction to Anti-Money Laundering	CiSero Limited	Nicosia, Cyprus	2 supervisors (recent staff)	The seminar provides an understanding of how money - laundering can affect an organization, discuss KYC and CDD requirements and how to spot suspicious activities and transactions.
15/09/2015	Intermediary Seminar on Anti - Money Laundering	CiSero Limited	Nicosia, Cyprus	2 supervisors (recent staff)	The seminar explains the changes in AML Laws and Directives and provides guidance for audits, monitoring transactions and understanding on what constitutes a suspicious activity/ transaction etc.
26/10 -	Compliance	Compliance	Brussels,	1 supervisor	The scope of this seminar is to help

27/10/2015	Week Europe 2015	Week Europe	Belgium		compliance, audit, legal, and risk executives understand how to build and manage their ethics & compliance programs more effectively.
24/11/2015	AML Regulations and Updates	KPMG	Nicosia, Cyprus	3 Supervisors (recent staff)	This seminar will explain AML governance requirements, risk based approach, CDD and KYC procedures It will also offer training on how to effectively monitor the transactions. The seminar will provide an overview of the anticipated changes to the regulatory requirements.
03/12 - 04/12/2015	The 4th EU Anti - Money Laundering Directive: New tools and future challenges	Academy of European Law	Trier, Germany	1 supervisor	This seminar will explain the changes introduced by the 4th EU Anti-Money Laundering Directive adopted in June 2015. It will also offer advice on how to achieve greater international cooperation in this field.

f. Regulatory or supervisory bodies CySEC	9 th Annual Financial Crime Seminar	13-14 March 2013	1
	5th Cyprus Professional Services Conference	18 September 2013	5
	New Technologies used in the fight against Money Laundering	24/9/2013	1
	Risk Based Supervision Framework Training on the newly developed offsite and onsite risk-based tools and risk assessment framework.	8/10/2014	3
	Training on client categorization, CDD-KYC, monitoring of transactions, AML compliance function.	5/12/2014	3
	Training on the offsite risk-based tools and risk assessment framework	3/3/2015	3
	AML Requirements for Internal Auditors	22/9/2015	4
	AML Seminar - From Theory to Practice	22/9/2015	3
	AML Challenges and Developments	6/10/2015	3
	ICPAC Seminar No 17-2015 - AML & Due Diligence	22/10/2015	1
	Anti-money laundering (AML) and combating the financing of terrorism (CFT)	23/10/2015	25
	Strengthening MOKAS capacities and improve efficiency to detect ML&TF	4/11/2015	1
	ACAMS - Understanding Your Obligations to Build a Solid Risk-Based AML Program	4/11/2015	2

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Training of CBC's AML/CFT Unit (Central Bank of Cyprus)

Subject	Date	Organisers	Number of attendees
Regulatory & Compliance Issues	05/06/2013	Deutsche Bank	3
Combating the Financing of Proliferation of Weapons and Mass Destruction	15-16/12/2013	Unites States & Government of Qatar	2
AML/CFT and the provision of administrative services	20-21/10/2014	Cyprus Investment Promotion Agency CIPA	1
National Training workshop on 'Strengthening Rule of Law Compliant Criminal Justice Responses	22-23/10/2014	OSCE-Organization for Security and Co-operation in Europe	3
Risk Management Assessment Report Workshop	16/12/2014	CBC	7
Advanced AML Seminar	19/05/2014	Cyprus Institute of Finacial Services	6
AML Financial Crimes and Sanctions Risk	27 - 28 January 2015	Infoline UK	1
AML/CFT Compliance, Tax, Trusts, Foundations, Funds and Fraud Seminar	16 - 17/2/2015	Cyprus Institute of Financial Services in collaboration with Globaltraining	7

AML/CFT	28 -29/4/2015	International Chamber of Commerce, Commercial Crime Services in collaboration with Cyprus Chamber of Commerce & Industry	7
AML/CFT	9 June 2015	Police Academy on Economic Crime	2
International Payments' Forum	10 June 2015	Deutsche Bank	3
CRR/CRD IV	11 June 2015	KPMG	2
Effective Report Writing	12 June 2015	CBC HR Department	2
Regional Alliance against Money Laundering and Terrorist Financing	28-29/2015	World Union of Arab Bankers	5
Transparency CY- Times call for a change	8/10/2015	AmCham Cyprus	4
Alternative Investment Funds	23/10/2015	Cyprus Financial Services Firms Association	1
Report Writing/SSM standards	27/10/2015	S. Georgakis, Assistant Director, Supervision Department, CBC	6
Understanding your Obligations to Build a Solid Risk Based AML Programme	04/11/2015	ACAMS	6

7.2 Involvement in international working parties

Details of any significant involvement in international working parties, including typology studies, working groups and drafting seminars.

ICPAC

ICPAC follows the activities of the FEE's Anti-money Laundering working group.

Central Bank of Cyprus

AMLC under the Joint Committee of the European Supervisory Authorities

Expert Group on Money Laundering and Terrorist Financing, European Commission

Moneyval

7.3 Training provided to private sector and NPOs since on-site visit

Details of any significant training or other awareness raising initiatives undertaken with the private sector and non-profit organisations:

ICPAC seminars are not confined to the members only, but are open to the public and other entities too.

Participate in the delivery of a conference on Compliance, Dec 2015, which will be organised by a private company specialising in congress and conferences.

CySEC:

Publication of the following Circulars

2013

- CI144-2013-20: The Circular informs the regulated entities about their obligations under the legislation for the prevention of money laundering and terrorist financing.

2014

- CI144-2014-06, regarding serious tax crimes: The Circular informs the regulated entities that serious tax crimes are treated as 'predicate offences' and as such, they are required to implement adequate and appropriate systems and processes to detect, prevent and deter money laundering arising from serious tax offences
- CI144-2014-25: The Circular informs the regulated entities about CySEC's findings: a) from AML/CFT on-site inspections and b) findings from the assessment of the compliance officer's annual report on the prevention of money laundering and terrorist financing. The Circular highlights the role and responsibility of the board of directors and the AML/CFT compliance officer and the administrative sanctions provided in the AML/CFT Law where a regulated entity fails to comply with its obligations under the AML/CFT Law and Directive.
- CI144-2014-33: The Circular informs the regulated entities about the content of the Compliance Officer's Annual Report on the prevention of money laundering and terrorist financing.

2015

- C058: The Circular informs the regulated entities about the new reporting procedure in place for submission of Reports to the Unit for Combating Money Laundering (MOKAS).

FIU Trainings
2013-2014
Personnel Training

Organizer	Topic	Place/Date
BKA	Financial investigation and Asset Recovery	Wiesbaden, May 2013
CEPOL	Fraud and Confiscation of Assets	Lisbon, July 2013
BKA	Financial investigation and Asset Recovery	Wiesbaden, September 2013
Council of Europe	Training Seminar on CETS No 198	Dilijan, October 2013

OSCE	National training workshop on “Strengthening Rule of Law Compliant Criminal Justice Responses to Terrorism”	Nicosia, October 2014
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Training provided to third parties

Organizer	Topic	Place/Date
CDB Bank	Money Laundering and Financing of Terrorism	Nicosia, January 2013
CID	Money Laundering and Financing of Terrorism	Nicosia, March 2013
Cyprus Financial Services Firms Association	Money Laundering and Financing of Terrorism	Nicosia, May 2013

CID	Money Laundering and Financing of Terrorism	Nicosia, May 2013
CID	Money Laundering and Financing of Terrorism	Nicosia, May 2013
CID	Money Laundering and Financing of Terrorism	Nicosia, September 2013
CDB Bank	Money Laundering and Financing of Terrorism	Nicosia, October 2013
ICPAC	Money Laundering and Financing of Terrorism	Larnaca, November 2013
CID - ADVANCED	Money Laundering and Financing of Terrorism	Nicosia, January 2014

Banks	AML-Tax offences	Nicosia, March 2014
CID	Money Laundering and Financing of Terrorism	Nicosia, May 2014
Lawyers	Money Laundering and Financing of Terrorism	Nicosia, May 2014
Police	Financial Crime and Financial Investigations AML - ARO	Nicosia, May 2014
Central Bank of Cyprus	Money Laundering and Financing of Terrorism	Nicosia, June 2014
Deloitte Cyprus	Money Laundering and Financing of Terrorism	Nicosia, June 2014

Cyprus Bar Association	Money Laundering and Financing of Terrorism	Limassol, June 2014
Police	Money Laundering and Financing of Terrorism	Nicosia, September 2014
Co-Op Paphou	Money Laundering and Financing of Terrorism	Paphos, November 2014
CID	Money Laundering and Financing of Terrorism	Nicosia, November 2014

2015

Personnel Training

Organizer	Venue	Date	Trainer / Trainee	Subject
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EEA GRANTS - NORWAY GRANTS - COUNCIL OF EUROPE - MINISTRY OF FINANCE OF THE CZECH REPUBLIC	Prague, Czech Republic	20-21-10/2015	Trainee	ANTI-CORRUPTION CONFERENCE
Council of Europe	Council of Europe	15-16/7/2015		CETS Training
Police	Police HQ	02/06/2015		Financial Crime Analysis

Training provided to third parties

<u>Organization</u>	<u>Topic</u>	<u>Date</u>
Eurofides	AML Law	23/01/2015
Coop Lakatamia and others	AML Law	01/10/2015
CID COURSE	Prevention and Suppression of Money Laundering and financing of terrorism	13/02/2015
COOP Banks	Online Reporting System	20/04/2015
Lawyers	Online Reporting System	

CID COURSE advanced	Prevention and Suppression of Money Laundering and financing of terrorism/Org. Crime. New reporting system	11/05/2015
Seargent Course	Prevention and Suppression of Money Laundering and financing of terrorism/Org. Crime. New reporting system	22/05/2015
Financial Crime Course	Prevention and Suppression of Money Laundering and financing of terrorism/Org. Crime. New reporting system	08/06/2015
BOC	Use of goAML	10/06/2015
Hellenic	Use of goAML	15/06/2015
ICPAC	Use of goAML	18/06/2015
Alpha, FBME, USB	Use of goAML	25/06/2015
Piraeus, Eurobank, NBG	Use of goAML	30/06/2015
Cyprus Fiduciaries Association	Use of goAML	22/09/2015