

COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

Strasbourg, 12 November 2014

**MONEYVAL(2014)34**

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

**MONEYVAL**

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**45<sup>th</sup> PLENARY MEETING**  
Strasbourg, 15-19 September 2013

**MEETING REPORT**

**MEMORANDUM**

**Prepared by the MONEYVAL Secretariat**

## **EXECUTIVE SUMMARY**

During the 45<sup>th</sup> plenary meeting, held in Strasbourg from 15 to 19 September 2014, the MONEYVAL Committee:

- adopted the evaluation report on the 4<sup>th</sup> round assessment visit to Estonia;
- took note of the expedited follow-up report of the Czech Republic and the interim follow-up reports on Georgia, Slovakia, San Marino and Albania; adopted the third 3<sup>rd</sup> round progress report on the Russian Federation and the regular follow-up report on Latvia;
- discussed and adopted the interim report by Cyprus on action taken in response to the MONEYVAL Special Assessment on the Effectiveness of Customer Due Diligence Measures in the Banking Sector;
- examined the situation in Bosnia and Herzegovina under step (3) of the Compliance Enhancing Procedures and decided to publish a revised public statement;
- examined the situation of Lithuania under step (1) of the Compliance Enhancing Procedures, and decided to publish the second compliance report.
- discussed various aspects involving Voluntary Tax Compliance schemes in Hungary and Malta;
- heard an intervention by Her Majesty Queen Máxima of the Netherlands, the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development, and discussed the measures undertaken by MONEYVAL states and territories with regard to financial inclusion;
- had a first exchange of views on the draft Rules of Procedure for the 5<sup>th</sup> round of evaluations and the draft revised VTC Procedures, in view of their adoption at the 46<sup>th</sup> Plenary meeting.
- discussed the draft timetable for MONEYVAL's evaluations in the 5<sup>th</sup> round;
- conducted a Seminar on the FATF Effectiveness Methodology;
- took note of the update on European jurisprudence on sanctions under UNSCRs 1267 and 1373;
- took note of a presentation on proliferation financing by Jonathan Brewer, representing the Panel of Experts of UNSCR 1929(2010);
- heard a report on attendance at the FATF Expert Seminar on Data Protection and a presentation of the Council of Europe activities on data protection issues;
- took note of developments in relation to the status of signatures and ratifications of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198);
- took note of the actions taken by MONEYVAL states and territories with regard to the 2013 G.8 Action Plan principles to prevent the misuse of companies and legal arrangements;
- took note of the report by the Secretary General of the Council of Europe "State of Democracy, Human Rights and the Rule of Law in Europe";
- took note of the proposal of the CODEXTER to set up a drafting group to amend Recommendation Rec(2005)10 on Special Investigative Techniques; and
- heard an update on the status of work on typologies in MONEYVAL and other forums.

## MEETING REPORT

**Day 1: Monday 15 September 2014**

1. The Committee of Experts on the evaluation of anti-money laundering measures and the financing of terrorism (MONEYVAL) held its 45<sup>th</sup> plenary meeting from 15 to 19 September 2014 in Strasbourg under the chairmanship of Dr Anton BARTOLO (Malta).
2. Dr Bartolo welcomed all participants of the Plenary. After recalling the fight against financing of terrorism as one of the missions of MONEYVAL, he condemned in the strongest terms the acts perpetrated by the so-called Islamic State. On behalf of MONEYVAL, he expressed his deepest condolences to the United Kingdom and the United States for the brutal murders of David Haines, James Foley and Steven Sotloff; a minute of silence was held in their memory.

### **Agenda item 1 – Opening of the Plenary Meeting at 9h30 by Jan Kleijssen, Director of Information Society and Action against Crime**

3. The Director of Information Society and Action against Crime, Jan Kleijssen, opened the meeting. He indicated to all delegations that the Secretary General and Committee of Ministers recognise MONEYVAL as a high profile body and support its work. He also mentioned the murders of aid workers and recent events in the Middle East as stark reminders of the threat of terrorism. As six names were added to the al-Qaeda sanctions list, he urged MONEYVAL members to look for, and freeze, funds belonging to these individuals. Recalling the links between terrorism and other issues addressed by the Council, including corruption and economic crime, he encouraged MONEYVAL members to attend the CODEXTER Conference in Malaga organised at the end of September. Ahead of Queen Maxima's visit, he also stressed that many people remain excluded from the financial system and supported MONEYVAL's efforts to address this issue. Finally, he presented the report of the Secretary General of the Council of Europe on the state of democracy, human rights and the Rule of Law in Europe, largely drawn from the findings of the Council of Europe monitoring bodies, including MONEYVAL. He pointed to comments in the report about the inflexibility of some monitoring bodies with long cycles of evaluations, and praised MONEYVAL's changes to its Rules of Procedures to allow for more rapid action when necessary.

### **Agenda item 2 – Adoption of the Agenda**

4. The Committee adopted the agenda as circulated ahead of the Plenary (see Appendix I).

### **Agenda item 3 – Information from the Chairman**

#### **3.1 Chairman's correspondence**

5. The Plenary was informed about the correspondence with Liechtenstein, Malta, Moldova and Lithuania outlining the Plenary's decisions at its 44<sup>th</sup> meeting in April. Following the adoption of its 4<sup>th</sup> round MER, Liechtenstein was placed under regular follow-up and is expected to report within 2 years. Malta is expected to provide a further interim follow-up report before the December Plenary. Considering its progress concerning R.17, Moldova was removed from the NC/PC process. The Plenary maintained Lithuania at step 1 of the revised Compliance Enhancing Procedures (CEPs) and the country is due to report at this Plenary. As regards Voluntary Tax Compliance (VTC) programmes, Malta was asked to provide further information on its programmes and Albania was notified of the Plenary's disappointment about its late notification of its own VTC scheme, which was reported to MONEYVAL after its conclusion. Following a change in its legislation, Georgia had been asked to provide details on the transfer of the Financial Monitoring Service (FMS, Georgia's FIU) from the central bank to a governmental structure; Georgia replied in writing that the law had been adopted by the Parliament and aimed at improving the independence of the FIU.

### **3.2 Report by the Chairman on the issuing of the Public Statement on Bosnia and Herzegovina on 1 June 2014**

6. The Chairman reminded the Plenary that a draft public statement was adopted at its 44<sup>th</sup> meeting, the publication of which had been suspended until June 1<sup>st</sup>. By that time, it was expected that amendments to the AML/CFT Law and Criminal Code would have been adopted. The House of Representatives passed legislation amending the Law and Criminal Code; however, these measures had not passed the House of the Peoples. The statement was therefore published on 1 June, but MONEYVAL asked the FATF to withhold publication on its own website for a week, since legislation could have been adopted on 6 June by the House of the Peoples. On that day, the House of the Peoples adopted the AML/CFT Law but not amendments to the Criminal Code; the FATF was therefore asked to publish the public statement on its website on that day and they had done so.

### **Agenda item 4 – Information from the Secretariat**

7. The Executive Secretariat of MONEYVAL welcomed Astghik KARAMANUKYAN from Armenia and Andrey FROLOV from the Russian Federation who had joined the MONEYVAL Secretariat on secondment.

#### **4.1 The State of Democracy, Human Rights and the Rule of Law in Europe – report by the Secretary General of the Council of Europe**

8. The Executive Secretary presented the report by the Secretary General, which includes a chapter on money laundering, within its section on Justice and the Rule of Law, to which MONEYVAL contributed. This chapter raised the issue of the low rate of confiscations and convictions of third parties who launder on behalf of organised crime. It also made a reference to continued impediments to international cooperation, despite recent progress. Until all member States ratify the Warsaw Convention, consistent law-enforcement measures will not be available for international co-operation in tracing assets across Member States. Access to information on beneficial owners, a major issue in the 5<sup>th</sup> round, was also identified as a major point of concern.

#### **4.2 Proposal by CODEXTER to set up a drafting group to amend Recommendation Rec(2005)10 on Special Investigative Techniques**

9. CODEXTER, the Council of Europe's Steering Committee of Experts on Terrorism, has decided to update its Recommendation on "Special Investigation Techniques" in relation to serious crimes, which directly impact the Council's conventions on money laundering. MONEYVAL was therefore invited to participate in the drafting group and will be represented by Boudewijn VERHELST, law enforcement scientific expert. The Secretariat will keep the Plenary informed of developments.

#### **4.3 Calendar of evaluations 2014 – 2015**

10. The Plenary heard an update on the activities scheduled in 2014 and 2015, as set out in the document circulated to the Plenary, and the changes made to the schedule with regards to Montenegro, which will see its draft 4<sup>th</sup> round MER discussed in the first Plenary of 2015, and Slovenia, for which the 5<sup>th</sup> round on-site visit was postponed to the second half of 2016.

#### **4.4 Annual report**

11. The Plenary was informed that the Annual Report for 2013 had been published since the last Plenary; it was circulated electronically and made available in print.

#### **4.5 Reports on Secretariat attendance in other fora**

12. The Plenary heard from the Secretariat on interventions made in other fora. On 22 June, a targeted financial sanctions expert meeting was held in Paris. The aim of the meeting was to discuss the possible reasons for low levels of compliance with targeted financial sanctions and better understand FATF and UN requirements. Increased collaboration, coordination and sharing of information between relevant bodies, and the active guidance of the relevant UN bodies were

seen as key elements to ensure consistent implementation of targeted financial sanctions across different bodies.

13. A seminar was held in Israel from 7 to 8 July with the aim of promoting COE Conventions, including the Warsaw Convention, and discussing practical issues of implementation.

#### **4.6 MONEYVAL evaluator training**

14. The Secretariat thanked the countries and territories that nominated candidates for the upcoming evaluator training. Due to the limited number of places, it will unfortunately not be possible to train all the nominees. Priority will be given to candidates already trained for evaluations and for those who participated in MONEYVAL evaluations in the past. Nine jurisdictions have yet to provide a list of nominees. A further training seminar was planned for 9-13 March 2015.

#### **Agenda item 5 – Timetable for MONEYVAL’s evaluations in the 5<sup>th</sup> round**

15. The Plenary received an update on the preparations related to the 5<sup>th</sup> round of mutual evaluations, which will commence in 2015, as presented in the relevant information document. The Secretariat reminded the plenary that any country could be brought forward if circumstances required. Furthermore, as the round is expected to be lengthy, some countries and territories will not be evaluated for several years, and this will be taken into account by the Bureau in case rapid action is needed. The Russian Federation drew attention to fact that the FATF has postponed its on-site visit to Russia from 2016 to 2017 and asked for this change to be reflected in the MONEYVAL schedule.

#### **Agenda item 6 – Compliance Enhancing Procedures - Bosnia and Herzegovina**

16. The Secretariat recalled the Public Statement issued on 1 June 2014 and informed the Plenary of the reports received from all MONEYVAL member-states, as well as 2 FATF appointed observers. All the countries have brought the statement to the attention of the financial institutions and DNFBPs. In addition some states mentioned that they have produced additional guidance for the reporting entities, including on how to apply the issues related to Bosnia and Herzegovina (BiH) on a risk based approach and in some cases encouraging the financial institutions to apply enhanced customer due diligence procedures.
17. The Bosnian delegation informed the Plenary that the Parliamentary Assembly adopted a new Law on Prevention of Money Laundering and Financing of Terrorist Activities in June 2014. BiH thanked the Council of Europe and MONEYVAL for expert assistance provided for drafting the Law. Amendments to the Criminal Code are in the procedure of parliamentary adoption. General elections, which will be held in BiH in one month, are considered as the main reason for failure to amend the Criminal Code.
18. The Chairman inquired about the readiness to receive the 4<sup>th</sup> Round onsite assessment by MONEYVAL. BiH confirmed that the preparation for on-site assessment has been launched and they will be ready for it.
19. The Secretariat reported that the AML/CFT Law entered into force on 25 June 2014, which has addressed a number of the outstanding action points. In particular there are now no outstanding action points relating to recommendations 5 (customer due diligence), 6 (politically exposed persons), 9 (third parties and introducers) and 15 (internal controls, compliance and audit). The previous adoption of secondary legislation had addressed action points under Special Recommendation III.
20. The Secretariat analysis indicated that the failure to adopt the amendments to the Criminal Code mean that significant deficiencies remain on the criminalisation of money laundering and financing of terrorism as well as in the provisional measures and confiscation of the proceeds of crime. These remaining deficiencies also have an impact on Recommendation 35 and Special Recommendation I. The BiH authorities consider that the failure to adopt the amendments is mitigated by the fact that BiH can and does conduct criminal proceedings on the basis of ratified conventions (e.g. Palermo and Warsaw Conventions) and confirmed that money laundering

convictions are being achieved and the proceeds of crime are being seized and confiscated. This however could only be properly assessed during an on-site visit.

21. The introduction of the new AML/CFT Law has addressed all outstanding action points on Recommendation 26. However, the provisions setting out the power of the FIU to order the reporting entities to continuously monitor that the financial business of a client does not carry sanctions, which is considered to be an important omission. It is of particular concern that there are no sanctions in the AML/CFT Law for tipping off a client that a STR has been submitted and this is regarded as a major deficiency.
22. The Bureau proposed to amend the Public Statement, proceed with the on-site visit and share the key findings document with the Plenary in December. The Bureau proposed to refrain from moving to the next step in the Compliance Procedures (referring the matter to the ICRG), considering the fact that an on-site visit will be conducted in November.

*Important issues raised:*

23. Monaco and France supported the proposal of the Bureau. The US delegation welcomed the progress achieved by BiH and encouraged the BiH authorities to pass further legislative amendments before the December Plenary.

*Decisions taken:*

24. The Plenary decided that:
  - The public statement, which was issued on 1 June 2014 will be revised to reflect the adoption of the AML/CFT Law and will be presented to this plenary for adoption;
  - An on-site visit to BiH will take place on 19-29 November 2014; and
  - The Plenary will defer taking a decision on moving to step 4 of the Compliance Enhancing Procedures (referral to the Financial Action Task Force's International Co-operation Review Group (ICRG)) until after the initial results of the on-site visit have been considered. These initial results will be communicated to the December plenary and a decision can then be taken on whether any further steps are required under MONEYVAL's Compliance Enhancing Procedures, which could include a referral to the ICRG.

## **Agenda item 7 – Compliance Enhancing Procedures – Lithuania**

### **7.1 Second report from Lithuania (under step 1 of the Compliance Enhancing Procedures) and 4th round interim enhanced follow up report**

25. Upon adoption of the MER of Lithuania at its 40<sup>th</sup> plenary meeting (3 - 7 December 2012), MONEYVAL concluded that, overall, there had been a lack of progress since the 3<sup>rd</sup> round. It was decided that Lithuania should report under regular follow-up in an expedited manner (by April 2014) and that, in addition, compliance enhancing procedures would be applied, as additional pressure measures, at step (ii). Lithuania was required under the Compliance Enhancing Procedures to report back to MONEYVAL at this Plenary, mainly on progress related to the core recommendations. Lithuania submitted its second compliance report on 1<sup>st</sup> of August 2014 for discussion at the 45<sup>th</sup> MONEYVAL Plenary.
26. The Secretariat presented its analysis on Lithuania's second compliance report underlining that since Lithuania was placed in expedited follow up and compliance enhancing procedures, it has taken legislative action and steps to address deficiencies identified in the mutual evaluation report, particularly in relation to Recommendations 1, 5 and SR II, and, to a more limited extent, on R. 13 and SR. IV. The Secretariat stressed that progress appears to be slower than expected, considering that almost 2 years have passed since the adoption of the MER and despite the initial extended timeline for reporting under expedited follow-up. Most of the measures taken, in line with MONEYVAL recommendations, have only recently entered into force. Additional measures are underway or planned. It was thus proposed that Lithuania be given an additional period of time,

that is until April 2015, to pursue the implementation of the corrective measures so as to be in a position to demonstrate that all identified deficiencies scrutinised under the CEPs procedures have been adequately addressed, including effectiveness issues. No additional steps in the Compliance Procedures were proposed at this time.

27. Lithuania gave an overview of progress achieved to date, notably the amendments made to the Criminal Code and the money laundering offence, the improvements to the structure of the FIU, the law on amendments to the AML/CFT law which was adopted in April 2014 and through which the reporting system has been changed in line with the recommendations of the adopted MER. Lithuania expressed its concerns relating to some parts of the Secretariat analysis and also on the weight of the effectiveness issues in the overall context of the compliance enhancing procedures.
28. Estonia and Latvia supported Lithuania's position on the issue of effectiveness, underlining that the procedures are not clear enough on this subject.
29. After discussions with the Secretariat and based on mutual clarifications Lithuania agreed on some amendments to the secretariat analysis in respect of issues related to SR.II, R5 and R13/SR.IV. The amendments were presented in detail by the secretariat to the Plenary.

#### *Decisions taken*

30. The Plenary acknowledged the progress made and concluded that some of the deficiencies identified could not be considered as being fully addressed. It was thus decided that Lithuania be given an additional period of time, that is until April 2015, to pursue the implementation of the corrective measures so as to be in a position to demonstrate that all identified deficiencies scrutinised under the CEPs procedures have been adequately addressed, including effectiveness issues. No additional steps in the Compliance Procedures were proposed.
31. Considering that, pursuant to the 4<sup>th</sup> round processes, Lithuania is expected to demonstrate progress at an adequate level on the majority of Recommendations in order to request exiting follow-up procedures in December 2015, it was also decided to invite it to provide a comprehensive interim report on measures taken to implement all core and key Recommendations, which will be subject to a full analysis by MONEYVAL in April 2015.

#### **Agenda item 8 – 4<sup>th</sup> round expedited follow up report of the Czech Republic**

32. The Plenary adopted the Czech Republic's 4<sup>th</sup> round MER at its 35<sup>th</sup> Plenary meeting, in April 2011, and was placed in expedited regular follow-up. The Czech Republic had presented follow-up reports at MONEYVAL's 39<sup>th</sup>, 43<sup>rd</sup> and 44<sup>th</sup> Plenaries and sought to exit follow-up at the 44<sup>th</sup> Plenary. The Czech Republic was required to report back at the 45<sup>th</sup> plenary meeting on progress on amending legislation. With regard to the criminalisation and the scope of ML and TF, there have been some minor legislative amendments and the Palermo Convention has been ratified. Criminalisation of money laundering has been extended to legal persons. There has also been an improvement in the number of custodial sentences for ML offences as well as a significant increase in the level of seizures and final confiscations. However, there have been no substantive changes to the Criminal Code, no prosecutions or convictions for third-party ML, and a very low level of custodial sentences for self-laundering. With regard to preventive measures, there have been a number of improvements reported in the AML/CFT supervisory regime and progress in terms of legislative changes, including steps on the identification of Beneficial Ownership with some guidance issued; R.5 is now considered to be at a level equivalent to LC. Overall, however, there has been little progress to remedy the identified technical deficiencies in other core and key Recommendations. The Czech authorities state that, in some cases, they are waiting for the finalised text of the 4<sup>th</sup> Money Laundering Directive before amending the relevant laws, as they anticipate that extensive amendments will be required. The Czech authorities were encouraged to expedite the process of adopting and bringing into force of legislation to remedy the remaining technical deficiencies, and to aim at exiting regular follow-up in the immediate future.
33. The Czech Republic detailed the measures it has taken since April, including the translation of referred documents, such as documentation from the Czech National Bank and guidelines by FIU on digital currency and Beneficial Ownership. Concerning SR.II, there are on-going discussions

between the FIU and the Ministry of Justice, and the FIU has proposed amendments to the Penal Code with regard to the criminalisation of financing of terrorism.

*Decision taken*

34. The Plenary decided that the Czech Republic should report back in April 2015, with a view to considering whether the progress made would be adequate in order to exit the regular follow-up process.

**Agenda item 9 – Discussion of the report by Cyprus on action taken in response to the MONEYVAL Special Assessment on the Effectiveness of Customer Due Diligence Measures in the Banking Sector**

35. The Secretariat recalled the decision of the Plenary at its 43<sup>rd</sup> meeting (December 2013) requiring Cyprus to submit an interim report on the actions taken regarding the special assessment, which was discussed and adopted at the 44<sup>th</sup> meeting (April 2014), before a more in-depth update would be provided at the present Plenary. The Secretariat then presented an overview of the measures adopted by the Cypriot authorities and the banking sector since April 2014. In particular, it was pointed out that the Central Bank of Cyprus (CBC) had shifted its focus to on-site monitoring to verify that the updated policies and procedures of banks were being adequately implemented in practice. Fifteen banks, including all the banks visited by the special assessment team, were selected by the CBC for closer scrutiny either by receiving a comprehensive examination or a focussed visit. In large part, the banks were found by CBC to be adequately implementing the special assessment recommendations. The CBC had continued developing the list of black-listed third party introducers. The restructuring of the Company Registry had almost been completed and the backlog of un-submitted annual returns had been cleared. The Cyprus Security Exchange Commission, the Cyprus Bar Association and the Institute of Certified Public Accountants of Cyprus, which are responsible for the AML/CFT supervision of trust and corporate service providers, lawyers and accountants respectively, had all taken further measures to ensure adequate compliance with AML/CFT obligations. Recommendations were made to the CBC to continue ensuring that the special assessment recommendations were being implemented by banks.
36. Cyprus thanked the Secretariat for its analysis and detailed the work performed since the 44<sup>th</sup> Plenary, especially the inspections of credit institutions and the application of CDD measures. It was pointed out that by the end of 2014 the CBC was expecting to inspect 11 banks as part of a two-year comprehensive audit programme of the entire banking sector. The CBC indicated that shortly before the plenary a fine had been imposed on a bank subject to the Special Assessment and written warnings had been sent to other banks. It was positively observed by the CBC that the Special Assessment had already had a major impact on the banking sector in terms of compliance with AML/CFT standards. .

*Decision taken*

37. The Plenary invited Cyprus to report back in September 2015. In the interim period, Cyprus should continue updating the plenary on any measures taken and progress achieved under MONEYVAL's tour de table procedure.

**Agenda item 10 – 4<sup>th</sup> round interim follow up report on Georgia**

38. The 4<sup>th</sup> Assessment Visit Report on Georgia was adopted on 3 July 2012 at the 39<sup>th</sup> MONEYVAL Plenary. Georgia was placed into regular follow-up and was requested to submit a report on the progress and actions taken to address the deficiencies underlying any of the 40+9 Recommendations rated PC or NC, by July 2014. Furthermore, Georgia was encouraged to seek removal from the follow-up process within three years after the adoption of the 4<sup>th</sup> round MER (July 2015) or very soon thereafter. The Georgian authorities are not seeking removal from follow-up at this point.
39. Clear progress appears to have been achieved by the Georgian authorities in the criminalisation of terrorist financing, which positively impacts on SRI, SRII and SRV. On terrorist asset freezing, 25



motions to freeze property of persons designated under UNSCR 1267 were sent and approved by the relevant Court, which demonstrate effectiveness of the application of these sanctions. However, only draft amendments were reported on the technical side of SRIII. On the TF related international cooperation, deficiencies still remain, mainly related to the absence of clear procedures to ensure timely handling of extradition requests, lack of a clear legal basis allowing LEAs to obtain financial information retained by lawyers, based on international requests, together with a number of effectiveness concerns. On the other hand, there remain deficiencies concerning the level of compliance of the FMS and with regard to technical compliance and effectiveness of CDD measures. Therefore, considering that only one of the key-core recommendations rated PC or NC in the 4<sup>th</sup> round report was fully addressed (SRII) and the rest have still pending deficiencies, the Secretariat proposed requesting Georgia to provide an interim follow-up report between this plenary and the 48<sup>th</sup> plenary in September 2015.

40. Georgia thanked the Secretariat for its analysis and underlined the substantial progress achieved across all Recommendations, including through the adoption of an action plan and national strategy by the government, taking into account deficiencies identified by MONEYVAL. With several drafts awaiting adoption, Georgia decided not to try and exit regular follow-up and agreed to report fully at the 48<sup>th</sup> Plenary.

*Decision taken*

41. The Plenary decided that Georgia should provide an interim follow-up report in April 2015 and report back to the Plenary in September 2015, with a view of analysing whether it could then exit the regular follow-up process.

**Agenda item 11 – 4<sup>th</sup> round interim follow up report on Slovakia**

42. Being in the process of finalising a major amendment of its Criminal Code, Slovakia had requested ahead of the Plenary postponement of the examination of its follow-up report.

*Decision taken*

43. The Plenary agreed that the examination of Slovakia's follow-up report will be postponed to December 2014.

**Agenda item 12 – 4<sup>th</sup> round interim follow up report of San Marino**

44. The 4<sup>th</sup> Round MER of San Marino was adopted at MONEYVAL's 36<sup>th</sup> Plenary meeting and the subsequent first 4<sup>th</sup> Round follow-up report was adopted at the 42<sup>nd</sup> Plenary. The San Marino authorities consider that they have taken steps to deal with the deficiencies and that satisfactory progress is being made regarding the implementation of the MONEYVAL recommendations. However they have indicated that they would need further time before being able to apply for removal from the follow-up process. This is notably due to the fact that the draft laws on terrorism issues have been submitted to the Government and are to be adopted by Parliament within the following few months.

45. San Marino provided information to delegations on the measures it had taken since its first follow-up report. On the legislative side, amendments were made to the Criminal Code and Criminal Procedure Code, introducing self-laundering and strengthening sanctions. Other laws and decrees introduced specific procedures and time frames for extradition, criminalised FT and introduced a specific related procedure, and introduced an integrity code of conduct for officials and an ethics code for the judiciary. More recently, San Marino adopted a new law on corporate liability, created an asset recovery office, set procedures for administrative sanctions in coordination with the central bank and the FIU and passed a law on corruption and special investigative techniques. The FIU published instructions on STRs, record-keeping, compliance, indicators of suspiciousness, CDD, as well as a guide on RBA. Further regulation was issued on insurance and the activities of promoters. As regards the NRA, San Marino recently adopted the WB methodology. As for tax matters, 49 agreements were signed with other States and the country signed the Convention on Mutual Administrative Assistance in Tax Matters.

*Decision taken*

46. The Plenary agreed that the examination of San Marino's follow-up report and request for removal from regular follow-up will take place in April 2015.

**Day 2: Tuesday 16 September 2014**

**Agenda item 13 – 3<sup>rd</sup> round third progress report on the Russian Federation**

47. The 3<sup>rd</sup> round MER on the Russian Federation was adopted by MONEYVAL in July 2008 on the basis of a joint evaluation by the FATF, MONEYVAL and the EAG. The Russian Federation has since presented two follow-up reports to MONEYVAL, in September 2009 and September 2011.
48. The Secretariat presented to the Plenary its analysis of the third 3<sup>rd</sup> round progress report on the Core Recommendations (more specifically R.1, SR.II, R.5, R.10, R.13 and SR.IV).
49. Concerning legal issues, pursuant to recent amendments to the Criminal Code, the threshold for self-laundering, introduced in 2010, was deleted. A high number of convictions for money laundering have been achieved in the country since 2011, the Secretariat however stressed that a concern remains about the dissuasiveness of the imposed fines. Progress was further acknowledged with regard to terrorism financing, both regarding legal developments (in particular a new procedure for freezing of funds under SR.III has been introduced), and the effectiveness has been enhanced. Nevertheless, the deficiency concerning corporate liability identified in the MER has not yet been remedied. The Secretariat is however of the opinion that, given the accession to the OECD Anti-Bribery Convention, this issue is envisaged to be addressed in the near future.
50. With regard to preventive measures, the Plenary took note of the significant progress achieved due to the amendments to the AML/CFT Law, in particular concerning the requirements related to beneficial ownership and to the prohibition of anonymous accounts. Furthermore, measures were adopted in order to prohibit criminals from holding management positions in non-banking financial institutions, as well as to establish a more stringent procedure of registration of legal entities for the purpose of enhancing the transparency of ownership of legal entities. Further changes were also made with regard to the competencies of the supervisory authorities.
51. The full progress report was subject to peer review by the Plenary, assisted by a Rapporteur delegation (Austria). The Rapporteur country sought clarifications on freezing mechanisms under SR. III, as well as additional CDD measures applied with regard to PEPs.
52. Finally, the Secretariat and the FATF informed the Plenary that the Russian Federation is expected to be evaluated under the FATF's 4<sup>th</sup> round of evaluations (by a joint evaluation of the FATF, MONEYVAL and EAG) in 2016/2017 and proposed therefore not to request the Russian Federation to present a further progress report under the 3<sup>rd</sup> round, in order for the country to have sufficient time for preparations for the evaluation. The Rapporteur country, EAG, Poland, Bulgaria, San Marino, Albania, Montenegro, Slovakia, "the former Yugoslav Republic of Macedonia", Cyprus and Romania supported this position.

*Decision taken:*

53. MONEYVAL adopted the third 3<sup>rd</sup> round progress report was adopted by the Plenary. The Plenary decided not to request Russia to report back under the 3<sup>rd</sup> round of evaluations, while retaining the discretion to revisit this decision should the next round evaluation be postponed beyond 2017.

**Agenda item 14 – Revised Rules of Procedure (including 5<sup>th</sup> round)**

**Rules of Procedure (drafts)**

54. The Plenary heard a presentation by the Secretariat on the draft Rules of the Procedure (RoP) for

the 5<sup>th</sup> round. The draft Rules and related templates were circulated to delegations for comments prior to the meeting. In line with FATF processes and in agreement with MONEYVAL, the FATF Evaluations and Compliance Group (ECG) will review the draft text at the next meeting in October 2014 and prior to the adoption of the draft RoP by MONEYVAL in December 2014. It was also mentioned that a stocktaking exercise would be carried out within MONEYVAL after the first 5<sup>th</sup> round evaluations and if necessary, further amendments could be made then to the RoP. The current Rules of Procedure will continue to remain in force in respect of processes applicable to jurisdictions under the 4<sup>th</sup> round.

55. Armenia, Liechtenstein, Andorra, Professor William Gilmore (scientific expert for legal issues), and the IMF representative raised questions and proposals for amendments. Clarifications were sought inter alia on the rules covering the issue of re-ratings in the context of follow-up procedures involving desk-based reviews, the procedures involving other FSRB secretariats in MONEYVAL evaluations, the timeframe between assessments, and the arrangements for translation of reports into the official language(s) of the evaluated jurisdiction.

### **VTC procedures**

56. The Secretariat informed the Plenary that, following the FATF's streamlining of its VTC procedure and MONEYVAL's own experience, revised VTC procedures were devised for MONEYVAL and discussed by the Bureau. These revised procedure mirror the FATF's procedures. In particular, a clear line was set with regard to the notification requirements at all steps of the programme. A specific clause on coordination with the Global Network was also added. As for the way forward, as part of the coordination effort with the Global Network, the FATF will review the revised procedures in the light of their own procedures. It should be noted that the FATF can, in consultation with MONEYVAL, apply its own VTC procedures in the case of a country which is already in the ICRG process or in the case of a jurisdiction that is also a member of the FATF.

### *Decision taken*

57. The draft Rules of Procedure, as amended as a result of the discussions, and the revised VTC rules will be circulated to all delegations for additional comments before being forwarded to the FATF's ECG for review. The revised draft Rules would then be presented for adoption at the 46<sup>th</sup> Plenary in December 2014. It was also agreed that the on-going preparations for the 5<sup>th</sup> round evaluation of Armenia would proceed on the basis of the draft rules of procedure for the 5<sup>th</sup> round.

### **Agenda item 15 – Seminar on the FATF Effectiveness Methodology**

58. **Immediate Outcome 3:** The Secretariat provided a brief outline of the FATF Methodology requirements, characteristics of an effective system and commented on the most frequent shortcomings identified under the relevant FATF Recommendations in the 4<sup>th</sup> round MERs of MONEYVAL: insufficient allocation of AML/CFT resources with regard to financial sector and DNFBPs, lack of guidance and interaction with the private sector. The financial scientific expert pointed out the following challenges that the countries may face in seeking to demonstrate effectiveness to the assessors: a comprehensive NRA, relevant statistics and a sufficient level of technical compliance with AML/CFT requirements especially with regard to DNFBPs. Countries were also recommended to prepare a risk matrix of outcomes in order to understand the vulnerabilities.
59. On the request of the Secretariat Poland made a presentation on possible data and information which could be helpful in demonstrating a country's effectiveness with Immediate Outcome 3 to the assessors in advance of a MONEYVAL 5<sup>th</sup> round on-site visit. These include: risk assessments (including sectorial ones made by the private sector), licensing documents and procedures, guidance, handbooks, supervisory letters, action plans and planning documents, on-site visit plans, sanctions guides, case studies, off-site monitoring strategies, tools and procedures and other forms of supervisory outreach and cooperation including data on the level of interaction between supervisory bodies and the private sector, training seminars, joint coordination initiatives and public actions.
60. Monaco shared its views on how the jurisdiction could demonstrate effectiveness to the assessors

during a MONEYVAL 5<sup>th</sup> round on-site visit with regard to Immediate Outcome 3. The particular focus was made on the existing regulation and supervision procedures for financial sector and DNFBPs. It was mentioned that all new businesses undergo a documentation check and a scoring risk rate is applied. In cases of deficiencies, a letter of concern is issued by the authorities then a range of sanctions may be applied and an action plan to remedy the deficiencies is established. The importance of awareness raising and risk prevention through meetings with the private sector and the issuing of guidelines was also stressed by Monaco. This was supported by San-Marino and Poland. The importance of understanding the country's risks and the need to constantly monitor them were underlined by the financial scientific expert.

61. **Immediate Outcome 6:** The Secretariat provided a brief outline of the shortcomings that were previously identified during the 4<sup>th</sup> round of mutual evaluations with regard to IO 6. These include but are not limited to: shortcomings in the dissemination system, operational independence issues, inability to request additional information, lack of reporting forms and guidance, etc. The law enforcement scientific expert pointed out that the level of technical compliance has a huge impact on the level of effectiveness. It was also stressed that comprehensive and reliable statistics are necessary together with illustrative cases. Two other issues, namely international cooperation in all aspects and training were mentioned as of great importance by the scientific expert.
62. Hungary made a presentation on how it will seek to demonstrate effectiveness with regard to the provisions of IO 6 before the on-site visit. It particularly underlined the importance of statistics (including STRs), case studies as well as an advanced IT system. The LEA feedback mechanisms and its added value for the analysis were pointed out as important.
63. Liechtenstein pointed out that the quality of statistics on STRs, assets recovered, successful criminal cases, etc., is of utmost importance and that the question about how to measure the value added by financial analysis is the major challenge. The Executive Secretary stressed the importance of demonstrating the work of the entire value chain (FIU, LEA, Prosecutor, Court, Conviction and Confiscation).
64. Bulgaria made a presentation with regard to the provisions of IO 6 and underlined the following aspects that could be helpful in demonstrating effectiveness during the on-site visit: a wide range of information being available to the FIU, qualifications of FIU staff, sufficient material resources, including IT hardware and proper facilities, comprehensive and reliable statistics, and effective analytical tools. The Secretariat also mentioned the importance of having methodologies of FIU work processes.
65. **Immediate Outcome 7:** The Executive Secretary provided a brief introduction on the provisions of IO 7. The lack of common understanding of what "comprehensive" statistics on ML criminalisation should contain (Recommendation 33) was mentioned as a significant challenge. MONEYVAL's statistical templates should be used as a guide for MONEYVAL countries. The FATF Secretariat mentioned that it is currently undertaking some work on statistics, based on MONEYVAL's work, intended to assist the countries and the evaluators in the effectiveness assessment. The impact of proportionate and dissuasive sanctions was a new issue to be taken into account under IO7 in the context of criminalisation of ML. It was proposed at this point to take note of the first FATF reports on Spain and Norway as guides. The mismatches frequently encountered in previous rounds between the predicate offences in ML cases brought and the major proceeds-generating crimes identified by the country was pointed out by the Secretariat as one of the main shortcomings identified previously and which needs to be addressed in the 5<sup>th</sup> round to show ML criminalisation is being used effectively.
66. The law enforcement scientific expert stressed the necessity of close cooperation between the FIU, LEAs and Prosecutors' Offices on prosecution matters in the light of the new round of assessments. It was underlined that assessors will be specifically looking at the level of international cooperation and also how proactive a country is in terms of seeking cooperation from foreign colleagues. Andorra asked about the possibility of using non-criminal measures for sanctioning purposes under IO7's last core issue. It was said by the scientific expert that in the absence of corporate criminal liability, for example, alternative effective sanctioning mechanisms through civil or administrative processes may be utilised. This was supported by the FATF Secretariat. The Executive Secretary stressed that although the other options for sanctioning are

technically possible they should not be substitutes for a robust ML prosecution policy.

67. On the request of the Secretariat Israel made an intervention on possible data and information which could be helpful in demonstrating a country's effectiveness in advance of the on-site visit with regard to the provisions of IO7. Their intervention underlined the importance of demonstrating the overall structure of the AML/CFT system, national coordination bodies and mechanisms, strategic planning data, statistics (if relevant), national fusion centres (or coordination arrangements) and the level of cooperation with international bodies and foreign FIUs, as well as the work done on analysing trends and typologies.
68. Slovakia also presented its views on how to demonstrate a country's effectiveness on IO7 during the on-site visit. The importance of cooperation with investigative and prosecution authorities was particularly stressed as well as the availability of a wide range of resources and techniques to investigative and police agencies.
69. **Immediate Outcome 5:** Due to the time constraints the Plenary decided to postpone the discussion of this IO for the next seminar on effectiveness in December 2014.

**Agenda item 16 – Update on actions taken by MONEYVAL states and territories on the 2013 G.8 Action Plan principles to prevent the misuse of companies and legal arrangements**

70. The Chairman invited the Delegations to voluntarily report on the actions taken on the 2013 G.8 Action Plan.
- Guernsey issued an action plan in order to meet the requirements of the initiative. They also conducted an internal review of transparency issues in their jurisdiction. They are having an active dialogue with the UK.
  - Isle of Man issued a public consultation on whether they have, or should have, a Central Register, either public or not public, and the consultation period closes at the beginning of October. They are having an active dialogue with the UK.
  - The Russian Federation adopted a National Plan in order to implement the revised FATF Recommendations. Some of the measures adopted are: formulation of a concept of AML/CTF system evaluation till 2020, increasing transparency of legal entities, improvement of information exchange on national and international level, tax administration improvements for tax crimes, obligations for every organisation operating in the Russian Federation to disclose information on the ownership structure and identification data of their owners.
  - Jersey, as Isle of Man, had had a consultation and it concluded at the end of April. The responses to the consultation are now being considered. They too are having an active dialogue with the UK.
  - Malta reports that some developments have taken place since the Action Plan was issued. For instance, they set up a working group that is now examining what administrative actions, and what legal amendments, are needed to ensure that information is maintained into their Centralised Deposit. Malta also indicated that it is awaiting for the 4th EU Money Laundering Directive.
  - Poland focused on strengthening its FSA monitoring system of the most risky aspects of financial activities, conducting, for example, on-site visits to Polish banks. Poland also indicated that it is awaiting the 4th EU Money Laundering Directive.
  - Liechtenstein is now in the process of drafting amended regulation on enhancing transparency with regard to beneficial ownership of legal entities and legal arrangements. In addition, in August 2014, they endorsed the new Common Reporting Standard in automatic exchange of information between Tax Authorities, as developed by OECD.

- The USA reported that, in July 2014, US Treasury issued a notice to amend the Secrecy Act Regulations in order to clarify and strengthen Customer Due Diligence obligations of US Banks. Among the amendments there is a new requirement for financial institutions to collect the beneficial ownership information and verify the identity of the beneficial owner. To comply with FATF recommendation 10, the US Rule Making clarifies that CDD includes for core elements: identifying and verifying the identity of customers, understanding the nature and purpose of customer relationships, conducting ongoing monitoring to maintain and update customer information and to identify and report suspicion transactions.
- San Marino reported that a Technical Commission, represented by the Judicial Authority, Law Enforcement, Customs, FIU and Central Bank, is now discussing the issues that could arise from the G8 call. For instance, the use of lawyers or notaries for the identification and verification of the beneficial owner of companies, information on the presence of foreign companies as shareholders of San Marino Financial Institutions.
- Since Albania presented an interim report they have nothing to add.
- Cyprus responded to the G8 call with a series of measures, in line with the Action Plan. The measures include the obligation for companies to keep a register of members open to the public, the availability of the beneficial ownership information on companies and trusts to Law Enforcement, Tax Administration and other authorities, the prohibition of bearer shares except for listed public companies, the obligation for financial institutions to comply with AML requirements and the existence of sanctions for supervised entities, the existence of comprehensive provisions in the law for both domestic cooperation, between national authorities, and international cooperation.
- France reported that, in response to the G8 call, they introduced Law #1117 on fighting financial and tax crimes and enhancing the transparency of the Financial System which was published in December 2013. Greater sanctions were put on companies and banks for non-declaring information on beneficial ownership. They also created a Registry for Trusts.

*Decision taken:*

71. As not all delegations were able to present the steps taken in their jurisdiction in this respect, the Plenary decided that all delegations should submit an overview of the measures undertaken in written form. On the basis of this written exercise, the Secretariat shall prepare a working paper, which will serve as a basis for discussion at the December 2014 Plenary meeting.

**Day 3: Wednesday 17 September 2014**

**Agenda item 17 – 4<sup>th</sup> round interim follow up – application by Albania to be removed from the regular follow up**

72. MONEYVAL adopted the mutual evaluation report (MER) of Albania under the 4<sup>th</sup> round of assessment visits at its 35<sup>th</sup> Plenary meeting (April 2011). As a result of the evaluation process Albania was placed into regular follow-up. In accordance with Article 49 of MONEYVAL's Rules of Procedure, Albania was required to report back to the plenary and provide information on the actions it has taken or is taking to address the factors/deficiencies underlying any of the 40 + 9 Recommendations that are rated partially compliant (PC) or non-compliant (NC) within two years from the discussion of the 4<sup>th</sup> round MER. Albania submitted an updated report (the second follow-up report) for the Plenary's consideration on 7<sup>th</sup> of July 2014, together with a new confirmation of its intention to request removal from regular follow-up.
73. The MONEYVAL Secretariat presented its analysis of the Albania's second follow-up report underlying that since the on-site visit, Albania has made real progress and has taken positive

action to remedy the most significant deficiencies, including in respect of certain aspects of effectiveness. The secretariat, however, expressed its view that further substantive and contextual information is necessary on a number of aspects, as detailed in the review of progress in respect of several recommendations, before being in a position to firmly conclude that Albania has achieved an LC level of compliance with the relevant recommendations. The secretariat proposed to the Plenary to maintain Albania on the regular follow-up process and to be asked to report back in December 2014, with an updating report, covering additional supporting information on the outstanding issues where the report by Albania was considered to lack clarity or detail.

74. Albania gave an overview of progress achieved to date, notably the amendments made to the Criminal Code and the money laundering offence as well as to the AML/CFT law and expressed its full commitment to comply with AML/CFT standards.

*Decision taken*

75. The Plenary decided that Albania would remain at this stage under the regular follow-up process and be invited to report back in December 2014.

**Agenda item 18 – First 4<sup>th</sup> round regular follow up report on Latvia**

76. The Plenary examined the report presented by Latvia under the regular follow-up procedures. The Latvian authorities have not sought removal from regular follow-up at this point.

77. The Secretariat presented its analysis and acknowledged the progress made, notably in the financial and legal side. New amendments on CDD measures were introduced in September 2014. It was however noted that with SR.II and SR. III, little progress appeared to have been made and that there were still outstanding issues. The Latvian delegation explained that amendments to the Criminal Code and AML/CFT law to address these deficiencies are currently under consideration by the Parliament and hopefully will be adopted soon.

*Decision taken*

78. The Plenary decided to adopt the report and agreed that Latvia should report back in September 2015.

**Agenda item 19 – Information from the European Union**

79. The EU representative informed the Plenary about the adoption by the European Parliament of a legislative resolution of 11 March 2014 on the proposal for the 4<sup>th</sup> Directive of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. The proposed Directive should benefit businesses, government and law enforcement by ensuring that resources can be targeted towards the areas of higher risk. The negotiations on the proposed 4<sup>th</sup> Directive are currently underway within the Council of Ministers involving the Parliament, the Council and the European Commission. The key question in the negotiation process is the beneficial ownership requirements for corporate entities and trusts.

80. Once the final Directive has been enacted it will then be a matter for each EU Member State to transpose the Directive into their national legislation within a prescribed timescale, usually 24 months. The Executive Secretary stressed the need to have a decision on how MONEYVAL will monitor the implementation of this document.

**Agenda item 20 – Update on European jurisprudence on sanctions under UNSCRs 1267 and 1373**

81. The Secretariat introduced the reference paper (previously circulated as Inf. 20), which summarises some recent judgments of the ECJ (3 cases) and the ECHR (1 case) related to the implementation of the UN sanctioning regime. It has been pointed out that the judgements reflect, to the same extent as the previously presented crucial cases Kadi or Nada, the principles according to which European courts handle the issues related to the sanctioning regime.

82. The Secretariat had brought attention to the new designations, which have been made by the UNSC on 15 August, in relation to those involved and leaders of IS or ISIL. It was mentioned that the so-called Caliph Ibrahim was already designated under UNSCR 1267 in 2011, but that there were 6 new designations, which were made now. The Secretariat stated that these designations were turned into a regulation by the EU on 21 August 2014 and expressed the appreciation of the speedy reaction of the EU.
83. The scientific expert on legal aspects, Prof. Bill Gilmore, underlined that apart from this issue, the Security Council's Resolution 2161 of 17 June 2014 is relevant in this matter. This Resolution updates a number of the criteria and procedures of the freezing regime and extends the term of office of the Ombudsperson by a further 30 months. He invited the persons responsible in the MONEYVAL countries for this issue to consult this Resolution. He then described the content of the Resolution 2170 of 15 August 2014 on ISIL and the AL-Nusra Front and emphasised that the Resolution confirms the ISIL and the Al-Nusra Front as entities connected with Al-Kaida and which are covered by UNSCR 1267 and subsequent resolutions. He noted that the resolution specifically lists some 6 further individuals, but it also makes clear its readiness to consider listing other individuals, groups, undertakings and entities providing support to ISIL and the Al-Nusra Front. He further drew attention to the practical issues/implications for European countries, pointing to the fact that numerous European citizens and European residents from a variety of jurisdictions have been travelling to the Middle East to join up as members of these terrorist organisations and the implications this has for further listing of individuals. Due to this, he underlined that the Security Council in this Resolution specifically encourages the submission of listing requests to the 1267 Sanctions Committee by Member States of individuals and entities supporting the ISIL and the Al-Nusra Front and other similar persons. He pointed to the fact that the range of persons that are now ultimately connected with this organisation may impact more directly on European countries than was previously the case and the individual countries should bear this issue in mind and consider possible submissions of listing requests. Finally, the Scientific Expert referred to the fact that one of the operating methods of this terrorist organisation is the taking of hostages and emphasised that the resolution specifically states and confirms that the requirements of the asset freezing resolutions also apply to the payment of ransoms to individuals, groups, undertakings or entities on the Al-Kaida Sanctions List.
84. The US pointed out that the US, as well as the UK, have a strict policy of no concessions and emphasised that in their opinion the payment of ransoms only enhances the circle of kidnapping. It was noted that the US cooperates with states all over the world to help prevent such payments. The US further emphasised the utility and importance for countries, when applying the UN sanctioning regimes, of the use of unclassified publicly available information and he mentioned two sources: the Bankers Almanach or Dun & Bradstreet Database.
85. Liechtenstein proposed that MONEYVAL should follow-up on the actions taken by Member States, either through a tour de table or through a written feedback to the Secretariat, on how they have implemented the recent UN resolutions. Liechtenstein has further raised a question, whether the countries, which rely on EU listings and do not have a domestic listing procedure, think that the recent EU jurisprudence would make a compliant implementation of the SR.III still possible, in particular in the absence of a sufficient statement of reasons for the listing. Liechtenstein proposed to review the approach that has been taken so far (not only for the countries, which rely only on the EU listings, but also for countries like Liechtenstein, which have a domestic instrument, but still rely on the statement of reasons given by the UN or other individual countries). To substantiate this issue, Liechtenstein has made a reference to the fact that it is currently subject to judicial review of listings and the defence lawyers of the individuals very strongly argue against the jurisprudence of the European courts.
86. The scientific expert urged those countries which have proved a lack of the ability to provide sufficient information to the concerned individuals about the UN procedures for delisting, to be fully aware of the powers and procedures of the Ombudsperson, as one way of dealing with these issues in a time efficient fashion. He stated that when the Ombudsperson makes a determination that there is not a prima facie case for retaining a person on the list, that determination is very hard to displace within the Security Council.
87. The representative of the EU Commission reacted to the comments of Liechtenstein and the US



by confirming the need to design a process, which would accommodate the right to defence and judicial review, as well as ensuring compliance with the UN resolutions and SR.III. He further proposed to explain at the next MONEYVAL Plenary the features of the EU process. He expressed an interest in receiving information on best practices from other jurisdictions on implementing the financial sanctions more effectively.

88. It was decided that the Secretariat will circulate a paper to MONEYVAL delegations for the purposes of reporting on the implementation of the recent UNSC designations related to the ISIS and Al-Nasra Front on national levels. The collected information should then serve as a basis for a discussion at the MONEYVAL December plenary meeting. The Secretariat confirmed that MONEYVAL would welcome a more detailed presentation which the EU Commission has offered on this topic at the plenary meeting in December. The countries were also invited, in case of interest, to send questions and concerns to the Secretariat, which would channel them to the EU Commission for the purposes of the discussion at the December Plenary.

#### **Agenda item 21 – Information on AML/CFT initiatives in other fora**

89. The Plenary heard updates on AML/CFT initiatives from representatives of observer organisations present at the meeting.

#### **Egmont Group**

90. Since the last plenary, the 22<sup>nd</sup> Plenary Meeting was held in Peru. The Heads of FIU approved the Egmont Strategy Plan for 2014-2017, the new Support and Compliance Process document, the revised membership procedure and the revised regional footprint, responding to the call from the HoFIU for greater cooperation with the FATF/FSRBs. Nine new members joined the EGMONT FIU in 2013.

#### **Eurasian Group on Combating Money Laundering and Terrorist Financing (EAG)**

91. The EAG secretariat reported on the 20<sup>th</sup> EAG Plenary meeting held in Moscow. Also the Plenary has been informed that an EAG assessors' training will be held in October, in New Delhi. The EAG next Plenary and working groups meeting will be hosted by Tajikistan in November.

#### **FATF**

92. The FATF representative updated the Plenary on its activities, namely completion of FATF 3<sup>rd</sup> round mutual evaluations and deferral of the next four evaluations by four months. As reported by the FATF representative the first reports under the new methodology will be discussed during the next FATF Plenary Meeting in October. The plenary was also informed on the expansion of the FATF membership.

#### **GIFCS**

93. GIFCS representative informed that GIFCS has appointed a Secretary General in order to enhance the role of GIFCS in international AML/CFT matters. During the last meeting of GIFCS there was consideration of the threats deriving from digital currencies. The next meeting will endorse the proposed standard on trust and company service provider (TCSP) supervision and consider a issuing a statement on asset recovery.
94. The Plenary was further informed in detail about the above mentioned proposed standard and the principles, which it introduces. The GIFCS stressed that the proposed new standard was drafted with the view to ensure that the customers of the TCSPs receive a degree of protection equivalent to the one granted to the customers of other financial institutions, as well as to ensure that the TCSPs are subject to a similar regulatory regime as other financial institutions.

#### **IMF**

95. The IMF representative updated the Plenary on the changes to the Financial Sector Assessment Program (FSAP). Every FSAP will contain accurate and timely AML/CTF information. It will be

based on comprehensive assessment based on current standards and methodology; however in cases when the schedules of the FATF/FSRBs will not be coordinated relevant information from previous MONEYVAL, FATF, ICRG reports will be used. In cases where additional information will be required focused questionnaires will be disseminated to countries.

## **UNODC**

96. The UNODC representative informed that regional training on countering cash couriers will be organised, in Ohrid, for Balkan counties. The training is for custom services and law enforcement officers, as well as the FIU. It was also mentioned, that UNODC has recently published a training manual on virtual currencies in the framework of the GUAM project, which provides a basic training tool for law enforcement investigators and the FIU.
97. UNODOC Global Programme against ML started a research on National AML strategies. As a result recommendations will be elaborated for member-states for designing national AML/CFT strategies.

## **World Bank**

98. The World Bank representative informed the Plenary that the National Risk Assessments in Serbia and Estonia are finalised. NRA Projects are launched in Slovenia, “the former Yugoslav Republic of Macedonia”, Azerbaijan and Malta. NRA projects are planned to launch in a number of other MONEYVAL countries.

### **Agenda item 22 – Information on AML/CFT initiatives in MONEYVAL states and territories (tour de table)**

99. The representatives of Andorra, Armenia, Azerbaijan, Bulgaria, Croatia, Georgia, Holy See, Hungary, Israel, Liechtenstein, Malta, Monaco, Montenegro and Poland informed the Plenary of their AML/CFT initiatives.

### **Agenda item 23 – Responses to MONEYVAL questionnaire on Financial Inclusion and discussion on financial inclusion issues in MONEYVAL states and territories**

#### **23.1 Intervention by Her Majesty Queen Máxima of the Netherlands, the United Nations Secretary-General’s Special Advocate for Inclusive Finance for Development**

100. Her Majesty Queen Máxima of the Netherlands, in her capacity as United Nations Secretary General’s Special Advocate for Inclusive Finance for Development, was introduced by the Chairman, Dr Bartolo and addressed the MONEYVAL plenary to explain and underline the need for accessible financial services. Queen Máxima stressed the role the 33 MONEYVAL states and territories can play in improving access to financial services and pointed out that money laundering and measures for the promotion of inclusive finance complement each other, noting that it is necessary to strike the right balance between security measures and access to formal financial services. Her full address is published on the MONEYVAL website.

#### **23.2 Overview of responses to the MONEYVAL Questionnaire on Financial Inclusion**

101. The Executive Secretary presented the results of the MONEYVAL survey related to financial inclusion, emphasising how this important matter is tackled in various MONEYVAL jurisdictions. Effective ways to promote financial inclusion as well as barriers and challenges were described. The Executive Secretary’s presentation is also available on the MONEYVAL website. The Executive Secretary proposed that the progress of MONEYVAL States and territories on this issue should be reviewed biannually. The report was adopted by the Plenary.

#### **23.3 Exchange of views on issues arising in the context of MONEYVAL States and jurisdictions**

The USA expressed the view that promoting financial inclusion should enhance AML/CFT programs and policies.

102. The World Bank that the National Risk Assessment methodology includes a separate module on financial inclusions.
103. The FATF stated its' high level commitment on the financial inclusion matter and reminded the work done in this area, namely the guidance on financial inclusion and on new payment methods.
104. Liechtenstein supported the proposal of the Executive Secretary to regularly monitor the financial inclusion matter within the Committee.
105. The MONEYVAL Secretariat raised the money remitters issue and of the measures to help enhanced financial inclusion using this type of service.
106. Jersey noted that, even in more developed jurisdictions with high levels of financial inclusion, financial exclusion needs addressing and explained the steps that they have taken. They supported the opinion that there is no conflict between the risk based approach and financial inclusion.
107. Israel described a cash reduction initiative which demonstrated complementarity between financial inclusion and the AML measures.
108. Various questions were posed to Her Majesty Queen Máxima, to which she responded. At the conclusion of the session Her Majesty was thanked for her intervention.

Decision taken

109. The plenary agreed that the MONEYVAL report on the state of financial inclusion in its States and territories should be published and that a further survey should be undertaken in 2 years' time, on the state of financial inclusion in MONEYVAL with a view also to trying to establish the impact which financial inclusion policies are having on the effective implementation of AML/CFT policies.

**Agenda item 24 – Proliferation financing (Immediate Outcome 11). Intervention from Dr Jonathan Brewer, representing the Panel of Experts of UNSCR 1929(2010)**

110. Dr Jonathan Brewer, representing the Panel of Experts on UNSCR 1929(2010), made a presentation regarding UN Resolutions on Iran. Aspects covered included requirements under the Resolutions, the role of the Sanctions Committee and the Panel of Experts as well as various types of financial sanctions; mainly targeted financial sanctions. Points on enhancing effectiveness of implementation of the UN Resolutions were also presented. The state of implementation of the UN requirements is monitored through the reports provided by the member-states, which are very helpful for the Panel to understand the pattern of activities, state of implementation of resolutions and attempts by Iran to circumvent the resolutions. Dr Brewer also highlighted that it is important to bear in mind the UN reporting points on the implementation of the UN Security Council Resolutions. He stressed the need for speedy designations.

**Agenda item 25 – Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism**

111. The Executive Secretary presented the up-to-date status of signatures and ratifications of CETS 198. Georgia has become the 24th Party to the Convention. Since the last plenary Sweden joined the Convention and Georgia brought the Convention into force. The Plenary was also informed that the UK will sign the convention on 29 September 2014.
112. The Executive Secretary indicated that during the course of the upcoming assessment of BiH the implementation of the Warsaw Convention will be also considered.
113. During the upcoming Conference of the Parties meeting Moldova, Malta and Montenegro reports will be considered. The Conference will also consider the practical issues arising from the application and implementation of the Warsaw Convention. A review and discussion of the reservations and declarations to the Convention will also be conducted in the course of the

**Day 4: Thursday 18 September 2014**

**Agenda items 26 and 27 – Discussion on the draft 4<sup>th</sup> round Mutual Evaluation Report on Estonia**

114. The Plenary examined the draft 4<sup>th</sup> round evaluation report on Estonia. The Secretariat introduced the evaluation team, acknowledged the progress made by Estonia since the 3<sup>rd</sup> round evaluation and provided an overview of the main findings of the report. The changes made to the report as a result of issues raised by the ad hoc review group (Hungary) and the scientific experts during the pre-meeting with the Estonian authorities were presented. The intervener countries were Israel (legal aspects), Czech Republic (financial aspects) and Andorra (law enforcement aspects).

*Important issues raised*

115. **Criminalisation of money laundering (R.1):** Estonia pointed out that the bullet point under effectiveness was unjustified since there had been a number of prosecutions and convictions for autonomous money laundering. The evaluation team clarified that, for the purposes of the Estonian MER, a distinction had been made between stand-alone ML, which was taken to encompass those cases where the ML offence is prosecuted independently of the prosecution of the predicate offence, and autonomous ML, which referred to those cases which the evaluators considered were envisaged under Article 9(6) of the Warsaw Convention (CETs 198), where a conviction for ML can be achieved by establishing that the property originates from a predicate offence without it being necessary to establish precisely which offence. It was noted that in Estonia only stand-alone ML convictions had been achieved. As it had emerged from the meetings held on-site, although the judiciary did not require a conviction for the predicate offence, the identification of a concrete predicate offence was still needed for a ML conviction to be achieved.

116. While taking note of the explanation provided by the evaluation team, Russia observed that the distinction between stand-alone and autonomous ML had never been made in previous MERs. It was therefore suggested to delete the bullet point and upgrade the rating to LC. The World Bank reminded the plenary that the Warsaw Convention is not assessed under the FATF standards and pointed out that it is sufficient for the purposes of the evaluation that the judiciary in Estonia did not require a prior conviction for the predicate offence to achieve a ML conviction. The United States of America, Romania, Israel, Bulgaria, Lithuania, Poland, Germany, Liechtenstein, and Slovakia agreed with the World Bank and supported the deletion of the bullet point and the upgrading of the rating. While also agreeing with Russia's proposal, Guernsey suggested maintaining the issue under the section on recommendations. The evaluation team clarified that the issue of concern had been the evidential threshold required by the judiciary with respect to the predicate offence in order to hand down a ML conviction. It was therefore agreed to rephrase the bullet point to better reflect the issue, and include a corresponding recommendation and upgrade the rating to LC.

117. Estonia also challenged the first factor underlying the rating, stating that the purposive elements of concealment and disguise in relation to the criminalisation of use of proceeds were necessary, as otherwise the use of proceeds by the perpetrator of the predicate offence would not give rise to ML. A discussion ensued on whether the criminalisation of use of proceeds by the perpetrator of the predicate offence conflicted with the *non bis in idem* principle. The evaluation team pointed out that under previous FATF and MONEYVAL reports, while the acquisition and possession of proceeds by the perpetrator of the predicate offence would not normally be prosecuted as a separate offence in these circumstances, this was not always the case with respect to the use of proceeds. The World Bank disagreed with this conclusion, noting that the protected value of the money laundering offence dictated that "use" should be treated in the same way as "possession and acquisition" for the purposes of self-laundering. Romania supported the view of the evaluators. The scientific expert on legal issues proposed to maintain the bullet point for future consideration of the authorities. Since no consensus was reached by the plenary, the bullet point remained unchanged.

118. **Provisional measures and confiscation (R.3):** Estonia requested the evaluation team to re-consider the effectiveness bullet point regarding the low volume of confiscated property and to upgrade the rating to LC. In order to support their findings, the evaluators referred to a number of examples which had been provided by the authorities and clarified that the bullet point referred to both proceeds-generating offences and ML. Estonia pointed out that the figures on confiscated property did not represent the full picture since in certain cases, such as fraud, a sizeable portion of the property subject to confiscation would have been returned to the victims of the offence under civil claims, which was treated as a priority. Since the proposal by Estonia did not receive sufficient support by the Plenary, the bullet point was retained and the rating remained unchanged.
119. **Sanctions (R.17, R.29):** Estonia challenged the bullet point in the rating boxes of R.17 and R.29 relating to the absence of sanctions (and the attendant sanctioning power) applicable to directors and senior management. The Estonian authorities explained that the provisions on corporate liability in the Estonian Penal Code, which apply to the misdemeanours set out under the AML/CFT law, covered this requirement. The evaluators pointed out that the purpose of criterion 17.3 was to ensure that directors and senior management are held liable for breaches of AML/CFT requirements by the financial institution, where such breaches result from, for instance, the lack of supervision or control of the directors and senior management. This requirement, in the evaluators' view, was not covered by corporate liability provisions, which are intended to ensure that acts carried out by directors and senior management in the interest or for the benefit of a legal person are imputable to the legal person itself. The scientific expert for financial issues and San Marino proposed a reformulation of the bullet point to better reflect the deficiency identified. The evaluation team agreed to align the bullet point more closely with Criterion 17.3 and 29.4.
120. **Suspicious transactions reporting (R.13, SR.IV):** Estonia proposed the removal of the effectiveness bullet point regarding the initial postponement of a suspicious transaction at the discretion of the reporting entity, since this was, in the FIU's view, a standard procedure. Russia supported the proposal. The World Bank stressed that the postponement power should be within the domain of the FIU or other law enforcement authority and referred to the mutual evaluation report of Switzerland, where a similar provision had been identified as being detrimental to the effectiveness of the reporting mechanism. Since no other delegation supported the Estonian proposal the bullet point was not removed.
121. **Reporting of suspicious transactions related to terrorism (SR.IV):** Romania enquired whether the list of indicators on suspicious FT transactions is updated on a regular basis and whether the significant number of FT reports reflected the outcome of the national risk assessment which was in the process of being finalised. Romania also asked Estonia to comment on the fact that no prosecutions or convictions for TF had taken place. Estonia explained that the list of indicators contains a list of countries which are considered to present a higher risk of FT and the large majority of the FT-related STRs are filed automatically when a transaction involves one such country. These reports were all referred to the Estonian Intelligence Service, which had so far not identified any case for further investigation and prosecution. It was noted that, as indicated by an assessment carried out by the authorities, the automatic reporting of these transactions did not pose an unmanageable burden for reporting entities. The evaluators emphasised that over-reporting is not a deficiency, as long as this did not have a negative impact on the reporting mechanism as a whole.
122. The FATF pointed out that the technical deficiency in the rating box regarding Criterion IV.1 warranted a downgrade from LC to PC and suggested adding a further bullet point reflecting the deficiencies identified under SR.II. This proposal was supported by Romania and Liechtenstein. While the evaluation team agreed with the FATF, it was conceded that upon further consideration, the deficiency reflected in the bullet point appeared to be harsher than intended. It was therefore agreed to re-draft the bullet point without changing the rating.
123. **The FIU (R.26):** Andorra proposed the removal of the second bullet point, since the FIU's power to request additional information from unregulated persons goes beyond the FATF Standards. A recommendation to Estonia to implement appropriate safeguards would suffice for the purposes of the assessment. The evaluation team noted that the absence of confidentiality obligations applicable to unregulated persons could potentially have a negative impact on the

requirement under criterion 26.7, which deals with the protection of information held by the FIU. The World Bank supported the conclusion of the evaluation team. Since Andorra's proposal was not supported by any other delegations, the bullet point remained.

124. **Cash couriers (SR.IX):** The FATF pointed out that statistics on false declarations were missing in the report and enquired whether Estonia keeps such information in the form of statistics. The evaluators clarified that the statistics were provided for the purposes of the evaluation and confirmed that they would include them in the report.

125. Liechtenstein observed that the number of cross-border declarations was rather significant and, as stated in the report, the majority of such declarations were made by professional couriers. Liechtenstein queried whether the declaration form required the courier to include information about the person on behalf of whom the cash is transported, where this is the case. Estonia confirmed that such information is indeed requested in the declaration form. It was decided that a copy of the declaration form would be included in the annexes to the report.

#### *Decision taken*

126. As a result of the discussion, the Plenary decided to amend the draft report and the summary to reflect the clarifications raised by delegations and the amendments set out in the room document and modified the rating of Recommendation 1 (upgraded from PC to LC). The Plenary adopted the executive summary and the 4<sup>th</sup> round mutual evaluation report on Estonia, with the agreed amendments and subject to consequential editorial changes. The executive summary and report as adopted are subject to automatic publication in accordance with the revised Rules of Procedure.

127. Pursuant to rule 13 of the revised Rules of Procedure, Estonia was placed under the regular follow-up procedure and was asked to report two years after the adoption of the report. This process requires the country to provide, no later than two years after the adoption of the report (September 2016), information on the actions it has taken to address the factors/deficiencies underlying any of the 40+9 Recommendations that are rated PC or NC and encourages it to seek removal from the follow-up process within three years after the adoption of the 4<sup>th</sup> round MER or very soon thereafter.

### **Day 5: Friday 19 September 2014**

#### **Agenda item 28 – Further discussion (if required) on next steps under Compliance Enhancing Procedures – Bosnia and Herzegovina**

128. The outcomes of this discussion are presented under Item 6.

#### **Agenda item 29 – Voluntary Tax Compliance Scheme**

##### **Hungary**

129. The Secretariat provided an overview of the developments regarding the VTC programme in Hungary since December 2013, when the programme had come into force. It was noted that although the VTC Programme had been found to be in compliance with the FATF four basic principles, a number of recommendations had been made to Hungary at the 43<sup>rd</sup> and 44<sup>th</sup> Plenary. These recommendations had all been implemented by the Hungarian authorities to the satisfaction of the plenary. The Secretariat also referred to recent information provided by the Hungarian authorities on the functioning of the VTC programme, including the number of accounts opened under the VTC programme, the amounts deposited, STRs received by the FIU and the findings of on-site visits at banks by the Central Bank to ensure the proper implementation of the VTC programme. It was also pointed out that the Secretariat had not received any adverse information from the global AML/CFT network on assets being repatriated to Hungary.

#### *Decisions taken*

130. It was agreed that the Secretariat would not continue monitoring the Hungarian VTC programme under MONEYVAL's VTC Procedures. However, the Hungarian authorities should continue updating the Plenary within the tour de table procedure on the number of accounts opened under the VTC programme, the amounts of money deposited, the supervisory measures undertaken by the Central Bank, the STRs received by the FIU and the number of AML/CFT investigations, prosecutions and convictions, until the VTC programme was terminated.
131. In the event of any amendments or changes to the laws governing the VTC programme in Hungary, the authorities should immediately inform the Secretariat. Where it is practicable, the authorities should endeavour to inform the Secretariat before any amendments are adopted.
132. Furthermore, delegations were invited to inform the Secretariat should they observe any unusual patterns or activities in relation to funds that are repatriated or regularised from their jurisdictions to Hungary.

## **Malta**

133. An overview of the analysis of Malta's Voluntary Tax Compliance Scheme was presented by the Secretariat. The Secretariat reminded the Plenary that at the 44<sup>th</sup> Plenary it had been indicated that the Maltese authorities were considering a tax amnesty and asset repatriation scheme. The scheme was announced by the Maltese Government on 11 June 2014 and published on 22 July 2014. The scheme was effective until 13 September 2014.
134. The Secretariat presented the details of the scheme and informed the Plenary that an analysis of the relevant legislation and guidelines had been undertaken. The outcome of this analysis confirmed that the Maltese VTC programme was in full compliance with the FATF four basic principles. In July 2014, invitations were sent to the delegations and the global AML/CFT network to provide any information related to the Maltese VTC programme (values of funds repatriated, unusual patterns, etc.). Two responses had been received, confirming that no irregular activities had been identified. No statistical data had yet been provided by the Maltese authorities. This information would be considered at the 46<sup>th</sup> Plenary. It was agreed that the Secretariat would continue monitoring the programme in order to ensure that the four basic principles continued to be applied.

### *Decision taken*

135. The Plenary agreed that the Secretariat shall continue monitoring the implementation of the VTC programme in Malta and a further update would be provided at the December plenary.

## **Agenda item 30 – Further discussion, as required, on revised Rules of Procedure (including the 5<sup>th</sup> round)**

136. The outcomes of the discussions on the revised Rules of Procedure are presented under Item 14.

## **Agenda item 31 – Council of Europe Convention on the Manipulation of Sports Competitions**

137. This agenda item was postponed.

## **Agenda item 32 – Data protection**

### **32.1 Report on attendance at FATF Expert Seminar on Data Protection (24 March 2014)**

138. The Secretariat reported on participation in the data protection seminar organised by the FATF and the European Commission. 56 jurisdictions attended the seminar and presentations were made by Belgium, Canada, EU Commission, the US and Spain. A number of issues were raised such as the inconsistency of legal frameworks across the jurisdictions, different FIU structures and organization, excessive data transfer protection requirements and consistency of the FATF customer record keeping requirements with local laws. At this point the FATF decided that this matter would be further considered once 5-6 MERs had been adopted and then discuss

this issue further.

## **32.2 Council of Europe Activities on data protection issues**

139. The Council of Europe secretariat informed the Plenary about the activities related to the data protection convention (CETS 108) and the Report on the implications for data protection of the growing use of mechanisms for automatic inter-state exchanges of personal data for administrative and tax purposes, as well as in connection with money laundering, financing of terrorism and corruption.

## **Agenda item 33 – Typologies work**

### **33.1 Experts' meeting on Typologies in San Marino (May 2014): laundering the proceeds of organised crime : prosecutors' perspective**

140. The Secretariat up-dated the Plenary on the typologies work, in the context of the on-going research on "Laundering the proceeds of organised crime" and on the two back-to-back meetings that took place in San Marino in May.

141. The first meeting took place on 12 and 13 May and aimed to bring prosecutors and judges together to explore the reasons for the apparent absence of ML convictions of third parties who launder on behalf of organised crime. Apart from the substantial contribution to the final typologies report, the seminar was helpful in raising awareness of how success can be achieved in this area and prosecutors understood the need to challenge the courts with more third party ML cases based on circumstantial evidence.

142. The second meeting was the core group workshop which took place immediately after, namely from 14 to 15 May. The core group members discussed the emerging findings from the Prosecutors meeting and mapped out the steps to production of the draft report for presentation to the December 2014 MONEYVAL Plenary.

### **33.2 Typologies project on money laundering by organised crime : update**

143. The Plenary was informed that the draft report was in the process of finalisation and that the final draft will be disseminated by the Secretariat to the contributors for their input and quality control. Consequently, the report will be circulated to all the delegations for comments and completed with a view to its adoption at the December 2014 Plenary.

144. Finally, in the context of the above described discussions of Recommendation 1 in the context of the Estonia draft MER, Liechtenstein proposed to include more information related to the concept of autonomous and stand-alone money laundering in the report, with the aim to clarify the requirements of international standards in this matter.

### **33.3 Typologies work in other fora**

145. The FATF informed the Plenary that two typologies reports were published under their auspices in June 2014, in particular the typologies report on the misuse of NPOs for the purposes of terrorism financing and a study on illicit financial flows from Afghan drug trafficking. Furthermore, the FATF published a paper concerning the topic of virtual currencies, with the aim to endeavour to set a general framework (a set of common terms) in this respect.

146. The FATF also intends to undertake a future project on the transparency of beneficial ownership, which is foreseen to be launched in October 2014. The FATF invited the delegations to acquaint themselves with this project and consider participating in it.

147. Furthermore, a joint APG/FATF typologies experts meeting will take place in Bangkok, Thailand in November 2014. The topics are the following: transparency of beneficial ownership, trade-based money laundering, third party money laundering and a separate session on the experiences from national risk assessments. The FATF informed the Plenary that the delegations interested in this project are welcome to participate.



148. Finally, the Plenary took note of an on-going project undertaken by the EAG, related to cybercrime and money laundering. The EAG thanked the MONEYVAL states and territories, which participated in the project, in particular Poland, Slovakia, Montenegro, Estonia and Armenia. The report will be presented at the next EAG plenary in November 2014.

#### **Agenda item 34 – Ad Hoc Review Group of Experts for the next plenary and interveners for next plenary**

149. The Plenary took note of the proposal of Ad Hoc Review Groups and intervener countries for the draft mutual evaluation reports of Azerbaijan and Montenegro. The discussion of the draft MER on Montenegro has been deferred to the plenary meeting in April 2015.

150. The Ad Hoc Review Group for the draft MER of Azerbaijan will be conducted by Latvia. Intervener countries are: the Republic of Moldova (legal aspects), Lithuania (law enforcement) and Malta (financial issues).

151. The Ad Hoc Review Group for the draft MER of Montenegro will be conducted by Monaco, intervener countries are: Poland (legal aspects), Romania (law enforcement) and the Russian Federation (financial issues).

#### **Agenda item 35 – Information on Egmont training (Strasbourg, 27-29 August 2014)**

152. The Plenary was informed about the Egmont training event, which took place in Strasbourg from 27 to 29 August 2014. The training was addressed specifically to MONEYVAL states and territories and the training product was a Strategic Analysis Course. This Course has been chosen in particular for the purposes of training with regard to Recommendation 29 under the revised 2012 FATF Recommendations. Twenty-five MONEYVAL states and territories participated in this event. Liechtenstein thanked the FIUs from Belgium and Guernsey for providing the trainers, as well as the MONEYVAL Secretariat for its assistance with the organisation and the FIU of Taiwan for providing a voluntary contribution for funding the event.

#### **Agenda item 36 – Future representation in FATF meetings**

153. The Plenary was informed that the next FATF Plenary meeting will take place in Paris, from 20 to 24 October 2014. The delegations were reminded that the first draft MERs under the FATF 4<sup>th</sup> round of evaluations will be discussed at this plenary meeting, namely Spain and Norway.

154. A call for expressions of interest to take part in the MONEYVAL delegation to the next FATF Plenaries was made to the delegations, addressing in particular the delegations, which will be assessed at the beginning of the 5<sup>th</sup> round of evaluations. Armenia informed the Plenary about their intention to attend the FATF Plenary in October, whilst the Isle of Man, Serbia and Hungary expressed interest in attending the Plenary in February.

#### **Agenda item 37 – Financing and staffing**

155. The Secretariat welcomed the two new members of the Secretariat and reminded the delegations that MONEYVAL has published a call for a seconded position, which will be open until the end of September.

#### **Agenda item 38 – Miscellaneous**

156. The Secretariat reminded the Plenary that the first evaluator training for the 5<sup>th</sup> round of evaluations will take place in November 2014 in Strasbourg. The Secretariat also informed the Plenary that a further training will be organised by MONEYVAL in March 2015 in Armenia and thanked the Armenian authorities for their offer to host the training.

157. In addition, the Executive Secretary invited the delegations to nominate candidates for the review groups for the 5<sup>th</sup> round evaluations and stressed the enhanced role of the review group in this evaluation round, where reviewers will not only review the final draft report, but will also intervene at the stage of the scoping paper by the secretariat and team on areas for increased

attention in the onsite visit in the light of the national risk assessment by the country undergoing evaluation. The Executive Secretary also emphasised that it will now be required to include an external element in the review process and that the invitation is therefore not limited merely to MONEYVAL member states and territories, but also observers are welcome to nominate candidates.

## APPENDIX I - Agenda

Day 1: Monday 15 September 2014 / 1<sup>er</sup> jour : lundi 15 septembre 2014

### Morning 9h30 / matin 9h30

1. **Opening of the Plenary Meeting at 9h30 by Jan Kleijssen, Director of Information Society and Action against Crime / Ouverture de la réunion plénière à 9h30 par Jan Kleijssen, Directeur de la Direction de la société de l'information et de la lutte contre la criminalité**
2. **Adoption of the Agenda / Adoption de l'ordre du jour**
3. **Information from the Chairman / Informations communiquées par le Président**
  - 3.1 **Chairman's correspondence / Correspondance du Président**
  - 3.2 **Report by the Chairman on the issuing of the Public Statement on Bosnia and Herzegovina on 1 June 2014 / Rapport du Président sur la déclaration publique relative à la Bosnie-Herzégovine**
4. **Information from the Secretariat / Informations communiquées par le Secrétariat**
  - 4.1 **The State of Democracy, Human Rights and the Rule of Law in Europe – report by the Secretary General of the Council of Europe / Situation de la démocratie, des droits de l'homme et de l'état de droit en Europe - Rapport établi par le Secrétaire Général du Conseil de l'Europe**
  - 4.2 **Proposal by CODEXTER to set up a drafting group to amend Recommendation Rec(2005)10 on Special Investigative Techniques / Proposition du CODEXTER de mettre en place un groupe de rédaction afin de modifier la recommandation Rec(2005)10 sur les techniques spéciales d'enquêtes**
  - 4.3 **Calendar of evaluations 2014 / Calendrier des évaluations en 2014**
  - 4.4 **Annual report / Rapport annuel**
  - 4.5 **Reports on Secretariat attendance in other fora / Rapports du Secrétariat sur sa participation aux réunions d'autres institutions**
5. **Timetable for MONEYVAL's evaluations in the 5th round / Calendrier des évaluations du 5<sup>ème</sup> cycle de MONEYVAL**
6. **Compliance Enhancing Procedures - Bosnia and Herzegovina / Procédures de conformité renforcée - Bosnie-Herzégovine**
  - 6.1 **Action taken by MONEYVAL States and territories under the Public Statement / Action prise par les Etats et territoires de MONEYVAL au titre de la déclaration publique**
  - 6.2 **Report from Bosnia and Herzegovina under step 3 of the Compliance Enhancing Procedures / Rapport de la Bosnie-Herzégovine au titre de l'étape 3 des Procédures de conformité renforcée**
  - 6.3 **Discussion, as necessary, on further action to be taken under MONEYVAL CEPs / Discussion, le cas échéant, relative aux actions futures dans le cadre des procédures de conformité renforcée de MONEYVAL**
  - 6.4 **Decision on application of 4<sup>th</sup> round evaluation procedures to Bosnia and Herzegovina / Décision relative à l'application des procédures du 4<sup>ème</sup> cycle d'évaluation à la Bosnie-Herzégovine**
7. **Compliance Enhancing Procedures - Lithuania / Procédures de conformité renforcée - Lituanie**
  - 7.1 **Report from Lithuania under step 2 of the Compliance Enhancing Procedures (and 4th round enhanced follow up report) / Rapport de la Lituanie au titre de l'étape 2 des Procédures de conformité renforcée (et rapport de suivi renforcé du 4<sup>ème</sup> cycle)**
8. **4th round expedited follow up report of the Czech Republic / Rapport de suivi accéléré du 4<sup>ème</sup> cycle de la République Tchèque**

Afternoon 14h30 / après-midi 14h30

9. **Discussion of the report by Cyprus on action taken in response to the MONEYVAL Special Assessment on the Effectiveness of Customer Due Diligence Measures in the Banking Sector / Discussion du rapport de Chypre sur les progrès réalisés vis-à-vis des recommandations formulées dans l'évaluation spéciale de MONEYVAL sur l'efficacité des mesures de vigilance à l'égard des clients dans le secteur bancaire**
10. **4<sup>th</sup> round interim follow up report on Georgia / Rapport de suivi intermédiaire du 4<sup>ème</sup> cycle de la Géorgie**
11. **4<sup>th</sup> round interim follow up report on Slovakia / Rapport de suivi intermédiaire du 4<sup>ème</sup> cycle de la Slovaquie**
12. **4<sup>th</sup> round interim follow up report of San Marino / Rapport de suivi intermédiaire du 4<sup>ème</sup> cycle de Saint Marin**

**[Bureau Meeting at the close of the afternoon's business / Réunion du Bureau à la clôture de la session de l'après-midi]**

**Day 2: Tuesday 16 September 2014 / 2<sup>ème</sup> jour : mardi 16 septembre 2014**

Morning 9h30 / matin 9h30

13. **3<sup>rd</sup> round third progress report on the Russian Federation / Troisième rapport de progrès du 3<sup>ème</sup> cycle de la Fédération de Russie**
14. **Revised Rules of Procedure (including 5<sup>th</sup> round) / Règles de procédure révisées (5<sup>ème</sup> cycle compris)**

Afternoon 14h30 / après-midi 14h30

15. **Seminar on the FATF Effectiveness Methodology / Séminaire sur la Méthodologie d'efficacité du GAFI**
16. **Update on actions taken by MONEYVAL states and territories on the 2013 G.8 Action Plan principles to prevent the misuse of companies and legal arrangements / Mise à jour sur les actions des Etats et territoires de MONEYVAL au titre du plan d'action du G8 de 2013 relatif à la prévention de l'utilisation abusive des personnes morales et des structures juridiques**

**Day 3: Wednesday 17 September 2014 / 3<sup>ème</sup> jour : mercredi 17 septembre 2014**

Morning 9h30 / matin 9h30

17. **4<sup>th</sup> round interim follow up – application by Albania to be removed from the regular follow up / Rapport de suivi intermédiaire du 4<sup>ème</sup> cycle - demande de l'Albanie de sortir de la procédure de suivi régulier**
18. **First 4<sup>th</sup> round regular follow up report on Latvia / Rapport de suivi régulier du 4<sup>ème</sup> cycle du Lettonie**

- 19. Information from the European Union / Informations de l'Union Européenne**
- 19.1 European Commission / Commission Européenne**
- 19.2 Secretariat General of the Council of the European Union / Secrétariat Général du Conseil de l'Union Européenne**
- 20. Update on European jurisprudence on sanctions under UNSCRs 1267 and 1373 / Mise à jour sur la jurisprudence européenne relative aux sanctions en lien avec les RESNU 1267 et 1373**
- 21. Information on AML/CFT initiatives in other fora / Informations sur les initiatives LAB/CFT d'autres institutions**
- 21.1 Council of Europe Development Bank / Banque de Développement du Conseil de l'Europe**
- 21.2 EBRD / BERD**
- 21.3 Egmont Group / Groupe Egmont**
- 21.4 Eurasian Group on Combating Money Laundering and Terrorist Financing (EAG) / Groupe Eurasie sur le blanchiment d'argent et le financement du terrorisme (EAG)**
- 21.5 FATF / GAFI**
- 21.6 GIFCS**
- 21.7 IMF / FMI**
- 21.8 OSCE**
- 21.9 UNODC**
- 21.10 World Bank / Banque Mondiale**
- 22. Information on AML/CFT initiatives in MONEYVAL states and territories (tour de table) / Informations sur les initiatives LAB/CFT dans les États et territoires de MONEYVAL (tour de table)**

**Afternoon 13h45 / après-midi 13h45**

- 23. Responses to MONEYVAL questionnaire on Financial Inclusion and discussion on financial inclusion issues in MONEYVAL states and territories / Réponses au questionnaire de MONEYVAL et discussion sur l'inclusion financière dans les Etats et territoires de MONEYVAL**
- 23.1 Intervention by Her Majesty Queen Máxima of the Netherlands, the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development / Intervention de Sa Majesté la reine Máxima des Pays-Bas, Avocate spéciale du Secrétaire général des Nations unies pour la finance inclusive pour le développement**
- 23.2 Overview of responses to the MONEYVAL Questionnaire on Financial Inclusion / Aperçu des réponses au questionnaire de MONEYVAL sur l'inclusion financière**
- 23.3 Exchange of views on issues arising in the context of MONEYVAL States and jurisdictions / Echange de vues sur ces aspects dans les Etats et juridictions de MONEYVAL**
- 24. Proliferation financing (Immediate Outcome 11). Intervention from Dr Jonathan Brewer, representing the Panel of Experts of UNSCR 1929(2010) / Financement de la prolifération (Résultat immédiat 11) Intervention du Dr Jonathan Brewer, représentant du Panel d'experts UNSCR 1929(2010)**
- 25. Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism / Convention du Conseil de l'Europe relative au blanchiment, au dépistage, à la saisie et à la confiscation des produits du crime et au financement du terrorisme**

**Day 4: Thursday 18 September 2014 / 4<sup>ème</sup> jour : jeudi 18 septembre 2014**

**Morning 9h30 / matin 9h30**

**26. Discussion on the draft 4<sup>th</sup> round Mutual Evaluation Report on Estonia / Discussion du projet de rapport d'évaluation mutuelle du 4<sup>e</sup> cycle de l'Estonie**

**Afternoon 14h30 / après-midi 14h30**

**27. Continuation of the discussion on the draft 4<sup>th</sup> round Mutual Evaluation Report on Estonia / Suite de la discussion du projet de rapport d'évaluation mutuelle du 4<sup>e</sup> cycle de l'Estonie**

**Day 5: Friday 19 September 2014 / 5<sup>ème</sup> jour : vendredi 19 septembre 2014**

**Morning 9h30 / matin 9h30**

**28. Further discussion (if required) on next steps under Compliance Enhancing Procedures – Bosnia and Herzegovina / Discussion (si nécessaire) sur les étapes suivantes dans le cadre des Procédures de conformité renforcée - Bosnie-Herzégovine**

**29. Voluntary Tax Compliance Scheme / Système de régularisation fiscale volontaire**

**29.1 Hungary / Hongrie**

**29.2 Malta / Malte**

**30. Further discussion, as required, on revised Rules of Procedure (including the 5th round) / Discussion, si nécessaire, sur les règles de procédure (5<sup>ème</sup> cycle compris)**

**31. Council of Europe Convention on the Manipulation of Sports Competitions / Convention du Conseil de l'Europe sur la manipulation de compétitions sportives**

**32. Data protection / Protection des données**

**32.1 Report on attendance at FATF Expert Seminar on Data Protection (24 March 2014) / Information sur la participation au séminaire du GAFI sur la protection des données (24 mars 2014)**

**32.2 Council of Europe Activities on data protection issues / Activités du Conseil de l'Europe en matière de protection des données**

**Afternoon 14h30 / après-midi 14h30**

**33. Typologies work / Travaux sur les typologies**

**33.1 Experts' meeting on Typologies in San Marino (May 2014) : laundering the proceeds of organised crime : prosecutors' perspective / Réunion des experts sur les typologies à Saint Marin (mai 2014) : blanchiment des profits du crime organisé : la perspective des procureurs**

**33.2 Typologies project on money laundering by organised crime : update / Projet de typologies sur le blanchiment de capitaux par le crime organisé : mise à jour**

**33.3 Typologies work in other fora / Travaux sur les typologies dans d'autres institutions**

**34. Ad Hoc Review Group of Experts for the next plenary and intervenors for next plenary / Groupe d'examen ad hoc d'experts pour la prochaine réunion plénière et les intervenants pour la prochaine réunion plénière**

- 35. Information on Egmont training (Strasbourg, 27-29 August 2014) / Information sur le séminaire de formation du Groupe Egmont (Strasbourg, 27-29 août 2014)**
- 36. Future representation in FATF meetings / Représentations futures dans les réunions du GAFI**
- 37. Financing and staffing / Financement et questions de personnel**
- 38. Miscellaneous / Divers**

## APPENDIX II – LIST OF PARTICIPANTS

### ALBANIA / ALBANIE

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