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EUROPEAN COMMITTEE ON CRIME PROBLEMS
(CDPC)

COMMITTEE OF EXPERTS ON THE EVALUATION
OF ANTI-MONEY LAUNDERING MEASURES
(MONEYVAL)

Written Progress Report submitted to MONEYVAL

by Slovakia¹

¹ Adopted by MONEYVAL at its 24th Plenary meeting (Strasbourg 10-14 September 2007). For further information on the examination and adoption of this report, please refer to the Meeting Report (ref. MONEYVAL (2007) 27) at : <http://www.coe.int/moneyval>

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

The third evaluation of Slovakia by MONEYVAL took place from 8th -14th May 2005. The final report was adopted by the MONEYVAL Committee at its 20th Plenary Session in Strasbourg from 12 – 15 September 2006.

In the financial field, to be highlighted is that the 3rd MER conclusions, recommendations and ratings have been presented for discussion at the National Bank of Slovakia's Board of Directors early October 2006 in order to be aware of the areas of criticism which need to be addressed. The way to achieve a progress in implementing the recommendations has been outlined – active participation in the inter-ministerial working group on the draft preventive law, which harmonises the Slovak legal framework with the requirements of the 3rd EU AML/CFT Directive. In fact, the NBS experts took part in drafting of the new AML/CFT law (since autumn 2006), which will implement the EU Directives and is expected to enter into force in December this year.

One of the substantial changes, which took place since the last mutual evaluation, was the integration of the former Financial Market Authority into the National Bank of Slovakia in January 2006. In exercising supervision over the whole financial market – in banking, the capital market, the insurance industry and pension savings – the NBS follows general procedural rules laid down in Act No. 747/2004 Coll. on Financial Market Supervision, and in Act No. 566/1992 Coll. on the National Bank of Slovakia. The aim of financial market supervision (responsibility for which lies with a Deputy Governor of the NBS) is to enhance the stability of the financial market as a whole and its secure and sound operation. The financial market supervision unit conducts financial market regulation, including mainly:

- regulatory activities – drafting generally binding legal regulations (called “decrees”) determining prudential conduct of business by supervised entities;
- licensing activities – taking first-instance decisions in issuing authorizations, prior approvals and imposing sanctions and corrective measures in case of non-compliance;
- supervision activities – supervising financial market entities through on-site and off-site supervision;
- analytical activities – producing analyses of the financial market as a whole, as well as of individual financial entities.

The financial market comprises of 4 sectors – the banking sector (principally represented by banks and branches of foreign banks), the capital market (mainly securities dealers, asset management companies, the stock exchange and the central securities depository), insurance sector (mainly insurance companies and branches of foreign insurance companies) and the pension savings market (mainly pension fund management companies and supplementary pension companies/pension insurance companies).

In concrete terms, the integration also meant that all supervisory procedures (manuals for the conduct of on-site inspections and off-site analytical tools) had to be harmonized. The process is still on-going and is expected to be finished by the end of this year.

As regards the co-operation with the FIU, it continues based on the signed Memorandum of Understanding; with regular meetings twice a year, where the information on executed and planned on-site inspections and controls is exchanged and of course, discussions are held on other topics of mutual interest.

From the FIU point of view the final report was presented to the Minister of interior through the first vicepresident of the Police Corps, which adopted necessary actions for implementation of the recommendations made by the MONEYVAL experts. Most of the insufficiencies identified by MONEYVAL experts, will be eliminated by implementing of the Third EU AML/CFT Directive (Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for purpose of money laundering and terrorist financing) into a new AML/CFT Law. FIU and Ministry of Interior plays a leading role in this process within the interministerial working group.

Since the last mutual evaluation Slovak FIU has established a new electronic system for receiving and analyzing the received reports which also enables to monitor effectiveness of AML/CFT measures through the statistical data. Significant steps have been made in informing the obliged entities on their AML/CFT obligations by number of trainings organized by the FIU members and by creating FIU public website. Slovak FIU also initiated the creation of the National Action Plan in the AML/CFT and will establish a permanent group, which will meet regularly and also ad hoc with the other relevant Slovak bodies.

From point of criminal law area, firstly it could be pointed out that on 20 May 2005 the Slovak Parliament approved completely new Criminal Code and Criminal Procedure Code as well. Both became effective on 1 January 2006. Article 252 – money laundering offence of former Criminal Code has been revised in order to ensure that all the language of Palermo and Vienna Conventions, on physical and mental aspects of the ML offence are covered in criminal legislation. Currently ML is criminalised by Article 233 of the Criminal Code – Act No. 300/2005 Coll. (see Annex 3).

Main features of new criminal legislation are introducing of two forms of criminal offence – minor offence and crime, extending provisions on culpability of preparation for the criminal offence, providing new definition of „terrorist group“ and providing definitions of „support of“ and „activity for“ the terrorist group. New type of trial proceedings was based where the adversarial system was strengthened. Further improvements has been provided by new regulation of several procedural instruments concerning seizure of financial means and seizure of registered securities (see Annex 4).

Slovakia has signed and ratified several important international conventions since last evaluation:

- The 2003 UN Convention against Corruption (ratified in April 2006 and came into force in July 2006)
- The 2000 EU Convention on Mutual Assistance in Criminal Matters between the Member States of the European Union (ratified in May 2006 and came into force in October 2006)
- The 2005 Council of Europe Convention on the Prevention of Terrorism (ratified in November 2006 and came into force in June 2007)
- The 2005 International Convention for the Suppression of Acts of Nuclear Terrorism (ratified in February 2006 and came into force in July 2007)

In addition, Slovakia has also ratified Additional Protocol to the Criminal Law Convention on Corruption (came into force in August 2005) and Protocol against The Illicit Manufacturing of and Trafficking in Firearms, their Parts and Components and Ammunition, Supplementing the UN Convention against Transnational Organized Crime (came into force in July 2005).

Slovakia has fully implemented EU Framework Decision 2003/577/JHA on the execution in the European Union of orders freezing property or evidence. Slovakia's implementing legislation – Act No. 650/2005 Coll. came into force on 1 January 2006.

2. Key recommendations

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

Recommendation 1 (Money Laundering offence)	
Rating: Largely Compliant	
Recommendation of the MONEYVAL Report	<i>Ensure FT in all its forms is a predicate to the ML offence.</i>
Measures taken to implement the Recommendation of the Report	Slovak authorities consider the legal regulation of the criminalisation of FT is even now sufficient to ensure FT in all form is a predicate to the ML offence (see Art. 297, Art. 129 par. 4, 5, 6, of Criminal Code in Annex 4). However, Slovakia is ready to introduce autonomous criminal offence of FT. The relevant amendments of Criminal Code are currently being prepared and are expected to be submitted into legislative procedure in September 2007.
Recommendation of the MONEYVAL Report	<i>Ensure conspiracy to commit ML involving two persons is covered not only in cases involving organised crime.</i>
Measures taken to implement the	Due to new definition of preparation for a crime in Art. 13 of new Criminal Code (see Annex 3) is ensured that conspiracy to commit ML involving two persons is covered not only in cases

Recommendation of the Report	involving organised crime.
Recommendation of the MONEYVAL Report	<i>More emphasis should be place on the third party laundering and clarifying the evidence required to establish the underlying predicate in autonomous ML prosecutions.</i>
Measures taken to implement the Recommendation of the Report	Slovak authorities consider the realization of this recommendation as continuous process in order to improve current situation.
Recommendation of the MONEYVAL Report	<i>Keep more detailed statistics covering the nature of ML investigations, prosecutions, convictions and sentences including the details of predicate offences and whether prosecutions were brought autonomously.</i>
Measures taken to implement the Recommendation of the Report	Slovak authorities consider the realization of this recommendation as continuous process in order to improve current situation.
(Other) changes since the last evaluation	

Recommendation 5 (Customer due diligence)

I. Regarding financial institutions

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>Articulate the national policy on risk of ML/CFT(in light of 3rd EU directive) and improve and enhance guidance notes across the whole financial sector.</i>
Measures taken to implement the Recommendation of the Report	With regard to issuance of guidance notes across the whole financial sector; no new guideline has been issued by the NBS in this area, in spite of the fact that there is a working version for the banking market participants mirroring the requirements of the 3rd EU Directive and the Implementing Directive (2006/70/EC), but after discussions with banks, who clearly indicated that such new, extensive obligations, which substantially change the existing AML/CFT preventive regime would not be accepted by a non-binding guideline, the NBS decided to postpone the issuance of such a set of recommendations after the new AML/CFT law is in force.
Recommendation of the MONEYVAL Report	<i>It would be preferable for the AML Law to cover identification at account opening or establishing business relations across all reporting entities.</i>
Measures taken to implement the Recommendation of the Report	There was no change in the existing preventive law; not only in this regard, but at all. For that reasons, the new draft AML/CFT law will be cited (even though currently it is before the discussion in the Government). The draft requires all obliged (meaning “reporting”) entities (all financial institutions and also DFNBP’s are covered), to identify always a new client at establishing the business

	relationship, including account opening.
Recommendation of the MONEYVAL Report	<i>Provide reference in insurance and securities laws or regulations to the requirement to undertake CDD measures when establishing business relations.</i>
Measures taken to implement the Recommendation of the Report	There was no change in the existing laws on insurance and securities in this regard. For that reasons, the new draft AML/CFT law as cited above, is relevant.
Recommendation of the MONEYVAL Report	<i>Cover in Law or Regulation the requirement for CDD measures when carrying out occasional wire transfers (which fully include the verification process) and in cases of doubts regarding the veracity or adequacy of previously obtained customer identification data.</i>
Measures taken to implement the Recommendation of the Report	<p>There was no change in the existing preventive law in this regard; the new draft law requires CDD measures including verification to be undertaken always:</p> <ul style="list-style-type: none"> - by occasional transactions over 15 000.- EURO - regardless any threshold in case of: - doubts about the accuracy or veracity of provided information or - in case of suspicion. <p>Moreover, if it is one-off transaction executed by the FX office and/or the wire transfer provider, which is not a bank (currently 2 such companies are active on the financial market), the threshold is lower, i. e. every client is to be identified and verified, if the transaction is more then 1 000.- EURO.</p>
Recommendation of the MONEYVAL Report	<i>Provide in the insurance and the securities laws guidance on which documents are reliable independent documents for verification of identification for natural persons.</i>
Measures taken to implement the Recommendation of the Report	There was no change in the existing laws on insurance and securities in this regard. The draft AML/CFT law includes detailed requirements on ID documents (basically ID card, passport and residence permit in case of non-residents are eligible), which have to be followed by all obliged entities in the process of identification and verification of a client being a natural person.
Recommendation of the MONEYVAL Report	<i>Promulgate enforceable guidance on how the verification process should apply to legal persons (especially non-resident legal persons).</i>
Measures taken to implement the Recommendation of the Report	No guidance on this issue has been promulgated; the draft AML/CFT law contains instructions on verification of clients including foreign legal persons; meaning that the basic scope of ID and verification does not differ in case of foreign legal entity from the procedure applied in case of a Slovak legal entity; but according to other provisions in section, which determines the CDD measures; the obliged entities have to take into regard when applying CDD always ML/TF risk inherent in a concrete relationship with a concrete client or a concrete type of a business transaction. Moreover the draft contains also a requirement to pay special attention to any business transaction or type of a business, which could be more open to ML/TF risk and is obliged to apply measures eliminating such risks. The way how this will be done in practise must be dealt with in the internal preventive programme of each obliged entity, which is to be issued in line with the draft AML/CFT law until end March 2008.

Recommendation of the MONEYVAL Report	<i>Clarify the timing of verification across the whole of the financial sector.</i>
Measures taken to implement the Recommendation of the Report	No other clarification beyond the draft AML/CFT law is in place as yet. The draft stipulates the verification as a component of due diligence procedures; meaning it has to be done together with identification by all obliged entities; by all means it has to be finished before the establishment of the business relationship or before the business transaction is being executed.
Recommendation of the MONEYVAL Report	<i>The definition of beneficial owner as set out in the FATF Recommendations in respect of ultimate control of the customer and the natural persons who exercise ultimate effective control over legal persons or arrangements should be provided for in Law or Regulation.</i>
Measures taken to implement the Recommendation of the Report	<p>Since the last evaluation in May 2005, the Act on Banks has been amended in May 2006, allowing banks and foreign banks branches to require by each transaction from their clients being legal persons, information on ownership (over 10%). Respective Art. 93a is enclosed.</p> <p>The draft AML/CFT law goes further and deals with this issue in more detail; in line with the EU Directive, there is the obligation to identify the beneficial owner in case of legal entities for all obliged entities; the risk-based approach is taken into regard in this issue.</p>
Recommendation of the MONEYVAL Report	<i>Review the notion of ongoing due diligence comprehensively in all financial sector laws or regulations.</i>
Measures taken to implement the Recommendation of the Report	<p>The review has been incorporated into the draft AML/CFT law, which contains the obligation to conduct due diligence procedures in precisely specified situations (e. g. always by establishing a new business relationship, by conducting one-off transactions over 15 000 EURO, in case of doubts about the accuracy or veracity of provided information, in case of suspicion, on entering the casino by a natural person, in case of a client requires to be paid out against the already non- existent bearer passbooks) and also it determines that due diligence is to be understood as consisting of:</p> <ul style="list-style-type: none"> - identification and verification, - determination of beneficial owner including verification (risk-based approach), - asking the information on the substance of the business relationship (e. g. a business plan), - conducting on-going monitoring of a client activities, whether they are in line with his proclaimed business plans, whether his risk profile is showing substantial changes, including the flow of up-dated information on his activities, etc.
Recommendation of the MONEYVAL Report	<i>Review and ensure that the practice of making an STR where CDD cannot be completed satisfactorily is provided for and is effectively operating.</i>
Measures taken to implement the Recommendation of the Report	The new draft AML/CFT law provides for the obligation to refuse the establishment of the business relationship in case due diligence cannot be completed and in case beneficial ownership cannot be determined and in another provision there is the obligation to report such cases to the FIU immediately.
Recommendation of the MONEYVAL Report	<i>Enforceable guidance to all financial institutions covering the policy on application of CDD measures to existing customers could be refined.</i>

Measures taken to implement the Recommendation of the Report	According to the new draft AML/CFT law, all obliged entities do have to apply due diligence also to existing clients in a proper timeframe, based on risk-oriented approach, but there is a deadline of end March 2009 for obliged entities to accomplish it.
Recommendation of the MONEYVAL Report	<i>The reporting duty should cover the NBS in respect of its commercial activities.</i>
Measures taken to implement the Recommendation of the Report	The new draft AML/CFT law contains a provision, which determines that the National Bank of Slovakia by commencing of business activities (keeping and administering the accounts of own employees and conducting FX operations) is the obliged entity and thus, has to comply with respective obligations of the AML/CFT law after its entering into force.
(Other) changes since the last evaluation	

Recommendation 5 (Customer due diligence)

II. Regarding DNFBP²

Recommendation of the MONEYVAL Report	<i>All requirements in relation to full identification of beneficial ownership and additional identification/KYC rules should apply to DNFBP especially regarding higher risk activities</i>
Measures taken to implement the Recommendation of the Report	<p>On the basis of the draft of the new AML/CFT Act, DNFBP as obliged entities are always obliged to carry out CDD which shall comprise:</p> <ul style="list-style-type: none"> • identifying the customer and verifying the customer's identity on the basis of documents, data or information obtained from a reliable and independent source; • identifying, where applicable, the beneficial owner and taking risk-based and adequate measures to verify his identity so that the institution or person covered by this Directive is satisfied that it knows who the beneficial owner is, including, as regards legal persons, trusts and similar legal arrangements, taking risk-based and adequate measures to understand the ownership and control structure of the customer; • obtaining information on the purpose and intended nature of the business relationship; • conducting ongoing monitoring of the business relationship including scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the institution's or person's knowledge of the customer, the business and risk profile, including, where necessary, the source of funds and ensuring that the documents, data or information held are kept up-to-date. <p>DNFBP may determine the extent of such measures on a risk-sensitive basis depending on the type of customer, business relationship, product or transaction. The institutions</p>

² i.e. part of Recommendation 12.

	shall be able to demonstrate that the extent of the measures is appropriate in the view of the risks of money laundering and terrorist financing.
Recommendation of the MONEYVAL Report	<i>CDD should be required by real estate dealers, lawyers, notaries and other independent legal professionals and accountants in the circumstances set out in Recommendation 12.</i>
Measures taken to implement the Recommendation of the Report	Real estate dealers (agents), lawyers, notaries and other independent legal professionals and accountants are covered by the draft of the new AML/CFT Act as obliged entities with obligation to carry out CDD and its extent on the basis of risk-based approach. The draft of the AML/CFT Act directly requires: <ul style="list-style-type: none"> a) casinos always to carry out CDD on entry of a natural person to casino and at the same time identify and verify the identity of a person who purchases or changes gambling chips in casino in amount of 1.000,- EUR or more, b) lawyers and notaries to carry out CDD if they provide customer with a legal service concerning the <ol style="list-style-type: none"> 1. buying and selling of real property or business share of a company, 2. managing or custody of the funds, securities or other assets, 3. opening or management of a bank account or a securities account, or 4. creation, operation or management of a company, an association of natural and legal persons, a special purpose association of property or of a similar legal person.
(Other) changes since the last evaluation	

Recommendation 10 (Record keeping)

I. Regarding Financial Institutions

Rating: Largely Compliant

Recommendation of the MONEYVAL Report	<i>Consider providing a legal basis for keeping transaction records and identification data for longer than five years if necessary when properly required to do so in specific cases by a competent authority.</i>
Measures taken to implement the Recommendation of the Report	On the basis of the draft of the AML/CFT Act, the obliged entity is required to keep data or written documents obtained from the customer for a period of five years after the business relation with their customer has ended or after the end of the business relation. The obliged entity is required to keep such data and written documents for a period of at least five years if FIU shall request to do so in written form, FIU shall specify period and scope of keeping data and written documents.
Recommendation of the MONEYVAL Report	<i>Consider harmonizing the period of retention of identification data between the Act on Banks and the AML Law (i.e. at least five years following the termination of the account or business relationship).</i>
Measures taken to implement the Recommendation of the Report	The period for retention of identification data under the Act on Banks and the AML/CFT Act is the same, the new legal framework will be in compliance with the present AML Act – it is a period of at least five years.
Recommendation of the MONEYVAL Report	<i>Clarify in the AML Law or in Decree that identification data should be retained to include account files and business correspondence.</i>

Measures taken to implement the Recommendation of the Report	On the basis of the draft of the AML/CFT Act, the obliged entity is required to keep identification data including account files and business correspondence for a period of at least five years
Recommendation of the MONEYVAL Report	<i>Clarify in the AML Law that customer identification data (as well as transaction records) should be available on a timely basis to a competent authority in specific cases upon proper authority (which should include the Police generally and not just the Financial Police).</i>
Measures taken to implement the Recommendation of the Report	<p>Obligation of financial institutions to provide with customer identification data (as well as transaction records) to Police is covered in Section 91 paragraph 4 letter g of the Act on Banks.</p> <p>(“A report on matters concerning a client that are subject to bank secrecy shall be submitted by a bank or branch office of a foreign bank without the prior approval of the client concerned solely upon request made in writing by the criminal police and financial police services of the Police Corps for the purposes of detecting criminal acts, the detection of and search for their perpetrators and especially in the case of tax evasion , illegal financial operations, and money laundering.”)</p> <p>On the basis of the Section 29 a) paragraph 4 of the Police Act the Police Officer belonging to Criminal or Financial Police is authorised to request from banks and foreign bank branches the reports on their customer identification data by disclosing tax evasions and illicit financial transactions or money laundering.</p>
(Other) changes since the last evaluation	

Recommendation 10 (Record keeping)

II. Regarding DNFBP³

Recommendation of the MONEYVAL Report	<i>All essential criteria marked with an asterisk in Rec. 10 should be covered for DNFBP by law or regulation.</i>
Measures taken to implement the Recommendation of the Report	All essential criteria marked in R 10 are covered for DNFBP by the new preparing AML Act.
(Other) changes since the last evaluation	

³ i.e. part of Recommendation 12.

Recommendation 13 (Suspicious transaction reporting)

I. Regarding Financial Institutions

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>Reporting obligations needs explaining in guidance, particularly on FT.</i>
Measures taken to implement the Recommendation of the Report	The new term “financing of terrorism” is introduced and defined by the new AML Act, it stems from 3 rd EU AML/CFT Directive. This term has not been defined in the Slovak rule of law yet.
Recommendation of the MONEYVAL Report	<i>AML Law should provide for attempted transactions.</i>
Measures taken to implement the Recommendation of the Report	On the basis of the draft of the AML/CFT Act, the obliged entity is required to report to FIU not only unusual transaction but also attempt to do so without delay. The obliged entity is required to report to FIU refusal to execute an unusual transaction, too.
Recommendation of the MONEYVAL Report	<i>Clear guidance on unusual business activities needs providing to all the financial sector (which includes guidance on personal transactions).</i>
Measures taken to implement the Recommendation of the Report	So far pending legal framework which will assure providing systematic education of obliged entities and publishing information about trends and typologies in money laundering and financing of terrorism is a part of the draft of the new AML/CFT Act. This new draft clearly resolves doubts and it includes explicitly personal transactions apart from business transactions.
(Other) changes since the last evaluation	

Recommendation 13 (Suspicious transaction reporting)

II. Regarding DNFBP⁴

Recommendation of the MONEYVAL Report	<i>The issue of potential risks that may arise having business relationships and transactions with persons from countries which do not or insufficiently apply the FATF recommendations needs to be addressed in regard of the DNFBP.</i>
Measures taken to implement the Recommendation of the Report	On the basis of draft of the new AML/CFT Act DNFBP are obliged to pay special attention and apply enhanced customer due diligence measures towards clients from countries not applying the FATF recommendations. DNFBP carry out enhanced customer due diligence measures in dependence on risk of money laundering and terrorism financing.
Changes since the last evaluation	

⁴ i.e. part of Recommendation 16.

Special Recommendation II (Criminalise terrorist financing)

Rating: Non-Compliant

Recommendation of the MONEYVAL Report	<i>Introduce an independent, autonomous offence of FT which explicitly addresses all the requirements of SR.II and the IN.</i>
Measures taken to implement the Recommendation of the Report	Slovak Republic is ready to introduce autonomous criminal offence of financing terrorist acts and terrorist groups, which takes into account all requirements of special recommendation II and IN. The relevant amendments of the criminal Code (Act No. 300/2005 Coll.) are currently being prepared and are expected to be submitted onto legislative procedure in September 2007.
(Other) changes since the last evaluation	

Special Recommendation IV (Suspicious transaction reporting)

I. Regarding Financial Institutions

Rating: Non-Compliant

Recommendation of the MONEYVAL Report	<i>The financing of terrorism reporting obligation needs explicitly clarifying in the law to ensure that subject entities report where they suspect or have reasonable grounds to suspect that funds are linked or related to, or are to be used for terrorism, terrorist acts or terrorist organisations.</i>
Measures taken to implement the Recommendation of the Report	<p>Financial institutions are obliged to pay special attention to business operations where there is reasonable assumption that:</p> <p>a) a customer or a beneficiary owner is a person against whom international sanctions according to a special regulation are executed or a person who may be in relation to a person against whom international sanctions connected with financing of terrorism are executed,</p> <p>b) its subject matter is or is to be a thing or a service which may be related to a thing or a service against which international sanctions connected with financing of terrorism are executed.</p> <p>The obliged entity is required to report the above mentioned kind of business operations and attempt to do so to FIU without delay.</p>
(Other) changes since the last evaluation	

Special Recommendation IV (Suspicious transaction reporting)

II. Regarding DNFBP

Recommendation of the MONEYVAL Report	<i>The financing of terrorism reporting obligation needs explicitly clarifying in the law to ensure that subject entities report where they suspect or have reasonable grounds to suspect that funds are linked or related to, or are to be used for terrorism, terrorist acts or terrorist</i>
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	<i>organisations.</i>
Measures taken to implement the Recommendation of the Report	The obligation mentioned in connection with financial institutions are obliged for DNFBP.
(Other) changes since the last evaluation	

3. Other Recommendations

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

Recommendation 2 (Mental element and corporate liability)	
Rating: Partially Compliant	
Recommendation of the MONEYVAL Report	<i>Satisfy themselves that all the language of article 6(1) (a) (b) of Palermo Convention and article 3(1)(b) and (c) of the Vienna Convention on the physical and the mental aspects of the ML offence are covered in article 252.</i>
Measures taken to implement the Recommendation of the Report	All the language of article 6 (1) (a) (b) of Palermo Convention and article 3 (1) (b) and (c) of the Vienna Convention on the physical and the mental aspects of the money laundering offence are covered now in the provision of Art. 233 of the Criminal Code (see Annex...) excluding intention to help another person. This shortcoming of the legal regulation as well as the problems with translation of the relevant terms into English language will be eliminated by the amendments of the Criminal Code, which are currently being prepared
Recommendation of the MONEYVAL Report	<i>Consider ensuring in guidance or legislation that knowledge can be inferred from objective factual circumstances</i>
Measures taken to implement the Recommendation of the Report	Guidance that knowledge can be inferred from objective factual circumstances is dealt with in the criminal law of the Slovak Republic by regulation of assessment of evidence by the law enforcement agencies. There is no need for further regulation.
(Other) changes since the last evaluation	

Recommendation 3 (Confiscation and provisional measures)

Rating: Partially Compliant	
Recommendation of the MONEYVAL Report	<i>Ensure that the legal regime for seizure and freezing covers all indirect proceeds, substitutes etc which may be liable to confiscation in due course.</i>
Measures taken to implement the Recommendation of the Report	<p>Legal regime for seizure and freezing of all indirect proceeds, substitutes, etc., which may be liable to confiscation during the course of criminal proceedings, was established by their definitions as stated in:</p> <ul style="list-style-type: none"> - Art. 55 par. 4, section 73 par. 1 c), d) of the Criminal Code (Act No. 140/1961 Coll.) effective until 31 December 2005, currently Art. 60 par. 4, Art. 83 par. 1 d), e) of the Criminal Code (Act No. 300/2005 Coll.) effective since 1 January 2006 (see Annex 3) - and in Art. 47, Art. 78 – 85b, Art. 348, Art. 408 e) and Art. 443 of the Code of Criminal Procedure (Act No. 141/1961 Coll.) effective until 31. December 2005, currently Art. 89 – 98, Art. 426, Art. 515 par. 2 e) and Art. 551 of the Code of Criminal Procedure (act No. 301/2005 Coll.) effective since 1 January 2006. <p>Improvements of the regulation will be provided by the amendments of the Code of Criminal Procedure to be submitted into legislative procedure in September 2007.</p>
Recommendation of the MONEYVAL Report	<i>Clear legal provisions for confiscation from third parties.</i>
Measures taken to implement the Recommendation of the Report	Confiscation from third parties had been regulated in Art. 73 par. 1 c), d) of the Criminal Code (Act No. 140/1961 Coll.) effective until 31 December 2005, currently Art. 83 par. 1 d), e) of the Criminal Code (Act No. 300/2005 Coll.) effective since 1 January 2006. Improvements of the regulation will be provided by the amendments of the Criminal Code to be submitted into legislative procedure in September 2007.
Recommendation of the MONEYVAL Report	<i>Establish a culture in the prosecution and judiciary which seeks routinely to apply provisional measures and confiscation in major proceeds-generating cases.</i>
Measures taken to implement the Recommendation of the Report	Slovak authorities consider the realization of this recommendation as continuous process in order to improve current situation.
Recommendation of the MONEYVAL Report	<i>Keep accurate statistical data.</i>
Measures taken to implement the Recommendation of the Report	Slovak authorities consider the realization of this recommendation as continuous process in order to improve current situation.
(Other) changes since the last evaluation	

Recommendation 6 (Politically Exposed Persons)

Rating: Non-Compliant

Recommendation of the MONEYVAL Report	<i>Put in place by Law, regulation or other enforceable means rules regarding PEPs covering criteria 6.1 to 6.4 of the Methodology in the whole financial sector.</i>
Measures taken to implement the Recommendation of the Report	The new draft AML/CFT Act contains a definition of PEP's (non-residents, including their close relatives and those, who co-operate with them) and also another obligation to conduct enhanced due diligence in case of such a person; including the approval of management, determination of the origin of property and financial funds and on-going detailed monitoring of such accounts).
(Other) changes since the last evaluation	

Recommendation 7 (Correspondent banking)

Rating: Non-Compliant

Recommendation of the MONEYVAL Report	<i>Implement by law, regulation or other enforceable means guidance on cross-border correspondent relationships in accordance with Recommendation 7.</i>
Measures taken to implement the Recommendation of the Report	The new draft AML/CFT law contains in this regard: <ul style="list-style-type: none"> - a provision requiring financial institutions to conduct enhanced due diligence in case of cross-border correspondent relationships, when it is related to countries, which are not the EU member states, - a provision prohibiting to enter into or continue in such a relationship with a shell bank or other credit institution, which is maintaining such correspondent relationships or a credit institution, which is not complying with preventive regime comparable to the requirements laid down by the Slovak preventive regime.
(Other) changes since the last evaluation	

Recommendation 8 (New technologies & non-face-to-face business)

Rating: Non-Compliant

Recommendation of the MONEYVAL Report	<i>Put in place by Law, regulation or other enforceable means procedures to prevent the misuse of technological developments and non face to face relationships.</i>
Measures taken to implement the	The new draft AML/CFT Act contains a provision requiring the obliged entities to pay special attention to all products, business transactions and new technologies, which could be more

Recommendation of the Report	vulnerable to ML or TF risk or could bear less transparent characteristics and moreover, they have to apply adequate measures to prevent the misuse of such products, business transactions and new technologies for the purposes of ML and TF; these preventive measures have to be included into the internal programme, which has to be issued by the obliged entities in accordance to the draft AML/CFT Act within the determined timeframe of end March 2008.
(Other) changes since the last evaluation	

Recommendation 11 (Unusual transactions)

Rating: Non-Compliant

Recommendation of the MONEYVAL Report	<i>Recommendation 11 should be transposed and financial institutions should be required by law or regulation or other enforceable means to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose.</i>
Measures taken to implement the Recommendation of the Report	On the basic of draft of the new AML/CFT Act the obliged entity shall pay special attention to all complex, unusually large or unusually patterned transactions as well as to all transactions without any apparent economic or lawful purpose. This is one of the basic obligations which the obliged entities are required to follow without exception. All the information gained have to be available in written form to FIU.
(Other) changes since the last evaluation	

Recommendation 12 (DNFBP)

Rating: Non-Compliant

Recommendation of the MONEYVAL Report	<i>Information campaign and outreach required to DNFBP to explain obligations.</i>
Measures taken to implement the Recommendation of the Report	So far pending legal framework which will assure providing systematic education of obliged entities and publishing information about trends and typologies in money laundering and financing of terrorism is a part of the draft of the new AML/CFT Act. After the new AML/CFT Act comes into effect, this obligation for FIU will directly result from the law. So far the mentioned information have been provided to obliged entities when controls or trainings of the obliged entities were carried out.
Recommendation of the MONEYVAL Report	<i>Implementation of Rec. 6 (PEPs) required for DNFBP.</i>
Measures taken to implement the Recommendation of the Report	The new draft AML/CFT Act contains a definition of PEP's (non-residents, including their close relatives and those, who co-operate with them) and also another obligation to conduct enhanced due diligence in case of such a person; including the approval of management, determination of the origin of property and financial funds and on-going detailed monitoring of such accounts).
Recommendation of the MONEYVAL Report	<i>Clear guidance re emerging technological developments required.</i>

Measures taken to implement the Recommendation of the Report	Please see Rec. 8
(Other) changes since the last evaluation	

Recommendation 15 (Internal controls, compliance and audit)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>Recommendation 11 should be transposed and financial institutions should be required by law or regulation or other enforceable means to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose.</i>
Measures taken to implement the Recommendation of the Report	This has been answered in comments to Rec. 11
Recommendation of the MONEYVAL Report	<i>Screening procedures to ensure high standards when hiring employees need requiring by enforceable means.</i>
Measures taken to implement the Recommendation of the Report	There was no change in this issue; meaning the acceptance policy towards new employees of obliged entities remains unregulated. As a matter of fact, financial institutions generally require before a new employee is hired to submit a clear criminal record, this policy is commonly determined by their internal procedures.
Recommendation of the MONEYVAL Report	<i>The requirement of a designation of a compliance officer at management level needs to be covered by enforceable means and it would assist to delineate his / her functions from internal audit and ensure he/she can act independently, and greater clarification of the compliance officer's powers and role is needed</i>
Measures taken to implement the Recommendation of the Report	On the basis of the draft of the new AML/CFT Act the obliged entity is required to establish "Compliance Officer" responsible for protection against money laundering and financing of terrorism. Compliance Officer reports unusual transactions to FIU and co-operates with foreign FIUs. On the basis of internal regulations the obliged entity shall define position of Compliance Officer and shall guarantee all his competences and powers to perform duties specified by the law.
(Other) changes since the last evaluation	

Recommendation 16 (DNFBP)

Rating: Non-Compliant

Recommendation of the MONEYVAL Report	<i>Greater clarification of the position of compliance officers at management level (in so far as relevant to DNFBP) should be provided and internal systems and policies need developing.</i>
Measures taken to implement the Recommendation of the Report	On the basis of the draft of the new AML/CFT Act the obliged entity is required to establish “Compliance Officer” responsible for protection against money laundering and financing of terrorism. Compliance Officer reports unusual transactions to FIU and co-operates with foreign FIUs. On the basis of internal regulations the obliged entity shall define position of Compliance Officer and shall guarantee all his competences and powers to perform duties specified by the law.
Recommendation of the MONEYVAL Report	<i>The issue of potential risks that may arise having business relationships and transactions with persons from countries which do not or insufficiently apply the FATF recommendations needs to be addressed in regard of the DNFBP.</i>
Measures taken to implement the Recommendation of the Report	<p>On the basis of the draft of the new AML/CFT Act, DNFBP are obliged to pay special attention and apply enhanced customer due diligence measures towards customers from countries not applying the FATF recommendations. DNFBP carry out enhanced customer due diligence measures in dependence on the risk of money laundering and financing of terrorism. In connection with suspicion of money laundering and financing of terrorism, the obliged entity shall report unusual transactions to FIU.</p> <p>This obligation doesn't apply to:</p> <ul style="list-style-type: none"> a) lawyers and notaries in case the information has been obtained during or in connection with <ul style="list-style-type: none"> ➤ processing of legal analysis, ➤ advocacy of a customer in criminal procedure, ➤ pleading of a customer on trial, ➤ providing with legal advice connected with the above mentioned activities. b) auditors, accountants and tax advisers acting as independent legal professionals or in case they acquire information in connection with providing legal advice in connection with activities mentioned under letter a).
Recommendation of the MONEYVAL Report	<i>Paying special attention to all complex, unusual large transactions needs applying to DNFBP by law, regulation or other enforceable means.</i>
Measures taken to implement the Recommendation of the Report	On the basic of draft of the new AML/CFT Act the obliged entity shall pay special attention to all complex, unusually large or unusually patterned transactions as well as to all transactions without any apparent economic or lawful purpose. This is one of the basic obligations which the obliged entities are required to follow without exception. All the information gained have to be available in written form to FIU.
(Other) changes since the last evaluation	

Recommendation 17 (Sanctions)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>A general power to sanction for CFT issues is required across the whole financial sector.</i>
Measures taken to implement the Recommendation of the Report	The new legal framework defines sanctions to guarantee their adequacy and sufficient preventive effect for infringement of duties given by the law connected with prevention of money laundering and financing of terrorism.
Recommendation of the MONEYVAL Report	<i>All AML/CFT obligations which under the Methodology should be required by law, regulation or other enforceable means should be capable of being sanctioned.</i>
Measures taken to implement the Recommendation of the Report	On the basis of the draft of the new AML/CFT Act, administrative offences and its sanctioning are classified in terms of their power to influence purpose of the law. All infringements of duty specified for the obliged entity concerning prevention of AML/CFT are possible to be sanctioned on the basis of the new legal framework.
Recommendation of the MONEYVAL Report	<i>Greater clarification of roles in supervision is required between the FIU and prudential supervisors to avoid double sanctioning.</i>
Measures taken to implement the Recommendation of the Report	In fact, since the MoU between the NBS and the Ministry of Interior (signed to the end of 2002; revised twice since then) is in force there is no case of double sanctioning. Operational meetings held at least twice a year are used to avoid such a situation. The new draft AML/CFT law provides clearly for sanctioning the non-compliance of the whole scope of the preventive law for the FIU towards all obliged entities and in case of financial market participants, also for the NBS; in case of casinos for the Ministry of Finance. The requirement for the NBS and the Ministry of Finance to inform the FIU about planned on-site inspections in financial institutions and casinos, as well as the outcome of such inspections and recommended remedial actions is also contained in the draft preventive law. Moreover, there is a provision, which foresees joint inspections of the FIU with either the NBS or the MoF; if counterparts agree on it. The FIU is obliged by the draft AML/CFT law in case a revocation of an authorization for serious non-compliance comes into regard to inform in written respective licensing authority (e. g. the NBS, the MoF, etc.) about such a situation and it is the licensing authority, who is then obliged to take appropriate measures and inform back the FIU.
(Other) changes since the last evaluation	

Recommendation 19 (Other forms of reporting)

Rating: Non-Compliant

Recommendation of the MONEYVAL Report	<i>Consider the feasibility of reporting all transactions above a fixed threshold to national central agency.</i>
Measures taken to implement the Recommendation of the Report	The feasibility of reporting all transactions above a fixed threshold to FIU is not covered by the new AML/CFT Act.

Recommendation 20 (Other DNFBP and secure transaction techniques)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>Consideration should be given to those DNFBP that are at risk of being misused for TF as well as ML.</i>
Measures taken to implement the Recommendation of the Report	On the basis of the new AML/CFT Act, each enterpriser not covered by the definition of the obliged entity who carries out business in amount at least of 15.000,- EUR in cash, shall be ranked among the obliged entity regardless of whether the transaction is executed in a single operation or in several linked operations.
Recommendation of the MONEYVAL Report	<i>Develop an overarching strategy on the use of modern and secure techniques of money management.</i>
Measures taken to implement the Recommendation of the Report	<p>Slovak banking sector at the end of 2006 consisted of 17 banks and 7 foreign banks branches and 10 representation offices of foreign banks. There were also 123 banks providing services on cross-border basis. Most of the banks have been owned by banks headquartered in EU MS, in all cases by strong international or at least regional groups. Slovak capital represents only 10,44 % in all banking sector. The decisions taken within large international groups on the level of the group without any specific focus on Slovak market that is the smallest in central Europe were considered by Slovak Authorities as a progressive development by now. In such a constellation Ministry of Finance does not consider that any strategy inciting more modern mass payments would be needed. There is no tradition of cheques and penetration of payment cards evolves steadily.</p> <p>The financial market participants, especially banks, foreign banks branches and e-money institutions (there is no one active beyond banks and cross-border e-money institutions active in the financial market as yet) actively develop the market with various types of credit and debit cards. Statistical data (from the NBS Annual Report 2006) show a steady growth in numbers of issued cards, numbers of clients using them, numbers of ATM's available in country and numbers of POS terminals.</p> <p>As at 31 December 2006, the number of active bank payment cards in circulation stood at 4,475,861, which represents an 11% increase in comparison with 2005. Of the total number, debit cards form 75% and credit cards 25%. Bank customers in Slovakia may use a network of 2,009 ATMs and 22,665 POS payment terminals. In 2006 bank payment card holders made more than 120 million transactions in a total amount of almost SKK 290 billion, which in comparison with 2005 represents an 11% increase in the number of transactions and a 17% increase in the value of transactions. A trend within bank payment card acceptance is the marked growth in the number of POS terminals in comparison with the increase in the number of ATMs. Over 2006 the number of POS terminals rose by 19%, while the number of ATMs rose by 8%. Although ATM cash withdrawals still dominate, the trend is one of continuing and dynamic growth in card payment.</p> <p>The risk of misuse of such products is identified by the banking industry and is commonly discussed in the frame of the Banker's Association and Slovak Bank Card Association and communicated then accordingly to the clients.</p> <p>The aim of the Authorities is above all to oversee healthy competition on the market and engage in the protection of consumer. Moreover quicker extension of credit cards would be perceived by MoF as too risky due to less experience with this kind of consumer credit from the side of average Slovak consumer.</p>

	<p>Ministry of Finance also supports healthy development of internet banking that on the other hand also represents higher risk situation. For that reason we included a paragraph in the new AML Act allowing for non-face to face transactions, securing at the same time that adequate due diligence measures are taken (see comment to recommendation 8).</p> <p>We expect a lot more concerning development of new secure transaction techniques across all the EU through introduction of new SEPA (Single European Payments Area) instruments. We expect that cheaper cross border services provided by SEPA will stimulate the use of non cash payments among Slovak consumers home and abroad and will make more attractive especially using of payment cards. Increased competition on cross-border basis will contribute to further penetration of card business into the domestic economy as well.</p>
(Other) changes since the last evaluation	

Recommendation 21 (Special attention for higher risk countries)

Rating: Non-Compliant

Recommendation of the MONEYVAL Report	<i>Financial institutions should be required by law or regulation or other enforceable means to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose.</i>
Measures taken to implement the Recommendation of the Report	Draft new Law bears in mind that obliged persons have to pay special attention to all complex, unusual large or unusual pattern transactions as well as to all transactions without any apparent economic or lawful purpose. All complex, unusual large or unusual pattern transaction or transactions and all transactions without any apparent economic or lawful purpose are included into the sample list of unusual transactions.
Recommendation of the MONEYVAL Report	<i>Financial institutions should be required to pay special attention to business relationships and transactions with persons from countries which do not or insufficiently apply the FATF Recommendations.</i>
Measures taken to implement the Recommendation of the Report	<p>Draft new Law bears in mind that obliged persons have to pay special attention to clients from countries not applying AML standards equivalent to FATF standards. Transactions with a client from third country not applying standards equivalent to those in force in Slovakia are included into the sample list of unusual business operations.</p> <p>There is no explicit provision about countries, which do not or insufficiently apply the FATF Recommendations in the draft new AML/CFT law; but generally, comments mentioned to Recommendations 7& 8 are applicable also in this issue, meaning the obliged entities have to apply adequate countermeasures to mitigate higher risk or in specific situations even to avoid direct relationship with counterparts from more risky jurisdictions (those, which do not apply a comparable preventive AML/CFT regime) and, in case a certain business transaction or client or product bears more risky features, special measures by obliged entities are to be taken to mitigate the misuse for ML/TF purposes.</p>
(Other) changes since the last evaluation	

Recommendation 22 (Foreign branches and subsidiaries)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>A general obligation is required for financial institutions to ensure their branches and subsidiaries observe AML/CFT measures consistent with Slovakian requirements and the FATF Recommendations to the extent that host country laws and regulations permits.</i>
Measures taken to implement the Recommendation of the Report	Such a requirement is contained in the draft AML/CFT law and if the legal framework of a foreign country does not allow the application of a preventive regime equal to the Slovak one (especially with regard to the ID, verification and record keeping requirements), the obliged entity (credit and financial institution) must inform the FIU and also apply additional measures to eliminate greater risk of ML/TF.
Recommendation of the MONEYVAL Report	<i>Provision should be made for a requirement to pay particular attention to situations where branches and subsidiaries are based in countries that do not or insufficiently apply FATF Recommendations.</i>
Measures taken to implement the Recommendation of the Report	As mentioned above.
Recommendation of the MONEYVAL Report	<i>Provision should be made that where minimum AML/CFT requirements of the home and host countries differ, branches and subsidiaries in host countries should be required to apply the higher standard to the extent that local (i.e. host country) laws and regulations permit.</i>
Measures taken to implement the Recommendation of the Report	As mentioned above.
(Other) changes since the last evaluation	

Recommendation 23 (Regulation, supervision and monitoring)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>A general power to supervise for CFT issues is required across the whole financial sector.</i>
Measures taken to implement the Recommendation of the Report	This is addressed in the draft AML/CFT law; supervision is carried out either by the FIU (including the authorisation to conduct on-site control) or by the NBS, which is since January 2006 single supervisory authority in Slovakia or by the Ministry of Finance in case of casinos. Supervision conducted by the FIU: see annexes 5, 6 and 7.
Recommendation of the MONEYVAL Report	<i>More AML/CFT supervision is required across the whole financial sector.</i>
Measures taken to implement the	Since the NBS has taken over the responsibility to supervise the whole financial market; the quality of supervision is being brought to the same level in all supervised entities. Starting

Recommendation of the Report	<p>with the off-site reporting requirements and continuing with supervisory manuals for the conduct of on-site inspections, respective secondary legislation has been amended and internal procedures as well during the time frame from January 2006. In February 2007, a new organisational scheme provided for concentration of licensing & enforcement supervisory activities into one department covering all financial market participants, the same principle has been applied by reorganisation of off-site & on-site departments. The main reason was to reach more harmonisation in day-to-day conduct of supervision. As mentioned all supervisory procedures & manuals are reviewed to mirror the basic principle of carrying out risk-based supervision.</p> <p>With the entry into force of the new AML/CFT law (expected December 2007), internal procedures to conduct on-site inspections will be reviewed to include more detailed requirements of the new preventive law for all participants of the financial market.</p> <p>In 2006, 5 on-site inspections with the AML component have been accomplished in the banking market and in 2007, 1 in a bank, 1 in a securities dealer company and 1 in one of the Slovak asset management companies. No financial fine has been imposed in this timeframe; but, corrective measures are always a component of the final protocol as the output of the accomplished on-site inspection; their fulfillment is then in due course subject to the routine follow-up procedures.</p>
Recommendation of the MONEYVAL Report	<i>Provision should be made to examine the fitness and propriety of owners and significant shareholders of FXs houses.</i>
Measures taken to implement the Recommendation of the Report	In this area no legislative change has been done.
(Other) changes since the last evaluation	

Recommendation 24 (DNFBP – Regulation, supervision and monitoring)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>More work and resources are required to create an effective risk based system for monitoring and ensuring compliance with AML/CFT throughout the sector and the provision of such sectoral guidance.</i>
Measures taken to implement the Recommendation of the Report	Control activities of FIU are focused on DNFBP (see Annex 8) which in terms of their business activities are the most important category by prevention of ML/FT. FIU considers importance of the obliged entity from the point of market covering, risk factors identified from other sources so that control activities be pointed at the area with the highest risk of ML/FT.
Recommendation of the MONEYVAL Report	<i>More resources needed for monitoring and ensuring compliance by casinos, and other DNFBP.</i>
Measures taken to implement the Recommendation of the Report	<p>The issue of gambling games in the Slovak Republic is covered by the Act No. 171/2005 Coll. on Gambling games and on Amendment and Supplement to some Acts form 16th of March 2005.</p> <p>There are 2 companies in the Slovak Republic which are authorised for operation of casinos :</p> <ol style="list-style-type: none"> 1. Regency Casinos International, a.s. with 1 operation

	<p>2. Casinos Slovakia, a.s. with 6 operations</p> <p>From September 2006 till July 2007 there were together 229 general controls done by State Supervision over casinos of Ministry of Finance of the Slovak Republic (in Regency Casinos Slovakia – 58 general controls and in Casinos Slovakia – 171 general controls).</p> <p>From September 2006 till July 2007 there were 4 tax controls provided in company authorised for operation of casinos – Casinos Slovakia.</p> <p>In Regency Casinos International no tax control was made from September 2006 until now.</p>
(Other) changes since the last evaluation	

Recommendation 25 (Guidelines and feedback)	
Rating: Non-Compliant	
Recommendation of the MONEYVAL Report	<i>Guidance to the financial institutions (and DNFBP) to assist their implementation of the reporting duties on AML/CFT.</i>
Measures taken to implement the Recommendation of the Report	The draft of the new AML/CFT Act contains provision with the definition of the unusual transaction supplemented by the list of situations which are typically connected with higher risk of ML/FT and which indicate how to recognize the unusual transaction by all obliged entities while KYC principle is still applied. According to the new legal framework, obligation to provide obliged entities with information about trends and typologies in money laundering and financing of terrorism and the way of recognizing unusual transaction will for FIU directly result from the law. Practical performance of this obligation will be assured in form of trainings for particular sectors of obliged entities and by means of information on a new internet website of the Slovak FIU.
Recommendation of the MONEYVAL Report	<i>Coordinated and consistent sector-specific guidelines on both AML/ CFT issues should be established to assist financial institutions and DNFBP and adequate and appropriate feedback should be addressed in line with the FATF Best Practices Guidelines.</i>
Measures taken to implement the Recommendation of the Report	This area will be addressed after the entry into force of the new preventive law. As far as the issue of feedback is concerned, there is a provision in the draft AML/CFT law, which obliges the FIU to publish the annual report, and also trends&typologies and to provide specific feedback to the obliged entity on how the unusual business report has been dealt with by the FIU.
Recommendation of the MONEYVAL Report	<i>More work and resources are required to create an effective risk based system for monitoring and ensuring compliance with AML/CFT throughout the sector and the provision of such sectoral guidance.</i>
Measures taken to implement the Recommendation of the Report	This area will be addressed after the entry into force of the new preventive law. Comments mentioned to Recommendation 23 are applicable.
(Other) changes since the last evaluation	

Recommendation 26 (The FIU)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	Undertake more systematic training and provide guidelines and indicators on unusual business activities, particularly on FT.
Measures taken to implement the Recommendation of the Report	So far pending legal framework which will assure providing systematic education of obliged entities and publishing information about trends and typologies in money laundering and financing of terrorism is a part of the draft of the new AML/CFT Act. After the new AML/CFT Act comes into effect, this obligation for FIU will directly result from the law. So far the mentioned information have been provided to obliged entities when controls or trainings of the obliged entities were carried out.
Recommendation of the MONEYVAL Report	<i>Provide more feedback.</i>
Measures taken to implement the Recommendation of the Report	On the basis of the new AML/CFT Act, FIU shall inform the obliged entity about relevance of a report received from the obliged entity as well as about procedures connected with processing of the report if the processing of the report is not threatened. FIU on the basis of its powers and competences provides law enforcement authorities with information if there is suspicion of committed crime. According to the new preventive law, FIU shall require law enforcement authorities to inform about action taken by and after its processing.
Recommendation of the MONEYVAL Report	<i>Clarify FT reporting obligations in line with SR.IV.</i>
Measures taken to implement the Recommendation of the Report	Stated in SR.IV.
Recommendation of the MONEYVAL Report	<i>Revisit the system for requesting delays in transactions under Section 9 AML law.</i>
Measures taken to implement the Recommendation of the Report	The system for requesting delays in transactions has not changed. Obligated entity shall delay an unusual transaction in case until FIU receives the reporting on the unusual transaction or obliged entity shall delay unusual transaction if FIU ask for such delay in writing form for 48 hours at the latest (excluding Saturdays or public holidays).Obligated entity also delay unusual transaction after it receives the report of FIU in writing form that the case was submitted to law enforcement authority at most for 24 hours. Number of delays: 2005 – 8, 2006 – 17, 2007 – 2.
Recommendation of the MONEYVAL Report	<i>Maintain statistics on outcomes of information transmitted to other bodies by the FIU.</i>
Measures taken to implement the Recommendation of the Report	New AML/CFT Act will solve this problem, with definition of feedback when FIU will dispose with information about disseminated information to other bodies Please see annex 9 on Statistics of information transmitted to other bodies by the FIU.

Recommendation 29 (Supervisors)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>Clearer provision for supervisory authorities to exchange information with other competent authorities enquiring into AML/CFT breaches.</i>
Measures taken to implement the Recommendation of the Report	In fact, since the NBS is a single supervisory authority over the financial market, situation is not so complicated as it was during the 3 rd round evaluation; the co-operation with the FIU is on-going as mentioned in comments to Recommendation 17 and another body, which comes into regard in this context, is the MoF, where there are no obstacles in exchanging appropriate information.
Recommendation of the MONEYVAL Report	<i>NBS should have power to monitor AML/CFT in exchange houses.</i>
Measures taken to implement the Recommendation of the Report	This is addressed by the draft AML/CFT law; as mentioned in comments to recommendations 17&23.
(Other) changes since the last evaluation	

Recommendation 30 (Resources, integrity and training)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>More staff and training for all supervisory authorities and the FIU to adequately perform AML/CFT supervision.</i>
Measures taken to implement the Recommendation of the Report	The number of FIU staff dealing with supervision has not changed, since the last evaluation. On the other hand we can say that staff is more experienced. This year has been providing more controls by important players on the financial and non-financial market according to the information analysed from the various sources.
Recommendation of the MONEYVAL Report	<i>More training for the FIU on FT issues required.</i>
Measures taken to implement the Recommendation of the Report	FIU members took part on a number of seminars and workshops where Financing of terrorism issues was the main topic. Further, FIU is in the process of preparing a special seminar in this area with the Europol and has discussed possibility to have a joint training with Hungarian and Polish FIU.
Recommendation of the MONEYVAL Report	<i>Re-assess resourcing of FIU for outreach, training and supervisions.</i>
Measures taken to implement the Recommendation of the Report	FIU has currently four workers which can provide for training activities of the obliged entities and seven workers provide supervision of the obliged entities. FIU staff is since 2004 stable and getting experienced and has regular training within the FIU, about a new trends and typologies obtaining also from foreign information and contacts.
Recommendation of the MONEYVAL Report	<i>More relevant law enforcement training and guidance required in money laundering cases (and financing of terrorism).</i>
Measures taken to	Due to the fact that FIU is a part of Bureau of the organized crime has a good co-operation to

implement the Recommendation of the Report	the laws enforcement staff of this bureau. Every day work proofs that investigators more understand the important of combating money laundering and financing of terrorism. FIU in co-operation with the Police Academy has been preparing a clear guidance to the investigators concerning effective combating of money laundering and financing of terrorism .
(Other) changes since the last evaluation	

Recommendation 31 (National co-operation)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>Strategic co-ordination and collective review of the performance of the system as a whole (including analysis, where appropriate, of better statistical information) needs developing in more detail. More detailed statistics are required across the board to assist proper strategic analysis.</i>
Measures taken to implement the Recommendation of the Report	FIU will establish a permanent group consisted of FIU, National Bank of Slovakia, General Prosecution, Ministry of Finance, which will meet regularly and also ad hoc with the other relevant Slovak bodies. Meetings of the permanent group, feedback and more statistical data will help to take decisions on a future developing and to create a reasonable strategic analysis.
(Other) changes since the last evaluation	

Recommendation 32 (Statistics)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>Complete, precise and detailed statistics should be kept on AML/CFT MLA.</i>
Measures taken to implement the Recommendation of the Report	Since 2007 FIU began to keep a detailed statistics within the new analytical software which will help to analyse effectiveness of the measures taken.
Recommendation of the MONEYVAL Report	<i>Complete, precise and detailed statistics should be kept on AML/CFT extradition.</i>
Measures taken to implement the Recommendation of the Report	<p>General statistics on all executed cases of mutual legal assistance and extradition (as far as it concerns agenda of the Ministry of Justice) are being kept since 1 January 2007, however they do not cover information on time required to handle them or offences related to requests, nor are focused particularly on money laundering and terrorist financing issues.</p> <p>However for the purpose of satisfying recommendation 32 the Ministry of Justice of the Slovak Republic shall examine all requests for extradition (since 1 August 2007) whether they are related to the criminal offences of money laundering and financing of terrorism.</p> <p>Regarding pre-trial proceedings, General Prosecutor's Office is able to provide specific AML/CFT statistics on MLA and extradition.</p>
Recommendation of the	<i>FIU's statistics on response times should be kept.</i>

MONEYVAL Report	
Measures taken to implement the Recommendation of the Report	New analytical software keeps also response time statistics
(Other) changes since the last evaluation	

Recommendation 33 (Legal persons – beneficial owners)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>Commercial, cooperate and other laws should be reviewed with a view to taking measures to provide adequate transparency with respect to the beneficial ownership.</i>
Measures taken to implement the Recommendation of the Report	<p>Since 15 March 2006 there is a requirement in the Act on Banks (Article 93a) stipulating that the banks for the purposes of checking and reviewing the identity of their clients and their proxies require personal data in case the client is a physical person and ascertain ownership structure in case the client is a legal person. In the latter case the bank can ask for identification data including the name, identification number if assigned, the address of registered office, the line of business or other activities, the address of place of business or location of branches and another address of the place of performance of activities, the list of persons constituting the statutory body of this legal person and their data, the list of persons constituting the legal person whose share in the registered capital or voting rights of this legal person exceeds 10% and their identification data. In case that legal persons are holding the share there are following requirements: ascertain the name, legal form, headquarters address, identification number and country ISO code, as well as the designation of an official register or another official evidence where the legal person concerned is registered; in the case of natural persons, first name, surname, the address of permanent residence, the address of temporary residence, the birth register number, if assigned, the date of birth, citizenship, the type and number of identity document are required.</p> <p>Described identification procedure was introduced for the purpose of concluding and executing transactions with clients and their proxies. The bank is entitled to verify above data at every single transaction if it deems client risk profile requires that.</p> <p>In the sector of securities and investment services all financial institutions involved in trading and other services related to securities are obliged persons in terms of new draft AML Act – branches of all abovementioned financial institutions.</p> <p>Bratislava Stock Exchange is the only organiser of public securities market in the country. The Act on Stock Exchange Nr.429/2002 Coll. (Art. 18 paragraph 1 (h)) obliges the Stock Exchange to include in the Stock exchange rules also the procedure of fulfilling its obligations according to the AML Act. It is also obliged to create body inspecting monitoring and keeping records regarding all stock exchange trades. Since January 2005 there are new rules in place on the market resulting from 2003/6/EC Market Abuse Directive transposition. As these rules became customary on the market, transparency of operations has increased and possibility of unlawful practices diminished. Also coming into force of MiFID (Directive 2004/39/EC of 21</p>

April 2004 on markets in financial instruments) which has been transposed to national legislation, means very important regulatory development on the securities market. High conduct of business requirements for investment firms will be significant from the point of view of application of “Know Your Customer” rule.

As far as bearer shares are concerned they can only have de-materialised book-entry form. All book-entries are registered in the Central Securities Depository on client’s accounts or in registers of CSD members and all accounts must include identification data of the account owner.

To be mentioned is the fact, that there have been amendments to the Securities Act, which stepped into force in May 2006 and further, in May 2007 (the unofficial translation into English is annexed), by which the nominee accounts are allowed to be opened by the Central Securities Depository (“CSD”). These accounts are evidential and only the changes in volumes, etc. are registered here (real dealing is being executed on the Stock Exchange). Nominee account may be opened only based on request coming from a member of the CSD. Membership in the only existing CSD in Slovakia is limited to a legally determined scope of entities (a Slovak securities dealer, a foreign securities dealer, NBS, other CSD, or a foreign CSD) and, a prior approval of the NBS (being the supervisory authority for the CSD in Slovakia) with a new member is required. In such a case, if the nominee account is opened (at present, there is only 1 since the introduction of this possibility in the Slovak legal framework for a foreign CSD from EU) and kept and administered by the CSD, the ownership and beneficial ownership is revealed on request of the Slovak CSD in order to be able to for the Slovak CSD to comply with the ID requirements of the existing preventive law, because the CSD is the obliged entity by the Slovak AML/CFT Law. Otherwise, for other proceedings, instead of the owner of such account, the member, on whose behalf this account has been opened, is always presented.

Activities of CSD are ruled by the Act No.566/2001 Coll. on Securities and Investment Services as amended (further referred to as “the Act”) and by the Rules of Conduct. Rules of Conduct of CSD are approved by the regulator (the National Bank of Slovakia) and they are binding on CSD, members of CSD, issuers of book-entry securities registered in the CSD, the stock exchange and other entities requesting the services of the CSD (Rules of Operation, Part I, Art. 4.1).

One of the CSD’s core activities is the registration of issues of book-entry securities. The central depository currently registers all types of share issues, bond issues (including mortgage bonds), co-operative units and the units of open-end unit funds. What can also be registered in the central depository are the book-entry deposit certificates, treasury bills, coupons etc., as well as all types of immobilised securities.

Upon registration of the first issue, the central depository opens for an issuer the issuer’s register that contains information on the issuer and on individual securities. An issue is registered in the issuer’s register upon the issuance of book-entry securities.

At the request of an issuer who has issued registered paper shares, the CSD administers a list of shareholders for the registered paper shares. On this list, the central depository records the changes of shareholders, changes in the shareholders’ data and changes in the issuer’s identification.

The CSD performs the activities of the National Numbering Agency for Slovakia, which means that it assigns, alters and cancels the ISIN codes in compliance with the ISO 6166 Standard. An ISIN code is assigned by the CSD to every issue of book-entry securities.

In the system of securities registration, the CSD uses two types of securities accounts. They are the owner's account and the client account of a member. A special type of account is the nominee (or holder's) account of a member – at the time being for 1 foreign central depository from one of the EU member states.

The owner's account contains primarily data on the account owner and on securities kept in this account. The account owner is at the same time the owner of securities registered in this account. The members of the central depository open owner's accounts for their clients. Directly in its registration, the central depository opens an owner's account for a member where information is kept on the securities owned by the member. In its registration, the central depository shall open an owner's account also for state authority acting on behalf of the Slovak Republic or for the National Property Fund. For other persons, an owner's account can be open only at a member's request.

In a member's client account, the central depository registers data on securities which owners are registered by the member. The member itself does not own the securities kept in its client account; the owners of such securities are recorded in the member's registration.

In a nominee (holder's) account of a foreign central depository, the CSD registers data on securities whose owners are registered with the foreign central depository in a registration created in compliance with the law based on which the foreign central depository is founded. Further on, the CSD performs the clearing and settlement of stock exchange and over-the-counter transactions in securities.

Nevertheless as far as Slovak capital market is concerned we have to put its importance into the perspective. Despite positive macroeconomic development it remains the market with the lowest market capitalisation in the region and one of the weakest in all EU. Market capitalisation of the stock exchange reaches only 30% of GDP, while market capitalisation of stock represents only 10,6 % of the GDP and stock quoted on the stock exchange only 5,2% of GDP⁵. Moreover as a result of very low amount of trades with stocks reaching only 1% of all deals⁶ Slovak Authorities consider that there are virtually no changes in the ownership of stocks. With respect to obliged persons in the field of securities we can observe that banks and branches of foreign banks account for 95 % share of the securities market.⁷ It is highly probable that any higher volume trade with stocks would be on the risk sensitive basis reported by the Stock Exchange as unusual transaction to the FIU.

Slovak Republic supports such provisions, which will lead to adequate transparency of ownership within the corporations. Information about shareholders is not available in the Commercial Registry, but this information is at disposal in the Central Securities Depository of the Slovak Republic. Competent Slovak authorities have direct access to the information on beneficial ownership through the connection to the system of Commercial Registry named CORWIN.

(Other) changes since the	
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last evaluation	
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Recommendation 37 (Dual criminality)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>The FT offence needs extending as the current incrimination could limit extradition possibilities.</i>
Measures taken to implement the Recommendation of the Report	Even the legal regulation of the criminal offence of terrorist financing provided by the Criminal Code (Act No. 140/1961 Coll.) effective until 31 December 2005 could not limit extradition possibilities. However, further improvements were provided by the Criminal Code (Act No. 300/2005Coll.) effective since 1 January 2006 by extending provisions on culpability of preparation for the criminal offence, providing new definition of „terrorist group“ and providing definition of „support of“ and „activity for“ the terrorist group as stated in Art. 129 par. 4, 5, 6. Autonomous offence of FT and other improvements will also be provided by the amendments of the Criminal Code to be submitted into legislative procedure in September 2007.

Recommendation 38 (MLA on confiscation and freezing)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>The FT offence needs extending as the current incrimination could limit extradition possibilities.</i>
Measures taken to implement the Recommendation of the Report	Even the legal regulation of the criminal offence of terrorist financing provided by the Criminal Code (Act No. 140/1961 Coll.) effective until 31 December 2005 could not limit confiscation and freezing possibilities. However, further improvements were provided by the Criminal Code (Act No. 300/2005Coll.) effective since 1 January 2006 by extending provisions on culpability of preparation for the criminal offence, providing new definition of „terrorist group“ and providing definition of „support of“ and „activity for“ the terrorist group as stated in Art. 129 par. 4, 5, 6. Autonomous offence of FT and other improvements will also be provided by the amendments of the Criminal Code to be submitted into legislative procedure in September 2007.
Recommendation of the MONEYVAL Report	<i>Arrangements or coordination of seizure and confiscation actions with other countries as well as for the sharing of confiscated assets between them should be considered.</i>
Measures taken to implement the Recommendation of the Report	Slovak authorities consider the realization of this recommendation as continuous process in order to improve current situation.
(Other) changes since the last evaluation	

Recommendation SR I (Implement UN instruments)

Rating: Partially Compliant	
Recommendation of the MONEYVAL Report	<i>Provide for adequate TF criminalisation and more guidance and communication mechanisms needed with FIs and DNFBP re UN Resolutions.</i>
Measures taken to implement the Recommendation of the Report	Please see Rec. SR III

Recommendation SR III (Freeze and confiscate terrorist assets)	
Rating: Partially Compliant	
Recommendation of the MONEYVAL Report	<i>Develop guidance and communication mechanisms with all financial intermediaries and DNFBP and a clear and publicly known procedure for de-listing and unfreezing in appropriate cases in a timely manner.</i>
Measures taken to implement the Recommendation of the Report	<p>European Union implements UN resolutions into its regulations which are binding and directly applicable in all member states of the EU.</p> <p>E.g. Iran´s UN resolution was implemented on the EU level into Council Regulation (EC) No. 423/2007 of 19 April 2007 concerning restrictive measures against Iran. This regulation is binding in its entirety and directly applicable in all member states what is absolutely in compliance with the Treaty establishing the European Community (Articles 60, 301, 308). It means that EU Regulations have direct force of law in Slovak Republic. All of regulations of the EU (also those requiring freezing of funds and economic resources belonging to persons designated in regulations of the EU concerning restrictive measures) are published on the web site of the Official Journal of the EU and on the web site of Common Foreign and Security Policy of the EU. There is a free access for all obliged persons to this web site to check some new issues in this regard.</p> <p>Ministry of Finance of the Slovak Republic has issued a letter containing guidance to banks and branch offices of foreign banks concerning information about their responsibility regarding national and international law in the field of money laundering and fight against terrorism financing. This issued letter contained also the information about special web site of Common Foreign and Security Policy of the EU where all of the Council regulations regarding restrictive measures are published.</p> <p>The Act on Banks No. 483/2001 Coll. stipulates that bank and branch office of a foreign bank shall be obligated to provide the Ministry within the deadlines set thereby, with a written list of clients subject to international sanctions imposed according to separate regulation (Act No. 460/2002 Coll.) Provided list must contain account numbers and account balances of these clients.</p> <p>Accordingly draft new AML Law defines in complex all unusual transactions to which belongs also the assumption that the client or beneficial owner is a person designated in regulations of the EU as a sanctioned person to whom restrictive measures should apply . All of obliged persons are required to report to the financial police about any unusual transaction or the attempt to carry out the unusual transaction without unnecessary delay.</p> <p>Enforcement in the Slovak Republic by means of penalties for non-compliance is provided for by Act No. 460/2002 Coll. on performance of international sanctions providing the international freedom and security as amended by Act No. 127/2005 Coll. According to this Act have the Slovak authorities (Ministries of the Slovak Republic, Office of industrial</p>

	ownership of the Slovak Republic) the power to penalise violations of the EU regulations – Article 10).
(Other) changes since the last evaluation	

Recommendation SR V (International co-operation)	
Rating: Partially Compliant	
Recommendation of the MONEYVAL Report	<i>Fully extend the FT offence in line with SR. II and IN.</i>
Measures taken to implement the Recommendation of the Report	Slovak Republic is ready to introduce autonomous criminal offence of financing terrorist acts and terrorist groups, which explicitly takes into account all requirements of special recommendation II and IN. The relevant amendments of the Criminal Code (Act No. 300/2005 Coll.) are currently being prepared and are expected to be submitted into legislative procedure in September 2007.
Recommendation of the MONEYVAL Report	<i>Slovak authorities should satisfy themselves that the supervisory bodies are exchanging information with foreign counterparts.</i>
Measures taken to implement the Recommendation of the Report	The NBS, as an integrated authority supervising whole financial market, exchanges information with foreign counterparts continuously, on the bases of valid memoranda of understanding and also on the bases of written requests of the particular supervisory bodies.
(Other) changes since the last evaluation	

Recommendation SR VII (Wire transfer rules)	
Rating: Partially Compliant	
Recommendation of the MONEYVAL Report	<i>Provide in Law or Regulation for the requirement to carry out CDD measures in occasional transfers covered by the Interpretative Note to SR.VII.</i>
Measures taken to implement the Recommendation of the Report	Respective EU Regulation (No 1781/2006) is in force since January 2007 in Slovakia; and, in fact this requirement is contained in the draft AML/CFT law as already mentioned in comments to Recommendation 5.
Recommendation of the MONEYVAL Report	<i>Ensure that full originator information, including name, address (or other permitted data in lieu of address) is available if requested in respect of domestic wire transfers.</i>
Measures taken to implement the Recommendation of the Report	This is obligatory for all financial institutions in line with the mentioned regulation (Art. 6&7), which is directly applicable in Member States.
Recommendation of the	<i>The originator's address (or other permitted data in lieu of the address) should accompany all</i>

MONEYVAL Report	<i>cross-border wire transfers.</i>
Measures taken to implement the Recommendation of the Report	This is obligatory for all financial institutions in line with the mentioned regulation (Art. 4&5), which is directly applicable in Member States.
Recommendation of the MONEYVAL Report	<i>Ensure that financial institutions conduct enhanced scrutiny of (and monitor for) suspicious activity funds transfers which do not contain complete originator information.</i>
Measures taken to implement the Recommendation of the Report	This is obligatory for all financial institutions in line with the mentioned regulation (Art. 9, which requires either to refuse such transfer or ask for complete information), which is directly applicable in Member States.
(Other) changes since the last evaluation	

Recommendation SR VIII (Non-profit organisations)

Rating: Non-Compliant

Recommendation of the MONEYVAL Report	<i>Formal analysis required of threats posed by the sector as a whole.</i>
Measures taken to implement the Recommendation of the Report	Formal analysis of the sector as a whole is the part of the preparing National action plan together with the competent authorities within the Ministry of Interior
Recommendation of the MONEYVAL Report	<i>Assess adequacy of current legal framework.</i>
Measures taken to implement the Recommendation of the Report	AML/CFT draft Act stated all kind of non profit organisations as an obliged entities and defined who is considered to be a beneficial owner. Additionally stated for non profit organisations to establish and keeps a list of beneficial owners
Recommendation of the MONEYVAL Report	<i>Consider how effective and proportionate oversight can be achieved (including program of verification and direct field audits in particular vulnerable sectors).</i>
Measures taken to implement the Recommendation of the Report	FIU will have a new competence to supervise duties stated in the new AML/CFT Act also supervise if organisation keeps a list of beneficial owners (duty special for non profit organisations).
Recommendation of the MONEYVAL Report	<i>Consider guidance to FIs on specific risks of this sector.</i>
Measures taken to implement the	As soon as new AML/CFT Act will be in force FIU will create a guidance to FI on specific risks of this sector.

Recommendation of the Report	
Recommendation of the MONEYVAL Report	<i>Consider whether further measures need taking in the light of the Best Practices Paper for SR.VIII.</i>
Measures taken to implement the Recommendation of the Report	The practice application of the new AML/CFT Act will be analysed and consider if further measures are necessary.
(Other) changes since the last evaluation	

Recommendation SR IX (Cash Couriers)

Rating: Partially Compliant

Recommendation of the MONEYVAL Report	<i>The requirements of SR IX should be fully considered by the Slovak authorities.</i>
Measures taken to implement the Recommendation of the Report	<p>This issue is in Slovak Republic covered by the Act No. 199/2004 Coll. Customs Act concerning amendments and supplements of certain Acts in the wording of later regulations and concerning amendments and supplements of certain Acts as amended by Act No. 672/2006 Coll. as follows :</p> <p>According to the Article 4, (1) (“An obligation to report on the transit of cash pecuniary means”) cash pecuniary means entering the territory of the Slovak Republic from a third State or leaving the territory of the Slovak Republic to a third State are subject to customs supervision.</p> <p>And according to the Article 4, (2) a natural person transiting cash pecuniary means according to paragraph 1 in the minimum amount established in a special regulation 3e) shall be obliged to report this fact to the relevant Customs Office in writing.</p> <p>Footnote 3e) means reference to Article 3, (1) of the Regulation of the European Parliament and Council (EC) No. 1889/2005 of 26 October 2005 on the control of cash pecuniary means entering the Community or leaving the Community which determines that a natural person entering or leaving the Community and carrying cash of a value of EUR 10 000 or more shall declare that sum to the competent authorities of the Member State through which he is entering or leaving the Community in accordance with this regulation.</p>
(Other) changes since the last evaluation	

4. *Specific Questions*

<ul style="list-style-type: none">▪ In money laundering prosecutions/convictions since the adoption of the report, please specify the predicate offence(s) and whether the case was third Party laundering or own proceeds laundering and in the case of third Party laundering whether it was prosecuted autonomously or together with the predicate offence.▪ Vast majority of the cases reported as prosecuted / convicted were self-money laundering. Perpetrators of predicate offences / mainly economic frauds / were prosecuted in same proceeding as launderers.
<ul style="list-style-type: none">▪ Has property been forfeited in any money laundering or other criminal case from third Parties since the adoption of the report?▪ In one case Special Court imposed forfeiture of property of two perpetrators of fraudulent running of so-called non-banking institutions, however regarding property from third parties concrete numbers has not been specifically processed in periodical statistics provided by courts/ Ministry of Justice.
<ul style="list-style-type: none">▪ Have any steps been taken to strengthen the FIU in the overall Police structure and does it now have explicit competence to deal with reports relating to financing of terrorism and the financing of terrorism issue in supervision?▪ In the new AML/CFT Act there is explicitly defined Financial Intelligence Unit (not Financial Police as is stated in the current AML Act). Besides other functions New AML/CFT Act explicitly specify all competencies concerning receiving, analyzing and disseminating of the information to the competent authorities relating ML and FT. New Act also state for the FIU competencies necessary for supervision of the preventive measures concerning ML as well as FT on the same level.

5. Statistics

Please fill out - to the extent possible - the following tables:

a. Money Laundering and Financing of terrorism cases

2004 (for comparison purposes)												
	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML	108	1		0		13						
FT												

2005												
	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML	106	72		35		9						
FT												

2006

	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML	60	55		37		10						
FT												

2007 (1 January – 1 July)

	Investigations		Prosecutions		Convictions (final)		Proceeds frozen		Proceeds seized		Proceeds confiscated	
	cases	persons	cases	persons	cases	persons	cases	amount (in EUR)	cases	amount (in EUR)	cases	amount (in EUR)
ML	31	23		14		5						
FT												

b. STR/CTR

2004 (for comparison purposes)											
Statistical Information on reports received by the FIU								Judicial proceedings			
Monitoring entities, e.g.	transactions above threshold	suspicious transactions		cases opened by FIU		notifications to law enforcement/prosecutors		indictments		convictions	
		ML	FT	ML	FT	ML	FT	ML	FT	ML	FT
commercial banks		724	0	818	0	N/A					
insurance companies		67	0								
Notaries		0	0								
Currency exchange		0	0								
broker companies		0	0								
securities' registrars		3	0								
lawyers		0	0								
accountants/auditors		0	0								
company service providers		1	0								
Bookmaker's		1	0								
customs		20	0								
leasing		2	0								
Total		818	0								

2005											
Statistical Information on reports received by the FIU								Judicial proceedings			
Monitoring entities, e.g.	transactions above threshold	suspicious transactions		cases opened by FIU		notifications to law enforcement/prosecutors		indictments		convictions	
		ML	FT	ML	FT	ML	FT	ML	FT	ML	FT
commercial banks		1084	15	1258	15	16	0				
insurance companies		129	0								
notaries		0	0								
currency exchange		1	0								
broker companies		0	0								
securities' registrars		0	0								
lawyers		0	0								
accountants/auditors		0	0								
company service providers		0	0								
bookmaker's		2	0								
car dealers		37	0								
casino		2	0								
high value goods dealer		1	0								
customs		1	0								
executor		1	0								
Total		1258	15								

2006											
Statistical Information on reports received by the FIU								Judicial proceedings			
Monitoring entities, e.g.	transactions above threshold	suspicious transactions		cases opened by FIU		notifications to law enforcement/prosecutors		indictments		convictions	
		ML	FT	ML	FT	ML	FT	ML	FT	ML	FT
commercial banks		1313	14	1556	14	12	0				
insurance companies		151	0								
notaries		0	0								
currency exchange		1	0								
broker companies		30	0								
securities' registrars		4	0								
lawyers		1	0								
accountants/auditors		0	0								
company service providers		0	0								

car dealers		53	0							
bookmaker's		1	0							
post office		2	0							
executor		1	0							
Total		1556	14							

2007 (1 January – 1 July 2007)											
Statistical Information on reports received by the FIU								Judicial proceedings			
Monitoring entities, e.g.	transactions above threshold	suspicious transactions		cases opened by FIU		notifications to law enforcement/prosecutors		indictments		convictions	
		ML	FT	ML	FT	ML	FT	ML	FT	ML	FT
commercial banks		776	5	944	5	8					
insurance companies		136	0								
notaries		0	0								
currency exchange		0	0								
broker companies		2	0								
securities' registrars		0	0								
lawyers		0	0								
accountants/auditors		0	0								
company service providers		0	0								
post office		1	0								
car dealers		29	0								
Total		944	5								

APPENDIX I

Recommended Action Plan to Improve the AML / CFT System

FATF 40+9 Recommendations	Recommended Action (listed in order of priority)
1. General	The maintenance of meaningful and comprehensive statistics on AML/CFT performance, and for strategic analysis of Slovakia's AML/CFT vulnerabilities.
2. Legal System and Related Institutional Measures	
Criminalisation of Money Laundering (R.1 and 2)	<ul style="list-style-type: none"> • Satisfy themselves that all the language of article 6(1) (a) (b) of Palermo Convention and article 3(1)(b) and (c) of the Vienna Convention on the physical and the mental aspects of the ML offence are covered in article 252. • Ensure FT in all its forms is a predicate to the ML offence • Ensure conspiracy to commit ML involving two persons is covered not only in cases involving organised crime • Consider ensuring in guidance or legislation that knowledge can be inferred from objective factual circumstances • More emphasis should be place on the third party laundering and clarifying the evidence required to establish the underlying predicate in autonomous ML prosecutions • Keep more detailed statistics covering the nature of ML investigations, prosecutions, convictions and sentences including the details of predicate offences and whether prosecutions were brought autonomously
Criminalisation of Terrorist Financing (SR.II)	<ul style="list-style-type: none"> • Introduce an independent, autonomous offence of FT which explicitly addresses all the requirements of SR.II and the IN.
Confiscation, freezing and seizing of proceeds of crime (R.3)	<ul style="list-style-type: none"> • Ensure that the legal regime for seizure and freezing covers all indirect proceeds, substitutes etc which may be liable to confiscation in due course. • Clear legal provisions for confiscation from third parties • Establish a culture in the prosecution and judiciary which seeks routinely to apply provisional measures and confiscation in major proceeds-generating cases

	<ul style="list-style-type: none"> • Keep accurate statistical data
Freezing of funds used for terrorist financing (SR.III)	<ul style="list-style-type: none"> • Develop guidance and communication mechanisms with all financial intermediaries and DNFBP and a clear and publicly known procedure for de-listing and unfreezing in appropriate cases in a timely manner
The Financial Intelligence Unit and its functions (R.26, 30 and 32)	<ul style="list-style-type: none"> • Undertake more systematic training and provide guidelines and indicators on unusual business activities, particularly on FT • Provide more feedback • Re-assess resourcing of FIU for outreach, training and supervisions • Clarify FT reporting obligations in line with SR.IV • Revisit the system for requesting delays in transactions under Section 9 AML law • Maintain statistics on outcomes of information transmitted to other bodies by the FIU • More training for the FIU on FT issues required.
Law enforcement, prosecution and other competent authorities (R.27, 28, 30 and 32)	<ul style="list-style-type: none"> • More relevant law enforcement training and guidance required in money laundering cases (and financing of terrorism) • More policy and practical guidance needed to ensure proactive financial investigation in major proceeds-generating crimes • More coordination needed to join up the law enforcement effort.
3. Preventive Measures– Financial Institutions	
Risk of money laundering or financing of terrorism	<ul style="list-style-type: none"> • Articulate the national policy on risk of ML/CFT(in light of 3rd EU directive) and improve and enhance guidance notes across the whole financial sector.
Financial institution secrecy or confidentiality (R.4)	<ul style="list-style-type: none"> • Clearer provision for supervisory authorities to exchange information with other competent authorities enquiring into AML/CFT breaches.
Customer due diligence, including enhanced or reduced measures (R.5, R.7)	<ul style="list-style-type: none"> • It would be preferable for the AML Law to cover identification at account opening or establishing business relations across all reporting entities. • Provide reference in insurance and securities laws

	<p>or regulations to the requirement to undertake CDD measures when establishing business relations.</p> <ul style="list-style-type: none"> • Cover in Law or Regulation the requirement for CDD measures when carrying out occasional wire transfers (which fully include the verification process) and in cases of doubts regarding the veracity or adequacy of previously obtained customer identification data; • Provide in Law or Regulation for the requirement to carry out CDD measures in occasional transfers covered by the Interpretative Note to SR.VII; • Provide in the insurance and the securities laws guidance on which documents are reliable independent documents for verification of identification for natural persons; • Promulgate enforceable guidance on how the verification process should apply to legal persons (especially non-resident legal persons); • Clarify the timing of verification across the whole of the financial sector; • The definition of beneficial owner as set out in the FATF Recommendations in respect of ultimate control of the customer and the natural persons who exercise ultimate effective control over legal persons or arrangements should be provided for in Law or Regulation; • Review the notion of ongoing due diligence comprehensively in all financial sector laws or regulations; • The requirement for enhanced due diligence, in respect of a higher risk customers, needs to be incorporated in enforceable guidance across the whole financial sector; • Review and ensure that the practice of making an STR where CDD cannot be completed satisfactorily is provided for and is effectively operating; • Enforceable guidance to all financial institutions covering the policy on application of CDD measures to existing customers could be refined. • Implement by law, regulation or other enforceable means guidance on cross-border correspondent relationships in accordance with Recommendation 7.
(R.6)	<ul style="list-style-type: none"> • Put in place by Law, regulation or other enforceable means rules regarding PEPs covering

	criteria 6.1 to 6.4 of the Methodology in the whole financial sector.
(R.8)	<ul style="list-style-type: none"> Put in place by Law, regulation or other enforceable means procedures to prevent the misuse of technological developments and non face to face relationships
(R.9)	<ul style="list-style-type: none"> Ensure that supervision covers the requirements of Recommendation 9 across relevant parts of the financial sector.
Record keeping and wire transfer rules (R.10 and SR.VII)	<ul style="list-style-type: none"> Consider providing a legal basis for keeping transaction records and identification data for longer than five years if necessary when properly required to do so in specific cases by a competent authority; Consider harmonizing the period of retention of identification data between the Act on Banks and the AML Law (i.e. at least five years following the termination of the account or business relationship); Clarify in the AML Law or in Decree that identification data should be retained to include account files and business correspondence; Clarify in the AML Law that customer identification data (as well as transaction records) should be available on a timely basis to a competent authority in specific cases upon proper authority (which should include the Police generally and not just the Financial Police); Ensure that full originator information, including name, address (or other permitted data in lieu of address) is available if requested in respect of domestic wire transfers; The originator's address (or other permitted data in lieu of the address) should accompany all cross-border wire transfers; Ensure that financial institutions conduct enhanced scrutiny of (and monitor for) suspicious activity funds transfers which do not contain complete originator information.
Monitoring of transactions and relationships (R.11 and 21)	<ul style="list-style-type: none"> Recommendation 11 should be transposed and financial institutions should be required by law or regulation or other enforceable means to examine the background and purpose of all complex, unusual large transactions or unusual patterns of transactions that have no apparent or visible

<p>Suspicious transaction reports and other reporting (R.13 and 14, 19, 25 and SR.IV and SR.IX)</p>	<p>economic or lawful purpose.</p> <ul style="list-style-type: none"> • Clear guidance on unusual business activities needs providing to all the financial sector (which includes guidance on personal transactions) • AML Law should provide for attempted transactions • The financing of terrorism reporting obligation needs explicitly clarifying in the law to ensure that subject entities report where they suspect or have reasonable grounds to suspect that funds are linked or related to, or are to be used for terrorism, terrorist acts or terrorist organisations. • Article 12 of the AML law needs clarifying to clearly cover all civil and criminal liability for bona fide reports • The reporting duty should cover the NBS in respect of its commercial activities
<p>Internal controls, compliance, audit and foreign branches (R.15 and 22)</p>	<ul style="list-style-type: none"> • More enforceable guidance on the content of on-going employee training programs required • Screening procedures to ensure high standards when hiring employees need requiring by enforceable means • The requirement of a designation of a compliance officer at management level needs to be covered by enforceable means and it would assist to delineate his / her functions from internal audit and ensure he/she can act independently, and greater clarification of the compliance officer's powers and role is needed • A general obligation is required for financial institutions to ensure their branches and subsidiaries observe AML/CFT measures consistent with Slovakian requirements and the FATF Recommendations to the extent that host country laws and regulations permits; • Provision should be made for a requirement to pay particular attention to situations where branches and subsidiaries are based in countries that do not or insufficiently apply FATF Recommendations; • Provision should be made that where minimum AML/CFT requirements of the home and host countries differ, branches and subsidiaries in host countries should be required to apply the higher standard to the extent that local (i.e. host country) laws and regulations permit.
<p>The supervisory and oversight system – competent authorities and SROs Roles, functions, duties and powers (including sanctions) (R.17, 23, 29 and 30)</p>	<ul style="list-style-type: none"> • A general power to supervise and to sanction for CFT issues is required across the whole financial sector • NBS should have power to monitor AML/CFT in exchange houses • Greater clarification of roles in supervision is required between the FIU and prudential supervisors to avoid double sanctioning

	<ul style="list-style-type: none"> • More staff and training for all supervisory authorities and the FIU to adequately perform AML/CFT supervision
Shell banks (R.18)	<ul style="list-style-type: none"> • Provision should be made by law, regulation or other enforceable means prohibiting financial institutions entering or continuing correspondent relationships with shell banks. FIs should be obliged to satisfy themselves that a respondent financial institution does not permit its accounts to be used by shell banks.
Financial institutions – market entry and ownership/control (R.23)	<ul style="list-style-type: none"> • Provision should be made to examine the fitness and propriety of owners and significant shareholders of FXs houses.
Ongoing supervision and monitoring (R23, 29)	<ul style="list-style-type: none"> • All AML/CFT obligations which under the Methodology should be required by law, regulation or other enforceable means should be capable of being sanctioned. • More AML/CFT supervision is required across the whole financial sector.
AML/CFT Guidelines (R.25)	<ul style="list-style-type: none"> • Coordinated and consistent sector-specific guidelines on both AML/ CFT issues should be established to assist financial institutions and DNFBP and adequate and appropriate feedback should be addressed in line with the FATF Best Practices Guidelines.
Money or value transfer services (SR.VI)	<ul style="list-style-type: none"> • Those licensed to provide money or value transfer services should have guidance on the kind of information regarding transactions that should be recorded as a minimum. Money exchange companies should be required to examine the purpose of complex, unusual, large transactions or patterns of transactions.
4. Preventive Measures – Designated Non-Financial Businesses and Professions	
Customer due diligence and record-keeping (R.12)	<ul style="list-style-type: none"> • All requirements in relation to full identification of beneficial ownership and additional identification/KYC rules should apply to DNFBP especially regarding higher risk activities. • CDD should be required by real estate dealers, lawyers, notaries and other independent legal professionals and accountants in the circumstances set out in Recommendation 12. • Implementation of Rec. 6 (PEPs) required for DNFBP. • Clear guidance re emerging technological developments required (Rec. 8). • All essential criteria marked with an asterisk in Rec. 10 should be covered for DNFBP by law or

	<p>regulation.</p> <ul style="list-style-type: none"> • Information campaign and outreach required to DNFBP to explain obligations.
Monitoring of transactions and relationships (R.12 and 16)	<ul style="list-style-type: none"> • Rec. 11 – paying special attention to all complex, unusual large transactions needs applying to DNFBP by law, regulation or other enforceable means.
(R.13)	<ul style="list-style-type: none"> • Reporting obligations needs explaining in guidance, particularly on FT. • The issue of potential risks that may arise having business relationships and transactions with persons from countries which do not or insufficiently apply the FATF recommendations needs to be addressed in regard of the DNFBP.
(R.14)	<ul style="list-style-type: none"> • Safe harbour provisions should cover both criminal and civil liability in respect of DNFBP employees.
Internal controls, compliance and audit (R.16)	<ul style="list-style-type: none"> • Greater clarification of the position of compliance officers at management level (in so far as relevant to DNFBP) should be provided and internal systems and policies need developing
Regulation, supervision and monitoring (R.17, 24-25)	<ul style="list-style-type: none"> • More work and resources are required to create an effective risk based system for monitoring and ensuring compliance with AML/CFT throughout the sector and the provision of such sectoral guidance.
Other designated non-financial businesses and professions (R.20)	<ul style="list-style-type: none"> • Consideration should be given to those DNFBP that are at risk of being misused for TF as well as ML. • Develop an overarching strategy on the use of modern and secure techniques of money management.
3. Legal Persons and Arrangements and Non-profit Organisations	
Legal Persons–Access to beneficial ownership and control information (R.33)	<ul style="list-style-type: none"> • Commercial, cooperate and other laws should be reviewed with a view to taking measures to provide adequate transparency with respect to the beneficial ownership.
Legal Arrangements–Access to beneficial ownership and control information (R.34)	No recommendation.
Non-profit organisations (SR.VIII)	<ul style="list-style-type: none"> • Formal analysis required of threats posed by the sector as a whole • Assess adequacy of current legal framework • Consider how effective and proportionate oversight

	<p>can be achieved (including program of verification and direct field audits in particular vulnerable sectors)</p> <ul style="list-style-type: none"> • Consider guidance to FIs on specific risks of this sector • Consider whether further measures need taking in the light of the Best Practices Paper for SR.VIII
6. National and International Co-operation	
National Co-operation and Co-ordination (R.31)	<ul style="list-style-type: none"> • Strategic co-ordination and collective review of the performance of the system as a whole (including analysis, where appropriate, of better statistical information) needs developing in more detail. More detailed statistics are required across the board to assist proper strategic analysis.
The Conventions and UN Special Resolutions (R.35 and SR.I)	<ul style="list-style-type: none"> • Provide for adequate TF criminalisation and more guidance and communication mechanisms needed with FIs and DNFBP re UN Resolutions.
Mutual Legal Assistance (R.32, 36-38, SR.V)	<ul style="list-style-type: none"> • Fully extent the FT offence in line with SR. II and IN • Complete, precise and detailed statistics should be kept on AML/CFT MLA.
Extradition (R.32, 37 and 39, and SR.V)	<ul style="list-style-type: none"> • The FT offence needs extending as the current incrimination could limit extradition possibilities • Complete, precise and detailed statistics should be kept on AML/CFT extradition
Other forms of co-operation (R.32)	<ul style="list-style-type: none"> • FIUs statistics on response times should be kept • Slovak authorities should satisfy themselves that the supervisory bodies are exchanging information with foreign counterparts.

ANNEX 1

Organization and management of a securities dealer

Article 71

(1) A securities dealer shall, in its articles of association, regulate relations and cooperation between its board of directors, supervisory board, managerial employees and employees responsible for internal control. A securities dealer shall also in its articles of association assign and regulate powers and responsibilities in regard to the prevention of money laundering.

(2) A securities dealer, or a foreign securities dealer in respect of its branch, shall draft and comply with the operational rules that regulate the following:

- a) the execution of transactions in investment instruments by members of the board of directors, members of the supervisory board, and employees of the securities dealer, mainly in order to avoid any conflict of interest with a customer;
- b) an effective system of internal control appropriate to the character and nature of the investment services;
- c) the information system.

(3) The organizational structure and management system of a securities dealer or the branch of a foreign securities dealer shall ensure the proper and safe performance of the investment services specified in its investment services licence. The organizational structure and management system of a securities dealer or the branch of a foreign securities dealer shall include an employee or employees responsible for the conduct of internal control.

(4) For the purposes of this Act, 'internal control' means control of compliance with laws and other generally binding regulations and with the internal management directives and operational procedures of the securities dealer or the branch of a foreign securities dealer, which is performed by one or more employees of the securities dealer or the branch of a foreign securities dealer, or by other persons on a contractual basis.

(5) A securities dealer shall give the National Bank of Slovakia prior written notice of any draft amendment to its articles of association. Without undue delay, after any such amendment has been made, the securities dealer shall provide the National Bank of Slovakia with an officially certified copy of its applicable articles of association. A securities dealer or the branch of a foreign securities dealer shall submit its organizational structure to the National Bank of Slovakia without undue delay after any amendment thereto.

(6) The supervisory board of a securities dealer may require the employee responsible for internal control to inspect the securities dealer within terms of reference drafted by the supervisory board.

(7) Where the employee, who is responsible for internal control, has identified a breach by the securities dealer, or the branch of a foreign securities dealer, of its obligations arising under generally binding legal regulations, and this breach could affect the proper performance of activities by the securities dealer or the branch of a foreign securities dealer, that employee shall notify the supervisory board and the National Bank of Slovakia of this breach without undue delay.

(8) Not later than 31 March of each calendar year, the employee responsible for internal control shall submit to the National Bank of Slovakia a report on his activities of the previous year and on any measures taken to rectify shortcomings which he identified in the operation of the securities dealer or the branch of a foreign securities dealer, and an inspection plan for the current calendar year.

(9) The employee responsible for internal control may not be a member of either the board of directors of the securities dealer or its supervisory board.

Article 73

Rules for securities dealers in dealings with customers

(9) A securities dealer shall request proof of identity in each transaction that it makes with a customer, and the customer shall comply with every such request. A securities dealer shall refuse to perform any transaction in which the customer remains anonymous.

(10) For the purposes of paragraph (9), the identity of a customer may be established either with an identity document, or with the customer's signature provided that the customer is personally known to the securities dealer and that his signature undoubtedly matches the signature he gave in a specimen signature deposited with the securities dealer, the signing of which was accompanied by the customer establishing his identity with an identity document. In the case of a transaction executed through technical equipment, identity shall be established with a personal identification number or similar code which was assigned to the customer by the securities dealer or the branch of a foreign securities dealer, together with authentication information agreed between the securities dealer or the branch of the foreign securities dealer and the customer, or with an electronic signature in accordance with a separate law.

CENTRAL DEPOSITORY

Article 99

(1) A central depository is a joint stock company which has its registered office in the territory of the Slovak Republic and is governed by the respective provisions of the Commercial Code, unless otherwise provided by this Act. A central depository may not be transformed.

(2) A central depository shall have share capital of at least SKK 250 million.

(3) A central depository shall:

- a) register book-entry securities and immobilized securities in issuers' registers, except for securities registered in the Central Register of Short-Term Securities maintained by the National Bank of Slovakia (Article 10(4)) and except for book-entry shares in open-end mutual funds registered with the depository of an open-end mutual fund;
- b) register owners of book-entry securities in owners' accounts, and information on securities held in members' customer accounts, to the extent provided for in this Act;
- c) register changes in owners' accounts to the extent provided for in this Act and changes to members' customer accounts;
- d) register information on book-entry securities and immobilized securities to the extent provided for in this Act;
- e) assign, change and cancel ISIN numbers;

- f) provide services to members of the central depository, issuers of securities, the stock exchange, and foreign stock exchanges, in relation to the activities mentioned in subparagraphs (a) to (e) and paragraph (4);
- g) ensure and organize a data processing system for the maintenance of registers referred to in subparagraphs (a) to (d) and Article 104(2)(a) to (c);
- h) ensure the clearing and settlement of stock exchange transactions in investment instruments and the clearing and settlement of transactions in investment instruments at the customer's request; to ensure clearing and settlement of such transactions means to organize and operate a system of clearing and settlement for transactions in investment instruments (hereinafter referred to as the 'settlement system') for at least three participants in the settlement system;
- i) keep lists of shareholders for registered paper shares;
- j) register other information as required by this Act or a separate law,
- k) open and maintain holder's accounts for central depository.

(4) In addition to performing the activities mentioned in paragraph (3), a central depository may:

- a) ensure the redemption of the nominal value of securities and the payment of yields on securities after their maturity, as well as other related activities at the issuer's request;
- b) keep custody of and administer one or more investment instruments on the basis of a contract under Article 39 or Article 41;
- c) offer safe deposit boxes;
- d) extend credits or loans to customers for the purpose of making transactions in investment instruments, without prejudice to the provisions of a separate law;¹⁵
- e) establish a customer account with one or more other central depositories, or with central depositories which have their registered office outside the territory of the Slovak Republic, and provide related services;
- f) ensure other activities related to the activities of a central depository as defined in this Act,
- g) open and maintain holder's accounts for central depository and provide related services.

(5) A central depository may perform the activities mentioned in paragraph (4) only if they are stated in the licence for the incorporation and operation of that central depository. The licence to perform activities mentioned in paragraph (3)(e) may be granted to only one central depository. The provision of paragraph (3)(e) shall not apply to a central depository if the licence for the incorporation and operation of that central depository does not state the activities mentioned in paragraph (3)(e).

(6) A natural or legal person other than a central depository as defined in this Act may not provide the services mentioned in paragraph (3), unless otherwise provided by this Act.

(7) A central depository shall perform the activities stated in the licence for its incorporation and operation for a fee, unless otherwise provided by this Act.

(8) A central depository is entitled to any documents necessary for the performance of its activities and may refuse to perform a service for which such documents have not been provided. Any expense related to the non-provision of such documents, their late or incomplete provision, or their provision in a form other than that requested, shall be borne by whomever is required to provide the documents.

(9) The business name of a central depository shall include the designation 'central securities depository'. No other natural or legal person may use the designation 'central securities depository' in its business name.

(10) Unless otherwise provided by this Act or a separate law, a central depository may only be established by the Ministry, the National Property fund of the Slovak Republic, the National Bank of Slovakia, a bank, a securities dealer, an insurance company, an asset management company, another central depository, a stock exchange, or a legal person with a similar scope of business which has its registered office in another country.

(11) A central depository shall issue registered book-entry shares, and the form or type of these shares may not be changed. A central depository may not issue preference or employee shares.⁹⁰

(12) Only a legal person which is eligible to establish a central depository may hold shares in a central depository.

(13) The organization and management of a central depository and its operational rules in relation to customers shall be subject to the provisions of Article 71 and Article 73(9) and (10).

(14) For each transaction with a consideration of at least EUR 15,000, a central depository shall establish the ownership of the funds used by the customer in the transaction; this does not apply to instructions to register the transfer of book-entry securities in accordance with Articles 24 and 25, or instructions given by members or a stock exchange to clear and settle transactions in other investment instruments. For the purposes of this provision, the ownership of funds shall be established by the customer making a binding written declaration in which he states whether he himself owns the funds and whether the transaction is to be executed on his own account. If the funds are owned by another person, or if the transaction is to be performed on the account of another person, the customer shall state in the declaration the forename, surname, birth registration number or date of birth, and address of permanent residence of that natural person, or the business name, registered office and identification number, if assigned, of that legal person. In such case, the customer shall provide the central depository with the other person's written consent to use his or its funds in the respective transaction or to execute the transaction on his or its account. If the customer has failed to comply with his obligations under this paragraph, the central depository shall refuse to execute the transaction in question.

(15) Participants in the settlement system mentioned in paragraph (3)(h) shall comprise the central depository, its members, and other legal persons stipulated in the operational rules.

(16) The National Bank of Slovakia shall provide regional courts and the Supreme Court of the Slovak Republic with a list of central depositories and other participants in settlement systems. The National Bank of Slovakia shall inform the Commission of the central depositories and other settlement system participants to the extent laid down by legally binding acts of the European Communities and the European Union governing payment systems and securities settlement systems.

Article 104 **Member**

- (1) Any of the following may be a member:
- a) a securities dealer authorized to provide investment services in accordance with Article 6(2)(a)(b) or (d), and thereby to use a customer's funds or investment instruments;

- b) a foreign securities dealer licensed under Article 54 which is authorized to provide investment services in the territory of the Slovak Republic to the extent provided for in Article 6(2)(a), (b), or (d), and thereby to use a customer's funds or investment instruments;
- c) a foreign securities dealer in accordance with Article 65;
- d) the National Bank of Slovakia;
- e) another central depository;
- f) a foreign central depository.

(2) A member shall perform the following activities:

- a) register owners of book-entry securities and changes thereof, as well as other information relating to such owners;
- b) register the information referred to in Article 99(3)(d) in owners' accounts;
- c) instruct the central depository to record debit or credit entries in the member's customer account;
- d) instruct the central depository and another member to register a transfer in accordance with Article 22 and 23;
- e) issue other instructions to the central depository, other than orders mentioned in subparagraphs (c) and (d) for the clearing and settlement of transactions in investment instruments.

(3) A member shall perform the activities mentioned in paragraph (2) within the data processing system that the central depository operates under the conditions stipulated in this Act and under the operational rules.

(4) A member may only issue an order to transfer a book-entry security, or to clear and settle transactions in investment instruments, through a natural person of integrity who knows how to issue such an order, is familiar with the operational rules, and whose qualification to issue orders is evidenced in the manner laid down in the operational rules.

(5) A central depository may request a member to provide information that the central depository requires for the fulfilment of its obligations arising under this Act. If so requested by the central depository, a member shall supply the information without undue delay. The central depository shall not make entries in an owner's account maintained by a member; this does not apply to the registration of a suspension of the right of use pertaining to an entire issue in accordance with Article 28(5), nor to entries in owners' accounts maintained by the member in regard to:

- a) the issuance of book-entry securities under Article 13;
- b) the conversion of securities under Article 16(3) and Article 17(2);
- c) a change in the particulars of book-entry securities under Article 12;
- d) the termination of securities under Article 14(4).

(6) A member may request the central depository to provide information necessary for the fulfilment of the member's obligations arising under this Act. If so requested by a member, the central depository shall provide the information without undue delay.

(7) If the National Bank of Slovakia revokes a member's investment services licence, the entity concerned shall cease to be a member once the National Bank of Slovakia has notified the central depository of this fact.

(8) The central depository shall grant membership on the basis of an application. The grant of membership by the central depository shall be conditional on the prior approval of the National Bank of Slovakia under Article 70(1)(g) and on demonstrating that the operational rules under Article 103(2)(f) and (h) have been met. The issuance of prior approval by the National Bank of

Slovakia under Article 70(1)(g) shall not be required for the entities mentioned in paragraph (1)(d) to (f).

(9) If a member fails to observe the operational rules, the central depository may suspend or revoke its membership. The central depository may suspend the membership of a member in the central depository for a period not exceeding one year. If the central depository revokes or suspends membership, it shall notify the National Bank of Slovakia of this fact without undue delay.

Article 105a **Holder's account**

(1) A holder's account is a member's account in which the central depository records information on securities whose owners are registered with the member. A holder's account is not an account in the meaning of Article 105 or 106. Information on the owner of a security shall be maintained in a register established in accordance with the same legal system under which was founded the foreign legal person for whom the holder's account has been opened. This shall be without prejudice to obligations of securities owners as laid down in Article 113, or other obligations arising under this Act or a separate law.

- (2) A holder's account shall include:
- a) the number of the holder's account, and the date when it was opened;
 - b) the business name or name, identification number, and registered office of the member for whom the holder's account was established;
 - c) information on individual securities, in particular:
 1. the class of the security, further details pertaining to its fungibility, ISIN number, and other particulars of the security;
 2. the number of units of securities in the respective issue, and their share in that issue;
 3. other information about the security, information on the registration of the right of use under Article 28(3)(e) and (f);
 - d) the date and time of the respective accounting entry in the holder's account.

(3) A central depository may only open a holder's account for a member that is a foreign central depository or a foreign legal person with a similar scope of business.

(4) A central depository shall open a holder's account on the basis of a written application made by the member in accordance with the operational rules.

(5) After opening a holder's account, the central depository shall notify the member of the number of this account without undue delay.

(6) Legal relations between the member on whose application the holder's account was opened and the central depository shall be governed by this Act and the Commercial Code.

(7) A statement of a holder's account shall be delivered by the central depository to the member following every credit or debit entry recorded in the account, unless otherwise agreed, or at the member's request.

(8) A statement of a holder's account issued after the recording of a credit or debit entry in the holder's account shall include information on the securities that the change concerns, both before and after the change was recorded, indicating the number of units of securities broken down by class, issuer, and issue, including their share in the relevant issue. A holder's account statement

issued at the request of the member shall state the number of units of securities broken down by class, issuer and issue, including their share in the relevant issue.

(9) For operations requiring a statement of information on the owner of a security registered under this Act, information on the owner of a security recorded in a holder's account shall be replaced with information on the member for whom the holder's account was opened, and this fact shall be stated.

(10) Where information on securities is recorded in a holder's account, and a disclosure obligation is imposed on the central depository by law, information on the owner of the securities shall be replaced with information on the member for whom the holders account was opened, and this fact shall be stated.

Article 109 **Classified information**

(1) A central depository and member shall keep confidential any information registered by the central depository under Article Section 99(3)(a) to (d), or by the member under Article 104(2), (a) to (c), unless otherwise provided in this Act.

(2) Except for information provided in fulfilment of the disclosure obligation under Articles 105, 107 and 108, a central depository or member shall disclose information only if required to do so by this Act or by a separate regulation, and only to persons who prove to the central depository or member that the person to whom the information pertains authorized them to acquire this information.

Article 110

(1) A central depository shall disclose classified information as defined in Article 109(1) to the following:

- a) a legal person exercising supervision for the purposes set out in a separate law;²⁰
- b) a court for the purposes of civil court proceedings;⁹¹
- c) the criminal law enforcement authorities for the purposes of a criminal prosecution;⁹²
- d) the National Bank of Slovakia for the purposes of its supervisory activities;⁹³
- e) the criminal police service and the financial police service of the Police Force for the performance of duties laid down by a separate law;⁹⁴
- f) a tax authority or customs authority for the purposes of tax proceedings⁹⁵ or customs proceedings involving a customer of a central depository or member;
- g) the Ministry for the performance of an inspection under a separate regulation;⁹⁶
- h) a central government body for the enforcement of a decision under a separate law;⁹⁷
- i) the assignee where a claim is assigned under Article 110a;
- j) the National Security Office for the purposes of security screening under a separate regulation;^{97a}
- k) Military Intelligence in regard to the performance of its duties under a separate law.^{97b}

(2) For the purposes mentioned in paragraph (1) and Article 107(8), a central depository may obtain necessary information from a member's records held in an owner's account.

(3) A central depository or member shall only provide information under paragraph (1) at the written request of an eligible entity, which includes details that allow the requested information to be identified. The eligible entity may only use such information for the purposes stated in its request.

(4) For providing information under paragraph (1)(b), the central depository or member are entitled to the reimbursement of expenses.

(5) The provision of paragraph (1) shall be without prejudice to the obligation to prevent or disclose a criminal offence imposed by a separate law.

ANNEX 2

Article 93a of the Act on Banks

- (1) For the purposes of ascertaining, reviewing and checking the identity of clients and their proxies, for the purposes of concluding and executing transactions with the clients and for other purposes listed in paragraph 3, the clients and their proxies, shall be obligated, any time a transaction occurs, at request from a bank and branch office of a foreign bank:
 - a) to provide:
 1. if concerned is a natural person, including a natural person representing a legal person, the personal data concerning the identity on the scope of the first name, surname, the address of permanent residence, the address of temporary residence, the birth register number, if assigned, the date of birth, citizenship, the type and number of identity document, and if concerned is a natural person who is a business person, to also supply the address of place of business, the line of business, the designation of an official register or another official records in which he is entered, and the number of entry in this register or records,
 2. if concerned is a legal person, the identification data on the scope of the name, identification number, if assigned, the address of registered office, the line of business or other activities, the address of place of business or location of branches and another address of the place of performance of activities, as well as the list of persons constituting the statutory body of this legal person and the data on them on the scope prescribed by the first point, the list of persons constituting this legal person whose share in the registered capital or voting rights of this legal person exceeds 10% and their identification data; in the case of legal persons, on the scope of the name, legal form, headquarters address, identification number and country ISO code; in the case of natural persons, on the scope described in the first point, as well as the designation of an official register or another official records in which the legal person concerned is entered, and the number of entry in this register or records,
 3. contact telephone number, fax number and e-mail address, if any,
 4. documents and data proving and documenting:
 - 4a. the client's ability to discharge his obligations from a transaction,
 - 4b. a security required in respect of the obligations from the transaction,
 - 4c. authorisation to representation, where a proxy is involved,
 - 4d. the fulfilment of other requirements and conditions for the conclusion and execution of a transaction stipulated by this Act and by separate regulations or agreed with a bank or branch office of a foreign bank;
 - b) to enable it to obtain through copying, scanning or other recording:
 1. the personal data concerning the identity from an identity document on the scope of the degree, first name, surname at birth, the birth register number, the date of birth, the place and district of birth, the address of permanent residence, the address of temporary residence, citizenship, any record of restriction of the capacity to legal acts, the type and number of an identity document, the issuing body, the issue date and the validity period of the identity document, and
 2. other data from documents proving and documenting the data subject to letter a).
- (2) For the purposes of ascertaining, reviewing and checking the identity of clients and their proxies, for the purposes of preparing, concluding and executing transactions with the

clients and for other purposes listed in paragraph 3, a bank and branch office of a foreign bank shall be entitled, any time a transaction occurs, to request from the client and his proxy the data on the scope pursuant to paragraph 1 and to obtain it repeatedly at each transaction in the manner specified in paragraph 1, letter b). The client and his proxy shall be obligated to satisfy each such request from the bank and branch office of a foreign bank.

- (3) For the purposes of ascertaining, reviewing and checking the identity of clients and their proxies, for the purposes of concluding and executing transactions between a bank and branch office of a foreign bank and their clients, for the purposes of protection and enforcement of the rights of the bank and branch office of a foreign bank against their clients, for the purposes of documenting the operations of the bank and branch office of a foreign bank, for the purposes of performing supervision over banks and branch offices of foreign banks and over their operations and with a view to performing the tasks and duties of banks and branch offices of foreign banks hereunder or according to separate regulations, a bank and branch office of a foreign bank shall be entitled, even without consent from and advising of the persons concerned, to ascertain, acquire, record, store, use or otherwise process the personal data and other data on the scope prescribed by paragraph 1, Article 91, paragraph 1, Article 38, paragraph 3 and Article 92a; in so doing, the bank or branch office of a foreign bank shall be entitled, either by automated or non-automated means, to make copies of identity documents and process birth register numbers and other data and documents on the scope prescribed by paragraph 1, Article 91, paragraph 1, Article 38, paragraph 3 and Article 92a.
- (4) A bank and branch office of a foreign bank shall be obligated, even without consent from and advising of the persons concerned, to make available and provide the data subject to paragraphs 1 to 3, Article 91, paragraph 1, Article 38, paragraph 3 and Article 92a for processing to other persons determined by law only subject to the conditions stipulated by this Act or a separate law and to the National Bank of Slovakia for the purposes of maintaining the register of bank loans and guarantees and performing the authority, supervision and activities pursuant to this Act and separate laws. For the purposes prescribed by paragraph 3, the National Bank of Slovakia shall be entitled to process and make available and provide to banks and branch offices of foreign banks from its information system the data subject to paragraphs 1 to 3, Article 91, paragraph 1, and Article 92a that is entered in the register of bank loans and guarantees.
- (5) A bank and branch office of a foreign bank shall be entitled, even without consent from and advising of the persons concerned, to make available and provide the data subject to paragraphs 1 to 3, Article 91, paragraph 1, Article 38, paragraph 3 and Article 92a from its information system only to persons and bodies to whom it is obligated by law to provide or to whom it is entitled according to the law to provide information protected by bank secrecy, but just on the scope prescribed for the provision of information protected by bank secrecy.
- (6) A bank and branch office of a foreign bank may make available and provide abroad the data subject to paragraphs 1 to 3, Article 91, paragraph 1, Article 38, paragraph 3 and Article 92a only subject to the conditions stipulated by a separate law⁸⁸ⁱ or where so stipulated by an international treaty binding on the Slovak Republic and taking precedence over the laws of the Slovak Republic.

- (7) The premises of a bank, branch of a foreign bank and the National Bank of Slovakia, and ATM machines and currency exchange machines not located in the premises of a bank or branch of a foreign bank, may be monitored by video or audio recordings even where there is no notice that the area is under surveillance; the recordings may be used to reveal crimes, detect and search for their perpetrators, and especially for the purposes of anti-money laundering, uncovering illegal financial operations, judicial proceedings, criminal proceedings, misdemeanour proceedings, and supervision of the discharge of the obligations imposed by law on banks and the branches of foreign banks. Any such video or audio recordings made by a bank, branch of a foreign bank or the National Bank of Slovakia shall be handed over without delay to the authority mentioned in Article 91(4)(b), (g) and (o), if it so requests. If a recording is not used for these purposes, then it shall be destroyed by whoever made it not later than 12 months after its making.
- (8) A bank may process the personal data of customers and other relevant persons for the purpose of assessing risks related to a planned transaction between the customer and the bank in the scope defined in paragraph 1(a). The prior approval issued by the National Bank of Slovakia under Article 33 shall include a decision of the National Bank of Slovakia on whether the processed personal data set out by the bank in its application for prior approval corresponds to the purpose of their processing in terms of the scope, content and method of processing or use, whether they are compatible with the given purpose of processing, whether they are essential to achieving this purpose or whether they are out of date in time and subject matter terms in relation to this purpose.

ANNEX 3

Criminal Code

Section 10

Minor offence/Misdemeanour

- (1) Minor offence means
- a) criminal offence committed by negligence
 - b) intentional criminal act liable to a sentence of deprivation of liberty with maximum term not exceeding five years pursuant to a separate part of this Act
- (2) If a seriousness/gravity of an act is insignificant with regard taken to way/manner of commission, consequences, circumstances, degree of fault and perpetrator's motive, such act is not considered as minor offence.

Section 11

Crime

- (1) Intentional criminal act that is liable to a sentence of deprivation of liberty with maximum term exceeding five years pursuant to a separate part of this Act is crime.
- (2) Any act is also considered as crime if within more rigorously qualified facts of a minor offence committed intentionally, the maximum sentence is defined exceeding five years.

- (3) Crime is considered extremely serious if it is liable to a sentence of deprivation of liberty with minimum term at least ten years pursuant to this Act.

Section 13
Preparation of a crime

- (1) Following acting is considered as preparation of a crime: intentional organization of a crime, provision or adaptation of means or tools to commit it, conspiracy, joining with others, abetting, ordering a crime, aiding or any other intentional creation of conditions for commission of a crime provided that no attempt neither completion of crime happened.
- (2) Preparation of a crime is punishable pursuant to severity of sentence imposed for a crime to the commission of which such preparation has been directed.
- (3) Punishability of preparation of a crime expires/ceases to exist if a perpetrator
- a) voluntarily refrains from acting directed towards commission of a crime and he/she removes the danger arising of preparation done to an interest protected by this Act, or
 - b) has reported to the law enforcement body or to the Police the preparation of a crime and he/she has done it in due time in order to permit removal of a danger arising from such preparation to an interest protected by this Act; a soldier may report to his/her superior and a person serving a sentence or a person in custody may report to a member of Prison and judicial guard.
- (4) Punishability of a perpetrator for other crime already committed by such acting is not affected by the provision of the par. 3.

Sentence of forfeiture of property
Section 58

- (1) Court may impose sentence of forfeiture of property with regard taken to circumstances of a criminal offence committed as well as to the situation of a perpetrator if a court is imposing life sentence or unconditional sentence of deprivation of liberty for extremely serious crime through commission of which the perpetrator obtained or attempted to obtain extensive property benefit or by which the perpetrator has caused extensive damage.
- (2) Without meeting the conditions stated in the par. 1, a court may impose sentence of forfeiture of property while sentencing a perpetrator of commission of criminal offence of illicit manufacturing of narcotic or psychotropic substances, poisons, precursors, possession thereof or trafficking therein pursuant to the Section 172, par. 2, 3 or 4, or of criminal offence of money laundering pursuant to the Section 233, criminal offence of establishing, plotting and supporting criminal group pursuant to the Section 296, criminal offence of receiving bribe pursuant to the Section 328, par. 2 or 3, or Section 329, par. 2 or 3 provided that it is proved that the perpetrator had obtained from unlawful income such property or its part.

Section 59

- (1) Sentence of forfeiture of property affects the entire property owned by the convict or that part of it which is defined by the court; forfeiture of property does not apply to the means or things that are necessities of life of a convict or of the persons subject to the convict's duty to support pursuant to the law. This sentence may not be imposed if it obstructs the possibility of compensation of damages caused by criminal offence.
- (2) State is owner of the property forfeited unless a court decides otherwise upon promulgated international treaty by which the Slovak Republic is bound.
- (3) Community property of spouses terminates upon valid court's decision on forfeiture of property.

Section 60

Forfeiture of a thing

- (1) Court shall impose sentence of forfeiture of a thing that
 - a) was used to commit a criminal offence
 - b) was designated to commit a criminal offence
 - c) has been obtained by the offender as result of criminal offence or as reward for it
 - d) has been obtained by the offender in exchange for a thing stated under the par. c).
- (2) If a thing stated under par (1) is unreachable or unidentifiable, or it is mixed together with the offender's property or with another's property obtained in accordance with the law, then a court may impose forfeiture of a thing with the value corresponding with the value of that thing.
- (3) Unreachable thing means a thing that had been destroyed, damaged, lost, stolen, made impossible for use, consumed, hidden, transferred to another person with the aim of excluding such thing from the power of the law enforcement bodies, or a thing removed in any other manner or expenditures saved.
- (4) A thing pursuant to the par. (1) means also income obtained from criminal offence as well as profit, interests and any proceeds of such incomes or things.
- (5) Court may impose sentence of forfeiture of a thing only if such things belongs to the perpetrator.
- (6) State is owner of a thing forfeited unless decided otherwise by the court upon promulgated international treaty by which the Slovak Republic is bound.
- (7) Provision of the par 1 shall not apply if
 - a) a claim has arisen for damages to the injured party and forfeiture of a thing would be made impossible if a thing was forfeited

- b) value of a thing manifestly does not correspond with the seriousness of a minor offence, or
- c) court has decided on absolute discharge (release without imposing punishment) of the defendant.

Section 125

(1) Small damage means damage exceeding the amount 8000,- Sk. Larger scope of damage means an amount reaching at least ten multiples of such amount. Significant damage means hundred multiple of such amount. Significant damage means an amount reaching at least five multiples of such a sum. These criteria shall apply also to define an amount of profit, value of a thing and extent of a criminal act.

(3) If this Act requires in its separate part that as for the basic qualified facts/body of a crime, the causing of damage should be defined as property consequence of a criminal offence but, it does not state the amount of it, than it shall be supposed that the damage caused should be at least small.

Section 140 **Special motive**

Special motive means commission of a crime:

- a) to (purchase) order
- b) by revenge/vengeance
- c) with the intent of hiding or facilitating another criminal act
- d) upon national, ethnical or racial hatred or upon hatred for colour of skin, or
- e) on sexual motive.

Legalization of the proceeds from crime/money laundering

Section 233

(1) Any one shall be imposed sentence of deprivation of liberty within the term of two up to five years, who with the intention to conceal the existence of proceed from crime or of a thing obtained by crime, to conceal the designation or use for commission of crime of such thing or proceed, to obstruct the securing thereof for the purposes of criminal proceedings or the forfeiture or seizure thereof

a) shall transfer income or property generated from criminal activity to himself or to another, lends, borrows, makes bank transfer or transfer in foreign bank branch, imports, exports, transports, relocates, rents or otherwise procures for himself or for another, or

b) shall keep income or property generated from criminal activity in his possession, hides, uses, consumes, destroys, alters, damages it.

(2) Any one shall be imposed sentence of deprivation of liberty within the term of three up to eight years who commits the crime provided for in the par. 1

- a) for special motive, or
- b) and obtains major profit for himself or for another.

(3) The perpetrator shall be imposed sentence of deprivation of liberty within the term of seven to twelve years if he commits a crime described in the par. 1

- a) as public officer
- b) and he obtains major profit thereof or
- c) he commits it in more serious manner of acting.

(4) The offender shall be imposed sentence of deprivation of liberty within the term of twelve up to twenty years if he commits the crime described in the par. 1

- a) and he obtains significant profit for himself or for another
- b) in relation with the things generated/originating from trafficking in narcotic, psychotropic, nuclear or high risk chemical substances, weapons and people or from any other extremely serious crime or
- c) as member of dangerous group.

Section 234

(1) Any one shall be imposed the sentence of deprivation of liberty within the term of two up to eight years, who in breach of his duty resulting from his employment, vocation, position or function fails to announce or to report

- a) facts indicating that another person has committed a criminal offence of legalization of proceeds from crime pursuant to the Section 233, or
- b) unusual business operation.

(3) The act described in the par. 1 is not punishable if the perpetrator could not announce or report without putting at risk of criminal prosecution himself or a person close to him.

Code of Criminal Procedure

Section 95

Seizure of financial means

(1) If the facts found indicate that the financial means on bank account or in foreign bank branch or any other financial means are designated to commit a crime, or have been used to commit a crime or are generated from criminal activity, the presiding judge or prosecutor within preliminary proceedings may issue an order to seize financial means.

(2) If a case is urgent, prosecutor may issue an order pursuant to the par. 1 even prior to the commencement of criminal prosecution. A judge for preliminary proceedings has to confirm such order within 48 hours otherwise the order ceases to be valid.

(3) The order has to be issued in writing and it has to be motivated. The amount in respective currency shall be stated in it that the order applies on. Any disposal shall be prohibited in the order as for the financial means seized up to the amount of seizure unless presiding judge or prosecutor within preliminary proceedings decides otherwise.

(4) Seizure shall not apply to the financial means that represent necessities for life for the accused or for the persons subject to his duty to support pursuant to the law.

(5) If seizure of financial means for the purposes of criminal proceedings is not necessary any more, the seizure shall be cancelled. If it is not necessary as for the amount stated, seizure shall be limited. Presiding judge or prosecutor within preliminary proceedings shall decide on and issue the order to cancel or to limit the seizure.

(6) The order issued pursuant to the par. 1 or 2 shall always be delivered to the bank, foreign bank branch or to any legal entity or natural person which/who can dispose with the financial means, and after execution of the order, it shall also be delivered to the owner of the financial means. Owner of the financial means has the right to request for cancellation of such seizure; request shall be motivated.

(8) If seizure of financial means is necessary in the course of criminal proceedings to secure the injured party's claims for damages, the procedure shall be followed accordingly pursuant to the par. 1 to 6.

Section 96 **Seizure of registered securities**

(1) If facts found indicate that a registered security is designated to commit a crime, or has been used to commit a crime or has been generated from criminal activity, the presiding judge or prosecutor within preliminary proceedings may issue the order to register suspension of the right to dispose with a security.

(2) If a matter is urgent, the order pursuant to the par. 1 may also be issued by a prosecutor even before the commencement of criminal prosecution. Judge for preliminary proceedings shall confirm such order within 48 hours otherwise the order ceases to be valid.

(3) The order shall be delivered to the person responsible for registration of registered securities and, after the execution of the order it shall also be delivered to the owner of the securities. Owner of the registered security has the right to request for cancellation of the seizure; his request shall be motivated.

(4) If seizure of the registered security is not necessary any more for the purposes for criminal proceedings, the presiding judge or the prosecutor within preliminary proceedings shall immediately issue the order to cancel suspension of the right to dispose with the security.

(5) The order issued pursuant to the par. 1 and 2 shall be in writing and it shall be motivated.

(6) If there is a need to seize the registered security within criminal proceedings for the purpose of securing the injured person's claims for damages, the procedure shall be followed accordingly pursuant to the par. 1 to 5.

Section 129

Group of persons and organization

- (4) For the purposes of this Act, terrorist group means a structured group of at least three individuals which does exist for certain period of time with the objective of committing terror crime or criminal act of terrorism.
- (5) Activity carried out in favor of a terrorist group or of criminal group means intentional participation in such a group or any other intentional acting for the purpose of
 - a) maintaining the existence of a such group or
 - b) committing by such group of criminal acts mentioned in the par. 3 or 4.
- (6) Supporting criminal group or terrorist group means intentional acting consisting in providing means, services, cooperation or creating any other conditions for the purpose of
 - a) the establishing or maintaining existence of such group, or
 - b) committing by such a group of criminal acts mentioned in the par. 3 or 4.

Section 297

Establishing, plotting and supporting of a terrorist group

Any one shall be sentenced to deprivation of liberty within the term of eight up to fifteen years who establishes or plots a terrorist group, is a member of it or is acting in its favor or is supporting it.

ANNEX 4

Section 129

Group of persons and organization

- (7) For the purposes of this Act, terrorist group means a structured group of at least three individuals which does exist for certain period of time with the objective of committing terror crime or criminal act of terrorism.
- (8) Activity carried out in favor of a terrorist group or of criminal group means intentional participation in such a group or any other intentional acting for the purpose of
 - a) maintaining the existence of a such group or
 - b) committing by such group of criminal acts mentioned in the par. 3 or 4.
- (9) Supporting criminal group or terrorist group means intentional acting consisting in providing means, services, cooperation or creating any other conditions for the purpose of
 - a) the establishing or maintaining existence of such group, or
 - b) committing by such a group of criminal acts mentioned in the par. 3 or 4.

Section 297

Establishing, plotting and supporting of a terrorist group

Any one shall be sentenced to deprivation of liberty within the term of eight up to fifteen years who establishes or plots a terrorist group, is a member of it or is acting in its favor or is supporting it.

ANNEX 5 - Results of the controls of the obliged entities in 2007

	Number of onsite controls	Number of completed controls	Total number of controls in progress	Number of started administration procedures	Number of imposed sanctions	Total amount of imposed sanctions	Number of opinions to expositions	Decision of appeal authority	Total amount of payed sanctions	Number of incentives sent to other authority	Number of incentives to criminal prosecution
Jan	7	11	41	7	2	20000	2	0	30000	0	0
Feb	0	1	40	0	9	290000	0	4	0	0	0
Mar	3	9	34	1	0	0	1	1	365000	0	0
Apr	5	7	32	5	1	10000	3	0	161000	1	0
May	5	7	30	3	5	190000	0	1	50000	0	1
Jun	3	3	30	1	3	270000	3	1	41000	1	0
Jul											
Aug											
Sep											
Oct											
Nov											
Dec											
Total	23	38	28	17	20	780000	9	7	647000	2	1

ANNEX 6 - Results of the controls of the obliged entities in 2006

Period	Number of onsite controls	Results of the controls of the obliged entities in 2005				
		Number of controls without shortcomings	Number of controls where sanctions were imposed	Total amount of imposed sanctions in the administration procedure in SKK	Number of controls where incentive for impose sanction were sent to other authority	Number of controls where criminal prosecution was initiated
Jan.	7	2	0	0	0	0
Feb.	12	3	2	515000	0	0
Mar.	10	3	0	0	0	0
Apr.	8	3	7	350000	1	0
May	11	1	2	220000	1	1
Jun.	8	2	2	320000	0	2
Jul.	11	9	4	590000	0	0
Aug.	5	2	5	250000	1	0
Sep.	8	0	4	330000	0	0
Oct.	4	0	5	1055000	1	0
Nov.	9	2	2	500000	2	0
Dec.	4	3	2	70000	0	0
TOTAL	97	30	35	4200000	6	3

ANNEX 7 - Results of the controls of the obliged entities in 2005

Period	Number of onsite controls	Results of the controls of the obliged entities in 2006				
		Number of controls without shortcomings	Number of controls where sanctions were imposed	Total amount of imposed sanctions in the administration procedure in SKK	Number of controls where incentive for impose sanction were sent to other authority	Number of controls where criminal prosecution was initiated
Jan.	3	1	4	120000	1	0
Feb.	11	0	9	455000	0	0
Mar.	8	2	3	10000	0	0
Apr.	7	0	5	120000	0	0
May	11	0	0	0	0	0
Jun.	6	0	4	90000	0	0
Jul.	7	1	4	105000	0	0
Aug.	5	0	2	145000	0	0
Sep.	5	0	6	190000	0	0
Oct.	5	0	3	50000	0	0
Nov.	10	2	3	520000	0	0
Dec.	2	1	5	90000	0	0
TOTAL	80	7	48	1895000	1	0

ANNEX 8

Number of AML/CFT supervisions provided by the FIU

Year 2005	Year 2006	Year 2007
Bank – 5	Bank - 1	Bank - 1
Real-estate agency - 18	Real-estate agency - 21	Real-estate agency - 2
Leasing - 15	Leasing - 14	Leasing - 6
Lottery and other games - 2	Lottery and other games - 9	Lottery and other games - 2
Loan provider - 7	Loan provider - 3	Loan provider - 6
Executor - 4	Executor - 2	Executor - 2
Advocate - 4	Advocate - 5	High value goods dealer - 2
Exchange office - 9	Exchange office - 3	Notary for auctions - 2
Other obliged entities - 33	Other obliged entities - 22	

ANNEX 9

Statistics of information transmitted to other bodies by the FIU

	Information for Criminal prosecution	Information for other bodies of Bureau of Organised crime	Information for other parts of Police Corps	Information for Tax Authorities	Information for foreign FIUs
2004	N/A	85	40	105	21
2005	10	271	60	204	33
2006	10	118	125	305	63
30 Jun 2007	8	129	80	232	46