

Monaco

Fifth Round Mutual Evaluation Report Executive Summary

EXECUTIVE SUMMARY

1. This report summarises the anti-money laundering and counter-terrorist financing (AML/CFT) measures in place in the Principality of Monaco as at the date of the on-site visit from 21 February to 4 March 2022. It analyses the level of compliance with the 40 Recommendations of the Financial Action Task Force (FATF) and the level of effectiveness of Monaco's AML/CFT system, and provides recommendations on how this system could be strengthened.

Key findings

- a) The authorities of Monaco base their understanding of ML risks on the results of NRA 2, according to which obtaining property by deception/scamming, corruption and VAT and income tax evasion are the main ML predicate offences. However, some ML risks have not been adequately explored. The understanding of TF risks needs to be improved. An action plan has been developed on the basis of NRA 1 in the light of the risks identified, and some measures have been implemented effectively. The authorities appear to co-operate effectively at the operational level.
- b) The investigating authorities have mostly indirect access to financial intelligence and other information which they use to find evidence and locate proceeds of crime related to ML, TF and associated offences. SICCFIN (Financial Channels Supervisory and Monitoring Service) plays a central role in the financial intelligence system. Most STRs come from banks; the contribution from professionals in other at-risk sectors is still limited. SICCFIN and the GPO endeavour to provide support and practical guidance to persons subject to their authority. SICCFIN also develops strategic products; however, some major issues have not undergone any special analysis.
- c) The number of ML investigations is still modest, primarily due to an inadequate number of parallel financial investigations. Investigations and prosecutions are partially in line with most aspects of Monaco's risk profile, but gaps remain with regard to complex cases. To a certain extent, Monaco has demonstrated its ability to secure convictions for ML involving

proceeds of crime generated abroad and stand-alone ML convictions, but this does not cover ML acts committed by third parties, which is a significant deficiency given Monaco's status as an international centre. The sanctions that have been put in place are proportionate but not effective or dissuasive, and they have only been imposed once.

- d) Monaco has made efforts over the last few years to improve effectiveness in relation to asset recovery which have led to an increase in the implementation of provisional measures. However, the number of confiscation measures ordered is still very low and they do not concern property of corresponding value or property held by a third party. The confiscations achieved are not in line with Monaco's ML risk profile.
- e) There have been no convictions or prosecutions for TF in Monaco, which appears to be consistent with the country's risk profile to a certain extent. The country's authorities have undertaken TF training but lack specific procedures in this area and have been unable to demonstrate their full capacity to identify potential cases of TF. The only relevant investigation, which is still ongoing, has been dealt with as a matter of priority by the authorities, who have explored various aspects of the case. Co-operation between competent authorities appears to be adequate; however, the lack of information-sharing with the French customs authorities is proving to be a major deficiency in practice.
- f) Overall, Monaco's legal framework is appropriate for the implementation of TF/PF-related TFS at the international, European and national levels. The new system is beginning to demonstrate its effectiveness. However, delays were observed in the transposition of designations until May 2021, and this is having an impact on the mechanism's effectiveness. Although large FIs have a satisfactory understanding of their obligations in relation to TF/PF-related TFS, the implementation of this system needs to be improved for smaller FIs and for DNFBPs. As for the non-profit sector, a key milestone was reached when the first sector risk assessment was formalised on 25 February 2022.
- g) FIs have a knowledge of the main ML risks in Monaco, which are mentioned in NRA 2, though few were able to explain more specifically those related to the characteristics of their client portfolios or activity profile. All FIs implement identification and identity verification measures when forming relationships and perform ongoing due diligence on the business relationship for its entire duration. The existence of regulatory deficiencies in relation to beneficial owners and PEPs creates weaknesses which affect all financial and non-financial sectors. The implementation of measures to freeze assets and economic resources is satisfactory on the whole, but varies from sector to sector.
- h) The effectiveness of market entry controls is good overall, if variable from sector to sector. The three supervisors' understanding of the risks associated with the majority of FIs and DNFBPs under their supervision is deficient. While the on-site inspections carried out by SICCFIN appear to be adequate, they have only been carried out on the basis of a risk-based approach since recently (2019). SICCFIN's Supervision Unit suffers from a significant shortage of human resources and IT tools suitable for its tasks. Over the period under review, Monaco's supervision policy was more similar to AML/CFT obligation awareness-raising than to supervision in line with international standards including the use of sanctions.

- i) The authorities' understanding of ML/TF risks associated with legal persons and legal arrangements is fairly satisfactory as far as activities pursued by different forms of companies are concerned, but is still limited in relation to the way in which legal persons are or may be misused for ML/TF. In the great majority of cases, the authorities have access via public registers to basic information on commercial companies. With regard to beneficial owners, the authorities access information held by FIs and DNFBPs by making requests while waiting to be able to view it in the RBO (Register of Beneficial Ownership) or the RdT (Register of Trusts), which are in the process of being completed. Most sanctions in relation to obligations to declare information, including with regard to changes, are not dissuasive and are rarely imposed.
- j) Although the law enforcement authorities endeavour to fulfil requests for MLA in a satisfactory manner, a large number of major and unusual legislative obstacles impede Monaco's international co-operation. Competent authorities seek co-operation from foreign counterparts to a certain extent, though this is limited in the light of the jurisdiction's risk and context. SICCFIN's response times when replying to its counterparts are inappropriate in a financial intelligence context. Police co-operation is adequate, but the shortcomings in relation to identification of beneficial owners have an impact in practice. Co-operation in relation to supervision is still modest at this stage.

Risks and general situation

2. Monaco faces a significant ML risk originating mainly from external threats. This is due to the proportion of internationally oriented financial activities that offer a wide range of products and financial services, including in relation to wealth management. In addition, real property and the trade in property of high value, especially luxury items, are important sectors of Monaco's economy. In addition, NRA 2 indicates that obtaining property by deception or scamming¹ in its widest sense (including fraud, misappropriation, forgery and use of forged documents with intent to defraud and embezzlement) is the main ML predicate offence, ahead of corruption and trafficking in influence.²

3. Monaco, which is renowned for its safety, faces a low risk of terrorism. However, the authorities do not rule out this risk as they believe that the threat of terrorism has spread to the whole of the western world. As regards the TF risk, in view of Monaco's status as an international financial place, NRA 2 reasonably mentions the likelihood that funds may be raised abroad to finance attacks in other countries by exploiting Monaco's financial system.

Overall level of effectiveness and technical compliance

4. The effectiveness of Monaco's AML/CFT system is uneven. The vulnerabilities of FIs and DNFBPs are well understood by the authorities, but the risk analysis requires improvements. The outcomes achieved in relation to ML investigations and prosecutions, confiscation of proceeds of crime and international co-operation are inadequate. More satisfactory outcomes have been achieved in the areas of TF investigations and prosecutions, the use of financial intelligence and other information, the transparency of legal persons, and the application of targeted financial sanctions TFS.

¹ crimes of dishonesty

² NRA 2021, p. 143

However, significant improvements are needed to strengthen supervision and the implementation of preventive measures (especially for DNFBPs).

5. In terms of technical compliance, Monaco has widely implemented FATF's six main Recommendations³ with the exception of TFS. It has a robust legal framework in relation to preventive measures applied by FIs and DNFBPs. However, some technical improvements need to be made in terms of supervision and transparency of legal persons, and to a lesser extent, the legal provisions concerning international co-operation.

Assessment of risk, co-ordination and policy setting (Chapter 2; IO.1; R.1, 2, 33 & 34)

6. Monaco has done a considerable amount of work to identify the ML/TF risks to which it is exposed. A second national risk assessment was adopted in 2021 (NRA 2). However, further analysis is needed regarding some sectors (casino, CSPs, trusts and virtual assets) and threats (organised crime, external threats). The authorities' understanding of ML/TF risks is also limited by a lack of information, particularly on the financial flows into and out Monaco, which impact the relevance of some findings in NRA 2.

7. An action plan following NRA 1 was developed in the light of the risks identified, and some measures have been effectively implemented. The national AML/CFT/CFP Strategy following on from NRA 2 was adopted by the government on 26 January 2022 and includes some measures designed to reallocate resources based on risks. However, the Strategy does not address the risks identified *per se*. Furthermore, due to its recent adoption, resource reallocation had not been implemented at the time of the on-site visit. Lastly, the authorities have not yet finished developing an action plan on the basis of this Strategy, whose measures have not yet been quantified, targeted or prioritised.

8. Various liaison committees and contact groups facilitate communication and co-operation between the authorities in relation to AML/CFT at the operational and strategic levels. Co-operation and co-ordination in relation to proliferation did not appear to have been taken into account in the existing mechanisms. However, a new Co-ordination and Follow-up Committee for the National Strategy for Tackling ML/TF, Proliferation of Weapons of Mass Destruction and Corruption (hereafter Co-ordination Committee), where the competent authorities are well represented, was established a few days before the on-site visit.

Financial intelligence, ML and confiscation (Chapter 3; IO.6-8; R.3, 4, 29-32)

Use of financial intelligence

9. The investigative authorities have mainly indirect access to financial intelligence and other relevant information which they use during investigations. Information held by regulated persons is obtained with a certain delay. SICCFIN is a key source of financial intelligence; however, the authorities do not seem to consult it extensively during their investigations.

10. The GPO receives and uses of reports sent by SICCFIN, which produces in-depth and high-quality operational analyses. The investigative authorities welcome the improvement in reports from SICCFIN. Over the period under review, there were some cases where financial intelligence – most of it originating from reports from SICCFIN – led to successful ML investigations and prosecutions.

11. Suspicious transaction reports (STRs) mainly come from the financial sector, particularly from banks. The contribution from professionals in risk sectors is still limited. The authorities report that

³ R.3, R.5, R.6, R.10, R.11, R.20

the quality of the STRs has improved, particularly from certain sectors (banks, casinos and chartered accountants); however, they also talk of some outstanding problems, particularly in the non-financial sector. Considerable delays in the filing of STRs were noted by the assessment team (AT) following the on-site interviews. The authorities have not taken commensurate measures to address this issue.

12. SICCFIN suffers from a significant lack of human and technological resources. Despite this, it produces strategic material, which is widely used by the regulated entities, particularly on understanding the ML risks. However, some major problems (such as delays in the submission of STRs and risks relating to TF) have not been the subject of a strategic analysis by SICCFIN.

Investigation and prosecution of ML

13. The number of prosecutions for ML is low due to significant delays in the progress of investigations. This lack of progress is partly due to delays in obtaining mutual legal assistance from other countries, coupled with inherent issues in Monaco's system (particularly with regard to the limited investigating powers of the Prosecutor General (PG) and, to a lesser extent, the Financial Investigations Section (SEF), as well as the lack of time limits for filing an appeal). In addition, there are no written policies or procedures for the prioritisation of investigations based on risks, nor any guidelines on the processing of ML investigations.

14. Investigations and prosecutions are only partly consistent with most aspects of Monaco's risk profile, with particular shortcomings in respect of complex cases. The number of convictions is very low. This is the result both of the low number of prosecutions and of a modest conviction rate deriving from evidentiary difficulties. Although an ML presumption mechanism was established in 2018, to date its use has been very limited, with only one conviction handed down in reliance on the presumption since its introduction. There have been no convictions for third-party ML or in complex cases involving legal persons.

Confiscation

15. Monaco has made efforts to improve effectiveness in asset recovery. However, there is no strategy or official policy in place. With regard to ML, as a result of the low number of convictions, very few confiscation orders have been made. Furthermore, none of the orders covers property of equivalent value or property held by third parties. As to the proceeds of predicate offences, powers of confiscation are limited and there are no visible results in practice.

16. Provisional measures are implemented, but only to a modest extent. This is mainly due to the difficulties and delays in identifying and locating assets and implementing provisional measures, as a result of the GPO's limited powers. In addition, the authorities lack mechanisms and sufficient resources to manage seized assets. There are no instances of the confiscation of instrumentalities of money laundering or predicate offences.

17. The authorities have adopted a proactive, targeted approach towards identifying undeclared or falsely declared cross-border transportation of cash and bearer instruments, which seems on the whole to work in practice. However, co-operation with French counterparts is not fully developed and the authorities' resources to detect cases are limited in some respects. In addition, the application of provisional measures is also still very limited because of the inherent shortcomings in the legal system. To date the authorities' efforts have led only to one case in which measures to recover undeclared assets were ordered.

Terrorist and proliferation financing (Chapter 4; IO.9-11; R.5-8)

Investigation and prosecution of TF

18. There have been no prosecutions or convictions for TF in Monaco. While this appears to be consistent to an extent with Monaco's risk profile, there are some gaps in the TF risk analysis (see IO.1) that prevent the assessment team from concluding with certainty that it is fully justified.

19. Over the period under review, the GPO dealt with two cases concerning potential links to TF; one turned out to be an ML case and was closed, while the other is still being investigated. The competent authorities have explored various aspects of this case. It does not fit the typologies identified in NRA 2 and has not prompted the authorities to review their understanding of the risks.

20. The competent authorities have received some useful CFT training; however, they do not have specific procedures or guides in this area, and in practice they have not been able to demonstrate full capacity to identify potential TF cases.

Preventing terrorists from raising, moving and using funds

21. Monaco's legal framework enables the implementation of TFS under the UNSCRs. Since the May 2021 reform, TF-related TFS have been implemented via Ministerial Decisions which enter into force upon publication by the DBT on the Government of Monaco website. This new framework has reduced the delays that were liable to occur under the previous system, in particular through the automatic adoption of UN lists, provided that the Ministerial Decision is timely published.

22. The general level of understanding of TF-related TFS obligations and their implementation appear to be satisfactory in the private sector even though some professionals, particularly in the non-financial sector, do not receive specific guidance or training from the supervisory authorities.

23. Monaco carried out an initial assessment of non-profit sector risks which was formalised in February 2022.⁴ However, due to its recent adoption, the assessment could not be used to construct a risk-based approach (RBA). The existing awareness-raising and supervision measures cannot be regarded as proportionate and targeted. In addition, there is no formal and sustained co-ordination between all departments and directorates involved in the authorisation or supervision of non-profit organisations (NPOs).

24. No positive matches with persons designated under the relevant UNSCRs have been identified; consequently, no asset-freezing measures have been implemented.

Financial sanctions related to the financing of proliferation

25. The mechanism for implementing PF-related TFS is similar to the TF mechanism. Obligated entities understand their basic PF-related TFS obligations. No PF fund-freezing measures have been taken under these resolutions.

26. As with TF-related TFS, implementation of these obligations varies according to the sector. While the larger FIs have automated tools enabling designated persons and entities to be identified quickly, other smaller FIs and the majority of DNFBPs perform semi-automatic or manual checks and have encountered a few difficulties that may impact the frequency and scope of these checks.

27. The supervisory authorities have not issued any guidelines or guidance or provided any special training on PF or PF-related TFS. Off-site checks and on-site inspections are still limited and where breaches are identified the recommendations made are generally not followed up.

⁴ Formalised on 25 February 2022, during the on-site visit.

Preventive measures (Chapter 5; IO.4; R.9-23)

28. FIs have a moderate understanding of ML/TF risks. At the time of the on-site visit, they were aware of the findings set out in NRA 2 and the latest generic guidelines, but they had not yet taken action in terms integrating them in their own internal documents. Very specific risks associated with wealth management and mandated management or emerging risks (virtual assets) were mentioned by the banks.

29. Mitigation measures and due diligence by FIs seem to be effective to a certain extent, both for clients at increased risk and for standard clients. It should be noted, however, that there are some limitations in relation to updating internal risk analyses and procedures and dealing with PEPs (see R.12). In the case of DNFBPs, standard due diligence is not sufficiently implemented.

30. DNFBPs, with the exception of the casino sector, have a recent risk understanding which is an area for improvement, while their risk-based approach is generally limited to a few risk factors. Among DNFBPs, only legal and accounting professionals and company service providers (CSPs) check the BO control chain, when they fulfil legal obligations pertaining to companies or asset management.

31. All FIs have an internal control framework based on programmes and systems to ensure compliance with AML/CFT due diligence obligations, with three lines of defence. For DNFBPs, the internal control function is generally less sophisticated, with, at a minimum, four-eye review of transactions.

32. The number of STRs originating from the banking sector can be considered fairly satisfactory, although the large number of defensive reporting and excessively long transmission times raise questions about their quality. The number of STRs filed by casinos and jewellers is still limited even though these two sectors make up the majority of DNFBPs' customers.

Supervision (Chapter 6; IO.3; R.14, 26-28, 34-35)

33. Fit and proper checks on FIs and DNFBPs operated by an individual acting in a personal capacity or run in the form of companies (except joint-stock companies) are effective on the whole. However, no checks are carried out in the event of a change in shareholders, and hence potentially also beneficial owners (the BO definition is restrictive (see also c.10.10)), of joint-stock companies where they are not also approved by the ACPR (French Prudential Supervisory and Resolution Authority) or the CCAF (Financial Activities Supervisory Commission). Minor deficiencies have been identified in relation to checks carried out on persons holding managerial positions. While checks are performed on persons based abroad (e.g. within a parent company), this is not the case where these persons do not have a contract of employment in Monaco. However, these latter deficiencies do not concern financial companies subject to approval by the CCAF.

34. A risk-based approach (RBA) to supervision has been in place since 2019 for banking, management companies, estate agents and TCSPs, which makes it possible to determine the frequency of checks. Controls cover all professional obligations and their intensity is not determined by the RBA. SICCFIN encounters difficulties in gathering and using the necessary data from the supervised entities, which impacts its ability to carry out a targeted risk-based supervision. There is no risk-based supervision for other types of FIs and DNFBPs.

35. Sanctions are imposed on FIs and DNFBPs following on-site inspections revealing serious, repeated or systematic breaches of all or some of their AML/CFT obligations. The power to impose sanctions is held by the Prime Minister with regard to FIs and DNFBPs under the supervision of

SICCFIN, and he is not required to implement sanctions proposed by CERC (Audit Review Commission). The sanction process is lengthy, as sanctions are imposed two to five years after the date of the on-site inspection. In addition, they are not proportionate to the severity of the breach or size or revenue and are neither effective nor dissuasive. With regard to professionals under the supervision of the GPO or the Chairperson of the Monaco Bar Association, no sanctions have been imposed for AML/CFT breaches.

Transparency of legal persons and legal arrangements (Chapter 7; IO.5; R.24-25)

36. Detailed information about on how various types of companies are formed is publicly available in Monaco.

37. According to the assessment of ML/TF risks associated with companies, civil-law partnerships (*sociétés civiles*), which make up 79% of companies in Monaco, and particularly those operating in the real property sector, are at the greatest risk of ML/TF, followed by limited liability companies in the yachting sector, those in the financial or real property sectors, and then Monegasque joint-stock companies (*sociétés anonymes monégasques*). Various effective risk mitigation measures are in place for commercial companies (such as the company authorisation system, the obligation of establishing a registered office and the obligation to provide financial statements for certain types of companies).

38. A register of beneficial ownership (RBO) and a register of trusts (RdT) have been put in place and are in the process of being completed. Although registration was required by 2020, only 31% of civil-law partnerships and 78% of commercial companies have declared their BO to the RBO. A total of 66 trusts have been declared to the RdT. The efforts that are being made to encourage compliance are not sufficiently effective and no sanctions have been imposed. Associations and foundations are not subject to an obligation to register their BO in the RBO. Other than SICCFIN in the case of the RBO, the competent authorities do not have access to information in the RBO and the RdT. The RBO and the RdT cannot be viewed as measures to improve the transparency of legal persons in Monaco given the disproportionate legal and practical constraints on access to information for FIs, DNFBPs and third parties.

39. The sanctions available for breaches of declaration and registration obligations, including with respect to changes, are not dissuasive given the small amounts, which are still in francs in some cases, and little use is made of them.

International co-operation (Chapter 8; IO.2; R.36-40)

40. The judicial authorities in Monaco receive MLA requests and perform search measures adequately. However, domestic law establishes particularly major and unusual obstacles to the return of MLA requests to requesting countries, such as the retention of documents in Monaco for two months, which in practice wipes out the authorities' efforts to co-operate and may seriously hinder investigations abroad.

41. As for extradition, Monaco refused more than one in two requests over the assessment period. This is mainly due to the restrictive interpretation of the dual criminality requirement and excessive and unreasonable procedural requirements.

42. Monaco generally seeks co-operation from its counterparts for investigative measures, although to an extent that is limited given the jurisdiction's risk profile and context. It made only a few requests to freeze or seize property abroad over the period, although there is now an upward trend.

It made no requests for confiscation even though, in two cases that led to convictions, the property had left Monaco.

43. SICCFIN co-operates with counterparts, but with unusually lengthy response times in a financial intelligence context. This is mainly the result of difficulties in accessing data held by regulated entities. SICCFIN makes few requests to its counterparts in the light of the jurisdiction's risk profile. The DSP (Police Department) appears to co-operate with its counterparts. International co-operation in relation to supervision is still modest at this stage.

Priority actions

Monaco should:

Supervision and preventive measures

a) Strengthen supervision of FIs and DNFBPs by:

- Improving the risk-based supervision approach in place for banks, management companies, estate agents and TCSPs and by implementing a risk-based approach for AML/CFT supervision for all other types of FIs and DNFBPs and carry out risk-based off-site and on-site inspections;
- Significantly enhancing SICCFIN's staffing by recruiting and training officers on AML/CFT supervision, and by providing IT resources and tools for the use of gathered information in order to ensure a risk-based approach.

b) Strengthen enforcement and sanctioning powers for breaches of professional AML/CFT obligations by:

- Ensuring that supervisory authorities have powers to impose and enforce penalties for breaches of AML/CFT obligations;
- Ensuring that the sanction system applies to simple breaches and breaches identified during off-site monitoring;
- Imposing proportionate and dissuasive sanctions within a reasonable period of time.

c) Align the BO definition with the FATF's definition. Extend professional good character and integrity checks to all members of governance bodies, shareholders, BO and persons holding managerial or key positions for all types of companies pursuing FI or DNFBP activities. Implement periodic checks on these persons after authorisation has been obtained.

d) Issue guidelines for wealth management and private banking, which pose major risks, in order to promote a uniform risk-based approach, particularly in terms of internal analysis and risk classification.

International co-operation

e) Remove the fundamental obstacles to the effective and timely provision of formal international assistance, in particular by:

- Derogating from the two-month retention period for MLA requests foreseen in Article 204-1 of the Code of Criminal Procedure (CCP);
- Making MLA requests confidential, as required by relevant international standards;

- Not imposing excessive requirements such as restrictions on extradition.

f) Significantly improve SICCFIN delays to respond to foreign counterparts so that they are appropriate in an informal FIU co-operation context.

Tackling ML and confiscation

g) Encourage investigative authorities to make systematic and full use of financial intelligence in ML and profit-generating offences investigations. Facilitate access for competent authorities to the relevant registers.

h) Draw up guidelines or methodological guidance for investigative authorities with regard to:

- The use of financial intelligence;
- The identification of potential ML cases;
- A risk-based prioritisation of investigations;
- Requests for international assistance in all ML, associated predicate offences and TF cases where there is an international link. Particular attention should be paid to the seizure and confiscation of property located abroad.

i) Ensure that SICCFIN has human and technical resources that are consistent with the risk profile and context of the jurisdiction in order to successfully carry out operational and strategic analysis.

j) Extend the General Prosecutor's Office (GPO) investigative powers, including coercive powers, in order to (i) enable property to be identified and located, and (ii) implement provisional measures. A time limit for filing an appeal should be introduced.

k) Establish a formal strategy or policy in order (i) to carry out asset recovery and management (including in relation to proceeds and instrumentalities of predicate offences); and (ii) to encourage the law enforcement agencies to identify and implement provisional measures with a view to confiscating proceeds of crime.

Risk understanding

l) Refine its national risk assessment in order to include:

- A more detailed TF risk assessment, having greater regard to relevant indicators.
- ML and TF risks associated with all of the different types of legal persons in Monaco by (i) analysing vulnerabilities in relation to obstacles to transparency of legal persons in Monaco, (ii) integrating certain additional weaknesses, such as those connected with the types of persons (natural/legal) who are members of the board of directors and shareholders/members of a legal person and with the geographical origin of members/shareholders and BO;
- A more detailed analysis of risks associated with certain sectors and activities (casino, CSPs, trusts and virtual assets) and threats (organised crime);
- A more in-depth and detailed analysis, distinguishing between internal and external threats;

- The risk linked to the financial sector being used to launder proceeds of income tax evasion and other types of tax offences not criminalised in Monaco which are committed abroad.

Tackling TF

- m) Enhance the capacity of all the competent authorities to detect and investigate potential TF cases, including through appropriate CFT procedures (including parallel financial analysis in potential cases of terrorism) which would be distinct from procedures applicable in ML cases.

TF- and PF-related TFS and NPOs

- n) Remedy the technical deficiencies identified in relation to the new TFS implementation mechanism, mainly in order to eliminate the risk of freezing measures being lifted.
- o) Put in place an effective communication mechanism, including through a system of automatic notification of FIs and DNFBPs upon publication of updates to lists.
- p) Apply targeted and proportionate measures to NPOs identified as being at risk of TF abuse following risk-based approach, notably by ensuring that awareness-raising is sustained and targeted and by coordinating a supervising process commensurate with the risks

Transparency of legal persons

- q) Continue with efforts to increase the transparency of legal persons by:
- Ensuring that the RBO and the RdT are complete (including by adding BO information for associations and foundations), removing obstacles to accessing these registers by FIs and DNFBPs;
 - Adopting legal provisions requiring the registration of basic information in the register of associations and foundations;
 - Implementing effective measures to maintain all the basic information pertaining to (i) commercial companies registered in the RCI (Trade and Industry Registry) and civil-law partnerships in the RSC (Register of Civil-law Partnerships); (ii) the register of associations and foundations; (iii) the RBO and RdT.

Effectiveness and technical compliance ratings

Effectiveness ratings⁵

IO.1 – Risk, policy and co-ordination	IO.2 – International co-operation	IO.3 – Supervision	IO.4 – Preventive measures	IO.5 – Legal persons and arrangements	IO.6 – Financial intelligence
Moderate	Moderate	Low	Moderate	Moderate	Moderate
IO.7 – ML investigation and prosecution	IO.8 – Confiscation	IO.9 – TF investigation and prosecution	IO.10 – TF preventive measures and financial sanctions	IO.11 – PF financial sanctions	
Low	Low	Moderate	Moderate	Moderate	

⁵ Immediate outcome effectiveness ratings: High, Substantial, Moderate and Low.

Technical compliance ratings⁶

R.1 – Assessing risk & applying risk-based approach	R.2 – National co-operation and co-ordination	R.3 – Money laundering offence	R.4 – Confiscation and provisional measures	R.5 – Terrorist financing offence	R.6 – Targeted financial sanctions – terrorism & terrorist financing
LC	LC	LC	PC	LC	PC
R.7 – Targeted financial sanctions – proliferation	R.8 – Non-profit organisations	R.9 – Financial institution secrecy laws	R.10 – Customer due diligence	R.11 – Record keeping	R.12 – Politically exposed persons
PC	PC	LC	LC	LC	PC
R.13 – Correspondent banking	R.14 – Money or value transfer services	R.15 – New technologies	R.16 – Wire transfers	R.17 – Reliance on third parties	R.18 – Internal controls and foreign branches and subsidiaries
LC	C	PC	LC	LC	LC
R.19 – Higher-risk countries	R.20 – Reporting of suspicious transactions	R.21 – Tipping-off and confidentiality	R.22 – DNFBPs: Customer due diligence	R.23 – DNFBPs: Other measures	R.24 – Transparency & BO of legal persons
LC	C	C	LC	PC	PC
R.25 – Transparency & BO of legal arrangements	R.26 – Regulation and supervision of financial institutions	R.27 – Powers of supervision	R.28 – Regulation and supervision of DNFBPs	R.29 – Financial intelligence units	R.30 – Responsibilities of law enforcement and investigative authorities
PC	PC	PC	PC	LC	C
R.31 – Powers of law enforcement and investigative authorities	R.32 – Cash couriers	R.33 – Statistics	R.34 – Guidance and feedback	R.35 – Sanctions	R.36 – International instruments
PC	LC	LC	PC	PC	LC
R.37 – Mutual legal assistance	R.38 – Mutual legal assistance: freezing and confiscation	R.39 – Extradition	R.40 – Other forms of international co-operation		
PC	LC	LC	LC		

⁶ Technical compliance ratings can be Compliant (C), Largely Compliant (LC), Partially Compliant (PC) and Non-compliant (NC). Some recommendations may be Not Applicable (N/A).

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

© MONEYVAL

www.coe.int/MONEYVAL