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

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Anti-money laundering and counter-terrorist financing measures

Slovenia

6th Enhanced Follow-up Report & Technical Compliance Re-Rating

December 2023

Follow-up report

The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism - MONEYVAL is a permanent monitoring body of the Council of Europe entrusted with the task of assessing compliance with the principal international standards to counter money laundering and the financing of terrorism and the effectiveness of their implementation, as well as with the task of making recommendations to national authorities in respect of necessary improvements to their systems. Through a dynamic process of mutual evaluations, peer review and regular follow-up of its reports, MONEYVAL aims to improve the capacities of national authorities to fight money laundering and the financing of terrorism more effectively.

The 6th Enhanced Follow-up Report and Technical Compliance Re-Rating on Slovenia was adopted by the MONEYVAL Committee at its 66th Plenary Meeting (Strasbourg, 15 December 2023).

Slovenia: 6th Enhanced Follow-up Report

I. INTRODUCTION

1. The mutual evaluation report (MER) of Slovenia was adopted in June 2017. Given the results of the MER, Slovenia was placed in enhanced follow-up.[1] Its 1st enhanced follow-up report (FUR)[2] with technical compliance re-ratings (TCRR) was adopted in December 2018, the 2nd enhanced FUR[3] with TCRR was adopted in December 2019. The 3rd enhanced FUR[4] with TCRR was adopted in April 2021, the 4th enhanced FUR[5] with TCRR was adopted in May 2022 and its 5th enhanced FUR[6] with TCRR in May 2023. This 6th FUR analyses Slovenia's progress in addressing the technical compliance (TC) deficiencies identified in its MER or subsequent FURs. Re-ratings are given where sufficient progress has been made. Overall, the expectation is that countries will have addressed most if not all TC deficiencies by the end of the third year from the adoption of their MER. This report does not address what progress Slovenia has made to improve its effectiveness.

2. The assessment of Slovenia's request for technical compliance re-ratings and the preparation of this report were undertaken by the following rapporteur, together with the MONEYVAL Secretariat:

- Georgia

3. Section II of this report summarises Slovenia's progress made in improving technical compliance. Section III sets out the conclusion and a table showing which Recommendations have been re-rated.

II. OVERVIEW OF PROGRESS TO IMPROVE TECHNICAL COMPLIANCE

4. This section summarises the progress made by Slovenia to improve its technical compliance by:

a) Addressing the technical compliance deficiencies identified in the MER and applicable subsequent FUR for which the authorities have requested a re-rating (R. 5).

5. This report takes into consideration only relevant laws, regulations or other anti-money laundering and combating financing of terrorism (AML/CFT) measures that are in force and effect at the time that Slovenia submitted its country reporting template – at least six months before the FUR is due to be considered by MONEYVAL.[7]

1. Regular follow-up is the default monitoring mechanism for all countries. Enhanced follow-up involves a more intensive process of follow-up.
2. First enhanced follow-up report, available at https://rm.coe.int/committee-of-experts-on-the-evaluation-of-anti-money-laundering-measur/168092dce1.
3. Second enhanced follow-up report, available at https://rm.coe.int/anti-money-laundering-and-counter-terrorist-financing-measures-sloveni/1680998aa9.
4. Third enhanced follow-up report, available at https://rm.coe.int/moneyval-2021-5-fur-slovenia/1680a29c71.
5. Fourth enhanced follow-up report, available at https://rm.coe.int/fur-slovenia-4th/1680a6d983.
6. Fifth enhanced follow-up report, available at https://rm.coe.int/moneyval-2023-3-fur-slovenia-2769-1831-2968-v-1/1680abb7c9.
7. This rule may be relaxed in the exceptional case where legislation is not yet in force at the six-month deadline, but the text will not change and will be in force by the time that written comments are due. In other words, the legislation has been enacted, but it is awaiting the expiry of an implementation or transitional period before it is enforceable. In all other cases the procedural deadlines should be strictly followed to ensure that experts have sufficient time to do their analysis.

II.1 Progress to address technical compliance deficiencies identified in the MER and applicable subsequent FURs

6. Slovenia has made progress to address the technical compliance deficiencies identified in the MER and applicable subsequent FURs. As a result of this progress, Slovenia has been re-rated on Recommendation 5.

7. Annex A provides the description of Slovenia's compliance with each Recommendation that is reassessed, set out by criterion, with all criteria covered. Annex B provides the consolidated list of remaining deficiencies of the re-assessed Recommendations.

III. CONCLUSION

8. Overall, in light of the progress made by Slovenia since the adoption of its 5th enhanced FUR, its technical compliance with the Financial Action Task Force (FATF) Recommendations has been re-rated as follows:

Table 1. Technical compliance with re-ratings, December 2023[8]

R.1	R.2*	R.3	R.4	R.5
LC (FUR4 2022) ~~PC (MER)~~	LC (FUR2 2019) ~~LC (MER)~~	LC (MER)	LC (MER)	**LC (FUR6 2023)** ~~PC (FUR4 2022)~~ ~~PC (MER)~~
R.6	R.7	R.8	R.9	R.10
LC (FUR3 2021) ~~PC (MER)~~	LC (FUR3 2021) ~~PC (FUR1 2018)~~ ~~PC (MER)~~	LC (FUR3 2021) ~~PC (MER)~~	LC (MER)	LC (MER)
R.11	R.12	R.13	R.14	R.15*
C (MER)	C (FUR3 2021) ~~PC (MER)~~	LC (FUR3 2021) ~~PC (MER)~~	C (MER)	LC (FUR5 2023) ~~PC (FUR4 2022)~~ ~~PC (FUR3 2021)~~ ~~C (MER)~~
R.16	R.17	R.18*	R.19	R.20
C (FUR1 2018) ~~PC (MER)~~	LC(MER)	LC (FUR1 2018) ~~LC (MER)~~	LC (MER)	C (MER)
R.21*	R.22	R.23	R.24	R.25
C (FUR1 2018) ~~C (MER)~~	LC (MER)	LC (MER)	LC (MER)	LC (MER)
R.26	R.27	R.28	R.29	R.30
LC (FUR3 2021) ~~PC (MER)~~	C (MER)	LC (FUR3 2021) ~~PC (MER)~~	C (MER)	C (MER)
R.31	R.32	R.33	R.34	R.35
LC (MER)	LC (FUR5 2023) ~~PC (FUR4 2022)~~ ~~PC (MER)~~	LC (MER)	C (MER)	C (MER)
R.36	R.37	R.38	R.39	R.40
LC (MER)	LC (MER)	LC (MER)	LC (MER)	LC (MER)

Note: There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

9. At its 63rd Plenary, MONEYVAL concluded that Slovenia had not reached the general expectation to address most, if not all, of the technical compliance deficiencies within 3 years after the adoption of its MER. The 5th round MER was adopted in June 2017 and in line with Rule 21 (8), it was expected that Slovenia addresses most of its technical compliance deficiencies by April 2021.

8. Recommendations with an asterisk are those where the country has been assessed against the new requirements following the adoption of its MER or FUR.

Nevertheless, despite significant progress achieved by the country in addressing the technical compliance deficiencies, Recommendations 5, 15, and 32 remained rated PC. In this regard, the Plenary agreed to apply Step 1 of Compliance Enhancing Procedures. The Secretary General of the Council of Europe sent a letter to the Minister of Justice on 1st July 2022, drawing her attention to the outstanding deficiencies in Slovenia's AML/CFT system.

10. At its 64th Plenary, MONEYVAL adopted amendments to Rule 23 (1) of the Rules of Procedure regarding jurisdictions under regular or enhanced follow-up, which have implemented all 40 Recommendations at the level of LC/C that no further reporting shall be required.

11. Considering Slovenia's recent progress with respect to the criminalisation of terrorist financing, R. 5 was upgraded to LC.

12. Slovenia has achieved LC/C ratings for all 40 Recommendations therefore no further reporting shall be required under MONEYVAL's 5th round of evaluations. In addition, the application of Step 1 of Compliance Enhancing Procedures shall be terminated.

Annex A: Reassessed Recommendations

Recommendation 5 - Terrorist financing offence

	Year	Rating and subsequent re-rating
MER	[2017]	[PC]
FUR1	[2018]	[PC]
FUR2	[2019]	[PC]
FUR3	[2021]	[PC]
FUR4	[2022]	[PC] (upgrade requested)
FUR5	[2023]	[↑ LC] (upgrade requested)

1. In the 2010 MER, Slovenia was rated largely compliant on former Special Recommendation II. Slovenia had not criminalised Terrorist Financing (TF) as broad as required by the UN TF Convention and there was no separate incrimination of the financing of an individual terrorist or terrorist organisation. In the 5th round MER Slovenia was rated PC with R. 5. In the context of its 6th follow-up report, Slovenia has requested an upgrade for R. 5 due to some legislative changes to the TF offence.

2. **Criterion 5.1** – Art. 109 (1) of the Criminal Code (CC) criminalises anyone who provides or collects money or property in order to partly or wholly finance the committing of offences under Art. 108 (Terrorism [including participation in a terrorist organisation]), Art. 110 (Incitement and public glorification of terrorist activities), Art. 111 (Conscripting and training for terrorist activities), Art. 307 (Illicit manufacturing of and trafficking in weapons or explosives), Art. 329 (Hijacking an aircraft or vessel), Art. 330 (Putting air safety in jeopardy), Art. 352 (Assassination of the President of the State), Art. 353 (Violence against the highest representatives of the State), Art. 354 (Violence against the representatives of foreign countries or international organisations), Art. 355 (Armed Rebellion), Art. 371 (Endangering persons under International protection) and Art. 373 (Taking of hostages) (changes as per FUR May 2022). These articles of the CC do not fully cover all the offences in the treaties listed in the Annex to the FT Convention.[9]

3. **Criterion 5.2** – According to paragraph 3 of Article 109 of CC of Slovenia, the TF offence criminalises the financing of a terrorist organisation or a group for the commission of terrorist acts, or an individual terrorist if the intention of the financier for the collection or provision of the funds was not directed at the committing of terrorist offences. The incrimination in paragraph 3 of Article 109 of the CC is broad enough and there is nothing to prevent the authorities to pursue TF when funds or other assets are provided or collected by any means or indirectly. This interpretation of the criminal offence was confirmed by the authorities as well as by the Great Scientific Commentary on the Special part of the Criminal Code.

4. **Criterion 5.2bis** – Article 108.a criminalises the travel for the purposes of perpetration and participation (Art.108), planning and preparation (Art. 108(3)) as well as providing or receiving terrorist training (Art. 111). The financing of these acts is criminalised by Article 109.

5. **Criterion 5.3** – The wording "money or property" in the TF offence does not specify a source, so it can be concluded that it refers to any funds or other assets whether from legitimate or

9. The following elements are not fully covered under the TF offence: Convention for the Suppression of Unlawful Seizure of Aircraft, done at the Hague on December 16, 1970 (Article 1(a)); Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation, done at Montreal on 23 September 1971 (Article 1(1)(a)); Convention on the Physical Protection of Nuclear Material, adopted at Vienna on 3 March 1980 (Article 7); Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the convention for Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on 24 February 1988 (Article 2(1)(b); Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation, done at Rome on 10 March 1988 (Article 3(1)); International Convention for the Suppression of Terrorist Bombings, adopted by the General Assembly of the United Nations on 15 December 1997. Moreover, the offence concerning the safety of fixed platforms is only covered under Art. 108 and has an additional purposive element (intention to destroy or severely jeopardise the constitutional, social, or political foundations of the Republic of Slovenia or another country or international organisation, to raise fear among the population or to force the Government of Slovenia or another country or international organisation to perform or stop performing something).

illegitimate source. The terms are not defined in the law but seem sufficiently broad to cover any kind of funds or other assets, which was confirmed on-site in discussions with judicial authorities.

6. **Criterion 5.4** – The same penalty for TF is prescribed if the money or property provided or collected was not actually used for committing the criminal acts (Art. 109 (2)). The formulation of Art. 109 does not explicitly require that the provided or collected funds were linked to a specific terrorist act. However, in the absence of case law, discussions with practitioners met on-site could not fully reassure the assessment team that the intention of the financier that would need to be proven is the general intention for funds to be used for terrorist offences, and not for an exactly specified terrorist act that is at least in its preparatory phase. According to the Paragraph 3 of Article 109 of CC of Slovenia, the TF offence criminalises the financing of a terrorist organisation or a group for the commission of terrorist acts, or an individual terrorist if the intention of the financier for the collection or provision of the funds were not directed at the committing of terrorist offences. As described under c.5.2, the funding of someone's participation in a terrorist group or establishment or leadership thereof is criminalised.

7. **Criterion 5.5** – The law does not expressly state that it is possible for the intent and knowledge to be inferred from objective factual circumstances. In general, the principle of free evaluation of evidence (Art. 18 of Criminal Procedure Code) would enable judges to make such inference.

8. **Criterion 5.6** – Natural persons convicted of FT are subject to imprisonment from one to ten years. A more severe penalty is prescribed if an offence was committed within a terrorist organisation or group to commit terrorist acts: imprisonment between three and fifteen years. The judge has discretion to determine the sentence within this range based on proportionality considerations, considering all mitigating and aggravating circumstances, including the degree of criminal culpability and motives for the offence (Art. 49 CC). Confiscation of proceeds of crime is mandatory (Art. 74 CC). The applicable sanctions are proportionate and dissuasive.

9. **Criterion 5.7** – Legal persons may be liable for the TF criminal offence (Art. 42 CC; Art. 25 of the Liability of Legal Persons for Criminal Offences Act (LLPA)). The liability of a legal person does not preclude the criminal liability of natural persons or responsible persons for the committed criminal offence (Art. 5(2) LLPA). The available punishments appear proportionate and dissuasive (Art. 12, 13, 16 and 26 LLPA).

10. **Criterion 5.8** – There are appropriate ancillary offences to the FT offence, including attempt, participation as an accomplice and organising or directing others (Art. 20 and 34 CC). Art. 294 CC prescribes the offence of participation in a criminal association.

11. **Criterion 5.9** – TF is a predicate offence for money laundering (ML). Slovenia uses an "all crimes approach" for ML.

12. **Criterion 5.10** – Pursuant to the general provisions of the CC on jurisdiction (Art. 10 – 14), the TF offence applies regardless of whether the person committing the offence is in the same country as the relevant terrorist, terrorist organisation, or terrorist act.

Weighting and Conclusion

Slovenia's CC does not fully cover all the offences in the treaties listed in the Annex to the FT Convention (c.5.1). Nevertheless, Slovenia has fully covered all other important requirements under R.5. The remaining deficiency is an important one under this Recommendation, however, in the overall rating of R.5, it only impacts the rating to some extent due to country's risk profile and context. As was noted in the MER, Slovenia faces a low level of TF risk, and the competent authorities have a good level of understanding of risks related to TF. Moreover, the 4th FUR highlighted that Slovenia updated its national risk assessment by adding a comprehensive TF risk assessment part, which relied on information from the law enforcement agencies and Office for Money Laundering Prevention and analysed exposure of specific sectors (non-profit organisations and virtual assets) to TF risks. **Therefore, R.5 is upgraded to largely compliant.**

Annex B: Remaining deficiencies underlying the rating

Recommendations	Rating	Factor(s) underlying the rating
5. TF offence	PC (MER) PC (FUR4 2022) LC (FUR6 2023)	• The CC does not fully cover all the offences in the treaties listed in the Annex to the FT Convention.

GLOSSARY OF ACRONYMS

AML/CFT	Anti-Money Laundering/Combating Financing of Terrorism
C	Compliant
CC	Criminal Code
FATF	Financial Action Task Force
FUR	Follow-up Report
LC	Largely compliant
LLPA	Liability of Legal Persons for Criminal Offences Act
MER	Mutual Evaluation Report
ML	Money laundering
NC	Non-compliant
NRA	National risk assessment
PC	Partially compliant
TC	Technical compliance
TCRR	Technical compliance re-ratings
TF Convention	International Convention for the Suppression of the Financing of Terrorism
TF/FT	Terrorist Financing
UN	United Nations

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December 2023

Anti-money laundering and counter-terrorist financing measures -

Slovenia

6th Enhanced Follow-up Report &

Technical Compliance Re-Rating

This report analyses Slovenia's progress in addressing the technical compliance deficiencies identified in the June 2017 assessment of their measures to combat money laundering and terrorist financing.

Follow-up report