

Romania

Fifth Round Mutual Evaluation Report

Executive Summary

1. This report provides a summary of the anti-money laundering and combating financing of terrorism (AML/CFT) measures in place in Romania as at the date of the onsite visit (21 September to 4 October 2022). It analyses the level of compliance with the FATF 40 Recommendations and the level of effectiveness of Romania's AML/CFT system and provides recommendations on how the system could be strengthened.

Key Findings

- a) Romania demonstrates a fair understanding of money laundering (ML) risk, although understanding of terrorist financing (TF) risk is developed to a lesser degree. Necessary arrangements for domestic cooperation and coordination are in place, however, due to their recent nature effectiveness is yet to be demonstrated. Domestic coordination extends to financing of proliferation of weapons of mass destruction (PF). The authorities are starting the process aimed at effective risk mitigation.
- b) A wide range of financial, administrative and law enforcement information is collected and accessible to the law enforcement agencies (LEAs), prosecutors and intelligence services. However, financial intelligence is accessed and used only to some extent. A lack of technical resources and limited human resources allocated to the financial intelligence unit in the National Office for the Prevention and Control of Money Laundering (NOPCML-FIU) hampers the quantity and quality of financial intelligence provided by the NOPCML-FIU to support the operational and strategic needs of its partners. A shortage of financial investigators and the quality of information in certain databases (e.g., beneficial ownership (BO) registers) impact competent authorities' abilities to use the information to conduct their analysis and financial investigations, to identify and trace assets, and to develop operational analysis. The competent authorities use the information to mainly investigate predicate offences rather than ML.
- c) Romania has no overarching national AML/CFT strategy ensuring a consistent approach and methodology in AML/CFT across all areas. Insufficient communication, cooperation and systematic coordination was demonstrated between the various prosecutors' offices. The investigation and prosecution of ML is not pursued as a priority overall. The laundering of tax predicates and the laundering of the proceeds of corruption are adequately resourced and effectively conducted. Investigations and prosecutions into the trafficking of humans and drugs focus on the predicate crimes rather than the laundering of those predicates. The authorities tasked with investigating

these predicates and the ML of these predicates would benefit from greater specialised resources and training. When there are convictions for ML these tend to be for self-laundering and there are very few third party ML convictions or standalone prosecutions. Sanctions applied by the Court for the ML offence seem low and not dissuasive.

d) Romania actively applies measures for confiscating criminal proceeds and its instrumentalities from domestic predicates located in Romania for most prevalent predicates, while effective confiscation of proceeds from foreign predicates, proceeds located abroad, in third party and standalone cases are rare. Additional resources for conducting financial investigations as well as practical guidance and training for prosecutors and LEAs are needed to pursue confiscation of criminal proceeds in more complex cases. Confiscation of suspicious cross border transportation of cash is not pursued as a policy objective and the amount of falsely detected or undeclared cross-border transactions of currency are low, and sanctions applied (fine or confiscation) are rare and not dissuasive.

e) A full understanding of the specific roles which might be played by the terrorist financier was not demonstrated. The National Terrorism Strategy dates from 2002 and there is no specific policy for TF. The concentration of the relevant agencies – the Romanian Intelligence Service (RIS) and the Directorate for the Investigation of Organised Crime and Terrorism (DIOCT) – is mainly on the prevention and disruption of terrorism rather than on detecting, investigating, and prosecuting TF *per se*. The Romanian authorities have successfully detected, investigated, prosecuted, and obtained a conviction for one case of TF and, to that degree, have had the opportunity to demonstrate and have demonstrated the effective investigation and prosecution of TF.

f) Although banks and larger financial institutions (FIs) demonstrate a fair understanding of targeted financial sanctions (TFS) requirements and implementation practices, designated non-financial businesses and professions (DNFBPs) and virtual asset service providers (VASPs) have less understanding of TFS requirements, which might potentially cause implementation gaps. Detection of indirect links and close associations with sanctioned entities and individuals is a concern in all sectors. There is no risk-based regulatory and oversight framework for the non-profit sector.

g) In general, banks demonstrated a good understanding of ML and TF risks. Understanding of ML risks in non-bank FIs, including payment institutions (PIs), was also generally good, but understanding of TF risk is less developed. Customer due diligence (CDD) measures applied by obliged entities are generally risk-based, but this is not the case for exchange offices and most DNFBPs. Outside banks and PIs, too much reliance is placed on self-declarations and domestic registers of beneficial owners to find out and verify the BO of customers that are legal persons. Reporting is concentrated in three sectors: banks, money, or value transfer service (MVTs) operators and notaries. Other sectors account for a negligible number of suspicious transaction reports (STRs) - where there is evidence of under-reporting of suspected ML/TF and no specific focus is given to scenarios for detecting and reporting TF. There are gaps in the scope of application of AML/CFT requirements to VASPs.

h) The National Bank of Romania (NBR) and Financial Services Authority (FSA) apply effective “fit and proper” entry checks. More limited market entry controls are in place elsewhere, including for VASPs and there is no authority with a clear responsibility for proactively identifying unlicensed banking or payment services activity. Overall, a more granular analysis is needed of inherent risk

at sectoral and institutional levels. The most robust AML/CFT risk-based approach (RBA) is applied by the NBR, which supervises the most material FIs. NBR engagement is very frequent, but it operates on a rather *ad hoc* basis. ML/FT risks are taken into consideration to some extent by the FSA and the NOPCML. The supervision of VASPs has only recently started. Remedial measures are applied as a rule and effectiveness of sanctions has not been demonstrated.

i) Whilst understanding of risk of abuse of legal persons is greater than that in the national risk assessment (NRA), the level of risk is higher than recognised by the authorities (medium level), at least to some extent. Important steps have been taken to prevent misuse of legal persons, including the development and use of public registries. Implementation of this comprehensive framework is still work in progress, but the level of progress is substantial. Greatest reliance is placed by competent authorities on BO information provided and held by banks, and around 80% of legal persons created under Romanian legislation hold a bank account in the country. The absence of aggregated statistics on findings on the application of CDD measures by banks makes conclusions on the accuracy and currency of information held by this source difficult.

j) Although Romania has a sound legal framework for international cooperation, a significant lack of reliable data and statistics hinders the authorities' ability to demonstrate effectiveness in this area. Romania does not have a central case management system in place, nor formalised guidelines for prioritisation of incoming requests. This significantly hinders the authorities' ability to monitor and follow up requests for assistance. However, feedback from the FATF Global Network was generally positive – assistance provided to other countries in most cases is constructive and delivered on a timely basis.

Risks and General Situation

2. The most prevalent domestic predicate offences detected in Romania are: (i) tax evasion; (ii) corruption; (iii) fraud, including cyber-crimes; (iv) smuggling; (v) human trafficking; and (vi) drug trafficking. In addition, a significant number of environmental crimes are reported each year. Organised criminal groups (OCGs) operate in Romania, manifesting themselves in most sectors of economic and social life, including tax evasion, cyber-crime, drug trafficking, and human trafficking. Corruption represents a challenge at national and regional level. Low socio-economic conditions in Romania, compared to many other European countries, interpolated with other demographic and cultural risk factors, continue to contribute to continuous activity in the sphere of trafficking of Romanian citizens.

3. OCGs of Romanian origin operating abroad present the main foreign ML threat, with indications that criminal proceeds are transferred through the Romanian financial system and invested in Romania. Romania is also a transit space for trafficking of high-risk drugs. In the case of human trafficking, cyber-crime and drug trafficking, criminal activity is often committed abroad, and illicit funds transferred to Romania.

4. The use of cash is the main method of ML at national level. Romania's economy is cash-based, and the size of the underground economy is around 30% of GDP. Romania's financial sector remains dominated by banks, and non-bank sector remains underdeveloped. The customer base is predominantly domestic and there is an absence of complex products.

5. No home-grown terrorism has been identified to date, no terrorist organisations or cells are known to be active in the country, and there have been no terrorist attacks. Currently, jihadist (self-) radicalisation is the main risk to Romania's national security and is a constant concern from a security perspective.

Overall Level of Compliance and Effectiveness

6. Romania has taken steps since its last evaluation to remedy the deficiencies identified during that process – the country has strengthened its legal and regulatory framework and conducted its first comprehensive NRA which was adopted in September 2022 (based on data for the period 2018 to 2020).

7. In most respects, the elements of an effective AML/CFT system are in place, but the practical application of the existing framework has still to be improved to reach a substantial level of compliance. These improvements should, inter alia, include: (i) improving national efforts aimed at mitigating risks; (ii) increasing/improving resources and training for the NOPCML-FIU and LEAs to ensure better access and use of financial intelligence; (iii) increasing the capacity of financial investigators to carry out parallel financial investigations and trace assets, and issuing practical guidance to prosecutors to improve investigation and prosecution of ML and confiscation of assets; (iv) developing an overarching national CFT strategy and ensuring/providing relevant resources and training; (v) developing risk-based regulation and an oversight regime over the non-profit sector (vi) providing further guidance to obliged entities on sector specific risk factors and “red flags” for transaction monitoring; (vii) more sophisticated calibration of NBR supervisory actions with risk, greater recognition of AML/CFT oversight by the FSA and increase in NOPCML resourcing in order to align with statutory responsibilities; (viii) further development of existing controls to ensure the accuracy and currency of information held in BO registers; and (ix) developing case management systems in the field of international cooperation.

8. In terms of technical compliance, the legal framework has been enhanced in many aspects nevertheless, some issues remain, including: (i) measures applied to VAs and VASPs (R.15); (ii) regulation and supervision of DNFBPs (R.22 and R.28); (iii) cash couriers (R.32); and (iv) sanctions for failing to comply with AML/CFT requirements (R.35).

Assessment of risk, coordination, and policy setting (Chapter 2; 10.1, R.1, 2, 33 & 34)

9. Authorities demonstrate a fair understanding of ML risks to which Romania is exposed, however, understanding of TF risks is developed to a lesser degree. Inherent sectorial risks are fairly well understood in the financial sector, and less so in the DNFBP sector. In some areas, understanding of ML/TF risks is more developed than the NRA report suggests. Risk understanding is hindered by the lack of comprehensive statistical data and areas where risks are not assessed in sufficient depth, such as non-profit sector exposure to TF, risk assessment of legal persons, TF risk, etc. Thus, there is a need for more in-depth analysis of certain factors or information in some areas.

10. There is no overarching AML/CFT strategy in the country. Although a large number of strategies (aimed at combating various crimes, such as corruption, trafficking in drugs and humans, organised crime, etc.) have been drawn up, which generally mirror the risk environment of Romania, information on the level of risk mitigation achieved is not comprehensive.

11. Although at the time of the on-site visit the authorities were still in the midst of drafting an action plan – a document aimed at targeting risks identified in the NRA report- a number of risk

mitigating actions had been undertaken by the authorities prior to commencing the NRA, such as: (i) actions to combat corruption; (ii) NOPCML-FIU reforms relating to capacity building in the area of financial intelligence and supervision - increasing supervisory staff by 100% and moving to new better-equipped premises); and (iii) reducing cash-related risks, etc.

12. The Interinstitutional Council (IC) is tasked with the coordination role for AML/CFT matters, including risk assessment and mitigation. However, the effectiveness of its work is yet to be seen, as set up of the IC is quite recent and the work on mitigation by various competent authorities has just begun.

13. Romania does not apply any statutory exemptions from the FATF Standards to covered FIs, DNFBPs and VASPs. Simplified and enhanced due diligence measures are in line with the general country risk environment. Obligated entities are required to conduct business wide risk assessments (BRAs) and apply mitigating measures largely in line with the FATF Standards. Several awareness raising events to discuss national risks followed the publication of the NRA, however, these actions were taken after the on-site visit.

Financial intelligence, ML investigations, prosecutions and confiscation (Chapter 3; IO.6, 7, 8; R.1, 3, 4, 29–32)

14. Romania has significantly improved access to financial intelligence since the last mutual evaluation. Since the adoption of a revised AML/CFT Law in 2019, reports to the NOPCML-FIU are filed through dedicated reporting channels, and direct access to different government databases has increased, including for LEAs. However, significant improvements are necessary to increase the effectiveness of the system. These include increasing/improving information and communication technology resources, human resources, and training for the NOPCML-FIU as well LEAs. In particular, a shortage of financial investigators and the quality of information in certain databases (e.g., BO registers) impact competent authorities' abilities to use the information to conduct their analysis and financial investigations, to identify and trace assets, and to develop operational analysis.

15. Romania's legislation covers the technical criteria required by the FATF Standards with respect to investigation and prosecution of ML while the effectiveness of the system is restricted by various elements. The investigation and prosecution of ML is not pursued as a priority overall and the total number of ML investigations and convictions in Romania is low. Insufficient communication, cooperation and systematic coordination was demonstrated between the various prosecutors' offices. Although investigations and prosecutions into the laundering of tax predicates and the laundering of the proceeds of corruption are effectively conducted, investigations and prosecutions into the trafficking of humans and drugs focus on the predicate crimes rather than the laundering of those predicates. Some types of predicates are reliably accompanied by a parallel ML investigation; other types of predicate investigation routinely are not. Third party ML cases and standalone ML prosecutions are rare. For some key areas, the ML offences investigated and prosecuted therefore do not appear commensurate with the identified ML risks of the country. When there are convictions for ML, the sanctions applied by the Court for the ML offence sometimes seem low and not dissuasive. The lack of a national AML/CFT strategy, absence of practical guidance to prosecutors as well as lack of financial investigators are the main reasons why there is an inconsistency in approach to investigating and prosecuting ML.

16. Since the previous evaluation round, Romania has improved its ability to freeze, seize and confiscate the proceeds and instrumentalities of crime. It has adopted the National Asset Recovery Strategy, which establishes a joint national framework aimed at increasing the efficiency of recovering

crime instrumentalities and proceeds. Romania actively applies existing measures for confiscating the criminal proceeds and instrumentalities from predicates located in Romania for most prevalent predicates. Confiscation of criminal proceeds from foreign predicates, located abroad, in third party and standalone cases are rare and the reasons for it are related to lack of financial investigators, as well as practical guidance and training for prosecutors and LEAs, that hampers pursuing confiscations in more complex cases. Romania has effective measures in place enabling the authorities to preserve the value of seized and confiscated proceeds and instrumentalities. Authorities are detecting and confiscating falsely or undeclared cash, however not as much as it would be expected from a country that intensively uses cash. Sanctions imposed for failing to declare cash at the border are not dissuasive enough.

Terrorist and proliferation financing (Chapter 4; IO.9, 10, 11; R. 1, 4, 5–8, 30, 31 & 39.)

17. Romania's TF offence is broadly in line with the required standards. The concentration of the relevant agencies – RIS and DIOCT - was on terrorism rather than TF *per se*. The National Terrorism Strategy dates from 2002 and authorities lacked any meaningful strategy or policy concentrating specifically on TF. A full understanding of the specific roles which might be played by the terrorist financier was not demonstrated evenly. The risks presented by cross-border movements of cash and difficulties in detecting such movements for TF purposes were downplayed. The Romanian authorities have successfully detected, investigated, prosecuted, and obtained a conviction in one case of TF. This has been achieved even though the case involved an international element and the amount concerned was small. It is difficult to generalise, based on one case, but the sanction imposed in Romania's TF case could not be said to be dissuasive. That said, the Romanian authorities have had the opportunity to demonstrate and have demonstrated the effective investigation and prosecution of TF.

18. Romania makes use of a combination of national and supranational (at European Union (EU) level) mechanisms to implement TFS. Mechanisms for PF and TF do not differ. Through national legislation, all United Nations (UN) Security Council Resolutions (UNSCRs) are directly binding on all individuals and entities from the moment of their adoption (entry into force). Romania has not identified any individuals or entities for designation or proposed any designations to the 1267/1989 Committee or the 1988 Committee. Romania has not identified any individuals or entities for designation or proposed any designations to the 1267/1989 Committee or the 1988 Committee. Romania has never been requested by another country to designate an individual or entity, nor has it proposed any designations pursuant to UNSCR 1373. The National Agency for Fiscal Administration (Fiscal Administration) is the competent authority responsible for issuing freezing orders, unfreezing, and dealing with frozen funds. Although no funds or other economic resources have been frozen in Romania pursuant to UNSCRs (PF-related TFS and TF-related TFS), funds were frozen based on the EU TFS regime which shows a practical functioning of the system.

19. Compliance checks with TFS requirements commonly form a part of full scope AML/CFT examinations (the exception being the NBR that conducts thematic examinations since 2019). In general, all obliged entities are aware of TFS screening obligations and the requirements to freeze funds/assets. Implementation techniques by FIs/DNFBPs vary. Although banks demonstrate quite developed understanding of sanction evasions risk, all obliged entities, including banks, face difficulties identifying close associations (indirect links) with sanctioned entities and individuals.

20. No risk-based regulatory and oversight framework for the NPO sector was in place at the time of the on-site visit. Prerequisites for developing this framework, namely identification of NPOs that

fall under the FATF definition and subsequent identification of non-profit organisations (NPOs) vulnerable to TF abuse are missing.

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

21. In general, banks demonstrated a good understanding of ML and TF risks. Understanding of ML risks in non-bank FIs, including PIs, was also generally good, but understanding of TF risk is less developed and there is less understanding of business specific risks by exchange offices. In the DNFBP sector, there was little appreciation of the risks that may be present in offering company services, and notaries underestimate the risks presented by the important gatekeeper role that they play for real estate transactions. Measures have been taken to mitigate the risk that is presented by use of cash. However, mitigating measures applied by exchange offices are not commensurate with risk.

22. CDD measures applied by obliged entities are generally risk-based. This is not the case for exchange offices and most DNFBPs. Several sectors, including banks and PIs, have implemented effective automated monitoring systems. For DNFBPs, very little focus is given to scenarios aimed at detecting TF. Outside banks and PIs, too much reliance is placed on self-declarations and domestic registers of BO to find out and verify the beneficial owners of customers that are legal persons. Generally, enhanced CDD measures (EDD measures) are being effectively applied. However, the AT is concerned that some politically exposed persons (PEPs) (family members and associates of prominent individuals) will not be identified in all cases since insufficient use is made of public sources and self-declarations in some sectors.

23. Reporting is concentrated in three sectors: banks, MVTS operators and notaries. Other sectors account for a negligible number of STRs - where there is evidence of under-reporting of suspected ML/TF. Outside the banking sector and some MVTS operators, no specific focus is given to scenarios for detecting and reporting TF, except for connections to high-risk countries.

24. Larger FIs have effectively developed three lines of defence, including an independent audit function which covers AML/CFT compliance. Elsewhere, controls and procedures are adequate.

25. There are gaps in the scope of application of AML/CFT requirements to VASPs. Notwithstanding this, the sector already has a relatively good understanding of risk and AML/CFT requirements.

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

26. The NBR and FSA apply effective “fit and proper” entry checks. More limited market entry controls are in place elsewhere, including for VASPs, which are less effective and present some vulnerabilities. There is no authority with a clear responsibility for proactively identifying unlicensed banking or payment services activity.

27. Overall, financial supervisors and the NOPCML demonstrate a fair understanding of ML/TF risks in the country and risks connected with sectors under their supervision, this understanding being strongest in the NBR. Overall, a more granular analysis is needed of inherent risk at sectoral and institutional levels. Whilst a significant quantity of information is available to financial supervisors (particularly the NBR), its use is not yet sufficiently systematic to support a comprehensive, comparable, and on-going understanding of risks. ML/TF risk understanding of DNFBP supervisors other than the NOPCML is more limited at sectoral level and self-regulatory bodies (SRBs) do not assess risk at individual institution level.

28. The most robust AML/CFT RBA is applied by the NBR, which supervises the most material FIs. It has recently significantly increased staff numbers and introduced organisational changes to remedy some previous bottlenecks. NBR engagement with supervised entities, mainly banks, is very frequent and the NBR uses a broad range of supervisory instruments. Whilst the NBR's approach is effective to some extent, it operates on a rather *ad hoc* basis, and appears to lack a general direction and high-level strategy in the AML/CFT field. ML/FT risks are taken into consideration to some extent by the FSA and the NOPCML (the latter relying significantly on sectoral risk understanding). AML/CFT supervision does not appear to be a priority area for the FSA. The activities of the NOPCML are seriously impacted by the low number of staff involved in supervision compared to the number of supervised entities. The supervision of VASPs has only recently started.

29. Remedial measures are applied as a rule by the NBR, FSA and the NOPCML when breaches are identified, and they are duly followed-up. Supervisors of FIs have also applied, in practice, a broad range of sanctions, including against managers. However, sanctions have not been applied consistently and their effectiveness, in general, has not been demonstrated. This approach has changed in the FSA to a more systematic approach; though this change is too recent to assess its impact.

30. The diligent follow-up of remediation plans by supervisors has led to an increase in compliance in particular institutions. The NBR and the NOPCML have demonstrated a broad impact on compliance across the sectors that they supervise; the latter mainly through its awareness-raising activities. However, only the NBR has been measuring (to some extent) the impact of its activities and neither supervisor measures the success if what they do at a more strategic level.

31. Overall, a clear message of AML/CFT obligations and ML/TF risk is being promoted in Romania. Limitations in risk understanding affect the latter.

Transparency and beneficial ownership (Chapter 7; 10.5; R.24, 25)

32. The basic features of legal persons are set out in publicly available legislation.

33. Understanding of risk of abuse of legal persons is greater than that in the NRA report. However, the authorities do not clearly articulate what ML risks are presented by the many different types of legal persons created in Romania and, overall, the risk of use of legal persons for ML is higher than recognised by the authorities (medium level), at least to some extent. Important steps have been taken by Romania to prevent misuse of legal persons, including the development and use of public registries, which support a multi-pronged approach to collecting and accessing BO information. Implementation of this comprehensive framework is still work in progress, but the level of progress is substantial.

34. Applications to form most legal persons are, inter alia, supported by confirmations that founder shareholders (legal owners) and initial directors have not been convicted of specified offences. Confirmation is requested also for some subsequent changes. This approach is positive in preventing legal persons being formed to facilitate crime.

35. Greatest reliance is placed by competent authorities on: (i) a register of bank accounts held by the Fiscal Administration; and (ii) information held by banks, for accessing BO information on legal persons. Around 80% of legal persons created under Romanian legislation hold a bank account in Romania. Whilst most inspections of banks have findings in the application of CDD measures, the NBR believes that these are isolated cases. On the other hand, the supervisor has taken action to require some systemically important banks to remediate customer data. Accordingly, whilst there is evidence that banks hold accurate and current BO information, it is not complete. Public registers are used by

competent authorities as a secondary source of information. Data provided at the time of the on-site visit shows that full BO information is held by the NTRO (the largest register) for 72% of legal persons.

36. Sanctions are not imposed in relation to late filings of basic and BO information in the registers. Companies have been dissolved for failing to convert bearer shares into registered shares.

International cooperation (Chapter 8; IO.2; R.36–40)

37. Romania has a sound legal framework for international cooperation. In general, the country is constructive in providing assistance and most foreign jurisdictions have generally commended Romania for providing international assistance.

38. Romania has no central case management system for handling and having oversight of mutual legal assistance (MLA) requests and no general guidelines for prioritisation of incoming requests. This hinders the efficiency of the analysis and follow up actions. A significant lack of qualitative data and statistics seriously limits the country's ability to demonstrate effectiveness comprehensively. A significant proportion of MLA requests sent by the authorities were linked to corruption and tax evasion, and cooperation was limited for other predicate offences. At the same time, the majority of incoming MLA requests were related to fraud and cyber-crime and executed by the POHCCJ and regional prosecutors' offices.

39. The NOPCML-FIU is generally active in financial intelligence unit (FIU)-to-FIU cooperation, however, there were significant delays relating to execution of incoming requests. Granular information about requests and explanation of trends has not been made available to the AT. The Police, the NBR and the FSA have mechanisms in place to provide and seek information informally in a timely and constructive manner. Large number of joint investigations teams have been formed on the initiative of the Romanian authorities, which demonstrates proactiveness in international cooperation. Most authorities are not collecting statistics on cooperation regarding basic and BO information.

Priority Actions

- a) Immediately start implementing mitigating actions that target the highest risks to which the country is exposed.
- b) Increase information technology resources, human resources, and training for the NOPCML and LEAs to facilitate better access to, and use of, financial intelligence.
- c) Increase the capacity of financial investigators to carry out parallel financial investigations and trace assets, and issue practical guidance to prosecutors to improve investigation and prosecution of ML and confiscation of assets.
- d) Ensure more sophisticated calibration of NBR supervisory actions with risk, secure greater recognition of importance of AML/CFT oversight by the FSA, and increase DNFBP supervisory capacity in higher risk areas, e.g., VASPs and legal professionals, to align with statutory responsibilities.
- e) To support improved transaction monitoring and reporting of suspicion by obliged entities, provide further guidance on sector specific risk factors and "red flags", e.g., regarding TF and typologies for prominent offences seen in Romania where not already available.

- f) Further develop existing controls to ensure the accuracy and currency of information held in BO registers and draw up a plan for reducing the number of legal persons that have still to file BO information.
- g) Develop an overarching national CFT strategy and action plan and provide further training to all relevant competent authorities to improve their understanding and effectiveness in: (i) TF investigations and prosecutions; and (ii) detection of cross-border movements of cash for TF purposes.
- h) Following completion of a TF risk assessment, implement a risk-based regulatory and oversight framework in the NPO sector.
- i) Develop automated solutions that enable collection of comprehensive statistics to support multifunctional analysis at a national level.

Effectiveness & Technical Compliance Ratings

Effectiveness Ratings¹

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


Technical Compliance Ratings²

R.1 - assessing risk & applying risk-based approach	R.2 - national cooperation and coordination	R.3 - money laundering offence	R.4 - confiscation & provisional measures	R.5 - terrorist financing offence	R.6 - targeted financial sanctions - terrorism & terrorist financing
LC	PC	C	C	C	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	PC	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
PC	PC	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	LC	LC	PC	LC	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
LC	LC	LC	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
C	PC	PC	LC	PC	C
R.37 - Mutual legal assistance	R.38 - Mutual legal assistance: freezing and confiscation	R.39 - Extradition	R.40 - Other forms of international cooperation		
LC	C	LC	LC		

¹ Effectiveness ratings can be either a High- HE, Substantial- SE, Moderate- ME, or Low - LE, level of effectiveness.

² Technical compliance ratings can be either a C - compliant, LC - largely compliant, PC - partially compliant or NC - non-compliant.

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