

COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

Strasbourg, 5 December 2024

MONEYVAL(2024)33  
English only

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

**MONEYVAL**

**Fifth Round of Mutual Evaluations  
First Compliance Enhancing Procedures Report  
Czechia<sup>1</sup>**

---

<sup>1</sup> <sup>1</sup> Adopted by MONEYVAL at its 68th Plenary meeting (5 December 2024).

## *Czechia: First Compliance Enhancing Procedures Report*

### I. INTRODUCTION

1. Rule 23(3) of the Rules of Procedure for MONEYVAL's 5th Round of Mutual Evaluations (RoP) provides for the mandatory application of compliance enhancing procedures (CEPs) at the end of the third year following adoption of a mutual evaluation report (MER) if any of the "big six" FATF Recommendations (R.3, R.5, R.6, R.10, R.11 and R.20) remain NC/PC. The Plenary has discretion only to decide on the appropriate compliance enhancing step to apply.
2. Rule 25(2) of the RoP also allows the Plenary to apply CEPs to "non-big-six" Recommendations where a member has not addressed most technical compliance deficiencies by the end of their third year following adoption of a MER.
3. The 5th round MER of Czechia was adopted in December 2018. Czechia was placed into enhanced follow-up and has submitted three follow-up reports (FURs). At the time of the adoption of the third follow-up report, R.6 was still rated as PC and so Czechia was placed in CEPs in December 2023 (66th Plenary) in respect of that Recommendation.
4. This is the first CEPs report for Czechia. The purpose of this first report is to summarise the progress that Czechia has made to remedy identified shortcomings in respect of R.6.

### II. GENERAL PROGRESS MADE SINCE 66th PLENARY (December 2023)

5. The objective of CEPs is not to re-rate covered Recommendations, which may be done only under the follow-up process. Instead, CEPs reports provide a general overview on whether a member has made progress addressing shortcomings identified in the MER or subsequent FURs and to what extent.
6. This section reviews progress in addressing shortcomings identified under R.6 in [Czechia's third FUR](#) (adopted November 2022).

**Shortcoming 1:** At the national level, there is no formalised procedure under which Czechia could ask another country, including EU countries, to give effect to freezing measures undertaken by Czech authorities.

*Action taken to address deficiency:* There is now a mechanism to request other countries to give effect to freezing mechanisms (ISS Act, Section 16e(1)).

*Remaining shortcoming:* No shortcoming remains.

**Shortcoming 2:** There is no further regulation at the national level related to prior notification.

*Action taken to address deficiency:* There is no legal or judicial requirement to hear or inform the individual or entity against whom a designation is being considered.

*Remaining shortcoming:* No shortcoming remains.

Shortcoming 3: Targeted financial sanctions (TFS) pursuant to UNSCRs 1267/1989 and 1988 are not implemented without delay.

*Action taken to address deficiency:* The Financial Analytical Office (FAO) is now able and obliged to issue a measure of general nature for the purposes of TFS (IIS Act, Section 8d), that is intended to make the UN sanctions list directly applicable in Czechia, during the period that UN sanctions are transposed onto the EU list. This measure of general nature has not yet been published and so Czechia cannot yet implement TFS without delay.

*Remaining shortcoming:* TFS pursuant to UNSCRs 1267/1989 and 1988 are not implemented without delay.

Shortcoming 4: Application of freezing is based on a discretionary decision, and applied mechanism does not ensure permanent application of measures, for the duration of validity of the UN actions. Delays in the transposition of UN designations actually result in prior notice to the persons or entities concerned.

*Action taken to address deficiency:* The FAO is now able and obliged to issue a measure of general nature for the purposes of TFS (IIS Act, Section 8d) that is intended to make the UN sanctions list directly applicable in Czechia, during the period that UN sanctions are transposed onto the EU list. This measure of general nature will also set out obligations to freeze. This measure of general nature has not yet been published so Czechia cannot yet implement TFS without delay, nor oblige all natural and legal persons to freeze without prior notice.

*Remaining shortcoming:* Application of freezing is based on a discretionary decision, and applied mechanism does not ensure permanent application of measures, for the duration of validity of the UN actions. Delays in the transposition of UN designations actually result in prior notice to the persons or entities concerned.

Shortcoming 5: The scope of funds to be frozen is ambiguous in national legislation and does not extend to a sufficiently broad range of assets.

*Action taken to address deficiency:* The FAO is now able and obliged to issue a measure of general nature for the purposes of TFS (IIS Act, Section 8d), intended to make the UN sanctions list directly applicable in Czechia, during the period that UN sanctions are transposed onto the EU list. This measure of general nature will also set out obligations to freeze. This measure of general nature has not yet been published.

*Remaining shortcoming:* The scope of funds to be frozen is ambiguous in national legislation and does not extend to a sufficiently broad range of assets.

Shortcoming 6: Prohibitions are not sufficiently broad to cover all requirements as provided under the FATF Recommendation.

*Action taken to address deficiency:* The FAO is now able and obliged to issue a measure of general nature for the purposes of TFS (IIS Act Section 8d), intended to make the UN sanctions list directly applicable in Czechia, during the period that UN sanctions are transposed onto the EU list. This measure of general nature will also set out obligations to freeze and other prohibitions. This measure of general nature has not yet been published.

<i>Remaining shortcoming:</i> Prohibitions are not sufficiently broad to cover all requirements as provided under the FATF Recommendation.
--

### **III. CONCLUSION**

7. Czechia has made some progress to address deficiencies under R.6.
8. However, shortcomings remain for R.6 and so Czechia should remain under step 1 of CEPs and is expected to report again at the next Plenary (June 2025) on additional action that has been taken.