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**COUNCIL OF EUROPE 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
Slovak Republic¹**

1. Adopted by MONEYVAL through written procedure (3 June 2025).

Slovak Republic: 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 Slovak Republic was adopted in September 2020. Slovak Republic 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.10 was still rated as PC and so Slovak Republic was placed in CEPs in December 2024 (68th Plenary) in respect of that Recommendation.
4. This is the first CEPs report for Slovak Republic. The purpose of this first report is to summarise the progress that Slovak Republic has made to remedy identified shortcomings in respect of R.10.

II. GENERAL PROGRESS MADE SINCE 68th PLENARY (December 2024)

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.10 in [Slovak Republic's first FUR](#) (adopted in November 2022).

Shortcoming 1: Absence of full range of CDD measures when carrying out occasional wire transfers over EUR 1 000. (c.10.1(c))
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<i>Action taken to address shortcoming:</i> FIs are now required to apply the full range of CDD measures when carrying out an occasional transaction that is a wire transfer in the amount of at least EUR 1 000 (AML/CFT Act, Art. 10(2)(j)).
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<i>Remaining shortcoming:</i> No shortcoming remains.

Shortcoming 2: In the case of natural persons, there is no legal requirement to verify the authorisation of any person acting on behalf of that person and identify and verify their identity (in all other instances apart from a power of attorney). (c.10.4)

<i>Action taken to address shortcoming:</i> The obligation to identify and verify the identity of the natural person acting on behalf of a customer is implemented (AML/CFT Act, Art. 7(1)(c) and 8(1)(c)). The requirement to verify the authorisation to act on behalf of a customer has been extended to cover any form. FIs are now required to verify the proof of such authorisation –
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whether the customer is a natural or legal person – including its validity period and scope (AML/CFT Act, Art. 7(1)(c)). Verification shall be based on documents, data or information obtained from the submitted proof of authorisation, from an official register or other official records, or from another reliable and independent source. When the authorisation is carried out under a power of attorney, the signature of the represented person must be officially certified (AML/CFT Act, Art. 8(1)(c)).

Remaining shortcoming: No shortcoming remains.

Shortcoming 3: BO verification using reliable source data is required only in cases of higher ML/TF risk. The requirement does not apply to all customers. (c.10.5)

Action taken to address shortcoming: Amendments to the AML/CFT Act do not address this deficiency. FIs are obliged to verify information relating to BO identification from an additional reliable source only in a case where risk is assessed as higher (AML/CFT Act, Art. 10(1)(b)). In all other cases, it is possible to rely solely on data obtained from the Register of Legal Entities.

Remaining shortcoming: BO verification using reliable source data is required only in cases of higher ML/TF risk. The requirement does not apply to all customers.

Shortcoming 4: It is unclear whether the obligation to evaluate the information about the nature of the client's business requires REs to understand the nature of the customer's business. (c.10.8)

Action taken to address shortcoming: FIs are now expressly required to understand the nature of the customer's business (AML/CFT Act, Art. 10(1)(c)).

Remaining shortcoming: No shortcoming remains.

Shortcoming 5: Identifying the natural person authorised to act on behalf of the legal entity does not amount to obtaining the names of all relevant persons holding a senior management position (e.g. senior managing directors). (c.10.9(b))

Action taken to address shortcoming: Amendments to the AML/CFT Act do not address this deficiency.

Remaining shortcoming: Identifying the natural person authorised to act on behalf of the legal entity does not amount to obtaining the names of all relevant persons holding a senior management position (e.g. senior managing directors).

Shortcoming 6: FIs are not required to distinguish the address of the registered office of the legal entity from its principal place of business, and if different, obtain the relevant information. (c.10.9(c))

Action taken to address shortcoming: FIs are now required to distinguish between the address of the legal person's registered office and the address of the real place of business operation, if different, and collect information on both (AML/CFT Act, Art. 7(1)(b)).

Remaining shortcoming: No shortcoming remains.

Shortcoming 7: The BO definition of trusts is not in line with the requirements of c.10.11 as it requires identification based on a threshold, and it does not cover the protector (where applicable). (c.10.11(a))

Action taken to address shortcoming: A new BO definition for foreign trusts² has been introduced. It covers: (i) the *settlor*; (ii) the *trustee*; (iii) the person supervising the administration of the foreign trust, if appointed (*the protector*); (iv) a future *beneficiary* of trust funds, or where not yet determined, the circle of persons having a substantial benefit from the founding or operation of the foreign trust; and (v) any person exercising ultimate control over the trust assets through direct or indirect ownership or by other means (AML/CFT Act, Art. 6a (1)(d)).

Remaining shortcoming: No shortcoming remains.

Shortcoming 8: There are no specific requirements concerning beneficiaries designated by characteristics or class. (c.10.11(a))

Action taken to address shortcoming: The new BO definition for foreign trusts includes a reference to a future beneficiary who has not been determined yet (AML/CFT Act, Art. 6a (1)(d)(4)). In cases where beneficiaries are not determined, the circle of persons having a substantial benefit from the founding or operation of a trust or association of assets are deemed to be a beneficial owner. This limitation (substantial benefit) is not consistent with the FATF Standard.

There is no requirement for FIs to obtain sufficient information concerning the beneficiary of a foreign trust (designated by characteristics or class) to ensure that they will be able to *establish* the identity of the beneficiary at the time of the payout or when the beneficiary intends to exercise vested rights.

Remaining shortcoming: There is a limitation on persons that may be taken into account for determining who is to be included within a class of beneficiaries. There is no requirement for FIs to obtain sufficient information concerning the beneficiary of a foreign trust (designated by characteristics or class) to ensure that they will be able to establish the identity of the beneficiary at the time of the payout or when the beneficiary intends to exercise vested rights.

2. Trusts or their equivalent are not recognised under Slovak law and c.25.1(a) and (b) were considered not applicable in the 2020 MER.

Shortcoming 9: Absence of a similar definition of BOs for other types of legal arrangements. (c.10.11(b))

Action taken to address shortcoming: Legal arrangements similar to trusts are referred to as “foreign trusts” under Article 6a(1)(d) of the AML/CFT Act and are subject to the same BO requirements. However, there is no specific obligation to identify persons having equivalent or similar positions to those in a trust (particularly with regard to the settlor and the trustee as specified in Article 6a(d)(1) and (2) of the AML/CFT Act).

Remaining shortcoming: For other types of legal arrangements, there is no specific requirement to identify persons having equivalent or similar positions to those in a trust.

Shortcoming 10: Lack of information about other investment-related insurance policies and the applicable requirements. (c.10.12)

Action taken to address shortcoming: Investment-related insurance policies fall under the category of life insurance and are subject to the same requirements (Act no. 39/2015 on Insurance, Annex 1, Part B (3)).

Remaining shortcoming: No shortcoming remains.

Shortcoming 11: No specific requirement to gather the relevant information in relation to beneficiaries designated by characteristics or class to satisfy the FI that it will be able to establish the identity of the beneficiary at the time of the pay-out. (c.10.12(b))

Action taken to address shortcoming: FIs are now required to obtain sufficient information in order to be able to identify the particular beneficiary of the insurance benefit at the time of the payment of the benefit (AML/CFT Act, Art. 10(8)(b)). This covers beneficiaries designated by characteristics, class or other means.

Remaining shortcoming: No shortcoming remains.

Shortcoming 12: Non-customer beneficiary of a life insurance policy is not considered to be a relevant risk factor to apply enhanced CDD. (c.10.13)

Action taken to address shortcoming: The risk level associated with the beneficiary of a life insurance policy is now included as a potential higher-risk factor for applying enhanced CDD (Annex 2(4) of the AML/CFT Act). If the beneficiary is a legal person, FIs are obliged to obtain sufficient information to identify the beneficiary at the time of payment of the benefit and verify the identity information (Article 10(8)(b)(c) of the AML/CFT Law). There is no such requirement in relation to a beneficiary that is a legal arrangement.

Remaining shortcoming: No specific enhanced measures are required in relation to a beneficiary that is a legal arrangement.

Shortcoming 13: Absence of legal provisions that would require FIs to apply CDD to existing customers depending on materiality. (c.10.16)

Action taken to address shortcoming: FIs are required to apply CDD to existing customers during the course of a business relationship on the basis of the risks identified through the institutional risk assessment or the risks arising from significant changes related to the customer (AML/CFT Act, Art. 10(2)(g) and (h)). However, the obligation does not address the application of CDD measures when there is a change to national legislation (i.e. CDD covered under this criterion), including application at appropriate times, and giving consideration to CDD previously undertaken and adequacy of data obtained.

The most recent amendments to the AML/CFT Act do not contain statutory provisions requiring FIs to apply CDD at appropriate times to existing customers based on materiality and risk. In fact, a six-week period was given for compliance in all cases. However, considering the country's risk profile, the limited number of customers affected by the additional CDD requirements, and the fact that FIs were informed and consulted on the forthcoming legal obligations prior to the adoption of the amendments, this shortcoming is not given significant weight.

Remaining shortcoming: Absence of legal provisions that would require FIs to apply CDD to existing customers depending on materiality.

Shortcoming 14: It remains unclear whether obligation to report unusual transactions covers situations when a FI is unable to comply with the relevant CDD measures (c.10.19).

Action taken to address shortcoming: The obligation to report unusual transactions now extends to all situations in which FIs are unable to comply with the required CDD measures (AML/CFT Law, Art. 15 and Art. 17(1)).

Remaining shortcoming: No shortcoming remains.

Shortcoming 15: Legislation does not contain permission for FIs to refrain from pursuing the CDD process in case of risk of tipping-off the customer followed by submission of an unusual transaction report. (c.10.20)

Action taken to address shortcoming: Amendments to the AML/CFT Act establish an obligation not to conduct CDD in a case when performing such measures, in whole or in part, could frustrate or jeopardise the processing of an *unusual business transaction* (AML/CFT Act, Art. 10(9)). Under the Act (Art.4(1) and Art.17), unusual business transactions are considered suspicious transactions, thereby encompassing the risk of tipping-off. The obligation to file an STR in case of unusual transactions is set out in Article 17 of the AML/CFT Act.

However, FIs are not permitted to pursue CDD even when it would be possible and there is no risk of tipping-off the customer.

Remaining shortcoming: FIs are not permitted to pursue CDD even when it would be possible and there is no risk of tipping-off the customer.

III. CONCLUSION

7. Slovak Republic has made progress to address deficiencies under R.10. Out of the 15 shortcomings, eight have been addressed. Of the seven remaining, notwithstanding that the authorities did not provide updated statistics concerning use of foreign trusts and other similar legal arrangements³ (covering two shortcomings), six are considered minor.

8. However, one shortcoming is considered important, as there is no explicit obligation to verify BO information based on information or data from a reliable source in situations other than those involving a higher ML/TF risk.

9. Taking the above into account, it is concluded that, overall, adequate corrective actions have not been taken. Slovak Republic should remain under step 1 of CEPs and is expected to report again at the next Plenary (December 2025) on additional action that has been taken.

3. The 2020 MER indicates that only 1% of the total number of bank customers were non-resident, primarily natural persons from neighbouring countries. Accordingly, the use of trusts by foreigners is minimal.