

ANNUAL REPORT 2019

MONEYVAL
Committee of Experts
on the Evaluation of Anti-Money
Laundering Measures
and the Financing of Terrorism

French edition:

Rapport annuel sur les activités de MONEYVAL 2019

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Abbreviations, acronyms and explanations

AML	Anti-money laundering
CDD	Customer Due Diligence
CDPC	European Committee on Crime Problems
CEPs	Compliance Enhancing Procedures
CETS 198	2005 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism – the Warsaw Convention
CFT	Countering the financing of terrorism
COP	Conference of the Parties to the 2005 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism – the Warsaw Convention (CETS 198)
Core Recommendations	FATF Core Recommendations R.1 Money laundering offence R.5 Customer due diligence R.10 Record keeping R.13 Suspicious transaction reporting SR II Criminalise terrorist financing SR IV Suspicious transaction reporting – terrorist financing
CTED	UN Counter-Terrorism Committee Executive Directorate
DNFBPs	Designated non-financial businesses and professions
EAG	Eurasian Group on Combating ML/TF
EDD	Enhanced Due Diligence
EU	European Union
FATF	Financial Action Task Force
FIU	Financial intelligence unit
FSRB	FATF-Style Regional Body
FT	Financing of terrorism
ICRG	International Co-operation Review Group of the FATF
IFIs	International financial institutions – IMF and World Bank
IMF	International Monetary Fund

Key Recommendations	FATF Key Recommendations R.3 Confiscation and provisional measures R.4 Secrecy laws consistent with the Recommendations R.23 Regulation, supervision and monitoring R.26 The FIU R.35 Conventions R.36 Mutual legal assistance R.40 Other forms of co-operation SR I Implement UN instruments SR III Freeze and confiscate terrorist assets SR V International co-operation
LEAs	Law enforcement authorities
MER	Mutual evaluation report
ML	Money laundering
MLA	Mutual legal assistance
NPO	Non-profit organisation
NRA	National risk assessment
OSCE	Organization for Security and Co-operation in Europe
PACE	Parliamentary Assembly of the Council of Europe
PEP	Politically exposed person
R	Recommendation
SAR	Suspicious activity report
SR	Special Recommendation
STR	Suspicious transaction report
TCSP	Trust and company service provider
TF	Terrorist Financing
TFFFI	Terrorist Financing Fact-Finding Initiative
UN	United Nations
UNCTC	United Nations Counter-Terrorism Committee
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Resolutions
VTC	Voluntary Tax Compliance

Introduction from the Chair



It is my pleasure to introduce the annual report for MONEYVAL for the year 2019 after my election as chair of the Committee in July 2019.

The past year has been significant in the global and European efforts to tackle the growing threats of money laundering and terrorism financing. Several large-scale money-laundering scandals continued to lead the news headlines in Council of Europe member States, with cross-border suspected transactions estimated in hundreds of billions of Euros. Europe and the rest of the world have suffered further terrorist attacks, and terrorist organisations have maintained their ability to raise funds for their activities. Countries around the world and in Europe understand the importance and urgency of applying effective measures to counter these threats.

In this context, MONEYVAL's work has been more important than ever to its member States and territories, as well as the entire global community. MONEYVAL's task is to support our members in better identifying the risks associated with money laundering and terrorism financing, as well as their effective prosecution, conviction and confiscation of criminal proceeds. We can see how important this element is when assessing the effectiveness of national systems,

where we still note a large number of shortcomings that require specific actions.

Emerging technologies present both a challenge and an opportunity in combatting financial crime. The challenge stems mostly from the fact that criminals are eager to exploit new technologies to pursue their fraudulent activity, whereas State authorities, reporting entities and other stakeholders take more time to adapt countermeasures allowing to identify illicit activity and trace the proceeds of crime. At the same time, the introduction of emerging technologies is also an opportunity to decrease the reliance on cash in the economy. While the struggle to effectively trace movement of cash by authorities has always been one of the key obstacles in tackling financial crime, the new challenge is the tracing of virtual assets.

Virtual currencies and assets are a risk area that still requires practical answers on how their criminal use can be identified, how they can be tracked, stopped and confiscated. Especially since this new challenge also requires demonstration of practical results by the MONEYVAL member States and territories. Changes in regulations in this area must occur quickly to keep up with the changing external conditions and the development of these technologies. I hope that such changes, thanks to MONEYVAL initiatives and the efforts of its members, will occur quickly.

Criminals often use cross-border operations in order to complicate any efforts by authorities to "follow the money", knowing well that international co-operation continues to be a weak link in the global efforts to tackle money laundering and economic crime. While information sharing between financial intelligence units has greatly improved in recent years, there are still major hurdles in the way of joint action to seize and confiscate criminal proceeds as a result of transnational law enforcement investigations. The lack of effective action among member States is largely caused by underdeveloped frameworks for the partitioning, sharing and repatriation of confiscated assets. A study on this topic was completed in 2019 by the Conference of the Parties (COP) to the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS N° 198). The important finding that less than a third of COP member States have specific asset sharing arrangements is quite telling of the work that still needs to be done. The findings from MONEYVAL mutual evaluations support this view.

In 2019, MONEYVAL has come halfway through its 5th round of mutual evaluations, which covers 34 member States and territories. The evaluation reports adopted last year show that MONEYVAL members continue to demonstrate low-to-moderate levels of effectiveness in many areas, not to mention the more technical legislative and institutional deficiencies that still exist. Therefore, maintaining the pressure of our robust evaluations programme is essential to strengthening national systems, reducing risks, and ensuring that members take concrete action to tackle and prevent money laundering and terrorism financing. A key component of the mutual evaluation mechanism is the follow-up to recommendations provided to our members. It ensures continued progress, legislative, institutional and practical improvements in national systems.

The most important global partner of MONEYVAL is the Financial Action Task Force (FATF), which sets the global standard for anti-money laundering/combating the financing of terrorism – the FATF 40 Recommendations. The FATF leads the worldwide network of so-called FATF-style regional bodies, which function using the same global methodology and procedures, including herein MONEYVAL.

In 2019 the FATF and MONEYVAL have both prioritised efforts to develop their strategic outlook. The FATF has initiated a strategic review of its standards and evaluation modalities. MONEYVAL has been an important participant and contributor to this global discussion. A comprehensive effort has been invested by MONEYVAL itself to develop and adopt our own Strategy for 2020-2022, which identifies a range of priority workstreams, including reinstating MONEYVAL's typologies work programme; promoting high-level commitment to anti-money laundering policies among its members, to name a few.

MONEYVAL's contribution to the work of the FATF is multifaceted and highly valued by our most important partner. This year FATF and MONEYVAL have carried out a joint mutual evaluation of the Russian Federation, and MONEYVAL has continued the practice of contributing assessors to FATF evaluations. A joint FATF/MONEYVAL evaluators training was held to prepare the next group of trained experts for future assessments. Furthermore, a large-scale Joint FATF/MONEYVAL Experts Meeting was held in Tel Aviv, Israel with participation of over 300 operational experts from across the world. The high standing of MONEYVAL within the global FATF-led network of organisations contributes to promoting the visibility of the Council of Europe in international fora.

Coordination with other FATF-style regional bodies of the same standing as MONEYVAL covering different regions of the world, has continued. MONEYVAL has further developed its relations with the European Commission, in light of key legislative developments and initiatives in the EU. We continued regular contacts with other key partners, such as the World Bank, the International Monetary Fund, the Egmont Group of Financial Intelligence Units and the United Nations Office on Drugs and Crime.

MONEYVAL remains one of the key pillars in the Council of Europe upholding the rule of law and effective action against criminality. Our job is to prevent the flow of criminal funds into the legal economy, to deprive organised crime of its proceeds and to ensure that terrorist financiers are pursued and prosecuted. We must therefore maintain our robust monitoring mechanism to ensure that States do not stray away from their commitments to tackle these crimes.

Elżbieta Frankow-Jaśkiewicz
President of MONEYVAL

Executive summary

The Committee of Experts on the Evaluation of anti-money laundering measures and the financing of terrorism (MONEYVAL) is a monitoring body of the Council of Europe, which includes 34 member States and jurisdictions subject to its assessments. The global reference standard used by MONEYVAL in its evaluations is the 40 Recommendations of the Financial Action Task Force (FATF), which leads a global network of regional FATF-style regional bodies, of which MONEYVAL is one. MONEYVAL has been granted associate membership status by the FATF.

Evaluating its 34 member States and territories against the global standard to combat money laundering and terrorist financing is the core mandate of MONEYVAL. Through peer pressure, its members are constantly updating their anti-money laundering and counter-terrorist financing (AML/CFT) legislation, institutions and operational practices. MONEYVAL's reports are crucial to demonstrate the level of compliance of a specific jurisdiction. They are public and widely used by financial institutions around the globe to assess AML/CFT compliance when conducting business in a given jurisdiction. A negative report can have detrimental economic effects: banks risk losing access to the global financial system and investments may decrease. MONEYVAL finds and helps reduce risks to the global financial system, identifies gaps in national AML/CFT systems and actively follows up the progress countries make to rectify them.

Throughout 2019, MONEYVAL continued its 5th round of mutual evaluations on the basis of the 2012 FATF standards and the 2013 Methodology. Four mutual evaluation reports were adopted for Cyprus, Gibraltar, Malta and the Republic of Moldova. Two other members received on-site visits – Georgia and the Slovak Republic, with evaluation reports scheduled for adoption in mid-2020. Two other members (Poland and Croatia) received the country training and launched the mutual evaluation process set to roll out in 2020-2021. One additional evaluation of the Russian Federation was carried out jointly with the FATF and the report subsequently endorsed by the MONEYVAL Plenary.

MONEYVAL implements a robust follow-up process to monitor members' implementation of recommendations from its evaluation reports. The current follow-up processes cover the current 5th round of mutual

evaluations and its previous 4th round of mutual evaluations. In 2019 the Committee adopted altogether 13 follow-up reports and 4 reports under compliance enhancing procedures. In total, 20 MONEYVAL States or territories were subject to active monitoring processes in 2019 (through onsite visits, adopted reports, follow-up and compliance procedures. This includes the analysis of the tax compliance programme (tax amnesty) carried out by Lithuania, whereby international controls and analysis produced by MONEYVAL aimed to ensure proper application of AML/CFT requirements.

This year has been crucial for the development of MONEYVAL's strategic framework. At its 59th Plenary meeting in December 2019 MONEYVAL adopted its Strategy for the period 2020-2022. The overall purpose of the strategy is to improve MONEYVAL members' compliance with the standards by the FATF, and ultimately to strengthen their capacity to combat money laundering and the financing of terrorism and proliferation more effectively. In order to achieve this purpose, the strategy has identified a number of strategic goals for the period 2020-2022, which are notably: sustaining MONEYVAL's monitoring and other activities; strengthening the capacities of MONEYVAL members by training its members on the FATF standards; enhancing MONEYVAL's involvement in the global AML/CFT network; strengthening MONEYVAL's political standing; and increasing the resources in the MONEYVAL Secretariat. In order to better reflect the increasing importance the FATF attributes to combating proliferation financing, the strategy also suggests that MONEYVAL's mandate is adjusted to include a reference to this phenomenon.

During its two Plenaries in 2019, MONEYVAL held numerous exchanges of views with and heard presentations from experts on topical issues. This included inter alia: challenges to the effective confiscation of the proceeds of crime from a judicial perspective; terrorist financing risk assessment guidance and collaborative responses of jurisdictions; lessons learned from the FATF International Cooperation Review Group ('public listing') process; money laundering from modern slavery and human trafficking; money laundering with the use of virtual assets; operational autonomy of financial intelligence units (FIUs).

As a leading associate member of the FATF, MONEYVAL is respected as an effective monitoring mechanism for the quality of the outputs it delivers and the strength of its follow-up procedures. MONEYVAL actively contributes to the strategic discussions in the FATF, and in particular the Strategic Review recently initiated in order to prepare the FATF for its next round of mutual evaluations. The Review will reshape the assessment processes, assessment Methodology and public listing processes to be implemented as of 2024.

MONEYVAL regularly partners with the FATF in organising joint initiatives. Several activities were organised with the FATF in the course of 2019. In March a joint FATF/MONEYVAL Experts Meeting, hosted by the Israeli government was organised in Tel Aviv. It brought together over 300 delegates, representing 63 jurisdictions from across the FATF's global network, in order to discuss operational issues in the field of combating money laundering and terrorism financing. In April 2020 an FATF/MONEYVAL evaluator training seminar was organised in order to train future experts who will take part in MONEYVAL evaluations.

At the same time, the FATF constantly widens the activities of the global AML/CFT network, with growing expectations on the "FATF-style regional bodies" (such as MONEYVAL) whose workload consequently increases. In accordance with the FATF Methodology, MONEYVAL carries out evaluations of its members holistically, without the possibility of

splitting assessments into thematic rounds. Thus the national systems are comprehensively evaluated in every round, in all of their components. It results in lengthy on-site visits (in some cases over two weeks), large assessment reports and long lists of recommendations for countries to implement. While the FATF is currently considering how to optimise the resource burden for the whole global network, this continues to be an enormous challenge for MONEYVAL members and the Secretariat which coordinates and directly participates throughout the whole evaluation process. While the size of FATF membership (39 members) and number of conducted evaluations is comparable to that of MONEYVAL, the secretariat resources of the FATF are more than triple of our own MONEYVAL Secretariat, which furthermore carries the task of supporting the COP 198. Notwithstanding, the FATF has always considered MONEYVAL a top performer in the FATF-led global network of regional bodies.

In this respect, it is worth mentioning the Parliamentary Assembly recommendation 2154 (2019)¹ of 11 April 2019 which called upon the Committee of Ministers to "ensure that regardless of the future budgetary situation, [international activities to counter organised crime, corruption and money laundering], notably the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) and the Group of States against Corruption (GRECO), continue to be adequately resourced."

Introduction and background

Money laundering – i.e. the process through which criminals give an apparently legitimate origin to proceeds of crime – is an expanding and increasingly international phenomenon. Current estimates of the amount of money laundered worldwide range from \$500 billion to a staggering \$1 trillion, with disastrous effects on the global economy, especially on vulnerable, developing economies.

The Council of Europe was the first international organisation to emphasise the importance of taking measures to combat the threats posed by money laundering for democracy and the rule of law. The Council's efforts led to the creation in 1997 of the Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures (PC-R-EV), later renamed to Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL). After the terrorist attacks of 11 September 2001, the Committee also began applying international standards designed to combat terrorist financing.

MONEYVAL works in close co-operation with the FATF, being one of the leading FATF-style regional bodies (FSRBs) and as an associate member of the FATF.

28 member States of the Council of Europe are assessed by MONEYVAL. In addition, Israel and the Holy See/Vatican City State, the UK Crown Dependencies of Jersey, Guernsey and the Isle of Man as well as the UK Overseas Territory of Gibraltar participate fully in the evaluation processes of MONEYVAL and are subject to its follow-up procedures. In total, MONEYVAL is now responsible for assessing 34 States and jurisdictions. Furthermore, MONEYVAL contributes its assessors to FATF evaluations of other Council of Europe Member States, which are not members of MONEYVAL (e.g. Turkey in 2019).

MONEYVAL's main activity consists in evaluating the implementation of the international AML/CFT standards. In 2015, it started its 5th round of mutual evaluations. The Committee is also continuing to pursue the follow-up process for its 4th round of mutual evaluations, the last evaluation of which was conducted in the same year. Other activities include the review of Voluntary Tax Compliance programmes in its jurisdictions, as well as joint actions with other AML/CFT-related bodies. Through these activities, MONEYVAL contributes to the protection of the global financial system from abuse. It also actively contributes to the fight against organised crime, corruption and other proceeds-generating offences which are subsequently laundered by criminals and reinvested in either criminal enterprises or the legal economy.

Within the Council of Europe, the work of MONEYVAL is complemented by the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198). This convention reinforces current international standards, inter alia, by setting high requirements with respect to freezing, seizure and confiscation measures, the management of frozen and seized property and the possibility to take into account international recidivism when determining a penalty. It is important to note that the monitoring procedure under this convention was designed so as not to duplicate the work of MONEYVAL or the FATF. The Convention's monitoring body, the Conference of Parties to CETS 198, therefore focuses on those parts of the Convention that strengthen or even go beyond the requirements of the FATF global standard.

This report starts by setting out the mission and working framework of MONEYVAL with key information on past and current activities. It goes on to present the results of MONEYVAL's main processes for 2019, namely the 5th round of mutual evaluations and the follow-up to the 4th round of mutual evaluations, as well as compliance enhancing procedures. The documents made reference to in this annual report are published on the MONEYVAL website.² The report continues with other key activities for MONEYVAL, including its partnerships with other organisations, representation of MONEYVAL in other forums, links with the Conference of the Parties (COP) to the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198), as well as training sessions and seminars. Finally, the report concludes with a section on staffing and resources.

2. http://www.coe.int/t/dghl/monitoring/moneyval/Countries/Country_profiles_en.asp



Aim and status of MONEYVAL

MONEYVAL a permanent monitoring mechanism of the Council of Europe reporting directly to the Committee of Ministers. MONEYVAL is 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.

1. MEMBERS AND OBSERVERS

Evaluation by MONEYVAL currently covers, under Article 2 of the Statute of MONEYVAL:

- ▶ member States of the Council of Europe that are not members of the FATF (Article 2.2a of the Statute) and member States of the Council of Europe that become members of the FATF and request to continue to be evaluated by MONEYVAL (Article 2.2b of the Statute), currently:
 - Albania
 - Armenia
 - Bosnia and Herzegovina
 - Croatia
 - Czech Republic
 - Andorra
 - Azerbaijan
 - Bulgaria
 - Cyprus
 - Estonia

- Georgia
- Latvia
- Lithuania
- Republic of Moldova
- Montenegro
- Poland
- Russian Federation³
- Serbia
- Slovenia
- Hungary
- Liechtenstein
- Malta
- Monaco
- North Macedonia
- Romania
- San Marino
- Slovak Republic
- Ukraine

▶ Non-member States of the Council of Europe (Article 2.2e of the Statute):

- Israel;
- The Holy See/Vatican City State by virtue of Resolution CM/Res(2011)5;
- The UK Crown Dependencies of Guernsey, Jersey and the Isle of Man by virtue of Resolution CM/Res(2012)6;
- The UK Overseas Territory of Gibraltar by virtue of Resolution CM/Res(2015)26.

According to Article 3, paragraph 3 of MONEYVAL's statute, the presidency of the FATF shall appoint to the meetings of MONEYVAL two members of the FATF, for a renewable term of office of two years. By letter of the FATF President, the current nominated FATF members are Italy and Germany.

3. The Russian Federation is also a member of FATF and the EAG (Eurasian Group on Combating Money Laundering and Financing of Terrorism).

In addition, the following countries, bodies, organisations and institutions have observer status with MONEYVAL and are entitled to send a representative to MONEYVAL meetings:

- ▶ the Parliamentary Assembly of the Council of Europe (PACE);
- ▶ the Council of Europe Development Bank (CEB);
- ▶ the European Committee on Crime Problems (CDPC);
- ▶ the Conference of the Parties of the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (COP);
- ▶ the European Commission and the Secretariat General of the Council of the European Union;
- ▶ States with observer status of the Council of Europe (Canada, Japan, Mexico and the United States of America);
- ▶ the Secretariat of the Financial Action Task Force (FATF);
- ▶ Interpol;
- ▶ the International Monetary Fund (IMF);
- ▶ the United Nations Office on Drugs and Crimes (UNODC);
- ▶ the United Nations Counter-Terrorism Committee (CTC);
- ▶ the United Nations Crime Prevention and Criminal Justice Division (CCPCJ);
- ▶ the World Bank;
- ▶ the Commonwealth Secretariat;
- ▶ the European Bank of Reconstruction and Development (EBRD);
- ▶ the Offshore Group of Banking Supervisors (OGBS);
- ▶ the Organisation for Security and Co-operation in Europe (OSCE);
- ▶ the Egmont Group of Financial Intelligence Units;
- ▶ the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG);
- ▶ any other FATF style regional body (FSRB) which is or becomes an associate member of the FATF, on the basis of reciprocity;
- ▶ any member of the FATF.

2. ACTIVITIES AND PROGRAMMES

Objectives

The objective of MONEYVAL is to ensure that its evaluated jurisdictions have in place effective systems to counter money laundering and terrorist financing and comply with the relevant international standards in these fields. MONEYVAL endeavours to achieve this through the following methodological tools:

Methodology

- ▶ Assessing compliance with all relevant international standards in the legal, financial and law enforcement sectors through a peer review process of mutual evaluations;
- ▶ Issuing reports which provide tailored and concise recommendations on ways to improve the effectiveness of domestic regimes to combat money laundering and terrorist financing and States' capacities to co-operate internationally in these areas;
- ▶ Ensuring an effective follow-up of evaluation reports, including Compliance Enhancing Procedures (CEPs), to improve levels of compliance with international AML/CFT standards by the States and territories which participate in MONEYVAL's evaluation processes;
- ▶ Conducting typologies studies of money laundering and terrorist financing methods, trends and techniques and issue reports thereabout.

Mutual evaluation rounds and follow-up processes

MONEYVAL has completed four rounds of mutual evaluations. In 2015, it commenced its 5th round of mutual evaluations, which is based on the FATF 2012 Recommendations and the 2013 Methodology for assessing technical compliance with the FATF Recommendations and the effectiveness of AML/CFT systems. For each round, evaluations of MONEYVAL States and territories give rise to mutual evaluation reports.

Mutual evaluation rounds

First evaluation round (1998-2000)

The first round of mutual evaluations, based on the 1996 FATF Recommendations, was initiated in 1998 and onsite visits were concluded in 2000. 22 Council of Europe member States were evaluated in the first evaluation round.

Second evaluation round (2001-2004)

This second round was also based largely on the 1996 FATF Recommendations and included evaluation against the FATF's 2000 Criteria for non-co-operative States and territories. MONEYVAL concluded its second round of onsite visits in 2003. 27 Council of Europe member States were evaluated.

Third evaluation round (2005-2009)⁴

The third round of mutual evaluations was based on the 2003 revised FATF Recommendations. In addition, the evaluation reviewed aspects of compliance with the European Union's Third Anti-Money Laundering Directive, which came into force in 2007. 28 Council of Europe member States together with the Holy See/Vatican City State and Israel have been evaluated in the third evaluation round.

Follow-up evaluation round or "MONEYVAL's Fourth Round" (2009-2014)

MONEYVAL commenced a follow-up round of onsite visits in 2009. For each country, these evaluations focused on the effectiveness of implementation of key and core and some other important recommendations in the FATF 2003 Recommendations, together with any recommendations for which the country received either a non-compliant or partially compliant rating in the third round. In addition, the evaluation also reviewed aspects of compliance with the EU's 3rd Anti-Money Laundering and Counter-Terrorist Financing Directive (Directive 2005/60/EC).

Fifth evaluation round (since 2015)

The FATF 2012 Recommendations and the "Methodology for Assessing Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems" constitute the basis of the 5th MONEYVAL round of evaluations. In this new round which commenced in 2015, the main emphasis is on the effective implementation of the FATF Recommendations by States and territories, with each onsite visit lasting at least two weeks. The first MER report under this new round was adopted in December 2015. By the end of 2018, twelve mutual evaluation reports had been adopted, and two additional countries had received onsite visits in the current round.

In 2019, MONEYVAL has conducted the following onsite visits and adopted the following mutual evaluation reports:

5th round onsite visits and adoption of reports in 2019

- ▶ Gibraltar (onsite visit: 1-12 April 2019), the report was adopted in December 2019;
- ▶ Cyprus (onsite visit: 13–24 May 2019), the report was adopted in December 2019;
- ▶ Republic of Moldova (onsite visit: 1-12 October 2018), the report was adopted in July 2019;
- ▶ Malta (onsite visit: 5-16 November 2018) the report was adopted in July 2019;
- ▶ Slovak Republic (onsite visit: 7-18 October 2019); and Georgia (onsite visit: 4-15 November 2019): both reports are tabled for discussion and adoption in 2020.
- ▶ Russian Federation was jointly evaluated by the FATF and MONEYVAL, with the onsite visit having taken place in March 2019 and the report being adopted by the FATF Plenary in October 2019. MONEYVAL endorsed the report in December 2019.

3. WORKING GROUP ON EVALUATIONS

In 2015, MONEYVAL established a Working Group on Evaluations (WGE) to assist the Plenary by preparing the discussion and proposing solutions on technical and other significant issues. This allows the Plenary to focus primarily on effectiveness issues, matters of substance as well as recommendations to the assessed jurisdiction. The WGE met on the day before the start of each MONEYVAL Plenary throughout 2019. Its terms of reference are contained in Appendix IV to MONEYVAL's Rules of Procedure for the 5th Round of Mutual Evaluations.

4. GOVERNANCE

The MONEYVAL Bureau is the key governance body of MONEYVAL, carrying the number of tasks, including assisting the Chair, supervising the preparation of Plenary meetings and ensuring continuity between meetings. The MONEYVAL Bureau is composed of a Chair, two Vice-Chairs and two other Bureau members. The Bureau members are currently:

4. Although the third round of evaluations concluded in 2009, the Holy See (including Vatican City State) was subsequently evaluated in 2011, with the report being adopted in 2012 following the adoption by the Committee of Ministers on 6 April 2011 of Resolution CM/Res(2011)5.

MONEYVAL Bureau elected for a term of two years in 2019	
Chair:	Ms Elzbieta Frankow-Jaskiewicz (Poland)
Vice-Chairs:	Mr Alexey Petrenko (Russian Federation) Mr Richard Walker (UK Crown Dependency of Guernsey)
Members:	Mr Ladislav Majernik (Slovak Republic) Mr Matis Mäeker (Estonia)

MONEYVAL scientific experts
▶ Dr Lajos Korona, Public Prosecutor in Hungary – Legal scientific expert
▶ Mr John Ringguth LLB, former Executive Secretary to MONEYVAL – Legal scientific expert
▶ Mr Boudewijn Verhelst, Deputy Director of CTIF-CFI and Attorney General in Belgium – Law enforcement scientific expert
▶ Mr Andrew Strijker, former Head of the Dutch delegation to FATF – Financial scientific expert
▶ Mr Andrew Le Brun, Director – Government of Jersey, Chief Executive’s Office – Financial scientific expert

5. SCIENTIFIC EXPERTS

MONEYVAL is fortunate in having a panel of independent scientific experts. The role of a scientific expert is to provide neutral, experienced opinions and to assist the Chair and Secretariat in ensuring the consistency of MONEYVAL’s outputs. This includes, among others, fulfilling a quality control function for draft evaluation reports, attending all MONEYVAL Plenaries as well as enriching the debates with their experience and knowledge. In 2019, the scientific experts were:

6. GENDER EQUALITY RAPPOREUR

In line with the general policy of the Council of Europe, MONEYVAL appointed in 2015 Ms Maja Cvetkovski (Slovenia) as Gender Equality Rapporteur. Ms Cvetkovski updated MONEYVAL on recent actions in the Council of Europe with regard to the relation between gender and crime. In particular, she referred to a GRECO project (in co-operation with the University of Amsterdam) which was launched in December 2018 and which - on the basis of country questionnaires - covers the relation between gender and economic crimes (especially corruption and fraud).



Fifth mutual evaluation round

7. OBJECTIVES AND FORMAT

MONEYVAL commenced a new round of mutual evaluations in 2015. For each State or territory, these evaluations are undertaken on the basis of the 2012 FATF standards and the 2013 “Methodology for Assessing Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems”, as amended from time to time. The assessment of technical compliance addresses the extent to which the country or territory complies with the specific requirements of the standards in laws, regulations or other required measures, which are in force and in effect, including in respect of the institutional framework and the existence, powers and procedures of competent authorities. The assessment of effectiveness evaluates the adequacy of the implementation of the standards and identifies the extent to which the country or territory achieves a defined set of outcomes that are central to a robust AML/CFT system. The evaluation procedure is different from that of the 4th round, with each onsite visit lasting at least two weeks and the mutual evaluation reports (MERs) consisting of a large part on effectiveness (around 160 pages), with an annex on technical compliance (around 60 pages). The procedure also slightly differs in its follow-up processes. Unlike the 4th round, there are only two types of processes that can occur following the discussion and adoption of a 5th round evaluation report: regular follow-up and enhanced follow-up.

8. REGULAR FOLLOW-UP

Regular follow-up will be the default mechanism to ensure a continuous and on-going system of monitoring. This is the minimum standard that will apply to all members. Whenever a regular follow-up report is discussed, re-ratings for technical compliance are possible in appropriate cases. At the adoption of the country/territory’s MER, the normal first step is that the assessed country/territory would report back to the Plenary within two and a half years after the MER and provide information on the actions it has taken or is taking to address the priority actions and recommendations, and deficiencies in its MER. The expectation is that significant progress would have been made. In particular, it is expected by the global AML/CFT network that technical deficiencies are addressed within three years from the adoption of the MER.

9. ENHANCED FOLLOW-UP

After the discussion of the evaluation report, a country/territory will be placed immediately into enhanced follow-up if any one of the following applies:

- (i) it has eight or more non-compliant or partially compliant ratings for technical compliance, or
- (ii) it is rated non-compliant or partially compliant on any one or more of FATF Recommendations 3, 5, 10, 11 and 20, or
- (iii) it has a low or moderate level of effectiveness for seven or more of the eleven effectiveness outcomes, or
- (iv) it has a low level of effectiveness for four or more of the eleven effectiveness outcomes.

After the discussion of a follow-up report, the Plenary could also decide to place the country/territory into enhanced follow-up at any stage in the regular follow-up process, if a significant number of priority actions have not been adequately addressed on a timely basis.

Countries in enhanced follow-up would typically first report back two years after the adoption of the country’s MER, and subsequently report twice more at yearly intervals. As in regular follow-up, the global AML/CFT network expects that technical deficiencies are addressed within three years from the adoption of the evaluation report and re-ratings for technical compliance are possible in appropriate cases. The Plenary retains the discretion to vary the specific frequency of reporting. In addition to more frequent reporting, the Plenary may also apply other compliance measures to countries and territories, as set out under Compliance Enhancing Procedures (CEPs).

10. PUBLICATION POLICY

5th round evaluation reports are final and subject to publication once they have passed the quality and consistency review by the global AML/CFT network led by the FATF. Unlike 4th round follow-up reports, 5th round follow-up reports (together with the Secretariat’s analysis) are routinely published on the MONEYVAL website. Following a decision taken by the FATF at its November Plenary in 2017, MONEYVAL amended its rules of procedure in December 2017 to also allow for a quality and consistency review of 5th round follow-up reports for which re-ratings of technical compliance were requested by the country/jurisdiction concerned.

11. FIFTH ROUND REPORTS ADOPTED IN 2019



5th round mutual evaluation report of Cyprus

The report makes a comprehensive assessment of the effectiveness of the anti-money laundering and counter terrorist financing (AML/CFT) system of Cyprus and its level of compliance with the Financial Action Task Force (FATF) Recommendations.

As an international financial centre, Cyprus is primarily exposed to external ML threats as non-residents may seek to transfer criminal proceeds to or through Cyprus, particularly through the Cypriot banking system or may seek to use trust and company service providers to facilitate their aims. The reports states that Cyprus Investment Programme (CIP) is inherently vulnerable to abuse for ML purposes, as is real estate, both in general and as the apparent preferred investment to acquire citizenship.

The report underlines that there is good understanding of ML risks at the national and sectorial level; in some aspects, particularly where the Central Bank of Cyprus is involved, understanding is very good. FT risk is understood to a good standard. There is a strategy and action plan, which flow from the findings of a National Risk Assessment (NRA), conducted by Cypriot authorities. There have been a series of national initiatives which specifically address the risks faced by Cyprus.

Regarding use of the financial intelligence the Police have frequently accessed and made effective use of financial and other information to further their investigations into domestic, and some foreign, ML, associated predicate offences, and FT. The report concludes that until 2018 the Police did not make extensive use of intelligence generated by the financial intelligence unit (FIU) as expertise was not significantly developed. Conscious of this shortcoming, measures were implemented by the Police, and, as a result, the

use of FIU intelligence saw a healthy increase in 2018. The authorities appear to have adequate resources in place for ML investigations, but some units of the police are more resourced and more experienced than others for investigating ML. Also, the FIU has the ability to conduct multi-layered analysis of sophisticated ML cases involving the use of complex corporate structures spread over different jurisdictions, multiple bank accounts and extended ML networks.

With regard to FT there have been some terrorism convictions with financial elements to them but there have, as yet, been no FT prosecutions/convictions. The report acknowledges that jurisdiction is certainly not complacent and has a strong counter-terrorism infrastructure which meets and assesses threats associated with terrorism including FT. The jurisdiction has taken steps to increase training awareness of FT risks within both the public and the private sector.

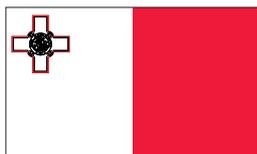
Obligated entities' understanding of risk is somewhat uneven. Banks and non-bank financial institutions have a generally sophisticated understanding of both the ML and FT risks they face.

The report highlights that the supervisory authorities of financial institutions (FIs) apply comprehensive controls in relation to preventing criminals from owning or controlling licensees. There is a good understanding of ML risks and good understanding of FT risks although this is less developed than for ML. The authorities have promoted a clear understanding by FIs of their AML/CFT obligations, with a greater emphasis on AML.

Finally, Cyprus has been effective in executing requests in a timely and constructive manner in response to all types of formal requests from countries with which it co-operates most actively. The FIU is generally effective in providing and seeking informal co-operation. The authorities have been constructive in providing basic and beneficial ownership (BO) information on legal persons and arrangements which is available to them.

Based on the results of its evaluation, MONEYVAL decided to adopt the 5th round evaluation report of Cyprus. The country was placed in enhanced follow-up and requested to report back at the first Plenary in 2021.





5th round mutual evaluation report of Malta

The report makes a comprehensive assessment of the effectiveness of Malta's anti money laundering and countering the financing of terrorism (AML/CFT) system and its level of compliance with the FATF Recommendations.

Malta is a relatively large international finance centre specialised in corporate and transaction banking and fund management. Malta's financial sector is bank-centric which is highly vulnerable to ML. The country has made significant efforts to understand its ML/FT risks, including by conducting a formal NRA exercise in 2013/14, with some updating of statistics and findings in 2017. The NRA Report demonstrates that authorities have a broad understanding of the vulnerabilities within the AML/CFT system.

Regarding the financial intelligence the FIU is considered to be an important source of financial intelligence but only in a limited number of cases are the FIU disseminations used to develop evidence and trace criminal proceeds related to ML. There were only few FT related investigations, therefore, it is difficult to conclude on the use of financial intelligence by the authorities for the purposes of FT investigations. The FIU officers perform their functions freely and objectively without undue influence. Operational analysis is conducted according to a detailed internal written procedure, while the strategic analysis does not adequately support the activities of the respective stakeholders.

With regard to FT Malta has a sound legal framework to fight it. The Maltese authorities have recently instituted a few FT investigations, however, there have been no prosecutions or convictions for FT so far. The report concludes that the actions undertaken by the authorities are not fully in line with Malta's possible FT risks. At the same time the competent authorities have improved their understanding of the threats and vulnerabilities and have undertaken certain actions to mitigate the risks.

The financial sector's appreciation of the ML/FT risk is varied across the sectors. Banks and casinos demonstrated a good understanding of the ML risks, while non-bank FIs and other DNFBS were unable to clearly articulate how ML might occur within their institution or sector. Both FIs and DNFBS were less confident in their understanding in relation to FT risk.

The report highlights that the supervisory authorities do not have adequate resources to conduct risk-based supervision, for the size, complexity and risk profiles of Malta's financial and DNFBS sectors. Positive steps



have been taken by the supervisory authorities to improve their knowledge of ML/FT risks in the banking sector, with trust and company service providers, and remote gaming sector. The sectorial supervisors have in place established fitness and properness checks to prevent criminals and their associates from owning or controlling FIs and most DNFBS.

Finally, the Maltese legislation sets out a comprehensive framework for international co-operation, which enables the authorities to provide assistance concerning ML/FT and associated predicate offences. The FIU has a broad legal basis for international co-operation and proactively and constructively interacts with its foreign counterparts. The Police is active in the sphere of international co-operation through direct communication. Positive feedback on the quality and timeliness of formal international co-operation provided by Malta was received from foreign partners, while there were few instances where international co-operation was not conceived as satisfactory related to delays caused by difficulties experienced in collecting the requested information from FIs in cases where a lot of financial data was required by the requesting State.

Based on the results of its evaluation, MONEYVAL decided to adopt the 5th round MER of Malta. The country was placed in enhanced follow-up and requested to report back at the last Plenary in 2020.



5th round mutual evaluation report of the Republic of Moldova

The report makes a comprehensive assessment of the effectiveness of the anti money laundering and countering the financing of terrorism (AML/CFT) system of the Republic of Moldova and its level of compliance with the FATF Recommendations.



Moldova is not an important regional financial centre. Its financial sector consists mainly of the banking sector, which implies a high risk, besides the remittances sector and a small securities and insurance sector. The country is heavily reliant on export and import. The understanding of ML/FT risks and vulnerabilities is based on the NRA, which was finalised in 2017. While the NRA does not explore separately the risks associated with organised crime groups, non-profit organisations (NPOs) and all the aspects of FT, it is still rather comprehensive and covers a wide range of subjects. Adopted AML/CFT policies, as stipulated by the Action Plan 2017, are generally in line with the identified risks.

Regarding the financial intelligence the structure of the FIU changed to an autonomous public body with the adoption of the new AML/CFT Law. The FIU has a broad and unhindered access to information sources and its financial intelligence was demonstrated to be used by prosecutors in ML and proceeds-generating cases.

The report states that the authorities demonstrated a proactive approach in pursuing investigations and apply thereby a variety of investigative techniques. Parallel financial investigations are considered a priority for the prosecution services. At the same time, the results of investigations and prosecutions into ML offences are not entirely proportionate to the risks identified. Also, the number of convictions also remains low when compared to the number of ML investigations, the number of convictions for the predicate offences, and the overall country risks.

With regard to FT it is criminalised largely according to the FATF standards. The competent authorities demonstrated a correct understanding of FT risks, and they acquired broad powers to obtain (financial) information for identifying and investigating FT. There have been two terrorism-related cases which led to convictions. Also, two FT investigations took place but did not result in prosecutions or convictions, as no FT element was established. No sanctions for FT have been applied. Nevertheless, alternative measures have been applied to disrupt FT, such as expulsion, non-admission and deportation.

The report highlights that among the FI and DNFBP sectors, mainly banks demonstrate awareness of UN and European Union (EU) designations. Insufficient awareness is noted across smaller banks, other FIs and the designated non-financial businesses and professions (DNFBP) sector. Moldova has not formally identified the types of NPOs which are vulnerable to FT abuse.

The report states that the internal risk assessments mandated by the National Bank have increased the awareness of business-specific risks amongst banks while DNFBPs, except for notaries, almost completely lack the understanding of ML/FT risks.

In relation to the supervision the FIs' supervisors have an adequate level of understanding of ML risks for most of the sectors they supervise. Regarding the supervisory framework of the DNFBPs certain gaps exist, as supervision of the degree of compliance of DNFBPs with the current AML/CFT obligations is only recently developed.

With regard to the transparency of legal persons, the NRA does not provide a comprehensive analysis of ML/FT risks related to them. The country has taken some steps to prevent the misuse of LEs, particularly in the context of uncovering VAT fraud. However, limited measures were applied to track down fictitious entities. Also, the supervisory measures taken by the National Bank have improved the quality of BO information obtained by banks

In the end, the legal framework for providing international co-operation is well-developed and frequently used and only moderate shortcomings are noted regarding MLA on freezing and confiscation. Authorities are able to take urgent action to respond to requests, depending on the circumstance of the case

Based on the results of its evaluation, MONEYVAL decided to adopt the 5th round MER of the Republic of Moldova. The country was placed in enhanced follow-up and requested to report back at the last Plenary in 2020.



5th round mutual evaluation report of Gibraltar

The report makes a comprehensive assessment of the effectiveness of Gibraltar's anti money laundering and countering the financing of terrorism (AML/CFT) system and its level of compliance with the FATF Recommendations.

Gibraltar has a varied understanding of its ML and FT risks. The authorities demonstrated a good understanding of the risk of terrorism, FT typologies and of some of the ML threats. The jurisdiction's understanding of the ML risk is, however, affected by several shortcomings related to the NRA analysis, by the limited analysis of quantitative and qualitative data and in particular by underestimating the cross-border threat which Gibraltar faces as an international financial centre.

Regarding the financial intelligence the FIU has increased its capacities and has extended co-operation with the LEAs and supervisory authorities, thus increasing its role in generating financial intelligence. However, the FIU's analytical products were used by the LEAs only to a limited extent and therefore did not have a significant impact.

The report demonstrates that since 2015 Gibraltar's AML/CFT legal framework has improved significantly and provides a solid basis for the authorities to detect, investigate and prosecute the ML/FT offence, however, the effective investigation and prosecution of ML offences remain undemonstrated. Also, Gibraltar's legislation provides all that is necessary for the detection, restraint and confiscation of the proceeds and forfeiture of the instrumentalities of crime, whether from domestic or international offences. Although confiscation is a policy objective, it has not been effectively pursued and the amount confiscated is low. The statistics on the confiscation of cross border movements of currency and BNIs suggest that this element in the overall confiscation regime has been underused.

With regard to the FT Gibraltar has recently updated its CFT legislation and has equipped LEAs with tools and mechanisms to counter the financing of terrorism. There has not yet been a T/FT prosecution in Gibraltar. The LEAs have carried out several FT related investigations, all except one of which were triggered by STRs. FT investigations are given priority. Any sentence imposed for FT in Gibraltar would follow the sentencing guidelines in England and Wales which are well developed, and the sentences imposed in the UK are effective and proportionate.

The report highlights that private sector understanding of the ML risk is overall satisfactory albeit it varies



across and within the sectors. At the same time FT risks are not properly understood by FIs. FIs and DNFBPs mostly apply mitigating measures that are overall commensurate to their risks. Also, different degrees in applying customer due diligence (CDD) measures were exhibited by FIs and DNFBPs. FIs and DNFBPs tend to overly focus on thresholds for identifying the BOs, which is an issue of concern particularly for the identification of targets for the implementation of requirements for targeted financial sanctions (TFS). The report also notes that the FIs and TCSPs have a good understanding of the STRs legal requirements and of tipping off measures.

The report states that, in relation to the transparency and beneficial ownership of legal entities a number of measures to prevent the misuse of legal persons and arrangements for ML/FT purposes have been taken by the country. Gibraltar has a robust system that allows relevant competent authorities to obtain in a timely manner and generally accurate and current basic information on all types of legal persons created in Gibraltar, while legal ownership information that is registered refers primarily to TCSPs acting as nominee shareholders or directors.

Finally, the report underlines that Gibraltar has a sound legal framework to exchange information and co-operate with its foreign counterparts in relation to ML, associated predicate offences and FT, but the timeliness of the information exchange is hindered by the shortage in human resources and the lack of clear guidelines in relation to incoming Mutual Legal Assistance (MLA) requests. Also, all the competent authorities engage in all forms of international co-operation, including diagonal co-operation. Regarding the informal co-operation, the FIU and LEAs have a legal basis for the exchange of information with their foreign counterparts and active in this sphere using direct communication.

Based on the results of its evaluation, MONEYVAL decided to adopt the 5th round MER of Gibraltar. Country was placed in enhanced follow-up and requested to report back at the first Plenary in 2021.



Joint FATF/ MONEYVAL/EAG mutual evaluation of Russian Federation

The FATF and MONEYVAL jointly assessed Russian's anti-money laundering and counter terrorist financing (AML/CFT) system. The assessment is a comprehensive review of the effectiveness of Russian's measures and their level of compliance with the FATF Recommendations.

Russia is generally perceived as a source country for proceeds of crime and is not a major centre for laundering the proceeds of crime committed in other countries. Nevertheless, Russia is exposed to a wide range of ML risks. Russia is not a global financial centre but does have a significant banking sector primarily serving domestic customers and including many small banks. Russia has conducted NRAs for ML and TF and assessors largely agreed with the results.

Russian authorities have a very developed understanding of the country's ML/TF risks. The ML NRA uses a large amount of quantitative and qualitative data from a multiplicity of public and non-public sources. The ML risks identified seem comprehensive and reasonable. The authorities met on-site demonstrated advanced understanding of and clear views on the constituents of risk, are aware of the most relevant countrywide and sector-specific risks. TF risks are well identified and understood. National AML/CFT policies appropriately address identified ML/TF risks.

Regarding financial intelligence Russian LEAs routinely and effectively access and use financial intelligence and other relevant information to develop evidence to investigate ML, TF, predicate offenses, and to trace criminal proceeds. FIU has a wealth of available data, including a large volume of suspicious transaction reports. The report highlights that the FIU is well-resourced and data driven, with competent analysts that have a uniquely wide view into the Russian financial system. Its financial analysis and dissemination support the operational needs of relevant LEAs.

With regard to FT Russia has a robust legal framework for combatting TF, which is largely in line with international standards. Russia have demonstrated that it deprives terrorists, terrorist organisations and terrorist financiers of assets and instrumentalities through various approaches, such as through terrorist designations, administrative freezes, court orders, and confiscation.

The banking sector is exposed to a high level of threat from criminals. The licensing requirements for FIs have improved since 2013 and now largely mitigate the risk of criminals being the owners or the controllers of FIs; however, deficiencies in licensing remain.

Also, since 2013, the Bank of Russia has put in place an intense bank supervisory programme informed by AML/CFT risks. The report demonstrates that overall compliance by FIs has improved in recent years. A significant number of licence revocations for serious AML/CFT violations has had a cleansing effect. However, monetary penalties imposed for AML/CFT breaches are relatively low.

The risk of misuse of legal persons in ML schemes is high. Thereof, Russia has put in place a number of mechanisms that significantly mitigate the misuse of legal persons for ML/TF purposes. Regarding BO a challenge exists in relation to accessing accurate BO information when a foreign person owns a Russian legal person. Also, there is a good co-operation in investigative activities responsible authorities. This has resulted in a large number of administrative and criminal sanctions, which contribute to making legal persons less attractive to criminals.

Regarding international co-operation the report highlights that Russia provides mutual legal assistance in a constructive and timely manner and swiftly executes extradition requests. The Russian FIU co-operates well with foreign counterparts. To facilitate the exchange of information, it has concluded more than 100 international agreements on co-operation and is able to co-operate on basis of reciprocity. In case of the Bank of Russia it co-operates with foreign central banks and financial regulators, but sustained relationships have not yet been developed.

FATF adopted this report at its Plenary meeting in October 2019. MONEYVAL endorsed the report at its Plenary meeting in December 2019.

Fifth round follow-up reports



First enhanced follow-up report in the 5th round by Albania

Following the adoption of its 5th round mutual evaluation report and the decision in July 2018 by the Plenary, Albania was subjected to the 5th round enhanced follow-up process. Albania submitted its first follow-up report under the enhanced follow-up process along with a request for re-ratings in relation to Recommendations 6, 8, 18, 19, 24, 25, 26, 28 and 35.

The draft documents submitted for comments proposed re-ratings to “largely compliant” for Recommendations 8, 18 and 35; to “compliant” for Recommendations 6, 19 and 21. Ratings remained unchanged as “partially compliant” for Recommendation 24, 25, 26 and 28 and “largely compliant” for Recommendation 2.

After the discussion on the list of main issues the Plenary considered that Albania has made progress to address the technical compliance deficiencies identified in the mutual evaluation report of July 2018. As a result of this progress, Albania has been re-rated on Recommendations 6, 8, 18, 19, 21 and 35. The Plenary invited the country to report back to MONEYVAL in December 2020.



First enhanced follow-up report in the 5th round by Latvia

Following the adoption of its 5th round mutual evaluation report and the decision in July 2018 by the Plenary, Latvia was subjected to the 5th round enhanced follow-up process.

Latvia requested an upgrade from “partially compliant” to “largely compliant” for Recommendations 26, 32 and 40 and provided additional information and clarifications. After the analysis of the materials the Plenary decided on upgrades for Recommendations 6, 7, 8, 10, 22, 26, 28, 32, 39 and 40 to “largely compliant”.

The Plenary also considered compliance with Recommendations 2, 18 and 21 for which the Methodology had changed since the adoption of

the mutual evaluation report. The Plenary found that Latvia is “compliant” with Recommendations 2 and 21. Also, Latvia remained “largely compliant” with Recommendations 18, despite certain steps taken to improve compliance.

The Plenary adopted the summary report with amendments relating to the analysis and ratings for Recommendations 26, 28, 32 and 40. Latvia remained in enhanced follow-up and was invited to report back to MONEYVAL at the first Plenary meeting of 2021. Also, the Chair congratulated Latvia which had brought all 40 FATF recommendations to a level of at least “largely compliant”.



First enhanced follow-up report in the 5th round by Ukraine

The 5th round mutual evaluation report of Ukraine was adopted in December 2017. In line with MONEYVAL’s 5th round rules of procedure, Ukraine was placed under the enhanced follow-up process. Ukraine submitted its 1st enhanced follow-up report and did not request any re-rating. In light of that the Secretariat and the Rapporteur Teams only assessed the compliance of the Ukrainian legislation with the Recommendations for which the Methodology has changed since the MER was adopted: Rs. 2, 7, 18 and 21.

The draft Summary Report, submitted for comments prior to the Plenary, proposed re-ratings (downgrades) from “compliant” to “largely compliant” for R.2 and R.21 and maintain previous ratings for R.7 and R.18. However, the Ukrainian delegation presented additional information on the ability of the country’s legal and institutional framework to coordinate and cooperate between competent authorities to ensure the compatibility of AML/CFT requirements with data protection and privacy rules. In light of this additional information, the Plenary considered that the rating for R.2 should remain “compliant”.

The Plenary adopted the report and asked the Secretariat to amend the report based on its conclusions with regard to R.2. Ukraine remained in enhanced follow-up, and was invited to report back to MONEYVAL within one year.



Second enhanced follow-up report in the 5th round by Andorra

The 5th round mutual evaluation report of Andorra was adopted in September 2017. Given the results, Andorra was placed in enhanced follow-up and submitted its first follow-up report under the enhanced follow-up process on December 2017. The Plenary adopted the summary report, and asked the Secretariat to amend the report based on its conclusions with regard to R.7, which remained “compliant”, and R.32, which was re-rated from “partially compliant” to “compliant”. During the 59th Plenary country submitted its second follow-up report along with a request for re-ratings in relation Recommendations 8, 25, 26 and 28.

The Plenary found that Andorra had made progress in addressing some technical compliance deficiencies identified in the MER. It decided to re-rate Recommendations 25, 26 and 28 from “partially compliant” to “largely compliant”. Regarding Recommendations 8 and 2 ratings remained unchanged.

The Plenary adopted the summary report with amendments and decided to retain Andorra in enhanced follow-up and report back during the first Plenary of 2021.



Second enhanced follow-up report in the 5th round by the UK Crown Dependency of the Isle of Man

Following the adoption of its 5th round mutual evaluation report and the decision in December 2016 by the Plenary, the UK Crown Dependency of the Isle of Man was subjected to the 5th round enhanced follow-up process. The Isle of Man had previously submitted its first enhanced follow-up report in July 2018, when the Plenary adopted the summary report, with amendments relating to the rating for R.16 and some specific findings under R.24.

The Plenary found that the Isle of Man had made progress in addressing some technical compliance deficiencies identified in MONEYVAL’s mutual evaluation report and first enhanced follow-up report. This led the Plenary to take the decision to grant the Isle of Man’s requests for upgrades for Recommendations 11, 12, 17 and 25 to “compliant”. The Plenary also recognised that some of the deficiencies identified in the 5th round mutual evaluation report with respect to Recommendation 23 have been addressed, however, since some shortcomings still remain, the rating for Recommendation 23 remained at “partially compliant”.

The Plenary also considered compliance with Recommendations 2, 8, 18 and 21 for which the Methodology had changed since the adoption of the mutual evaluation report. All the above mentioned Recommendations are in line with their original ratings.

The Plenary adopted the summary report and decided that the Isle of Man remains in enhanced follow-up. It invited the country to report back to MONEYVAL within one year’s time.



Second enhanced follow-up report in the 5th round by Slovenia

Following the adoption of its 5th round mutual evaluation report and the decision in July 2017 by the Plenary, Slovenia was subjected to the 5th round enhanced follow-up process. Slovenia had previously submitted its first enhanced follow-up report in December 2018. Slovenia requested a re-rating for Recommendation 16 from “partially compliant” to “compliant” which was adopted by the Plenary. For Recommendations 7, 18 and 21, for which the Methodology has changed, the previous ratings were maintained.

For the 59th Plenary Slovenia had not asked for re-ratings, and the Plenary only considered compliance with Recommendation 2. It found that Slovenia meets the newly introduced criteria for this recommendation. However, as the minor deficiencies identified in the 5th round Mutual Evaluation Report remain, the Plenary decided to retain the rating of “largely compliant” for Recommendation 2.

The Plenary invited the country to report back to MONEYVAL within one year’s time. In this respect, the Plenary noted that 2.5 years after the adoption of the mutual evaluation report, Slovenia remains partially compliant on 10 Recommendations, including Recommendations 5 and 6. Therefore, the Plenary urged Slovenia to address the outstanding deficiencies as soon as possible. Slovenia is expected to report back to the Plenary within one year.



Third enhanced follow-up report in the 5th round by Hungary

The 5th round mutual evaluation report of Hungary was adopted in September 2016. Given the results, the country was placed in enhanced follow-up. Hungary had previously submitted two enhanced follow-up reports (in December 2017 and December 2018 respectively). On its 55th meeting the Plenary

decided to grant Hungary's request for up-grades for 13 recommendations. It found that, as Hungary had addressed the deficiencies in respect of R. 1, 2, 6, 7, 10, 16, 19, 22, 23, 25, 34 and 35, these were now re-rated as "largely compliant". Recommendation 15 has been re-rated as "compliant". In December 2018, Hungarian ratings were up graded for Recommendations 5 and 28 to "largely compliant".

During the 59th Plenary considered Hungary's request for an upgrade for Recommendation 33 from "partially compliant" to "largely compliant" and decided to upgrade the rating.

The Plenary adopted the summary report with amendments relating to the analysis of Recommendation 33. It is also decided that Hungary remains in enhanced follow-up and invited the country to report back to MONEYVAL in December 2020.



Third enhanced follow-up report in the 5th round by Serbia

The 5th round mutual evaluation report of Serbia was adopted in April 2016. Given the results, Serbia was placed in enhanced follow-up. In the first enhanced follow-up report (September 2017), Serbia did not seek any re-ratings. The second enhanced follow-up report was discussed in December 2018 and several re-ratings were made by the Plenary, notably, Recommendation 7 was upgraded from "non-compliant" to "partially compliant" and Recommendation 19 from "partially compliant" to "largely compliant".

During the 59th Plenary was found that Serbia had made progress in addressing some technical compliance deficiencies identified in the MER. Recommendations 6 and 8 were re-rated from "partially compliant" to "largely compliant" and Recommendation 18 was re-rated from "partially compliant" to "compliant". Also, Recommendation 2, for which the Methodology had changed, remained "largely compliant".

At the same time, the Plenary found that further steps still need to be taken to improve compliance with Recommendations 22, 23, 28 and 40, which were rated "partially compliant".

The Plenary adopted the summary report with amendments to the analysis and decided that Serbia should remain in enhanced follow-up. Country was invited the country to report back during the first Plenary of 2021.



Isle of Man (Step 1): Compliance reports at the 58th and 59th Plenaries

The Secretariat introduced the first compliance report submitted by the UK Crown Dependency of the Isle of Man. The 5th Round Mutual Evaluation Report of the IoM was adopted by MONEYVAL at its 52nd Plenary meeting in December 2016. Due to the results of the MER, the IoM met the criteria for a review by the FATF's International Co-operation Review Group (ICRG) and entered an observation period which ended in February 2018. The FATF Plenary determined in October 2018 that tangible and positive progress had been achieved by the IoM with respect to its referral criteria, however, it was concluded that IoM would be removed from the ICRG process, on the basis that MONEYVAL would actively monitor the implementation of the three outstanding recommended actions for Immediate Outcomes 3 and 4. Following this decision, the MONEYVAL Plenary placed the Isle of Man under Step 1 of the CEPs in December 2018.

The first report by the IoM under Step 1 of CEPs was submitted in May 2019. The Secretariat noted that clear progress had been made by the Isle of Man authorities to address all three recommended actions. The Plenary took note of the positive progress made by the IoM, decided to maintain the Isle of Man under Step 1 of the CEPs and requested the IoM to report to the Plenary before its 59th meeting in December 2019 on further enforcement actions taken by the supervisor under its sanctioning regime.

During its 59th meeting the Plenary was introduced with the second compliance report submitted by the Isle of Man. The Plenary took note of the continuing positive progress made by the supervisor in the implementation of its sanctioning regime. However, since many enforcement actions initiated by the supervisor were still underway, the Plenary considered that further follow-up would be necessary.

The Plenary requested the IoM to provide further updates on measures taken to address the issues under CEPs at its 60th meeting and decided that until that date Isle of Man's would stay under Step 1 of CEPs. Final determination in relation to CEPs procedure would be taken at the 60th Plenary meeting.

Fourth mutual evaluation round

12. OBJECTIVES AND FORMAT

MONEYVAL commenced a follow-up round of on-site visits after the completion of its 3rd round of mutual evaluation in 2009.⁵ 4th round onsite visits were concluded in January 2015, with the last reports being adopted later that year. For each State or territory evaluated, these evaluations focused on the effectiveness of implementation of core and key recommendations (as well as some other important 2003 FATF Recommendations) together with any recommendations for which the country received either a “non-compliant” or “partially compliant” rating. In addition, the evaluation also reviews aspects of compliance with the European Union’s 3rd Anti-Money Laundering and Counter-Terrorist Financing Directive (Directive 2005/60/EC).

13. STREAMLINED FOLLOW-UP PROCESS

MONEYVAL’s 4th round follow-up process broadly followed the practices and procedures used by the FATF in its 3rd round of assessments. Until April 2016, there were three types of processes that could occur following the discussion and adoption of a 4th round evaluation report: biennial update, regular follow-up and enhanced follow-up. At its 50th Plenary in April 2016, MONEYVAL decided to streamline the remainder of its follow-up procedure for the 4th round in order to create further capacities for its 5th round of mutual evaluations. At the same time, it decided to maintain (and, where appropriate, increase) the peer pressure to ensure that MONEYVAL jurisdictions have in place effective systems to counter money laundering and terrorist financing and comply with the relevant international standards. It was considered that such increased pressure may also help countries to prepare better for their forthcoming 5th round evaluation.

The Plenary adopted the proposal which can be broadly summarised as follows (the new procedure is laid out in detail in the amended Rule 13 of the 4th round rules of procedure, available on the MONEYVAL website): States or territories which were

previously subject to the biennial update process are expected to regularly report any relevant developments to the Plenary through MONEYVAL’s tour de table procedure. States or territories which were previously subject to regular or enhanced follow-up will remain in a streamlined follow-up process. They are expected to report back to the Plenary, if they have not yet done so, under the previous follow-up procedure within two years after the 4th round MER was adopted. The States or territories which remain in the streamlined follow-up process are expected to seek removal from that follow-up process within four years after the adoption of the 4th round MER at the latest. The Plenary encourages an earlier application for removal. If the State or territory has taken sufficient action to be removed from the follow-up process, the Plenary will ask that State or territory to regularly report about any relevant developments through MONEYVAL’s tour de table procedure. If the State or territory has not taken sufficient action to be removed from the follow-up process, the Plenary will consider the application of Compliance Enhancing Procedures (CEPs).

14. PUBLICATION POLICY

Unlike the 3rd round progress reports, 4th round follow-up reports are not routinely published. Biennial reports were published on the MONEYVAL website, while follow-up reports, together with the Secretariat’s analysis, are only published once the assessed country has successfully been removed from follow-up.

15. FOURTH ROUND FOLLOW-UP REPORTS IN 2019

Plenary meetings	
58th meeting (July 2019)	<ul style="list-style-type: none">▶ Estonia▶ Croatia (CEPs)▶ Montenegro▶ Romania (CEPs)
59th meeting (December 2019)	<ul style="list-style-type: none">▶ Bosnia and Herzegovina▶ Montenegro▶ Romania

5. For the particular situation of the Holy See/Vatican City State which joined MONEYVAL in 2011, see the section on MONEYVAL 3rd round of mutual evaluations in this report.



Follow-up report of Bosnia and Herzegovina (59th Plenary)

Following the adoption of the 4th Round MER in September 2015, Bosnia and Herzegovina (BiH) was placed into expedited follow-up and requested to submit the first expedited follow-up report in September 2016. At its 51st Plenary meeting, MONEYVAL examined the progress made by BiH on Core and Key Recommendations. Pursuant to MONEYVAL's revised streamlined rules of procedure for follow-up for the 4th round (Rule 13, last revised in April 2016), BiH was invited to report back on its progress and request removal from the follow-up procedures at the last Plenary in 2019.

The 59th Plenary concluded that Bosnia and Herzegovina had taken the necessary steps to achieve a level of compliance equivalent to LC with the Core Recommendations (R.5, SR.II and R.13/SR.IV). With respect to the Key Recommendations, BiH achieved a level of compliance equivalent to LC with R.3, 23, 26 and SR.I. However, it considered that SR.III as a key recommendation had not yet been brought to a level of "largely compliant". Pursuant to the Rules of Procedure for the 4th round of mutual evaluations and for follow-up the Plenary noted that it retains some limited flexibility with regard to the Key Recommendations if substantial progress has also been made on the overall set of Recommendations that have been rated PC or NC. However, it concluded that BiH had not taken enough steps and measures to make use of the flexibility and thus remove the country from the follow-up.

The Plenary considered that BiH did not yet fulfil the requirements for removal from the 4th round follow-up procedure. However, given that only two outstanding deficiencies under SR.III are holding BiH back from being removed from the follow-up process, the Plenary decided to not apply Compliance Enhancing Procedures (CEPs) and urged BiH to address the two outstanding deficiencies. BiH was invited country to report back on progress at the 60th Plenary. In the absence of any progress at that occasion, the Plenary will revert back to the consideration of the application of CEPs.



Follow-up report of Estonia (58th Plenary)

Following the adoption of the 4th round mutual evaluation report in September 2014, Estonia was placed in regular follow-up. Estonia submitted one follow-up report for the 51st Plenary in September 2016. At that occasion, the Plenary noted that Estonia

had made satisfactory progress with respect to core and key recommendations that had been rated as partially compliant in the MER. It was positively noted that the Estonian courts had handed down the first FT conviction and noted that Estonia had put forward amendments to the Penal Code which addressed all of the technical deficiencies with respect to Recommendation 3 on confiscation. Other amendments to address deficiencies with respect to preventive requirements were in progress. Estonia had been invited to submit a further progress report and seek exit from the regular follow-up process.

In light of the presented follow-up report, the Plenary concluded that - after the adoption of a new version of the AML/CFT law, amendments to the relevant legislation, and the demonstration of practical improvements of the AML/CFT system, especially in regard to the application of the FT offence in practice - the large majority of deficiencies identified in the 4th round MER had been addressed.

The Plenary considered that Estonia had brought all core and key Recommendations to a level of at least "largely compliant". Therefore, the Plenary decided to remove Estonia from the 4th round follow-up process. However, it encouraged Estonia to address the remaining deficiencies (as outlined in the Secretariat's analysis) ahead of the country's 5th round mutual evaluation and regularly inform MONEYVAL through the tour de table procedure on further developments until the beginning of that evaluation.



Follow-up reports of Montenegro (58th and 59th Plenaries)

MONEYVAL adopted the mutual evaluation report of Montenegro under the 4th round of mutual evaluations at its 47th Plenary meeting in April 2015. The country was placed under CEPs and had submitted in total seven compliance reports by December 2018. At that time, the Plenary found that the Montenegro had broadly addressed the deficiencies under Special Recommendation III, which were the last remaining serious deficiencies. The Plenary thus decided to lift CEPs and invited Montenegro to seek removal from the 4th round follow-up in July 2019.

At the 58th Plenary the Montenegrin delegation informed the Plenary about the adoption of the new Decree on Organisation and Work of Public Administration (31 December 2018) and the structural changes in Montenegro's AML/CFT regime. The analysis of the follow-up report concluded that it was difficult to assess to what extent the current standard, in particular Recommendation 26, had been maintained

at a level equivalent to “largely compliant” under the current circumstances. In addition, the authorities submitted information that they were undergoing the process of amending the AML/CFT law which may potentially also impact on the progress in relation to other Core and Key recommendations previously assessed as “largely compliant”. Therefore, the Plenary found that it could not assess at this stage whether Montenegro fulfilled the criteria for removal from the 4th round follow-up process and invited Montenegro to report back on the undergoing legislative developments at the 59th Plenary in December 2019.

At the 59th Plenary it appeared that the legislative process was still on-going. The Plenary concluded that it was difficult to assess to what extent the current standard, in particular Recommendation 26, had been maintained at a level equivalent to “largely compliant” (LC) under the current circumstances. In addition, the authorities submitted information that they were undergoing the process of amending the AML/CFT Law which was set for discussion by the Parliament of Montenegro in the first week of December 2019 and had applied again for membership in the Egmont Group.

The Plenary decided that it could not yet form a view on the situation in Montenegro. Given that the adoption of amendments to the AML/CFT Law were imminent, it exceptionally decided to give Montenegro additional time to report on the adoption of the AML/CFT Law and the new FIU’s application for admission to the Egmont Group. Therefore, it was decided to invite Montenegro to send an update on the matter to the MONEYVAL Secretariat by February 2020. In case of sufficient information, an updated Secretariat analysis would be circulated within MONEYVAL’s “silent procedure” to propose the removal of Montenegro from the 4th round regular follow-up process. Otherwise Montenegro would be invited to report back at the 60th Plenary.



Follow-up report of Romania (59th Plenary)

Following the adoption of the 4th round MER in April 2014, Romania was placed in regular follow-up. Since then, Romania has submitted two follow-up reports (in April 2016 and May 2017 respectively). Romania was invited to submit a further progress report and seek exit from the regular follow-up process at the 56th Plenary. At the mentioned Plenary in July 2018, Romania was placed under Step 1 of the CEPs because the country had not fulfilled the conditions for removal from the follow-up-process four years after the adoption of the 4th round mutual evaluation report in 2014, taking into account the severity of the outstanding

deficiencies on a number of core and key recommendations. The Plenary encouraged Romania to complete the on-going AML/CFT legislative reform and invited the country to report back on all outstanding core and key deficiencies (R.5, 13, 23, 26 and SR.I, III, IV) at its 57th Plenary in December 2018.

At the 57th Plenary it was noted that Romania had undertaken some important steps to remedy identified deficiencies under core and key recommendations rated “partially compliant”, notably through the adoption of a new AML/CFT Law. However, there had been significant outstanding deficiencies under other recommendations (notably R.5, SR.I and SR.III) which were not addressed by the AML/CFT Law. The Plenary therefore decided to maintain Step 1 of CEPs and urged Romania to adopt the respective legal acts for these deficiencies and report back to the in July 2019. At the 58th Plenary the MONEYVAL concluded that Romania had made tangible progress since the last compliance report adopted by the 57th Plenary, most notably through the swift revision of the AML/CFT Law which had, however, not yet entered into force. The Plenary decided to suspend Step 1 of CEPs and invited Romania to submit a further follow-up report for MONEYVAL’s 59th Plenary in December 2019.

At the 59th Plenary the country informed MONEYVAL that the AML/CFT Law had been published in the Official Gazette and had entered into force on 21 July 2019. The Plenary considered that Romania had addressed the outstanding deficiencies, except for some minor issues identified in the past which Romania was urged to rectify ahead of its next full mutual evaluation.

However, the Plenary invited Romania to submit by February 2020 further information on the restructuring of the Romanian FIU which would allow the Secretariat to form an opinion on the present rating of R.26. In case of conclusion of the Secretariat that R.26 is maintained at a level equivalent to at least “largely compliant”, an updated Secretariat analysis would be circulated within MONEYVAL’s “silent procedure” to propose the removal of Romania from the 4th round regular follow-up process. Otherwise Romania would be invited to report back at the 60th Plenary.

Compliance enhancing procedures

16. STRUCTURE

MONEYVAL's Compliance Enhancing Procedures (CEPs) ensure that countries take steps to meet the international standards and follow MONEYVAL recommendations within an appropriate timeframe. For both the fourth and the fifth round of mutual evaluations, the process is as follows:

Steps in CEPs process

Step 1: MONEYVAL inviting the Secretary General of the Council of Europe to send a letter to the relevant Minister(s) of the State or territory concerned, drawing his/her/their attention to non-compliance with the reference documents and the necessary corrective measures to be taken.

Step 2: Arranging a high-level mission to the non-complying State or territory to meet relevant Ministers and senior officials to reinforce this message.

Step 3: In the context of the application of the 2012 FATF Recommendation 19 by MONEYVAL States and territories, issuing a formal public statement to the effect that a State or territory insufficiently complies with the reference documents and inviting the members of the global AML/CFT network to take into account the risks posed by the non-complying State or territory.

Step 4: Referring the matter for possible consideration under the FATF's International Co-operation Review Group (ICRG) process, if this meets the nomination criteria set out under the ICRG procedures.

The CEPs process can be applied flexibly according to need. Countries may be placed in the CEPs process as a result of Plenary discussions on mutual evaluation reports, follow-up reports, as a result of horizontal reviews of overall progress at the end of an evaluation round, or for other reasons.

Throughout the application of these steps, the country concerned is required to report to the Plenary according to the calendar set, detailing the steps taken to achieve compliance, which in certain cases may include action plans endorsed at government level. If the Plenary is satisfied with the progress, the application of CEPs steps can be terminated. MONEYVAL commenced or continued CEPs in its 4th round with regard to a number of countries in 2019 which are described below.

17. CEPS FOR THE 4TH ROUND OF MUTUAL EVALUATIONS CONSIDERED IN 2019



Croatia (Step 1): Compliance reports at the 56th and 57th Plenaries

Following the adoption of the 4th round MER in September 2013, Croatia was placed in regular follow-up. Since then Croatia had submitted four follow-up reports between 2015 and 2017. At the 54th Plenary (26-28 September 2017), the Plenary decided to apply Step 1 of Compliance Enhancing Procedures (CEPs).

At the 56th Plenary (3-6 July 2018) Croatia submitted its first compliance report. The Plenary noted that, with the adoption of a new AML/CFT Law and the Law on Financial Operations and Accountancy of NPOs, a number of important deficiencies had been addressed. However, the Plenary also noted that there remained deficiencies with regard to a number of other recommendations. Croatia was invited to report back at the 57th Plenary in December 2018.

The 57th Plenary acknowledged that Croatia introduced new amendments into the yet draft Criminal Code and into the recently adopted AML/CFT Law to ensure compliance with R.1, R.3, R.5, R.35. Moreover, it noted that Croatia continued consultations among competent authorities regarding drafting the necessary legislative amendments to the International Restrictive Measures Act to address the deficiencies with respect to SR.I and SR.III. Mindful of the fact that these outstanding deficiencies had already been identified in the MER of 2012, and that progress made by Croatia since the 56th Plenary had fallen short of the expectation by the Plenary, it decided to apply Step 2 of CEPs, but providing a degree of flexibility to suspend Step 2 in case Croatia rectified all outstanding deficiencies by March 2019.

The Plenary was informed that the Secretariat considered progress made by Croatia by the end of February 2019 but found that substantive deficiencies continued to exist. For this reason, a high-level mission was scheduled for 16-17 May 2019 while the “Law on amendments to the AML/TF Law” was adopted on 5 April 2019, eventually leaving SR.I and SR.III as the only outstanding deficiencies. On 14 June 2019 the Croatian Parliament adopted the “Law on amendments to the Law on International Restrictive Measures” in light of which, the MONEYVAL Bureau instructed the Secretariat to analyse the recent legislation in view of the 58th Plenary in July 2019. The Plenary noted that with the adoption of the new legislation the core and key Recommendations R.1, 3, 5, 23, 35 and SR.I, and other Recommendations (such as R.12 and R.16) had been brought to a level of at least “largely compliant”.

Regarding SR III the Plenary noted that Croatia had made considerable progress, however, it was considered that the level of compliance would only be brought to a level of at least “largely compliant” once additional regulatory measures which are currently underway are fully implemented.

Finally, the Plenary decided to use the limited flexibility provided by the Rules of Procedures to remove Croatia from the 4th round follow-up process and encouraged Croatia to remedy the few remaining outstanding deficiencies with respect to R.1, 3, 23 and SR.III as soon as possible, and in any event ahead of the forthcoming 5th round mutual evaluation onsite visit which is scheduled for Croatia in the second half of 2020.



Romania (Step 1): Compliance report at the 58th Plenary

For Romania’s follow-up report at the 59th Plenary in December 2019, please see the relevant section above.

At the time of the first compliance report in December 2018, the Romanian delegation informed the Plenary about the adoption of the new AML/CFT Law by the Romanian Parliament on 24 October 2018. The Secretariat introduced its analysis and concluded that the new law, once it has entered into force, would rectify a large number of outstanding deficiencies identified in the 4th round MER and bring the level of compliance with R.13, 23, 26, and SR.IV to the level equivalent to “largely compliant”. However, the new law was not yet in force, as an application in relation to its unconstitutionality had meanwhile been submitted to the Constitutional Court. Romania was invited to inform the Plenary (through the Secretariat) of any developments regarding this issue. The Secretariat analysis also concluded that there were no significant developments on R.5, SR.I and SR.III (which thus

remained at the level of “partially compliant”). The Plenary therefore decided to maintain Step 1 of CEPs and urged Romania to adopt the respective legal acts for these deficiencies and report back to the present 58th Plenary.

The 58th the Plenary concluded that Romania had made tangible progress since the last compliance report adopted by the 57th Plenary in December 2018. Most notably, the new AML/CFT Law had been adopted by Parliament in June 2018 and had been promulgated by the President of Romania just a few days before the Plenary. Regarding SR.III, a new Law No.58 of 13 April 2019 had entered into force which establishes a mechanism for compiling a national list of natural and legal persons being subject to sanctions. Also new legislation provides the National Agency for Fiscal Administration to order without delay the blocking of the funds or economic resources owned by designated persons or entities. The Plenary concluded that this progress brings both SR.I and III to a level equivalent of at least “largely compliant”.

Considering this progress, the Plenary decided to suspend Step 1 of CEPs and invited Romania to submit a further follow-up report for MONEYVAL’s 59th Plenary in December 2019 (see information about Romania’s follow-up report above).

Voluntary Tax Compliance Programmes

A voluntary tax compliance (VTC) programme refers to any programme that is designed to facilitate legalisation of a taxpayer's situation vis-à-vis funds or other assets that were previously unreported or incorrectly reported. Countries may introduce VTC programmes for a variety of purposes including: raising tax revenue; increasing tax honesty and compliance; and/or facilitating asset repatriation for the purpose of economic policies, especially when the country is in an economic crisis. Such programmes come in a variety of forms and may involve voluntary disclosure mechanisms, tax amnesty incentives and/or asset repatriation. In many cases, VTC programmes are introduced by a highly political decision reacting to the immediate economic or fiscal situation of the country. In such circumstances, the programme may be introduced at short notice (e.g. in response to a serious financial crisis).

The Financial Action Task Force (FATF) has recognised the potential for VTC programmes to be abused by criminals for the purpose of moving funds. The level of potential money laundering (ML) and terrorist financing (FT) risk varies greatly, depending on the characteristics of the particular VTC programme being implemented. In general, a programme that is being used solely for the purpose of allowing taxpayers to voluntarily correct tax reporting information would not seem to carry a significant ML/FT risk. However, the ML /FT risk is greater when the programme fully or partially incorporates elements of tax amnesty or asset repatriation. An issue of particular concern is that some VTC programmes, explicitly or in practice, exempt full or partial application of AML/CFT measures. For example, some programmes exempt financial institutions from the requirements to conduct full customer due diligence (CDD) on taxpayers and verify that the funds or other assets being declared or repatriated come from a legitimate source, or may grant the taxpayer immunity from investigation or prosecution for money laundering in relation to declared or repatriated funds or other assets.

In 2010, the FATF has agreed four basic principles which underscore the importance of ensuring that countries address and mitigate the ML/FT risks of VTC programmes, and are able to effectively investigate and prosecute their abuse. MONEYVAL is responsible for ensuring that these basic principles are respected whenever one of its members decides to establish a VTC programme, which it did in 2019 on the following occasion:

VOLUNTARY TAX COMPLIANCE SCHEME OF LITHUANIA

The Plenary considered the Secretariat analysis of the voluntary tax compliance (VTC) programme adopted by Lithuania in adopted in April 2019, with effect for the period 1 January to 1 July 2019 (implemented by an amendment of the "Law of Tax Administration" entitled "An exemption on late payment of unpaid taxes"). On the basis of the material provided by Lithuania prior to the Plenary which had been analysed by the Secretariat, and in light of further clarifications made by the country during the discussion, the Plenary concluded that the VTC programme was compatible with the four basic principles of the FATF for VTC programmes. Therefore, the Plenary decided to adopt the Secretariat analysis and concluded that no further action was needed with regard to Lithuania's VTC programme.

Other activities in 2019

In addition to its normal evaluation cycles, progress and follow-up reports and other peer pressure assessment mechanisms, MONEYVAL engages in other activities, including those listed below.

18. FATF/MONEYVAL JOINT EXPERTS MEETING, 25-26 MARCH 2020 (TEL AVIV, ISRAEL)

This year, FATF organised its joint experts meeting together with MONEYVAL, hosted by the Israeli government in Tel Aviv from 25-26 March. The meeting is an annual operational forum of AML/CFT practitioners, which is aimed at discussing current ML and TF typologies and trends.

The 2019 joint experts' meetings brought together over 300 delegates, representing 63 jurisdictions from across the FATF's global network, and representatives from FATF's style regional bodies and international organisations. During this three-day operational forum, participants discussed the preliminary findings of FATF's ongoing work in identifying and understanding new risks to the financial system, including on improving countries' assessment of the terrorist financing risks they face. Participants also discussed the detection, investigation and confiscation of virtual assets in criminal investigations, challenges associated with asset recovery.

19. PREPARATION AND ADOPTION OF THE MONEYVAL STRATEGY FOR 2020-2022

In 2019 MONEYVAL formed an Ad-hoc High Level Study Group comprised of key MONEYVAL stakeholders in order to develop a Strategy for the period 2020-2022. The Group held a series of working consultations in the second half of 2019 in order to define the main parameters and priorities of the Strategy. The Draft Strategy proposed by the Ad hoc Group was discussed and adopted at the 59th Plenary meeting of MONEYVAL in December 2019.

The strategy sets out MONEYVAL's strategic priorities for the period 2020-2022 with regard to the evaluation of anti-money laundering and counterterrorism/proliferation financing measures of MONEYVAL's States and jurisdictions. On the basis of MONEYVAL's aim and status, the overall purpose of the draft strategy is to improve MONEYVAL members' compliance with the standards by the FATF, and ultimately to strengthen their capacity to combat money laundering and the financing of terrorism and proliferation more effectively. In order to achieve this purpose, the strategy has identified a number of strategic goals for the period 2020-2022, which are notably: sustaining MONEYVAL's monitoring and other activities; strengthening the capacities of MONEYVAL members by training its members on the FATF standards; enhancing MONEYVAL's involvement in the global AML/CFT network; strengthening MONEYVAL's political standing; and increasing the resources in the MONEYVAL Secretariat. In order to better reflect the increasing importance, the FATF pays to combating proliferation financing, the strategy also suggests that MONEYVAL's mandate is adjusted with regard to this activity.



20. OTHER ISSUES DISCUSSED AT MONEYVAL PLENARIES

At each of its two Plenaries in 2019, MONEYVAL discussed a number of topical issues in the AML/CFT field, heard presentations by, or had exchanges of views with, AML/CFT experts. Apart from the issues already covered elsewhere in this report, the following lists a selection of these additional activities. In particular, MONEYVAL:

- ▶ heard presentation from UK on challenges to the effective confiscation of the proceeds of crime from a judicial perspective;
- ▶ heard presentation from National Member for Luxembourg to Eurojust on the work of Eurojust in the field of asset recovery;
- ▶ heard presentations from the European Commission on recent AML/CFT initiatives and developments;
- ▶ heard presentations from the FATF Secretariat on the FATF project on effective asset recovery, terrorist financing risk assessment guidance and on the FATF strategic review project and its impact on MONEYVAL;
- ▶ heard presentation from the Royal United Services Institute on the collaborative responses to terrorist financing;
- ▶ heard a presentation from the MONEYVAL Secretariat and members on lessons learned from the ICRG process and on horizontal review of Immediate Outcome 9;
- ▶ heard a presentation from the Financial Sector Commission on Modern Slavery and Human Trafficking;
- ▶ heard a presentation from the FATF and MONEYVAL Secretariats on the new methodology for Recommendation 15 covering virtual assets;
- ▶ organised a panel discussion on FIU operational autonomy with speakers from a selection of MONEYVAL Members' FIUs;
- ▶ heard a presentation from the Russian Federation on the case which was awarded the second-Best Egmont Case Award 2019.

21. KEY PARTNERSHIPS

As previously noted, MONEYVAL is a key partner in the global network of AML/CFT assessment bodies. The following partner organisations play a key role in the AML/CFT-field and regularly attend MONEYVAL Plenaries:

Financial Action Task Force



The Financial Action Task Force (FATF) continues to be MONEYVAL's primary international partner and collaborator. The FATF is an inter-governmental body established in 1989 and designed to set standards and promote effective implementation of anti-money laundering and countering terrorist financing measures. The FATF is therefore a policy-making body which works to generate the necessary political will to bring about national legislative and regulatory reforms. It operates in combination with nine FATF-style regional bodies, among which MONEYVAL is recognised as a leading member.

As an associate member of the FATF since 2006, MONEYVAL contributes to the policy-making work of FATF. The Chair, the Vice-Chairs and the Executive Secretary systematically attend and actively contribute in FATF working groups and plenary meetings, together with delegates from MONEYVAL States and territories who participate under the MONEYVAL flag. Thus, MONEYVAL members have real opportunities of providing input to the FATF's global AML/CFT policy-making.

Considerable MONEYVAL Secretariat resources are applied to following the work of each of the main FATF working groups, and in attendance at inter-sessional meetings. This concerns in particular the International Co-operation Review Group (ICRG), to which four MONEYVAL members had been referred to in past years. But it also concerns the Policy and Development Group (PDG), responsible for amending the FATF standards, as well as the Evaluations and Compliance Group (ECG) which deals with issues involving the interpretation of the FATF standards and the development of the global AML/CFT Methodology. MONEYVAL's involvement is essential in these working groups, given that amendments of the FATF standards or decisions on their interpretation have direct consequences for all future MONEYVAL evaluations. It is therefore in the interest of all its members that MONEYVAL is properly and sufficiently represented in these working groups at FATF Plenaries.

In 2019, the MONEYVAL delegation attended three FATF Plenaries. Moreover, MONEYVAL has mutual observer status with other associate members of the FATF and co-operates with them on a number of levels. The full list of associate members appears at Appendix IV to this report. Throughout 2019, MONEYVAL co-operated with the FATF on a number of activities, notably by holding the joint experts' meeting which was hosted by the Israeli government in Tel Aviv (Israel), by conducting one joint assessor training in order to train new assessors for the forthcoming evaluations (see below), and by attending an FATF workshop for FSRB Secretariats in September. MONEYVAL also conducted jointly with the FATF and EAG the mutual evaluation of the Russian Federation (see above).

International Co-operation Review Group & Joint Group for Europe/Eurasia

In 2009, the G20 called on the FATF to identify jurisdictions which threatened the global financial system. Countries can be nominated directly or are considered automatically if their evaluation reports have a number of low ratings in important core and key recommendations. All European jurisdictions identified for review by the International Co-operation Review Group (ICRG) are referred to the Joint Group for Europe/Eurasia. The group analyses the factual situations and reports from the region to the ICRG. In 2019 the Vice-Chair of MONEYVAL Mr Richard Walker became the Co-Chair of this Joint Group. Finally, the ICRG decides whether a full targeted review is required and final decisions are taken on this by the FATF Plenary. The ICRG process is intended to complement the follow-up procedures of the FSRBs.

International Monetary Fund and the World Bank



In the past two decades, the role of the international financial institutions (IFIs), including the World Bank and the International Monetary Fund (IMF), in the AML/CFT-field has expanded. The clear engagement of the IFIs with the FATF and MONEYVAL was based on the decisions of their boards after the events of 11 September 2001 that AML/CFT issues should be routine parts of all their much larger financial sector assessments in their member States. In 2019, representatives from both the World Bank and the IMF participated in MONEYVAL Plenary meetings.

European Union



The European Union (EU) has been actively involved in MONEYVAL since its inception. It is represented in MONEYVAL through the European Commission. As a distinctly European monitoring mechanism, MONEYVAL additionally evaluated all its jurisdictions – whether EU members or not⁶ – on those parts of the EU's 3rd Anti-Money Laundering and Counter-Terrorist Financing Directive (Directive 2005/60/EC) that departed from the FATF standards. Representatives from the European Commission regularly attend MONEYVAL Plenaries and provide relevant updates. In 2019, this included most notably a presentation by the European Commission on recent AML/CFT initiatives and recent developments at the July and December MONEYVAL Plenaries.

6. 12 MONEYVAL jurisdictions are currently member States of the EU.

United Nations



The United Nations' global AML/CFT standards are embodied in the FATF standards. The United Nations Office on Drugs and Crime (UNODC) regularly sends representatives to MONEYVAL Plenaries who inform its members of respective developments in the work of UNODC. Moreover, MONEYVAL has successfully collaborated on several occasions with the UN Counter-Terrorism Committee Executive Directorate (CTED) on its separate assessments of UN Security Council Resolution 1373 on terrorist financing in MONEYVAL countries.

Organisation for Security and Co-operation in Europe



The Organisation for Security and Co-operation in Europe (OSCE) has a comprehensive approach to security that encompasses politico-military, economic and environmental, and human aspects. It therefore addresses a wide range of security-related concerns, including arms control, confidence- and security-building measures, human rights, national minorities, democratisation, policing strategies, counter-terrorism and economic and environmental activities. All 57 participating States enjoy equal status, and decisions are taken by consensus on a politically, but not legally binding basis. Representatives attended the MONEYVAL Plenaries in 2019.

Egmont Group of Financial Intelligence Units

The European Bank for Reconstruction and Development (EBRD) is an international financial institution founded in 1991. As a multilateral developmental investment bank, the EBRD uses investment as a tool to build market economies. Initially focused on the countries of the former Eastern Bloc, it has expanded to support development in more than 30 countries from central Europe to central Asia. Besides Europe, member countries of the EBRD are from all five continents. Representatives of the EBRD attended MONEYVAL meetings on a regular basis and informed the Plenary about ongoing developments.

Eurasian Group on Combating Money Laundering and Financing of Terrorism

The Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) is a FATF-style regional body bringing together Belarus, China, India, Kazakhstan, Kyrgyzstan, the Russian Federation, Tajikistan, Turkmenistan and Uzbekistan. 14 more States and 18 international and regional organisations have observer status within the EAG. Representatives

of the EAG Secretariat attend MONEYVAL meetings on a regular basis and inform the Plenary about ongoing developments. Representatives of the EAG attended MONEYVAL meetings on a regular basis and informed the Plenary about ongoing developments. Moreover, MONEYVAL conducted a joint mutual evaluation of the Russian federation together with the EAG and FATF in 2019.

European Bank for Reconstruction and Development



The European Bank for Reconstruction and Development (EBRD) is an international financial institution founded in 1991. As a multilateral developmental investment bank, the EBRD uses investment as a tool to build market economies. Initially focused on the countries of the former Eastern Bloc, it has expanded to support development in more than 30 countries from central Europe to central Asia. Besides Europe, member countries of the EBRD are from all five continents. Representatives of the EBRD attended MONEYVAL meetings on a regular basis and informed the Plenary about ongoing developments.

Group of International Finance Centre Supervisors

The Group of International Finance Centre Supervisors (GIFCS) is a long-established group of financial services supervisors with a core interest of promoting the adoption of international regulatory standards especially in the banking, fiduciary and AML/CFT arena. Representatives of the GIFCS attended MONEYVAL meetings on a regular basis and informed the Plenary about ongoing developments.

22. PARTICIPATION IN OTHER FORUMS

During the year 2019, MONEYVAL representatives participated in a number of seminars and conferences.

In May, the representative of the Secretariat had participated at the international conference entitled "How to improve effectiveness in IO.11?" which was organised by the Latvian FIU in Riga.

In September, the MONEYVAL Secretariat had attended FATF workshop for FSRB Secretariats to discuss common problems and good practices. This workshop had been highly useful and would be continued by the FATF in the future for other FSRB Secretariat members. Also, the Secretariat had participated in an international workshop on effective supervision and consultations with the private sector organised by the EAG, the ITMCFM and Rosfinmonitoring in Kazan, Russia. This event was dedicated to discussion of the pressing issues related to AML/CFT supervision, the

recent regulatory developments, practical application of the risk-based approach, innovative approaches and solutions pertaining to automation processes, use of digital technologies in the process of supervision and financial monitoring and results of analysis of international AML/CT/CPF trends and developments.

In October, the representative of the Secretariat had participated in the regional meeting of FIUs which took place in North Macedonia, delivering a presentation about the newly applicable international standards related to virtual challenges. Also, the MONEYVAL Secretariat was invited to intervene at the annual conference on AML in the EU (organised by the European Law Association in Trier) with a presentation on international regulatory developments.

In November 2019 the MONEYVAL Chair took part in the second Ministerial Conference on Counter Terrorism-Financing "No money for terror", which had been hosted by Australia. The four main topics discussed at the conference were notably: i) evolving terrorist threat; ii) global responses to kidnap for ransom and terrorism financing; iii) emerging technologies and terrorism financing risks; and iv) the public-private partnerships to fight terrorism financing. Some of the mitigation measures discussed by the high-level participants included continuous outreach and education to the NPO sector and enhancing partnership and trust between governments and the private sector in addressing terrorism and its financing.

23. TRAINING AND AWARENESS-RAISING

Evaluator trainings

In 2019, MONEYVAL, jointly with FATF, organised one training seminar for future evaluators in MONEYVAL's 5th round of mutual evaluations. The training was held in Ostia (Italy) from 8-12 April 2019. 40 participants (20 from MONEYVAL members and 15 from FATF members) were trained on the 2012 FATF Recommendations and FATF 2013 Methodology.

MONEYVAL wishes to extend its gratitude to the Guardia di Finanza of Italy for hosting this event.



Training for MONEYVAL 5th round assessed countries

The MONEYVAL Secretariat conducts a two-day country training seminar for each evaluated country one year in advance of the onsite visit. The training addresses all the main stakeholders in the public and private sectors and in particular the persons who will be involved in preparing the materials to be submitted by the country and who will be interviewed onsite. The training is a very suitable occasion to inform countries about practical challenges and discuss any country-specific issues regarding the evaluation process.

In 2019, training seminars for the 5th round assessment visits were organised in the San Marino (February), Holy See (March), Poland and Croatia (September). This initiative will continue in 2020 for the States and jurisdictions which will receive their onsite visit in 2021.

24. THE CONFERENCE OF THE PARTIES TO CETS 198

The 2005 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (or Warsaw Convention, CETS 198), which came into force on 1 May 2008, builds on the success of the 1990 Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime (or Strasbourg Convention, CETS 141). The Warsaw Convention is currently the only comprehensive internationally-binding treaty worldwide which is entirely devoted to AML/CFT. It covers prevention, repression and international co-operation as well as confiscation. More specifically, this instrument:

- ▶ provides States Parties with enhanced possibilities to prosecute money laundering and terrorist financing more effectively;
- ▶ equips States Parties with further confiscation tools to deprive offenders of criminal proceeds;
- ▶ provides important investigative powers, including measures to access banking information for domestic investigations and for the purposes of international co-operation;
- ▶ covers preventive measures, and the roles and responsibilities of financial intelligence units and the principles for international co-operation between financial intelligence units;
- ▶ covers the principles on which judicial international co-operation should operate between States Parties.

The Warsaw Convention counts to date 36 States Parties and 7 signatories (including the European Union). In 2019, the Convention entered into force for Monaco which had ratified the Convention in April 2019.

The Warsaw Convention provides for a monitoring mechanism through a Conference of the Parties (COP) to ensure that its provisions are being effectively implemented. The monitoring procedure under the Convention is particularly careful not to duplicate the work of MONEYVAL or of the FATF. MONEYVAL's Executive Secretary is also the Executive Secretary to the COP, due to the relevance and interconnection of the COP's mandate to the work of MONEYVAL. Similarly, MONEYVAL's Secretariat staff also provides full support to the COP.

The COP held its 11th meeting in Strasbourg from 22 to 23 October 2019. Amongst other issues, the COP adopted two transversal thematic monitoring reports on the implementation by all 35 States Parties of Article 9, paragraph 3 of the Convention ("Criminalisation of money laundering") and Article 14 of the Convention ("Postponement of suspicious transactions"). The COP also adopted follow-up reports on previous transversal thematic monitoring reports on Article 11 ("International recidivism") and Article 25, paragraphs 2 and 3 ("Confiscated property and asset-sharing") of the Convention. The COP held exchanges of views with experts from the Financial Action Task Force (FATF) on the financial investigation involving virtual assets, held exchanges of views with Council of Europe experts on technical assistance in the area of asset recovery, and discussed different cases on the practical implementation of the Convention.

The COP also elected Mr Ioannis Androulakis (Greece) as President and Ms Ana Boskovic (Montenegro) as Vice-President of the COP for a term of two years, and warmly thanked the outgoing President (Mr Branislav Bohacik, Slovak Republic) and Vice-President (Mr Jean-Sébastien Jamart, Belgium) for having chaired the COP in the past four years.

25. HUMAN RESOURCES

By the end of 2019, the MONEYVAL Secretariat was comprised of the Executive Secretary, the Deputy Executive Secretary and four Council of Europe administrators, three administrators on secondment from national administrations (from Armenia, Germany, the Russian Federation, and Lithuania), three administrative assistants and two temporary programme assistants (i.e. with a maximum contract duration of nine months per year).

MONEYVAL would like to warmly thank the above three countries which made seconded experts available in 2018. Moreover, MONEYVAL would like to extend its gratitude to the following Council of Europe member States which made voluntary contributions in 2019: Cyprus, Georgia and Monaco. All Council of Europe member States are strongly encouraged to consider making such voluntary contributions in order to improve the staff situation in the MONEYVAL Secretariat.

Conclusion

The negative impact by economic crime, organised criminal groups and terrorists has been felt in Europe throughout 2019. The fight against money laundering and terrorist financing plays a central role in the work of the Council of Europe in protecting human rights, democracy and the rule of law in its 47 member States. Countries need to ensure that they have the appropriate legal and regulatory measures in place to combat “dirty money”, and that these are effectively put to use against transnational organised crime and terrorist groups.

Throughout 2019, MONEYVAL adopted four mutual evaluation reports, one joint mutual evaluation report (with the FATF) and 13 follow-up reports. In total, 20 MONEYVAL States or territories were subject to active monitoring processes in 2019. Apart from its monitoring work, MONEYVAL has also conducted a number of other activities which were described in the present report.

Being now in existence for more than two decades since its foundation in 1997, MONEYVAL continues its role in the global network of AML/CFT bodies by assessing 34 members and territories against the international standards set by the FATF. Through its role as an associate member of the FATF, MONEYVAL also represents its members at FATF Plenaries. MONEYVAL's work is highly valued in the global AML/CFT network and raises the visibility of the Council of Europe.

At the same time, the FATF constantly widens the activities of the global AML/CFT network, with growing expectations on the FATF-style regional bodies (such as MONEYVAL) whose workload consequently increases. Most notably, MONEYVAL may soon be expected to commence follow-up assessments (with onsite visits of up to one week) for its members which have already been evaluated in the current 5th round of mutual evaluations, while more than half of MONEYVAL's members are still to be evaluated in this on-going round. Without further reinforcement, MONEYVAL will either be unable to finalise the 5th round within the given timeframe (2022-2023) or compelled to postpone the beginning of these follow-up assessments. Given that the majority of FATF members are likewise Council of Europe member States, it is of utmost importance that MONEYVAL is sufficiently resourced to be able to meet the expectations of the global AML/CFT network.

In this respect, it is worth mentioning the Parliamentary Assembly Recommendation 2154 (2019)⁷ of 11 April 2019 which called upon the Committee of Ministers to “ensure that regardless of the future budgetary situation, [international activities to counter organised crime, corruption and money laundering], notably the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) and the Group of States against Corruption (GRECO), continue to be adequately resourced.”

7. Parliamentary Assembly Recommendation 2154 (2019), “Laundromats: responding to new challenges in the international fight against organised crime, corruption and money laundering”, paragraph 1.2., adopted on 11 April 2019.

Appendices

APPENDIX I – RANGE OF ACTIVITIES PER STATE/TERRITORY IN 2019

Note: Some of the States/territories below reported twice during 2018 in the course of MONEYVAL's 4th round follow-up procedure, which is not reflected in this table. In total, MONEYVAL adopted 26 follow-up reports (which included reports for the follow-up of the 5th round and 4th round, CEPs and VTC programme analyses).

	5th Round Training	5th Round onsite visit	5th Round MER	5th Round Follow-up	4th Round Follow-up	CEPs	VTC programme analysis	No action
Albania				x				
Andorra				x				
Armenia								x
Azerbaijan								x
Bosnia and Herzegovina					x			
Bulgaria								x
Croatia	x					x		
Cyprus		x	x					
Czech Republic								
Estonia					x			
Georgia		x						
Holy See	x							
Hungary				x				
Israel								x
Latvia				x				
Liechtenstein								x
Lithuania							x	
Malta			x					
Monaco								x
Montenegro					x			
North Macedonia								x
Poland	x							
Republic of Moldova			x					
Romania					x	x		
Russian Federation		x (jointly with the FATF)	x (jointly with the FATF)					
San Marino	x							
Serbia				x				
Slovak Republic		x						
Slovenia				x				
UK Crown Dependency of Guernsey								x
UK Crown Dependency of Jersey								x
UK Crown Dependency of the Isle of Man				x		x		
UK Overseas Territory of Gibraltar		x	x					
Ukraine				x				
Total	4	4 (plus 1 jointly with the FATF)	4 (plus 1 jointly with the FATF)	8	4	3	1	9

APPENDIX II – LIST OF THE 2003 FATF RECOMMENDATIONS (“40+9”)

R.1	Money laundering offence
R.2	Criminalisation of Money laundering
R.3	Confiscation, freezing and seizing of proceeds of crime
R.4	Financial institution secrecy laws
R.5	Customer due diligence
R.6	Politically exposed persons
R.7	Correspondent banking
R.8	New technologies
R.9	Third parties and introduced business
R.10	Record keeping
R.11	Monitoring of transactions and relationships
R.12	Customer due diligence and record-keeping
R.13	Reporting of suspicious transactions
R.14	Tipping-off and confidentiality
R.15	Internal controls and foreign branches and subsidiaries
R.16	Suspicious transaction reporting
R.17	Sanctions
R.18	Shell banks
R.19	Higher-risk countries
R.20	Other designated non-financial businesses and professions
R.21	Higher-risk countries
R.22	Internal controls and foreign branches and subsidiaries
R.23	Regulation and supervision of financial institutions
R.24	Regulation and supervision of DNFBPs
R.25	Guidance and feedback
R.26	Financial intelligence units
R.27	Responsibilities of law enforcement and investigative authorities
R.28	Powers of law enforcement and investigative authorities
R.29	Powers of supervisors
R.30	Resources of Competent Authorities
R.31	National co-operation and coordination
R.32	Statistics
R.33	Transparency and beneficial ownership of legal persons
R.34	Transparency and beneficial ownership of legal arrangements
R.35	International instruments
R.36	Mutual legal assistance
R.37	Extradition
R.38	Mutual legal assistance: freezing and confiscation
R.39	Extradition
R.40	Other forms of international co-operation
SR.I	Implement UN instruments
SR.II	Terrorist financing offence
SR.III	Freezing and confiscating terrorist assets
SR.IV	Reporting of suspicious transactions
SR.V	International co-operation
SR.VI	Money or value transfer services
SR.VII	Wire transfers
SR.VIII	Non-profit organisations
SR.IX	Cash couriers

APPENDIX III – LIST OF THE 2012 FATF RECOMMENDATIONS AND THE 11 IMMEDIATE OUTCOMES IN THE FATF METHODOLOGY OF 2013

A. 2012 FATF Recommendations

R.1	Assessing Risks and applying a Risk-Based Approach
R.2	National Cooperation and Coordination
R.3	Money laundering offence
R.4	Confiscation and provisional measures
R.5	Terrorist financing offence
R.6	Targeted financial sanctions related to terrorism and terrorist financing
R.7	Targeted financial sanctions related to 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
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
R.19	Higher-risk countries
R.20	Reporting of suspicious transactions
R.21	Tip-off and confidentiality
R.22	DNFBPs: Customer due diligence
R.23	DNFBPs: Other measures
R.24	Transparency and beneficial ownership of legal persons
R.25	Transparency and beneficial ownership of legal arrangements
R.26	Regulation and supervision of financial institutions
R.27	Powers of supervisors
R.28	Regulation and supervision of DNFBPs
R.29	Financial intelligence units
R.30	Responsibilities of law enforcement and investigative authorities
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
R.37	Mutual legal assistance
R.38	Mutual legal assistance: freezing and confiscation
R.39	Extradition
R.40	Other forms of international co-operation

Immediate Outcomes	
IO.1	Money laundering and terrorist financing risks are understood and, where appropriate, actions coordinated domestically to combat money laundering and the financing of terrorism and proliferation.
IO.2	International co-operation delivers appropriate information, financial intelligence, and evidence, and facilitates action against criminals and their assets.
IO.3	Supervisors appropriately supervise, monitor and regulate financial institutions and DNFBNs for compliance with AML/CFT requirements commensurate with their risks.
IO.4	Financial institutions and DNFBNs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.
IO.5	Legal persons and arrangements are prevented from misuse for money laundering or terrorist financing, and information on their beneficial ownership is available to competent authorities without impediments.
IO.6	Financial intelligence and all other relevant information are appropriately used by competent authorities for money laundering and terrorist financing investigations.
IO.7	Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions.
IO.8	Proceeds and instrumentalities of crime are confiscated.
IO.9	Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions.
IO.10	Terrorists, terrorist organisations and terrorist financiers are prevented from raising, moving and using funds, and from abusing the NPO sector.
IO.11	Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant resolutions of the UN Security Council.

APPENDIX IV – LIST OF FATF-STYLE REGIONAL BODIES

Asia/Pacific Group on Money Laundering (APG)	
Caribbean Financial Action Task Force (CFATF)	
Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)	
Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG)	
Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)	
Financial Action Task Force on Money Laundering of Latin America America (GAFILAT)	
Inter-Governmental Action Group against Money Laundering in West Africa (GIABA)	
Middle East and North Africa Financial Action Task Force (MENAFATF)	
Task Force on Money Laundering in Central Africa (GABAC)	