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FINANCING OF TERRORISM
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Report on Fourth Assessment Visit – *Executive Summary*

Anti-Money Laundering and Combating the Financing of Terrorism

AZERBAIJAN

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LIST OF ACRONYMS USED

ACD	Anti-Corruption Department with the Prosecutor General of Azerbaijan
AIC	Administrative Infringements Code of Azerbaijan
AML/CFT	Anti-money laundering/combating the financing of terrorism
BCR	Report on physical cross-border transportation of currency valuables
BLR	Report on transactions with countries in NCCT list
BO	Beneficial Owner
CARICC	Central Asian Regional Information and Coordination Centre
CBA	Central Bank of the Republic of Azerbaijan
CDD	Customer Due Diligence
CETS	Council of Europe Treaty Series
CFT	Combating the financing of terrorism
CIS	Commonwealth of Independent States
CPC	Criminal Procedural Code
CPI	Consumer Price Index
CSC	Civil Service Commission of Azerbaijan
CTR	Cash Transaction Reports
DGK	State Customs Committee of Azerbaijan
DNFBP	Designated Non-Financial Businesses and Professions
DT	Report on the transactions related to religious charities
ECDD	Enhanced Client Due Diligence
ESW	Egmont Secure Web
ETS	European Treaty Series [since 1.1.2004: CETS = Council of Europe Treaty Series]
EU	European Union
FATF	Financial Action Task Force
FI	Financial Institution
FIR	Report on transactions in which it was detected that the identification of a customer or a beneficial owner was not correct
FIU	Financial Intelligence Unit
FMR	Report on suspicions that the client does not act on his/her behalf
FMS	Financial Monitoring Service
GDP	Gross Domestic Product
GPO	General Prosecutor's Office
GRECO	Secretariat of the Group of States against Corruption
GUAM	Organization for Democracy and Economic Development
HR	Human Resources
IMF	International Monetary Fund
INTERPOL	International Police Organization
IOSCO	International Organization for Securities Commissions
IT	Information Technology
LEA	Law Enforcement Agency
MCIT	Ministry of Communications and Information Technologies
MER	Mutual Evaluation Report
MFA	Ministry of Finance of the Republic of Azerbaijan
MJA	Ministry of Justice of Azerbaijan
MLA	Mutual Legal Assistance
MNS	Ministry of National Security of Azerbaijan
MoFA	Ministry of Foreign Affairs
MOU	Memorandum of Understanding
MVT	Money Value Transfer
NBA	National Bank of Azerbaijan
NGO	Non-Governmental Organization

NPO	Non-Profit Organisation
NCCT	Non-cooperative Countries or Territories
OSCE	Organization for Security and Cooperation in Europe
OJSC	Open Joint Stock Company
PEP	Politically Exposed Person
QHT	Report on transactions related to non-governmental organisations
SECO	State Secretariat for Economic Affairs
SRO	Self-Regulatory Organisation
SCS	State Committee for Securities
STR	Suspicious transaction report
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TFR	Report on funds related to terrorist financing
UNODC	United Nations Office on Drugs and Crime
UNR	Report on persons subject to sanctions
UNSCC	United Nations Security Council Committee
UNSCR	United Nations Security Council Resolution

II. EXECUTIVE SUMMARY

1. Background Information

1. This report summarises the major anti-money laundering and counter-terrorist financing measures (AML/CFT) that were in place in Azerbaijan at the time of the 4th round on-site visit (17-22 February 2014) and immediately thereafter. It describes and analyses these measures and offers recommendations on how to strengthen certain aspects of the system. The MONEYVAL 4th cycle of evaluations is a follow-up round, in which Core and Key (and some other important) FATF Recommendations have been re-assessed, as well as all those for which Azerbaijan received non-compliant (NC) or partially compliant (PC) ratings in its 3rd round report. This report is not, therefore, a full assessment against the FATF 40 Recommendations 2003 and 9 Special Recommendations 2001, but is intended to update readers on major issues in the AML/CFT system of Azerbaijan.

2. Key findings

2. **Azerbaijan's strategic position is attractive for criminals and organised crime groups, this being strengthened by the existing transportation infrastructure.** The main risks presented by the location of the country are connected above all with drug trafficking (mostly originating from Afghanistan with the destination in Europe or Russia) and human smuggling (where Azerbaijan figures both as a transit country and the country of origin). The most common predicate offences for money laundering are theft, fraud, tax evasion, embezzlement, drug and weapons production and trafficking, smuggling and corruption. The most common predicate offences, based on the structure of the disclosures received by law enforcement agencies from the Financial Monitoring Service (FMS), are tax evasion, counting for more than 75%, followed by corruption (almost 10%), embezzlement, fraud, drug crimes and cybercrime.
3. **Although Azerbaijan has taken steps to address the recommendations made in the 3rd round report related to the criminalisation of money laundering and the financing of terrorism, deficiencies remain.** Acquisition, possession or use of property is criminalised only with respect to "significant amounts", provided that the purposive element of "concealing or disguising the illicit origin of the funds or other property" is satisfied. The law does not provide explicitly that the criminal intent, knowledge or purpose can be inferred from objective factual circumstances. With regard to the financing of terrorism, the Criminal Code does not provide a definition of individual terrorist or terrorist organisation, nor does it refer to the Terrorist Financing Law for such definitions.
4. **Criminal liability for money laundering and the financing of terrorism has not been extended to legal persons.** This has an impact in limiting prosecutions for money laundering and the financing of terrorism and also in the provision of mutual legal assistance.
5. **The criminalisation of money laundering has not been effectively applied.** There a low number of convictions for money laundering and no cases of stand-alone and autonomous money laundering.
6. **Confiscation of proceeds and instrumentalities is now mandatory when a conviction has been secured for a proceeds-generating crime and confiscation is available for all predicate offences to money laundering.** However, property can only be taken from third parties when they knew or ought to have known that it had been obtained by criminal means, regardless of whether they obtained it for value or not. There is a lack of clarity on whether confiscation of indirect proceeds and corresponding value are routinely made. Also, the effectiveness of confiscation in predicate offences to ML was not demonstrated to the evaluators
7. **The Financial Monitoring Service (FMS) has been established as the national centre to gather, analyse and submit financial information to relevant law enforcement agencies.** The FMS appears to be well resourced and operating effectively. However, the authority of the FMS to

disseminate reports is limited to the General Prosecutor's Office (GPO) and the Ministry of National Security. There is a lack of safeguards for removing the FMSs management from office and this could generate vulnerabilities for the system towards risks of undue influence or interference.

8. **The AML/CFT Law prescribes obligations for reporting entities to apply preventive measures, including customer due diligence and identification of politically exposed persons.** Although financial institutions appeared to have a good understanding of the requirements, they still establish business relationships in circumstances where a foreign legal person who is a beneficial owner is not identified.
9. **Reporting requirements have been introduced and reports are being received by the FMS.** However no suspicious transaction reports have been submitted by DNFBPs and only one by a non-banking financial institution. This brings the effectiveness of the regime in the non-banking sectors into question.
10. **Sanctions available for infringements of the AML/CFT preventive regime are not effective, proportionate or dissuasive.** Very few sanctions had been applied in practice, with no sanctions at all being applied to senior management.
11. **There is inadequate AML/CFT supervisory over the operations of post offices.** Other supervisors are in the process of adopting risk-based supervision.
12. **The AML/CFT Law contains an exemption for small businesses from implementing an internal control system.** This provides an exemption from a number of controls for smaller businesses. This exemption could increase the vulnerability of small businesses to the risk of being used for the purposes of money laundering and the financing of terrorism.
13. **There is no requirement for information on beneficial ownership to be collected or made available by state authorities.** The registration system does not provide adequate access to up-to-date information on beneficial ownership in a timely manner. Barriers are in place which makes it difficult for financial institutions to request ownership information from state registers of legal persons.

3. Legal Systems and Related Institutional Measures

14. The Law of the Republic of Azerbaijan, No 973-IIIQ, "On amendments to individual legislative acts of the Republic of Azerbaijan to enhance the prevention of the legalisation of criminally obtained funds or other property and the financing of terrorism" (adopted by the Parliament of the Republic of Azerbaijan on 5 March 2010) has amended the Criminal Code and addressed many of the recommendations made in the 3rd round report.
15. Although both "conversion and transfer" and the "concealment or disguise" of property are deemed to be covered, there still appear to be some deficiencies in the provisions in respect of the offence of acquisition, possession or use of property in the Criminal Code where there is reference to acquisition, possession and use "in significant amount". The definitions of "criminally obtained funds", "funds and other property" fully complies with the definition provided under the UN Convention for the Suppression of the Financing of Terrorism and the FATF standards and the AML/CFT law clarifies that it is applicable in the context of the Criminal Code. However, the evaluators consider that for the sake of clarity the Criminal Code should make a direct reference to the AML/CFT law with respect to the definition of funds or other property.
16. The Criminal Code extends criminal liability for money laundering to legal persons. However, the relevant provisions are not yet in force as it awaits the adoption of relevant amendments to the Code of Criminal Procedure. The law does not provide explicitly that the criminal intent, knowledge or purpose can be inferred from objective factual circumstances. The evaluators note that no cases of autonomous ML have been recorded in Azerbaijan and consider that this principle should be reflected clearly in the law in order to dispel any doubt amongst domestic practitioners. the Criminal Code imposes a classification of crimes depending on the nature and the degree to

which an offence is considered as a public danger, however, money laundering is not considered to be a serious crime as the maximum penalty provided for under the law is less than seven years of imprisonment.

17. The evaluators consider that there is a lack of certainty from prosecuting authorities as to whether a conviction for a predicate offence is a prerequisite to obtaining a conviction for money laundering. Since the 3rd Round evaluation the authorities report that there have been 16 indictments for ML, 10 convictions in the first instance and 9 final convictions, all of which were for self-laundering offences. The evaluators consider that the system is still not effective and are concerned by the low number of convictions for money laundering and absence of cases of stand-alone and autonomous money laundering.
18. Amendments adopted in 2010 introduced a new definition of the terrorist financing offence into the Criminal Code. While the new definition addresses most of the technical deficiencies identified in the third round report some issues are yet to be addressed. The terrorist financing offence, as amended, covers financing of individual terrorists or terrorist organisations. However, the Criminal Code does not provide a definition of individual terrorist or terrorist organisation, nor does it refer to the Terrorist Financing Law for such definitions. Also, the legislation extending criminal liability for terrorist financing to legal persons has yet to come into force.
19. There have been two terrorist financing cases which resulted in imprisonment for three people. The cases were subject to an appeal in the appeal court with the Appeal Court upholding the decision of the first instance court.
20. The amendments adopted in 2010 also amended the legal provisions in respect of confiscation. As a result, confiscation of proceeds and instrumentalities is now mandatory when a conviction has been secured for a proceeds-generating crime and confiscation is available for all predicate offences to money laundering. It was, however, noted that property can only be taken from third parties when they knew or ought to have known that it had been obtained by criminal means, regardless of whether they obtained it for value or not.
21. The data provided indicates that when money laundering is pursued, provisional measures and confiscation of property is also ordered. Furthermore, the data above on the amounts of property seized, confiscated and recovered following conviction for money laundering show an improving trend, however, the effectiveness of confiscation in predicate offences to ML was not demonstrated to the evaluators. The evaluators were also concerned that there was a lack of clarity on whether confiscation of indirect proceeds and corresponding value are routinely made.
22. Azerbaijan has taken steps to set-up a dedicated structure to freeze and confiscate terrorist assets implementing UNSCR 1267 and 1373. Nonetheless a number of shortcomings were identified. In particular, the freezing action provided by the law does not extend to funds or other assets of persons acting on behalf of, or at the direction of designated persons, nor does it prohibit that these or other funds or assets are made available, directly or indirectly for such persons' benefit by their nationals or by any persons within their territory, as per UNSCR 1267 and similar concerns were expressed in regard to UNSCR 1373.
23. It was noted that the designation criteria provided to implement UNSCR 1373 are too restrictive as they require that criminal proceedings have been instituted or that a conviction has been secured against a person. Also, there was no formal procedure governing the receipt and assessment of requests based on a foreign request to designate/freeze in order to comply with obligations under UNSCR 1373.
24. The various technical deficiencies identified have the potential to inhibit effectiveness. It was noted that a foreign request to add to the domestic list has been received from the US and was addressed but that no assets have yet been frozen as a result of this request. Also the assets of two people were frozen pursuant to UN resolution 1267 but that this subsequently turned out to be a case of mistaken identity due to similar names and the assets were then unfrozen.

25. The Financial Monitoring Service (FMS) has been established as the national centre to gather, analyse and submit financial information to relevant law enforcement agencies. The FMS appears to be appropriately resourced both in terms of financial, technical and human resources. It was, however, noted that there was a lack of safeguards for removing the FMSs management from office and this could generate vulnerabilities for the system towards risks of undue influence or interference.
26. The FMS has increased the number of disseminations to the General Prosecutor's Office and the Ministry for National Security. It was reported that these disseminations had resulted in two prosecutions for ML And 33 prosecutions for tax evasion during 2013. Also, serious effort has been applied by the FMS to increase the level of awareness of the reporting entities on the obligations they have under the AML/CFT legislation and the increasing number of STRs seems to indicate positive results in this respect. However, this only applies to financial institutions (that do show an increased awareness on their reporting obligations) as there are still virtually no STRs submitted by designated non-financial businesses and professions (DNFBP).
27. The authority of the FMS to disseminate reports is limited to the General Prosecutor's Office (GPO) and the Ministry of National Security. This is a consequence of the way the competence for investigating money laundering and terrorist financing is regulated in Azerbaijan. In practice however, the Anti-corruption Directorate, which is the unit within the GPO designated to deal with disseminations coming from the FMS, is mainly specialised on investigating money laundering associated to corruption cases. The Ministry of Internal Affairs, which is the investigative body for the vast majority of serious predicate offences receives no financial disseminations from the FMS.
28. As regards the investigation of money laundering and terrorist financing, the evaluators noted that the level of awareness and training is relatively low at the level of law enforcement bodies. It was also noted that law enforcement agencies had limited access of law enforcement to financial information affects its ability to identify, trace and seize proceeds of crime The evaluators were informed that every time any of the investigative bodies come across any suspicions of ML they have to refer the case to the GPO. Overall it was considered that there was a low level of investigations, prosecutions and convictions on money laundering and terrorist financing as opposed to the general volume of proceeds-generating crimes.
29. Although a declaration system is in place in Azerbaijan in relation to physical cross-border transportation of currency or bearer negotiable instruments, the legal act enforcing the system leaves out of its scope the national currency of Azerbaijan. There is no clear legislative provision requiring the customs authority to stop or restrain currency valuables when indications of money laundering or terrorist financing are present and no provision requiring the State Customs Committee to report suspicions of money laundering and terrorism financing to the FMS. In terms of effectiveness, the exchange of information with counterparts is limited to situations when reasons to believe that a serious customs offence will be committed in the territory of another state. Also it was noted that no money laundering and/or terrorist financing investigations had been instigated based on action taken by the State Customs Committee.

4. Preventive Measures – financial institutions

30. The new AML/CFT Law prescribes obligations for reporting entities to apply preventive measures (including customer due diligence (CDD) and identification of politically exposed persons) which are largely in line with the FATF Recommendations. CDD must be conducted in full before entering into a business relationship with a customer. It was noted that the provisions regarding to application of simplified CDD measures could lead to misinterpretation which was compounded by the lack of published guidance on simplified CDD. It was also noted that these was no requirement to verify the identity of beneficiaries of life insurance policies at time of payout or the time when the beneficiary intends to exercise vested rights under the policy.

31. Overall the financial institutions met during the on-site visit displayed a good understanding of their obligations to identify and verify the identity of their customers. The one concern that was raised was that it was stated that identification of beneficial owners, especially when the customer is a foreign legal person or domestic legal person owned by a foreign legal person, is causing significant problems for monitoring entities, and in some cases they stated that they continue business relationships with customers for which they did not identify a natural person(s) who ultimately owns or controls the customer.
32. The provisions in the AML/CFT Law are in line with international standards concerning politically exposed persons (PEP). However, as previously stated, some reporting entities continue business relationship with customers for even when they had not identified a natural person(s) who ultimately owns or controls the customer, which could result in failing to identify that the beneficial owner was a PEP.
33. Although the AML/CFT Law does not contain any requirement for monitoring entities with respect to correspondent relationships, the FMS has issued Requirements on Internal Control Systems, which specifically establish requirements on correspondent relationships. However, these requirements do not require monitoring entities to document or have a clear understanding of the respective AML/CFT responsibilities of each institution during the relationship. Monitoring entities are required to have policies and procedures in place to address any specific risks associated with non-face to face business relationships or transactions and these shall apply both when establishing customer relationships and when conducting ongoing due diligence.
34. The AML/CFT Law clearly states that banking and other legally protected secrecy regimes may not be invoked as grounds to reject submission of information. It was noted that there was an apparent conflict between the provisions in the AML/CFT Law and secrecy law applying to the securities market. And that there was no clear provision in legislation which would require banks to share information about their customers CDD to correspondent banks. However, during the on-site visit the authorities confirmed that they had not experienced any unnecessary constraints on access to information.
35. the AML/CFT Law requires monitoring entities to maintain documents on due diligence measures, documents on transactions with funds or other property, documents on politically exposed person of foreign countries and documents on unusual transactions in the information carriers or in an electronic format. Details of transactions are required to be retained for five years and account opening information is required to be retained for five years after closing the account. The only deficiencies relating to record keeping were that there is no obligation for monitoring entities to ensure that all customer and transaction records and information are available on a timely basis to law enforcement authorities and business correspondence and other relevant documents are only required to be kept for at least five years following the completion of a transaction.
36. The AML/CFT Law has introduced comprehensive reporting requirements that are in line with the standards. An electronic reporting regime has been introduced which as improved efficiency of reporting. All financial institutions interviewed appeared to be aware of their reporting obligations which appears to be the result of the awareness-raising initiatives and training programmes delivered by the FMS which included a focus on STR reporting. However, although there has been a gradual increase in the number of suspicious transaction reports (STR) submitted, only one report was submitted by a non-banking financial institution. It was also noted that the number of STRs received is very low against the overall number of reports received by the FMS.
37. The AML/CFT Law has introduced an exemption for businesses which have a quarterly turnover of less than 50,000 Manats (approximately €47,000) from implementing an internal control system this has a direct impact on the requirement to implement internal controls but also . This potentially has an impact on the reporting requirements under Recommendation 5, the record keeping requirements under Recommendation 10 and internal control requirements under Recommendation 22. The authorities explained that this exemption was intended to give relief to small businesses and has no

impact on financial institutions as all relevant financial institutions have a quarterly turnover in excess of 50,000 Manats.

38. Responsibilities for AML/CFT Supervision are set out in the AML/CFT Law. The CBA and State Committee for Securities (SCS) Ministry of Finance (MFA) and MCIT have all adopted a risk-based approach for supervision. However as the CBA, MFA and MCIT had only adopted recently adopted the risk-based approach to supervision, it was not possible to assess its effectiveness. The division of the supervision powers of the CBA and the MCIT is not appropriate, and undermines the overall effectiveness of the supervision of Azerpost and no on-site supervision of Azerpost had been undertaken.
39. The evaluators did not consider that the sanctions available for infringements were effective, proportionate or dissuasive and were concerned that few sanctions had been applied in practice, with no sanctions at all being applied to senior management. With regard to market entry, there is no requirement to prevent persons who are associated with criminals from holding or being the beneficial owner of a significant or controlling interest or holding a management function, including in the executive or supervisory boards, councils in financial institutions.
40. Wire transfer services can only be provided by banks, local branches of foreign banks and the national postal operator (Azerpost). The only shortcoming identified against the standards was that there is no requirement that intermediary financial institutions in the payment chain should ensure that all originators information that accompanies a cross-border wire transfer is transmitted with the transfer. The main concerns related to the effectiveness of supervision. The Central Bank of Azerbaijan (CBA) is responsible for licencing and supervising Azerpost when performing money and value transfer services, however, the Ministry of Communications and Information Technologies (MCIT) is the supervisory authority over the Azerpost for compliance with the AML/CFT requirements in accordance the AML/CFT Law

5. Preventive Measures – Designated Non-Financial Businesses and Professions

41. The new AML/CFT Law has also prescribed obligations for DNFBPs to conduct CDD measures as well as other preventive measures. The AML/CFT Law applies to: natural and legal persons engaged in buying and selling of precious stones and metals, as well as jewellery or other goods made of precious stones and metals; the lottery organiser; and natural and legal persons providing intermediary services on the buying and selling of real estate. There are no casinos operating in Azerbaijan. The requirements for CDD, record keeping, submitting of information to FMS and non-face to face business relationships also apply to lawyers, notaries, other persons providing legal or audit services when they prepare for or carry out transactions for their customers with respect to the following activities: buying and selling of real estate; managing of customer funds, securities or other property; managing of customer bank and securities accounts and creation, operation or management of legal persons, buying and selling of legal persons, organisation of contributions for the creation, operation or management of legal persons. Accountants are not subject to the AML/CFT Law.
42. The same deficiencies as highlighted for financial institutions above, also apply to the preventive regime for DNFBPs. There are same concerns regarding effective implementation of requirements to identify the beneficial owner of customers for DNFBPs and no effectiveness was demonstrated regarding the identification of the beneficial owner of customers, especially foreign legal entities and domestic legal entities owned by foreign legal entities. This was a particular concern in the sector of legal services companies offer a wide range of financial and legal services to their customers. It appears that awareness among DNFBPs to conduct prescribed CDD measures is relatively new for monitoring entities. Taking into consideration the abovementioned, no effectiveness was demonstrated concerning implementation of Recommendation 6, 8, 10 and 11. However, the Chamber of Auditors displayed a good understanding of the AML/CFT obligations set out for auditors and accountancy practices.
43. Whereas the exemption for businesses which have a quarterly turnover of less than 50,000 Manats (approximately €47,000) from implementing an internal control system had little practical impact on

financial institutions, it had a significant impact on DNFBPs, providing an exemption from a number of controls for smaller businesses. This exemption could increase the vulnerability of small businesses to the risk of being used for the purposes of money laundering and the financing of terrorism.

44. During the on-site visit the representatives of DNFBPs met by the evaluators appeared to have a good understanding of their reporting responsibilities. However, the fact that no STRs had been submitted by DNFBPs does raise questions on the effectiveness of the reporting regime.
45. All of the DNFBPs are subject to AML/CFT supervision with the responsibilities being set out in the AML/CFT Law as follows:-
 - Azerlotereya OJST - SCS;
 - Notaries - Ministry of Justice;
 - Persons providing legal services - Ministry of Taxes;
 - Lawyers - Bar of Lawyers of the Republic of Azerbaijan;
 - persons providing audit services - Chamber of Auditors of the Republic of Azerbaijan;
 - Real estate agents and pawnshops - FMS; and
 - Natural and legal persons engaged in buying and selling of precious stones, precious metal, as well as jewellery or the other goods made of precious stones and precious metals and dealers in precious metals – MFA.
46. The FMS and Chamber of Auditors had conducted on-site visits. However, no on-site visits have been performed by the Ministry of Justice and the Lawyers Bar Association and no disciplinary action was taken. Likewise, the MFA had not performed any on-site supervision for AML/CFT purposes towards the dealers in precious metal and precious stones and no sanctions or measures have been applied to these entities. Although the Ministry of Taxes had performed their supervisory function for AML/CFT purposes over persons that performed other legal services it was considered that this had been conducted at a low level.

6. Legal Persons and Arrangements & Non-Profit Organisations

47. There is no requirement for information on beneficial ownership to be collected or made available by state authorities and the registration system does not provide adequate access to up-to-date information on beneficial ownership in a timely manner. Information may only be demanded from monitoring entities by the criminal investigation bodies in the course of criminal proceedings. In this case, information may be disclosed only on the basis of a court decision that has come into force.
48. Amendments to the 2005 Law on Commercial Information, which were adopted in 2012, prohibit government officials from distributing information about companies if doing so “*contradicts the national interests of Azerbaijan in political, economic, and monetary policy, the defence of public order, the health and moral values of the people, or harms the commercial or other interests of individuals.*” The amendments also make release of information contingent upon receiving permission from all individuals named in the records. It was considered that this places an unnecessary barrier to financial institutions and DNFBPs from obtaining and verifying beneficial ownership information, in particular, the requirement to receive permission from all individuals named in the records could cause significant delays in accessing information.
49. The NPO sector is now subject to monitoring and to the provisions of the AML/CFT Law and as such has been included within the definition of “monitoring entities”. The authorities have conducted two reviews of the NPO sector to consider the vulnerabilities of the sector. These reviews included consideration of the vulnerability of the sector to being utilised for the financing of terrorism. A number of training seminars have been conducted by the FMS and the Ministry of Justice for the protection of the sector from terrorist financing abuse and for raising awareness in non-profit organisations about the risk of terrorist abuse. The Ministry of Justice is designated as the supervision authority for NPOs’ compliance with the AML/CFT requirements. The Ministry of

Justice advised that identified deficiencies were the subject of warnings, which have the status of an order. Only foundations are obliged to publish an annual report regarding utilisation of their property although all NPOs submit an annual financial report to the MFA.

7. National and International Co-operation

50. At a policy level, the FMS under the Central Bank of Azerbaijan is the state authority empowered to provide implementation of the state policy in the sphere of prevention of the legalisation of criminally obtained funds or other property and the financing of terrorism, to improve the inspection system and to coordinate the activity of the relevant state authorities. Very good bilateral cooperation relationships were observed between the FMS and other actors with AML/CFT responsibilities during the on-site visit. Direct meetings to discuss improvements to the legislative framework in the field have been organised, with attendance of specialists from the FMS. Also, a number of meetings have been organised with officials from the President Administration and Cabinet of Ministers regarding state policy on AML/CFT and legislative development. Nevertheless the AML/CFT system appears to be lacking an overarching policy coordination mechanism dedicated to revision and strategic coordination of all its components.
51. The Vienna, Palermo and Terrorist Financing Conventions have all been signed and ratified. However, there are remaining deficiencies in respect of the confiscation of indirect proceeds of crime, value confiscation and third party confiscation as well as deficiencies in respect of the offence of acquisition, possession or use of property and a lack of legislative confirmation of the practice of inferring the intentional element of money laundering from factual circumstances. Issues identified in respect of compliance with the Terrorism Financing Convention include a deficiency in criminalising all the offences within the scope of and as defined in the treaties listed in the annex to the Terrorist *Financing* Convention, a lack of legislative confirmation of the practice of inferring the intentional element of terrorist financing from factual circumstances and the fact that liability of legal persons is not yet covered.
52. The Ministry of Justice in Azerbaijan is the central authority which deals with mutual legal assistance (MLA) and cooperation matters. The authorities are in a position to provide MLA in respect of AML/CFT Investigations. Under that provision, MLA can be rendered to another state on the basis of the Criminal Procedure Code, other laws applicable in Azerbaijan or provisions in an international treaty executed to this effect to which Azerbaijan is a party. Azerbaijan's Law on Legal Assistance in Criminal Matters makes provision for assistance in the absence of a treaty with Azerbaijan and provides for assistance based upon the principle of reciprocity. Nonetheless, international cooperation in the area of ML could in some instances suffer from the remaining gaps identified in compliance with the Palermo and Vienna conventions; in particular, the lack of corporate liability could impede effective mutual legal assistance. Also, no formal arrangements for co-ordinating seizure and confiscation actions are in place.
53. No significant concerns were raised by any jurisdictions in response to MONEYVAL's request for input with the regard to the provision of assistance by Azerbaijan. However, a lack of statistics on mutual legal assistance impeded the assessment of effectiveness.
54. The general legal framework for other forms of international cooperation on AML/CFT matters is provided by the AML/CFT Law. Based on these provisions the authorities carrying out their activity in the AML/CFT field, shall cooperate with the competent authorities of foreign states on AML/CFT matters including exchange of information on committed crimes, execution of court decisions and criminal prosecution in accordance with the legislation of the Republic of Azerbaijan and the international treaties to which the Republic of Azerbaijan is a party. The wording of the current legislative framework is wide enough to allow the FMS to provide the widest range of international cooperation to foreign counterparts, both spontaneously and upon request.

55. International cooperation on AML/CFT issues by the General Prosecutor's Office is carried out by the Anti-corruption Directorate mainly within the framework of mutual legal assistance mechanism. The General Prosecutor's Office, has established a focal point that has direct communication channels with counterparts in other jurisdictions. The Ministry of Internal Affairs conducts information exchange through INTERPOL.
56. The signing of an MOU or a cooperation agreement is a mandatory precondition for the CBA to be able to exchange information with other Central Banks although there is no constraint on responding to requests related to ML/TF issues. There is no provision in legislation that prescribes clearly that the CBA should provide exchange of information in a rapid, constructive and effective way. There are no restrictions on responding to incoming requests for information from foreign counterparts with which the SCS does not have any agreements.
57. The FMS has managed to implement a secure and consistent for the exchange of information with foreign financial intelligence unit although, information exchanged is still in relatively low volumes. Information exchanged by law enforcement authorities is still in relatively low volumes. The statistics provided by the authorities on the exchange of information performed in the AML/CFT field by supervisory authorities were not adequate to allow for an evaluation of the efficiency of the legal channels in place.

8. Resources and statistics

58. The FMS appeared well staffed and the dedicated software solution used seemed to support an increased capacity in processing the current volumes of financial information received, both for intelligence analysis and supervision functions. None of the employees of the FMS appeared to have previous experience in financial or criminal intelligence analysis, although this was compensated for by allowing its analysts to participate in training programmes dedicated to tactical analysis. The Anti-Corruption Department of the General Prosecutor's Office appeared properly staffed and positive opinions were expressed during the on-site visit on the adequacy of the technical and financial resources available.
59. The CBA, SCS and MFA all appeared to have adequate resources both in terms of staff and facilities to perform AML/CFT supervision. Regular training is provided on AML/CFT issues for staff of the CBA and SCS. However, MCIT did not appear to have sufficient resources to properly undertake AML/CFT supervision of the post offices and no statistics were provided indicating that employees of the MCIT participated or had active role in any seminar or workshops regarding AML/CFT matters.
60. The FMS provided a comprehensive set of statistics and appeared to be making good use of these statistics to analyse trends and draw strategic conclusions. Statistics were provided in respect of money laundering and financing of terrorism investigations, prosecutions and convictions which showed whether convictions are for self or third party laundering but these statistics did not include any analysis of penalties. Detailed statistics on property seized, confiscated and recovered following conviction for ML/FT were provided. The evaluators consider that these statistics should be utilised, along with statistics on the level of funds-generating crime, to determine strategic priorities in developing the AML/CFT regime.
61. The supervisory authorities maintained statistics on the number and nature of AML/CFT supervision as well as sanctions applied, but there were no statistics available on cooperation and exchange of information with other supervisory bodies both domestically and internationally. Statistics on mutual legal assistance were not readily available which could prevent the authorities from identifying trends in connection with the provision of mutual legal assistance.

TABLE 1. RATINGS OF COMPLIANCE WITH FATF RECOMMENDATIONS

The rating of compliance vis-à-vis the FATF 40+ 9 Recommendations is made according to the four levels of compliance mentioned in the AML/CFT assessment Methodology 2004 (Compliant (C), Largely Compliant (LC), Partially Compliant (PC), Non-Compliant (NC)), or could, in exceptional cases, be marked as not applicable (N/A).

The following table sets out the ratings of Compliance with FATF Recommendations which apply to Azerbaijan. *It includes ratings for FATF Recommendations from the 3rd round evaluation report that were not considered during the 4th assessment visit. These ratings are set out in italics and shaded.*

Forty Recommendations	Rating	Summary of factors underlying rating¹
Legal systems		
1. Money laundering offence	PC	<ul style="list-style-type: none"> Acquisition, possession or use of property is criminalised only with respect to “significant amounts”; <p><i>Effectiveness</i></p> <ul style="list-style-type: none"> Low number of convictions for ML and absence of cases of stand-alone and autonomous ML and no cases which relate to predicate offences conducted in another jurisdiction; Lack of certainty as to whether a conviction for a predicate offence is a prerequisite to obtaining a conviction for money laundering.
2. Money laundering offence Mental element and corporate liability	PC	<ul style="list-style-type: none"> The legislation extending criminal liability to legal persons for money laundering is not yet in force; <p><i>Effectiveness</i></p> <ul style="list-style-type: none"> The principle that criminal intent, knowledge or purpose can be inferred from objective factual circumstances is not tested in practice in relation to the money laundering offence.
3. Confiscation and provisional measures	PC	<ul style="list-style-type: none"> Property can only be confiscated from third parties if they knew or ought to have known that it had been obtained by criminal means, regardless of whether they obtained it for value or not; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> Lack of clarity on whether confiscation of indirect proceeds and corresponding value are routinely made; Effectiveness of confiscation in predicate

¹ These factors are only required to be set out when the rating is less than Compliant.

		offences to ML is not demonstrated.
Preventive measures		
4. Secrecy laws consistent with the Recommendations	LC	<ul style="list-style-type: none"> There is no clear provision in legislation which would require banks to share information about their customers CDD to correspondent banks.
5. Customer due diligence	PC	<ul style="list-style-type: none"> The lack of issued guidance on simplified CDD measures could give rise to confusion in relation to the scope of application; Monitoring entities which have a quarterly turnover of less than 50,000 Manats are exempted from the obligation to terminate the established business relationship and to consider making a STR when the business relationship has already been commenced and the monitoring entity is not able to comply with CDD measures; No provision to verify the identity of beneficiaries of life insurance policies at time of payout or the time when the beneficiary intends to exercise vested rights under the policy; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> Monitoring entities still establish business relationships in circumstances where a foreign legal person who is a beneficial owner is not identified.
6. Politically exposed persons	LC	<p><u>Effectiveness</u></p> <ul style="list-style-type: none"> Circumstances where monitoring entities establish business relationships where a foreign legal person who is a beneficial owner is not identified could allow PEPs to conduct business without being identified as such; No effectiveness was demonstrated with regard to determination of the beneficial owner of legal person who is PEP.
7. Correspondent banking	LC	<ul style="list-style-type: none"> No requirement for monitoring entities to document or have a clear understanding of the respective AML/CFT responsibilities of each institution during the relationship.
8. New technologies and non face-to-face business	C	
9. Third parties and introducers	N/A	
10. Record keeping	LC	<ul style="list-style-type: none"> Business correspondence and other relevant documents only required to be kept for at least 5

		years following the completion of a transaction.
11. Unusual transactions	LC	<ul style="list-style-type: none"> No requirement to provide findings to law enforcement authorities and auditors; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> No effectiveness was demonstrated regarding keeping findings and submitting written analysis on complex and unusual large transactions.
12. DNFBPS – R.5, 6, 8-11 ²	PC	<ul style="list-style-type: none"> Accountants are not subject to the AML/CFT Law; DNFBPs whose quarterly turnover is less than 50,000 Manats are not subject to a number of the AML/CFT requirements; <p><i>Applying Recommendation 5</i></p> <ul style="list-style-type: none"> Deficiencies under Recommendation 5 also apply to the DNFBP sector; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> DNFBPs are experiencing problems when identifying the BO; <p><i>Applying Recommendation 6</i></p> <ul style="list-style-type: none"> Deficiencies under Recommendation 6 also apply to the DNFBP sector; <p><i>Applying Recommendation 10</i></p> <ul style="list-style-type: none"> Deficiencies under Recommendation 10 also apply to the DNFBP sector; <p><i>Applying Recommendation 11</i></p> <ul style="list-style-type: none"> Deficiencies under Recommendation 11 also apply to the DNFBP sector.
13. Suspicious transaction reporting	LC	<p><u>Effectiveness</u></p> <ul style="list-style-type: none"> Limited training and lack of typologies has led to a low level of suspicious transaction reports from the banking sector; Lack of awareness has led to a very low level of STR reporting from financial institutions other than banks.
14. Protection and no tipping-off	LC	<ul style="list-style-type: none"> Directors and officers (permanent and temporary) are not explicitly protected when they are not personnel of the reporting entity.
15. Internal controls,	LC	<ul style="list-style-type: none"> Monitoring entities whose quarterly turnover is

² The review of Recommendation 12 has taken into account those Recommendations that are rated in this report.

compliance and audit		less than 50,000 Manats are not required to establish internal procedures, policies and controls.
16. DNFBPS – R.13-15 & 21 ³	PC	<p><i>Applying Recommendation 13</i></p> <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> • No STRs received from DNFBPs; • DNFBPs have a relatively low capacity in recognising suspicious transactions; <p><i>Applying Recommendation 14</i></p> <ul style="list-style-type: none"> • Deficiencies under R.14 are also applicable to DNFBPs; <p><i>Applying Recommendation 15</i></p> <ul style="list-style-type: none"> • DNFBPs that have the quarterly turnover less than 50,000 Manats are excluded from the requirement to establish the internal control system; <p><i>Applying Recommendation 21</i></p> <ul style="list-style-type: none"> • Deficiencies under R.21 also apply to DNFBPs.
17. Sanctions	PC	<ul style="list-style-type: none"> • Sanctions are not effective, proportionate and dissuasive; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> • No sanctions have been applied to financial institutions' senior management; • No sanctions apart from writing warnings have been imposed; • No sanctions have been applied by the MCIT; • Low number of sanctions applied by the CBA, SCS and MFA raises concerns about the effectiveness of the AML/TF sanctions regime.
18. Shell banks	C	
19. <i>Other forms of reporting</i>	C	
20. Other DNFBPS and secure transaction techniques	LC	<ul style="list-style-type: none"> • No analysis had been undertaken to identify which other non-financial businesses and professions could also potentially pose a ML/TF risk.
21. Special attention for higher risk countries	LC	<ul style="list-style-type: none"> • No requirement that the written findings should be available to auditors.

³ The review of Recommendation 16 has taken into account those Recommendations that are rated in this report.

22. Foreign branches and subsidiaries	LC	<ul style="list-style-type: none"> • No general requirement in the AML/CFT Law that would oblige non-banking financial institutions to ensure that their foreign branches and subsidiaries observe AML/CFT measures consistent with home country requirements and the FATF Recommendations, to the extent local laws and regulations permit; • Requirements of R.22 do not apply to monitoring entities whose quarterly turnover is less than 50,000 Manats.
23. Regulation, supervision and monitoring	PC	<ul style="list-style-type: none"> • There is no requirement to prevent persons who are associated with criminals from holding or being the beneficial owner of a significant or controlling interest or holding a management function, including in the executive or supervisory boards, councils in financial institutions; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> • The Postal Office was not subject to on-site supervision; • Adequate effectiveness of the risk based approach on supervision not demonstrated due to recent adoption of the procedures (referring to MFA and MCIT).
24. DNFBPS - Regulation, supervision and monitoring	PC	<ul style="list-style-type: none"> • Undue procedural hurdles for all supervisory authorities of the DNFBPs to initiate procedures for violation of the AML/CFT Law provisions; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> • Minimal active supervision undertaken for AML/CFT purposes; • Several supervisory authorities are not fully aware of their supervisory function.
25. Guidelines and Feedback	LC	<ul style="list-style-type: none"> • Lack of guidance on <ul style="list-style-type: none"> ○ identification and verification of beneficial owners, especially a description of reasonable measures that should be taken by the financial institution in order to identify and verify ownership and control structure of the non-resident legal entities; ○ measures that financial institutions should take regarding enhanced and simplified due diligence; ○ complex and unusual transactions. <p><u>Effectiveness</u></p>

		<ul style="list-style-type: none"> • The low number of STR reports by all monitoring entities, especially from non-banking credit institutions and DNFBPS, questions the issue of the sufficiency and helpfulness of the ML/TF typologies and trends that are issued by the FMS. • Apart from regulations issued from FMS no sector specific guidance for the implementation on the AML/CFT Law were issued. The lack of guidelines for FIs, also applies to the DNFBP sector.
Institutional and other measures		
26. The FIU	LC	<p><u>Effectiveness</u></p> <ul style="list-style-type: none"> • Low number of cases taken forward based on FIU dissemination.
27. Law enforcement authorities	PC	<p><u>Effectiveness</u></p> <ul style="list-style-type: none"> • Competence in investigating money laundering is affecting the effectiveness of the AML/CFT system; • Limited access of law enforcement to financial information affects its ability to identify, trace and seize proceeds of crime; • Legal limitations on the use of special investigative techniques in ML cases may impact on the ability of LEA to act; • Divergent interpretation between law enforcement and judiciary on the level of proof required to convict a person of TF; • Low level of investigations, prosecutions and convictions on money laundering and terrorist financing as opposed to the general volume of proceeds-generating crimes;
28. <i>Powers of competent authorities</i>	LC	<ul style="list-style-type: none"> • <i>The effectiveness of available powers has not been tested in money laundering or combating the financing of terrorism investigations and prosecutions.</i>
29. Supervisors	LC	<p><u>Effectiveness</u></p> <ul style="list-style-type: none"> • The division of the supervision powers of the CBA and the MCIT is not appropriate, and undermines the overall effectiveness of the supervision of post office for AML/CFT purposes.

30. Resources, integrity and training ⁴	LC	<ul style="list-style-type: none"> No internal regular training programs dedicated to intelligence analysis available for staff of the FIU; Inadequate resources available to MCIT for AML/CFT supervision of Post Offices.
31. National co-operation	LC	<ul style="list-style-type: none"> Although bilateral cooperation exists, there is no real mechanism in place for AML/CFT policy coordination of all the AML/CFT stakeholders. Lack of cooperation between the GPO and Police on financial intelligence.
32. Statistics ⁵	PC	<ul style="list-style-type: none"> Inadequate statistics kept on penalties for money laundering; Statistics maintained on the level of funds-generating crime together with seizures and confiscations are not being utilised to perform a strategic assessment of the AML/CFT risk; No statistics available on cooperation and exchange of information with other supervisory bodies.
33. Legal persons – beneficial owners	PC	<ul style="list-style-type: none"> Amendments to the Law on Commercial Information place unnecessary restrictions on access to ownership and shareholder information; Commercial, corporate and other laws do not require adequate transparency concerning the beneficial ownership and control of legal persons.
34. Legal arrangements – beneficial owners	N/A	<ul style="list-style-type: none">
International Co-operation		
35. Conventions	PC	<ul style="list-style-type: none"> Deficiencies identified in the provisions in respect of the offence of acquisition, possession or use of property; Offences in the Annex to the Terrorist Financing Convention not fully transposed into the Criminal Code; Authorities should be able to attack property held by third parties where there is a gift made or inadequate value in exchange for the property; Criminal liability for ML not yet extended to legal persons and no civil or administrative

⁴ The review of Recommendation 30 has taken into account those Recommendations that are rated in this report.

⁵ The review of Recommendation 32 has taken into account those Recommendations that are rated in this report. In addition it has also taken into account the findings from the 3rd round report on Recommendation 39.

		liability for money laundering by legal persons.
36. Mutual legal assistance (MLA) ⁶	LC	<ul style="list-style-type: none"> The remaining technical shortcomings in respect of R.1 and R.2 have the potential to impede effective mutual legal assistance; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> Lack of statistics means that effectiveness could not be assessed.
37. Dual criminality	LC	<ul style="list-style-type: none"> <i>Given the problems with the criminalisation of ML and TF domestically, the apparent need for full dual criminality may hinder MLA and extradition requests.</i>
38. MLA on confiscation and freezing	LC	<p><u>Effectiveness</u></p> <ul style="list-style-type: none"> Possible difficulties in respect of indirect proceeds and third party may impact on ability to assist; No formal arrangements for co-ordinating seizure and confiscation actions.
39. Extradition	LC	<ul style="list-style-type: none"> <i>The absence of statistical data means that there is a reserve on effectiveness;</i> <i>Legal uncertainties related to the criminalisation of ML coupled with strict dual criminality requirements might interfere with extradition possibilities.</i>
40. Other forms of co-operation	LC	<ul style="list-style-type: none"> No clear obligation for supervisory authorities to provide exchange of information in a rapid and constructive way; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> There is still little practical experience of supervisory cooperation in AML/CFT issues; There is still little practice in law enforcement intelligence information exchange on AML/CFT issues.
Nine Special Recommendations		
SR.I Implement UN instruments	PC	<ul style="list-style-type: none"> Offences in the Annex to the Terrorist Financing Convention not fully transposed into the Criminal Code; Various deficiencies identified in respect of

⁶ The review of Recommendation 36 has taken into account those Recommendations that are rated in this report.

		SR.III.
SR.II Criminalise terrorist financing	LC	<ul style="list-style-type: none"> • The FT offence does not cover all elements of SR.II, defined as terrorist offences in the Annex of the FT Convention; • The legislation extending criminal liability for terrorist financing to legal persons has yet to come into force.
SR.III Freeze and confiscate terrorist assets	PC	<ul style="list-style-type: none"> • Absence of a procedure detailing the asset freezing obligation provided for under Regulation No. 124 and lack of specification as what is intended by “freezing without delay”; • The freezing action provided by the law does not extend to funds or other assets of persons acting on behalf of, or at the direction of designated persons, nor does it prohibit that these or other funds or assets are made available, directly or indirectly for such persons’ benefit by their nationals or by any persons within their territory, as per UNSCR 1267; • The freezing action provided by the law does not extend to: funds or other assets of persons acting on behalf of, or at the direction of designated persons; funds of entities owned or controlled directly or indirectly by such persons as per UNSCR 1373; • Reliance on the criminal justice system risks creating problems with the effective implementation of UNSCR 1267 and 1373; • The designation criteria provided to implement UNSCR 1373 are too restrictive as they require that criminal proceedings have been instituted or that a conviction has been secured against a person; • The crimes listed in Article 7 of Regulation #124 do not appear to include all the offences within the scope of and as defined in the treaties listed in the annex to the Terrorist Financing Convention; • There is no formal procedure governing the receipt and assessment of requests based on a foreign request to designate/freeze in order to comply with obligations under UNSCR 1373; • Regulation No. 124 restricts the freezing action to funds or other “financial” assets, thereby potentially limiting the implementation of the standard. A definition of funds and other assets/financial assets is not provided for under the law;

		<ul style="list-style-type: none"> • With regard to c.III.6, there is no formal guidance in place which supplements the legislation; • Other than in the context of criminal proceedings, there are no other effective and publicly known procedure to unfreeze funds or other assets in a timely manner for persons inadvertently affected, other persons whose assets or other funds have been frozen, or bona fide third parties; • There does not appear to be a provision stating that, once a person is removed from the Domestic List, their assets shall be unfrozen; • There are no procedures in place for authorising access to funds or other assets that were frozen pursuant to UNSCR 1267 and that have been determined to be necessary for basic expenses; • No civil, administrative or criminal sanctions are provided for by the law for breach of Regulation No. 124.
SR.IV Suspicious transaction reporting	LC	<p><u>Effectiveness</u></p> <ul style="list-style-type: none"> • Uneven understanding of the reporting requirement by financial institutions; • Low number of TF STRs in relation to the terrorist threat of the country.
SR.V International co-operation ⁷	LC	<ul style="list-style-type: none"> • Difficulties in respect of indirect proceeds and third party assets may impact on ability to assist; • International cooperation in the area of FT could in some instances suffer from the remaining gaps identified in compliance with the Terrorist Financing Convention.
SR.VI AML requirements for money/value transfer services	PC	<ul style="list-style-type: none"> • Deficiencies under Recommendations R.4-R.11, R13-15, R.21-23, and SR.VII) referring to banks and postal office will be reflected in SR.VI; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> • Money Transfer service provided by post office are not adequately monitored and controlled by the authorities; • No on-site supervision in postal offices as a consequences lack of effective supervision of MVT services in the Post Office; • No effective sanctioning regime for Post Offices; • Duplication of supervisory powers towards

⁷ The review of Special Recommendation V has taken into account those Recommendations that are rated in this report. In addition it has also taken into account the findings from the 3rd round report on Recommendations 37 and 39.

		Azerpost.
SR.VII Wire transfer rules	PC	<ul style="list-style-type: none"> Monitoring of Azerpost was not fully developed at the time of the on-site visit; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> There is a division of supervision function over the Azerpost between the CBA and the MCIT that affects the effectiveness of performing supervisory function regarding the SR.VII requirements; Restricted infringements/deficiencies were found and the sanctions regime concerning SR VII has been applied in practice only once, towards one bank.
SR.VIII Non-profit organisations	C	
SR.IX Cross Border declaration and disclosure	PC	<ul style="list-style-type: none"> The declaration system does not cover physical transportation of currency in AZN; There is no clear legislative provision requiring customs authority to stop or restrain currency valuables when indications of ML/TF are present; No provision in place that would require the State Customs Committee to report suspicions of money laundering and terrorism financing to the FMS; There are no programs on training and enforcement; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> Information exchange with counterparts is limited to situations when reasons to believe that a serious customs offence will be committed in the territory of another state; There are no money laundering and/or terrorist financing investigations started based on action taken by the State Customs Committee.