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**EUROPEAN COMMITTEE ON CRIME PROBLEMS**  
**(CDPC)**

**SELECT COMMITTEE OF EXPERTS ON THE EVALUATION**  
**OF ANTI-MONEY LAUNDERING MEASURES**  
**(MONEYVAL)**

**SELF-ASSESSMENT OF 'MONEYVAL' MEMBER STATES**  
**AGAINST THE SPECIAL RECOMMENDATIONS ON**  
**TERRORIST FINANCING:**  
**THE POSITION AS OF 30 SEPTEMBER 2002**

**Note by**

*The Council of Europe Secretariat, Strasbourg*

May 2003

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## I. BACKGROUND AND CONTEXT

Prior to the terrorist attacks against the United States on 11 September 2001 issues connected to the financing of terrorism had not been a significant feature of the work of the Financial Action Task Force on Money Laundering (FATF) or of other specialised bodies operating in this sphere including MONEYVAL (formerly (and better) known as the Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures (PC-R-EV)). However, in the wake of those tragic events that posture of relative neglect has been radically transformed.

Of particular relevance for present purposes was the decision taken at the extraordinary plenary session of the FATF held in Washington, D.C. on 29 and 30 October 2001 to extend its mandate so as to formally embrace efforts to combat the financing of terrorism. To that end the plenary formulated eight Special Recommendations. These commit FATF members to:

- Take immediate steps to ratify and implement the relevant United Nations instruments;
- Criminalise the financing of terrorism, terrorist acts and terrorist organisations;
- Freeze, seize and confiscate terrorist assets;
- Report suspicious transactions linked to terrorism;
- Provide the widest possible range of assistance to other countries' law enforcement and regulatory authorities for terrorist financial investigations;
- Impose anti-money laundering requirements on money remittance systems, including informal value transfer systems;
- Strengthen customer identification measures in international and domestic wire transfers; and,
- Ensure that entities, in particular non-profit organisations, cannot be misused to finance terrorism.

The underlying philosophy was that these measures, when combined with the existing forty Recommendations (as revised in 1996), would provide an appropriate framework for the prevention, detection and suppression of the financing of terrorism and terrorist acts.

The Washington, D.C. meeting also formulated a Plan of Action intended, *inter alia*, to promote and secure the speedy and effective implementation of these measures. A key element of this programme of measures was the decision to conduct a self-assessment exercise in order to verify that the eight Special Recommendations were being implemented in an appropriate and timely fashion.

The initial focus of activity was on implementation by FATF members. A detailed questionnaire was developed (SAQTF) containing a range of questions on each of the new recommendations and responses were submitted in January 2002. As the FATF Annual Report, issued on 21 June 2002, was to note: "The results are encouraging . . . The overall picture that emerges from these results appears to show that FATF members have made a great deal of progress in a very short time (eight months) in putting counter-terrorist financing measures into place" (para. 24). Annex C of that report contains a table showing the overall results for each FATF member. It is the stated intention to update this from time to time to reflect progress achieved in the field of implementation.

The above process was not, however, without its difficulties. In particular, for present purposes, it should be noted that while the SAQTF elicited information on each of the Special Recommendations the decision was subsequently taken to exclude the data on Special Recommendation (SR) VIII from the analysis. This course of action was adopted in the light of the then lack of agreement within the FATF as to the exact scope and consequences of the wording as agreed to at the October 2001 meeting. Additional consideration of the issue of non-profit organisations was thus to be undertaken before proceeding to a full analysis of the data contained in the Questionnaire.

The second central dimension of the assessment process was to seek, from the outset, to promote the exercise on a global basis. In the words of the October Plan of Action: “All countries around the world will be invited to participate on the same terms as FATF members”. In order to encourage participation in this exercise, and to mobilise international support for the standards articulated in the Special Recommendations, the FATF held, on 1 February 2002, a special forum on terrorist financing at the conclusion of its plenary meeting in Hong Kong. As the June Annual Report notes (para. 26): “Sixty-five jurisdictions from the FATF and from the FATF-style regional bodies in Asia, Eastern and Southern Africa, South America, Caribbean and Europe, and the Offshore Group of Banking Supervisors participated in the Forum. In addition, nine international organisations also attended.”

At the same time the FATF called upon non-member states and territories to undertake self-assessment on or before 1 May 2002. This time-frame was subsequently extended to 1 September.

To facilitate this process a slightly modified version of the SAQTF was developed and posted on the FATF website. Furthermore, “it was decided that additional guidance would be drafted and published to assist non-FATF members to understand some of the concepts contained in the Special Recommendations on terrorist financing and to clarify certain parts of the SAQTF. Therefore, in March 2002, the FATF published Guidance Notes for the Special Recommendations on Terrorist Financing and the Self-Assessment Questionnaire” (Annual Report, 2001-2002, para. 28).

The above-mentioned developments have been embraced by MONEYVAL and its member states. This is perhaps best illustrated by the decision taken by the European Committee on Crime Problems in the first half of 2002 to revise its terms of reference in order to specifically include the issue of the financing of terrorism. The new text recognises the eight Special Recommendations as international standards and authorises the evaluation of the performance of MONEYVAL member states in complying with the same.

The Committee and its Secretariat have also offered support to the self-assessment process. However, the manner in which they have done so differs from that of other actors in the anti-money laundering field. In general it may be said that non-FATF members participating in this process have utilised the FATF Questionnaire and the associated guidance and have forwarded responses directly to the FATF Secretariat in Paris. In the context of MONEYVAL, however, it was decided that the responses should be sent to its own Secretariat in Strasbourg. The following extract from the Summary Report of the sixth meeting of the Bureau (11-13 March 2002) sets out the underlying reasoning for this course of action and its formal implications:

The Chairman also stressed that the questionnaire related to the financing of terrorism, though launched initially by the FATF in relation to its own membership, has also become a PC-R-EV document and, as such, it needs to be returned by PC-R-EV members to the PC-R-EV and not to the FATF secretariat or any of its FATF member States although PC-R-EV members were free to copy their responses to the FATF secretariat and/or any of the FATF member states as they deemed fit.

The present analysis flows naturally from the above determination.

## II. THE FRAMEWORK FOR ANALYSIS AND RELATED ISSUES.

As indicated in Table I below, the present analysis is based on information provided by 22 MONEYVAL member states<sup>1</sup>:

**TABLE I**

*RETURNS*

Nation	FATF questionnaire: Version 1	FATF additional questionnaire	FATF questionnaire: Version 2
Albania	X		
Andorra			x
Armenia			
Azerbaijan			x
Bulgaria	X		
Croatia	X		
Cyprus			x
Czech Republic	X	x	
Estonia	X	x	
FYROM*	X		
Georgia	X	X	
Hungary			x
Latvia	X	x	
Liechtenstein		x	x
Lithuania	X		
Malta			x
Moldova			x
Poland	X		
Romania	X	x	
Russian Federation			
San Marino			x
Slovak Republic	X	x	
Slovenia	X		
Ukraine			x
<b>Totals</b>	<b>13</b>	<b>7</b>	<b>9</b>

\* The Former Yugoslav Republic of Macedonia

It should be noted that relevant data was contained in three different Questionnaires prepared within the FATF. ‘Version 1’ refers to the Questionnaire as initially formulated. The ‘additional’ (supplementary) Questionnaire consisted of a modified version of question 1.3 which, *inter alia*, includes reference to the implementation of UN Security Council Resolution 1390 (2002). ‘Version 2’ relates to a subsequent (omnibus) Questionnaire (dated 31 January 2002) which incorporates the modified version of question 1.3.<sup>2</sup>

<sup>1</sup> No data was available at the relevant time in relation to Armenia or the Russian Federation. However, data available on the FATF website <[www.fatf-gafi.org](http://www.fatf-gafi.org)> as to the responses received, as of 17 September 2002, by its Secretariat indicate that both of these jurisdictions had responded to that body. Conversely several MONEYVAL members, as of the same date, had sent responses exclusively to Strasbourg.

<sup>2</sup> It should also be noted that question 1.3d of Version 1 contained three yes/no/partially response fields. That relating to ‘improved mechanism for information exchange’ is not contained in Version 2.

Of the 22 respondents it will be seen from Table I that 7 submitted a 'Version 1' response only. Consequently no data concerning Resolution 1390 (2002) was available for those jurisdictions.

Several other factors should also be borne in mind in examining this report and its appendices. It should be noted in particular that this analysis has taken the form of a *pure self-assessment exercise*. Consequently the data utilised is exclusively that provided by the relevant member states.

A provisional analysis was prepared in the course of September 2002, the results of which represented a snap-shot of progress towards compliance with the Special Recommendations as of the date of completion of the Questionnaire(s). In this context it should be recalled that the instructions for completion of the SAQTF contained the following injunction: "Your responses to this questionnaire should reflect the current situation in your jurisdiction and not any future or desired situation based on preconditions that have not yet been met". The dates ranged from 12 March to 13 September 2002 (though a significant majority responded by the original indicative deadline of 1 May).<sup>3</sup>

The provisional analysis was discussed at the MONEYVAL plenary meeting in December of that year. It was there decided that member states would be afforded a period of time in which to indicate to the Council of Europe Secretariat any possible errors contained in that analysis and to update the data provided in their self-assessment responses so as to reflect progress made towards implementation prior to 1 October 2002. A total of nine jurisdictions took advantage of this decision.<sup>4</sup> Revised compliance data was discussed and approved by the April 2003 MONEYVAL plenary.

In what follows the results of this exercise are set out, in general and comparative terms, in the text. The attention of the reader is also directed to the appendices which consist, *inter alia*, of detailed tables indicating the status of compliance for each respondent state to Special Recommendations I to VII inclusive. As indicated in the previous section of this work responses to questions relating to Special Recommendation VIII have been excluded. Unless otherwise stated in the text or an associated explanatory note the basis for the compliance classification was as follows:

- In full compliance (C): all relevant responses were 'yes';
- In partial compliance (P); some relevant responses were 'yes';
- and,
- Not in compliance (N); no relevant responses were 'yes'.

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<sup>3</sup> At least one member state (Poland) filed its response prior to the formulation of the Guidance Notes of 27 March 2002.

<sup>4</sup> Consequential changes were made to the compliance position of other member countries where the issue raised was one of more general application. In all instances this had a positive impact on the level of assessed compliance with the Special Recommendations.

### III. OVERVIEW OF THE RESULTS OF THE SELF-ASSESSMENT

#### *I. Ratification and implementation of UN instruments*

*Each country should take immediate steps to ratify and to implement fully the 1999 United Nations International Convention for the Suppression of the Financing of Terrorism.*

*Countries should also immediately implement the United Nations resolutions relating to the prevention and suppression of the financing of terrorist acts, particularly United Nations Security Council Resolution 1373.*

This Recommendation embraces six elements.

- States should ratify and fully implement the 1999 UN International Convention for the Suppression of the Financing of Terrorism;
- and,
- They should implement the following Resolutions of the UN Security Council: 1267 (1999), 1269 (1999), 1333 (2000), 1373 (2001), and 1390 (2002).

All of these elements must be satisfied in order for a state to be classified as being in full compliance.

In so far as the UN Convention is concerned the Guidance Notes of 27 March 2002 read, in part, as follows:

5. For the purposes of this Special Recommendation, ratification means having carried out any necessary national legislative or executive procedures to approve the UN Conventions and having delivered appropriate ratification instruments to the United Nations. Implementation as used here means having put measures in place to bring the requirements indicated in the UN Convention and UNSC Resolutions into effect. The measures may be established by law, regulation, directive, decree, or any other appropriate legislative or executive act according to national law.

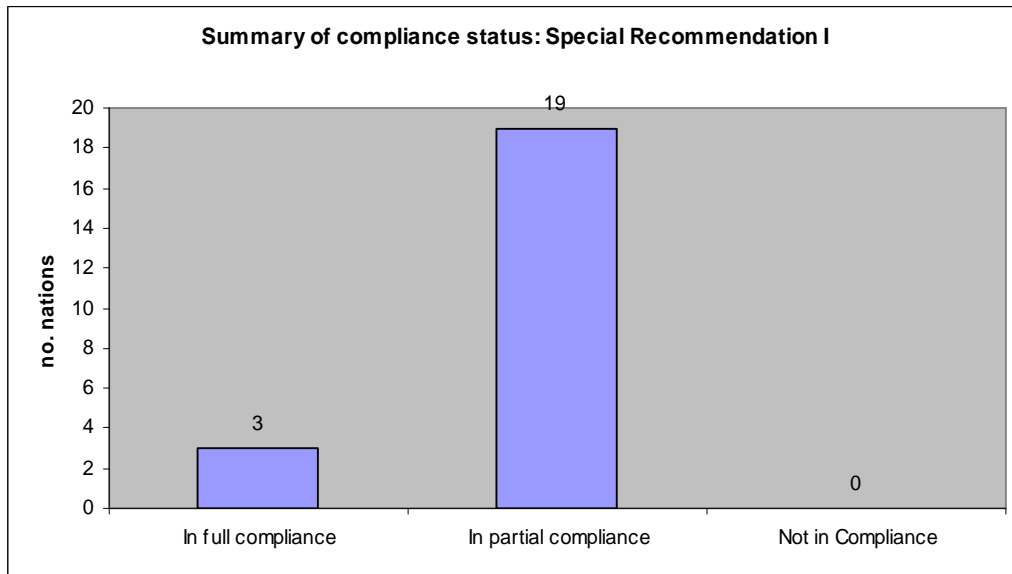
Question 1.1, however contained fields for signature, ratification and implementation but not for the actual deposit of the instrument of ratification (or accession) with the UN Secretary General.<sup>5</sup> A further complicating factor in this context was that, as noted in the previous section, data on the implementation of Resolution 1390 (2002) was absent from returns made by 7 jurisdictions.<sup>6</sup>

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<sup>5</sup> The Table at Appendix I contains two columns under the heading of the UN Convention: viz, signed/ratified, and fully implemented. In so far as the former is concerned a compliance value for each state was derived on the following basis (as suggested by the underlying context of the law of treaties): C = signature and ratification, or accession; P = signature; and, N = neither signature nor accession. In so far as the UN Security Council Resolutions are concerned, MONEYVAL members were assessed on the basis of full, partial or non implementation.

<sup>6</sup> See further, note 1 of Appendix I.

The overall results of the analysis of Special Recommendation I can be illustrated as follows:



As can be seen in Appendix I the overall level of compliance with the Resolutions of the UN Security Council was more impressive than that recorded for the 1999 UN Convention. In the latter context only 3 member states had both ratified and fully implemented the same.

## ***II. Criminalising the financing of terrorism and associated money laundering.***

*Each country should criminalise the financing of terrorism, terrorist acts and terrorist organisations. Countries should ensure that such offences are designated as money laundering predicate offences.*

This Special Recommendation contains two explicit elements; namely:

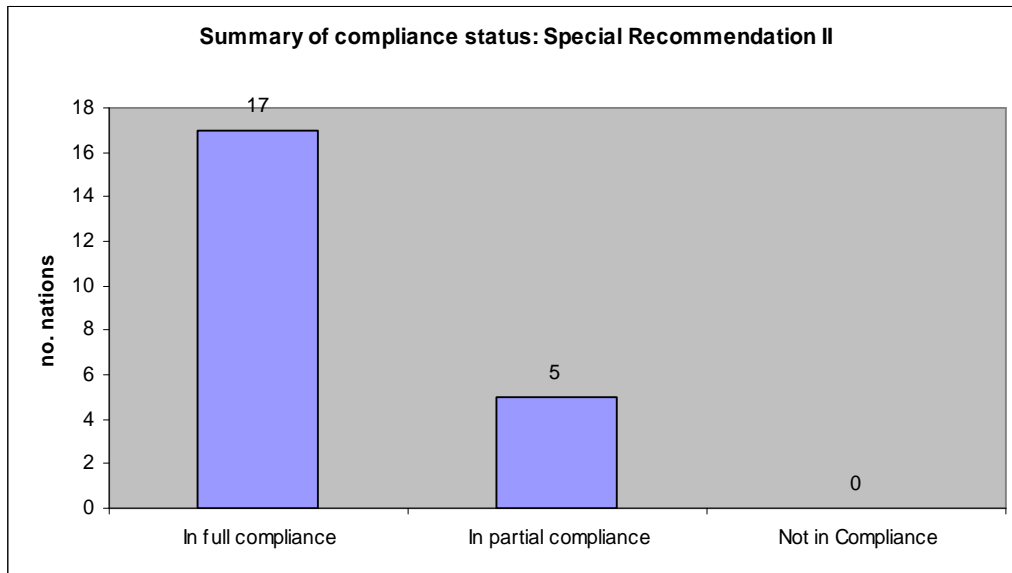
- Jurisdictions should criminalise “the financing of terrorism, of terrorist acts and of terrorist organisations”; and,
- Jurisdictions should establish terrorist financing offences as predicate offences for money laundering.

However, as is clear both from the March 2002 Guidelines and the Questionnaire itself<sup>7</sup>, the issue of whether or not such offences apply on an extraterritorial basis is also relevant. All three elements must therefore be satisfied for a state to be classified as being in full compliance.

In this area the level of full compliance reported was significantly higher than in relation to Special Recommendation I. Full details on a state by state basis are set out in Appendix II. For present purposes the overall position can be summarised thus:

<sup>7</sup> See, question II.3.





### ***III. Freezing and confiscating terrorist assets.***

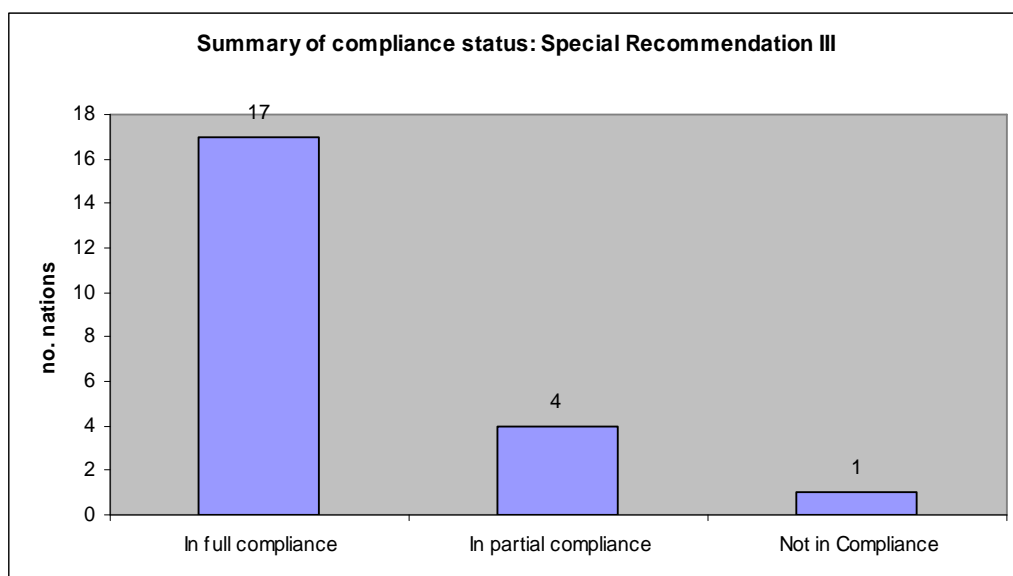
*Each country should implement measures to freeze without delay funds or other assets of terrorists, those who finance terrorism and terrorist organisations in accordance with the United Nations resolutions relating to the prevention and suppression of the financing of terrorist acts.*

*Each country should also adopt and implement measures, including legislative ones, which would enable the competent authorities to seize and confiscate property that is the proceeds of, or used in, or intended or allocated for use in, the financing of terrorism, terrorist acts or terrorist organisations.*

A broadly comparable level of compliance can be seen in relation to Special Recommendation III. This has three major elements. Each contains more than one component. All component parts had to be satisfied in order for a jurisdiction to be categorised as being in full compliance. Those central features have been described in the March 2002 Guidelines in the following terms:

- Jurisdictions should have the authority to *freeze* funds or assets of (a) terrorists and terrorist organisations and (b) those who finance terrorist acts or terrorist organisations;
- They should have the authority to *seize* (a) the proceeds of terrorism or of terrorist acts, (b) the property used in terrorism, in terrorist acts or by terrorist organisations and (c) property intended or allocated for use in terrorism, in terrorist acts or by terrorist organisations; and
- They should have the authority to *confiscate* (a) the proceeds of terrorism or of terrorist acts, (b) the property used in terrorism, in terrorist acts or by terrorist organisations and (c) property intended or allocated for use in terrorism, in terrorist acts or by terrorist organisations.

The overall outcome can be illustrated thus<sup>8</sup>:



It is of interest to note from other parts of the Questionnaire responses that four MONEYVAL member states reported freezing assets pursuant to UN Security Council Resolutions.

#### ***IV. Reporting suspicious transactions related to terrorism***

*If financial institutions, or other businesses or entities subject to anti-money laundering obligations, suspect or have reasonable grounds to suspect that funds are linked or related to, or are to be used for terrorism, terrorist acts or by terrorist organisations, they should be required to report promptly their suspicions to the competent authorities.*

As the Guidelines of March 2002 note, Special Recommendation IV contains two major elements:

- Jurisdictions should establish a requirement for making a report to competent authorities when there is a *suspicion* that funds are linked to terrorist financing; or
- Jurisdictions should establish a requirement for making a report to competent authorities when there are *reasonable grounds to suspect* that funds are linked to terrorist financing.

It should be stressed that satisfaction of *either* of the above is sufficient to merit a full compliance classification. As the same Guidelines state (at para. 21): “In the context of SRIV jurisdictions should establish a reporting obligation that may be based either on suspicion **or** on having reasonable grounds to suspect”.

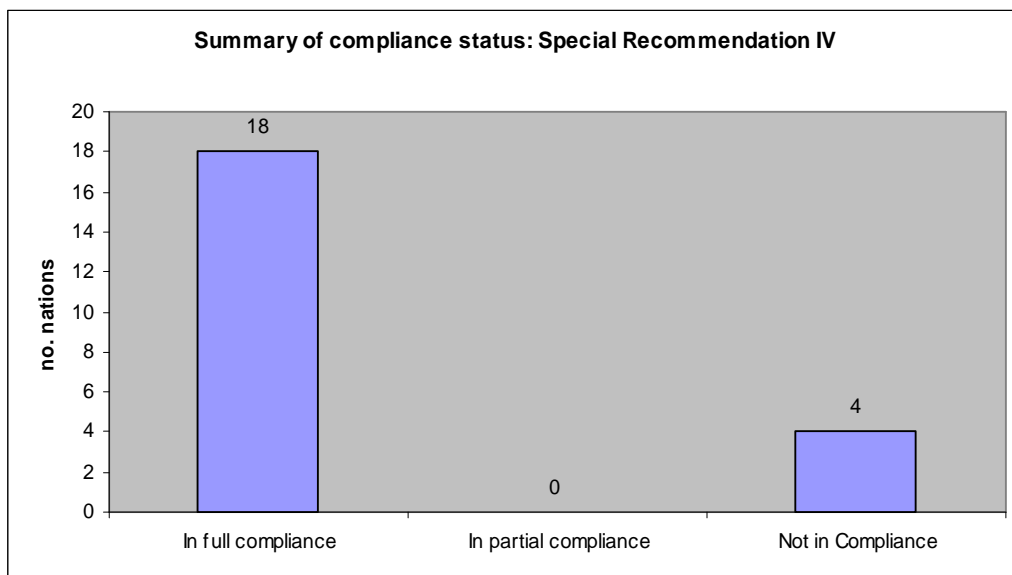
The text of the Special Recommendation makes reference, as noted above, to “financial institutions”. In a manner consistent with past practice the Questionnaire elicits information in respect of both bank and non-bank financial institutions. In the latter area it specified bureaux de change, stockbrokers, insurance companies, and money remittance/transfer services. Responses in each of these categories were utilised in assessing compliance. The Recommendation also refers to “other businesses or entities subject to anti-money laundering obligations”. The Questionnaire also sought information in this respect.<sup>9</sup> For ease of

<sup>8</sup> For a country by country breakdown see Appendix III.

<sup>9</sup> See, question IV.1, f-g, and IV.2, f-g.

comparability as between member states, among other factors, data in this latter area were not utilised in compiling the country-by-country table at Appendix IV. It should therefore be emphasised that 15 member states provided specific information on this aspect of the Questionnaire.

The results of the self-assessment exercise in relation to Special Recommendation IV were as follows:



## V. *International co-operation*

*Each country should afford another country, on the basis of a treaty, arrangement or other mechanism for mutual legal assistance or information exchange, the greatest possible measure of assistance in connection with criminal, civil enforcement, and administrative investigations, inquiries and proceedings relating to the financing of terrorism, terrorist acts and terrorist organisations.*

*Countries should also take all possible measures to ensure that they do not provide safe havens for individuals charged with the financing of terrorism, terrorist acts or terrorist organisations, and should have procedures in place to extradite, where possible, such individuals.*

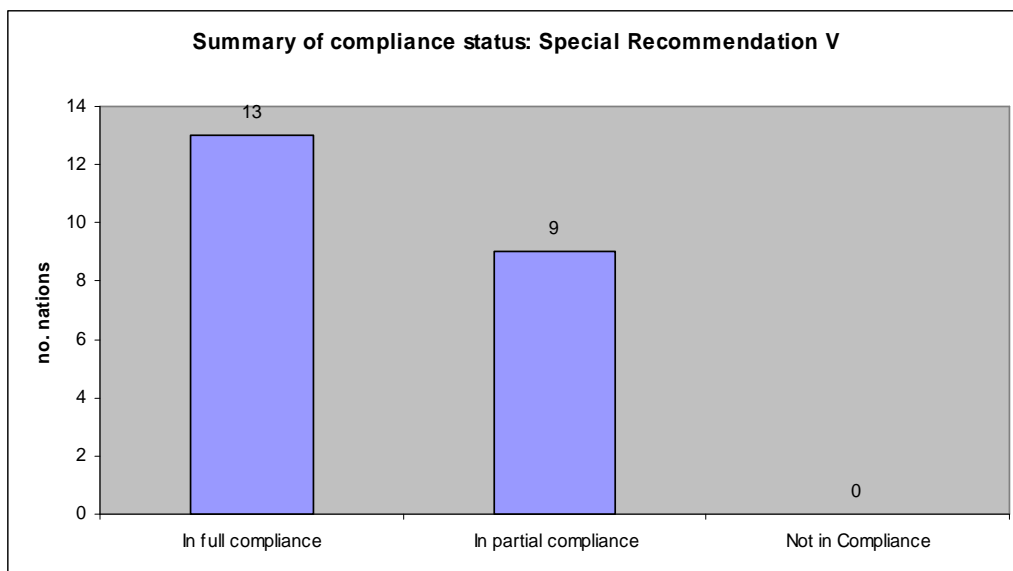
As noted in the Guidelines of March 2002 Special Recommendation V should be thought of as containing five key elements. Full satisfaction of each (including component parts thereof where relevant) is required for classification as being in full compliance.<sup>10</sup> The five elements are as follows:

- Jurisdictions should permit the exchange of information regarding terrorist financing with other jurisdictions through *mutual legal assistance mechanisms*;
- Jurisdictions should permit the exchange of information regarding terrorist financing with other jurisdictions by means *other than through mutual legal assistance mechanisms*;
- Jurisdictions should have specific measures to permit the denial of “safe haven” to individuals involved in terrorist financing;

<sup>10</sup> The text of the Special Recommendation makes reference, *inter alia*, to civil enforcement and this terminology is addressed in par. 27 of the Guidelines. Similarly, the Questionnaire elicits information in this subject area. See, eg, questions V.1.b and V.3.b. It is understood that concerns as to the lack of equivalence in this area as between national legal systems has resulted in the FATF excluding this element of the Recommendation from the compliance assessment process. The same position has been adopted in this report.

- Jurisdictions should have procedures that permit the extradition of individuals involved in terrorist financing; and
- Jurisdictions should have provisions or procedures to ensure that “claims of political motivation are not recognised as a ground for refusing requests to extradite persons alleged to be involved in terrorist financing”.

The results on a jurisdiction specific basis are set out in Appendix V. At a more general level the outcome can be illustrated as follows:



It is of interest to note that all 22 jurisdictions indicated an ability to respond to mutual legal assistance requests relating to the financing of terrorism, terrorist acts and terrorist organisations. All but one could do so through non-MLAT channels within the context of criminal investigations. The greatest area of difficulty arose in relation to the continued application of the political offence exception in relation to extradition. Here 4 jurisdictions provided a negative answer to the relevant question<sup>11</sup>.

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<sup>11</sup> Question V.8.

## VI. Alternative remittance

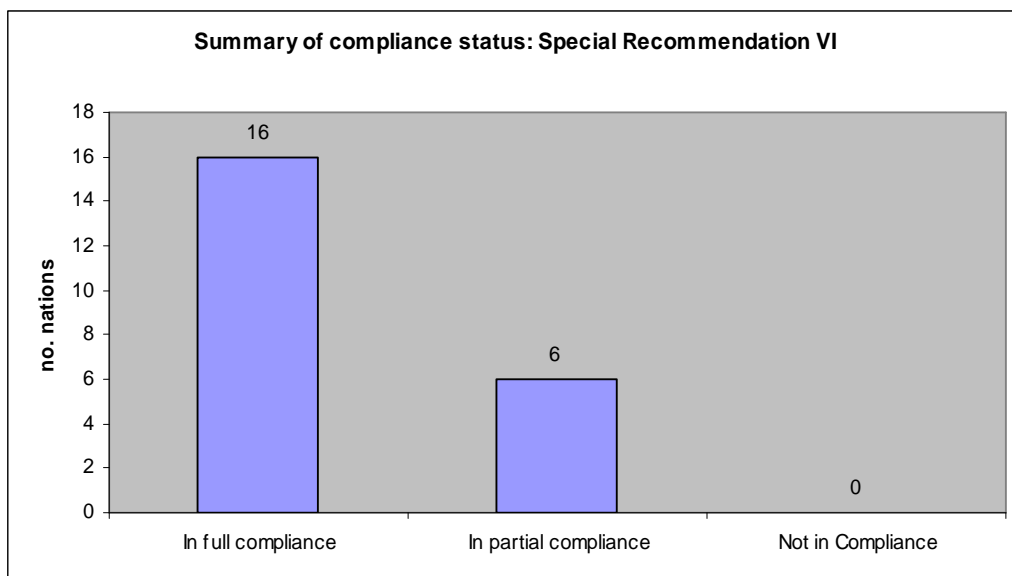
Each country should take measures to ensure that persons or legal entities, including agents, that provide a service for the transmission of money or value, including transmission through an informal money or value transfer system or network, should be licensed or registered and subject to all the FATF Recommendations that apply to banks and non-bank financial institutions. Each country should ensure that persons or legal entities that carry out this service illegally are subject to administrative, civil or criminal sanctions.

The March 2002 Guidelines identify three major elements from the above. These are that:

- Jurisdictions should require licensing **or** registration of persons or legal entities providing money/value transmission services, including through informal systems or networks;
- Jurisdictions should ensure that money/value transmission services, including informal systems or networks, are subject to FATF Recommendations 10-12 and 15; and
- Jurisdictions should be able to impose sanctions on money/value transmission services, including informal systems or networks, that fail to obtain a license/register and that fail to comply with relevant FATF Recommendations.

It is also possible to devise from the text and from the Questionnaire<sup>12</sup> a further dimension; namely that the country in question has designated a licensing or registration authority and an authority to ensure compliance by money/value transmission services, including informal systems or networks, with the relevant FATF Recommendations. Satisfaction of all four elements has been taken to be required in order to be classified as being in full compliance<sup>13</sup>. However, it should also be noted that where it is indicated in the Questionnaire that **either** licensing **or** registration is considered to meet the requirements of the Recommendation this has been factored into the analysis<sup>14</sup>.

The overall results can be illustrated in the following manner<sup>15</sup>:



<sup>12</sup> See, question VI.3.

<sup>13</sup> It is understood that this approach is consistent with that adopted within the FATF.

<sup>14</sup> See, eg, questions VI.1a and b. In compiling the relevant part of Appendix VI two 'yes' responses have been taken to mean 'yes'; one 'yes' and one 'no' to mean 'yes'; and two 'no' responses to mean 'no'

<sup>15</sup> For a more detailed account see Appendix VI

## VII. Wire transfers

*Countries should take measures to require financial institutions, including money remitters, to include accurate and meaningful originator information (name, address and account number) on funds transfers and related messages that are sent, and the information should remain with the transfer or related message through the payment chain.*

Countries should take measures to ensure that financial institutions, including money remitters, conduct enhanced scrutiny of and monitor for suspicious activity funds transfers which do not contain complete originator information (name, address and account number).

This innovative Special Recommendation consists of three central elements each of which possesses several subparts. Subject to what is said below in relation to bureaux de change, a positive response was required for each component part in order to merit the classification of being in full compliance. The three central elements are described in the March Guidelines in the following terms:

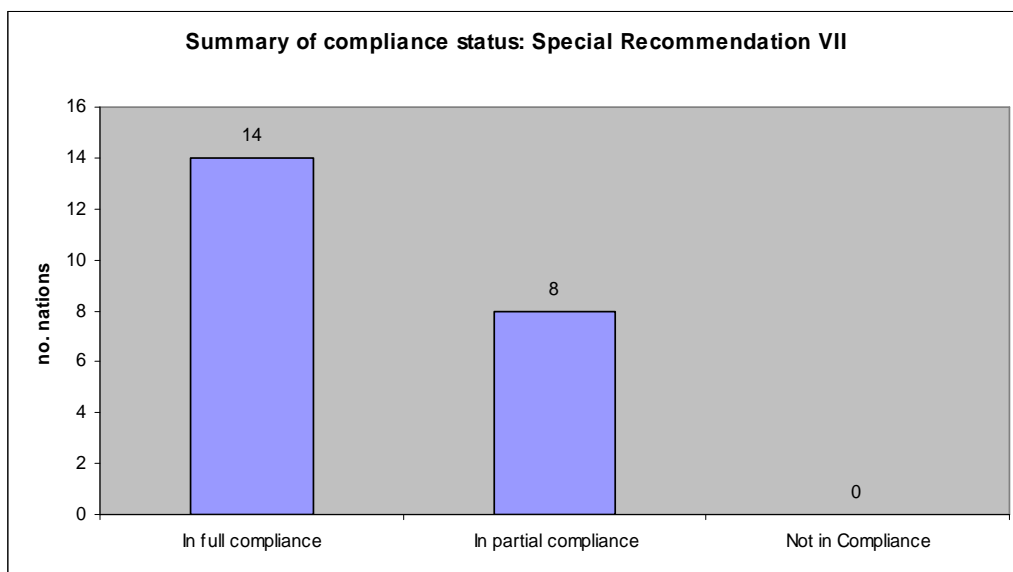
- Jurisdictions should require financial institutions to include originator information on funds transfers sent within or from the jurisdiction;
- Jurisdictions should require financial institutions to retain information on the originator of funds transfers, including at each stage of the transfer process; and
- Jurisdictions should require financial institutions to examine more closely or to monitor funds transfers when complete originator information is not available.

The same text also notes that for these purposes “three categories of financial institution are specifically concerned (banks, bureaux de change and money remittance/transfer services), although other financial services (for example, stockbrokers, insurance companies, etc.) may be subject to such requirements in certain jurisdictions” (para.35). It should be noted that the electronic version of the Questionnaire, available from the FATF website, includes a “not applicable” response in relation to bureaux de change in addition to the normal “yes” and “no” values. As will be seen from Appendix VII this response was utilised by several MONEYVAL member states.<sup>16</sup>

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<sup>16</sup> Elsewhere certain states have, in addition, and in a manner pursuant to or consistent with para. 5 of the instructions to the questionnaire, indicated that a particular ‘N’ response was in reality ‘not applicable’.

The overall results of the self-assessment exercise in this sphere were as follows<sup>17</sup>:



### VIII. Non-profit organisations

Countries should review the adequacy of laws and regulations that relate to entities that can be abused for the financing of terrorism. Non-profit organisations are particularly vulnerable, and countries should ensure that they cannot be misused:

- i. *by terrorist organisations posing as legitimate entities;*
- ii. *to exploit legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset freezing measures; and*
- iii. *to conceal or obscure the clandestine diversion of funds intend for legitimate purposes to terrorist organisations;*

For the reasons stated at an earlier stage no analysis of the data provided by member states in relation to Special Recommendation VIII has been undertaken for the purposes of this report.

## IV CONCLUSIONS

The overall compliance results for each member state which participated in the self-assessment exercise are set out in Table II below<sup>18</sup>:

<sup>17</sup> For country by country detail see Appendix VII.

<sup>18</sup> The C\* designation for Bulgaria refers to provisional status of full compliance with SRI absent information on implementation of UN Security Council Resolution 1390 (2002). For a graphic depiction of the Table II results see Appendix VIII.

TABLE II

*Overview of results*

NATION	SRI	SRII	SRIII	SRIV	SRV	SRVI	SRVII
Albania	P	C	P	C	P	C	C
Andorra	P	C	C	C	C	C	P
Azerbaijan	P	P	C	C	P	P	C
Bulgaria	C*	C	C	N	C	C	C
Croatia	P	C	C	C	P	C	C
Cyprus	C	C	C	C	C	C	P
Czech Republic	P	C	C	N	P	C	C
Estonia	C	C	C	C	C	P	C
FYROM	P	P	N	C	P	C	C
Georgia	P	P	P	N	P	P	P
Hungary	P	C	C	C	C	C	C
Latvia	P	C	C	C	C	C	C
Liechtenstein	P	C	C	C	C	C	P
Lithuania	P	P	P	N	P	C	C
Malta	P	C	C	C	C	C	C
Moldova	P	C	C	C	P	C	P
Poland	P	C	C	C	C	P	P
Romania	P	C	C	C	C	P	P
San Marino	P	P	P	C	C	C	C
Slovak Republic	P	C	C	C	P	C	P
Slovenia	P	C	C	C	C	C	C
Ukraine	P	C	C	C	C	P	C

C = in full compliance P = in partial compliance N = not in compliance

As was seen in Section II above, the results for each member state represent a snap-shot of progress towards compliance with the seven relevant Special Recommendations as of 30 September 2002. A common feature of the Questionnaire responses were the numerous indications of governmental intent to move, in a timely fashion, towards enhanced compliance with different aspects of the framework of measures. Such indications have been excluded from the analysis. However, it should be borne in mind that even relatively modest compliance enhancement initiatives would have a significant impact on the above classifications for certain jurisdictions. Caution is therefore required in the appreciation of this data.

Within the limitations of a self-assessment exercise of the kind it is nonetheless clear that the results present a positive overall picture of significant progress in giving effect to international counter-measures. It is especially encouraging to note that the number of returns indicating non-compliance with the individual Special Recommendations is relatively small (approximately 3 per cent). The highest level of full compliance (approximately 82 per cent) is recorded in relation to Special Recommendation IV (reporting of suspicious transactions), followed by Special Recommendation II (criminalisation of the financing of terrorism and associated money laundering) and III (freezing and confiscation of terrorist assets). The area of greatest overall weakness is in relation to Special Recommendation I (ratification and implementation of UN instruments).



These results will assist MONEYVAL, its Bureau, and individual jurisdictions in focusing their continuing efforts to create as inhospitable an environment as possible for those who seek to finance terrorist activities.

Council of Europe Secretariat  
Strasbourg  
May 2003.

## APPENDIX I

*SPECIAL RECOMMENDATION I: Ratification and implementation of UN instruments*

NATION	UN Convention		Implementation of UN Security Council Resolutions					SR1 STATUS
	signed/ ratified	fully implemented	no.1267 1999	no.1269 1999	no.1333 2000	no.1373 2001	no.1390 2002	
	I.1	I.1	I.3a	I.3b	I.3c	I.3d	I.3e	
<b>Albania</b>	N	N	C	C	C	C	?	<b>P</b>
<b>Andorra</b>	P	P	C	C	C	C	C	<b>P</b>
<b>Azerbaijan</b>	P	N	C	C	C	C	N	<b>P</b>
<b>Bulgaria</b>	C	C	C	C	C	C	?	<b>C*</b>
<b>Croatia</b>	P	N	N	N	N	N	?	<b>P</b>
<b>Cyprus</b>	C	C	C	C	C	C	C	<b>C</b>
<b>Czech Republic</b>	P	N	C	C	C	C	C	<b>P</b>
<b>Estonia</b>	C	C	C	C	C	C	C	<b>C</b>
<b>FYROM</b>	P	P	N	C	N	C	?	<b>P</b>
<b>Georgia</b>	C	N	N	P	N	C	N	<b>P</b>
<b>Hungary</b>	P	C	C	P	C	C	C	<b>P</b>
<b>Latvia</b>	P	N	C	C	C	C	C	<b>P</b>
<b>Liechtenstein</b>	P	P	C	P	C	P	P	<b>P</b>
<b>Lithuania</b>	N	N	C	C	C	C	?	<b>P</b>
<b>Malta</b>	C	P	C	P	C	P	P	<b>P</b>
<b>Moldova</b>	P	P	P	C	P	P	P	<b>P</b>
<b>Poland</b>	P	N	C	P	P	P	?	<b>P</b>
<b>Romania</b>	P	C	C	C	C	C	C	<b>P</b>
<b>San Marino</b>	C	P	C	C	C	C	C	<b>P</b>
<b>Slovak Republic</b>	P	N	C	C	C	C	C	<b>P</b>
<b>Slovenia</b>	P	P	C	C	C	C	?	<b>P</b>
<b>Ukraine</b>	P	N	N	N	N	N	N	<b>P</b>

**Notes:**

1. The ? in the penultimate column refers to absent information for nations who posted 'version 1' questionnaires only. The inclusion of this information could not affect the final compliance status of 6 of the 7 nations who would in any event, be in partial compliance with Special Recommendation 1; the exception is Bulgaria which is provisionally in full compliance with Special Recommendation 1 (hence C\*) absent information on UNSCR 1390 (2002).
2. Footnote 2 of the Self-Assessment Questionnaire states that a variety of responses from the full questionnaire are be taken into account when assessing compliance with Special Recommendation I. Only responses from section I have been used in the above table.

## APPENDIX II

*SPECIAL RECOMMENDATION II: Criminalizing the financing of terrorism and associated money laundering*

NATION	Criminalisation	Predicate offence for money laundering	Offence applies if committed in another State	SR2 STATUS
	II.1 (37)	II.2 (39)	II.3 (41)	
Albania	Y	Y	Y	C
Andorra	Y	Y	Y	C
Azerbaijan	Y	N	Y	P
Bulgaria	Y	Y	Y	C
Croatia	Y	Y	Y	C
Cyprus	Y	Y	Y	C
Czech Republic	Y	Y	Y	C
Estonia	Y	Y	Y	C
FYROM	N	Y	Y	P
Georgia	P	Y	Y	P
Hungary	Y	Y	Y	C
Latvia	Y	Y	Y	C
Liechtenstein	Y	Y	Y	C
Lithuania	N	Y	Y	P
Malta	Y	Y	Y	C
Moldova	Y	Y	Y	C
Poland	Y	Y	Y	C
Romania	Y	Y	Y	C
San Marino	P	P	P	P
Slovak Republic	Y	Y	Y	C
Slovenia	Y	Y	Y	C
Ukraine	Y	Y	Y	C



## APPENDIX IV

**Special Recommendation IV: Reporting suspicious transactions relating to terrorism**

NATION	Suspect (IV. 1)					Reasonable grounds to suspect (IV.2)					SR4 STATUS
	a	b	c	d	e	a	b	c	d	e	
Albania	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Andorra	Y	N/A	N/A	Y	N/A	Y	N/A	N/A	Y	N/A	C
Azerbaijan	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Bulgaria	N	N	N	N	N	N	N	N	N	N	N
Croatia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Cyprus	Y	N/A	Y	Y	Y	Y	N/A	Y	Y	Y	C
Czech Republic	N	N	N	N	N	N	N	N	N	N	N
Estonia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
FYROM	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Georgia	N	N	N	N	N	N	N	N	N	N	N
Hungary	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Latvia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Liechtenstein	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Lithuania	N	N	N	N	N	N	N	N	N	N	N
Malta	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Moldova	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Poland	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Romania	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
San Marino	Y	N/A	N/A	N/A	N/A	Y	N/A	N/A	N/A	N/A	C
Slovak Republic	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Slovenia	Y	Y	Y	Y	N/A	Y	Y	Y	Y	N/A	C
Ukraine	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C

Key to column headings:

a = banks  
b = bureaux de change  
c = stockbroker  
s  
d = insurance companies  
e = money remittance/transfer services



## APPENDIX VI

**Special Recommendation VI: Alternative Remittance**

NATION	VI.1a	VI.1b	Application of FATF Recommendations (V12)								Authority		Sanction		SR6 STAT US	
			R.10		R.11		R.12		R.15		(VI.3)		(VI.4)			
	MR	IMT	MR	IMT	MR	IMT	MR	IMT	MR	IMT	L/R	AM L	L/R	AM L		
Albania	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Andorra	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	Y	Y	C
Azerbaijan	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	N	P
Bulgaria	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Croatia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Cyprus	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	Y	Y	C
Czech Republic	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	Y	Y	C
Estonia	N	N	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	N	Y	P
FYROM	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Georgia	Y	N	P	N	P	N	Y	N	N	N	N	Y	N	Y	N	P
Hungary	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	Y	Y	C
Latvia	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Liechtenstein	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Lithuania	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	Y	Y	C
Malta	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Moldova	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	Y	Y	C
Poland	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	P
Romania	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	Y	Y	P
San Marino	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y	N/A	C
Slovak Republic	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	N/A	Y	Y	Y	C
Slovenia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y	N/A	C
Ukraine	Y	Y	Y	N	Y	N	Y	N	Y	N	Y	N	Y	Y	Y	P

Key to column headings:

MR = money remittance business

IMT = informal money/value transfer system

L/R = licensing or registration authority

AML = authority for ensuring compliance with FATF recommendations

## APPENDIX VII

**Special Recommendation VII: Wire transfers**

NATION	Include Information					Retain Information					Enhanced Security					SR7 STATUS
	(VII.1)					(VII.2)					(VII.3)					
	VII.1a	VII.1b	VII.1c	VII.1d	VII.1e	VII.2a	VII.2b	VII.2c	VII.2d	VII.2e	VII.3a	VII.3b	VII.3c	VII.3d	VII.3e	
Albania	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Andorra	N	N/A	N/A	N/A	N/A	N	N/A	N/A	N/A	N/A	Y	N/A	N/A	Y	Y	P
Azerbaijan	Y	Y	Y			Y	Y	Y			Y	Y	Y			C
Bulgaria	Y	Y	Y			Y	Y	Y			Y	Y	Y			C
Croatia	Y	N/A	Y			Y	N/A	Y			Y	N/A	Y			C
Cyprus	Y	N/A	N			Y	N/A	Y			Y	N/A	Y			P
Czech Republic	Y	N/A	Y			Y	N/A	Y			Y	N/A	Y			C
Estonia	Y	Y	Y	Y		Y	Y	Y	Y		Y	Y	Y	Y		C
FYROM	Y	Y	Y			Y	Y	Y			Y	Y	Y			C
Georgia	Y	Y	Y	Y	Y	Y	Y	Y	P	P	N	N	N			P
Hungary	Y	N/A	Y			Y	N/A	Y			Y	N/A	Y	Y		C
Latvia	Y	N/A	Y	Y		Y	N/A	Y	Y		Y	Y	Y	Y		C
Liechtenstein	N	N	N	N	N	N	N	N	N	N	Y	Y	Y	Y	Y	P
Lithuania	Y	N/A	Y	Y	Y	Y	N/A	Y	Y	Y	Y	N/A	Y	Y	Y	C
Malta	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	C
Moldova	Y	N/A	Y	N	N	Y	N/A	Y	N	N	Y	N/A	Y	Y	Y	P
Poland	Y	N/A	N			Y	N/A	N			Y	N/A	N			P
Romania	Y	N/A	Y	Y	Y	Y	N/A	N	Y	Y	Y	N/A	Y	Y	Y	P
San Marino	Y	N/A	N/A	Y		Y	N/A	N/A	Y		Y	N/A	N/A	Y		C
Slovak Republic	Y	Y	Y	N		Y	Y	Y			Y	Y	Y			P
Slovenia	Y	N/A	N/A			Y	N/A	N/A			Y	N/A	N/A			C
Ukraine	Y	Y	Y			Y	Y	Y			Y	Y	Y			C



## APPENDIX VIII

