



SELECT COMMITTEE OF EXPERTS  
ON THE EVALUATION OF ANTI-  
MONEY LAUNDERING MEASURES  
(PC-R-EV)

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# Slovak Republic

## 1<sup>st</sup> Compliance Report

4 December 2017

Slovak Republic is a member of MONEYVAL. This Report from Slovak Republic under step 1 of the Compliance Enhancing Procedures was adopted at MONEYVAL's 55<sup>th</sup> Plenary Meeting (Strasbourg, 4-7 December 2017). For further information, please refer to MONEYVAL website: <http://www.coe.int/moneyval> .

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## LIST OF ACRONYMS

AML/CFT	Anti-money laundering/combating the financing of terrorism
BO	Beneficial Owner
CDD	Customer Due Diligence
CEPs	Compliance Enhancing Procedures
CETS	Council of Europe Treaty Series
CFT	Combating the financing of terrorism
CPC	Criminal Procedural Code
CTR	Cash Transaction Reports
DNFBP	Designated Non-Financial Businesses and Professions
EC	European Commission
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
FT	Financing of terrorism
FIO	Financial Intelligence Office
FIU	Financial Intelligence Unit
GDP	Gross Domestic Product
GPO	General Prosecutor's Office
GRECO	Secretariat of the Group of States against Corruption
HR	Human Resources
IMF	International Monetary Fund
INTERPOL	International Police Organisation
IOSCO	International Organisation for Securities Commissions
IRM	International Restrictive Measures Law
IT	Information Technology
LAN	Local Area Networks
LEA	Law Enforcement Agency
MER	Mutual Evaluation Report
MFA	Ministry of Foreign Affairs
ML	Money Laundering
MoJ	Ministry of Justice
MLA	Mutual Legal Assistance

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# 1<sup>st</sup> Compliance Report submitted by the Slovak Republic

*Note by the Secretariat*

## Introduction

1. Following the adoption of the 4th round MER in September 2011, the Slovak Republic was placed in regular follow-up. The country submitted in total seven follow up reports between 2012 and 2017. At the 53<sup>rd</sup> Plenary (30 May – 1 June 2017), the Plenary decided to move the Slovak Republic to enhanced follow-up and apply Step 1 under MONEYVAL's Compliance Enhancing Procedures (CEPs). Even though the Slovak Republic had made sufficient progress on all other outstanding core and key recommendations, the Plenary noted that there were still deficiencies with regard to Special Recommendation III (SR.III) and Recommendation 26 (R.26). The Slovak Republic submitted its first compliance report for the 55<sup>th</sup> Plenary (5-7 December 2017). The present analysis focuses on the progress made with regard to the two outstanding recommendations.

## Special Recommendation III (Freezing of Funds Used for Terrorist Financing)

2. SR.III was rated partially compliant in the 2011 MER. The Secretariat analysis for the 53<sup>rd</sup> Plenary noted the following outstanding deficiencies which had not yet been fully addressed: (1) the time taken for EU Regulations to be adopted aimed at dealing with amendments made to the list published by the 1267 Committee can be relatively long; in this respect the obligation to freeze terrorist funds without delay is not observed; (2) lack of any national mechanism to consider requests for freezing from other countries; (3) some deficiencies on unfreezing and de-listing. However, the Secretariat noted at the time that deficiencies (2) and (3) had already been largely addressed, with some remaining outstanding issues (see below).
3. As noted previously, a number of deficiencies from the 2011 MER had been addressed by the new "Act on international Sanctions" which entered into force in December 2016. The Slovak Republic reported that in light of the outstanding deficiencies identified by MONEYVAL, it is preparing amendments to that act. (These amendments are being elaborated together with a separate draft "Act on Asset Management Office", which covers property frozen in the process of executing international sanctions.) As stated by the authorities, a new draft provision would include a procedure in law for the publication of relevant UNSCRs without undue delay on the website of the Ministry of Foreign Affairs. The Secretariat considers that this would largely address deficiency (1).
4. Moreover, the amendments aim to include *inter alia* more detailed provisions on requests for freezing from third states as well as on the process of de-listing and unfreezing. Under the current law, the Ministry of Foreign Affairs has the responsibility to receive requests by third states; moreover, the law designates the competent state authority to take a decision upon such request. The law also refers applicants for unfreezing/de-listing to either the UN or the EU processes directly, while the competent state authority has the power to unfreeze/de-list upon verification of the facts for the national list. Both issues (requests by third states/requests for unfreezing or de-listing) are currently not regulated in more detail by a particular procedure, which the planned amendments to the "Act on international Sanctions" could cover.
5. The Slovak Republic submitted that the approval of the above-mentioned amendments is scheduled for late November/early December, with an envisaged adoption by Parliament in January 2018. The Secretariat would be very grateful for an oral update on the state of the legislative procedure at the 55<sup>th</sup> Plenary, as well as the latest state of the planned measures for these amendments. However, bearing in mind that deficiencies (2) and (3) mentioned above were already considered as "largely addressed" by the Plenary at the 54<sup>th</sup> Plenary, the Secretariat considers that the planned

amendments for deficiency (1) should be given the main attention during the discussion of the compliance report.

### **Recommendation 26 (The Financial Intelligence Unit and its functions)**

6. R.26 was rated partially compliant in the 2011 MER. The following deficiencies were identified: (1) weak position of the FIU in the police structure and the system as a whole; (2) lack of legal safeguards for its operational independence; (3) absence of information on trends and typologies in the annual reports; (4) the FIU does not concentrate sufficiently on ML and TF which should be the main focus, but rather on all criminal offences equally; (5) effectiveness of the FIU work on specific ML/FT cases cannot be appropriately established since statistics relate to all criminal offences.
7. As to deficiencies (1) and (2), the Slovak Republic submitted that the Management Board of the Police Force is aware of the necessity to address the deficiencies identified during the 4th mutual evaluation round concerning the weak position and independence of the FIU. However, in order to be in compliance with all of the essential criteria of R.26, the authorities submitted that they consider it necessary to take large-scale organisational and legislative measures (i.e. the operational and personnel requirements and material support) which requires a significant amount of time. The Secretariat had previously noted that deficiency (3) has been addressed. As for the effectiveness-related issues, the Secretariat considered in the previous analysis that it was difficult to conclude on these in the context of a desk-based review, and that these issues could be taken up more appropriately within the context of the 5<sup>th</sup> round mutual evaluation.

### **Conclusion**

8. On the basis of the progress reported and envisaged by the Slovak Republic by the time of the Plenary in December 2017, the Secretariat notes that the legislative proposals would widely address the concerns about SR.III and may bring the compliance with this recommendation to a level of “largely compliant”. The Slovak Republic should update the Plenary about the most recent progress made with regard to the legislative amendments. It is suggested to urge the Slovak Republic to finalise these amendments as speedily as the constitutional process allows. Should these amendments not be adopted by the time of the 56<sup>th</sup> Plenary in April 2018, to which the Slovak Republic should be invited to report back, the Plenary should consider the adoption of Step 2 of its CEPs. At that time, the Plenary should also further discuss progress on the outstanding deficiencies under R.26.

The MONEYVAL Secretariat