

Ukraine

Fifth Round Mutual Evaluation Report

Executive Summary

1. This report provides a summary of the anti-money laundering (AML) and countering the financing of terrorism (CFT) measures in place in Ukraine as at the date of the on-site visit (between 27 March and 8 April 2017). It analyses the level of compliance with the Financial Action Task Force (FATF) 40 Recommendations and the level of effectiveness of Ukraine's AML/CFT system, and provides recommendations on how the system could be strengthened

Key Findings

- Corruption poses an overarching money laundering (ML) risk in Ukraine. It generates substantial amounts of criminal proceeds and seriously undermines the effective functioning of certain state institutions and the criminal justice system. The authorities are aware of the risks emanating from corruption and significant state-wide measures to mitigate the risk are currently being implemented. However, law enforcement focus to target corruption-related ML is only at its inception.
- Ukraine has a reasonably good understanding of its ML and terrorism financing (FT) risks although there are areas (e.g. cross-border risks, risks posed by the non-profit sector and legal persons) where understanding could be enhanced. Ukraine has comprehensive national coordination and policy-making mechanisms to address identified risks, which include political commitment and have a positive effect. These mechanisms include proliferation financing (PF). Further efforts are needed to address the risks posed by fictitious entrepreneurship, the shadow economy and the use of cash, all of which are considered to pose a major ML risk.
- The Financial intelligence Unit (FIU) generates financial intelligence of a high order. Spontaneous case referrals regularly trigger investigations into ML, associated predicate offences or FT. Law enforcement agencies (LEAs) also seek intelligence from the FIU on a regular basis to support their investigative efforts. However, the FIU finds itself at a critical juncture as its IT system is out-dated and staffing levels are no longer adequate to cope with an ever increasing work-load. Reporting appears to be in line with Ukraine's risk profile and has resulted in a significant number of case referrals to LEAs. Ukraine has nevertheless started to take steps to further improve the quality of suspicion-based reporting.
- ML is still essentially seen as an adjunct to a predicate offence. While pre-trial investigations may be opened for ML in certain circumstances without a conviction for the predicate offence, it was widely assumed that a conviction for the predicate offence is essential before a ML case can be taken to court. The sentences for ML are almost always less than for the predicate offences and generally

need to be more dissuasive in practice. The authorities have recently started aggressively restraining funds in cases of top level corruption and theft of state assets with a view to confiscation. Nonetheless, the confiscation regime does not appear to be applied consistently in all proceeds-generating cases.

- Since 2014, the Security Services have concentrated on the consequences of international terrorism involving the fight against Islamic State of Iraq and the Levant (ISIL), which has led to indictments, though no convictions as yet for FT. Financial investigations are undertaken in parallel with all terrorism-related investigations. Although Ukraine demonstrates aspects of an effective system in implementing FT targeted financial sanctions (TFS), the legal framework is still not entirely in line with international standards. No funds or other assets have been frozen under FT TFS in Ukraine.
- The National Bank of Ukraine (NBU) has a good understanding of risk and applies an adequate risk-based approach to the supervision of banks. Major efforts have been made by the NBU in ensuring transparency of beneficial ownership of banks and in removing criminals from control of banks. The NBU has applied a range of sanctions to banks, including fines and revocation of licences. As a result, the application of preventive measures by the banking sector has been found to be broadly effective. Significant improvements are required by most other supervisory authorities in discharging their functions and by non-bank institutions and designated non-financial businesses and professions (DNFBPs) in applying preventive measures.
- Although the Unified State Register (USR) records all basic information and makes this available to the public online, the Registrar does not ensure that the basic or beneficial ownership information provided to it by legal persons is accurate or current. While this would not normally be considered a material issue, the vast majority of the private sector explained that they do rely on the USR to verify the beneficial owner (BO) of their client.
- Ukraine has been generally proactive in providing and seeking mutual legal assistance (MLA). However, a number of issues have an impact on the effectiveness of MLA rendered, particularly issues related to tipping off. Limitations noted in relation to the transparency of legal persons at the national level negatively impact Ukraine's capacity to provide comprehensive assistance.

Risks and General Situation

1. Ukraine faces significant ML risks. Corruption and illegal economic activities (including fictitious entrepreneurship, tax evasion and fraud) are the major ML threats. Organised criminality is on the rise and has a substantial impact on the overall ML risk situation. So-called conversions centres involving fictitious companies through which funds are siphoned from the real to the shadow economy are one of the prevalent ML typologies. Such centres are used to convert proceeds into cash and transfer proceeds out of Ukraine. Cash circulation is high and is considered to pose a significant threat to the financial system and economic security of the country. Turning to the risk of FT, since 2014, Ukraine has found itself used as a transit country for those seeking to join ISIL fighters in Syria. The non-profit sector is considered by the authorities to be vulnerable to FT. The sector has been misused to channel funds to terrorists and terrorist organisations.

2. The Ukrainian financial sector is bank-centric and roughly holds 80% of the assets in the financial sector. The banking services provided are generally traditional in nature and include deposits, loans, money transfers, foreign exchange and guarantees. High-risk products are either

forbidden or not generally provided. The size of the shadow economy in Ukraine, which is exacerbated by the widespread use of cash, constitutes a significant ML vulnerability. Money remittances (through banks) play a significant role within Ukraine's economy. Most remittances are purportedly linked to Ukrainians working abroad sending money to their relatives in Ukraine. However, a significant portion of the remittances are conducted through informal channels.

Overall Level of Effectiveness and Technical Compliance

3. Since the last evaluation, Ukraine has taken steps to improve the AML/CFT framework. Notably, a new AML/CFT law was adopted in 2014 which, inter alia, requires the authorities to conduct a national risk assessment (NRA) with a view to identifying ML/TF risks, as well as measures to prevent or mitigate such risks; defines measures to combat the financing of proliferation of weapons of mass destruction; introduces tax crimes as predicate offences to ML; provides for compulsory financial monitoring of financial transactions of national public officials and officials from other countries and international organisations; and improves existing procedure on the suspension of financial transactions. Amendments were also carried out to the Code of Criminal Procedure of Ukraine (CPC), which include modifications to the provisions related to jurisdictional issues in respect of Art. 209 (ML offence) of the Criminal Code (CC) and to pre-trial investigation in ML proceedings in certain cases. However, some deficiencies and uncertainties remain in Ukraine's technical compliance framework, particularly with respect to the FT offence and the TFS regime, the supervision of DNFBPs and sanctions for non-compliance.

4. The Ukrainian authorities (UAs) have demonstrated a substantial level of effectiveness in ML/FT risk understanding and domestic co-ordination to combat ML, FT and PF; as well as in using financial intelligence in ML, associated predicate offences and FT investigations. A moderate level of effectiveness has been achieved in the other areas covered by the FATF Standards, except for the investigation and prosecution of ML.

Assessment of Risks, coordination and policy setting (Chapter 2 – IO.1; R.1, R.2, R.33)

5. Ukraine has undertaken a ML/FT NRA and published a NRA report. A suitable number of private sector representatives participated in the NRA process. Ukraine has demonstrated a reasonably good understanding of its ML/FT risks although there are areas where understanding would be enhanced by taking further steps to identify and assess risk. Information sources should be increased, for example, by improving the statistical framework and increasing focus on external threats, organised crime, beneficial ownership and non-profit organisations (NPOs) and other facets of FT risk.

6. Ukraine has a substantial background in coordinating and setting five yearly strategies and annual plans to address ML/FT. It has comprehensive national coordination and policy making mechanisms, which include political commitment and which have a positive effect. These mechanisms include PF. National policies and activities are coordinated well by the FIU, and also by the MoF in relation to legislation. Both bodies are proactive. Substantial initiatives have been, and are being, introduced at the national level to address the key and other ML/FT risks. AML/CFT measures are embraced within wider "whole of Government" initiatives, Combatting corruption and ML arising from corruption is the highest priority. Examples include establishment of a national anti-corruption strategy and the establishment of the National Anti-Corruption Bureau of Ukraine NABU and the National Corruption Prosecutors Office as bodies dedicating to fighting corruption and ML

arising from corruption. There are also initiatives aimed at addressing fictitious entrepreneurship and the use of conversion centres, tax evasion and ML from tax evasion, the shadow economy and organised crime.

7. Cooperation at operational level and information exchange between authorities is generally positive, particularly where the FIU is involved.

8. Some significant and positive initiatives have been undertaken by competent authorities. Examples include the NBU's very significant efforts to remove criminals from having control of banks and its development of themed onsite inspections on politically exposed persons (PEPs) risk; the high focus of the FIU on ML and in addressing risk (such as the introduction of an automated system for the prioritisation of its analysis, the successful development of complex ML cases and the establishment of a separate team to be responsible for ensuring the effectiveness of case referrals to LEAs); the significant outreach by a number of the supervisory bodies such as the NBU and the FIU. However, there are also some areas where the objectives and activities of authorities need to be strengthened and aligned with ML/FT risks. These include pursuit by NABU of corruption-related cases systematically; more focus on the investigation and prosecution of ML and on the implementation of the confiscation framework; in relation to FT, extending the objectives and activities to cover parallel financial investigations; and more focus outside the banking sector in particular on risk based approaches to supervision following statutory moratoria on onsite and offsite inspections.

9. Areas of simplified due diligence are minor and are consistent with identified risks although the NRA and other published risk material has not led to specific requirements on enhanced due diligence (EDD).

Financial Intelligence, Money Laundering and Confiscation (Chapter 3 – IOs 6-8; R.3, R.4, R.29-32)

10. The FIU produces good quality operational analysis. Effective mechanisms allow for the proactive collection, risk-based prioritisation and analysis of financial intelligence originating from a broad range of sources, including the very high number of reports, mainly mandatory, filed by the obliged entities. Reporting appears to be in line with Ukraine's risk profile and has resulted in a significant number of case referral to LEAs. Ukraine has nevertheless started to take steps to emphasise suspicion-based reporting with a view to diminishing the number of reports and alleviating analytical resource needs, as well as making sure that financial intelligence is as reflective as possible of constantly evolving risks. Strategic analysis produced by the FIU supports the annual update of the reporting criteria, as well as LEAs investigative efforts.

11. Spontaneous case referrals regularly trigger investigations into ML, associated predicate offences or FT by LEAs, which also seek intelligence from the FIU on a regular basis to support their self-initiated investigative efforts. Cooperation among competent authorities is facilitated by a number of institutional mechanisms allowing for the timely and confidential exchange of financial information and intelligence with the relevant authorities.

12. Since 2014, the FIU has been under a growing resource strain, with diminishing resources and increasing numbers of reports to be processed. In addition, the information technology (IT) equipment needs significant updating. Inadequate resources are likely to have a negative impact on the FIU's effective functioning if not urgently addressed.

13. ML was still seen by most interlocutors met onsite primarily as an adjunct to a predicate offence. While pre-trial investigations may be opened for ML in certain circumstances without a conviction for the predicate offence, it was widely assumed that a conviction for the predicate offence is essential before a ML case can be taken to court. Some interlocutors considered that an acquittal for the predicate offence means that ML cannot go ahead. Art. 209 of the CC needs to be revised to establish beyond doubt that a conviction is not needed for the predicate offence in order to proceed with a ML case in court. Art. 209 should also clarify that in a ML prosecution underlying predicate crime may also be inferred from facts and circumstances.

14. Before 2014 ML prosecutions rarely confronted Ukraine's highest AML risks (top level corruption and theft of state assets). Prosecutions generally involved local officials/mayors, where ML was added to indictments containing other counts (which attracted higher penalties). There remain many similar ML cases being prosecuted involving such "low hanging fruit".

15. Since March 2014 active steps are being taken against persons in Ukraine who were connected at senior levels to the former regime. These involve complex pre-trial investigations for misappropriation and laundering of state assets. They appear to have resulted so far in 2 court convictions, 1 of which is for ML in very significant amounts.

16. It is welcome that the Specialised Anti-Corruption Prosecutor is also taking action against current senior politically exposed persons for corruption (and to some extent ML). He should routinely also focus on the ML aspects alongside corruption offences. More resources are needed for financial investigation in his office and in law enforcement generally.

17. It is important for the Prosecutor General's Office of Ukraine to use ML offences more actively to attack the creation of fictitious enterprises, which are a high national ML risk. ML prosecutions involving these sham businesses need to result in dissuasive sentences, as Art. 205 of the CC (fictitious entrepreneurship) can only be punished administratively with fines. Art. 205 of the CC urgently needs strengthening with dissuasive terms of imprisonment.

18. The sentences for ML are almost always less than for the predicate offences and generally need to be more dissuasive in practice. Some defendants serve no prison sentences at all for the basic offence under Art. 209-1 due to the operation of Art. 69 and 75 of the CC, aimed at reform of convicted persons. The impact of these provisions should be independently reviewed. Inappropriate ML sentences should automatically be appealed by the prosecution to counter any public perception that the higher the defendant, the more lenient is the sentence.

19. Credit is given for the determined work that is now ongoing to restrain and confiscate funds in cases of top level corruption and theft of state assets, in line with national ML risks. There are now some very significant restraint orders in place in many of the cases involving high level officials of the former regime and their associates. These have necessitated complex (and far-reaching) asset tracing through accounts of numerous companies, both in Ukraine and abroad. In respect of pre-trial investigations of persons believed to be connected to the former President, it was said at the time of the onsite visit that UAH 35 billion (~EUR 1.15 billion), EUR 1 billion, apartments, cars and even islands were under restraint. The Agency responsible for Asset Recovery, which has been created, is

not yet operational, so these assets are not all under management. These investigations appear to have resulted in 2 court convictions so far, one of which was for ML in very significant amounts.¹

20. Nonetheless, it is difficult to assess systematically whether the new system is fully established in practice in all proceeds-generating cases. It is unclear how regularly the new provisions are being used by the judges and how many final special confiscation orders have been made as most information on this is anecdotal. Not all ML convictions result in confiscations.

21. There are issues that still need to be addressed by the prosecution and judiciary on the practical implementation of the new Special Confiscation provisions in the courts. A workable standard of proof in confiscation proceedings on the linkages of alleged proceeds to the offences for which there are convictions needs to be established and consistently applied.

22. There also appear to be some problems in conducting financial investigations, and a lack of resources for them across the board. More financial investigations need to be undertaken to ascertain the direct and indirect profits in all major proceeds-generating crimes, and not just in the highest profile cases.

23. The evaluators consider therefore that the new Special Confiscation regime still needs time to bed down and achieve the objectives of the CPC amendments of 2015 on a consistent basis. It is important that the opportunities provided by the new provisions on value confiscation orders and confiscation from 3rd parties are used by prosecutors and courts widely in future.

Terrorist Financing and Financing Proliferation (Chapter 4 – IOs 9-11; R.5-8)

24. Since the last evaluation by MONEYVAL in 2009, Ukraine has introduced an autonomous TF offence (Art. 258⁵) supplementing the range of terrorist-related offences in Ch. IX Criminal Code. Since 2014, Ukraine has found itself used as a transit country for those seeking to join ISIL fighters in Syria. The Security Services have concentrated on the consequences of international terrorism involving the fight against ISIL, which has led to indictments, though no convictions as yet for FT under Art. 258⁵. Parallel financial investigations are integrated with, and used to support, all terrorism-related investigations.

25. During 2015 and 2016, the Security Services uncovered the activities of 4 transnational networks operating in Ukraine, transiting FTFs from the Caucasus and facilitating their return to their home countries. 3 members of ISIL were among 69 persons detained. These 3 persons are said to be active participants in the recruitment, training and financing of the travel of fighters to Syria and Iraq. They have been referred to the Ukraine courts under Art. 258³, Art. 258⁵ (FT), Art. 263 and Art. 358 of the CC. The cases have not yet been concluded. Other significant criminal justice measures have been taken by the UAs against the remainder of the group involving, variously, other criminal offences in Ukraine (under Ch. IX, XIV and XV of the CC), extradition, and deportation. The Security Service of Ukraine (SSU) continues actively to monitor over 900 other persons with a view to FT offences.

¹ On 28 March 2017 after the conviction of one high official of the former regime for ML and participation in a criminal group, funds and securities totalling UAH 34,973,266,108.65 (equivalent to EUR 1.12 billion) were confiscated under a court verdict. This decision was enforced in favour of the state budget of Ukraine on 28 April 2017.

26. Ukraine demonstrates aspects of an effective system in implementing TFS relating to terrorism and FT. Authorities, financial institutions (FIs), and most DNFBPs are aware of their respective obligations in that context and demonstrate compliance without delay. However, in addition to the lack of effectiveness of the implementation of beneficial ownership-related customer due diligence (CDD) requirements, some important technical deficiencies undermine Ukraine's ability to fulfil all its obligations under the United Nations (UN) framework. Critically, not all funds and other assets covered by the United Nations Security Council Resolutions (UNSCRs) are subject to freezing and the prohibition to make funds and other assets to designated persons is incomplete.

27. Authorities are aware of the FT risks faced by non-profit sector, which can be used for channelling funds to terrorists. However, Ukraine's understanding of risks could benefit from deeper analysis – by considering risks arising from international terrorism and by sharing the Security Service's more granular understanding of risks in the sector with other authorities, the private sector and the non-profit sector itself. Although insufficiently risk-based, a number of measures are contributing to FT risk mitigation, including registration, obligations to maintain and record a broad range of information and to issue financial statements, as well as monitoring by the State fiscal Service of Ukraine (SFS), which, despite including clear AML/CFT objectives, is focused on tax collection considerations.

28. In relation to proliferation of weapons of mass destruction (WMD), UAs have a sophisticated institutional framework to handle the transit of controlled or prohibited goods, and to monitor sanctioned entities when presented with a specific case of illicit commercial transaction or transshipment. However, the effectiveness of PF-related TFS suffers from similar deficiencies as the FT-related TFS. There is limited operational cooperation between export and customs control authorities and other competent authorities when handling PF UNSCRs. It is unclear whether adequate resources are allocated by supervisors to monitoring compliance with PF-TFS related obligations. The prevalence of cash and ubiquitous use of fictitious companies may also contribute to sanctions evasion.

Preventive Measures (Chapter 5 – IO4; R.9-23)

29. The private sector appears to have a positive and constructive relationship with both the FIU and with their respective regulators, communication and education came out as being particular strengths of this relationship.

30. The private sector's understanding of their AML/CFT obligations was demonstrably very good. However, outside of the banking sector, the understanding of the ML/TF risks facing those businesses was much weaker. The private sector understood their obligation to establish the ownership structure of their client as well as to identify and verify the ultimate beneficial owner (UBO) of the client. The resource used, almost exclusively outside the banking sector, to verify the beneficial ownership of a client is the USR. However, authorities and private sector broadly agree that the information held by the USR lacks reliability.

31. Suspicious transaction report (STR) reporting obligations are generally well understood by the private sector as are the potential offences for tipping off. Tipping off was generally agreed to include disclosure by the officer responsible for financial monitoring. However, extending those tipping off requirements to any other staff members who may be aware of a disclosure being made was mixed. In a number of cases, understanding that there needs to be controls to prevent a member of staff

from disclosing that they have reported their suspicions to the officer responsible for financial monitoring, are much weaker.

32. There are some legislative gaps in respect of persons acting as nominee directors and members of Ukrainian legal persons. Where persons are acting in these capacities and are not otherwise supervised as accountants or lawyers, there is no obligation under the AML/CFT Law upon these persons to apply preventative measures. In addition, the AML/CFT Law allows for all PEPs to be derecognised three years after leaving office, this is not consistent with FATF guidance on recommendation 12.

Supervision (Chapter 6 – IO3; R.26-28, R. 34-35)

33. Very significant efforts have been made by the National Bank of Ukraine (NBU) in relation to ensuring transparency of beneficial ownership of banks and in removing criminals from control of banks; these efforts have been complemented by the Deposit Guarantee Fund. The National Securities and Stock Market Commission (SC) has made strong efforts to ensure that beneficial owners (BOs) and controllers are not criminals. However, other supervisory authorities cannot, or do not, verify whether or not relevant reporting entities (REs) are beneficially owned or controlled by criminal elements or their associates.

34. The NBU and the SC have a good understanding of ML risks in the banking and investment sectors respectively and a broad understanding of FT risks in those sectors. The National Commission for the State Regulation of Financial Services Markets (NC) has a good understanding of ML risks. Other supervisors had a basic understanding of risks or understanding was lacking.

35. The NBU is undertaking comprehensive onsite and offsite supervision for banks. It follows a largely risk based approach (RBA) to AML/CFT supervision. The NBU for non-bank licensees and other supervisory authorities have insufficient staff and, except for the NBU and the Ministry of Justice (MoJ), have been the subject of moratoria on supervision (none was in force when the evaluation team visited Ukraine); these factors have limited supervision since 2014. None of these supervisory authorities (except the NBU in a very limited way for non-banks) has been conducting routine offsite supervision. Other than the MoJ, onsite supervision outside the banking sector has been limited. Hence, outside the banking sector overall levels of supervision have not been sufficient. In addition, with the partial exception of the SC, the statutory criteria for classifying REs into risk categories and the time frames for onsite inspections mean that supervision can be only partially ML/FT risk based. The intensity of supervision between non-bank licensees by supervisory authorities other than the NBU is varied in a very limited way or not at all.

36. The NBU has applied a range of sanctions to banks, including fines and revocation of licences. It has also applied strong sanctions (prohibitions) to individuals but no other penalties. Outside the banking sector, the levels of fines are too low and only the SC has applied strong sanctions in addition to the imposition of fines. Sanctions have not been applied to individuals. There are significant technical gaps and the sanctions framework can be only partially effective.

37. The NBU has made a demonstrable difference to the level of compliance in the banking sector. While the SC has made a difference in relation to beneficial ownership and control of licensees, overall, the evidence that non-bank supervisory authorities are routinely making a comprehensive and systematic difference on levels of compliance is not strong, with two of the supervisors making

no difference. Apart from supervision of the banking sector, the levels of supervision and sanctions militate against supervisors making a difference in levels of compliance by REs.

38. The large majority of supervisory authorities have undertaken outreach to promote understanding of obligations and risks. Particularly strong and positive outreach activity has been carried out by the FIU, the NBU (for banks) and the NC, while the MoF was responsible for establishing and operating a training centre until 2015 (this is now operated by the FIU). However, provision of information by the Ministry of Infrastructure and the Ministry of Economic Development and Trade is lacking.

Transparency of Legal Persons and Arrangements (Chapter 7 – IO5; R. 24-25)

39. The extent to which legal persons and legal arrangements can generally be misused for ML/TF purposes is well understood. However, no exercise has been conducted to specifically consider how legal persons established under Ukrainian law, have been used to disguise ownership or to launder the proceeds of crime.

40. There was no process or legislative power identified which obliges the authorities to ensure that all information stored on the USR is correct, accurate and up to date.

41. The USR records all basic information and makes this available to the public online, the Registrar does not ensure that the basic or beneficial ownership information provided to it by legal persons is accurate or current. While this would not normally be considered a material issue, the vast majority of the private sector explained that they do rely on the USR to verify the BO of their client. Because the information is not being verified by the Registrar and is also not generally being independently verified by the RE, this deficiency appears to be more pervasive.

42. While the law enforcement agencies are able to levy criminal sanctions for providing false or misleading information to the USR, there are only around 1% of such referred cases being prosecuted.

International Cooperation (Chapter 8 – IO2; R. 36-40)

43. In general, Ukraine provides good quality and timely MLA in relation to investigations, prosecutions and related proceedings on ML, predicate offences and TF, as broadly recognised by its international partners. However, the effectiveness of incoming MLA, in particular in relation to asset seizure and confiscation, remains hindered by factors such as: corruption and breaches of confidentiality; weaknesses in the domestic regime for the seizure of documents; and the absence of a prioritisation system for processing requests. Ukraine is proactive in seeking MLA in relation to ML, predicate offences, particularly corruption, and FT. However, Ukraine has demonstrated a limited level of effectiveness in requesting assistance with a view to confiscation. Limitations noted in relation to the transparency of legal persons and arrangements at the national level negatively impacts Ukraine's capacity to provide the widest assistance. Based on the information available on other forms of cooperation, all competent authorities seem to exchange information with foreign counterparts for purposes of AML/CFT, including, in particular, in relation to addressing tax evasion, asset recovery and consolidated supervision.

Priority Actions

- The analysis and written articulation of ML and FT risk should be enhanced, whether by way of revising the NRA or otherwise, by:
(a) utilising more statistics and ensuring that the statistics used are robust; (b) further analysing the external threats and the threats of organised crime and beneficial ownership; (c) communication of relevant information held by the SSU on FT risks to other authorities and further analysing the threats of NPOs.
- Introduce a provision under Art. 209 of the CC which clearly states that a person may be convicted of ML in the absence of a judicial finding of guilt in respect of the underlying criminal activity and providing that the existence of the predicate offence may be established on the basis of circumstantial or other evidence without it being incumbent on the prosecution to prove a conviction in respect of the underlying criminal activity.
- More ML prosecutions and convictions in line with national ML risks are required in cases involving high level corruption, theft and embezzlement of State assets by current top officials and their associates (as well as those connected with the former regime).
- Financial investigations into the sources of alleged proceeds should be routinely undertaken in proceeds-generating cases using trained financial investigators working in parallel with the investigators of the predicate offences.
- The authorities should ensure that early restraints are routinely made in all proceeds-generating cases. In this context it should be considered whether investigators should have the power of early restraint, subject to fast tracked reviews of such restraints by the prosecutors.
- Bring the FT offence and TFS framework for FT and PF in line with international standards.
- Consider options to limit staff turnover at the FIU. This could include such proposals as career development programmes; and evaluating the remuneration packages on offer.
- All supervisory authorities should add to their existing supervisory approach by undertaking systematic offsite supervision and analysing material received so as to inform their understanding of the ML/FT risk profile of individual licensees (and of sectors) and approaches to onsite inspections, so that on-site and off-site supervision is fully based on ML/FT risk.
- Those responsible for the maintenance of the USR should take reasonable steps to verify the information submitted is correct, accurate and up to date.
- The MoJ should establish a clear system for the prioritisation of incoming MLA requests. The authorities should apply measures to ensure that the effectiveness of incoming MLA requests is not hindered by tipping off and other practices concerning provisional access to information. Improve the quality of outgoing MLA requests seeking assistance for confiscation purposes.

Effectiveness & Technical Compliance Ratings


Effectiveness Ratings (High, Substantial, Moderate Low)

IO.1 – Risk, policy and coordination	IO.2 – International cooperation	IO.3 – Supervision	IO.4 – Preventive measures	IO.5 – Legal persons and arrangements	IO.6 – Financial intelligence
Substantial	Moderate	Moderate	Moderate	Moderate	Substantial
IO.7 – ML investigation & prosecution	IO.8 – Confiscation	IO.9 – TF investigation & prosecution	IO.10 – TF preventive measures & financial sanctions	IO.11 – PF financial sanctions	
Low	Moderate	Moderate	Moderate	Moderate	

Technical Compliance Ratings (C – compliant, LC – largely compliant, PC – partially compliant, NC – non compliant, N/A – not applicable)

R.1 – assessing risk & applying risk-based approach	R.2 – national cooperation and coordination	R.3 – money laundering offence	R.4 – confiscation & provisional measures	R.5 – terrorist financing offence	R.6 – targeted financial sanctions – terrorism & terrorist financing
LC	C	LC	LC	PC	PC
R.7 - targeted financial sanctions – proliferation	R.8 –non-profit organisations	R.9 – financial institution secrecy laws	R.10 – Customer due diligence	R.11 – Record keeping	R.12 – Politically exposed persons
PC	LC	C	LC	C	LC
R.13 – Correspondent banking	R.14 – Money or value transfer services	R.15 –New technologies	R.16 –Wire transfers	R.17 – Reliance on third parties	R.18 – Internal controls and foreign branches and subsidiaries
C	LC	LC	C	N/A	LC
R.19 – Higher-risk countries	R.20 – Reporting of suspicious transactions	R.21 – Tipping-off and confidentiality	R.22 - DNFBPs: Customer due diligence	R.23 – DNFBPs: Other measures	R.24 – Transparency & BO of legal persons
C	C	C	LC	LC	LC
R.25 - Transparency & BO of legal arrangements	R.26 – Regulation and supervision of financial institutions	R.27 – Powers of supervision	R.28 – Regulation and supervision of DNFBPs	R.29 – Financial intelligence units	R.30 – Responsibilities of law enforcement and investigative authorities
PC	LC	LC	PC	C	C
R.31 – Powers of law enforcement and investigative authorities	R.32 – Cash couriers	R.33 – Statistics	R.34 – Guidance and feedback	R.35 – Sanctions	R.36 – International instruments
C	LC	PC	C	PC	LC
R.37 – Mutual legal assistance	R.38 – Mutual legal assistance: freezing and confiscation	R.39 – Extradition	R.40 – Other forms of international cooperation		
LC	LC	LC	LC		

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